ABSTRACT OF CAPSTONE

James L. Hurley

The Graduate School
Morehead State University
March 12, 2013
CREATION AND IMPLEMENTATION OF CAIRD

CREATION AND IMPLEMENTATION OF
THE CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH AND
DEVELOPMENT

Abstract of capstone

A capstone submitted in partial fulfillment of the
Requirements for the degree of Doctor of Education in the
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By
James L. Hurley
Pikeville, KY

Committee Chair: Dr. David Barnett, Professor
Morehead, KY

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This capstone explores the need for and creation of the Central Appalachian Institute for Research and Development (CAIRD). Using a qualitative methods approach which included examining historical calls for an institute dedicated to research and development in Central Appalachia by Appalachian scholars and leaders in higher education, as well as the examination of numerous institutions that currently exist in the region, this capstone project traces CAIRD’s history from vision to inception. The concept of a institute dedicated solely to research and development for and in Central Appalachia has been discussed in the region for nearly fifty years. Kentucky Governor Bert T. Combs first endorsed the idea of a regional think tank in 1960. The President’s Appalachian Regional Commission (PARC) agreed with Combs and echoed his call in the 1964 PARC Report which provided the foundation for the 1965 Appalachian Redevelopment Act.

Thus this project was designed to fill the need for an interagency institute to coordinate and disseminate interdisciplinary research throughout Central Appalachia; to help create economic and educational opportunities and to break the cycle of poverty that currently exists in many of the counties in this region. In this capstone project, I first explore the many institutions located in Central Appalachia to
determine what gaps exist with regard to research and the dissemination of scholarship. Then, I provide an overview of the creation of CAIRD from the ground up. Afterwards, I examine in what ways the region of Central Appalachia is still 'behind' its regional neighbors and how CAIRD might assist in economic growth. Finally, I discuss CAIRD's achievements thus far as well as future goals and projects.

KEYWORDS: Appalachia, Poverty, Development, Pikeville, ARC

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Candidate Signature

3-12-13
Date
CREATION AND IMPLEMENTATION OF
THE CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH AND
DEVELOPMENT

By

James L. Hurley

Approved by

Committee Member  Date

Committee Member  Date

Committee Chair  Date

Director of EdD  Date

Department Chair  Date
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CAPSTONE

James L. Hurley

The Graduate School
Morehead State University
March 12, 2013
Dedication

To my supportive family, my wife Tina and sons Drew and Carter.
ACKNOWLEDGEMENTS

I would like to thank my mentor and friend Governor Paul Patton, Bill Weinberg for his dedication and commitment to seeing this dream of CAIRD become reality, the entire board of directors and the advisory council and the staff at CAIRD (Jason Belcher, Shawna Hall and Amanda Fickey).
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CHAPTER 1: INTRODUCTION/EXECUTIVE SUMMARY

Introduction

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. As a result of absentee land ownership, out migration, limited economic development, low wages and poor educational opportunities, Central Appalachia has typically lagged behind other regions in the United States. When Senator Robert Kennedy first visited the region 45 years ago in 1968, surveying poverty in the region in hopes of creating solutions that would generate social and economic change, the number of counties in Central Appalachia defined as distressed by the Appalachian Regional Commission was at 98. As of 2012, this number has only dropped to 66 (Holliday, 2013). Regrettably, the improvement that has occurred in the region since Kennedy’s visit has been unequally distributed, and many challenges, both economic and environmental remain to be addressed in Central Appalachia.

The Central Appalachian Institute for Research and Development (CAIRD) is a non-profit public policy organization designed to provide long-term educational and developmental strategies in order to establish sustainable and vibrant communities improving the quality of life for citizens of Central Appalachia. Located in Eastern Kentucky, an area where 40 of the 50 distressed counties are situated, CAIRD identifies and addresses the complex, systemic social and economic problems that persist in the region. Though CAIRD is in its early stages, when fully implemented it will create opportunities for scholarly research and development, including
establishing a network for collaborative research between postsecondary institutions in Central Appalachia. Other CAIRD objectives include building relationships with state and local governments, federal agencies, and non-profits in order to impact public policy decisions. CAIRD also promotes economic growth and foster initiatives for community outreach and education (Hurley, 2012).

The concept of CAIRD has been discussed in the region for nearly fifty years (Appalachian Regional Commission, 1964). Governor Bert T. Combs endorsed the idea of a regional think tank in 1960 and the President's Appalachian Regional Commission (PARC) in 1964 called for an Appalachian Development Institute (ARC, 1964). President Kennedy endorsed such an effort in his meeting with the Council of Appalachian Governors in 1963 (ARC, 1964).

In 1994, the report of the Governor's Kentucky Appalachian Task Force, Communities of Hope recommended the establishment of a “Kentucky Appalachian Development Institute as a semi-autonomous body with an ongoing agenda to hold hearings, conduct seminars, sponsor policy studies and render advice through the Department for Local Government (or other such office) to the Governor regarding development strategies for Appalachia” (Civic leadership for the common good, 1996). The institute was once again recommended by the Kentucky Appalachian Commission during the latter stages of Governor Paul Patton's Administration but was never implemented. Lack of funding was the stated reason (Civic leadership for the common good, 1996).
CAIRD is designed to lay the intellectual and conceptual framework for the development, funding and implementation of such an institute to succeed and truly make a difference in the lives of Appalachians. The logic behind CAIRD is not unprecedented. As discussed later in this document, institutes throughout the country have pursued regional development agendas for decades. Many institutes specialize in the causes of rural and urban poverty as well as the similarities and correlations that exist between these two types of spaces. “Appalachian Centers,” like those discussed below, are located at colleges and universities throughout the region, study and preserve the history of Appalachia, and work to address many of the social and economic conditions that have persisted for generations in both urban and rural Appalachia. While there is no perfect model for an institute such as CAIRD, understanding similar organizations is key to enable CAIRD to best understand how to address the complex, systemic problems that persist in Appalachia.

Institutes and organizations that share similar research interests include Appalachian State University, The Highlander Research and Education Center, the Institute for Research on Poverty, the Mountain Association for Community Economic Development, the North Carolina Rural Economic Development Center, Inc., the Rural Policy Research Institute, and the Southern Growth Policies Board. Though additional research institutes were identified as a part of this study (see Appendix A for a matrix of all organizations studied for this project) the organizations listed emerged as providing the most useful frameworks and lessons for the implementation and growth of CAIRD.
A number of colleges and universities within the sub-region of Central Appalachia have established “Appalachian Centers” which study and preserve the history of the Appalachian region through research, coursework, oral history projects and digital libraries. Some of the institutions that host Appalachian Centers include: Morehead State University, Berea College, University of Kentucky, Eastern Kentucky University, Western Carolina University, Appalachian State University, Ohio University, East Tennessee State University, University of Tennessee, Virginia Tech, Radford University, Emory & Henry, West Virginia University and Marshall University. Lessons have been and continue to be learned from the analysis of each Center, which can then shape and guide CAIRD as the organization moves forward.

Statement of Problem

While there are a number of institutes designed to study the on-going challenges of poverty and stagnant economic growth in Appalachia. There seems to be a lack of coordination between and among these institutes. Therefore, there is a need for an interagency institute to coordinate and disseminate interdisciplinary research throughout Central Appalachia to help create economic and educational opportunities designed to break the cycle of poverty that currently exists in many of the counties in this region.

Overview of Research Project

Eller (2000) noted that the idea of a research and development institute for Central Appalachia has been discussed for nearly fifty years. Governor Bert T. Combs endorsed the idea of a regional think tank in the 1960s, as did President
Kennedy. Efforts to establish such an institute have materialized at least twice since 1964 most recently under the Kentucky Appalachian Commission in the latter stages of Kentucky Governor Paul Patton’s administration in 2001. Despite these initiatives, the Institute has not come to fruition. The purpose of this capstone is to detail the intellectual and conceptual framework for the development, funding, and implementation of such an institute in Eastern Kentucky.

CAIRO is a non-profit policy organization designed to employ knowledge and long-term strategies as tools to aid in removing the barriers that have hindered economic development throughout Central Appalachia. It achieves this by the establishment of a Resource Network of public and private post-secondary institutions throughout Central Appalachia. This enables CAIRD to channel the expertise of their faculty through research partnerships and provide the intellectual capacity that has been absent in Central Appalachia due, in part, to the absence of a comprehensive research university in the region. To aid the network, CAIRD is currently developing a data resource center for Central Appalachia by inventorying basic and applied research and other resources available throughout the area. Finally, CAIRD focuses on attracting young professionals to the region through the development of an Internship and Fellowship Program for undergraduate, graduate and post-doctoral or recent graduates who wish to study, work and/or conduct research at CAIRD’s headquarters.
Project Rationale

Since the passage of the Appalachian Development Act in 1965 and the creation of the Appalachian Regional Commission (ARC), many Appalachian counties have been able to improve their economic conditions through development programs and initiatives under the ARC (http://www.arc.gov, 2011). The Appalachian region is a 205,000 square mile area consisting of parts of twelve states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia (ARC, 2012). The Appalachian Regional Commission (ARC) is an intergovernmental partnership designed to promote development in Appalachia. The ARC has broken the region into five sub-regions, Northern, North Central, Central, South Central and Southern. This initiative is focused on Central Appalachia.

While certain geographic areas of Appalachia, such as parts of Southwest Pennsylvania, Northwest North Carolina and Northern parts of Alabama and Georgia are thriving, others still struggle with extreme poverty. These areas are most prevalent in the coalfields of Central Appalachia (ARC, 2012).

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country (http://www.arc.gov, 2011). Of the 82 counties in Appalachia considered economically distressed, 50 are located in Central Appalachia. The terminology ‘economically distressed’ was created by the Appalachian Regional Commission and indicates these counties are some of the most
economically depressed in the United States and rank among the worst 10 percent of the nation's counties.

The ARC uses an index-based county economic classification system that compares three economic indicators—three-year averages of the unemployment rate, per capita income, and poverty rate—with national averages (ARC, 2012). More specifically, of the 82 counties that make up Central Appalachia, 73 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 48. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC. The few transitional counties within Central Appalachia are located in the greater metropolitan areas of Lexington, Ashland, Huntington, and Knoxville. Each of these cities is located on the periphery of the Central Appalachian region (http://www.arc.gov/, 2011).

Marginal progress has been made in certain socio-economic indicators since the 1960's. However, Central Appalachia still trails the rest of the nation in most statistical categories. Moreover, the gaps that exist between the Appalachian region and the rest of the nation, in the areas of income levels, education, poverty and health, are closing at a much slower rate in Central Appalachia than in the other sub-regions of Appalachia. A major focus of CAIRD is to understand why so many at-risk and distressed counties still remain in Central Appalachia, especially in Eastern Kentucky.

Central Appalachia does not host a research university. Kentucky's two research universities, the University of Kentucky and the University of Louisville, are located in Lexington and Louisville respectively. West Virginia University, located
In Morgantown, is in Northern West Virginia. The University of Tennessee is located in Knoxville and East Tennessee State is in Johnson City. The University of Virginia is in Charlottesville, while Virginia Tech University is in Blacksburg. None of these research universities are located in Central Appalachia.

Although Central Appalachia does not host a research university, it does have a number of regional universities and private colleges including Eastern Kentucky University and Morehead State University in Kentucky, Marshall University in West Virginia and UVA-Wise in Virginia. The Kentucky Community and Technical College System have campuses in Hazard, Cumberland, Somerset, Prestonsburg and Ashland, along with various satellite campuses. Additionally, private colleges in the region include Alice Lloyd College, Berea College, University of the Cumberlands, Union College, University of Pikeville (UPIKE), Lincoln Memorial University, Lindsey Wilson College, Mountain State, Appalachian College of Pharmacy, and the Appalachian School of Law in Grundy, Virginia. Although each institution hosts scholars in various academic disciplines, independently they do not have the capacity necessary to significantly contribute to the applied research and development needs of the region.

Consequently, the region does not have consistent access to the intellectual capacity comprehensive research universities provide, nor does it have a vehicle for applying the conclusions reached in research projects to policy initiatives. A 2002 study by the Southern Growth Policies Board entitled *Innovation U: New University Roles in a Knowledge Economy* indicated how universities should be involved with
industry by providing problem-solving technical assistance. The university provides a wealth of knowledge and should tap into the established expertise of faculty members, graduate students, consultants, and extension staff whenever possible. Central Appalachia has not had the benefit of these types of services. Further, the research and development capacity currently available to the region is dispersed, seldom coordinated and often fails to address needs of communities and policymakers who deal with development strategies and issues in the region (Parke, 2011).

At the state level, it is usually "the squeaky wheel that gets the grease." Each governor has his/her own agenda and, if it includes the mountain regions, it does so in a sporadic, inconsistent manner that has little or no continuity with previous administrations. Although each Appalachian state has an ARC representative, none of the Central Appalachian states have a representative in the governors' offices whose job it is to address the systemic long-range problems of Central Appalachia. Within the context of this initiative, "systemic" refers to problems that are due to the overall system. CAIRD suggests that problems in Central Appalachia are not due to a specific, individual or isolated factor, but are "systemic." Thus, with each change in political administration, policies for Central Appalachia shift dramatically in Frankfort, Nashville, Richmond, Charleston, and at the federal level in Washington, D.C.

Although the states' Appalachian Development Plans are often designed to provide some continuity in long-range planning, those too are the product of each successive administration and proceed by fits and starts as each new governor pursues
his or her particular priority interests. As noted in the ARC policy manual, the Appalachian Regional Commission requires the governor of each Appalachian state to submit a State Appalachian Development Plan. The plan must be completed and submitted within 10 months of the governor taking office. The goal of producing a State Appalachian Development Plan is to set for the governor's objectives and priorities for the Region. The Plan also provides the opportunity to explore and clarify the needs on which such goals, objectives and priorities are based. CAIRD's involvement in the development of these plans provides a level of continuity that currently does not exist. (http://www.arc.gov/, 2011)

It appears that too often the appointed ARC representative is selected due to the proximity of his or her relationship to the governor, rather than as a result of any specialized knowledge or interest in Appalachia. The region could benefit from someone who is continually thinking about the systemic problems regardless of changes of administrations or political climates; CAIRD is designed to be that mechanism.

Conclusions
In many communities, strategies driven by applied research and development and support by specific knowledge sets are seldom utilized. Obstacles to regional advancement are often ignored, or simply are not known or understood, as development strategies are designed. The outcome of these strategies often has led to ineffective results. This “knowledge gap” results in inconsistent approaches to
development in Central Appalachia. In order for Kentucky to eradicate the conditions prevalent in the remaining at-risk and distressed counties, there must be new approaches to old problems with a consistent and informed voice influencing long-term policy for Central Appalachia, CAIRD provides such a voice.
CHAPTER 2: REVIEW OF LITERATURE AND MODELS

As noted in Chapter 1, Central Appalachia has been one of the most socially and economically distressed areas of the United States since the 1960's (PARC, 1964). CAIRD was created as a non-profit public policy organization designed to provide long-term educational and developmental strategies in order to establish sustainable and vibrant communities that improve the quality of life for citizens of Central Appalachia. Located in Eastern Kentucky, an area where 40 of the 50 distressed counties are situated (http://www.arc.gov/distressedcounties, 2012), CAIRD is designed to identify and address the complex, systemic social and economic problems that persist in the region. This is accomplished by creating opportunities for scholarly research and development, including establishing a network for collaborative research between postsecondary institutions in Central Appalachia. Other objectives encompass building relationships with state and local governments, federal agencies, and non-profits in order to impact public policy decisions. CAIRD also promotes economic growth and foster initiatives for community outreach and education.

The following analysis of research centers, organizations, and universities offer potentially informative reference points for CAIRD because of their focus, goals, objectives and functions. Compiling this information allowed the author to better understand the needs and gaps regarding research and development programs in the region and how CAIRD might fill these gaps. Overviews of similar research institutes are provided to demonstrate to the reader what lessons might be learned
from each institute. Information for all models is condensed into a table for quick reference in Appendix A.

Appalachian State University (ASU)

The research institutes at Appalachian State University include the Research Institute for Environment, Energy, and Economics (RIEEE), the Southern Appalachian Environmental Research and Education Center (SAEREC) and the Center for Economic Research and Policy Analysis (CERPA). Environmental and economic issues lie at the heart of all three of these organizations. Personnel within the ASU institutes have been able to encourage and maintain some rather robust collaboration including not only university researchers both within and outside ASU, but scientist from NASA, NOAA, and the EPA (http://rieee.appstate.edu, 2013; http://saeree.appstate.edu, 2013; http://cerpa.appstate.edu, 2013).

Of particular interest to CAIRD are the strategies used to initiate and maintain a healthy collaboration model. Clearly, the challenges faced in Appalachia are bigger than any one university or organization can meet alone. Therefore, the ability for CAIRD personnel to develop and maintain partnerships will, in large measure, determine the long-term viability and success of CAIRD. The successes, as well as the challenges faced by the ASU institutes inform early and long-term CAIRD collaboration strategies.

Other, more detailed information about each of the ASU is found below, copied directly from their website.
(1) Research Institute for Environment, Energy, and Economics (RIEEE)

The goal of the RIEEE is to facilitate the highest quality research and application in the areas of environment, energy and economics. The Institute will assist faculty, students, academic departments, related centers and other university units through financial administration for research projects, funding development, logistics, and promotion and dissemination of research results.

- Facilitate collaborative efforts to support research across departmental and collegial structures.
- Facilitate extramural funding for faculty and student research as well as to support future research facilities and equipment.
- Provide a point of contact for outside agencies to inquire about research associated with the environment, energy and economics.
- Disseminate knowledge and information from research initiatives associated with the environment, energy and economics.
- Assist Appalachian State University in efforts to improve energy efficiency and to utilize renewable energy technologies.
- Support community and regional outreach and education initiatives related to the environmental, energy and economics (http://rieee.appstate.edu/, 2013).
(2) Southern Appalachian Environmental Research and Education Center

(SAEREC)

SAEREC membership is made up of an affiliation of researchers at Appalachian State University and their collaborators along with outreach specialists within the RIEEE. SAEREC addresses a broad range of research issues concerned with environmental issues facing the Southern Appalachian Mountains, ranging from biodiversity and conservation, ecological restoration, air quality, land use change, and regional climate change impacts. Research is initiated by individual researchers, and involves both faculty, graduate and undergraduate students. Collaborations with faculty at other institutions are encouraged, as well as with government institutions. For example, we currently have adjunct faculty affiliated with SAEREC from North Carolina State University and the University of North Carolina at Asheville. In addition, there are collaborations with researchers at NASA, NOAA, the EPA and Boyce Thompson Research Institute involving the study of various environmental aerosols and ozone on air quality. In addition, research involving biological conservation of endangered mussels in southeastern stream systems and the impacts of invasive plants on the landscape are also being researched by SAEREC members (http://saerec.appstate.edu/, 2013).
(3) Center for Economic Research and Policy Analysis (CERPA)

The Center for Economic Research and Policy Analysis (CERPA) is a multidisciplinary unit at Appalachian State University. The mission of CERPA is to improve policy and decision making by producing rigorous research and disseminating relevant information on current economic and policy issues. To that end, CERPA maintains research programs in the specific areas environment and energy, experimental economics, survey research, and economic development (http://cerpa.appstate.edu/, 2013).

The Highlander Research and Education Center

The Highlander Research and Education Center, located in New Market, Tennessee, seeks to foster and support social change activism and grassroots organizations at the local level throughout Appalachian and the South. These goals are accomplished by offering residential workshops and education training sessions, housing an audiovisual resource center and library where individuals and groups can learn about The Highlander Center, enacting participatory research projects, building networks by conducting workshops with communities facing similar struggles, and developing leadership and internship programs for the region’s youth.

It is essential for CAIRD to build a strong educational component which allows the Institute to share research results with local and regional leaders throughout Central Appalachia. In this sense then, CAIRD will look to The Highlander Center to develop its own strategies with regard to the dissemination of research. In addition, CAIRD’s electronic resource database will make research
CREATION AND IMPLEMENTATION OF CAIRD

materials and statistics pertaining to the region available to individuals throughout the world and may foster comparative research between mountain regions or other places facing economic hardships due to declines in resource extraction. Furthermore, CAIRD hopes to create a similar internship for the region's youth. Such projects create a strong sense of community and place that may help to counteract out-migration.

Other, more detailed information about The Highlander Center is found below and is copied directly from their website.

Highlander serves as a catalyst for grassroots organizing and movement building in Appalachia and the South. We work with people fighting for justice, equality and sustainability, supporting their efforts to take collective action to shape their own destiny. Through popular education, participatory research, and cultural work, we help create spaces -- at Highlander and in local communities -- where people gain knowledge, hope and courage, expanding their ideas of what is possible. We develop leadership and help create and support strong, democratic organizations that work for justice, equality and sustainability in their own communities and that join with others to build broad movements for social, economic and restorative environmental change (http://highlandercenter.org/about-us/, 2013).

Programs

The Highlander Center works with grassroots leaders on a wide variety of social concerns, including:
• Civil and Human Rights
• Humane Immigration Policy
• Criminal Justice Reform
• Economic Justice and Workers' Rights
• International Peace and Solidarity
• Environmental Justice
• Youth Leadership
• Racial, Gender, and Sexual Discrimination

In support of our vision of justice, Highlander conducts research, develops organizing and educational strategies, collects and produces resource materials for popular educators and organizers, and sponsors popular education programs that support grassroots activists and community leaders in the South.

Highlander's programs are unified by the common theme of "Constructing Democracy," building a society in which all people can participate equally in the decisions that affect their lives. Our tactics for achieving this goal include:

• Creating democratic space: providing an environment within which individuals can bring their whole selves and build authentic relationships with other people across race, class, gender, sexual orientation, age, etc. so that they can participate meaningfully in efforts to achieve social and economic justice.
- Base-building: helping to create and support democratically governed grassroots organizations capable of addressing the problems facing their communities and of joining with other groups in a broad-based collaborative movement for social and economic change (http://highlandercenter.org/programs/, 2013).
University of Wisconsin-Madison

The Institute for Research on Poverty (IRP) is a university-based center at the University of Wisconsin-Madison designed for research into the causes and consequences of poverty and social inequality in the United States. It is both nonprofit and nonpartisan, an important and noteworthy objective which CAIRD hopes to maintain as well. IRP, established in 1966, is a product of the War on Poverty. It is a multi-institutional, multi-disciplinary institute with research affiliates and partners throughout the country. The Institute focuses primarily on disseminating their research through conferences, newsletters and workshops (University of Wisconsin-Madison, 2012). With regard to building networks and disseminating research, CAIRD has much to learn from IRP’s overall organizational structure and approach. However, CAIRD will be different from IRP in that the Institute hopes to educate and share information with younger scholars as well through internships programs at the high school and undergraduate levels.

Furthermore, IRP researchers are often called to testify before legislative committees to discuss the findings of their research. Some IRP affiliates are faculty members at other institutions who visit the Institute at Madison regularly to consult with colleagues and to present seminars. The Institute also hosts visiting scholars who, on leave from their permanent affiliation, come to IRP to conduct poverty-related research (http://www.irp.wisc.edu/, 2012). Again, CAIRD will adopt similar strategies that would make the organization a leader in providing research to legislative committees in states located throughout Central Appalachia.
Other, more detailed information about the Institute for Research on Poverty is found below and is copied directly from their website.

**Institute for Research on Poverty (IRP)**

The Institute for Research on Poverty (IRP) is a university-based center for research into the causes and consequences of poverty and social inequality in the United States. It is nonprofit and nonpartisan.

The Institute was established in 1966 at the University of Wisconsin–Madison by the U.S. Office of Economic Opportunity, the organization given responsibility for reducing poverty in America. In the years since then, the Institute's affiliates, who represent a variety of disciplines, have formulated and tested basic theories of poverty and inequality, developed and evaluated social policy alternatives, and analyzed trends in poverty and economic well-being.

Most affiliates of the Institute hold regular teaching appointments at the university and divide their time between teaching and research. Some Institute affiliates are faculty members at other institutions who visit the Institute regularly to consult with colleagues and to present seminars. The Institute also hosts visiting scholars who, on leave from their permanent affiliation, come to IRP to conduct poverty-related research.

The principal activities of the Institute are sponsorship of the original research of its members, dissemination of their findings, and training and mentoring of future poverty researchers. Seminars, workshops, conferences, a publications
program that includes print and electronic dissemination, and a challenging graduate student research training program are designed to achieve those ends. As a university-based research institution, the Institute operates under University of Wisconsin regulations in receiving grants and disbursing funds. Grants are administered by Institute support staff. Appointments of the director and members of the Executive Committee are made by the University's College of Letters and Science. Within this framework the Institute is allowed substantial latitude in building a staff and research program.

IRP is one of three Area Poverty Research Centers sponsored by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the U.S. Department of Health and Human Services. The other two area centers are the University of Kentucky Poverty Research Center and the West Coast Poverty Research Center (WP/PRC), a new collaborative venture linking the School of Social Work and the Evans School of Public Affairs at the University of Washington with the university's departments of Economics, Sociology, and Geography. The WP/PRC will also collaborate with the Public Policy Institute of California in dissemination and other activities. ASPE also sponsors a National Poverty Center, located in the Gerald R. Ford School of Public Policy at the University of Michigan, Ann Arbor (http://www.irp.wisc.edu/aboutirp/overview.htm, 2012).
IRP Initiatives

IRP RIDGE Center

In January 2010, the Food Assistance and Nutrition Research Program (FANRP) of USDA’s Economic Research Service (ERS) named IRP the RIDGE Center for National Food and Nutrition Assistance Research following a nationwide competition. As the new RIDGE (Research Innovation and Development Grants in Economics) Center, IRP will serve as a national hub for sponsoring new, innovative research related to such programs as the Supplemental Nutrition Assistance Program (food stamps); Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the National School Lunch Program; and the School Breakfast Program; and as a center for training and mentoring scholars.

ERS also established a second research hub, the RIDGE Center for Targeted Food and Nutrition Assistance Research, at the Southern Rural Development Center (SRDC), Mississippi State University (MSU), as part of this restructuring and consolidation of the former RIDGE Program, which was administered by five institutions, including IRP, from 1999–2009. The SRDC center will support food and nutrition assistance research directed at specific populations, including rural residents, Native Americans, and immigrants.

By establishing the RIDGE Center for National Food and Nutrition Assistance Research, IRP continues its long tradition of conducting policy-relevant research, training and mentoring the next generation of poverty scholars, and
broadly disseminating its findings, with a renewed emphasis on food assistance research (http://www.irp.wisc.edu/initiatives.htm, 2013).

Outreach

**WELPAN**

The Midwest Welfare Peer Assistance Network (WELPAN) is a network of senior welfare officials from Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin. The group, which is coordinated by IRP and funded by the Joyce Foundation, has met regularly since the fall of 1996 to share ideas and compare notes on what it takes to make welfare reform work.

**Family Impact Seminars**

The Policy Institute for Family Impact Seminars aims to strengthen connections between research and state policymaking through an ongoing series of seminars, briefing reports, and follow-up activities aimed at bringing a family focus to policymaking.

**Poverty Dispatches**

IRP compiles and distributes *Poverty Dispatches*, links to Web-based news items dealing with poverty, welfare reform, and related topics twice a week. Each Dispatch lists links to current news in popular print media. Persons wishing to receive *Poverty Dispatches* by e-mail should send a request to irppubs@ssc.wisc.edu.
**Poverty Studies Announcements**

The Institute for Research on Poverty (IRP) distributes this compilation of poverty-related opportunities as a service to the larger poverty research and policy community; it is not intended to serve as a comprehensive resource, nor does inclusion imply endorsement (http://www.irp.wisc.edu/initiatives/outreach.htm, 2013).

**Training and Education**

**IRP Graduate Research Fellows Program**

The IRP Graduate Research Fellows Program is a training seminar conducted for Ph.D. students in the Departments of Economies, Social Work, Sociology, Political Science, and related disciplines who receive financial support through IRP or who expect to receive such support in the future. Students meet with graduate student peers and a faculty director, attend research presentations and/or conferences, and present their own work in a seminar or conference setting (University of Wisconsin–Madison, 2013).

**Poverty-Related Courses at the UW**

This section contains poverty-related courses being offered at the UW-Madison, with links to course pages, instructor bios, and UW timetable course listings.
Poverty-Related Doctorates

This section contains a list of poverty-related doctorates from 1971 to present (http://www.irp.wisc.edu/initiatives/trainedu.htm, 2013).

Research

Poverty Measurement: Introduction

In March 2010, the federal government released information on a proposed Supplemental Poverty Measure (SPM) to offer a more complete picture of the depth and demographics of poverty, as well as the effects of public investments such as food assistance and tax credits on poverty rates. The SPM will not replace the current measure, but rather it will provide a different view of poverty and effectiveness of public antipoverty policies. The SPM is a work in progress, to be informed by the research and evaluation of poverty scholars.

In addition to federal efforts to revise the national measure, many states and localities have expressed interest in developing more meaningful poverty measures for their own area. New York City’s Center for Economic Opportunity, the State of New York, and IRP (for the State of Wisconsin and local areas) have also developed place-specific measures, based on work from federal researchers, to capture the impact of antipoverty programs and better reflect the costs of living in different locations.

The first official U.S. poverty measure was developed in the mid-1960s, when President Lyndon Johnson launched the "War on Poverty," with the
understanding that poverty must be assessed and quantified if it is to be reduced. IRP was also established at that time, charged with conducting interdisciplinary research into the causes, consequences, and cures of poverty. An important part of IRP's work has been to review existing poverty measures and develop alternative ones. The literature critiquing the official measure and suggesting alternative methods is large and includes many contributions from IRP researchers (see our FAQ #2, "How is poverty measured in the United States?" for more on this topic). Most poverty scholars agree that the official measure should be revised, although there is disagreement as to the best alternative (http://www.irp.wisc.edu/research.htm, 2013).

Reorganization of Social Policy

Since the early 1990s, three developments have reorganized the practice of social policy for low-income Americans. Devolution has shifted policy authority downward from the federal government to state and local actors. Privatization has expanded the diversity of policy-relevant organizations and the variety of ways that relationships across organizations and programs are structured. Performance management has produced a new emphasis on program outputs and new systems of performance feedback and reward (http://www.irp.wisc.edu/research.htm, 2013).
Mountain Association for Community Economic Development

The Mountain Association for Community Economic Development (MACED) is serving in its 36th year of creating economic opportunity for the 54 counties that make up the Kentucky Appalachian region as designated by the Appalachian Regional Commission (http://www.arc.gov, 2011). A number of ideas, initiatives, concepts and businesses have emerged from the MACED model and many are likely to follow. They have served as instrument of success for organizations that want to help advance a certain region or cause.

As noted in their mission, the focus of MACED has largely been to build a stronger more vibrant economy in Eastern Kentucky. Although they have core strategies that focus on various aspects of Eastern Kentucky’s economy, and the desired outcomes have often varied, the one constant has been a perpetual focus on creating economic opportunity and sustainability. What distinguishes MACED from other research organizations like CAIRD is its focus on studying environmental issues in Eastern Kentucky, including applied research pertaining to the consumption and distribution of coal and timber products. MACED has been instrumental in establishing funding to create forestry management programs. Such projects often serve as a catalyst in protecting our natural forests. Research pertaining to forestry and the production on non-timber products has led to job growth and economic opportunity for parts of Eastern Kentucky (http://www.maced.org/, 2012).

Other, more detailed information about the MACED is found below and is copied directly from their website.
MACED works so that Appalachian communities are better places to live. We partner with local people to build upon the strengths of the region and assist businesses that grow local economies and create opportunities for low-income people.

MACED invests with capital and commitment. We understand that a vibrant economy is critical, but is only one measure of a community’s well-being. Protected natural resources and engaged residents are also necessary to create a high quality of life. Local people and decision-makers must believe that a better future is possible and see concrete ways to get there.

Three decades of dedication to the people and places of Appalachia have shown us that high expectations, vision and hard work are essential to accomplish results. That’s why they are the foundation for our current strategies (http://maced.org/overview.htm, 2013).

Goals

MACED works to create economic alternatives that make a difference to people and places in eastern Kentucky and Central Appalachia. Work is organized into three major strategies.

- Providing financial investments and technical assistance that helps local people and communities prosper.

- Conducting research to inform and support good public policy that is inclusive and considers everyone affected.
• Crafting effective development tools that make a difference. For Appalachian communities to have a brighter tomorrow, they need better tools to retain the natural resources and wealth they are losing today (http://maced.org/files/5-Year Vision Summary.pdf, 2013).

Providing financial capital and expertise to individuals, businesses and communities.

Through financial investments and technical assistance, we help local businesses prosper, putting them in a better place to invest in their employees and services that make a difference to communities. We are proud to have lent over $2 million in Fiscal Year 2008.

MACED is not the only business development lender serving distressed communities. Nor are we the biggest. Our aim is to have the greatest impact. Success is measured by more than numbers—with this desire and capacity comes the experience to guide investment decisions that also build wealth, provide tangible benefits and have a lasting effect in the region (http://maced.org/, 2013).

Conducting research that informs and supports good public policy.

MACED identifies strategies that work then helps give voice, reach and know-how to local efforts. MACED connects communities, elected officials and policy-makers to craft solutions that consider everyone. From forestland ownership to equitable tax and expenditure policies, the issues have varied, but the commonality is clear: MACED advocates for fair, equitable polices
Crafting effective development tools that make a difference.

For Appalachian communities to have a brighter tomorrow, they need better tools to retain the rich natural resources of today and create new wealth. MACED recognizes this is a continuing challenge that requires new and often untried approaches. Whether it’s a sustainable forestry initiative or an innovative loan to combating payday lending, we seek to understand the basis of a problem and craft a solution that works. These efforts have improved access to safe drinking water, built citizen action teams and helped people access affordable mortgages.

MACED understands there is no single solution to the persistent challenges Appalachia faces. Over the years our work in Appalachia has included the following.

- Supporting local Action Teams working on sustainable development.
- Researching the role of the coal industry in the region’s communities.
- Demonstrating viable solutions to home waste-water treatment problems.
- Coordinating the issuance of innovative multi-county mortgage revenue bonds.
- Developing an Internet-based entrepreneurial assistance center.
- Publishing educational handbooks for Kentucky’s forest landowners.
- Supporting small businesses with financial and technical assistance.
• Launching an organization that works, through local people, to improve the educational attainment of residents in the region (http://maced.org/, 2013).

Programs

Enterprise Development

MACED believes that one cornerstone of a thriving community lies in the success of its enterprises, both large and small. When local businesses succeed, they create positive ripple-like economic and social change throughout the local community. Successful businesses are more likely to create meaningful and well-paying jobs in rural communities and help improve the quality of life of its citizens.

MACED seeks to help businesses prosper that are committed to building sustainable and vibrant local economies in Appalachian Kentucky. We work with viable businesses that may have trouble finding bank financing, but are contributing to the employment and economic opportunities in the region. Loan products include equipment and real estate loans, working capital, operating capital term loans and lines of credit (http://maced.org/ED-overview.htm, 2013).
Research and Policy

MACED's research and policy program provides information and analysis to help citizens and decision makers better understand the challenges, issues and opportunities facing Kentucky and Central Appalachia.

Public policy at the local, state and federal levels plays a critical role in determining the health and vitality of communities in our region. MACED seeks to partner with public officials, organizations, experts and ordinary citizens to identify governmental rules, investments and incentives that best help move the region forward. MACED draws policy ideas from our experience providing services and programs and from solid research and analysis.

MACED's research and policy program includes the Kentucky Center for Economic Policy (KCEP). KCEP's purpose is to conduct research and education on important fiscal and economic policy issues facing the Commonwealth. Visit the website at www.kypolicy.org.

The program also includes the Appalachian Transition Initiative, an effort to promote an active, participatory and action-oriented conversation about economic transition in Central Appalachia. Visit the website at www.appalachiantransition.net (http://maced.org/policy-overview.htm, 2013).
North Carolina Rural Economic Development Center, Inc.

The North Carolina Rural Economic Development Center, Inc. works to develop, promote, and implement sound economic strategies to improve the quality of life of rural North Carolinians (http://www.ncruralcenter.org/, 2012). The Center operates a multi-faceted program that includes: research into rural issues, advocating for policy and program innovations, and building the productive capacity of rural leaders, entrepreneurs and community organizations (http://www.ncruralcenter.org/, 2012). North Carolina's Rural Center focuses on planning the long-range future for rural North Carolina by gathering the most knowledgeable people from various backgrounds and organizations to study issues and shape the policy agenda. In hopes of accomplishing a similar goal, CAIRD will create internship and fellowship programs, in addition to working with scholars across the globe, to create networks comprised of insiders and outsiders that can contribute to our understanding of Central Appalachia.

The Rural Center also has rural profile data available to help ensure leaders have access to information to help guide their decision-making. Unlike CAIRD, the Rural Center focuses on advocacy. As noted on their website, “real change comes about only when good ideas are adopted within the public and/or private sectors and become a permanent part of their institutions. Drawing from its research program, its on-the-job experience in rural areas, and the work of others, the Rural Center develops policy options that hold promise for rural North Carolina” (REDC
Advocacy, para. 3) A major focus of CAIRD should be turning knowledge into action (http://www.ncruralcenter.org/, 2012).

Other, more detailed information about the North Carolina Rural Economic Development Center is found below and is copied directly from their website.

Our mission is to develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians. We serve the state's 85 rural counties, with a special focus on individuals with low to moderate incomes and communities with limited resources.

To fulfill our mission, the center operates multifaceted programs with four overarching goals:

- Serve as the state’s rural policy leader and advocate
- Develop strategies to bring about economic and social transformation
- Deliver resources for rural people, businesses and communities
- Equip rural leaders to succeed in the 21st century

The center is a private, nonprofit organization funded by both public and private sources and led by a 50-member board of directors (http://www.ncruralcenter.org/, 2012).

Vision

The Rural Center's vision for the future of rural North Carolina is a positive one. It has been shaped by thousands of thoughtful and resourceful people the center has encountered over the past two decades, including leaders at the
local, state and national levels who continue to dedicate their time and energies to rural advancement.

As our state advances into the 21st century, the center envisions a rural North Carolina in which:

- Individuals can achieve economic independence in jobs that pay livable wages, are safe and provide opportunities for growth and advancement.
- A strong entrepreneurial spirit is fostering innovation and sustainable development in all business sectors, allowing both new and existing businesses to flourish.
- Local economies are fully integrated into the global economy through extensive networks of information technology, transportation systems and business and institutional relationships.
- Rural communities have high quality public infrastructure needed to promote growth and development, including quality water and wastewater facilities.
- Rural communities offer a consistently high quality of life for their citizens, including access to excellent public schools and lifelong educational opportunities, high-quality health care, decent and affordable housing, a clean environment, water and sewer systems to support growth, and recreational and cultural activities.
- Through strong local leadership and an active citizenry, rural communities are charting their own futures and effectively
implementing sustainable, community-based strategies for economic development.

Many communities in rural North Carolina are faced with severe resource constraints, serious countervailing economic trends and a history of under-investment in their people. Reversing these trends will require the collaboration and commitment of many leaders, institutions and organizations. The center is committed to building and working with a partnership of these individuals and groups to achieve our guiding vision (http://www.ncruralcenter.org/, 2012).

**Research and Innovation**

Research and innovation are central to the Rural Center’s work. They ground our understanding of where rural North Carolina is today and what it can become in the future.

To provide state and local leaders accurate information on which to base their decisions, the center collects and analyzes data from a range of national and state sources. The online Rural Data Bank gives you easy access to much of that information. You may view standard reports – county or small town profiles, for example – or use the custom search function to compile a report on data you specify.

Each year the center identifies specific issues for in-depth exploration by center staffs, who work in concert with local, state, and national experts on
research initiatives. Current initiatives include research on the potential for homegrown philanthropy to assist communities in addressing economic development priorities and an investigation into the barriers that prevent people and communities from breaking out of the cycle of poverty.

To ensure that its research results in practical solutions, the center chooses strategies that hold particular promise for rural development and tests them at sites throughout the state. These tests of economic innovations are carried out with partners in a range of community settings. The center favors models with the potential of replication in other rural communities (http://www.ncruralcenter.org/, 2012).
Iowa State University, the University of Missouri, and the University of Nebraska

The Rural Policy Research Institute (RUPRI) was created in 1990 to provide non-governmental data, information, and analysis regarding the rural and community impacts of public policy decisions. The RUPRI is housed within the Harry S. Truman School of Public Affairs at the University of Missouri-Columbia and is a joint program of Iowa State University, the University of Missouri, and the University of Nebraska (http://www.rupri.org/, 2012). It is a multi-institutional partnership institute for rural research in the United States. The institute has a broad focus on dissemination and outreach, while keeping multiple agencies, institutions and organizations at all levels informed of current studies, findings and policy implications for rural areas. It also focuses on influencing policy at the state and national levels on issues affecting people in rural places (http://www.rupri.org/abtpurpose.php, 2012).

In a similar fashion, CAIRD will also play an important role in Central Appalachia with regard to the collection and distribution of data, information, and analysis. It is important for CAIRD to build similar relationships allowing it to keep numerous organizations and state agencies aware of current studies and findings that might shift economic development policies and practices in Central Appalachia.

Other, more detailed information about the Rural Policy Research Institute (RUPRI) is found below and is copied directly from their website.
Rural Policy Research Institute (RUPRI)

Entrepreneurship

Entrepreneurship is a vital rural economic development strategy. There are several reasons for the increasing interest in entrepreneurship especially in rural regions and communities.

- Traditional approaches to recruitment and retention are just not working for most places, and leaders are looking for viable alternatives.
- There is a growing body of evidence on the critical role that entrepreneurs and small businesses play in driving local and national economies.
- The structure of rural economies is essentially composed of small enterprises, which are responsible for most of the job growth and the innovation. Moreover, small businesses represent an appropriate scale of activity for most rural economies (http://www.rupri.org/entrepreneurship.php, 2013).

RUPRI Center for Rural Entrepreneurship

The RUPRI Center for Rural Entrepreneurship provides communities across rural America with the resources for implementing entrepreneurship as a core economic development strategy. The Center, located jointly in North Carolina, Nebraska, and Missouri, applies practice-driven research, development tools, and consultation services in participation with many partners — rural communities, development practitioners, researchers, and policymakers.
Created in 2001 with founding support from the Ewing Marion Kauffman Foundation and RUPRI, the Center is an outgrowth of the Rural Entrepreneurship Initiative (REI) supported by the Kauffman Foundation, the National Rural Development Partnership, Partners for Rural America, and the Nebraska Community Foundation.

The Center's mission is to enable every rural resident to achieve his or her full entrepreneurial potential. To achieve this mission, the Center's work focuses on three key concepts – study, learn, and engage. The Center actively studies entrepreneurship development through practice-driven research in collaboration with a wide range of partners. Building on this knowledge base, the Center creates opportunities for community leaders and policy makers to learn about rural entrepreneurship through training, an electronic newsletter, development tools, and other mechanisms for learning in person and virtually. The Center also engages community and regional leaders by bringing new models, such as Hometown Competitiveness, and new tools, such as Transfer of Wealth, directly to rural regions in a more hands-on, strategic approach. By applying these three concepts, the Center is committed to connecting economic development practitioners and policy makers across rural America to the resources needed to energize entrepreneurs and to implement entrepreneurship as a core rural economic development strategy (http://www.rupri.org/entrepreneurship.php, 2013).

www.energizingentrepreneurs.org
Rural Regional Innovation

The Heartland is losing ground in the global economic race. Over the past 25 years, four Heartland states (IA, KS, MO, NE) have lost almost a one percentage point share of the U.S. economy, and over the past decade only 12 counties in these states rank among the fastest growing economies in the nation.

Globalization has changed regional development in profound ways, and the new paradigm for success involves regional innovation strategies:

- The only way to compete globally is to think regionally - across the county lines laid down for a different era
- Regions must build new sources of competitive advantage through innovation and entrepreneurship

(http://www.rupri.org/regionalcomp.php, 2013)

Panels and Networks

Rural Futures Lab

The RUPRI Rural Futures Lab aims to create a new future-oriented narrative for rural America.

We focus on the economic drivers that will make rural regions increasingly vital to the nation's well-being in the coming decades - food, energy, natural resources, and ecosystem services. These systems offer considerable potential for economic opportunity and quality of life improvements for rural people and places.
The Lab is particularly interested in the productive capacity of rural America to respond to the economic, social, and environmental challenges as food, energy, natural resources, and ecosystem services become globally scarcer. We believe that this means we have to pay attention to matters of hard infrastructure, such as transportation, health care, and telecommunications, and of soft infrastructure, such as innovation and entrepreneurship, regional governance, and youth engagement.

Our approach assumes a set of core principles around equity, diversity, collaboration, and sustainability that will ensure rural people and places can be full partners in the stewardship and development of rural-based resources.

The Lab builds upon RUPRI’s 20 years of providing unbiased analysis and information on the challenges, needs and opportunities facing rural America, and of spurring public dialogue that helps policymakers understand the impacts of public policies and programs on rural people and places. In particular, the Lab will draw upon and contribute to RUPRI’s ongoing work in rural health and human services, entrepreneurship, regional innovation, and rural policy and analytics (http://www.rupri.org/panelandnetworkviewer.php?id=49, 2013).
Southern Growth Policies Board (SGPB)

The Southern Growth Policies Board (SGPB) is a non-partisan public policy think tank located at Research Triangle Park in North Carolina. The SGPB advances visionary economic development policies by providing a forum for partnership and dialog among a diverse cross-section of the region's governors, legislators, business and academic leaders and the economic- and community-development leaders in the South. The ultimate goal of SGPB is to improve the overall quality of life in the South (http://www.southerngrowth.com/about/about.html, 2012).

CAIRD has a similar mission to improve rural development strategies in Central Appalachia in order to improve the overall quality of life for its citizens. SGPB fosters a regional approach in their initiatives rather than focusing on an individual state's needs and objectives. In order for CAIRD to be successful, it should take a similar approach. Funding for SGPB comes from membership fees, from states, grants, self-generated fees from consulting services, conference fees and corporate partnerships (http://www.southerngrowth.com/about/about.html, 2012).

Other, more detailed information about the Southern Growth Policies Board (SGPB) is found below and is copied directly from their website.

About Southern Growth Policies Board

Mission

Southern Growth Policies Board is a non-partisan public policy think tank based in Research Triangle Park, North Carolina. Formed by the region's governors in 1971, Southern Growth Policies Board develops and advances
visionary economic development policies by providing a forum for partnership and dialog among a diverse cross-section of the region's governors, legislators, business and academic leaders and the economic- and community-development sectors. This unique public-private partnership is devoted to strengthening the South's economy and creating the highest possible quality of life (http://www.southerngrowth.com/about/about.html, 2012).

Membership

Supported by memberships from 13 Southern states — Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia, Southern Growth provides a gathering place for regional collaboration. Southern Growth Policies Board is a private non-profit organization that is also supported through associate memberships from corporate, nonprofit and academic institutions, as well as grants, contracts and corporate sponsorships. For more information, refer to the membership benefits (http://www.southerngrowth.com/about/about.html, 2012).

Research Focus

Southern Growth's research focus encompasses the major drivers for economic development in the South — innovation and technology, globalization, the changing nature of the workforce and the vital role of the community. Southern Growth provides its members, and the region, with
authoritative research, discussion forums and pilot projects that define the critical issues shaping the South. Southern Growth develops new regional strategies for economic development and identifies best practices to facilitate action. These strategies are outlined in the organization's regional objectives (http://www.southerngrowth.com/about/about.html, 2012).

Advisory Councils

Four advisory councils, each chaired by a Southern governor, guide Southern Growth's policy work and research. The four councils are aligned with Southern Growth's major research areas and include the Southern Technology Council, focusing on innovation and technology; the Southern Global Strategies Council focusing on globalization, international trade and investment, immigration and international education; the Council for a New Economy Workforce focusing on workforce issues; and the Council on the Southern Community focusing on leadership, civic engagement and community development and growth (http://www.southerngrowth.com/about/about.html, 2012).

Publications

Southern Growth produces reports, toolkits and policy papers to support the deliberation and projects of the four advisory councils. Each year, Southern Growth releases an annual Report on the Future of the South. The Report on the Future of the South is the centerpiece of the organization's yearly conference and the catalyst for in depth discussions on issues facing the
region. In 2009, Southern Growth released *A Conversation on Southern Energy*. For a complete list of publications by research area, refer to the publication section of the website.

Southern Growth Policies Board has compiled a comprehensive list of research tools on both the regional and national level to investigate topics in community development; globalization and trade; innovation and technology and workforce development.

- Southern Compass News Portal
- Southern Growth Idea Bank

(http://www.southerngrowth.com/about/about.html, 2012).

Though only a few models have been examined in this chapter, a more extensive analysis, which includes the exploration of additional research centers, organizations, and universities, was conducted for this study. A matrix was created of all models for easy comparison and is located in Appendix A.

The matrix of models in Appendix A includes:

- Central Appalachian Institute for Research and Development (CAIRD)
- Mountain Association for Community Economic Development (MACED)
- Research Institute for Environment, Energy, and Economics (RIEEE)
- Highlander Research and Education Center
- Institute for Research on Poverty (IRP)
CREATION AND IMPLEMENTATION OF CAIRD

- North Carolina Rural Economic Development Center, Inc.
- Rural Policy Research Institute (RUPRI)
- The Northeast Regional Center for Rural Development
- Center for Economic Development and Business Research
- Center for Research and Economic Development (CFRED)
- Southern Growth Policies Board (SGPB)

Conclusions

The impetus for CAIRD grew out of a number of sessions at the East Kentucky Leadership Conference over the past three years, where a number of attendees participated in open sessions discussing the need for such an institute such as CAIRD. Before creating such an institute however, it was necessary to explore what organizations already existed in the region and to have a deeper understanding of the full range of gaps that needed to be addressed. The research provided herein suggests a framework on which the goals and objects of CAIRD may be built. In this sense, the researcher sought to make a contribution to the region of Central Appalachia by creating a new institute which emulated the best and most effective components from existing institutions, but also offered something new.

How does one move from a concept that sounds good, to actual implementation? This was the issue facing CAIRD.... Subsequently, the East
Kentucky Leadership Foundation, Inc. was able to secure funding from ARC to develop a Business & Operations Plan and provide strategic guidance and secure ownership of CAIRD, which enabled the concept of CAIRD to be advanced from vision to a full-fledged plan for implementation. The following chapter explores the methods used to take CAIRD from being part of a discussion to a real institute, engaging directly with residents, development practitioners, and scholars throughout Central Appalachia (http://nercrd.psu.edu/, 2012).
CHAPTER 3: METHODOLOGY/PROCEDURES/COLLABORATION

METHODS

Introduction

The Central Appalachian Institute for Research and Development (CAIRD) has been created as a non-profit public policy organization designed to provide long-term educational and developmental strategies in order to establish sustainable and vibrant communities that will improve the quality of life for citizens of Central Appalachia. Located in Eastern Kentucky, an area where 40 of the 50 distressed counties are situated, CAIRD seeks to identify and address the complex, systemic social and economic problems that persist in this region.

The following chapter provides an overview of the methods and approaches involved in the establishment of this Institute and includes the following themes: collaboration and institutional partners, obtaining funding; short-term and long-term planning; finding a ‘home’ for CAIRD; establishing a mission statement, objectives, goal and strategies for the Institute; fostering an interdisciplinary and unbiased research environment; determining methods for dissemination of research; developing outreach programs; building a governing board and advisory council; supporting the growth of CAIRD’s resource network and data resource center; and, implementing a fellowship and internship program.

After reviewing the process of creating CAIRD from a vision to an actual existing organization, further details are provided with regard to the CAIRD’s budget
(3-year financial pro-forma), evaluation process for the organization, the intended audience for the dissemination of research, and outreach and engagement efforts.

**Collaboration – Institutional Partners**

In the early stages of development numerous stakeholders noted the importance of having a mechanism to coordinate research with the regional colleges and universities to address the social and economic distress that exists in Central Appalachia. The recommendations that follow grew out of planning meetings with stakeholders who would likely be impacted by CAIRD initiatives. These recommendations helped to guide CAIRD’s development and continue to inform its implementation, structure, and sustainability overall.

The first recommendation was that CAIRD identify and address various research topics each year that focus on strategies to eliminate the economic distress in the counties of Central Appalachia. This is being achieved by establishing relationships with key stakeholders throughout the region to partner on issues addressing barriers to development. Further, research from CAIRD provides input in the development of each governor’s Appalachian Development Plans to provide continuity and harness a long-term vision for the region that survives changing political administrations. CAIRD is a mechanism to provide an informed public policy voice to guide new development strategies for Central Appalachia.

Although CAIRD initiates operations in Kentucky, a long term goal is that each Central Appalachian state be invited to join, creating a four-state consortium of
resources (Kentucky, West Virginia, Virginia and Tennessee). ARC representatives from each state have expressed an interest in CAIRD (Patton, 2012).

CAIRD is located at the University of Pikeville as an independent 501(c)(3) organization. Former Kentucky Governor Paul Patton, now President at the University of Pikeville, agreed to host CAIRD at the University on an in-kind basis. These facilities provide CAIRD the ability to begin immediate implementation of recommendations in this report and remove a barrier (i.e., adequate facilities for the work of CAIRD) to sustainability. The University of Pikeville, located in the heart of Central Appalachia, is situated among the highest concentration of distressed counties in the Appalachian region.

**Funding**

Funding for CAIRD stems from various revenue sources. A three-year start-up grant of $467,243 from the ARC allowed for implementation of a business and operations plan. Direct funding from ARC will be phased out by July 2013, following the first year of full implementation of CAIRD. It is anticipated that funding for CAIRD will be provided by Kentucky multi-coal severance funding as well as private foundations and individual donors.

Total expenses for CAIRD's first year of full implementation, fiscal year 2012-2013, was approximately $309,000. This included funding for a CEO, development and marketing officer and an executive secretary. Additionally, it included funding for furnishing upgrades to in-kind facilities, office equipment, an initial research and development budget and marketing and website design. Budget
projections increased this budget for year two leading to the hiring of additional personnel, through expanded research initiatives in the establishment of the Internship and Fellowship Program.

Planning

Initial planning for CAIRD began in 2010 with full implementation of CAIRD beginning in July 2012. The $467,243 start-up grant from ARC, over a period of three years, enabled CAIRD to establish a Board of Directors, hire a CEO, file for 501(c)3 status with the IRS, and establish CAIRD’s headquarters. This also allows the CEO sufficient time and resources to gain support from fiscal courts in Appalachian Kentucky, who are vital stakeholders in this initiative. Their support is vital to receive multi-county coal severance funding through either an application process or a direct line item in the 2012-2014 Kentucky State Budget. Once initial funding was secured, CAIRD began full implementation in July 2012.

The recommendations gleaned from stakeholders provide the framework and guidance for the creation of CAIRD. Clearly, this region has needed an Institute to guide development strategies to create an alternative future for at-risk and distressed counties in Central Appalachia for a number of years.

For strategic purposes CAIRD was located in Central Appalachia, on the campus of the University of Pikeville in Pikeville, KY. The Institute should be in an area that is both accessible to people living within the region and to people traveling from outside the region. Also, the location is within an area that allows easy application of the ideas generated at CAIRD. This location in Eastern Kentucky,
where 40 of the 50 distressed counties in Central Appalachia are situated provides for easier access to those most in need. CAIRD is located in the midst of those distressed counties.

Eastern Kentucky is strategically located between portions of Southern West Virginia, Southwest Virginia and Northeast Tennessee, each with counties that encompass Central Appalachia. Locating CAIRD in an area with a high concentration of at-risk and distressed counties helps provide the essential knowledge resources needed to guide development strategies within this area.

CAIRD Home

The University of Pikeville, located in Pikeville, Kentucky, offers associate, baccalaureate, and graduate degree programs to prepare students for a variety of careers. The University of Pikeville is also home to the Kentucky College of Osteopathic Medicine which provides students with an osteopathic medical education that emphasizes primary care, encourages research, and promotes lifelong scholarly activity and produces graduates who are committed to serving the health care needs of communities in East Kentucky and other areas of Appalachia. The University of Pikeville currently hosts 1,800 students from 36 states and 15 countries. Additionally, more than 70% of the University of Pikeville’s students come from Central Appalachian counties (University of Pikeville, 2012).

The Administration of the University of Pikeville has agreed to provide facilities to host CAIRD on its campus as an in-kind contribution (Patton, 2012). Former Kentucky Governor Paul Patton is now serving as President of the University.
Efforts were made under Governor Paul Patton's Administration within the Kentucky Appalachian Commission to establish the Kentucky Appalachian Development Institute (KADI), which provided much of the theoretical framework for CAIRD (Patton, 2012). Governor Patton, Executive Vice-President James Hurley (the author of this capstone) and the Board of Trustees agreed to facilitate and help resource CAIRD as an independent 501(c)(3).

The University of Pikeville has long-standing collaborative relationships with presidents at the University of Louisville, University of Kentucky, Morehead State University, Eastern Kentucky University and other local colleges and universities, each of whom are critical stakeholders. In addition, administration officials at the University of Pikeville have indicated that some of the research conducted at CAIRD may coincide with initiatives undertaken at the Kentucky College of Osteopathic Medicine. Certainly, this could lead to further developments of medical research in many areas that plague Appalachia.

The institutions currently participating in CAIRD along with the University of Pikeville are: Morehead State University, University of Louisville, University of Kentucky, Eastern Kentucky University, East Tennessee State University, University of Virginia at Wise, Marshall University, Southern West Virginia Community College, Kentucky Community and Technical College System, Berea College, Appalachian State University, and Ohio University.
Goals

CAIRD facilitates a consolidation of knowledge resources from each Central Appalachian state into a policy research institute thereby providing a way to advance the socio-economic conditions within the region. Such an institute can provide an avenue to bridge ideas between experts in academic institutions and organizations across state lines to provide solutions to issues affecting Central Appalachia. Creating a setting where the most knowledgeable people in the non-profit community, business, academia, and government gather to study and address issues of concerns serves to influence improvement strategies and create future economic and academic opportunities in Central Appalachia.

The outmigration of the young educated population in rural areas to urban centers such as Lexington and Louisville lessens the human capital in eastern Kentucky necessary to build sustainable communities. CAIRD helps to enable rural Eastern Kentucky to attract top thinkers to the region and have the intellectual capacity to guide informed decision-making while working to close the economic inequality between rural and urban Kentucky. While CAIRD provides guidance for lawmakers, it also assist civic organizations, local governments, state officials, the ARC and non-profit development organizations in creating an alternative future in the region, building healthy, viable and sustainable communities in Central Appalachia.

Mission Achievement

To achieve success, CAIRD focuses on, but is not limited to, the following:
• Understanding the barriers that have prevented the at-risk and distressed counties of Central Appalachia from progressing socially and economically at the rate of other geographic regions.

• Creating a policy network for applied research among postsecondary institutions in Central Appalachia that encourages research collaboration and program development to address issues.

• Focusing on and coordinating the attention of experts and scholars on developmental advancement issues in Central Appalachia.

• Creating new strategies and new priorities for development within the region.

• Establishing a pipeline of communication between the people in the region and policy makers outside the region so as to influence policy that affects Central Appalachia.

• Creating an environment within the region that values applied research and development strategies and providing a base for the region’s best and brightest young minds to utilize their expertise for the betterment of the region.

• Obtaining financial support for research initiatives and application.

Objectives, Goals & Strategies

CAIRD impacts Central Appalachia by:

• Serving as an unbiased broker for the region.

• Helping alleviate the distressed conditions prevalent in many counties of Central Appalachia.
• Being a primary source of information for public policy solutions in Central Appalachia.

• Assisting in the development of the Governor’s State Appalachian Development Plans.

• Providing research and development support to enhance new technologies for the use of coal, natural and renewable resources.

• Serving as an informed and independent voice in policy debates regardless of changes in political administrations.

• Encouraging collaboration between Area Development Districts (ADD), state agencies, institutions of higher education, ARC, nonprofit organizations, local governments and private individuals.

• Providing a setting for the exchange of ideas and information between key stakeholders at the local, state, regional and federal levels.

• Aiding in the creation of sustainable and vibrant communities in Central Appalachia.

• Assisting in the improvement of overall quality of life of citizens living in Central Appalachia.

Focus

CAIRD focuses its efforts primarily on the areas of Research, Policy, Dissemination, Outreach and Application as described below. How this is being accomplished is described in Chapter 4.
**Research.** CAIRD sponsors and encourages interdisciplinary research within the Central Appalachian region that can be applied in a policy or programmatic manner. It gathers the most knowledgeable people around various issues to examine and produce several research studies a year. It also works with clients to provide access to existing research or knowledge to help guide development activities where the activities support critical policy initiatives. CAIRD’s Chief Executive Officer and Board of Directors determine a priority list of the most critical applied research initiatives to be supported during a given year based on the potential impact on quality of life in the region, the potential to remove obstacles to development, and the degree to which the research addresses systemic problems in Central Appalachia.

**Policy.** CAIRD interacts with lawmakers at both the state and federal levels to render advice on policy issues relating to Central Appalachia based upon research conducted at CAIRD. Moreover, CAIRD monitors legislation to inform, influence, and improve policy to bring about the best results for the people of Central Appalachia. It also produces publications as well as host conferences and workshops aimed at influencing decisions on policy issues relating to the region.

**Dissemination.** It is essential for CAIRD to create relationships with state and federal agencies, academic institutions, non-profits, and local governments to inform and guide decision makings based on research conducted by CAIRD and its partners. This provides a setting to encourage and promote the flow of ideas relating to new development strategies for Central Appalachia. Also, CAIRD shares the findings of
research studies through various publications to CAIRD members, affiliates, and relevant stakeholders.

**Outreach.** For CAIRD to be successful, it must be engaged with local communities. It therefore works with citizens to provide an avenue to have ownership of the work and focuses on establishing a regional presence with all stakeholders.

**Application.** To have a long-term impact on Central Appalachia, there must be an avenue to take action based upon the findings of the research. The inability to apply available research has hindered the region for generations. The Institute must have the ability to “connect the dots” of the research and influence program development and apply new strategies for the region.

**Initial Governing Board & CAIRD Advisory Council**

Initial Advisory Council members played a vital role in the creation of the CAIRD. Council members are not official board members, but are chosen because of an expressed interest in the creation of a research institute for Central Appalachia. The Advisory Council is representative of members from public, private and nonprofit sectors. Together, these advisory council members utilize their knowledge, experience, and political capital to implement the recommendations of this report. Some members of the Advisory Council also serve on the CAIRD Board of Directors. Current Advisory Council members include, but are not limited to, the following:

James L. Hurley – Executive Vice President, University of Pikeville. Hurley also serves as Project Director and Lead Coordinator of CAIRD.
Dr. Aaron Thompson, Council on Postsecondary Education (CPE) Interim Vice President, Academic Affairs.

Bill Weinberg – President, Clean Gas, Inc.

Brad Parke – Consultant, East Kentucky Leadership Foundation (EKLF), Inc.

Dr. Bruce Ayers – President, Southeast Community & Technical College.

Dr. Evelyn Knight – Director, Appalachian Center, University of Kentucky

Ewell Balltrip, President/CEO, National Institute for Homeland Security,

Former Director, Kentucky Appalachian Commission.

Dr. Gerald Pogatshnik - Associate Vice President for Research and Dean of the Graduate School, Eastern Kentucky University.

Dr. Jack Herlihy – Director, Center for Educational Research in Appalachia (CERA), Eastern Kentucky University.

Dr. Jeffery Marshall – Director, Center for Regional Engagement, Morehead State University.

Jerry Johnson – Vice President at the University of Louisville, Former Assistant for Appalachian Development and Coal Severance Tax Issues.

Paul Patton – Former Governor of Kentucky.

Jeremy Scrimager – Case manager, independent living coordinator for troubled and at-risk youth.

Johnathan Gay, Esq. – Director, Morehead State University Innovation Center, Co-founder, Silicon Hollow Association.
Josh Ball – Distance Earning Business Development Specialists, Hazard Community & Technical College.

Nathan Hall - Manager, East Kentucky Biodiesel, Watson Fellow.

Peggy Satterly – Kentucky State Program Manager, Appalachian Regional Commission.

Peter Hille – Director, Brushy Fork Institute, Berea College.

Ron Daley - Senior Director of Advancement and Government Relations, Hazard Community & Technical College.

Dr. Ron Eller – History Professor, former Appalachian Center Director, University of Kentucky.

Wayne T. Rutherford – Judge/Executive of Pike County, Kentucky.

**Board of Directors**

CAIRD Board members are visible members of the public, dedicated to the overall mission and values of CAIRD. It is intended that members see the “big picture” of what CAIRD is working to accomplish. Members of the Board must have adequate time to devote to the organization and should be able to work well in a group with others and be respectful of the insights and opinions of members from various backgrounds.

The Board provides fiduciary oversight, strategic leadership, legal, financial and political support. Members form a cohesive group who come to an understanding about issues regardless of their differences. The Board is responsible for working with the Chief Executive Officer to determine programmatic initiatives for CAIRD.
The Board also represents both public and private institutions that are participating in the CAIRD Resource Network. Eventually, as each Central Appalachian state joins CAIRD, it may be desirable to have governors, or a designated representative, sit on the board. Board membership should consist of no fewer than 21 members and no more than 29. The Executive Council consists of a Chairman, Vice Chairman, Secretary and Treasurer.

The first Board of Directors, created in 2010, included: Bill Weinberg, Dr. Jack Herlihy, Peter Hille, Brad Parke, Paul Patton, Dr. Aaron Thompson, Dr. Jeannine Blackwell, Dr. James Ramsey, Dr. Jeffery Marshall, Judge Kelly Callahan, Dr. Bruce Ayers, Jonathan Gay, ESQ., Peter Hille, Hon. Jim Ward, and Ewell Balltrip. The board elected Governor Paul Patton as Chairman and Bill Weinberg as Vice Chairman. A current listing of the Board of Directors is located in Appendix G.

Methods and Implementation

There is no shortage of research as it relates to Appalachian issues and the social and economic distress that is evident throughout the region (PARC, 1964; ARC, 2012; Eller, 2000). However, it would seem that the barriers have been the basic application of the research along with program and policy development based upon the findings within the areas that need them most. The CAIRD Institute provides a mechanism for coordination of applied strategies and, in conjunction with its many stakeholders, concentrates on applying meaningful research in a manner that improves the quality of life in Central Appalachia. It serves not only as a source but also a facilitator for new development strategies for Central Appalachia.
The CAIRD Institute addresses the systemic problems in the region. Often research is focused on a particular subject that is the “hot” topic of the day. As a result, the core roots of the problems in the region are often over looked or ignored. In taking a holistic approach, CAIRD works to better understand the issues that have prevented the at-risk and distressed counties in Central Appalachia from progressing socially and economically.

By design CAIRD is located in Eastern Kentucky, in and among the largest concentration of economically distressed counties in the Appalachian region. By locating the Institute in the heart of these at risk and distressed counties, CAIRD is better able to serve as a catalyst in transforming the economy of Central Appalachia.

The CAIRD Institute serves as a launching pad for innovations in the region. In doing so, CAIRD places a great emphasis on attracting and retaining young professionals in the region through an Internship and Fellowship Program. By attracting young professionals, CAIRD capitalizes on their ideas and intellect, which results in economic spinoff activities in the area.

The Institute not only works as a policy development organization but also serves as a catalyst in diversifying and transforming the economy of Central Appalachia. For the region to capitalize on the ideas and intellect such a research and development institute provides, it is essential to have full-time professional staff that live and work in Central Appalachia, primarily at CAIRD’s headquarters.

As is discussed in Chapter 4, some of the research conducted through CAIRD is contracted with researchers working at various institutions or organizations through
the CAIRD Resource Network. Also as noted in Chapter 2, CAIRD hosts researchers from various institutions or organizations on sabbatical to be visiting scholars working at CAIRD headquarters.

**Management**

Initially, CAIRD management consisted of two positions, a Chief Executive Officer (CEO), and an Executive Secretary. The organization first focused its attention on finding a CEO with the abilities needed to generate growth at CAIRD, someone with the skills necessary to build networks and credibility with various stakeholders throughout the region. Jason Belcher was hired as the CEO of CAIRD in 2012. With a Masters in Science and over 10 years of leadership experience at Science Applications International Corporation and Target, Mr. Belcher possesses the knowledge of non-profit/business management, the public policy process, and a proven fundraiser. Although it is not necessary to have a terminally degreed person in this position, it is desirable to have someone with a background or knowledge of rural economic development and inter-governmental relations. Moreover, it has been important for Mr. Belcher to focus on the establishment of the CAIRD through the creation of partnerships throughout the region among its many stakeholders.

The Executive Secretary conducts administrative and clerical support, while providing support to the other personnel in major fundraising efforts. Earlier in 2012, Shawna Gail Hall was hired as the Executive Secretary. Melanie Stevens was hired during CAIRD's second year of implementation as the marketing and development officer.
An essential staffing and programmatic component of CAIRD was the development of an Internship Program to tap into the expertise of students throughout Central Appalachian colleges and universities. Although the internship focuses primarily on attracting students attending colleges participating in the CAIRD Resource Network, it is open to students from outside the region who have a particular interest in public policy, Appalachian issues, or a related field and have a desire to study within the region. Internships follow a semester calendar with interns being retained throughout the year in the fall, spring and summer semesters, potentially being brought on board at CAIRD full time. As funding permits, CAIRD, in conjunction with institutions that grant advanced degrees, will develop a year-long Fellowship Program intended to attract students pursuing professional degrees to focus their thesis and/or dissertation work on issues within the Central Appalachian region with the support of CAIRD. These programs are intended to be a catalyst in capturing young, bright minds before they leave the region and potentially never return.

Each year CAIRD's Chief Executive Officer, along with the Board, identifies specific development issues for analysis. These issues are selected based upon a collaborative discussion held with various stakeholders throughout the region who describe issues that they believe are of utmost importance in eliminating the prevalent conditions, keeping the area at-risk and some of the most distressed counties in Central Appalachia. Other projects are selected based upon requests for applied
research and development assistance by eligible governmental and non-governmental entities in at-risk and distressed Central Appalachian counties.

These organizations include, but are not be limited to, the following: Kentucky Department for Local Government, various private and public foundations and entities that deal with Appalachian issues, established citizen groups, other nonprofit organizations and non-retail business organizations. Priority is given to entities whose primary service area includes distressed counties. Also, RFP’s are issued to the participating institutions in the CAIRD Resource Network where a contract is awarded through a competitive bidding process. Partnerships between CAIRD and other institutions take many different shapes and forms. Flexibility has been essential within this area.

Results, products, or services that will be generated when CAIRD is fully functional include, but are not limited to, the following:

- Reports, research papers, dissertations and theses, policy memos, strategic plans, interactive website, blogs, e-newsletters, brochures, issue polling, county data profiles, and internship and fellowship program.
- Providing a setting for collaboration with federal, state and local governments as well as non-profit service and development organizations, ARC, and post-secondary institutions concerning policy issues affecting community and regional development application strategies in Central Appalachia.
- Providing expert advice for organizational inquiries throughout the region related to Appalachian issues and development strategies.
- Testifying before legislative committees or hearings on various policy issues.
- Working closely with local citizens and organizations, CAIRD works to help transform and diversify the economy within the region.
- Advocacy for policy initiatives that effect development in Central Appalachia.

Outcomes

The following outcomes are expected as a result of the CAIRD project:

- Developing a sense of regionalism in Central Appalachian among its many stakeholders to work together in addressing development barriers based upon informed analysis.
- A reduction in the social and economic conditions prevalent in many counties of Central Appalachia.
- A reduction in the number of at-risk and distressed counties as defined by ARC in Central Appalachia.
- Consistent and informed policy voice for the region regardless of changes in political administrations in Central Appalachian states.

Initial Programmatic Initiatives

Since CAIRD has been established, there are several programmatic initiatives that have been completed. The determination of programs is made by the CEO and
approved by CAIRD’s Board. These programs are essential in meeting CAIRD’s mission and goals.

CAIRD Resource Network. The establishment of the CAIRD Resource Network was the first step in establishing the necessary partnerships for the success of CAIRD. The CAIRD Resource Network consists of Central Appalachian public and private postsecondary educational institutions (including the land grant institutions in each Central Appalachian state), as well as other relevant development organizations who wished to participate in research initiatives at CAIRD. The CAIRD Resource Network consists of participating post-secondary academic institutions and development organizations in Central Appalachia who agreed to become part of this research and development consortium. CAIRD Resource network affiliates as of January 1, 2013 include numerous partnering organizations; this listing is referenced in Chapter 5. Although most of the institutions in the network are located in Central Appalachia, other institutions may be affiliated within this network that have a particular interest in rural or Appalachian issues.

This enables CAIRD to create a setting for regional collaboration between colleges, universities and other relevant development organizations to explore common concerns about research and technical assistance services and respond to them with a single voice. In addition, CAIRD creates an outlet in Central Appalachia for researchers to conduct research while on sabbatical from their respective institutions. This network is vital in identifying common issues of concern between institutions and utilizing CAIRD as a mechanism for applied research.
The theoretical framework behind the CAIRD Resource Network is to gather and coordinate experts from regional colleges, universities and development organizations to study issues set forth by CAIRD and its stakeholders. By organizing the most knowledgeable people to analyze systemic problems, CAIRD provides the at-risk and distressed counties of Central Appalachia with the intellectual capacity and resources necessary comparable to that of a comprehensive research university.

Data resource center. Upon establishment of the CAIRD Resource Network, was important to organize the available resources from each of the institutions into an easily accessible database. This Data Resource Center serves as a “one stop shop” for someone looking for information pertaining to a particular issue area or academic discipline in Central Appalachia. The data center is being organized to quickly identify experts within that field at organizations participating in the CAIRD Resource Network. In addition, CAIRD organizes existing and ongoing research from each of its affiliated institutions to provide a quick reference point for interested stakeholders. This inventory enables CAIRD to identify potential service providers for research assistance as well as encouraging multi-institutional collaboration between institutions affiliated with the CAIRD Resource Network. Not only does this inventory provide beneficial to CAIRD, but also it greatly enhances the ability to increase collaboration between experts who may be involved in similar types of research. The data center is not limited strictly to scholarly work, but all resources that may contribute to development in the region. The Data Resource Center is designed to be regularly updated with information from throughout the region.
Personnel at the Eastern Kentucky University are currently working with CAIRD in the establishment of CAIRD’s Data Resource Center. Some of the information available in the Data Resource Center includes community demographics, information on local schools and government, average annual income levels and education levels just to name a few.

**Internship and fellowship program.** CAIRD established an Internship and Fellowship Program that attracts undergraduate, graduate and post-doctoral students or recent graduates who wish to study and work in Central Appalachia. This program is a catalyst to capitalize on the ideas and intellect young professionals can bring to Central Appalachia. These programs are a mechanism to direct some of the undergraduate and graduate thesis/dissertation research towards issues relating to Central Appalachia.

The Internship Program is designed to follow a traditional semester calendar with interns being retained in the fall, spring and summer semesters. Priority is placed on undergraduate students from schools within the CAIRD Resource Network. However, the program is open to students attending schools outside the region who wish to apply. Students receive academic/cooperative education credit for their internship or fellowship at CAIRD. Because of the differences in policies, requirements and procedures within each academic major and differences between respective institution’s guidelines, it is the responsibility of the student to obtaining this credit and not the responsibility of CAIRD's. The total number of interns per
semester has yet to be determined, with the number dependent upon available funding, need and the quality of applicants.

CAIRD Interns are closely involved in the daily activities of CAIRD and participate in research initiatives currently taking place at CAIRD. Additionally, students have the opportunity to travel throughout Central Appalachia to attend various conferences, workshops and meetings while learning to better understand the social, economic and cultural structure of the region.

The Fellowship Program is a prestigious program lasting one academic or fiscal year, open to graduate students and/or recent college graduates who wish to apply. CAIRD Fellows are required to complete a research project and/or initiative during their year at CAIRD as a requirement for their work duties, which may or may not coincide with academic requirements for completion of their degrees at their respective institutions.

The underlying theory behind the development of an Internship and Fellowship Program is to provide a setting where the region’s best and brightest young minds can gather and utilize their ideas and intellect to springboard development in Central Appalachia. This program encourages creativity among its participants that is not limited to research, but rather, toward new and innovative approaches that may spark development in the region’s private sector. The gathering of this innovative cluster of young minds enables ideas to become realities, which may include, but are not limited to, research, entrepreneurship, and program and policy development. CAIRD, working closely with its stakeholders, provides the
resources and support necessary to assist these young professionals in developing these ideas for the betterment of the region.

The CEO of CAIRD is currently working to develop a plan to address many of the issues and suggestions listed above. The CEO is also responsible for developing a team of researchers, fellows and graduate assistants to ensure that the plan is carried out and Central Appalachia prospers and advances in educational and economic platforms. Currently there is one research fellow in residence at CAIRD; interns are scheduled for later in the fiscal year 2013.

CAIRD Timeline

The following timeline is for progression of events starting with the completion of the business and operations plan in June of 2010.

Year 1

July 2010

- CAIRD Business and Operations Plan completed and submitted to the Appalachian Regional Commission (ARC)
- Begin applying for start-up funding from ARC

August 2010

- Establishment of CAIRD Advisory Council
- Completion and submission of application for start-up funding from ARC

September 2010

- First meeting of CAIRD Advisory Council
• Establishment of CAIRD Board of Directors

October - December 2010

• Anticipated time of notification from ARC of award status for start-up funding application

• Begin filing necessary paperwork with Internal Revenue Service (IRS) to establish CAIRD as a 501(c)(3) nonprofit organization

January 2011

• First meeting of CAIRD Board of Directors

• Establishment of Executive Board

• Begin search for Chief Executive Officer (CEO) and Executive Secretary

March 2011

• Board of Directors Meeting

May 2011

• CEO and Executive Secretary begin work at University of Pikeville, the approved location of CAIRD

Year 2

August 2011

• Begin establishment of CAIRD Resource Network

September 2011

• Board of Directors Meeting

• ARC funds (for fiscal year) approved
CREATION AND IMPLEMENTATION OF CAIRD

October 2011

- Begin development of Data Resource Center

January 2012

- Board of Directors Meeting
- Begin application for multi-county coal severance funds for the Kentucky Department for Local Government
- Steps should be taken to include Virginia and West Virginia in CAIRD

March 2012

- Board of Directors Meeting

April 2012

- 2012-2014 Kentucky State Budget complete
- CAIRD Resource Network complete

June 2012

- Virginia and West Virginia begin participating in initiatives at CAIRD
- Applications for 2012-2013 Internship and Fellowship Program released

Year 3 – First year of full implementation

July 2012

- Research initiatives for upcoming year determined

August 2012

- Research initiatives listing released

September 2012
- Steps taken to include Tennessee in CAIRD
  December 2012
- First Research Fellowship awarded
  January 2013
- Board of Directors Meeting
- Tennessee begins participation in CAIRD
  May 2013
- Board of Directors Meeting
- Summer 2013 Intern(s) begins work
- FY 2013 Research initiatives are complete

This time-line provides a chronological order of events taken place at CAIRD following the completion of the initial report in July 2010, as well as those anticipated to be completed through summer 2013. This order of events assisted the Board of Directors and the initial CEO during the establishment of CAIRD in Kentucky, and subsequently other Central Appalachian states. During these plans for immediate implementation there was a strong focus on establishing relationships and obtaining letters of support from county judge executives in Eastern Kentucky.

**Budget/Financial Plan**

**Financial Pro-forma.** The Central Appalachian Institute for Research and Development is a non-profit organization. Budget projections for CAIRD increase
during the first three years of existence with expanded personnel, programs, research capacity and demand. The three-year financial pro-forma is reflected in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>Year 1 FY 2013</th>
<th>Year 2 FY 2014</th>
<th>Year 3 FY 2015</th>
</tr>
</thead>
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<tr>
<td>Chief Executive Officer</td>
<td>73,202</td>
<td>75,398</td>
<td>77,659</td>
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<tr>
<td>Chief Operating Officer</td>
<td>0</td>
<td>55,000</td>
<td>56,650</td>
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<tr>
<td>Development &amp; Marketing Officer</td>
<td>45,320</td>
<td>46,679</td>
<td>48,079</td>
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<tr>
<td>Research &amp; Program Analyst</td>
<td>0</td>
<td>40,000</td>
<td>41,200</td>
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<tr>
<td>Executive Secretary</td>
<td>23,870</td>
<td>24,586</td>
<td>25,323</td>
</tr>
<tr>
<td>Internship Program</td>
<td>5,000</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Fellowship Program</td>
<td>15,000</td>
<td>30,000</td>
<td>45,000</td>
</tr>
<tr>
<td>40% Fringe Benefits</td>
<td>59,956</td>
<td>96,665</td>
<td>99,596</td>
</tr>
<tr>
<td>Publications/Reports</td>
<td>1,000</td>
<td>2,500</td>
<td>5,000</td>
</tr>
<tr>
<td>Annual Audit</td>
<td>1,000</td>
<td>2,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,000</td>
<td>3,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Travel — CAIRD Staff</td>
<td>5,000</td>
<td>7,500</td>
<td>10,000</td>
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<tr>
<td>Travel — “Resource Network”</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Dues, subscriptions</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Marketing/Web Design</td>
<td>0</td>
<td>5,000</td>
<td>5,000</td>
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<tr>
<td>Education &amp; Training</td>
<td>2,500</td>
<td>5,000</td>
<td>7,500</td>
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<tr>
<td>Research Projects</td>
<td>80,000</td>
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<td>200,000</td>
</tr>
<tr>
<td>Sabbatical Housing Allowance</td>
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<td>“Data Resource Center”</td>
<td>1,000</td>
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<td>1,000</td>
</tr>
<tr>
<td>Intern/Fellow Program Support</td>
<td>5,000</td>
<td>10,000</td>
<td>25,000</td>
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</table>
Table I is reflective of the capital expenditures for year one, along with operating expenses for subsequent years. Year one includes only the salaries for initial personnel, with additional personnel coming on board in later years. CAIRD’s services and revenues expand. Salaries for staff are projected based upon a fair market value for personnel at similar Institutes. Fringe benefits are projected at an additional 40% of base salaries for an employee, based upon current projections of

<table>
<thead>
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<th>Special Events</th>
<th>5,000</th>
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<th>10,000</th>
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<tr>
<td>Misc.</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Office Space (In-kind)</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Utilities (In-kind)</td>
<td>3,000</td>
<td>3,000</td>
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</tr>
<tr>
<td>Telecommunications (In-kind)</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Accounting (In-kind)</td>
<td>2,500</td>
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<tr>
<td>IT Support (In-kind)</td>
<td>2,500</td>
<td>2,500</td>
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<tr>
<td>Intern/Fellow Housing (In-kind)</td>
<td>7,500</td>
<td>15,000</td>
<td>20,000</td>
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<tr>
<td>Total Cash Expenditures</td>
<td>338,848</td>
<td>603,328</td>
<td>713,507</td>
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<tr>
<td>Total In-Kind Contributions</td>
<td>55,500</td>
<td>63,000</td>
<td>68,000</td>
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<tr>
<td>Total Operating Expenses</td>
<td>394,348</td>
<td>666,328</td>
<td>781,507</td>
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<table>
<thead>
<tr>
<th>Start-up Expenditures</th>
<th></th>
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<td>Furnishing upgrades</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marketing/Web Design</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Start-up Expenditures</td>
<td>22,500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Cash Expenditures</td>
<td>361,348</td>
<td>603,328</td>
<td>713,507</td>
</tr>
<tr>
<td>Total In-kind Contributions</td>
<td>55,500</td>
<td>63,000</td>
<td>68,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>416,848</td>
<td>666,328</td>
<td>781,507</td>
</tr>
</tbody>
</table>

Source: CAIRD Business and Operations Plan
benefits through our research. The pro-forma also reflects a 3% annual cost of living increase for CAIRD employees.

The research and development budget for CAIRD is reflective of an estimated $40,000 for professional services per research project. The research budget increases based upon anticipated demands and the capacity to deliver research and development strategies by CAIRD. Housing for participants of the Internship and Fellowship Program is $2,500 per semester per individual. Also provided is an in-kind contribution from the University of Pikeville.

Although CAIRD may encounter certain costs that are not included within this budget, these are the initial projections of the costs anticipated CAIRD will incur in the first year of full implementation. Included in these projections are the in-kind contributions from the University of Pikeville, where CAIRD is located.

**Evaluation Plan**

The current evaluation plan is based upon the Appalachian Regional Commission grant reporting standards, provided in Appendix F. Since this is the only stream of funding at this time no additional evaluation plan has been developed. However, CEO Jason Belcher is currently working to create an independent evaluation plan for CAIRD. This plan will be presented to the board for approval within the fiscal year 2013.

**Consequence Analysis**

The clear advantage of this project is to develop a model that creates viable solutions for advancing Central Appalachia. The board strives to make Central
Appalachia a better place for all of its citizens. CAIRD provides the necessary tools needed to change the scope, achievements, and successful outcomes for the generations to come. The cycle of poverty which the region of central Appalachia has endured for generations is a phenomenon where poor families have become entrenched in poverty with limited means to escape. With limited or no access to critical resources, including education and financial services, subsequent generations are also impoverished. Breaking this cycle of poverty lies at the heart of CAIRD, unifying educational institutions and agencies to provide real and workable solutions to ease and someday perhaps eliminate the curse of poverty that has defined Central Appalachia for too long.

**Limitations**

The limitations facing CAIRD are the barriers that have existed in Appalachia for years. These include financial limitations, lack of human capital, lack of motivation, physical limitations, and geographic limitations. Additionally, there are cynics who provide excuses to allow poverty to continue. CAIRD chooses to confront the issues head-on and attempt to develop something that can make a sustainable difference for Central Appalachia.

**Intended Audience**

**Dissemination**. CAIRD is creating relationships with state and federal agencies, academic institutions, non-profits, and local governments to inform and guide decision makings based on research conducted by CAIRD and its partners. CAIRD provides a setting to encourage and promote the flow of ideas relating to new
development strategies for Central Appalachia. Also, CAIRD shares the findings of research studies through various publications to CAIRD members, affiliates and relevant stakeholders.

**Outreach.** CAIRD's success is dependent upon its engagement with local communities. CAIRD works with citizens to provide them an avenue to have ownership of the work. CAIRD also focuses on establishing a regional presence with all stakeholders.

**Application.** To have a long-term impact on Central Appalachia, there must be an avenue to take action based upon the findings of the research. The inability to apply available research has hindered the region for generations. CAIRD seeks the ability to "connect the dots" of the research and influence program development and apply new strategies for the region.

**Conclusions**

Using the framework above, CAIRD should grow to become a successful institution engaged with and embedded in Central Appalachian communities. In the next chapter, research presented attempts to critically analyze many of the problems that have hindered economic growth in Eastern Kentucky. In addition, the chapter explores the role that CAIRD might play in terms of creating economic development policy.
CHAPTER 4: FINDINGS/IDENTIFIED STRATEGIES AND PRODUCTS

Introduction

The following chapter provides an analysis of the many reasons why Eastern Kentucky differs from its regional neighbors in terms of economic growth and in what ways The CAIRD can assist in overcoming such challenges. (CAIRD has been created as a non-profit public policy organization designed to provide long-term educational and developmental strategies in order to establish sustainable and vibrant communities that will improve the quality of life for citizens of Central Appalachia. This particular study, which in part helped to determine the future goals of CAIRD, grew out of a discussion panel of the same title hosted by the Eastern Kentucky Leadership Foundation in April of 2012. The panelists, including former Kentucky Lt. Governor Daniel Mongiardo, Dr. James Ziliak, Director of the Poverty Research Center at the University of Kentucky, and Johnathan Gay, Esq., Director of the Innovation Center at Morehead State University, addressed this central question: Why does Eastern Kentucky have so many more economically distressed counties compared to its nearest neighbor in southwest Virginia? Building on their inputs this capstone provides new answers.

Exploring ‘Distressed Counties’

The classification of economic distress is a designation made by the Appalachian Regional Commission based on three factors: three-year average unemployment rates, per capita market income, and poverty rates. An economically distressed county ranks in the bottom 10 percent of counties in the United States.
CREATION AND IMPLEMENTATION OF CAIRD

(http://www.arc.gov/, 2012). Comparing Kentucky’s Appalachian counties to those of its neighbors reveals a striking difference, as seen in Table 2.

Table 2

Percent of Appalachian counties classified as economically distressed in 2011

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>5%</td>
</tr>
<tr>
<td>Georgia</td>
<td>0%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>77%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>17%</td>
</tr>
<tr>
<td>Virginia</td>
<td>4%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>0%</td>
</tr>
<tr>
<td>Maryland</td>
<td>18%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>50%</td>
</tr>
<tr>
<td>New York</td>
<td>0%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>0%</td>
</tr>
<tr>
<td>Ohio</td>
<td>16%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>0%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Appalachian Regional Commission

In 2012 none of the counties in the southwest Virginia coalfields were classified as economically distressed while in adjacent Eastern Kentucky all but two counties were distressed. Our data provide a snapshot of the current economic and education conditions in these neighboring counties seen in Tables 3, 4, and 5. As illustrated in the Tables, Southwest Virginia has more favorable economic indicators than Eastern Kentucky in terms of unemployment rates and workforce participation.
What follows is a partial explanation as to why there are significant economic differences found between eight adjacent counties from the Eastern Kentucky Southwest Virginia border. These counties were selected for comparison because they share many demographic characteristics, a common border, and historical similarities. These counties have a similar makeup but very different economic realities:
The eight counties that share a common border include four on the Kentucky side; Pike, Letcher, Harlan, and Bell and four on the Virginia side; Lee, Wise, Buchanan, Dickenson. These counties contain remarkable similarities: the inhabitants speak the same language, live in the same kind of geography, and share a common
heritage and a contiguous border. How might such different economic indicators arise from such similar and neighboring counties?

Table 3
This author proposes a systematic approach to explaining the differences in economic performance between the counties in question. These eight counties operate within different systems of state governance, four in Kentucky and four in Virginia.
Virginia. As will be explained, the state governments of Kentucky and Virginia have taken different approaches to organizing resources for economic development in these counties. It is this author's contention that state policy choices have structured incentives and resources differently in these regions, leading to the different economic realities.

State and/or Political Boundaries

Comparing political institutions of neighboring geographic regions to explain economic differences has a solid basis in the existing library of scholarly research. In describing institutions Douglas North (1988) stated, "By institutions we mean the humanly devised constraints on repeated human interactions, those are the rules of the game; both formal and informal norms of behavior and the way they are enforced" (North, 1988). The focus of the discussion here is on state laws, which have structured incentives and the use of resources differently on each side of the border.

The idea of comparing institutional differences between Eastern Kentucky and Southwest Virginia to explain economic outcomes is not new. Three existing examples illustrate the significant role institutions can play in shaping different economic realities for geographic neighbors. First, consider the recent comparison of the town of Nogales, Arizona (located in the United States) with Nogales, Sonora (located in Mexico) published in 2012:

If you stand by it and look north, you’ll see Nogales, Arizona, located in Santa Cruz County. The income of the average household there is $30,000 a year.
Most teenagers are in school, and the majority of adults are high school graduates. The population is relatively healthy with high life expectancy by global standards. The people of Nogales go about their daily lives without fear for life or safety and not constantly afraid of theft. Equally important, the residents of Nogales, Arizona take for granted the government is their agent. Life south of the fence, just a few feet away, is rather different. While the residents of Nogales, Sonora, live in a relatively prosperous part of Mexico, the income of the average household there is about one-third that in Nogales, Arizona. Most adults in Nogales, Sonora do not have a high school diploma and many teenagers are not in school. Poor public health conditions mean the residents of Nogales, Sonora do not live as long as their northern counterparts. Crime is high, and residents live with politicians' corruption and ineptitude every day. How could the two halves of what is essentially the same city be so different? (Acemoglu & Robinson, 2012).

The answer, to which the authors provide compelling evidence, is “because of the very different institutions on the two sides of the border, which create very different incentives for the inhabitants of Nogales, Arizona versus Nogales, Sonora” (Acemoglu & Robinson 2012, p. 42).

Long-term poverty in Appalachia has frequently been attributed either to the cultural proclivities of its inhabitants or to a lack of infrastructure, but local political structures has rarely been given serious attention (Eller, 2008). One of the goals of this capstone is to begin the process of giving political structures and their impact on
A key aspect of institutions is their ability to self-perpetuate. Whether they perpetuate through family dynasties or democratic elections, institutions can have long lifespans. Institutional lifespan is a double-edged sword; depending on the institution in question, it can mean long lasting benefits or self-perpetuating problems. As the authors of *Why Nations Fail* noted "there is no necessity for a society to develop or adopt institutions that are best for economic growth or welfare of its citizens because other institutions may be even better for those who control politics and political institutions" (Acemoglu & Robinson 2012, p. 44). Institutions that serve the elite can continue to do so even at the longstanding expense of the public.

**Case Study: North/South Korea**

On a larger scale, the example of North and South Korea is also relevant. The two countries speak the same language, share the same history, have a common border, similar geography and culture, but today have vastly different economic realities. The best way to see the differences is in the following satellite image, which shows the well-lighted cities of prosperous and modern South Korea next to utter darkness in the bleak and underdeveloped north on a typical night.
In addition to that striking image, the following economic statistics reveal the extent of the difference between North and South Korea:

Table 6

<table>
<thead>
<tr>
<th></th>
<th>South Korea</th>
<th>North Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GNI per capita for 2009:</strong></td>
<td>$17,175</td>
<td>$960</td>
</tr>
<tr>
<td><strong>Total trade 2009:</strong></td>
<td>South Korea $686.6 billion</td>
<td>North Korea $3.4 billion</td>
</tr>
<tr>
<td></td>
<td>(South Korean total trade is 201.9 times North Korea)</td>
<td></td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>South Korea $363.5 billion</td>
<td>North Korea $1.1 billion</td>
</tr>
<tr>
<td></td>
<td>(South Korean total exports 330.5 times North Korea)</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Business Week)
For all their similarities, North and South Korea of course have completely different political institutions. In Korea diametrically opposed institutions (communism in the North and capitalism in the south) exist despite a unique degree of cultural and ethnic homogeneity: the two Koreas are “two bowls molded of the same clay” (Yang, 1999, p. 13). Yet the differing political institutions have acted as separate molds, shaping the economies of the two countries into very different results. The free enterprise system adopted in South Korea has led to widespread economic growth and prosperity, whereas the communist system in North Korea has impoverished the masses while enriching a tiny elite. The differences between Eastern Kentucky and Southwest Virginia are not as extreme as the difference between North and South Korea, but as one Kentucky state official put it “if Eastern Kentucky counties were allowed to have nuclear weapons, they would point them at each other” (Anonymous, 2012).

Making Democracy Work

A third example of the impact of institutions comes from the work of political scientist Robert Putnam. The concept of social capital gained the most credence from Robert Putnam’s path-breaking study *Making Democracy Work: Civic Traditions in Modern Italy*. Putnam argued that areas with more social capital, in his case study Northern Italy, enjoyed much better institutional performance than Southern Italy, which had a comparatively lower amount of social capital (Putnam, 1997). Putnam provides compelling evidence linking the stronger economy of Northern Italy to
better institutions and higher levels of social capital relative to the south. Social capital is “expected collective or economic benefits derived from the preferential treatment and cooperation between individuals and groups” (http://www.oecd.org/, 2001, p. 167).

Putnam (1997) concludes, "Economics does not predict civics, but civics does predict economics, better than economics itself" (Putnam, 1997, p. 157). While Putnam’s work attempts to improve our understanding of the conditions for developing institutions, it is relevant to this capstone because the idea that institutional effectiveness can cause economic outcomes is generally a new idea and a reversal of traditional democratic theory. The levels of social capital in Central Appalachia are not addressed here as Putnam did in Italy, but it is an area which may warrant further study. The varying level of cooperation between groups and individuals is a key element of the differences found between Eastern Kentucky and southwestern Virginia.

Generating Growth: Exploring the Role Institutions and Severance Tax in Eastern Kentucky and Southwest Virginia

Institutions have played a large role in shaping the manner in which groups cooperated or failed to cooperate; in the case of southwestern Virginia, institutions have achieved a higher degree of cooperation than those in Eastern Kentucky. To understand why, we must first look back to 1996 when the Virginia Assembly passed the Regional Competitiveness Act, which included the following key provisions:
It shall be the policy of the General Assembly to encourage Virginia's counties, cities and towns to exercise the options provided by law to work together for their mutual benefit and the benefit of the Commonwealth (Code of Virginia, § 15.2-13068).

The General Assembly may establish a fund to be used to encourage regional strategic planning and cooperation. Specifically, the incentive fund shall be used to encourage and reward regional strategic economic development planning and joint activities (Code of Virginia, § 15.2-13068).

The Virginia state legislature did create such a fund, which awarded grants and funding to regions that developed projects to improve economic competitiveness and development. The Regional Competitiveness Act gave Virginia’s institutions such as local governments, non-profits, and universities an incentive to coordinate their efforts. According to Neal Barber, director of the Urban Partnership, the results since the passage of the Regional Competitiveness Act have been striking: “most of Virginia's regions have seen a significant increase in co-operative agreements among localities for the provision of individual activities, services, or functions. In the Richmond area alone there have been over 100 such agreements” (Barber, 1996).

The Southwest Virginia Coalfield is one of the regions that has benefitted from the Regional Competitiveness Act, but it is also part of a larger state system. Differences in state policy are accompanied by important differences between the states themselves. Virginia has twice the population of Kentucky but only half the number of local governments meaning one element of cooperation was easier to begin
with because there were fewer units of local governance to coordinate. The latest census data shows Virginia with a population of around eight million compared to Kentucky's four million, while Virginia had 511 units of local government compared to a 1,346 such units in Kentucky (U.S. Census Bureau, 2012).

The southwest Virginia coalfield region has been a beneficiary of regionally focused cooperative agreements (http://www.virginia.edu/restructuring/ed_annual_report_2011.pdf). Indeed, the growth of the Virginia Coalfield Economic Development Authority (VCEDA) directly resulted from the 1996 Regional Competitiveness Act. The coalfield region is overall a much smaller area than Eastern Kentucky, but Buchanan, Wise, Lee, and Dickenson counties have been recipients of VCEDA sponsored initiatives that have helped them prosper economically. Since its establishment, VCEDA has brought 12,000 jobs and $115 million in funding for projects in the coalfield region (VCEDA, 2008). VCEDA’s 2008 annual reports the following accomplishments: “Highlights of the year include the groundbreaking of the Virginia City Hybrid Energy Center, the construction of the Sykes IT Support Center as the first business in Buchanan County’s Southern Gap development, VCEDA’s approval of $2 million for the development of last-mile broadband connectivity in the region, and the location of an energy research center in Wise County” (VCEDA, 2008, p. 2).

Significant funding for projects comes in part from coal severance money, which Virginia law requires to be returned in proportion to the county in which it was mined (CARN, 2012). Kentucky’s coal severance fund does not include a similar
provision to return severance money in proportion to the county from which it was mined. Most importantly, the Virginia coalfield partners and contributors created a shared vision for their region.

The vision rebranded the region; instead of the Southwest Virginia Coalfields, it is now known as Virginia’s “E-Region.” The E stands for energy, education, and e-commerce. Applying resources in support of that common vision has yielded concrete results.

For example, as Shannon Blevins, the Director of Economic Development at the University of Virginia College of Wise noted “the Virginia Tobacco Commission applied $800 million towards the development of digital infrastructure in the coalfield region, and today Northrup Grumman along with CGI, two of the world’s biggest defense contractors, have brought 740 high paying, high-tech jobs into the coalfields” (Blevins, 2012). Those jobs, which pay an average yearly salary of between $50,000 and $60,000 per year, are exactly the kind of middle-class positions that are scarce in Eastern Kentucky. Indeed, as former Governor Paul Patton noted, the middle class seems to be missing in Eastern Kentucky (Patton, 2012). Along with the defense contractors, the E region has developed a number of call centers which at their peak brought the total telecommunications employees up to 2,500 (Blevins, 2012). Despite these successes, southwest Virginia, like Eastern Kentucky, still faces substantial economic challenges.

While the E-Region still faces a host of economic challenges, it is ahead of Eastern Kentucky in the degree to which it has broadened its economic base. The
downturn in the coal industry has had a less severe impact in southwestern Virginia than in Eastern Kentucky due to the additional economic benefits in place due to the E-Region planning and development. Those developments have helped move the E-Region counties out of economic distress.

In addition to e-commerce, the health care industry growth has led to the creation of two regional centers serving southwestern Virginia. Mountain State and Wellmont are two of the largest providers and employers in the region. Manufacturers are continuing to add jobs at Duffield Industrial Park, which makes concrete and has a large international distribution with offices in Duffield has grown significantly in the past decade. Due to positive branding and economic growth the E-Region has seen an uptick in tourism; since 2008 tourism has increased at a greater pace than the rest of the nation (VCEDA, 2009).

The shared vision and better coordination of resources has enabled southwestern Virginia to expand its economic base beyond coal to a degree Eastern Kentucky has not. Because there are more non-coal related jobs available in southwestern Virginia that region has been able to better withstand the loss of coal mining jobs in the past two years. By no means do the data indicate that southwestern Virginia has solved all its economic challenges, but it has made more progress than its neighbor to the west.

Kentucky has taken a different approach to developing Eastern Kentucky than Virginia has taken to developing the southwest coalfield region. In Virginia, the Regional Competitiveness Act set the tone; in Kentucky, the Coal Severance Tax law
has been the primary means of focusing resources on development in the east. Kentucky legislators recognized the need to develop Eastern Kentucky and passed the Coal Severance Tax into law in order to do so in 1972 (CARN, 2012). The idea of using revenue collected from Eastern Kentucky’s largest industry, the coal industry, for developing the region was and is still sound.

The manner in which coal severance funds are dispersed has undergone recent changes in Kentucky. Under the administration of Governor Ernie Fletcher, responsibility for spending coal severance funds shifted from the legislature to the Governor’s Office of Local Development (http://newsdemocratleader.com/bookmark/1605487-Fletcher-reorganizing-Governor-039-s-Office-for-Local-Development). The given reason for changing the control of coal severance money from the legislature to the Governor’s office was to reduce corruption; a rationale that few would claim was without merit. But legislators, including state Representative Rick Nelson, have stated the new structure will make “it difficult for local governments and organizations to plan, because they can’t be certain when, or if, the money will be available” (Henson, 2006). Elected officials have frequently voiced other concerns about coal severance money. Former Lt. Governor Daniel Mongiardo stated in 2006 that funds “were often not distributed fairly, noting that Harlan County ranked second (behind Pike) in the state in coal production but did not receive an equivalent percentage of the money back, which is paid as a tax by coal counties” (Henson, 2006). Whereas Virginia’s Regional
Competitiveness Act united development resources, Kentucky’s Coal Severance Tax policy has divided them.

Evidence to support this claim resides in how exactly coal severance money has been spent and what has been the impact that spending in Eastern Kentucky. Taking the most recent year, of the $323,172,070 in coal severance tax revenue collected during 2011 – 2012, only 6% was earmarked for the multi-county fund (Waide, 2012). Of the whole severance tax fund 50% went into Kentucky’s General Fund, meaning that 50% was not earmarked specifically to return to coal producing counties. That is not unusual; if fact during the administration of Governor John Y. Brown one year the entire balance of coal severance revenue went to meet the shortfall in the state’s General Fund and none of it came back to Eastern Kentucky (Eller, 2008).

Kentucky has much less total revenue than Virginia (http://cber.uky.edu/Downloads/Hoyt10.pdf), meaning that the amount of resources available to Eastern Kentucky from the state is much smaller than state resources available to the coalfield region in southwest Virginia. The scope of the development challenge in Eastern Kentucky is larger than what we find in southwestern Virginia, yet the balance of available resources from the state level is much higher on the Virginia side of the border. Virginia’s E-Region counties have received more development dollars whereas the four Eastern Kentucky counties have had to compete with some forty other Kentucky Appalachian counties for development resources.
Not only does Eastern Kentucky have fewer resources available, there is no regional development strategy around which to structure those resources. In 2012 the Appalachian Regional Commission released a study that included two of the counties in the study, Pike and Bell. According to the ARC “regional strategies appear to have had little effect. Local leaders and stakeholders are often, in fact, oblivious to such regional efforts. Local development programs are, in many cases, ad hoc initiatives perceived and conducted independent of any larger strategy” (http://www.arc.gov/, 2012). The only part this finding this author would dispute is that local leaders are not oblivious to regional strategies; in the case of Eastern Kentucky there simply are not any regional strategies for local leaders to ignore.

Applications for coal severance funds do not require projects to be regional in nature; in fact most of them are required to be infrastructure related as is indicated on the application form itself. It is not surprising then that counties submit requests for infrastructure related projects. The largest county in Eastern Kentucky is Pike County, which is also the largest coal-producing county in the state (http://energy.ky.gov/Coal%20Facts%20Library/Kentucky%20Coal%20Facts%20- %2011th%20Edition.pdf, p. 9). In 2012, the Coal Severance Priority List for Pike County included fifty projects totaling roughly $8 million dollars all of which were infrastructure projects (Anderson, 2012).

In 2012 Pike and Floyd Counties both passed fiscal court resolutions applying for multi-county coal funds to support the establishment of commercial air service at Pikeville’s airport. This project, which is clearly regional in scope, has been fraught
with controversy. This author attended the fiscal court vote in Pike County on the application for these funds, which lasted two hours and contained an intense but civil debate. Many of the concerns raised stemmed from a perception that supporting commercial air service would constitute an improper use of coal severance funds. Whereas in Virginia local leaders sought out regional projects, Kentucky’s local leaders at the very least are uncertain about the idea of regional development. Why they feel that way is a question that needs further study.

Under the current system for allocating multi-county coal funds, there is no real incentive for counties to support regional projects. Regional projects are lower on the priority list because multi-county funds are lower on the priority (Waide, 2012). The practical effect of the current system for allocating coal severance funds in Kentucky is a focus on individual, county level projects and the absence of any regional initiatives.

Whereas the coalfield region in Virginia has a single development organization, VCEDA, Eastern Kentucky has eight different area development districts. There are three different development districts covering Pike, Floyd, Letcher, and Bell counties. Why are there so many development districts in Kentucky?

The Area Development Districts (ADD) came about between 1966 and 1972 “to be the focal point of a necessary Federal-State-Local partnership for improvement of the quality of life in the Commonwealth” (Kentucky Council of Area Development Districts, 2012). Each of the ADD’s handles is area of responsibility as a separate
region, the practical effect of which is to further subdivide Eastern Kentucky into a number of different parts.

Each ADD has its own agenda, planning process, goals, and method of applying resources. The ADD’s themselves are part of the Kentucky Council of Area Development Districts, whose stated purpose is to

Foster regional strategies, solutions, and partnerships that achieve economic growth and improve the overall quality of life for Kentucky’s citizens. Contained in that effort is the elimination of, or certainly lessening of, parochialism; establishment of a forum to discuss and deal with common problems among counties; provision of a professional staff for units of government who individually cannot afford a staff; and to provide a vehicle for the delivery of services in a consistent manner where no other efficient system exists (Kentucky Council of Area Development Districts, 2012).

The ADDs in Kentucky are focused on helping to solve local problems, which is a laudable goal.

Cumulatively, the accomplishments of the ADD’s are impressive. During the past decade the ADD’s have “managed 5,673 projects valued at $2.8 billion dollars” according to their website (Kentucky Council of Area Development Districts, 2012). Yet that total is an aggregate of all the ADD’s in the entire state of Kentucky; there is no data specifying how many of those projects or how much of that impact has been specifically benefited Eastern Kentucky. The area development districts are not united by a single vision for Eastern Kentucky.
The different focus of coal severance funds is another factor that has enabled southwest Virginia to grow its economy at a faster pace than Eastern Kentucky. The use of coal severance funds to encourage the growth of IT jobs and other industry in southwest Virginia has expanded the tax base of those counties. Noting that there are many more local governments in Eastern Kentucky, the total number of “mouths to feed” in terms of recipients of coal tax revenue is higher in Eastern Kentucky than in Southwestern Virginia. Eastern Kentucky is also much larger in terms of total area than southwest Virginia, suggesting that the development problems themselves are necessarily larger in scale on the Kentucky side of the border. Nevertheless, while Virginia’s regional approach has led to some success in pooling resources towards economic growth, Kentucky’s Coal Severance Tax has created a system or structure for its institutions where the effect has become the opposite: more and more counties contesting individually for fewer and fewer resources as coal tax revenues are projected to fall (http://www.maced.org/, 2012).

Counties in Eastern Kentucky have become reliant on single county coal severance funds to implement badly needed local infrastructure projects. There is little doubt those infrastructure projects were needed and the ones which have been completed are vitally important. When times were good for the coal industry coal severance tax revenue allowed much needed infrastructure projects to move ahead, but it also hid a persistent problem. Because the local tax base was not sufficient to support those projects, county governments had no choice but to seek funds from the state, whether in the state legislature or the governor’s office since final decisions on
coal severance allocations come from Frankfort. A comprehensive study of the impact of coal severance money in Eastern Kentucky since the establishment of the coal severance tax is needed but missing from the current literature. This is an example of valuable and important work that may be accomplished through CAIRD.

The strong economic impact of coal is a feature Eastern Kentucky and Southwest Virginia counties share. Coal produces more high paying jobs in the two areas than any other industry. Many of those jobs are high-tech in nature, reflecting the innovative and technological advances that the industry has undergone in the past decade. But while advances in technology have created higher paying jobs in the coal industry it has reduced the overall number of them (http://www.coaleducation.org/ky_coal_facts/employment/ky_employment.htm).

The trend towards modernization has been underway for decades, but the losses in human jobs were usually gradual enough not to cause any immediate notice. What has changed recently is the pace at which coal related jobs have been lost, something felt strongly on both sides of the Kentucky and Virginia border.

In the first six months of 2012, Kentucky and Virginia lost nearly 2,000 high paying coal industry jobs (McCown, 2012). With the national economy still sputtering from the great recession, the loss of so many high paying jobs is likely to have a ripple effect across Central Appalachia. Consumer spending is the engine of the national and local economies, and with so many of the best paid consumers out of work the inevitable result will be decreased revenue and job losses for retailers, restaurants, and other local businesses who rely on coal miners as customers. Forces
outside the Central Appalachian region clearly contribute to the slump in the coal industry.

*Business Week* published a story in February of 2012 highlighting the fact that "gas prices have steadily declined since mid-2008, to the point where they’re hovering around $2 per million British thermal units (mbtu) for the first time in a decade. That’s lower than coal prices. With the price of natural gas around $2, everyone who can switch is switching" (Phillips, 2012). In addition to natural gas prices, there is another big factor at work: EPA emissions standards. These regulations make building new coal fired power plants so expensive no more could be built. (Existing plants are exempt from the proposed regulations) (http://energy.aol.com/2012/09/21/duke-energy-epa-regulations-and-natural-gas-force-industry-tran/).

The life expectancy of existing coal-fired plants is about 50 years; the current median age of our roughly 600 plants nationwide is 44 years (Katzer, 2007). Without new plants being built the total number able to burn coal will steadily decrease as old plants decay and close. To meet the new more stringent emissions standards for coal burning plants would make upgrading the old plants cost more than converting them to natural gas or building new ones that use gas. That means switching to natural gas would be a potentially better long-term investment strategy for plant owners, which of course has led to public outcry in coal producing regions.

Coal has been through boom and bust cycles before; is this time different? Gas extraction techniques have improved meaning the flow of cheap gas is likely to
continue. As coal fired plants reach the end of their lifespan, which for many plants will be within the next decade, plant owners will face a decision: install new equipment to meet EPA standards if they continue to burn coal, or switch to natural gas for less money. An increase in gas prices could convince owners to refit in favor of coal. The current price level for natural gas is forecast to become a new norm (http://www.businessweek.com/articles/2013-01-10/why-natural-gas-will-stay-cheap-in-2013).

American Electric Power's inclination to switch the Big Sandy plant in Louisa, KY is not by itself indicative of a widespread trend. But if other power plant owners opt to switch plants to gas, then the market for coal would decrease significantly in just a fairly short amount of time. The plans for the majority of coal-fired plants are unknown. That means the future of coal is more uncertain than ever. Eastern Kentucky and southwestern Virginia are still heavily dependent on the coal industry meaning the economic future of the two areas is uncertain.

Conclusions

The initial question we posed was why are there so many more economically distressed counties in Eastern Kentucky than in nearby Southwest Virginia? The question can lead to two categories of conclusions: one is that Eastern Kentucky has unique problems, or two southwest Virginia has taken approaches that are more effective to dealing with its problems.

Should Kentucky move towards a regional strategy for the development of Eastern Kentucky modeled on the E-Region approach Virginia took to developing the
southwest Virginia coalfield region? If so, how would all the various organizations currently working on development in Eastern Kentucky come together to form and implement such a shared vision? This author suggests that a discussion between development officials from Virginia’s E-Region and Eastern Kentucky would provide an opportunity to cross-pollinate ideas and provide a forum to generate lessons learned from each side of the border. CAIRD will host such a forum at its second annual conference in 2013 and it will publish the ideas generated from that discussion. Both areas stand to benefit from working together; new jobs and prosperity on one side of the border will be of direct benefit to those on the other side of the state line.

A generation ago Eastern Kentucky and southwest Virginia shared a similar problem, each location prospered when the coal industry prospered and struggled when the coal industry struggled. Coal is still the largest industry in each location, and will likely play a significant role in the future of each region. Each region recognized the need to use a portion of the revenue generated from the coal industry to spur development where that coal originated. Evidence provided here indicate that Southwest Virginia has been more successful because it embraced a shared vision of its economic future and used state policy to encourage the application of resources in a way serves the entire region, not just individual counties. Eastern Kentucky also made progress in terms of development, but its economic base is behind its neighbor at least in part because there is no common vision of what its economy should be nor is there a mechanism to achieve it.
This study raises important questions yet unanswered. What are more ways Eastern Kentucky and southwest Virginia can work together for mutual benefit? Are there better ways of utilizing coal severance tax revenue for the benefit of Eastern Kentucky? What lessons can Eastern Kentucky learn from Southwest Virginia and how can those lessons be applied? Could lessons learned from an inter-state forum on development be incorporated into the Kentucky Governor’s 2014 Appalachia Plan? What these questions have in common is they focus on finding more effective ways of using the resources Eastern Kentucky already has, rather than calling for the infusion or creation of new resources. It is the contention of this author that a more effective use of existing resources is the first step towards bringing Eastern Kentucky up to its full economic potential and building a more prosperous life for its inhabitants.
CHAPTER 5: CONCLUSIONS, ACTIONS AND IMPLICATIONS

Introduction

As noted in previous chapters, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 96 counties in Appalachia considered economically distressed, 51 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 74 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 50. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC (http://www.arc.gov, 2011).

While an abundance of research is available on Appalachia issues and the social and economic distress that is evident throughout the region (i.e. ARC Research, Data and Economic Reports; IRP's numerous reports on Poverty), basic application of that research, as well as program and policy development, is lacking. In conjunction with its many stakeholders, CAIRD concentrates on applying meaningful research in a manner that will improve the quality of life in Central Appalachia and provide the necessary mechanism for coordination of these applied strategies.

This chapter provides an overview of CAIRD, touching upon the many successes that this young institute has already experienced. Sections include: Progress Made toward Project Outcomes from Oct 1 2011 – Dec 31 2012, Recent and Upcoming Activities at CAIRD, and an Outlook for Program Continuation and Sustainability.

The Central Appalachian Institute for Research and Development (CAIRD) is established, and a Chief Executive Officer, Executive Assistant, and Marketing and Development Officer have been hired. In addition, CAIRD has established a resource network containing numerous partners, some of which include the following:

- East Kentucky Leadership Foundation
- Appalachian Teaching and Leadership Network
- Mountain Association for Community and Economic Development
- Leadership East Kentucky
- Big Sandy Area Development District
- Kentucky River Area Development District
- Cumberland Valley Area Development District
- Forward in the Fifth
- Kentucky Valley Educational Cooperative
- Kentucky Council on Post-Secondary Education
- Young Professionals of Eastern Kentucky
- Kentucky Science and Technology Corporation
- National Institute for Homeland Security
- Southeast Kentucky Chamber of Commerce
- Letcher County Rotary Club
- Appalachian Legal Defense Fund
- Brushy Fork Institute
University of Kentucky Appalachian Center
Eastern Kentucky University’s Center for Economic Development & Entrepreneurial Technology
Morehead State University Center for Regional Engagement
University of Louisville Ideas to Action Program
University of Pikeville Master of Business Association Program
University of Kentucky Center for Applied Energy Research
Regional Research University West Virginia University
Pike County Judge Executive’s Office
Letcher County Judge Executive’s Office
Martin County Judge Executive’s Office
Knott County Judge Executive’s Office
The University of Virginia College at Wise
Kentucky Cabinet for Economic Development
Research Institute for the Environment & Energy
Lincoln Memorial University Center for Healthcare Effectiveness
Southwest Virginia Technology Development Center
Economic Development Council, Center for Rural Strategies
Congressman Hal Rogers, Kentucky’s 5th Congressional District Rep.
Foundation for Appalachian Kentucky
Governor’s Office of Local Development (Kentucky)
McConnell Center, University of Louisville
LIGHTYEAR Network Solutions
American Telephone & Telegraph External and Legislative Affairs
Kentucky Highlands Investment Corporation
University of Kentucky Center for Poverty Research

With regard to achieving the goal of conducting research and disseminating results, CAIRD has developed an internship and fellowship program in order to achieve its research goals. CAIRD’s first Fellow-in-Residence, a PhD Candidate specializing in Economic Geography and Regional Development in the University of Kentucky’s Department of Geography, was hired in December 2012. CAIRD anticipates hiring an intern who will also serve for one year at CAIRD and is already building relationships with programs such as the University of Kentucky Robinson Scholars Program to provide promising youth from the region with an opportunity to return to Eastern Kentucky.

The Data Resource Center, which will provide new investors, businesses, entrepreneurs, and companies with comprehensive access to an asset map of Eastern Kentucky, is currently being constructed by a professional database and software developer and paid for entirely by Eastern Kentucky University’s Center for Economic Development, Entrepreneurship and Technology (CEDET) and their regional stewardship fund. Completion of the database construction is estimated to be in early 2013. The Center will facilitate new investment, the establishment of new businesses, and the creation of new private sector jobs.
CAIRD has also begun the process of establishing an endowment, which upon completion will facilitate the transition from government funding to sustainable financial self-sufficiency. CAIRD continues to seek permanent funding from private sources including foundations, multi-county coal severance funds in Kentucky, and private donors to establish the endowment.

Recent/Upcoming Activities

CAIRD has signed a formal memorandum of understanding with Lincoln Memorial University, thus expanding its resource network and its research capacity. CAIRD and Lincoln Memorial University’s Center for Economic Development have agreed to conduct collaborative research with the goal of reducing the number of economically distressed counties in Kentucky.

In addition, CAIRD has also assisted in the writing of the Big Sandy Area Development District (BSADD) Comprehensive Economic Development Strategy (CEDS). In partnership with BSADD, CAIRD provided data and analysis inputs which were incorporated into the final document that help guide policy and decision making within the organization.

As a mission critical partner of the Appalachian Teaching and Leadership Network (ATLN), dedicated to assisting with research and long-term strategies in Central Appalachia, CAIRD provided guidance and expertise which helped shape the strategic plan for ATLN. ATLN is a new network focused on increasing the quality of education in Eastern Kentucky, high school graduation rates, college graduation rates, and the career readiness of students across the region.
With regard to dissemination, CAIRD staff completed the interviews and research for a forthcoming paper entitled “Distressed Counties in Eastern Kentucky: Why Are We Behind?” The interview process allowed CAIRD to establish new partners with development organizations in southwest Virginia critical to CAIRD’s growth into a regional entity serving all of Central Appalachia.

Recognizing the importance of regional cooperation in improving the economic conditions of Eastern Kentucky, CAIRD initiated a partnership with the Southeast Kentucky Chamber of Commerce (SEKC) and began planning for a public forum on how to improve regional cooperation in the region. SEKC will host the forum, which will be facilitated by CAIRD, and will invite participation from other chambers of commerce across the region.

CAIRD’s CEO, Jason Belcher, met with U.S. Congressman Hal Rogers who’s Congressional District covers all of Eastern Kentucky to brief the Congressman on CAIRD’s mission and progress. Congressman Rogers invited CAIRD’s CEO and board members to tour several facilities in Eastern Kentucky which are examples of innovation and job creation.

CAIRD also led a roundtable hosted by the University of Louisville’s Provost for Undergraduate Affairs on how to further develop the partnership between CAIRD and the University of Louisville. Dr. Nisha Gupta of the University of Louisville’s Ideas to Action program offered to partner with CAIRD to match needs in Eastern Kentucky with resources at the University of Louisville. A formal memorandum of
understanding outlining the specifics of the partnership is expected in fiscal year 2013.

In addition to the aforementioned activities and events, CAIRD is set to host their 2nd Annual CAIRD Resource Network Conference in the summer of 2013. Last year’s inaugural conference played host to over 50 members of the region from different backgrounds and organizations. Then, CAIRD announced its institutional presence in the region, addressing the needs of eastern Kentucky and how a Resource Network creates opportunity for regionalism. CAIRD is also working to create a quarterly newsletter that will be sent out to all participants in the Resource Network, as well as Board Members, supporting foundations, and other grantees. The projected timeline for completion and release of the newsletter is set for end of fiscal year 2013.

**Outlook for Program Continuation and Sustainability:**

This is the first of a proposed three-year relationship with ARC facilitating CAIRD’s implementation, at the end of which ARC support will be phased out. The CEO, in conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, will be charged with the task of identifying sustainable revenue resources from both public and private foundations. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan (included in the original grant application). A major potential funding source is the multi-county severance tax money; CAIRD clearly meets the requirements for which these funds are to be used. The initial funding from ARC is critical for implementing CAIRD and
allowing various stakeholders to work on securing sustainability for this Institute in the future.

The following list of potential funding sources will be explored over the next 3-5 years (CAIRD does not currently receive funding from any of these sources):

- Multi-County Coal Severance Tax funds from the (LGEDF) Local Government Economic Development Fund.
- Federal Agencies including: the United States Department of Agriculture, Economic Development Administration, Department of Energy, Department of Health and Human Services, Housing and Urban Development, Environmental Protection Agency, National Science Foundation and the Department of Education.
- Private Foundation Grants including: the Ashland Foundation, Ford Foundation, Babcock Foundation, Gates Foundation, Humana Foundation, James Graham Brown Foundation, Steele-Reese Foundation, and the Kellogg Foundation are also potential sources for sustainable revenue.

Conclusion

Despite the successes listed above, the Central Appalachian Institute for Research and Development has much work ahead as the Institute strives to provide informed guidance for Central Appalachian communities. Research and development initiatives undertaken at CAIRD; are being used to establish the CAIRD Educational Resource Network, a consortium of participating public and private post-secondary
educational institutions who will collaborate on projects with CAIRD. Work is also being done to complete the development of both an Internship and Fellowship Program to attract and retain young, educated students to the region to live in Pikeville and work at CAIRD on various economic development, educational and research initiatives. CAIRD is also working to finalize its data resource center which provides existing and future research regarding the systemic problems and development of the region.

An institute such as CAIRD has been sorely needed in this region, and the Institute fills a significant gap in the overall development of Central Appalachia. Appalachian leaders and scholars have called for the creation of such an institute for many years. CAIRD now has the potential to make a real difference in people’s lives at the local and regional scale. CAIRD offers exciting possibilities for research and dissemination of results throughout the Appalachian Regional Commission distressed counties and will continue to work with and for the residents of Central Appalachia.
REFERENCES


Balltrip, E. (Director) (2001, March 1). Expanding the Role and Value of Postsecondary Education Resources in Appalachian Development Initiatives.
Kentucky Appalachian Commission. Lecture conducted from Kentucky Appalachian Commission, Frankfort.


East Kentucky Leadership Foundation. (2008, June). In B. Weinberg (Chair). East Kentucky Initiative. Lecture conducted at East Kentucky Leadership Conference, Frankfort, KY.


Weinberg, B. (2008, 06). East Kentucky Initiative. Lecture conducted from East Kentucky Leadership Conference by East Kentucky Leadership Foundation, Frankfort, KY.

Appendices
APPENDIX A: MATRIX OF PREVIOUS RESEARCH INSTITUTE MODELS
# Similar Research Institutes in Central Appalachia

<table>
<thead>
<tr>
<th>General Information</th>
<th>Research Institute for Environment, Energy, and Economics (RIEEE)</th>
<th>Mountain Association for Community Economic Development (MACED)</th>
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</thead>
<tbody>
<tr>
<td>Date Established</td>
<td>2008</td>
<td>1976</td>
</tr>
<tr>
<td>Location</td>
<td>Boone, North Carolina</td>
<td>Berea, Kentucky</td>
</tr>
<tr>
<td>Contact Info.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact person</td>
<td>Dr. John C. Pine</td>
<td>Justin Maxson</td>
</tr>
<tr>
<td>Contact's phone</td>
<td>(828) 262-2764</td>
<td>(859) 986-2373</td>
</tr>
<tr>
<td>Contact's e-mail</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Mission / Vision / Values

### Mission Statement
- Academic programs at Appalachian State University
- K-12 student populations and teachers
- Government and public officials (local, regional, state, federal and international)
- Decision makers from businesses and industry
- The general public

MACED works so that Appalachian communities are better places to live. We partner with local people to build upon the strengths of the region and assist businesses that grow local economies and create opportunities for low-income people.

MACED invests with capital and commitment. We understand that a vibrant economy is critical, but is only one measure of a community’s well-being. Protected natural resources and engaged residents are also necessary to create a high quality of life. Local people and decision-makers must believe that a better future is possible and see concrete ways to get there.

Three decades of dedication to the people and places of Appalachia have shown us that high expectations, vision and hard work are essential to accomplish results. That’s why they are the foundation for our current strategies.

### Vision
To facilitate the highest quality research and application in the areas of environment, energy and economics. The institute will assist faculty, students, academic departments, related centers and other university units through financial administration for research projects, funding development, logistics, and promotion and dissemination of research results.

MACED has a vision to create sustainable development in Central Appalachia. To us, that means a system of viable activities, enterprises and policies that build wealth for people in need, protect or enhance the environment and support enterprising and empowered people. We hold all of the following long-term goals as necessary to create sustainable development:

- Strong and diverse economy
- Improved family well-being, particularly for low-income people
- Healthy and protected land, air and water
- Effective and accountable democracy

### Core Values / Beliefs
- Facilitate collaborative efforts to support research across departmental and collegial structures
- Facilitate extramural funding for faculty and student research as well as to support future research facilities and equipment
- Provide a point of contact for outside agencies to inquire about research associated with the environment, energy and economics
- Disseminate knowledge and information from research initiatives associated with the environment, energy and economics
- Assist Appalachian State University in efforts to improve energy efficiency and to utilize renewable energy technologies
- Support community and regional outreach and education initiatives related to the environmental, energy and economics

MACED works to create economic alternatives that make a difference to people and places in eastern Kentucky and Central Appalachia. Work is organized into three major strategies:

- Providing financial investments and technical assistance that helps local people and communities prosper
- Conducting research to inform and support good public policy that is inclusive and considers everyone affected
- Crafting effective development tools that make a difference For Appalachian communities to have a brighter tomorrow, they need better tools to retain the natural resources and wealth they are losing today

### Funding Source(s)

| Source #1 | Appropriation from the NC Legislature                  | Appalachian Regional Commission                  |
| Source #2 | Federal                                               | Appalachian Community Fund                       |
| Source #3 | State                                                 | W.K. Kellogg Foundation                          |
| Source #4 | Private Funding                                       | Mary Reynolds Babcock Foundation                 |
| Source #5 | Appalachian State University                          | Federal, State and Private Funding               |

### Budget

| Estimated total (annually) | $7M | $18M |

### Current Research

| Topic #1 | Environment | Community investment |
| Topic #2 | Energy | Demonstration initiatives |
| Topic #3 | Economics | Research & Communications for Policy Change |
| Topic #4 | | |
| Topic #5 | | |

### Source
## Similar Research Institutes in Central Appalachia

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<tr>
<th>General Information</th>
<th>Highlander Research and Education Center</th>
<th>Institute for Research on Poverty (IRP)</th>
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<tr>
<td>Date Established</td>
<td>1932</td>
<td>1966</td>
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<tr>
<td>Location</td>
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<td>Madison, Wisconsin</td>
</tr>
<tr>
<td>Contact Info.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact person</td>
<td>Kristi Coleman</td>
<td>Timothy Smeeding</td>
</tr>
<tr>
<td>Contact's phone</td>
<td>(865) 933-3443</td>
<td>(608) 262-6358</td>
</tr>
<tr>
<td>Mission/Vision</td>
<td>Highlander serves as a catalyst for grassroots organizing and movement building in Appalachia and the South. We work with people fighting for justice, equality and sustainability, supporting their efforts to take collective action to shape their own destiny. Through popular education, participatory research and cultural work, we help create spaces — at Highlander and in local communities — where people gain knowledge, hope and courage, expanding their ideas of what is possible. We develop leadership and help create and support strong, democratic organizations that work for justice, equality and sustainability in their own communities and that join with others to build broad movements for social, economic and restorative environmental change.</td>
<td>Culture change in a welfare agency starts with redefining what the system is supposed to achieve. This is the equivalent of getting the question right. For example, we have argued that one profound change in the welfare world is the transition from a program that issues checks to a program that stresses behavioral changes at the individual, family, and community levels.</td>
</tr>
</tbody>
</table>

### Core Values / Beliefs
- Residential workshops and educational training sessions bring together representatives of communities facing specific struggles throughout the region.
- Library and audiovisual resource center is available to individuals and groups wanting information about Highlander's history or about current social change issues and strategies.
- Participatory research and cultural program affirms and documents the knowledge, concerns, and struggles of the people with whom we work.
- Staff members develop and conduct workshops across the region, linking communities grappling with common issues, and provide other education assistance in the field.
- Youth, internship and other programs develop leadership within communities so that those who participate go on to share with others and to multiply what they have learned.

### Vision
- The agency or community needs a mission or vision statement that is clear, understandable, and measurable. New missions and visions include a focus on work, individual self-sufficiency, improvements in economic well-being, and other behavioral changes that can be measured or monitored to determine success.
- The transformation of welfare from an income support entitlement to a system fostering individual and community change.
- The realignment of management from a focus on process and inputs (what organizations and programs do) to a focus on outcomes (what organizations and programs accomplish).

### Funding Sources
- Source #1: W.K. Kellogg Foundation
- Source #2: University of Wisconsin-Madison
- Source #3: New York Foundation
- Source #4: USDA
- Source #5: Federal Funding

### Budget
- Estimated total (annually): $3.1M

### Current Research
- Topic #1: Environmental Quality Protection
- Topic #2: Education and Poverty
- Topic #3: Child Welfare Policy and Practice
- Topic #4: Inequality
- Topic #5: Low-Wage Labor Markets
## Similar Research Institutes in Central Appalachia

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<th>North Carolina Rural Economic Development Center, Inc.</th>
<th>Rural Policy Research Institute (RUPRI)</th>
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<tr>
<td><strong>Date Established</strong></td>
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<td><strong>Location</strong></td>
<td>Raleigh, North Carolina</td>
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<tr>
<td><strong>Contact Person</strong></td>
<td>Billy Ray Hall</td>
</tr>
<tr>
<td><strong>Contact Phone</strong></td>
<td>(919) 250-4314</td>
</tr>
<tr>
<td><strong>Email</strong></td>
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</tr>
<tr>
<td><strong>Mission / Vision</strong></td>
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<tr>
<td><strong>Mission Statement</strong></td>
<td>Our mission is to develop, promote, and implement sound economic strategies to improve the quality of life of rural North Carolinians. We serve the states 85 rural counties, with a special focus on individuals with low to moderate incomes and communities with limited resources. To fulfill our mission, the center operates multifaceted programs with four overarching goals: Serve as the state's rural policy leader and advocate, Develop strategies to bring about economic and social transformation, Deliver resources for rural people, businesses and communities, Equip rural leaders to succeed in the 21st century.</td>
</tr>
<tr>
<td><strong>Vision</strong></td>
<td>The Rural Center's vision for the future of rural North Carolina is a positive one. It has been shaped by thousands of thoughtful and resourceful people the center has encountered over the past two decades, including leaders at the local, state and national levels who continue to dedicate their time and energies to rural advancement. Rural people and places have the resources and capacities to create strong, viable, meaningful, and sustainable futures that can both withstand and turn to advantage the forces of globalization and economic, demographic, and social change. Rural and urban people find common cause and understanding about the future role and governance of rural places and the contribution that rural life and culture makes to national identity.</td>
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<tr>
<td><strong>Core Values / Beliefs</strong></td>
<td>As our state advances into the 21st century, the center envisions a rural North Carolina in which: Individuals can achieve economic independence in jobs that pay livable wages, are safe and provide opportunities for growth and advancement, A strong entrepreneurial spirit is fostering innovation and sustainable development in all business sectors, allowing both new and existing businesses to flourish, Local economies are fully integrated into the global economy through extensive networks of information technology, transportation systems and business and institutional relationships, Rural communities have high quality public infrastructure needed to promote growth and development, including quality water and wastewater facilities, Rural communities offer a consistently high quality of life for their citizens, including access to excellent public schools and lifelong educational opportunities, rural communities are vibrant and active, with a clean environment and a strong economy to support growth, and recreational and cultural activities, Through strong local leadership and an active citizenry, rural communities are charting their own futures and effectively implementing sustainable, community-based strategies for economic development.</td>
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<tr>
<td><strong>Funding Source(s)</strong></td>
<td>RUPRI in pursuing this mission commits to: Provide timely, empirically-based, and non-partisan advice and assistance to policymakers on the rural impacts of public policies and programs and on options for improving the prospects for rural people and places, Foster understanding of and the search for effective solutions to the challenges of rural America by providing safe venues for people with a stake in the future of rural America to discuss openly concerns, issues, and opportunities, Encourage collaboration and common purpose among scholars to pursue research that supports effective policy and practice, and among institutions and agencies that have the expertise, resources, and responsibilities to impact rural people and places, Promote innovative, collaborative, and systems-based approaches to rural issues that engage decision-makers and rural people at local, regional, state, national, and international levels.</td>
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<td><strong>Source #2</strong></td>
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<td><strong>Source #3</strong></td>
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### Similar Research Institutes in Central Appalachia

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<th>The Northeast Regional Center for Rural Development</th>
<th>Center for Economic Development and Business Research</th>
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<td><strong>Date Established</strong></td>
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<td><strong>Location</strong></td>
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<tr>
<td><strong>Contact Person</strong></td>
<td>Stephan Goetz, Ph.D.</td>
<td>Jeremy Hill</td>
</tr>
<tr>
<td><strong>Contact's phone number/e-mail</strong></td>
<td>(814) 863-4656</td>
<td>(316) 978-3225</td>
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<tr>
<td><strong>Mission Statement</strong></td>
<td>Goal 1: Improving Economic Competitiveness, Diversity and Adaptability of Small and/or Rural Communities</td>
<td>The mission of the Center for Economic Development and Business Research (CEDBR) is to enhance the region's economic growth and development by: collecting, analyzing and disseminating business, economic and demographic information; conducting applied business, economic and demographic research; serving as a vital link between the business and economic development community, Wichita State University and the W. Frank Barton School of Business.</td>
</tr>
<tr>
<td></td>
<td>Goal 2: Facilitating Development of Policies that Enhance the Well-being of Rural People and Small Towns</td>
<td>The CEDBR strives to be recognized by the business and economic development community as: a reliable and responsive source for business, economic and demographic information, and as an essential partner in the region's economic development process by conducting high-quality, objective research on issues related to the community's current and future economic well-being.</td>
</tr>
<tr>
<td></td>
<td>Goal 3: Increasing Community Capacity to Deal with Change</td>
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<td></td>
<td>Goal 4: Increasing Social Viability through Enhancing the Self-reliance of Families and Communities</td>
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<tr>
<td></td>
<td>Goal 5: Linking Natural Resource Industries, Including Agriculture, with Community and Environmental Resources</td>
<td></td>
</tr>
<tr>
<td><strong>Vision</strong></td>
<td>These key issue areas represent the concepts driving the mission, vision, and the strategy for rural development research and extension projects.</td>
<td>The Center for Economic Development and Business Research will release periodic reports highlighting major economic trends and forecasts in the Wichita metropolitan area based on information gathered from informal surveys of team members and based on community service research projects conducted by CEDBR with advice and input from the WAO CT.</td>
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<table>
<thead>
<tr>
<th><strong>Core Values / Beliefs</strong></th>
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<tbody>
<tr>
<td><strong>Core Values</strong></td>
<td>The task of resolving rural development issues demands the highest level of scholarly research, and it requires a constant and interactive process between research and action to assess and improve the effectiveness of educational efforts. It requires a proactive role in formulating a bold and realistic working agenda; ensuring innovativeness in priority setting, creativity in staffing; and flexibility in resource allocation. The Center is uniquely well-adapted and explicitly charted to meet these requirements from regional and national approaches. We synergize our ability to accomplish this task by collaborating with many rural development partners: 1. citizens, community decision makers, organizational leaders, and other rural development professionals 2. agency and organization personnel at regional and national levels 3. private and public policy makers in the states, region, and nation 4. research and extension faculty – university and field-based, and administrators from land-grant institutions.</td>
<td>Purpose: The purpose of the Wichita Area Outlook Team is to provide a forum for collecting, exchanging and reporting business and industry information. The information content and presentation is designed to improve planning, forecasting and business effectiveness of members and their constituents. The primary focus of the team is identifying events, opportunities, and trends that affect the Wichita metropolitan area economy. Towards that end, the following will occur: During each quarterly meeting, WAOCT members of a selected industries will make brief presentations highlighting industry trends, issues and economic outlook. A roundtable discussion and Q&amp;A with other members of the team will follow the presentations. Occasionally guests will be invited to speak on timely topics related to local economic conditions and economic development trends. Periodically the WAOCT will sponsor a community service research project conducted by the Center for Economic Development and Business Research. In addition to selecting the project, the team will provide input and guidance for the study throughout the year. Finally, the team will provide support for the annual Economic Outlook Conference produced by the Center for Economic Development and Business Research.</td>
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<tr>
<td><strong>Beliefs</strong></td>
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<td>Kansas Health Foundation</td>
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<td><strong>Source #3</strong></td>
<td>Federal and Non-Federal Funding</td>
<td>Dept. of Labor</td>
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<td><strong>Source #4</strong></td>
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<td><strong>Topic #3</strong></td>
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<td>Labor Market Analysis</td>
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<td><strong>Topic #4</strong></td>
<td>Local &amp; Regional Food Systems</td>
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<tr>
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## Similar Research Institutes in Central Appalachia

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<tr>
<th>General Information</th>
<th>Center for Research and Economic Development (CFRED)</th>
<th>Southern Growth Policies Board (SGPB)</th>
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<tbody>
<tr>
<td>Date Established</td>
<td>2002</td>
<td>1971</td>
</tr>
<tr>
<td>Location</td>
<td>East Stroudsburg, Pennsylvania</td>
<td>Research Triangle Park, North Carolina</td>
</tr>
<tr>
<td>Contact Info.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact Person</td>
<td>Gerald A. Eschaut</td>
<td>Ted W. Abernathy Jr., CEO</td>
</tr>
<tr>
<td>Contact Phone/Email</td>
<td>(570) 422-7920</td>
<td>(919) 941-5145</td>
</tr>
</tbody>
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### Mission/Vision

**Mission Statement**

- **CFRED**: The mission of the The Center for Research and Economic Development, Inc. is to create regional wealth through entrepreneurial initiatives, research, and workforce training.
- **SGPB**: Southern Growth Policies Board is a non-partisan public policy think tank based in Research Triangle Park, North Carolina. Formed by the region's governors in 1971, Southern Growth Policies Board develops and advances visionary economic development policies by providing a forum for partnership and dialog among a diverse cross-section of the region's governors, legislators, business and academic leaders and the economic and community development sectors. This unique public-private partnership is devoted to strengthening the South's economy and creating the highest possible quality of life.

### Vision

- **CFRED**: The Center for Research and Economic Development, incorporated on March 30, 1999, is a private, nonprofit 501(c)3 created to benefit East Stroudsburg University. The Center is the principal economic development and research extension of the University focusing on entrepreneurial innovation, applied research, and workforce training. The Center provides a multidisciplinary team of university faculty, staff, and students, in addition to outside experts and consultants to address the research and economic development goals and objectives of local, regional, national, and international corporations, businesses, industries, organizations.
- **SGPB**: All citizens of the South will experience an exemplary quality of life made possible by a dynamic, diversified, growing, sustainable, and competitive Southern economy.

### Core Values/Beliefs

Goal 1: Create a culture of learning throughout the South, in which the acquisition, creation, and application of knowledge is viewed as central to our health, happiness and prosperity.

Goal 2: Encourage and support innovation and entrepreneurship.

Goal 3: Create and sustain a quality of life that is attractive to globally competitive businesses and employees.

Goal 4: Create the talent pool needed to meet the ongoing market needs and opportunities of the emerging knowledge-based economy.

Goal 5: Build the civic capacity of Southern communities to respond to emerging opportunities and challenges with new models of leadership, engagement, and social capital.

Goal 6: Southern businesses, institutions and residents will pursue global opportunities and relationships with an entrepreneurial spirit.

Goal 7: Encourage and support the practice of economic development activities that are strategic, innovative, comprehensive, responsive to citizens and organized regionally.

Goal 8: Decrease the amount of knowledge that is created, accumulated or applied in an economy that increasingly values knowledge.

Goal 10: To ensure the participation of future generations of Southerners in promoting the long-term vitality of the region, communities and states should work to achieve the following objectives.

### Funding Source(s)

<table>
<thead>
<tr>
<th>Source #1</th>
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<tr>
<td>University Research and Business Park</td>
<td>Pocono Mountains Keystone Innovation Zone</td>
<td>Southern Growth Idea Bank</td>
<td>Capacity Building</td>
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</tbody>
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### Source
APPENDIX B – BUSINESS & OPERATIONS PLAN
Central Appalachian Institute for Research & Development (CAIRD)

Business and Operations Plan

Report submitted to:
The Appalachian Regional Commission (ARC)
1666 Connecticut Avenue, NW
Suite 700
Washington, DC 20009-1068
(ARC Project Number: KY-16439)

Report prepared by:
James L. Hurley, Executive Vice President at Pikeville College

For and with the assistance of:
Brad Parke, Consultant &
The East Kentucky Leadership Foundation (EKLF), Inc.
Bill Weinberg, Chairman
P.O. BOX 783
Hindman, Ky. 41822

July 2010
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Executive Summary

The idea of a Research & Development Institute for Central Appalachia has been discussed for nearly fifty years. Governor Bert T. Combs endorsed the idea of a regional think tank in 1960s as did President Kennedy. Efforts to establish such an Institute have materialized at least twice since then, most recently under the Kentucky Appalachian Commission in the latter stages of Kentucky Governor Paul Patton’s Administration in 2001. Despite these initiatives, the Institute has not come to fruition. The purpose of this business and operations plan is to detail the intellectual and conceptual framework for the development, funding and implementation of such an Institute in Eastern Kentucky to provide a foundation for a renewed initiative to bring the Institute to reality.

The Central Appalachian Institute for Research & Development (CAIRD) will be a non-profit policy organization designed to employ knowledge and long-term strategies as tools to aid in removing the bottlenecks that have hindered development throughout Central Appalachia. CAIRD will achieve this by establishing a “Resource Network” of public and private post-secondary institutions throughout Central Appalachia. This will enable CAIRD to channel the expertise of their faculty through research partnerships and provide the intellectual capacity that has been absent in Central Appalachia, due in part to the absence of a comprehensive research university in the region. To aid the network, CAIRD will develop a data resource center for Central Appalachia by inventorying basic and applied research and other resources available throughout the area. Finally, CAIRD will focus on attracting young professionals to the region through the development of an Internship and Fellowship Program for undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct research at CAIRD’s headquarters.

We have received significant support in meetings during this planning process. Numerous stakeholders noted the importance of having a mechanism to coordinate research with the regional colleges and universities to address the social and economic distress that exists in Central Appalachia. Their feedback was included in many aspects of this business and operations plan.

1 Excerpts of Ron Eller from the May 16th, 2000 Lexington Herald-Leader article “1st Step Taken Toward Creating Appalachian Development Institute.”
The following recommendations are the major highlights of this report that we feel are vital to the implementation, structure, sustainability and overall success of CAIRD.

We recommend that CAIRD identify and address various research topics each year that focus on strategies to eliminate the economic distress in the counties of Central Appalachia. CAIRD will achieve this by establishing relationships with key stakeholders throughout the region to partner on issues addressing barriers to development. Further, we envision CAIRD providing significant input in the development of each Governor’s Appalachian Development Plans to provide continuity and harness a long-term vision for the region that survives changing political administrations. CAIRD will be a mechanism to provide an informed public policy voice to guide new development strategies for Central Appalachia.

Although CAIRD will initiate operations in Kentucky, we recommend each Central Appalachian state be invited to join at a later date, creating a four-state consortium of resources (Kentucky, West Virginia, Virginia and Tennessee). ARC representatives from each state have expressed an interest in CAIRD.

We recommend CAIRD be located at Pikeville College, as an independent 501(c)(3) organization. Former Kentucky Governor Paul Patton, now President at Pikeville College, has agreed to host CAIRD at Pikeville College on an in-kind basis. These facilities provide CAIRD the ability to begin immediate implementation of recommendations in this report and remove a barrier to sustainability. Pikeville College, located in the heart of Central Appalachia, is situated among the highest concentration of distressed counties in the Appalachian region.

Funding for CAIRD should stem from various revenue sources. We recommend seeking a three year start-up grant of $467,243 from ARC to begin immediate implementation of this business and operations plan upon its completion in July 2010. Direct funding from ARC should be phased out by July 2013, following the first year of full implementation of CAIRD.

We also recommend applying for a grant with the Kentucky Department for Local Government to receive multi-county coal severance funds to provide annual support of CAIRD. To secure this funding, we suggest securing letters of support from County/Judge Executives in Eastern Kentucky during the implementation phase. Other recommended supplemental funding sources include self-generated fees, private money from regional business leaders, federal grants and private foundation grants.

We project expenses for CAIRD to be approximately $417,000 in its first year of full implementation. This includes funding for a CEO, Development & Marketing Officer.
and Executive Secretary. Additionally, it includes funding for furnishing upgrades to in-kind facilities, office equipment, an initial research & development budget and marketing and web design. Budget projections increase in year two and three of the financial pro-forma with the hiring of additional personnel, expanded research initiatives and the establishment of the Internship and Fellowship Program. We anticipate the annual budget of CAIRD to be approximately $782,000, as reflected in year three of the financial pro-forma in this report.

We encourage immediate steps be taken to begin implementation of recommendations in this report in July 2010, with full implementation of CAIRD beginning in July 2012. A $467,243 start-up grant from ARC, to be used over a period of three years, will enable CAIRD to establish a Board of Directors, hire a CEO, file for 501(c)3 status with the IRS, and establish CAIRD's headquarters. This will also enable the CEO the sufficient time and resources to gain support from fiscal courts in Appalachian Kentucky, who are vital stakeholders in this initiative. Their support is vital to receive multi-county coal severance funding through either an application process or a direct line-item in the 2012-2014 Kentucky State Budget. Once this funding has been secured CAIRD will begin full implementation in July 2012.

We believe the recommendations in this report provide the framework and guidance for the creation of CAIRD in a region that has needed an Institute to guide development strategies to create an alternative future for at-risk and distressed counties in Central Appalachia.
I. Organizational Overview: The Case for CAIRD

1. Introduction

The Central Appalachian Institute for Research and Development (CAIRD) will be a non-profit public policy organization designed to provide new, long-term development strategies for Central Appalachia. The Institute will coordinate and disseminate interdisciplinary research throughout Central Appalachia by creating partnerships with post-secondary institutions, area development districts and other public and private organizations. Research and development initiatives undertaken at CAIRD will be aimed at coordinating development strategies for local government entities, nonprofit organizations and the local business community. Multi-institutional collaboration will enable CAIRD, and its partners, to provide regional development policy analysis aimed at combating the systemic problems that have plagued Central Appalachia for generations. By fostering regional collaboration and working across state lines, CAIRD will establish a consortium of knowledge resources to provide the applied research and development capacity necessary to building sustainable communities in Central Appalachia.

2. Need

Since the passage of the Appalachian Development Act in 1965 and the creation of the Appalachian Regional Commission (ARC), many Appalachian counties have been able to improve their economic conditions through

---

2 Within the context of this initiative “Research” is defined as activity that provides access to or generates knowledge about a problem or knowledge that can be used in designing a solution to the problem. Research may focus on existing knowledge or the generation of new knowledge. “Development” is defined as activity that applies knowledge in an organized, strategic effort to resolve a problem or issue.

3 Central Appalachia encompasses counties in parts of four states; Kentucky, Tennessee, Virginia and West Virginia, with 54 of the 82 Central Appalachian counties being located in Appalachian Kentucky. See Appendix A for a breakdown of the five sub-regions of Appalachia
development programs and initiatives under the ARC. While certain geographic areas of Appalachia, such as parts of Southwest Pennsylvania, Northwest North Carolina and Northern parts of Alabama and Georgia, are thriving, others still struggle with extreme poverty. These areas are most prevalent in the coalfields of Central Appalachia.

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 82 counties in Appalachia considered economically distressed, 50 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 73 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 48. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC. The few transitional counties within Central Appalachia are located in the greater metropolitan areas of Lexington, Ashland, Huntington, and Knoxville. Each of these cities is located on the periphery of the Central Appalachian region.

Marginal progress has been made in certain socio-economic indicators since the 1960’s. However, Central Appalachia still trails the rest of the nation in most statistical categories. Moreover, the gap between the Appalachian

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4 The Appalachian region is a 205,000 square mile area consisting of parts of twelve states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The Appalachian Regional Commission (ARC) is an intergovernmental partnership designed to promote development in Appalachia. The ARC has broken the region into five sub-regions, Northern, North Central, Central, South Central and Southern. This initiative is focused on Central Appalachia.

5 Economically “distressed” indicates these counties are the most economically depressed and rank among the worst 10 percent of the nation’s counties. The ARC uses an index-based county economic classification system that compares three economic indicators — three-year averages of unemployment rate, per capita income, and poverty rate — with national averages.

6 According to FY 2010 data the number of “at risk” or economically “distressed” counties in Central Appalachia by state: Kentucky 48, Tennessee 12, Virginia 6, West Virginia 7. Appendix B provides a map with the economic classification of each county in the Appalachian region.

7 Each Appalachian county is classified into one of five economic categories. Distressed — most economically depressed, rank in the worst 10 percent of nation’s counties. At-risk — risk of becoming economically distressed, rank between the worst 10 to 25 percent of the nation’s counties. Transitional — largest economic category, rank between the worst 25 and best 25 percent of nation’s counties. Competitive — counties that are able to compete in the national economy, rank between the best 10 to 25 percent of the nation’s counties. Attainment — strongest economically, rank as the best 10 percent of nation’s counties.
region and the rest of the nation in areas such as income levels, education, poverty and health are closing at a much slower rate in Central Appalachia than in the other sub-regions of Appalachia. A major focus on CAIRD will to understand why so many at-risk and distressed counties still remain in Central Appalachia, especially in Eastern Kentucky.

Central Appalachia does not host a comprehensive research university. Kentucky’s two research universities, the University of Kentucky and the University of Louisville, are located in Lexington and Louisville respectively. West Virginia University, located in Morgantown, is in Northern West Virginia. The University of Tennessee is located in Knoxville, and East Tennessee State is in Johnson City. The University of Virginia is in Charlottesville, while Virginia Tech University is in Blacksburg, none of which are located in Central Appalachia.

Although Central Appalachia does not host a comprehensive research university, it does have a number of regional universities and private colleges including Eastern Kentucky University and Morehead State University in Kentucky, Marshall University in West Virginia and UVA-Wise in Virginia. The Kentucky Community and Technical College System have campuses in Hazard, Cumberland, Somerset, Prestonsburg and Ashland, along with various satellite campuses. Additionally, private colleges in the region include Alice Lloyd College, Berea College, University of the Cumberlands, Union College, Pikeville College, Lincoln Memorial University, Lindsey Wilson College, Mountain State, the University Of Appalachian College Of Pharmacy and the Appalachian School of Law in Grundy, VA. Although each institution hosts scholars in various academic disciplines, independently they do not have the capacity necessary to significantly contribute to the applied research and development needs of the region.

Consequently, the region does not have consistent access to the intellectual capacity comprehensive research universities provide, nor does it have a vehicle for applying the conclusions reached in research projects to policy initiatives. It is widely accepted that expertise provided by faculty members at post-secondary institutions has a positive impact in the surrounding community and region. A 2002 study by the Southern Growth Policies Board titled *Innovation U: New University Roles in a Knowledge Economy* indicated how universities should be involved with industry by providing problem-solving technical assistance, by tapping into the established expertise of
faculty members, graduate students, consultants, and extension staff. Central Appalachia has not had the benefit of these types of services.

Further, the research and development capacity currently available to the region is dispersed, seldom coordinated and often not focused on the needs of communities and policymakers who deal with development strategies and issues in the region.

At the state level, it is usually the squeaky wheel that gets the grease. Each governor has his own agenda and, if it includes the mountain regions, it does so in a sporadic, inconsistent manner that has little or no continuity with previous administrations. Although each Appalachian state has an ARC representative, none of the Central Appalachian states have anyone in their Governor's offices whose job it is to address the systemic long-range problems of Central Appalachia.\(^8\) Thus, with each change in political administration, policies for Central Appalachia shift dramatically in Frankfort, Nashville, Richmond, Charleston, and at the federal level in Washington, D.C.

Although the states' Appalachian Development Plans are designed to provide some continuity in long-range planning, they too are the product of each successive administration, and they proceed by fits and starts as each new governor pursues their particular priority interests.\(^9\) Too often the appointed ARC representative is selected due to the proximity of his/her relationship to the governor, rather than as a result of any specialized knowledge of, or interest in, Appalachia. The region needs someone who is continually thinking about the systemic problems regardless of changes of administrations or political climates. CAIRD would be that mechanism.

In many communities, strategies driven by applied research and development and support by specific knowledge sets are seldom utilized.

\(^8\) Within the context of this initiative, “systemic” refers to problems that are due to the overall system. We suggest, as to many Appalachian scholars, that problems in Central Appalachia are not due to a specific, individual or isolated factor, but are “systemic.”

\(^9\) ARC requires the governor of each Appalachian state to submit a State Appalachian Development Plan within 10 months of taking office. Each State Appalachian Development Plan shall set forth the governor's goals, objectives and priorities for the Region and identify the needs on which such goals, objectives and priorities are based. CAIRD's involvement in the development of these plans will provide a level of continuity that currently does not exist.
Obstacles to regional advancement are often ignored, or simply are not known or understood, as development strategies are designed. The outcome of these strategies often has led to ineffective results. This “knowledge gap” results in inconsistent approaches to development in Central Appalachia. In order for Kentucky to eradicate the conditions prevalent in the remaining at-risk and distressed counties, there must be new approaches to old problems with a consistent and informed voice influencing long-term policy for Central Appalachia. CAIRD would provide such a voice.

3. What makes CAIRD different from other initiatives in the region?

There is no shortage of research as it relates to Appalachian issues and the social and economic distress that is evident throughout the region. However, the barriers have been the basic application of the research along with program and policy development based upon the findings within the areas that need them most. CAIRD will provide a mechanism for coordination of applied strategies. CAIRD, in conjunction with its many stakeholders, will concentrate on applying meaningful research in a manner that will improve the quality of life in Central Appalachia. CAIRD should serve not only as a source but also a facilitator for new development strategies for Central Appalachia.

CAIRD will address the systemic problems in the region. Often research is focused on a particular subject that is the “hot” topic of the day. As a result, the core roots of the problems in the region are often over looked or ignored. In taking a holistic approach, CAIRD will work to better understand the issues that have prevented the at-risk and distressed counties in Central Appalachia from progressing socially and economically.

CAIRD will be located in Eastern Kentucky, in and among the largest concentration of economically distressed counties in the Appalachian region. By locating the Institute in the heart of these at risk and distressed counties, CAIRD will be better able to serve as a catalyst in transforming the economy of Central Appalachia.

CAIRD will serve as a launching pad for innovations in the region. In doing so, CAIRD will place a great emphasis on attracting and retaining young professionals in the region through an Internship and Fellowship Program. By attracting young professionals, CAIRD will be able to capitalize on their
ideas and intellect, which may result in economic spinoff activities in the area.

CAIRD will not only work as a policy development organization but will also be a catalyst in diversifying and transforming the economy of Central Appalachia.

4. History

The concept of a Research and Development Institute for Central Appalachia has been discussed in the region for nearly fifty years. Governor Bert T. Combs endorsed the idea of a regional think tank in 1960 and the President’s Appalachian Regional Commission (PARC) in 1964, called for an Appalachian Development Institute. President Kennedy endorsed such an effort in his meeting with the Council of Appalachian Governors in 1963.

In 1994, the report of the Governor’s Kentucky Appalachian Task Force, Communities of Hope, recommended the establishment of a “Kentucky Appalachian Development Institute as a semi-autonomous body with an ongoing agenda to hold hearings, conduct seminars, sponsor policy studies and render advice through the Department for Local Government (or other such office) to the Governor regarding development strategies for Appalachia.” The institute was once again recommended by the Kentucky Appalachian Commission during the latter stages of Governor Paul Patton’s Administration, but was never implemented.

This business and operations plan is designed to lay the intellectual and conceptual framework for the development, funding and implementation of such an Institute.

5. Mission Statement

The Central Appalachian Institute for Research and Development (CAIRD) will be a regional non-profit public policy research and development organization formed to improve long-term policy development strategies in Central Appalachia. Through multi-disciplinary research, CAIRD will seek solutions to systemic problems while working to attract and retain young professionals interested in improving the overall quality of life in the region.
II. Models for Review

The logic behind CAIRD is not unprecedented. Institutes throughout the country have focused on regional development for decades. Many institutes specialize in the causes of rural and urban poverty, as well as similarities and correlates that exist between the two. “Appalachian Centers,” located at colleges and universities throughout the region, study and preserve the history of the Appalachian region, while working to address many of the social and economic conditions that have persisted for generations. While there is no perfect model for an Institute such as CAIRD, understanding similar organizations will be important to enable CAIRD to best understand how to address the complex, systemic problems that persist in Appalachia.

The following research centers offer some reference points for CAIRD because of their focus, goals, objectives and functions.

Regional Research Institute (RRI) is located at West Virginia University. The Institute creates learning opportunities and provides research support for faculty members and students, while serving as an internationally prominent center for the advancement of regional science. RRI primarily focuses on research in relation to the Appalachian region, which encompasses the entire state of West Virginia.

RRI works to understand regional economics and policies stimulating development through regional science. CAIRD should embrace these qualities to combat the systemic conditions within the region through a multi-disciplinary, comprehensive approach. Their research is both national and international in scope but focuses primarily on regional development methods for Appalachia.

While RRI offers insight for CAIRD in relation to regional research in Appalachia, its focus is more towards producing scholarly research. It is our recommendation that CAIRD have a mechanism to influence policy while working to develop programs among its stakeholders in a manner that applies the findings of research. CAIRD should work closely to influence new development strategies at the local and regional levels while being a

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Regional science is an interdisciplinary field that links economics, geography, planning, and other social sciences. Regional scientists use quantitative methods and mathematical models to study economic and social phenomena in a regional setting.
consistent and informed voice for Appalachian policy at the state, regional and national levels.

Link: http://www.rri.wvu.edu/

**The Rural Policy Research Institute (RUPRI)** was created in 1990 to provide non-governmental data, information, and analysis, regarding the rural and community impacts of public policy decisions. RUPRI is housed within the Harry S. Truman School of Public Affairs at the University of Missouri-Columbia and is a joint program of Iowa State University, the University of Missouri, and the University of Nebraska.

RUPRI is a multi-institutional partnership. CAIRO should work to create a consortium of regional colleges and universities in Central Appalachia to help coordinate knowledge resources already available in the region similar to that of RUPRI. In addition, the multi-disciplinary collaboration from various experts within each institution will help expand the research capacity by utilizing existing knowledge already available within the region in an orderly and easily understandable manner.

RUPRI has set a standard for rural research in the United States. They have a broad focus on dissemination and outreach, while keeping multiple agencies, institutions and organizations at all levels informed of their current studies, findings and policy implications for rural areas. This should be an important component of CAIRD as well. RUPRI also focuses on influencing policy at the state and national levels on issues affecting people in rural places. CAIRD should harness this concept in hopes of supporting informed policies for Central Appalachia. CAIRD can learn from RUPRI in working in a non-partisan way to create contacts within state legislatures and Congress to become to primary voice for issues relating to Central Appalachia.

Link: http://www.rupri.org

**Institute for Research on Poverty (IRP)** is a university-based center at the University of Wisconsin-Madison designed for research into the causes and consequences of poverty and social inequality in the United States. It is nonprofit and nonpartisan.

IRP, established in 1966, is a product of the War on Poverty. It is is a multi-institutional, multi-disciplinary Institute with research affiliates and partners throughout the country. IRP focuses on disseminating their research through
conferences, newsletters, workshops, etc. In addition, IRP researchers are often called to testify before legislative committees to discuss the findings of their research. Some IRP affiliates are faculty members at other institutions who visit the Institute at Madison regularly to consult with colleagues and to present seminars. The Institute also hosts visiting scholars who, on leave from their permanent affiliation, come to IRP to conduct poverty-related research. CAIRD can get guidance from IRP in creating partnerships, hosting visiting scholars, and disseminating information.

Link: http://www.irp.wisc.edu

The Collins Center for Public Policy is a public policy think tank located in the state of Florida that is designed to advance the important social and economic public policy issues facing Florida and finding meaningful solutions to their challenges. The Collins Center is not university affiliated.

While the Collins Center has no direct relation to Central Appalachia, Appalachian issues, or rural and poverty research, it does provide a good policy development organization model for CAIRD. Their work ranges from election reform to education, sustainability and healthcare. As a bipartisan organization, they have been tapped several times to participate in governor’s task forces to explore and understand problems throughout Florida. The Collins Center is the premier statewide organization committed to the balance of economic interests with the need to be socially and environmentally responsible. CAIRD should work to effectively balance the interest of important regional industries with environmental concerns in a similar manner. CAIRD must be an honest broker, and not partial towards any particular group or faction. The Collins Center provides a good model as to how this can be accomplished.

CAIRD should also work to establish itself as a primary source for policy analysis and development strategies similar to that of the Collins Center. Ideally, CAIRD will be utilized to provide input for the Governor’s Appalachian Development Plans for each Central Appalachian state while being utilized in various other consulting roles for policy initiatives at the state and federal levels.

Link: http://www.collinscenter.org

North Carolina Rural Economic Development Center, Inc. works to develop, promote, and implement sound economic strategies to improve the quality
of life of rural North Carolinians. The Rural Center operates a multi-faceted program that includes conducting research into rural issues, advocating for policy and program innovations, and building the productive capacity of rural leaders, entrepreneurs and community organizations. The Rural Center is not university affiliated.

The focus of the North Carolina Rural Center may serve as the best model for CAIRD due to their mission in promoting sound economic strategies for rural North Carolina. Being located in a rural, impoverished area such as Central Appalachia, the focus of CAIRD should be much the same. North Carolina's Rural Center focuses on planning the long-range future for rural North Carolina by gathering the most knowledgeable people from various backgrounds and organizations to study issues and shaping the policy agenda. The Rural Center also has an abundance of rural profile data available to ensure leaders have access to information to help guide their decision making. More importantly, the Rural Center focuses on advocacy. As noted on their website, "real change comes about only when good ideas are adopted within the public and/or private sectors and become a permanent part of their institutions. Drawing from its research program, its on-the-job experience in rural areas, and the work of others, the Rural Center develops policy options that hold promise for rural North Carolina." A major focus of CAIRD should be turning knowledge into action.

Link: http://www.ncruralcenter.org

**Southern Growth Policies Board (SGPB)** is a non-partisan public policy think tank located at Research Triangle Park in North Carolina. SGPB advances visionary economic development policies by providing a forum for partnership and dialog among a diverse cross-section of the region's governors, legislators, business and academic leaders and the economic- and community-development leaders in the South. SGPB would serve as a good model for CAIRD because of the unique partnerships between government, business and the academic community.

The ultimate goal of SGPB is to improve the overall quality of life in the South. CAIRD should have a similar mission to improve rural development strategies in Central Appalachian to improve the overall quality of life for its citizens. SGPB fosters a regional approach in their initiatives rather than simply focusing on individual state's needs and objectives. In order for CAIRD to be successful it should take a similar approach. Funding for SGPB comes
from membership fees from states, grants, self-generated fees from consulting services, conference fees and corporate partnerships.

Link: http://www.southerngrowth.com/home.html

Many colleges and universities within the region have established “Appalachian Centers” which study and preserve the history of the Appalachian region through research, coursework, oral history projects and digital libraries. Some of the institutions that host Appalachian Centers include:

- Morehead State University, Berea College, University of Kentucky, Eastern Kentucky University, Western Carolina University, Appalachian State University, Ohio University, East Tennessee State University, University of Tennessee, Virginia Tech, Radford University, Emory & Henry, West Virginia University, Marshall University

More information can be found through the following link to the Appalachian Studies Association website:

Link: http://www.appalachianstudies.org/resources/centers/detail/index.php

CAIRD needs to work with these groups as important stakeholders.

III. Mission Achievement, Objectives and Focus

The consolidation of knowledge resources from each Central Appalachian state into a policy research institute is the most effective way to advance the socio-economic conditions within the region. Such an Institute can provide an avenue to bridge ideas between experts in academic institutions and organizations across state lines to provide solutions to issues affecting Central Appalachia. Creating a setting where the most knowledgeable people in the non-profit community, business, academia and government can gather to study and address issues will enable CAIRD to influence future strategies and create an alternative future in Central Appalachia.

The outmigration of the young educated population in rural areas to urban centers such as Lexington and Louisville has left rural Kentucky without the human capital necessary to build sustainable communities. CAIRD will enable rural Eastern Kentucky to attract top thinkers to the region and have
the intellectual capacity to guide informed decision-making while working to close the economic inequality between rural and urban Kentucky.

CAIRD can provide guidance for lawmakers; it can also assist civic organizations, local governments, state officials, ARC and non-profit development organizations in creating an alternative future in the region, and build healthy, viable and sustainable communities in Central Appalachia.

1. **Mission Achievement** – to achieve success CAIRD will focus on, but not limited to, the following:

   Understanding the barriers that have prevented the at-risk and distressed counties of Central Appalachia from progressing socially and economically at the rate of other geographic regions

   Creating a policy network for applied research between postsecondary institutions in Central Appalachia that encourages research collaboration and program development between these institutions in the region to address issues

   Focusing and coordinating the attention of experts and scholars on developmental advancement issues in Central Appalachia

   Creating new strategies and new priorities for development within the region

   Establishing a pipeline of communication between the people in the region and policy makers outside the region so as to influence policy that affects Central Appalachia

   Creating an environment within the region that values applied research and development strategies, and providing a base for the region’s best and brightest young minds to utilize their expertise for the betterment of the region

   Obtaining financial support for research initiatives and application

2. **Objectives, Goals & Strategies**

   CAIRD will serve as an honest broker for the region

   CAIRD will help alleviate the distressed conditions prevalent in many counties of Central Appalachia
CAIRD will become a primary source of information for public policy solutions in Central Appalachia

CAIRD will assist in the development of the Governor’s State Appalachian Development Plans

CAIRD will provide research & development support to enhance new technologies for the use of coal, natural resources, and renewable resources under the provisions set forth by House Bill 1

CAIRD will serve as an informed and independent voice in policy debates regardless of changes in political administrations

CAIRD will encourage collaboration between Area Development Districts (ADDs), state agencies, institutions of higher education, ARC, nonprofit organizations, local governments and private individuals

CAIRD will provide a setting for the exchange of ideas and information between key stakeholders at the local, state, regional and federal levels

CAIRD will aid in the creation of sustainable and vibrant communities in Central Appalachia

CAIRD will assist in the improvement of overall quality of life of citizens living in Central Appalachia

3. Focus

Research – CAIRD should sponsor and encourage interdisciplinary research within the Central Appalachian region that can be applied in a policy or programmatic manner. CAIRD should gather the most knowledgeable people around various issues to study and produce several research studies a year. CAIRD should also work with selected clients to provide access to existing research or knowledge to help guide their development activities, where the activities support critical policy initiatives. CAIRD’s Chief Executive Officer and Board of Directors should determine a priority list of the most critical applied research initiatives to be supported during a given year based on the potential impact on quality of life in the region, the potential to unstop obstacles to development and the degree to which the research addresses systemic problems in Central Appalachia.
**Policy** – CAIRD should interact with lawmakers at both the state and federal levels to render advice on policy issues relating to Central Appalachia based upon research conducted at CAIRD. Moreover, CAIRD should monitor legislation to inform, influence, and improve policy to bring about the best results for the people of Central Appalachia. CAIRD should also produce publications as well as host conferences and workshops aimed at influencing decisions on policy issues relating to the region.

**Dissemination** – It is essential for CAIRD to create relationships with state and federal agencies, academic institutions, non-profits, and local governments to inform and guide decision makings based on research conducted by CAIRD and its partners. CAIRD should provide a setting to encourage and promote the flow of ideas relating to new development strategies for Central Appalachia. Also, CAIRD should share the findings of research studies through various publications to CAIRD members, affiliates and relevant stakeholders.

**Outreach** – For CAIRD to be successful, it must be engaged with local communities. CAIRD must work with citizens to provide them an avenue to have ownership of the work. CAIRD should also focus on establishing a regional presence with all stakeholders.

**Application** – To have a long term impact on Central Appalachia, there must be an avenue to take action based upon the findings of the research. The inability to apply available research has hindered the region for generations. CAIRD must have the ability to “connect the dots” of the research and influence program development and apply new strategies for the region.

### IV. Operational Plan

1. **Ownership Entity**

CAIRD should be a 501(c)(3) nonprofit organization dedicated to addressing educational, social and economic problems in Central Appalachia. A 501(c)(3) gives the organization the independence it needs to work with all the different stakeholders in the region. It would allow CAIRD to be eligible to receive federal grants for research and other educational initiatives, while giving CAIRD the ability to educate policymakers and advocate for specific policies on a limited basis. Given the non-partisan nature of CAIRD, and the goal of being an honest broker for the region, not associated with any political party or faction, the Institute should be a 501(c)(3) organization.
Although CAIRD may be affiliated with an existing college or university, it is imperative that CAIRD be an independent organization governed by its own Board of Directors, officers, policies and procedures.

2. Governing Board

CAIRD Advisory Council

Initial Advisory Council members will play a vital role in the creation of the CAIRD. These members are not official board members, but rather, are chosen because of their expressed interest in the creation of a research institute for Central Appalachia. The Advisory Council is representative of members from public, private and nonprofit sectors. Together, these advisory council members will utilize their knowledge, experience, and political capital to implement the recommendations of this report. Once established, it is anticipated that some members of the Advisory Council will sit on the CAIRD Board of Directors. Initial Advisory Council members include, but are not limited to, the following:

Dr. Aaron Thompson, Council on Postsecondary Education (CPE) Interim Vice President, Academic Affairs

Bill Weinberg – President, Clean Gas, Inc.

Brad Parke – Consultant, East Kentucky Leadership Foundation (EKLF), Inc.

Dr. Bruce Ayers – President, Southeast Community & Technical College

Dr. Evelyn Knight – Director, Appalachian Center, University of Kentucky

Ewell Balltrip, President/CEO, National Institute for Homeland Security, Former Director, Kentucky Appalachian Commission

Dr. Gerald Pogatshnik - Associate Vice President for Research and Dean of the Graduate School, Eastern Kentucky University

Dr. Jack Herlihy – Director, Center for Educational Research in Appalachia (CERA), Eastern Kentucky University

Dr. Jeffery Marshall – Director, Center for Regional Engagement, Morehead State University

James Hurley – Vice President, Pikeville College
Board members should be respected members of the public who are dedicated to the overall mission and values of CAIRD. Members should be able to see the “big picture” of what CAIRD is working to accomplish. Members of the Board must have adequate time to devote to the organization. Members should be able to work well in a group with others and be respectful of the insights and opinions of members from various backgrounds. The Board will provide fiduciary oversight, strategic leadership, legal, financial and political support. Members should be a cohesive group who can come to an understanding about issues regardless of their differences. The Board will be responsible for working with the Chief Executive Officer to determine programmatic initiatives for CAIRD. The Board should also be representative of both public and private institutions that are participating in the “CAIRD Resource Network.” Eventually, as each Central Appalachian state joins CAIRD, it may be desirable to have the
governor, or a designated representative, to sit on the board. Board membership should consist of no fewer than 21 members and no more than 29. The Executive Council will consist of a Chairman, Vice Chairman, Secretary and Treasurer.

3. Location

CAIRD should be strategically located in Central Appalachia. The Institute should be in an area that is both accessible to people living within the region and to people traveling from outside the region. Also, the location should be in an area that allows easy application of the ideas generated at CAIRD. Ideally, the location will be in Eastern Kentucky, where 40 of the 50 distressed counties in Central Appalachia are situated. CAIRD should be in the midst of those distressed counties.

Eastern Kentucky is strategically located between portions of Southern West Virginia, Southwest Virginia and Northeast Tennessee, each with counties which encompass Central Appalachia. Locating CAIRD in an area with a high concentration of at-risk and distressed counties will help provide the essential knowledge resources needed to guide development strategies within this area.

Pikeville College, located in Pikeville, Ky., offers associate, baccalaureate and graduate degree programs to prepare students for a variety of careers. Pikeville College is also home to the School of Osteopathic Medicine which provides students with an osteopathic medical education that emphasizes primary care, encourages research, promotes lifelong scholarly activity and produces graduates who are committed to serving the health care needs of communities in East Kentucky and other areas of Appalachia.

The Administration of Pikeville College has agreed to provide facilities to host CAIRD on its campus as an in kind contribution. Former Kentucky Governor Paul Patton is now serving as President of Pikeville College. Governor Patton and Vice-President James Hurley have expressed their desire to have CAIRD on their campus, as an independent 501(c)(3).

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11 Efforts were made under Governor Paul Patton's Administration within the Kentucky Appalachian Commission to establish the Kentucky Appalachian Development Institute (KADI), which provided much of the theoretical framework for CAIRD.
Pikeville College has good working relationships with presidents at the University of Louisville, University of Kentucky, Morehead State University, Eastern Kentucky University and various other local colleges and universities, each of whom are critical stakeholders. In addition, administration officials at Pikeville have indicated some of the research conducted at CAIRD may coincide with initiatives undertaken at the School of Osteopathic Medicine at Pikeville College.

Other potential locations include:

- Eastern Kentucky University in Richmond,
- Morehead State University in Morehead,
- University Center of the Mountains (UCM) located on the campus of Hazard Community and Technical College,
- The Center for Rural Development in Somerset,
- Southeast Community and Technical College in Cumberland.

None of these locations are as central to the distressed counties in Central Appalachia as Pikeville.

4. Management/Personnel

For the region to capitalize on the ideas and intellect such a research & development institute can provide it is essential to have full-time professional staff that live and work in Central Appalachia, primarily at CAIRD’s headquarters. However, some of the research conducted through CAIRD will be contracted with researchers working at various institutions or organizations through the "CAIRD Resource Network." CAIRD may also host researchers from various institutions or organizations on sabbatical to be visiting scholars working at CAIRD headquarters.

Management – At startup, CAIRD management should consist of two positions, a Chief Executive Officer (CEO), and an Executive Secretary. Initially, CAIRD should focus its attention on finding a CEO who can get the institute off the ground and running, while working to establish contacts and credibility with various stakeholders throughout the region. The CEO should have knowledge of non-profit/business management, the public policy process and be a proven fundraiser. Although it is not necessary to have a Ph.D. level person in this position, it is desirable to have someone with a background or knowledge of rural economic development and inter-governmental relations. Moreover, it is important for the CEO to focus on the establishment of the CAIRD through the creation of partnerships throughout the region among its many stakeholders.
An Executive Secretary is needed to conduct administrative and clerical support, while providing support to the other personnel in major fundraising efforts. A Development & Marketing Officer will be hired in the second year of plans for immediate implementation.

An essential staffing and programmatic component of CAIRD will be the development of an Internship Program to utilize the expertise of students throughout Central Appalachian Colleges and Universities. Although the internship will focus primarily on attracting students attending colleges participating in the "CAIRD Resource Network," it will be open to students from outside the region who have a particular interest in public policy, Appalachian issues, or a related field and have a desire to study within the region. Internships should follow a semester calendar with interns being retained throughout the year in the fall, spring and summer semesters, potentially being brought on board at CAIRD full time. As funding permits, CAIRD, in conjunction with Master’s and Ph.D. granting institutions should develop a year long Fellowship Program to attract students pursuing professional degrees to focus their thesis and/or dissertation work on issues within the Central Appalachian region with the support of CAIRD. These programs will be a catalyst in capturing young, bright minds before they leave the region and potentially never return.

5. Setting Priorities

Each year CAIRD’s Chief Executive Officer, along with the Board, should identify specific development issues for analysis. These issues will be selected based upon collaborative discussion to be held with various stakeholders throughout the region as to which issues are of utmost importance in eliminating the prevalent conditions remaining in the at-risk and distressed counties in Central Appalachia. Other projects will be selected based upon requests for applied research and development assistance by eligible governmental and non-governmental entities in at-risk and distressed Central Appalachian counties. These organizations should include, but may not be limited to, the following: various local governments, state and federal governmental entities which deal with Appalachian issues, established citizen groups, nonprofit organizations and non-retail business organizations. Priority should be given to entities whose primary service area includes distressed counties. The Board should review the request for assistance and decide which projects CAIRD will undertake. Subsequently,
RFP's should be issued to the participating institutions in the “CAIRD Resource Network” where a contract will be awarded through a competitive bidding process. CAIRD may host visiting scholars at the Institute on sabbatical from their place of employment to conduct research within the region. Partnerships between CAIRD and other institutions may take many different shapes and forms. It is important to have flexibility within this area.

6. Outputs

Products should include, but not limited to, the following:

Reports, research papers, dissertations and theses, policy memos, strategic plans, interactive website, blogs, e-newsletters, brochures, issue polling, county data profiles, and internship and fellowship program

Services should include, but not limited to, the following:

Providing a setting for collaboration with federal, state and local governments as well as non-profit service and development organizations, ARC, and post-secondary institutions concerning policy issues affecting community and regional development application strategies in Central Appalachia

Providing expert advice for organizational inquiries throughout the region related to Appalachian issues and development strategies. Periodically, it may be necessary for CAIRD or its affiliates to testify before legislative committees or hearings on various policy issues

Working closely with local citizens and organizations, CAIRD will work to help transform and diversify the economy within the region

Advocacy for policy initiatives that effect development in Central Appalachia

Outcomes

Developing a sense of regionalism in Central Appalachian among its many stakeholders to work together in addressing development barriers based upon informed analysis

A reduction in the social and economic conditions prevalent in many counties of Central Appalachia
A reduction in the number of at-risk and distressed counties as defined by ARC in Central Appalachia

Consistent and informed policy voice for the region regardless of changes in political administrations in Central Appalachian states

V. Initial Programmatic Initiatives

Once CAIRD is established, there are several programmatic initiatives that we recommend the CEO consider as initial programs. Final determination of initial programs should be made by the CEO and CAIRD’s Board, but these recommendations seem essential to the organization getting off the ground on the right foot.

Establishment of the “CAIRD Resource Network”

The establishment of the “CAIRD Resource Network” will be the first step in establishing the necessary partnerships for the success of CAIRD. The “CAIRD Resource Network” will consist of Central Appalachian public and private postsecondary educational institutions (including the land grant institutions in each Central Appalachian state), as well as other relevant development organizations who wish to participate in research initiatives at CAIRD. 12

This will enable CAIRD to create a setting for regional collaboration between colleges, universities and other relevant development organizations to explore common concerns about research and technical assistance services and respond to them with a single voice. In addition, CAIRD will create an outlet in Central Appalachia for researchers to conduct research while on sabbatical from their respective institutions. This network will be vital in identifying common issues of concern between institutions and utilizing CAIRD as a mechanism for applied research.

The theoretical framework behind the “CAIRD Resource Network” is to gather and coordinate experts from regional colleges, universities and development organizations to study issues set forth by CAIRD and its stakeholders. By organizing the most knowledgeable people to analyze

12 The “CAIRD Resource Network” consists of participating post-secondary academic institutions and development organizations in Central Appalachia who have agreed to become part of this research and development consortium. Although most of the institutions in the network are located in Central Appalachia, other institutions may be affiliated within this network that have a particular interest in rural or Appalachian issues.
systemic problems, CAIRD will provide the at-risk and distressed counties of Central Appalachia with the intellectual capacity and resources necessary comparable to that of a comprehensive research university.

**Data Resource Center**

Upon establishment of the “CAIRD Resource Network,” it will be important to organize the available resources from each of the institutions into an easily accessible database. This “Data Resource Center” will serve as a “one stop shop” for someone looking for information pertaining to a particular issue area or academic discipline in Central Appalachia. The data center will be organized to quickly identify experts within that field at one of the organizations participating in the “CAIRD Resource Network.” In addition, CAIRD will organize existing and ongoing research from each of its affiliated institutions to provide a quick reference point for interested stakeholders. This inventory will enable CAIRD to identify potential service providers for research assistance as well as encouraging multi-institutional collaboration between institutions affiliated with the “CAIRD Resource Network.” Not only will this inventory be beneficial to CAIRD, but it will greatly enhance the ability to increase collaboration between experts who may be involved in similar types of research. The data center will not be limited to strictly scholarly work, but rather, all resources which may contribute to development in the region. The “Data Resource Center” should be updated regularly. The University of Kentucky has expressed interest in assisting in the establishment of CAIRD’s Data Resource Center, since they already possess many of the resources such a data resource center will need.

**Internship and Fellowship Program: Harnessing Appalachia’s Brightest Young Minds**

CAIRD should work to establish an Internship and Fellowship Program to attract undergraduate, graduate and post-doctoral students or recent graduates who wish to study and work in Central Appalachia. This will be a catalyst to capitalize on the ideas and intellect young professionals can bring to Central Appalachia. These programs will be a mechanism to direct some of the undergraduate and graduate thesis/dissertation research towards issues relating to Central Appalachia.

The Internship Program should follow a traditional semester calendar with interns being retained in the fall, spring and summer semesters. Priority
should be placed on undergraduate students from schools within the “CAIRD Resource Network.” However, the program should be open to students attending schools outside the region who wish to apply. Students should be able to receive academic/cooperative education credit for their internship or fellowship at CAIRD. However, we recommend this be the solely dependent upon the student in obtaining this credit and not the responsibility of CAIRD because of the differences in policies, requirements and procedures within each academic major and differences between respective institution's guidelines. The total number of interns per semester should not be a set number, but rather, dependent upon available funding, need and the quality of applicants.

CAIRD Interns should be closely involved in daily activities of CAIRD and participate in research initiatives currently taking place at CAIRD. Additionally, students should have the opportunity to travel throughout Central Appalachia to attend various conferences, workshops and meetings while learning to better understand the social, economic and cultural structure of the region.

Students should be paid a stipend of $2,500 for their internship, and housing could be provided on an in-kind basis at Pikeville College, the recommended location of CAIRD.

The Fellowship Program should be a prestigious program lasting one academic year from August until May, open to graduate students and/or recent college graduates who wish to apply. CAIRD Fellows should be required to complete a research project and/or initiative during their year at CAIRD as a requirement for their work duties, which may or may not coincide with academic requirements for completion of their degrees at their respective institutions.

CAIRD Fellows should also be closely involved in daily activities of CAIRD. Fellows should have the opportunity to travel throughout Central Appalachia to attend various conferences, workshops and meetings while learning to better understand the social, economic and cultural structure of the region.

Fellows should be paid a stipend of $15,000 for the year, and housing could be provided on an in-kind basis at Pikeville College, the recommended location of CAIRD. Upon completion of their fellowship, CAIRD Fellows may be retained as full/part time staff of CAIRD, or have assistance from CAIRD in
being placed in other professional positions or in pursuing entrepreneurial endeavors within Central Appalachia.

The underlying theory behind the development of an Internship and Fellowship Program is to provide a setting where the region's best and brightest young minds can gather and utilize their ideas and intellect to springboard development in Central Appalachia. This program should encourage creativity among its participants that is not limited to research, but rather, toward new and innovative approaches that may spark development in the region's private sector. The gathering of this innovative cluster of young minds will enable ideas to become realities, which may include, but are not limited to, research, entrepreneurship, and program and policy development. CAIRD, working closely with its stakeholders, will provide the resources and support necessary to assist these young professionals in developing these ideas for the betterment of the region.

VI. Significant Stakeholders

Regional post-secondary institutions will be both contributing to, and benefiting from, research initiatives undertaken at CAIRD. Although all institutions in Central Appalachia may not choose to participate in the "CAIRD Resource Network," all should be invited to do so. These institutions include, Alice Lloyd College, Berea College, Union College, University of the Cumberlands, Lindsey Wilson College, Pikeville College, Regional KCTCS campuses, Eastern Kentucky University, Morehead State University, the University of Kentucky, and the University of Louisville.

CAIRD should work closely with the Center for Applied Energy Research at the University of Kentucky and the Kentucky Center for Renewable Energy Research and Environmental Stewardship at the University of Louisville to assist in providing support for research & development and policy development in renewable energy set forth under House Bill 1.

The private institutions, along with KCTCS, are teaching-oriented colleges that focus primarily on providing post-secondary educational opportunities to students within their service area. However, these institutions do host numerous scholars in multi-disciplinary fields who can use their expertise for the betterment of the region. CAIRD will provide an avenue for them to do so.
Eastern Kentucky University and Morehead State University are the regional comprehensive universities serving Eastern Kentucky. Each institution has expressed their commitment to participating in the “CAIRD Resource Network.” Both schools indicate the best channel for communication between their institution and CAIRD is through their Centers for Regional Stewardship. The University of Kentucky (UK), along with the University of Louisville (UofL), are Kentucky’s two major research institutions. Both have expressed an interest in working actively in the implementation of CAIRD.

Area Development Districts (ADDs) should be an important stakeholder in the identification of issues and application of the research. The Area Development Districts in Kentucky that may be working in close proximity to CAIRD include, Gateway Area Development District in Morehead, FIVCO ADD in Grayson, Big Sandy ADD in Prestonsburg, Kentucky River ADD in Hazard, Cumberland Valley ADD in London, Lake Cumberland ADD in Russell Springs and Bluegrass ADD in Lexington.

Other organizations will be important stakeholders in working with CAIRD. Some of these organizations include the Mountain Association for Community and Economic Development (MACED) in Berea, The Center for Rural Development in Somerset, The Young Professionals of East Kentucky (YPEK), The Christian Appalachian Project (CAP) in Lexington, Southeast Kentucky Economic Development Corporation in Somerset, Kentucky Highlands Investment Corporation in London, The Kentucky Science and Technology Corporation (KSTC) in Lexington, The Council on Post-secondary Education (CPE) in Frankfort, The East Kentucky Leadership Foundation (EKLF), Inc., The Silicon Hollow Association in East Kentucky, Oak Ridge National Laboratory in Tennessee and Southern Growth Policies Board in North Carolina. Additionally, CAIRD should work closely with the Appalachian Regional Commission (ARC) in Washington D.C. CAIRD should...

13 The Regional Stewardship Program was established under the Council on Post-secondary Education (CPE) to promote regional and statewide economic development, livable communities, social inclusion, creative governance, and civic participation through public engagement activities initiated by comprehensive university faculty and staff. Its purpose is to link the resources and knowledge of our universities to the needs and challenges of their respective regions.

14 Area Development Districts (ADDs) is the name associated with these organizations in Kentucky. ARC uses the term Local Development Districts (LDDs). It should be noted that other states in Appalachia may use various terminology in defining these organizations.
also establish relationships with other regional non-profit and community action organizations, local governments and school boards.

Once CAIRD is established in Appalachian Kentucky, steps should be taken to include Virginia, West Virginia and Tennessee, each of whom have expressed interest in CAIRD during this planning process. Their inclusion will open the door to additional resources, including experts from their comprehensive and research institutions, most of whom have areas with an Appalachian emphasis.

VII. Funding Mechanisms

This report recommends a broad array of funding mechanisms to support CAIRD to prevent it becoming unduly reliant upon one source of funds. A diverse source of revenue will help to sustain CAIRD, without regard to any particular economic interest. CAIRD should look to seek funds from both public and private sectors. Due to the relationship to Appalachia, priority should be placed on funding mechanisms that are intended to be used in the Central Appalachian region. Some of the priority potential revenue sources, in order of importance, include, but are not limited to, the following:

1. Priority Funding Sources

   **Pikeville College**

   The administration at Pikeville College has indicated their desire for CAIRD to be located within their institution as an independent 501(c)(3) organization. This relationship will allow CAIRD to utilize the facilities and services at Pikeville College on an in-kind basis. These contributions include, office space, utilities, telecommunications and housing for the **Internship and Fellowship Program**. Accounting and IT support can be provided by Pikeville College through an already available contractor on a fee-for-service basis. Office space to be provided by Pikeville College is fully furnished and available to be used by CAIRD. These in-kind contributions are equivalent to $55,500 in year one of full implementation of CAIRD.

   **Projected Probability of Obtaining Support from This Source – 100%**

   **Multi-County Coal Severance**
We recommend seeking funds available under the Local Government Economic Development Fund (LGEDF-Multi-County Fund).\(^\text{15}\) LGEDF is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economics.

To secure these funds, the initial CEO of CAIRD should focus on obtaining support of County/Judge Executives in Eastern Kentucky during the implementation phase of CAIRD. Once this support has been obtained, along with the support of various legislators, we recommend applying for a grant with the Kentucky Department for Local Government to receive multi-county coal severance funding. We recommend requesting $311,886 in multi-county funds for FY 2013 and $499,746 for FY 2014, 75\% the total operating expenses for CAIRD in years one and two of full implementation. Multi-county funds to support CAIRD should not exceed 75\% of the annual operating expenses for in 2015, year three of the financial pro-forma.\(^\text{16}\)

If funding is not secured through the grant application process, it may be necessary to seek a line-item in the Kentucky State Budget designating a specified amount of funding to support CAIRD. This will require significant legislative support, which we anticipate will be obtained.

This approach has been discussed with Governor Beshear, Minority Caucus Chair, Senator Johnny Ray Turner, and with Majority Leader, Representative Rocky Adkins and has their full support.

**Projected Probability of Obtaining This Support — 75\%**

**Appalachian Regional Commission (ARC)**

Funds from the ARC could help with start-up of CAIRD. As an organization whose focus will be on eradicating the distressed conditions of counties in Central Appalachia, CAIRD would provide a new means of not just identifying critical issues for Appalachian development, but working directly to accomplish one of ARC’s primary goals.

\(^\text{15}\) Of the total Coal Severance Tax Fund, 35\% is set aside under the Local Government Economic Development Fund (LGDEF). Of that, 33\% is allocated for what is called the Multi-County Fund.

\(^\text{16}\) Based upon projections in this report, operating expenses in year three of the financial pro-forma is estimated to be $781,507. 75\% of these funds indicate an annual request of $586,130 in multi-county funds for CAIRD.
We recommend pursuing a three year start-up grant of $467,243 from ARC to get CAIRD off the ground and running. This initial start-up funding from ARC will enable CAIRD to establish a Board of Directors, file for the recommended 501 (c)(3) organization with the IRS, hire a Chief Executive Officer and other initial personnel, seek funding from various revenue sources, and begin work at Pikeville College, the recommended headquarters of CAIRD. Direct support from ARC should be phased out following the completion of year one of full implementation in June 2013.

Funding from ARC may come in conjunction with another grant from other agencies like the United States Department of Agriculture Rural Development (USDA) RD or the Economic Development Administration.

Projected Probability of Obtaining Support from This Source – 85%

Self-generated Funds

We do not anticipate user fees being a significant amount of income for CAIRD. However, certain fees will be applied to off-set the cost of services and/or products supplied to particular clients by CAIRD. Additionally, CAIRD may be able to generate money through conferences/workshops throughout the region for various public and private organizations. We do not anticipate the revenue from service/user fees to exceed more than 10% of the annual budget.

Projected Probability of Obtaining This Income – 100% certain, although the amount could fall well below 10% of the annual budget

2. Supplemental Funding

Once sustainable sources of revenue have been obtained, supplemental funding may be sought to assist with ongoing research, development of new programs and expansion of programs deemed especially productive. Some potential supplemental funding sources include:

17 Projected funds to be requested from ARC; FY 2011 $96,700, FY 2012 $220,543, FY 2013 $150,000. Funds for ARC for FY 2011 and FY 2012 will fully fund CAIRD during this implementation stage. The $150,000 requested for FY 2013 will supplement funding for CAIRD as we anticipate by this time other primary sources of funds will be in place. Direct support from ARC will phase out in FY 2013.
Various federal grants

Federal agencies offer various grants that could support ongoing work at CAIRD. Agencies for which grants may be sought include, USDA, the Economic Development Administration, the Department of Energy, the Department of Health and Human Services, Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the National Science Foundation and the Department of Education.

There has been indication from the offices of Congressman Hal Rogers and Senator Mitch McConnell that CAIRD would have their full support in seeking any type of federal grants. Additionally, we recommend seeking support from other members of Kentucky’s congressional delegation when applying for federal funding.\(^{18}\)

Project Probability of Obtaining Some Support from This Source – 90%

Private money

Funds should be sought from various sources within the business community in Central Appalachia, especially the energy industry, a vital component of the economy in Central Appalachia. Renewable energy sources along with Central Appalachia's abundance of coal, natural gas and oil, have been, and will continue to be, an important component of the region’s economy for years to come. We recommend seeking financial support from these key businesses sectors to support ongoing efforts at CAIRD. Bill Weinberg, President of Clean Gas Inc., a natural gas exploration and management company in Eastern Kentucky, has agreed to serve on CAIRD’s Advisory Council. We also anticipate obtaining support from the regional coal industry.

Although the region’s energy industry could provide supportive funding for CAIRD, we recommend it as only one of a multitude of revenue sources. No particular business group or political faction should have significant influence over CAIRD and the research being conducted at the Institute.

Projected Probability of Obtaining Support from This Source – 75%

\(^{18}\) Appalachian Kentucky, which will be entirely covered by CAIRD, affects five of Kentucky’s six Congressional districts
Private foundation grants

Ashland Foundation – Given the ties to Northeast Kentucky, the Ashland Foundation would likely support an initiative such as CAIRD. The Ashland Foundation played an important role in the “Bucks for Brains” initiative in Kentucky.

Kellogg Foundation – has a strong history of supporting community and economic development initiatives in Appalachia.

Humana Foundation – as one of the largest private foundations in Kentucky, Humana has a vested interest in the region.

Ford Foundation – has a strong history and focus on reducing poverty, especially through means of educational opportunities in rural areas.

Babcock Foundation – has a strong history of supporting various initiatives throughout Appalachia, especially in West Virginia. CAIRD meets many of the funding guidelines set forth in their grant applications.

Other potential private foundation grants include the Gates Foundation, the Kettering Foundation and the James Graham Brown Foundation.

Projected Probability of Obtaining Support from This Source – 80%
VIII. Financial Plan

1. Financial Pro-forma

The Central Appalachian Institute for Research and Development will be a non-profit organization. Budget projections for CAIRD increase during the first three years of existence with expanded personnel, programs, research capacity and demand. The three year financial pro-forma is reflected in Table 1.
<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>Year 1 FY 2013</th>
<th>Year 2 FY 2014</th>
<th>Year 3 FY 2015</th>
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<tr>
<td>Chief Executive Officer</td>
<td>73,202</td>
<td>75,398</td>
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<td>Development &amp; Marketing Officer</td>
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<td>Fellowship Program</td>
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<tr>
<td>40% Fringe Benefits</td>
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<td>99,596</td>
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<td>Misc.</td>
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<tr>
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<td>603,328</td>
<td>713,507</td>
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<tr>
<td>Total In-Kind Contributions</td>
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<td>68,000</td>
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<tr>
<td>Total Operating Expenses</td>
<td>394,348</td>
<td>666,328</td>
<td>781,507</td>
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**Start-up Expenditures**

<p>| | | | |</p>
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<th></th>
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<td>Furnishing upgrades</td>
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<tr>
<td>Office Equipment</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marketing/Web Design</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>
Total Start-up Expenditures | 22,500 | 0 | 0
---|---|---|---
Total Cash Expenditures | 361,348 | 603,328 | 713,507
Total In-kind Contributions | 55,500 | 63,000 | 68,000
Grand Total | 416,848 | 666,328 | 781,507

Table 1

Table 1 is reflective of the capital expenditures for year one, along with operating expenses for subsequent years. Year one includes only the salaries for initial personnel, with additional personnel coming on board in later years, as we anticipate CAIRD’s services and revenues to expand. Salaries for staff were projected based upon a fair market value for personnel at similar Institutes. Fringe benefits were projected as an additional 40% of base salaries for an employee, based upon current projections of benefits through our research. The pro-forma also reflects a 3% annual cost of living increase for CAIRD employees. The research and development budget for CAIRD is reflective of an estimated $40,000 for professional services per research project. The research budget increases as we anticipate the demand and the capacity to deliver research and development strategies by CAIRD increase. Housing for researchers on sabbatical relocating to CAIRD’s headquarters during their research is based on a $1,000 housing allowance per month. Housing for participants of the Internship and Fellowship Program is $2,500 per semester per individual, provided as an in-kind contribution from Pikeville College.

Although CAIRD may encounter certain costs that are not included within this budget, these are the initial projections of the costs we anticipate CAIRD may incur in the first year of full implementation. Included in these projections are the in-kind contributions from Pikeville College, the recommended location of CAIRD.

IX. Plan for Immediate Implementation

Upon completion of this report in July 2010 there are several initial steps we recommend taking to ensure full implementation of CAIRD beginning in July 2012. Budget projections for our recommended plan of immediate implementation are reflected in Table 2.
We recommend seeking $96,700 and $220,543 in FY 2011 and 2012 from ARC to fully fund the implementation of CAIRD. Direct support from ARC would phase out during the first year of full implementation in 2013.

This funding will enable CAIRD to establish a Board of Directors, file for 501(c)(3) status with the IRS, hire a Chief Executive Officer and Executive Secretary, focus on fundraising efforts, and begin some of the initial programmatic initiatives recommended in this report. Additionally, this will enable CAIRD to become an established entity while, working to establish partnerships with County/Judge Executives in Eastern Kentucky. The facilities at Pikeville College, the recommended location, are readily available, which will enable the initial Chief Executive Officer and Executive Secretary to establish the headquarters of CAIRD during this implementation.

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19 Figures for FY 2011 are adjusted to reflect only six months because of a delay between the completion of this report and the process of securing funding for the plan of immediate implementation.
phase. A Development & Marketing Officer should be hired in year two of the plan of immediate implementation.

X. CAIRD Timeline

The following timeline is our recommendations for progression of events upon the completion of this business and operations plan in June of 2010.

**Year 1**

**July 2010**
- CAIRD Business and Operations Plan completed and submitted to the Appalachian Regional Commission (ARC)
- Begin applying for start-up funding from ARC

**August 2010**
- Establishment of CAIRD Advisory Council
- Completion and submission of application for start-up funding from ARC

**September 2010**
- First meeting of CAIRD Advisory Council
- Establishment of CAIRD Board of Directors

**October - December 2010**
- Anticipated time of notification from ARC of award status for start-up funding application
- Begin filing necessary paperwork with Internal Revenue Service (IRS) to establish CAIRD as a 501(c)(3) nonprofit organization

**January 2011**
- First meeting of CAIRD Board of Directors
- Establishment of Executive Board
- ARC funds (if awarded) should be available
- Begin search for Chief Executive Officer (CEO) and Executive Secretary

**April 2011**
- Board of Directors Meeting
- CEO and Executive Secretary hired

**May 2011**
- CEO and Executive Secretary begin work at Pikeville College, the recommended location of CAIRD

**Year 2**

**July 2011**
- Board of Directors Meeting
- Begin search for Development & Marketing Officer

**August 2011**
- Begin establishment of “CAIRD Resource Network”
October 2011
- Board of Directors Meeting
- Development & Marketing Officer hired
- Begin development of “Data Resource Center”

January 2012
- Board of Directors Meeting
- Begin application for multi-county coal severance funds for the Kentucky Department for Local Government
- Steps should be taken to include Virginia and West Virginia in CAIRD
- Applications for 2012-2013 Internship and Fellowship Program released

April 2012
- Board of Directors Meeting
- 2012-2014 Kentucky State Budget complete
- “CAIRD Resource Network” & “Data Resource Center” complete

June 2012
- Virginia and West Virginia begin participating in initiatives at CAIRD
- Anticipated multi-county coal severance funding secured

Year 3 – First year of full implementation

July 2012
- Board of Directors Meeting
- Research initiatives for upcoming year determined

August 2012
- RFP for research initiative released
- Fall 2012 Intern(s) and 2012-2013 Fellow(s) begin work

September 2012
- RFP’s for research & development initiative are reviewed and awarded
- Steps are taken to include Tennessee in CAIRD

October 2012
- Board of Directors Meeting

January 2013
- Board of Directors Meeting
- Tennessee begins participation in CAIRD
- Spring 2013 Intern(s) begin work

April 2013
- Board of Directors Meeting

May 2013
- Board of Directors Meeting
- Summer 2013 Intern(s) begins work
- FY 2013 Research initiatives are complete
June 2013
  • Direct support from ARC phases out

This time-line gives a chronological order of events that should take place at CAIRD during the three years following the completion of this report in July 2010. This order of events will assist the **Board of Directors** and the initial **CEO** during the establishment of CAIRD in Kentucky, and subsequently other Central Appalachian states. During these plans for immediate implementation there will be a strong focus on establishing relationships and obtaining letters of support from County/Judge Executives in Eastern Kentucky.

This anticipated order of events is based on the assumption that funds are obtained from both ARC and the State of Kentucky. All dates within this timeframe are subject to change and may very well do so depending on policy initiatives and available funding.
Appendix A: Bibliography

Abernathy, Ted. Executive Director, Southern Growth Policies Board. Personal interview. 13 May. 2010

Andrews, Wayne. President, Morehead State University. Group discussion. 8 April. 2010


“Appalachian Tomorrow 2009-2013” – Four year development plan by Kentucky Governor Steven L. Beshear Administration, 2009.

Ayers, Bruce. President, Southeast Community & Technical College. Personal interview. 21 April. 2010.

Ball, Joshua. Distance Earning Specialists, Hazard Community and Technical College. 30 June. 2010


Balltrip, Ewell. Former Director, Kentucky Appalachian Commission. Multiple interviews. 2010.


Cox, Gary. President, Association of Kentucky Independent College and Universities. Group discussion. 8 April 2010.

Daley, Ron. Senior Director for Advancement and Government Relations, Hazard Community and Technical College. Personal interview. 23 Feb. 2010

Davis, Dee. Director, Center for Rural Strategies. Personal interview. 2 Feb. 2010

Duncan, Mike. President, Inez Deposit Bank. Personal interview. 12 April. 2010.

“East Kentucky Initiative” – A Report by The East Kentucky Leadership Foundation (EKLF) Inc., to Governor Steve Beshear, Bill Weinberg, Chairman, EKLF. June 20, 2008.


Eller, Ron D. Professor and Appalachian Scholar, University of Kentucky. Multiple interviews. 2010

Gay, Jonathan. Director, Morehead State University Innovation Center. Multiple interviews. 2010.

Hall, Nathan. Manager, East Kentucky Biodiesel. Personal interview. 16 June 2010

Herlihy, Jack. Director, Center for Educational Research in Appalachia (CERA), Eastern Kentucky University. Multiple interviews. 2010.
CREATION AND IMPLEMENTATION OF CAIRD

Hille, Peter. Director, Brushy Fork Institute, Berea College. Multiple interviews. 5 Feb. 2010.

Higdon, Michael. Policy Director, Congressman Hal Rogers. Personal interview. 1 March. 2010


Knight, Evelyn. Director, University of Kentucky Appalachian Center. Multiple interviews. 2010.

Johnson, Jerry. Former Assistant for Appalachian Development, Governor Paul Patton.
Personal interview. 25 Feb. 2010.


Marshall, Jeffrey. Director, Center for Regional Engagement, Morehead State University.
Personal interview. 10 April. 2010


“Reaching out to Neighborhoods: Communities and Universities Working Together,” Final Report; Morrison Institute for Public Policy, Arizona State University, Tempe, AZ; March 1998, p-34.

Mullins, Mike. Director, Hindman Settlement School. Personal interview. 25 March. 2010.

Patton, Paul. Former Governor of Kentucky and President of Pikeville College. Multiple interviews and project planning discussions. 2010.

Pogatshnik, Gerald. Associate VP for Research and Dean of the Graduate School, Eastern Kentucky University. Personal interview. 18 March. 2010.

Rutherford, Wayne. County/Judge Executive, Pike County, Ky. Personal interview. 9 June. 2010

Scrimager, Jeremy. Independent case manager. Personal interview. 29 June. 2010

Satterly, Peggy. Kentucky State Program Manager. Multiple interviews. 2010.

Thompson, Aaron. Interim Vice-President of the Council on Postsecondary Education (CPE).
Personal interview. 7 April. 2010.


Weinberg, Bill. President, Clean Gas Inc. Multiple interviews, 2010.

The Appalachian Regional Commission (ARC) has divided Appalachia into five sub-regions; Northern, North Central, Central, South Central and Southern. Within the context of this initiative, CAIRD will serve Central Appalachia (tan area in the above map), which encompasses parts of four states; Eastern Kentucky, Southern West Virginia, Southwest Virginia and parts of Northeast Tennessee.
Appendix C: County Economic Status in Appalachia, FY 2011

The above map shows the economic levels of each county in Appalachia. A majority of the at-risk and distressed counties are located in Central Appalachia, primarily in Eastern Kentucky. CAIRD will be located in the midst of those counties.
Appendix C: CAIRD Advisory Council Contact List

Dr. Aaron Thompson
1024 Capital Center Dr # 320
Frankfort, KY 40601-7512
(502) 573-1555
Aaron.thompson@ky.gov

Bill Weinberg
35 Kentucky River Rd.
Hindman, Ky. 41822
(606) 276-9065
halcyonpapa@gmail.com

Brad Parke
PO Box 638
Hindman, Ky. 41822
(606) 434-5381
Bradley_parke2@eku.edu

Dr. Bruce Ayers
700 College Road
Cumberland, Ky. 40823
Phone (606) 589-2145
Bruce.ayers@kctcs.edu

Dr. Evelyn Knight
624 Maxwellton Court
Lexington, Ky. 40506-0347
(859) 257-4852
eknight@uky.edu

Ewell Balltrip
368 N. Hwy. 27, Suite 1
Somerset, Ky. 42503
(606) 451-3440
eballtrip@thenihs.org

Dr. Gerald Pogatshnik
SSB 310, CPO 68
Richmond, Ky. 40475-3168
(859) 622-1742
jerry.pogatshnik@eku.edu

Dr. Jack Herlihy
406 Combs
Eastern Kentucky University
Richmond, Ky. 40475
(859) 622-1128
Jack.herlihy@eku.edu

Dr. Jeffery Marshall
320 University Street
Morehead, Ky. 40351-1689
(606) 783-9327
j.marshall@moreheadstate.edu

James Hurley
147 Sycamore Street
Pikeville, Ky. 41501
(606) 218-5250
jhurley@pc.edu

Jerry Johnson
1035 Tyburn Lane
Frankfort, Ky.
(502) 319-0346
jerrydjoh@hotmail.com

Jeremy Scrimger
565 East Highway 70
Eubank, Ky. 42567
(859) 979-0296
Combs5117@hotmail.com

Johnathan Gay Esq.
151 University Drive
West Liberty, Ky. 41472-2146
(606) 743-4005
jgay@kyinnovation.com

Josh Ball
167 Vanhoose Brach
River, Ky. 41254
(606) 487-3205
jball0079@kctcs.edu

Nathan Hall
(502) 468-5346
nathandavidhall@gmail.com

Peggy Satterly
1024 Capital Center Drive,
Suite 340
Frankfort, Ky. 40601
(502) 573-2382
Peggy.satterly@ky.gov

Peter Hille
CPO 2164
Berea, Ky. 40404
(859) 985-3858
Peter_hille@berea.edu

Ron Daley
1 Community College Drive
Hazard, Ky. 41701-2402
(606) 436-5721
Ron.daley@kctcs.edu

Dr. Ron Eller
1715 Patterson Office Tower
Department of History
Lexington, Ky. 40506
(859) 257-6861
ellcr@uky.edu

Hon. Wayne Rutherford
146 Main St.
Pikeville, Ky. 41501
(606) 432-6247
APPENDIX C – ARC GRANT FUNDING APPLICATION, FY 2011
CREATION AND IMPLEMENTATION OF CAIRD

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION:
   [☑] Non-Construction

2. DATE SUBMITTED: September 15, 2011

3. DATE RECEIVED BY STATE

4. DATE RECEIVED BY FEDERAL AGENCY

5. APPLICANT INFORMATION
   Legal Name: University of Pikeville
   Organizational Unit: Central Appalachian Institute for Research & Development
   Organizational DUNS: 07-886946
   Address: 147 Sycamore Street
   City: Pikeville
   County: Pike
   State: Kentucky
   Zip Code: 41501
   Country: United States

6. EMPLOYER IDENTIFICATION NUMBER (EIN):
   07667546

7. TYPE OF APPLICATION: (See back of form for Application Types)
   □ New
   □ Continuation
   □ Revision
   □ Other

8. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:
   23-0211

9. NAME OF FEDERAL AGENCY:
   Appalachian Regional Commission

10. TITLE (Name of Program):
    Central Appalachian Institute for Research & Development (CAIRD)

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
    The project will fund the implementation of CAIRD at the University of Pikeville. This will allow the recently formed CAIRD Board of Directors and the University of Pikeville to hire a CEO and begin the implementation of the provisions and recommendations of the CAIRD Business & Operation Plan.

12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):
    54 Kentucky Appalachian Counties

13. PROPOSED PROJECT
    Start Date: October 1, 2011
    Ending Date: September 30, 2012

14. CONGRESSIONAL DISTRICTS OF:
    a. Applicant
    b. Project

15. ESTIMATED FUNDING:
    a. Federal ARC $161,550
    b. Applicant $0
    c. State $0
    d. Local Univ. of Pikeville $42,000
    e. Other Eastern KY University $15,000
    f. Program Income $0
    g. TOTAL $218,550

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
    a. Yes [☑]
    b. No

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
    a. Yes □ No [☑]

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

Authorized Representative

First Name: James
Last Name: Hurley
Middle Name: L.
Suffix: 
Title: Vice President
Telephone Number: 606-218-5272
Date Signed: September 15, 2011

Standard Form 424 (Rev 9-2003)
Prescribed by OMB Circular A-102
Central Appalachian Institute for Research & Development, Inc. (CAIRD)

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<tr>
<td>Fringe Benefits</td>
<td>$38,200</td>
</tr>
<tr>
<td>Travel</td>
<td>$2,500</td>
</tr>
<tr>
<td>Equipment</td>
<td>$7,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,000</td>
</tr>
<tr>
<td>Graduate Assistant</td>
<td>$10,850</td>
</tr>
<tr>
<td>(EKU in-kind)</td>
<td></td>
</tr>
<tr>
<td>Indirect Charges</td>
<td>$15,350</td>
</tr>
<tr>
<td>University of Pikeville</td>
<td>$42,000</td>
</tr>
<tr>
<td>(in-kind)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$5,500</td>
</tr>
<tr>
<td>(IT support, accounting, data resource, furnishings)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL BUDGET</strong></td>
<td><strong>$218,550</strong></td>
</tr>
</tbody>
</table>
## BUDGET INFORMATION - Non-Construction Programs

### SECTION A - BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Grant Program Function or Activity (a)</th>
<th>Catalog of Federal Domestic Assistance Number (b)</th>
<th>Estimated Unobligated Funds</th>
<th>New or Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Federal (c)</td>
<td>Non-Federal (d)</td>
</tr>
<tr>
<td>1. ARC</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2. Univ. of Pikeville</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>3. Eastern KY Univ.</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>5. Totals</td>
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<td>$</td>
<td>$</td>
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### SECTION B - BUDGET CATEGORIES

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<thead>
<tr>
<th>Object Class Categories</th>
<th>GRANT PROGRAM, FUNCTION OR ACTIVITY</th>
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<tr>
<td></td>
<td>(1) ARC</td>
</tr>
<tr>
<td>a. Personnel</td>
<td>$91,500.00</td>
</tr>
<tr>
<td>b. Fringe Benefits</td>
<td>38,200.00</td>
</tr>
<tr>
<td>c. Travel</td>
<td>2,500.00</td>
</tr>
<tr>
<td>d. Equipment</td>
<td>7,500.00</td>
</tr>
<tr>
<td>e. Supplies</td>
<td>1,000.00</td>
</tr>
<tr>
<td>f. Contractual</td>
<td>$0.00</td>
</tr>
<tr>
<td>g. Construction</td>
<td>$0.00</td>
</tr>
<tr>
<td>h. Other</td>
<td>5,500.00</td>
</tr>
<tr>
<td>i. Total Direct Charges (sum of 6a-6h)</td>
<td>146,200.00</td>
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<tr>
<td>j. Indirect Charges</td>
<td>15,350.00</td>
</tr>
<tr>
<td>k. TOTALS (sum of 6i and 6j)</td>
<td>$161,550.00</td>
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7. Program Income                      | $                                   | $                            | $                    | $0.00                | $          |
PROJECT SUMMARY

Project Title: Central Appalachian Institute for Research & Development (CAIRD)

Project Grantee: University of Pikeville

County(ies) Served: 54 Kentucky Appalachian Counties

Basic Agency: Appalachian Regional Commission

Goal/Strategy:

GOAL 1: Increase job opportunities and per capita income in Appalachian to reach parity with the nation.

GOAL 2: Strengthen the capacity of the people of Appalachia to compete in the global economy.

GOAL 3: Develop and improve Appalachia’s infrastructure to make the region economically competitive.

Purpose: To launch the Central Appalachian Institute for Research & Development (CAIRD), in accordance with provisions and recommendations set forth in the CAIRD Business & Operations Plan completed in 2010, to serve as a regional public policy research & development institute at the University of Pikeville.

Fundings:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>ARC</td>
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<td>74</td>
<td>ARC</td>
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<tr>
<td>In-Kind – Pikeville</td>
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<td>19</td>
<td>Private</td>
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<tr>
<td>In-Kind – EKU</td>
<td>$15,000</td>
<td>7</td>
<td>Public</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$218,550</strong></td>
<td><strong>100%</strong></td>
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Central Appalachian Institute for Research & Development, Inc. (CAIRD)

<table>
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<tr>
<td>Chief Executive Office</td>
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<td>(40 hours per week)</td>
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<tr>
<td>Executive Secretary</td>
<td>$22,500</td>
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<tr>
<td>(40 hours per week)</td>
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<tr>
<td>Operations Specialist</td>
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<td>(EKU in-kind)</td>
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<tr>
<td>Fringe Benefits</td>
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<td>(In-kind)</td>
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<tr>
<td>Other</td>
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<tr>
<td>(IT support, accounting, data resource, furnishings)</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL BUDGET**  **$218,550**
PROJECT SUMMARY

Project Title: Central Appalachian Institute for Research & Development (CAIRD)

Project Grantee: University of Pikeville

County(ies) Served: 54 Kentucky Appalachian Counties

Basic Agency: Appalachian Regional Commission

Goal/Strategy:
- **GOAL 1:** Increase job opportunities and per capita income in Appalachian to reach parity with the nation.
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<th>%</th>
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<td>ARC</td>
</tr>
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<td>In-Kind – Pikeville</td>
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<td>Private</td>
</tr>
<tr>
<td>In-Kind – EKU</td>
<td>$15,000</td>
<td>7</td>
<td>Public</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$218,550</strong></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: 
   - Construction
   - Non-Construction

2. DATE SUBMITTED
   - Pre-application
   - Construction

3. DATE RECEIVED BY STATE
   - State Application Identifier

4. DATE RECEIVED BY FEDERAL AGENCY
   - Federal Identifier

5. APPLICANT INFORMATION

   - Legal Name: University of Pikeville
   - Organizational Unit: Central Appalachian Institute for Research & Development
   - Organizational DUNS: 07697546
   - Address: 147 Sycamore Street
   - City: Pikeville
   - County: Pike
   - State: Kentucky
   - Zip Code: 41501
   - United States
   - Prefix: Mr.
   - First Name: James
   - Last Name: Hurley
   - Email: jhurley@upike.edu

6. EMPLOYER IDENTIFICATION NUMBER (EIN):

7. TYPE OF APPLICATION:
   - New
   - Continuation
   - Revision
   - Other (specify)

8. TYPE OF APPLICANT:
   - Non-Profit
   - For Profit
   - Other (specify)

9. NAME OF FEDERAL AGENCY:
   - Appalachian Regional Commission

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
   - Central Appalachian Institute for Research & Development

12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):
   - 54 Kentucky Appalachian Counties

13. PROPOSED PROJECT
   - Start Date: October 1, 2012
   - Ending Date: September 30, 2013

14. CONGRESSIONAL DISTRICTS OF:
   - Applicant
   - Project
   - District: Fifth

15. ESTIMATED FUNDING:
   - a. Federal
   - $ 00
   - b. Applicant
   - $ 00
   - c. State
   - $ 00
   - d. Local
   - Unit of Pikeville
   - $ 00
   - e. Other
   - Eastern KY University
   - $ 00
   - f. Program Income
   - $ 00
   - g. TOTAL
   - $ 00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
   - a. Yes
   - b. No
   - c. PROGRAM IS NOT COVERED BY E. O. 12372
   - OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
   - a. Yes
   - b. No
   - c. Total
   - $ 00

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

   - Authorized Representative
   - Prefix: Mr.
   - First Name: James
   - Middle Name: L.
   - Last Name: Hurley
   - Title: Vice President
   - c. Telephone Number (give area code)
   - 606-218-5272
   - d. Date Signed
Public reporting burden for this collection of information is estimated to average 45 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

This is a standard form used by applicants as a required face sheet for pre-applications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

<table>
<thead>
<tr>
<th>Item</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Select Type of Submission.</td>
</tr>
<tr>
<td>2.</td>
<td>Date application submitted to Federal agency (or State if applicable) and applicant's control number (if applicable).</td>
</tr>
<tr>
<td>3.</td>
<td>State use only (if applicable).</td>
</tr>
<tr>
<td>4.</td>
<td>Enter Date Received by Federal Agency. Federal identifier number: If this application is a continuation or revision to an existing award, enter the present Federal identifier number. If for a new project, leave blank.</td>
</tr>
<tr>
<td>5.</td>
<td>Enter legal name of applicant, name of primary organizational unit (including division, if applicable), which will undertake the assistance activity, enter the organization's DUNS number (received from Dun and Bradstreet), enter the complete address of the applicant (including country), and name, telephone number, e-mail and fax of the person to contact on matters related to this application.</td>
</tr>
<tr>
<td>6.</td>
<td>Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service.</td>
</tr>
<tr>
<td>7.</td>
<td>Select the appropriate letter in the space provided.</td>
</tr>
<tr>
<td>8.</td>
<td>Select the type from the following list:</td>
</tr>
<tr>
<td>9.</td>
<td>Name of Federal agency from which assistance is being requested with this application.</td>
</tr>
<tr>
<td>10.</td>
<td>Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested.</td>
</tr>
</tbody>
</table>

Item: Date application submitted to Federal agency (or State if applicable) and applicant's control number (if applicable). Entry:

12. List only the largest political entities affected (e.g., State, counties, cities).
13. Enter the proposed start date and end date of the project.
14. List the applicant's Congressional District and any District(s) affected by the program or project.
15. Amount requested or to be contributed during the first funding/budget period for a project with a projected completion date.
16. Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process.
17. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.
18. To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)
For GOLD Use Only If a Project involves Water or Sewer Activities

<table>
<thead>
<tr>
<th>Year</th>
<th>WRIS Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
</tr>
</tbody>
</table>

**PROJECT TITLE:** Central Appalachian Institute for Research and Development (CAIRD)

**PROJECT ADDRESS/LOCATION:** 147 Sycamore St., Pikeville, KY 41501

**APPLICANT**

<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
<th>Telephone Number</th>
<th>E-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor Paul Patton</td>
<td>CAIRD</td>
<td>(606) 213-3002</td>
<td><a href="mailto:jhurley@pc.edu">jhurley@pc.edu</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Street or P. O. Box</th>
<th>City</th>
<th>County</th>
<th>State</th>
<th>ZIP Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>147 Sycamore St.</td>
<td>Pikeville</td>
<td>Pike</td>
<td>KY</td>
<td>41501</td>
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</table>

**CONTACT PERSON**

<table>
<thead>
<tr>
<th>Name</th>
<th>Firm/Agency</th>
<th>Telephone Number</th>
<th>E-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Patton</td>
<td>Pikeville College</td>
<td>(606) 218-5261</td>
<td><a href="mailto:jhurley@pc.edu">jhurley@pc.edu</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Street or P. O. Box</th>
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<th>County</th>
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<th>ZIP Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>147 Sycamore St.</td>
<td>Pikeville</td>
<td>Pike</td>
<td>KY</td>
<td>41501</td>
</tr>
</tbody>
</table>

**LIST OF COUNTIES TO BE SERVED**

Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe

**Number of Clients Served**

1,160,627 *See attached page

**Project Period**

From: July 2011 To: June 2014

<table>
<thead>
<tr>
<th>Congressional District 1&lt;sup&gt;st&lt;/sup&gt;, 2&lt;sup&gt;nd&lt;/sup&gt;, 4&lt;sup&gt;th&lt;/sup&gt;, 5&lt;sup&gt;th&lt;/sup&gt;, 6&lt;sup&gt;th&lt;/sup&gt;</th>
<th>Area Development District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky River, Big Sandy, Lake Cumberland, Cumberland Valley, FIVCO, Gateway, Bluegrass</td>
<td></td>
</tr>
</tbody>
</table>
* The initial project area is Appalachian Kentucky, 54 of the Commonwealth’s 120 counties, with a total population of 1,160,627. The project area also includes all or parts of five of the state’s six Congressional Districts. Although the scope of this project is limited to Kentucky’s Appalachian counties, we would hope that eventually the Appalachian counties in West Virginia, Virginia and Tennessee would join in a four-state collaborative effort.

While Kentucky’s transitional and at-risk counties are included in the project, the focus of the project will be on Kentucky’s 48 distressed counties, unfortunately, the largest group of distressed counties of any Appalachian state, with a population of 714,403. Locating CAIRD in Pikeville, KY, in the center of Kentucky’s distressed counties, will be helpful in implementing strategies to move counties out of the distressed category.

We have listed the population of the 54 Appalachian counties as the “clients to be served” by this project, since the idea driving the Central Appalachian Institute for Research and Development (CAIRD) is to provide the Central Appalachian Region and its counties with the educational research and development resources that are currently lacking, due to the absence of any comprehensive research university in the region. The “Educational Resource Network” that CAIRD anticipates forming will establish collaborative partnerships with Kentucky’s two primary research institutions, the University of Kentucky and the University of Louisville; with the region’s primary post-secondary institutions, Eastern Kentucky University, Moorehead State University and the KCTCS Community College system in the region; and the region’s primary private institutions, Berea College, Pikeville College, Alice Lloyd College, Union College, Cumberland College and others. Through these collaborative partnerships, CAIRD will serve the entire population of the 54 counties by providing consistent access to the academic and knowledge assets available through these institutions.
BRIEF DESCRIPTION OF PROJECT (Attach a separate sheet if necessary)

We are requesting funding for the implementation of the Central Appalachian Institute for Research & Development (CAIRD). This funding will enable us to take action on the recommendations set forth in the CAIRD Business and Operations Plan that was funded in FY 2010. This Business and Operations Plan is attached as Attachment A. CAIRD is a non-profit policy organization designed to employ knowledge and long-term educational strategies as tools to aid in removing the bottlenecks that have hindered development throughout Central Appalachia. CAIRD will achieve this by establishing a “Resource Network” of collaborative partnerships of public and private post-secondary institutions benefiting Central Appalachia and establishing a system to utilize the knowledge of students within these institutions through Internship and Fellowship Programs and other means. This will enable CAIRD to channel the expertise of their partnerships through educational collaborative efforts and will provide the intellectual capacity that has been absent in Central Appalachia, due in part to the absence of a research university in the region. To aid the network, CAIRD will develop a data resource center for Central Appalachia by inventorying basic and applied research and other resources available throughout the area. CAIRD will focus on attracting young professionals to the region through the development of Internship, Fellowship and other programs for undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct educational or entrepreneurial activities at Pikeville College, CAIRD’s headquarters.

ARC STRATEGIC GOAL(S) ADDRESSED

Goal 1: Increase job opportunities and per capita income in Appalachia to reach parity with the nation.

CAIRD’s Internship and Fellowship Programs will focus on attracting young professionals to the region to facilitate an entrepreneurial spirit through a business incubator. The business incubator will be a catalyst diversifying the region’s economy through the innovative ideas spurred through the Interns and Fellows, along with the full and part-times staff working at CAIRD. Additionally, the “CAIRD Resource Network” will be a catalyst to facilitate new applied research, educational and development strategies for the region.

Goal 2: Strengthen the capacity of the people of Appalachia to compete in the global economy.

The “CAIRD Resource Network,” comprised of participating Central Appalachian colleges and universities will enable CAIRD to facilitate applied research and development aimed at creating new, innovative strategies that will enhance the quality of life for the region through educational networks working to remove the bottlenecks that have hindered development in the region.

Goal 3: Develop and improve Appalachia’s infrastructure to make the region economically competitive.

CAIRD will enable local governments, non-profit organizations and the business community of Central Appalachia to have access to the knowledge resources comparable to that of a major comprehensive research university. This cooperative educational research network is to be located at Pikeville College, CAIRD’s headquarters. CAIRD will contribute to the region’s economic vitality through collaborative educational partnerships and multiple research and development initiatives undertaken through the Institute each year.
CAIRD is a non-profit policy organization designed to employ knowledge and long-term strategies as tools to aid in removing the bottlenecks that have hindered development throughout Central Appalachia. CAIRD will achieve this by establishing a "Resource Network" of public and private post-secondary institutions throughout Central Appalachia. It is anticipated that initial participation in the network would include around twelve to fifteen public and private post-secondary educational institutions throughout Kentucky. Through the Educational Resource Network, CAIRD will establish collaborative partnerships with all of Kentucky's post-secondary institutions impacting Kentucky's Appalachian region. Through these Appalachian partnerships Kentucky will serve Appalachian Kentucky by providing consistent access to the educational, academic and knowledge assets available through these institutions. This will enable CAIRD to channel the expertise of their faculty through educational partnerships and provide the intellectual capacity that has been absent in Central Appalachia, due in part to the absence of a research university in the region. To aid the network, CAIRD will develop a data resource center for Central Appalachia by inventorying basic and applied research and other resources available throughout the area. Finally, CAIRD will focus on attracting young professionals to the region through the development of Internship, Fellowship and other programs for undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct research at CAIRD's headquarters. CAIRD will attract at least ten Interns and Fellows during each of the three years during start-up for CAIRD, for which we are requesting funding.
## FINANCING

Include all funding amounts and sources. Please complete all appropriate columns and specify whether funds are Approved, Pending, or currently under Negotiation.

<table>
<thead>
<tr>
<th>Source</th>
<th>Planning &amp; Operations</th>
<th>Total</th>
<th>Percent</th>
<th>Status of Funds</th>
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<td>$220,543</td>
<td>$150,000</td>
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<td>Local</td>
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<tr>
<td>In-Kind – Pikeville</td>
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</table>

**FEDERAL AGENCY TO ADMINISTER THE ARC GRANT (list agency and status of application)**

*Other Fund totals reflect anticipated private donations once CAIRD has hired a CEO and has become operational.

**Above totals are reflective of a three-year grant from ARC during the implementation period of CAIRD. During this time, ARC will be the primary source of revenue, until direct support is phased out in FY 2014 and other sources of revenue are secured. Please review Chapters VII, VIII and IX of the CAIRD Business and Operations Plan attached to this application, which details the funding and sustainability plans for CAIRD.

***See attached page for calculation of matching percentage required.

## NAME AND SIGNATURE OF AUTHORIZED REPRESENTATIVE.

------------------------
Signature, Chief Executive Officer
Paul E. Patton
Name Typed

------------------------
President
Title
Date
1. **Project Name and Address.** Provide the official name of the project, its address and location.

2. **Project Sponsor Name and Address.** Provide the name, address, telephone/fax numbers, and email address of the organization or agency sponsoring the project, if different from the project name and address.

3. **Contact Person.** Provide the name, address, telephone/fax numbers, and email address of the individual to be contacted should questions arise regarding the proposed project or grant pre-application.

4. **Counties Served by Project.** List the counties to be served by the project.

5. **Number of Clients Served by the Project.** Give the expected number of clients whom the project will serve. List only the number that will be directly served by the project.

6. **Congressional District(s).** List the District(s) impacted by the project.

7. **Area Development District(s).** List the Area Development District(s) in which the project is located.

8. **Project Period.** List the proposed beginning and ending dates for the project.

9. **Funding.** Define the total project budget. Break down the budget by funding source and the expected use of the funds (planning and operations, construction, etc.) and status of availability.

   **Funding Sources:**
   - ARC—the requested dollar amount of ARC funds.
   - State—indicate the amount of state government funds (KIA, etc.).
   - Local—include any local cash being committed, including fees/charges, loans, etc.
   - In-Kind—provide an estimate of any in-kind funds being committed (donated time, office space, equipment, etc.).
   - Other Federal—(USDA Rural Development, CDBG, EDA, US Corps of Engineers, etc.) Please list other sources of federal funding, the amount expected, and status of availability.
   - Other—list private funds, etc.
   - Total—include totals and percentages.

10. **Project Description.** Describe the project and what it will accomplish; e.g., the extension of a sewer line to an industrial park to support industrial expansion that will create 50 new jobs or the purchase of specific kinds of equipment by an educational facility to provide job training for 60 people annually. Please provide details relative to how the project will impact the community or region in creation or retention of jobs or by contributing to establishment of sustainable economic development in the project benefit area.
11. **ARC Strategic Goal Addressed.** List the ARC Strategic Goal addressed by the project.

**ARC Goals:**
- **GOAL 1:** Increase job opportunities and per capita income in Appalachia to reach parity with the nation.
- **GOAL 2:** Strengthen the capacity of the people of Appalachia to compete in the global economy.
- **GOAL 3:** Develop and improve Appalachia's infrastructure to make the region economically competitive.
- **GOAL 4:** Build the Appalachian Development Highway System to reduce Appalachia's isolation.

12. **Project Benefits.** Describe project benefits including members served: e.g. water/sewer customers, persons/clients, families, schools, school districts, businesses/industries, housing units produced or the amount of private investment attracted.

13. **Federal Basic Agency to Administer the ARC Grant.** Identify the federal grant-in-aid authority under which the project grant is to be awarded and administered. Also specify whether or not a pre-application or application has already been filed with the identified basic funding agency.

14. **Submission of Pre-Applications.** An original and one copy should be submitted to the Department for Local Government, Office of Federal Grants at the following address. Contact information for assistance with the application process is listed below:

**APPALACHIAN REGIONAL COMMISSION**
Department for Local Government
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
Contact: Peggy Satterly (502) 573-2382 Extension 250 or
Email Addresses: peggy.satterly@ky.gov
# PROJECT ANNOUNCEMENT

**Subject:** Central Appalachian Institute for Research & Development (CAIRD)  
ARC Project Number: KY-16439-CI-302-11

**Grantee:** University of Pikeville  
Pikeville, KY

**Local Contact:**

**Congressional District(s):** 5, 4, 6, 1, 2

**Funding:**

<table>
<thead>
<tr>
<th></th>
<th>ARC</th>
<th>$161,550</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>57,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$218,550</strong></td>
</tr>
</tbody>
</table>

WASHINGTON, D.C.- The Appalachian Regional Commission announced today approval of a grant in the amount of $161,550 to the University of Pikeville for the Central Appalachian Institute for Research & Development (CAIRD). A new institute directly addressing persistent poverty in central Appalachia will be developed.

Based on the business plan developed under a previous grant, a recently formed board of directors will develop the Central Appalachian Institute for Research and Development (CAIRD). An executive director will be selected via a competitive process to coordinate and facilitate the work of institutions of higher education in the central Appalachian region. CAIRD will conduct research into local and regional economies and other factors and assist local communities and others in developing plans to reduce and eventually eliminate poverty. By having all institutions participating in a single entity, CAIRD, will facilitate the sharing of data and expertise as well as eliminate duplication of efforts.

In addition to ARC funds, local sources will provide $57,000, bringing the total project funding to $218,550.

**Date Approved:** 9/26/2011
Grant Agreement
Between
Appalachian Regional Commission
and
University of Pikeville

ARC Contract Number: KY-16439-C1

Project Title: Central Appalachian Institute for Research & Development (CAIRD)

Grantee: University of Pikeville
147 Sycamore Street
Pikeville, Kentucky 41501

Grantee's EIN: 61-1173342
Project Director: James Hurley
Telephone Number: 606-218-5272

ARC Project Coordinator:
Jeffrey Schwartz
Telephone Number: 202-884-7721
Fax Number: 202-884-7691

State Administration/Liaison Officer:
Peggy Satterly / 502-573-2382

Part I - Special Provisions

1. Statement of Purpose - Incorporation of Proposal. This agreement implements a grant made under the authorities of Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, to provide support for the formation of the Central Appalachian Institute for Research and Development. Based on the business plan developed under a previous grant, a recently formed board of directors will develop the Central Appalachian Institute for Research and Development (CAIRD). An executive director will be selected via a competitive process to coordinate and facilitate the work of institutions of higher education in the central Appalachian region.

This project shall be carried out in general accord with Grantee's proposal, received at ARC on September 2, 2011. Grantee's proposal is incorporated by this reference as Supplement A to Part I. To the extent the Articles of this grant agreement conflict with the incorporated proposal, the Articles shall control.

2. Order of Precedence. This grant agreement is subject to the provisions of the ARDA, the ARC Code and Project Guidelines, the Special Provisions (Part I), the attached Grant Agreement: General Provisions (Part II), the attached Grant Administration Manual, and any incorporated Supplements. Any conflict among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed above.

3. Reports. A progress report for each 120-day period and a final report are required under this agreement (see Part II, Article 4).
4. **Consideration and Method of Payment.**

A. **Total.** For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed $161,550 of actual, reasonable and eligible project costs. Grantee shall pay, or cause to be paid, the non-ARC share of $57,000 in cash, contributed services, or in-kind contributions as approved by ARC.

B. **Method.** Progress and advance payments not to exceed 90% of total ARC-approved funds are authorized under this agreement. Upon Grantee’s satisfactory completion of the Agreement, Grantee shall receive any balance of funds which may be due under this agreement (see Part II, Article 11).

5. **Budget.** Costs will be determined in general accord with the budget included in the Grantee’s incorporated proposal, subject to the terms of this Grant Agreement and to pertinent ARC Code Provisions.

6. **Period of Performance.** The grant period of performance shall be October 1, 2011 through September 30, 2012.

Charles S. Howard
General Counsel

[Signature]

9.26.11

Date

[Signature]

Grantee’s Authorized Representative

9.27.11

Date
To: Earl F. Gohl, Federal Co-Chair

Subject: Central Appalachian Institute for Research & Development (CAIRD) KY-16439-C1-302-11

Grantee: University of Pikeville
Pikeville, Kentucky

County: Distressed: 42
At Risk: 7
Transitional: 5

Goal: ARC Goal 1, Objective 3. State Strategy 1.2.6: Kentucky will develop research and development capacity along with technical assistance capacity to provide much needed technical assistance services to communities within the Central Appalachian Region.

Purpose: To provide support for the formation of the Central Appalachia Institute for Research and Development.

Funding:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Match</th>
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<td>Local</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$218,550</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Match is cash and in-kind from partnering institutions.

Description

Based on the business plan developed under a previous grant, a recently formed board of directors will develop the Central Appalachian Institute for Research and Development (CAIRD). An executive director will be selected via a competitive process to coordinate and facilitate the work of institutions of higher education in the central Appalachian region. CAIRD will conduct research into local and regional economies and other factors and assist local communities and others in developing plans to reduce and eventually eliminate poverty. By having all institutions participating in a single entity, CAIRD, will facilitate the sharing of data and expertise as well as eliminate duplication of efforts.

Rationale/Benefits:

- The lack of a regionally based research institution with academic assets has contributed to slower economic growth in Central Appalachia.
Performance Measurements:

Outputs:
- One new program will be developed as a result of this grant.

This project will have a primary impact on distressed counties and areas. The period of performance is from October 1, 2011 to September 30, 2012. The project is consistent with the ARC Act and Code and is recommended for funding.

RECOMMENDED:

Thomas M. Hunter
Executive Director

APPROVED:

Earl F. Gohl
Federal Co-Chair
9/26/2011

Date Approved
**APPLICATION FOR FEDERAL ASSISTANCE**

<table>
<thead>
<tr>
<th>2. DATE SUBMITTED</th>
<th>August 3, 2012</th>
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<tr>
<td>3. DATE RECEIVED BY STATE</td>
<td></td>
</tr>
<tr>
<td>4. DATE RECEIVED BY FEDERAL AGENCY</td>
<td></td>
</tr>
</tbody>
</table>

**5. APPLICANT INFORMATION**

- **Legal Name:** University of Pikeville Central Appalachian Institute for Research & Development
- **Address:** 147 Sycamore Street, Pikeville, KY 41501
- **Name and telephone number of person to be contacted on matters involving this application:** Jason Belcher (606) 218-5182

**6. EMPLOYER IDENTIFICATION NUMBER (EIN):**

- 61-0444788

**7. TYPE OF APPLICANT:**

- N. Non-Profit

**8. TYPE OF APPLICATION:**

- New
- Continuation
- Revision

**9. NAME OF FEDERAL AGENCY:**

- Appalachian Regional Commission

**10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:**

- 23-011

**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:**

- This funding will aid in the full implementation of CAIRD at the University of Pikeville. With direction from the CEO and CAIRD Board of Directors this continuation will aid in full implementation of the provisions and recommendation of the Business and Operations Plan.

**12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):**

- 54 Kentucky Appalachian Counties

**13. PROPOSED PROJECT**

<table>
<thead>
<tr>
<th>Start Date</th>
<th>Ending Date</th>
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<td>10/1/12</td>
<td>9/30/13</td>
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**14. CONGRESSIONAL DISTRICTS OF:**

- a. Applicant
- b. Project

**15. ESTIMATED FUNDING:**

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<th>Type of Funding</th>
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<td>Applicant</td>
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<td>State</td>
<td>$90</td>
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<td>Local Eastern Kentucky University</td>
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<td>Other private funding</td>
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<td>Program Income</td>
<td>$90</td>
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<tr>
<td>TOTAL</td>
<td>$309,543</td>
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</tbody>
</table>

**16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?**

- a. Yes
- b. No

**17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?**

- Yes
- No

**18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.**

<table>
<thead>
<tr>
<th>a. Type Name of Authorized Representative</th>
<th>b. Title</th>
<th>c. Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason Belcher</td>
<td>CEO, CAIRD</td>
<td>(606) 218-5182</td>
</tr>
</tbody>
</table>

**Authorized for Local Reproduction**

Standard Form 424 (Rev. 7-97)

Prescribed by OMB Circular A-102
INSTRUCTIONS FOR THE SF-424

Public reporting burden for this collection of information is estimated to average 45 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

<table>
<thead>
<tr>
<th>Item</th>
<th>Entry</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Self-explanatory.</td>
</tr>
<tr>
<td>2.</td>
<td>Date application submitted to Federal agency (or State if applicable) and applicant's control number (if applicable).</td>
</tr>
<tr>
<td>3.</td>
<td>State use only (if applicable).</td>
</tr>
<tr>
<td>4.</td>
<td>If this application is to continue or revise an existing award, enter present Federal Identifier number. If for a new project, leave blank.</td>
</tr>
<tr>
<td>5.</td>
<td>Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application.</td>
</tr>
<tr>
<td>6.</td>
<td>Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service.</td>
</tr>
<tr>
<td>7.</td>
<td>Enter the appropriate letter in the space provided.</td>
</tr>
<tr>
<td>8.</td>
<td>Check appropriate box and enter appropriate letter(s) in the space(s) provided:</td>
</tr>
<tr>
<td></td>
<td>- &quot;New&quot; means a new assistance award.</td>
</tr>
<tr>
<td></td>
<td>- &quot;Continuation&quot; means an extension for an additional funding/budget period for a project with a projected completion date.</td>
</tr>
<tr>
<td></td>
<td>- &quot;Revision&quot; means any change in the Federal Government's financial obligation or contingent liability from an existing obligation.</td>
</tr>
<tr>
<td>9.</td>
<td>Name of Federal agency from which assistance is being requested with this application.</td>
</tr>
<tr>
<td>10.</td>
<td>Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested.</td>
</tr>
<tr>
<td>11.</td>
<td>Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project.</td>
</tr>
<tr>
<td>12.</td>
<td>List only the largest political entities affected (e.g., State, counties, cities).</td>
</tr>
<tr>
<td>14.</td>
<td>List the applicant's Congressional District and any District(s) affected by the program or project.</td>
</tr>
<tr>
<td>15.</td>
<td>Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15.</td>
</tr>
<tr>
<td>16.</td>
<td>Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process.</td>
</tr>
<tr>
<td>17.</td>
<td>This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.</td>
</tr>
<tr>
<td>18.</td>
<td>To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)</td>
</tr>
</tbody>
</table>

SF-424 (Rev. 7-97) Back
PROJECT SUMMARY

Project Title: Central Appalachian Institute for Research & Development (CAIRD)

Project Grantee: University of Pikeville

County(ies) Served: 54 Kentucky Appalachian Counties

Basic Agency: Appalachian Regional Commission

Goal/Strategy:

GOAL 1: Increase job opportunities and per capita income in Appalachian to reach parity with the nation.

GOAL 2: Strengthen the capacity of the people of Appalachia to compete in the global economy.

GOAL 3: Develop and improve Appalachia’s infrastructure to make the region economically competitive.

Purpose:

To launch the Central Appalachian Institute for Research & Development (CAIRD), in accordance with provisions and recommendations set forth in the CAIRD Business & Operations Plan completed in 2010, to serve as a regional public policy research & development institute at the University of Pikeville.

Fundings:

<table>
<thead>
<tr>
<th>Source</th>
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<td>In-Kind – Pikeville</td>
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<tr>
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<td></td>
</tr>
</tbody>
</table>
Description:

The proposed grant will fund the implementation of the Central Appalachian Institute for Research & Development (CAIRD) at the University of Pikeville in Pikeville, Ky. This funding will allow the recently formed CAIRD Board of Directors and the newly hired Chief Executive Officer (CEO) to implement the provisions and recommendations of the CAIRD Business & Operations Plan, "Attachment A" to this application.

Rationale:

The Institute will assist with research & development initiatives aimed at alleviating systemic development problems in Central Appalachia that stem, in part, from the absence of a comprehensive research university and the knowledge resources such an institution provides. The lack of a region-based research institution with its academic assets has contributed to slower economic, civic and governmental progress in Central Appalachia especially Appalachian Kentucky. The University of Pikeville, located in the heart of Central Appalachia, amongst the highest concentration of distressed counties in the Appalachian region, has uniquely positioned CAIRD at a progressive academic institution located in an area where it can fill this void.

Benefits:

CAIRD is a non-profit policy organization designed to employ knowledge and long-term strategies as tools to aid in removing the bottlenecks that have hindered economic progress throughout Central Appalachia but especially in eastern Kentucky. Development in Appalachian Kentucky has been stagnant, even while the Appalachian portions of neighboring states have shown much greater development – See "Attachment B"
Lexington Herald-Leader editorial, May 15, 2011, "What is the future for E. Ky. Region?"

CAIRD will establish a "Resource Network" of public and private post-secondary institutions serving eastern Kentucky and Central Appalachia. Initial participation in the network has included twelve public and private post-secondary educational institutions throughout Kentucky. Eventually, we expect post-secondary educational institutions from other Central Appalachian states to join the network after it is established in Kentucky. Through the Educational Resource Network, CAIRD will create collaborative partnerships with all of Kentucky's post-secondary institutions impacting Kentucky's Appalachian region that wish to participate. These partnerships will provide Appalachian Kentucky with consistent access to the educational, academic and knowledge assets available through these schools. Although all institutions in Central Appalachia may not choose to participate in the "CAIRD Resource Network," all will be invited to do so. These institutions include, Alice Lloyd College, Berea College, Union College, University of the Cumberlands, Lincoln Memorial University, Appalachian State University, East Tennessee State University, Lindsey Wilson College, regional Kentucky Community and Technical College System (KCTCS) campuses, Eastern Kentucky University, Morehead State University, the University of Kentucky, the University of Pikeville, and the University of Louisville. Eastern Kentucky University, Morehead State, the University of Kentucky, the University of Louisville and the President of one of the KCTCS campuses are already represented on the CAIRD Board of Directors.

To aid the network, CAIRD will develop a "Data Resource Center" by inventorying basic and applied research available throughout the Region. Finally, CAIRD will focus on attracting young professionals to the region through the development of internship, fellowship and other programs for
CREATION AND IMPLEMENTATION OF CAIRD

undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct research at CAIRD’s headquarters. CAIRD will attract at least five Interns and Fellows during the first year of its implementation, for which we are currently requesting funding. It is CAIRD’s vision that these young professionals will create a synergy of creative and innovative ideas in the region, which should result in economic, educational and social capital spinoffs.

**Performance Measurement:**

Outputs: Establishing the Central Appalachian Institute for Research & Development at the University of Pikeville.

Outcomes: Establish the Educational Resource Network creating collaborative partnerships between CAIRD and multiple public and private post-secondary institutions, including the state’s two major research universities, the two major regional universities and the community and technical colleges in eastern Kentucky.

Implement the provisions set forth in the CAIRD Business and Operations Plan by soliciting Request for Proposals at participating academic institutions for applied research & development initiatives designed to answer difficult questions hindering development in eastern Kentucky. The first such RFP will center on answering the question of why eastern Kentucky has 74% of its Appalachian counties listed as distressed counties, while in neighboring Virginia none of its Appalachian counties are classified as economically distressed.

Mobilize support among eastern Kentucky County-Judge Executives for the use of multi-county severance tax funds to help support CAIRD’s operations and begin establishing a plan for private business financial support.
Begin development of a "Data Resource Center" inventorying basic and applied research available and being undertaken by researchers that relates to priority systemic problems identified by CAIRD's Board of Directors and staff.

Attract from participating post-secondary institutions contacts at least five interns and fellows that will address systemic economic problems or pursue entrepreneurial activities as temporary staff for CAIRD.
PROJECT NARRATIVE

CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH & DEVELOPMENT (CAIRD)

In 2009, the Appalachian Regional Commission funded a grant administered by the East Kentucky Leadership Foundation, Inc., to develop a Business & Operations Plan that would provide a strategic framework for the implementation of the Central Appalachian Institute for Research & Development (CAIRD) in eastern Kentucky, and eventually, Central Appalachia.

During this planning process widespread and enthusiastic support was gathered from numerous public, private and non-profit organizations, including approximately twelve to fifteen public and private post-secondary institutions in Kentucky. The University of Pikeville, now under the leadership of former Kentucky Governor Paul Patton, agreed to take ownership of CAIRD and provide office space, utilities and administrative support to the Institute on an in-kind basis. In 2012, the board of directors hired an executive assistant and CEO who have begun implementing the provisions of the Business Operations Plan.

In May 2012 CAIRD hosted a kick-off conference which attracted the attention and participation of attendees from across Central Appalachia including: University of Kentucky’s Appalachian Center & Center for Applied Energy Research, Morehead State University’s Center for Regional Engagement, Eastern Kentucky University’s Educational Extension Agents, Brushy Fork Institute at Berea College, Lincoln Memorial University School of Business, Mountain Association of Community Economic Development, Appalachian Area Development Districts from Kentucky River, Cumberland Valley, and Big Sandy districts; Appalachian Legal Defense Fund, Eastern Kentucky Concentrated Employment Program, Hindman Settlement School, the Foundation for Appalachian Kentucky, former Kentucky Governor Paul Patton, the University of Pikeville, the Kentucky Science and Technology Corporation, the Kentucky Cabinet for Economic Development, the Kentucky Department of Local Government. The President of the University of Louisville, the director of the Regional Research Institute at West Virginia University, and the President of the Kentucky Community and Technical College System individually signaled their willingness to partner with CAIRD but due to scheduling conflicts were unable to attend the kick-off conference. The conference established the initial foundation
for CAIRD’s Resource Network by generating buy-in from regional partners and new connections with CAIRD.

CAIRD’s CEO also organized and led a half-day discussion panel at the Eastern Kentucky Leadership Foundation’s Annual Conference. The three panelists were: former Kentucky Lt. Governor Daniel Mongiardo, MD, Dr. James Ziliak, Director of the Poverty Research Center at the University of Kentucky, and Johnathan Gay, Esq., Director of the Morehead State University Center for Innovation. The topic of discussion centered on the question of why Eastern Kentucky has so many economically distressed counties compared to its neighbors in Central Appalachia. Audience members included local community, civic, business, and academic leaders from across Eastern Kentucky. The inputs and content of the panel presentation shaped CAIRD’s first major research study entitled “Distressed Counties in Eastern Kentucky: Why Are We Behind?” which is set for completion by November 2012. The topic was submitted to the Mid Southern Educational Resource Association for presentation at their annual conference in Lexington, KY. CAIRD’s research program is designed to implement initiatives and studies designed to answer difficult questions hindering economic development in Eastern Kentucky.

Through a team of four interns at Eastern Kentucky University, CAIRD has begun work on a new project entitled “Inspire Appalachia.” The purpose of Inspire Appalachia is to improve the brand of Eastern Kentucky to help attract new business to the region and increase community and civic capacity for entrepreneurship.

CAIRD has begun formal dialogues with the University of Louisville, the University of Kentucky, Eastern Kentucky University, Morehead State University, and Lincoln Memorial University to fully establish CAIRDs internship and fellowship program. The internship and fellowship programs will attract talented minds to address systemic economic problems and pursue entrepreneurial activities as temporary staff for CAIRD.

The University of Pikeville seeks $220,543 from the Appalachian Regional Commission for FY2013 to build on those successes and fully implement the provisions and strategic framework set forth in the CAIRD Business & Operations plan, completed and submitted to ARC in July of 2010. Some of the recommendations include a collaborative Educational “Resource Network” of Kentucky public and private post-secondary institutions who have already committed to
working with CAIRD on various initiatives; an Internship and Fellowship Program designed to attract and retain young, educated professionals to the region to work at and/or participate in various economic development, educational and research initiatives at CAIRD. The new CEO, working in collaboration with the CAIRD Board of Directors, will play a vital role in setting the agenda for CAIRD in its infancy.

1. Goals and Strategies

The primary ARC Goal and Objective of this project will address Goal 2: Strengthen the capacity of the people of Appalachia to compete in the global economy. More specifically, CAIRD will address Strategic Objective 2.1 which deals with fostering civic entrepreneurship. This objective states, “Appalachia needs to develop strong leaders, organizations, and communities to promote the Region’s competitiveness. Capacity-building activities that strengthen collaborative relationships among communities, agencies and individuals, that encourage innovative and achievable first steps, and that provide an increase in awareness of, and dialogue on, strategic opportunities contribute to improved community responsibility and use of resources.” CAIRD will achieve this by the establishment of the “CAIRD Educational Resource Network” which will enable post-secondary institutions to collaborate on various research & development initiatives aimed at improving development strategies for Central Appalachia. Additionally, the Internship and Fellowship Program will focus on attracting and retaining young, innovative undergraduate, graduates, post-doctoral or recent graduates to the University of Pikeville to work at CAIRD and focus on creation of new, innovative strategies for the region.

CAIRD will also address Goal 3: Develop Leaders and Strengthen Community Capacity. More specifically, CAIRD “will build partnerships to address critical issues of intermodal connections to improve access to the global markets.” CAIRD will work with leaders in local governments and non-profit organizations to help guide their development strategies by utilizing the intellectual capacity provided to eastern Kentucky and Central Appalachia by the “CAIRD Educational Resource Network.”

Finally CAIRD will address Goal 1: Increase job opportunities and per capita income in Appalachia to reach parity with the nation by providing applied research aimed at eliminating the
bottlenecks that have stymied economic development in eastern Kentucky. The first job will be
to identify and enumerate exactly what those bottlenecks are, and quantify, to the extent possible,
their relative importance.

2. Purpose, Description & Rationale

The notion that a Research & Development could provide valuable services to the Appalachian
region has been sporadically advocated for almost half a century. The concept of a Research and
Development Institute for Central Appalachia was first discussed in the region over fifty years
ago when Governor Bert T. Combs endorsed the idea of a regional think tank in 1960. The
President’s Appalachian Regional Commission (PARC), called for an Appalachian Development
Institute in 1964. President Kennedy endorsed such an effort in his meeting with the Council of
Appalachian Governors in 1963. Such an Institute was once again recommended by the
Kentucky Appalachian Commission during the latter stages of Governor Paul Patton’s
administration in 2001, but was never implemented.

Central Appalachia does not host a comprehensive research university. Kentucky’s two research
universities, the University of Kentucky and the University of Louisville, are located in
Lexington and Louisville respectively. West Virginia University, located in Morgantown, is in
Northern West Virginia. The University of Tennessee is located in Knoxville and the University
of Virginia is in Charlottesville. None of these institutions are located in Central Appalachia.

Consequently, the region does not have consistent access to the intellectual capacity
comprehensive research universities provide, nor does it have an easy vehicle for applying the
conclusions reached in research projects to policy initiatives. It is widely accepted that expertise
provided by faculty members at post-secondary institutions has a positive impact in the
surrounding community and region.

In many eastern Kentucky communities, strategies driven by applied research & development
and support by specific knowledge sets are seldom utilized. Obstacles to regional advancement
are often ignored, or simply are not known or understood, as development strategies are
designed. The outcome of these strategies has led to ineffective results. This “knowledge gap”
results in inconsistent approaches to development in eastern Kentucky. In order for Kentucky to
eradicate the conditions prevalent in the remaining at-risk and distressed counties, there must be
new approaches to old problems with a consistent and informed voice influencing long-term policy for Central Appalachia. CAIRD can provide such a voice.

The impetus for this project grew out of a number of sessions at the East Kentucky Leadership Conference over the past three years, where a number of attendees participated in open sessions discussing the need for such an institute such as CAIRD. Subsequently, the East Kentucky Leadership Foundation, Inc. was able to secure funding from ARC to develop a Business & Operations Plan to provide strategic guidance and secure ownership of CAIRD, enabling the concept to be advanced to a full-fledged plan for implementation and operations. Based upon the provisions and recommendations of that report, along with the leadership and secured in-kind contributions in place from the University of Pikeville, funds are now sought for the establishment of the Central Appalachian Institute for Research & Development.

3. Relation to Other Local/Regional Activities

The cornerstone for the CAIRD concept is building collaborative partnerships with public and private post-secondary educational institutions throughout Kentucky, along with other public, private and non-profit development organizations throughout Central Appalachia.

Regional post-secondary institutions will be both contributing to, and benefiting from, research initiatives undertaken at CAIRD. Although all institutions in Central Appalachia may not choose to participate in the “CAIRD Resource Network,” all will be invited to do so. These institutions include, Alice Lloyd College, Berea College, Union College, University of the Cumberlands, Lindsey Wilson College, regional Kentucky Community and Technical College System (KCTCS) campuses, Eastern Kentucky University, Morehead State University, Appalachian State University, East Tennessee State University, Lincoln Memorial University, the University of Kentucky, and the University of Louisville.

The private institutions, along with the KCTCS institutions, are teaching-oriented colleges that focus primarily on providing post-secondary educational opportunities to students within their service area. However, these institutions do host numerous scholars in multi-disciplinary fields who can use their expertise for the betterment of the region. CAIRD will provide an avenue for them to do so.
Eastern Kentucky University and Morehead State University are the regional comprehensive universities serving Eastern Kentucky. Each institution has expressed their commitment to participating in the “CAIRD Educational Resource Network.” Both schools indicate the best channel for communication between their institution and CAIRD is through their Centers for Regional Stewardship.¹ The University of Kentucky (UK), along with the University of Louisville (UofL), are Kentucky’s two major research institutions. Both have expressed an interest in working actively with CAIRD, and each have representatives that are members of the CAIRD Board of Directors. The President of the University of Louisville, Dr. James Ramsey, elected to serve on the CAIRD Board himself, demonstrating the importance he places on CAIRD’s mission.

Area Development Districts (ADDs) will be an important stakeholder in the identification of issues and application of the research. The Area Development Districts in Kentucky that will be working in close proximity to CAIRD include: Gateway Area Development District in Morehead, FIVCO ADD in Grayson, Big Sandy ADD in Prestonsburg, Kentucky River ADD in Hazard, Cumberland Valley ADD in London, Lake Cumberland ADD in Russell Springs and Bluegrass ADD in Lexington.


¹ The Regional Stewardship Program was established under the Council on Post-secondary Education (CPE) to promote regional and statewide economic development, livable communities, social inclusion, creative governance, and civic participation through public engagement activities initiated by comprehensive university faculty and staff. Its purpose is to link the resources and knowledge of our universities to the needs and challenges of their respective regions.
applications of various initiatives and programs. CAIRD will also establish relationships with other regional non-profit and community action organizations, local governments and school boards.

Once CAIRD is fully established at the University of Pikeville in Appalachian Kentucky, steps will be taken to include Virginia, West Virginia and Tennessee, each of whom have counties that encompass portions of Central Appalachia. Their inclusion will open the door to additional resources, including experts from their comprehensive and research institutions.

4. Geographic Area

The project area is Appalachian Kentucky, which encompasses 54 of the Commonwealth’s 120 counties. The project area also includes all or parts of five of the state’s six Congressional districts. Much of the focus will be on the 50 at-risk and distressed counties of Appalachian Kentucky, the largest concentration of impoverished counties in the Appalachian region. The location of CAIRD at the University of Pikeville, in the midst of Kentucky’s distressed counties will greatly assist the region in advancing them towards transitional and competitive economic status.

5. Benefits & Performance Measure

The output of this project will be the implementation of the Central Appalachian Institute for Research & Development (CAIRD) at the University of Pikeville based upon the recommendations set forth in the CAIRD Business & Operations Plan.

Outcomes will include access for Central Appalachian communities to informed guidance based upon research & development initiatives undertaken at CAIRD; the establishment of the “CAIRD Educational Resource Network” a consortium of participating public and private post-secondary educational institutions who will collaborate on projects with CAIRD; the development of an Internship and Fellowship Program to attract and retain young, educated students to the region to live in Pikeville and work at CAIRD on various economic development, educational and research initiatives; and the creation of a data resource center of existing and future research relating the systemic problems and development of the region.
This project will enable the CAIRD Board of Directors to finally establish a research & development institution for Central Appalachia that has been sought for over half a century.

6. Agency Capacity, Staff Qualifications and Procurement Procedures

In-kind office space, utilities and administrative support and facilities for CAIRD will be provided by the University of Pikeville in Pikeville, Ky., a progressive community located in the heart of Central Appalachia. Founded in 1889, the University of Pikeville has continually evolved to meet the changing needs of Appalachia. Currently, students may earn either associate or baccalaureate degrees in a variety of majors in conjunction with a quality liberal arts and science curriculum. In the fall of 1997 the University of Pikeville admitted its first students into the newly established School of Osteopathic Medicine. The Medical School trains students from the region who, upon graduation, receive the degree of Doctor of Osteopathy (D.O.) and have the opportunity to remain in the region to serve its people. It is anticipated some of the economic and educational research at CAIRD may coincide with ventures being pursued through the School of Osteopathic Medicine. CAIRD is another example of the University of Pikeville’s commitment to the betterment of Central Appalachia.

7. Funding Need and Sustainability

The total cost for this project year is $309,543. The University of Pikeville and CAIRD are seeking $220,543 from the Appalachian Regional Commission in start-up funds and the remainder of the project costs will be provided on an in-kind basis by Pikeville and Eastern Kentucky University (by providing student interns and fellows to CAIRD at their expense). This is the first of a proposed three year relationship with ARC facilitating CAIRD’s implementation, at which time ARC support will be phased out. The CEO, working in close conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, is charged with the task of identifying sustainable revenue sources from both public and private foundational sources. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan attached to this application, but most important is the multi-county severance tax money. CAIRD fits squarely into the purpose for which that money is to be used. This initial funding from ARC is vital to enabling CAIRD and the University of Pikeville to begin the work of securing sustainability for this Institute.
Central Appalachian Institute for Research & Development Itemized Budget

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>$69,202</td>
</tr>
<tr>
<td>(at 40 hours per week)</td>
<td></td>
</tr>
<tr>
<td>Marketing/Development Officer</td>
<td>$40,320</td>
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<tr>
<td>(at 40 hours per week)</td>
<td></td>
</tr>
<tr>
<td>Executive Secretary</td>
<td>$25,021</td>
</tr>
<tr>
<td>(at 40 hours per week)</td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$35,500</td>
</tr>
<tr>
<td>Travel</td>
<td>$7,500</td>
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<tr>
<td>Supplies/Equipment</td>
<td>$2,000</td>
</tr>
<tr>
<td>Copy/Print/Postage</td>
<td>$2,000</td>
</tr>
<tr>
<td>Publications/Reports</td>
<td>$1,000</td>
</tr>
<tr>
<td>Dues/Subscriptions*</td>
<td>$1,000</td>
</tr>
<tr>
<td>*for relevant professional journals and publications only</td>
<td></td>
</tr>
<tr>
<td>Annual Audit</td>
<td>$1,000</td>
</tr>
<tr>
<td>Resource Network Conference/</td>
<td>$5,000</td>
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<tr>
<td>Other Conference Fees**</td>
<td></td>
</tr>
<tr>
<td>**relevant professional conferences only</td>
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</tr>
<tr>
<td>&quot;Health Innovation Center&quot; - Feasibility Study</td>
<td>$5,000</td>
</tr>
<tr>
<td>***pending additional funding (will NOT be implemented until full funding is received)</td>
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</tr>
<tr>
<td>Interns/Fellows****</td>
<td>$26,000</td>
</tr>
<tr>
<td>****With prior ARC approval only</td>
<td></td>
</tr>
<tr>
<td>ARC Total</td>
<td>$220,543</td>
</tr>
</tbody>
</table>

Eastern Kentucky University
(EKU in-kind; Interns, graduate assistants)

University of Pikeville
(In-kind Office Space, Utilities, Accounting, IT support, Intern/Fellow Housing)

TOTAL BUDGET $295,543
# BUDGET INFORMATION - Non-Construction Programs

## SECTION A - BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Grant Program Function or Activity</th>
<th>Catalog of Federal Domestic Assistance Number</th>
<th>Estimated Unobligated Funds</th>
<th>New or Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Federal</td>
<td>Non-Federal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>1. ARC</td>
<td></td>
<td>$220,543.00</td>
<td>$</td>
</tr>
<tr>
<td>2. Univ. of Pikeville</td>
<td></td>
<td>$55,000.00</td>
<td>$</td>
</tr>
<tr>
<td>3. Eastern KY Univ.</td>
<td></td>
<td>$20,000.00</td>
<td>$</td>
</tr>
<tr>
<td>4. Other</td>
<td></td>
<td>$0.00</td>
<td>$</td>
</tr>
<tr>
<td>5. Totals</td>
<td></td>
<td>$0.00</td>
<td>$220,543.00</td>
</tr>
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</table>

## SECTION B - BUDGET CATEGORIES

### 6. Object Class Categories

<table>
<thead>
<tr>
<th>GRANT PROGRAM, FUNCTION OR ACTIVITY</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(5)</td>
</tr>
<tr>
<td>a. Personnel</td>
<td>$134,543.00</td>
</tr>
<tr>
<td>b. Fringe Benefits</td>
<td>$35,500.00</td>
</tr>
<tr>
<td>c. Travel</td>
<td>$7,500.00</td>
</tr>
<tr>
<td>d. Equipment</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>e. Supplies</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>f. Contractual</td>
<td>$0.00</td>
</tr>
<tr>
<td>g. Construction</td>
<td>$0.00</td>
</tr>
<tr>
<td>h. Other</td>
<td>$103,000.00</td>
</tr>
<tr>
<td>i. Total Direct Charges (sum of 6a-6h)</td>
<td>$282,543.00</td>
</tr>
<tr>
<td>j. Indirect Charges</td>
<td>$13,000.00</td>
</tr>
<tr>
<td>k. TOTALS (sum of 6i and 6j)</td>
<td>$295,543.00</td>
</tr>
</tbody>
</table>

7. Program Income                  $0.00
### SECTION C - NON-FEDERAL RESOURCES

<table>
<thead>
<tr>
<th>(a) Grant Program</th>
<th>(b) Applicant</th>
<th>(c) State</th>
<th>(d) Other Sources</th>
<th>(e) TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Pikeville</td>
<td>$55,000.00</td>
<td>$</td>
<td></td>
<td>$55,000.00</td>
</tr>
<tr>
<td>Eastern Kentucky University</td>
<td></td>
<td></td>
<td>20,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Private Funding - Other</td>
<td></td>
<td></td>
<td>10,000.00</td>
<td>10,000.00</td>
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<tr>
<td></td>
<td></td>
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<td></td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL (sum of lines 8-11)</td>
<td>$55,000.00</td>
<td>$0.00</td>
<td>$30,000.00</td>
<td>$85,000.00</td>
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### SECTION D - FORECASTED CASH NEEDS

<table>
<thead>
<tr>
<th></th>
<th>Total for 1st Year</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Federal</td>
<td>$0.00</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14. Non-Federal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL (sum of lines 13 and 14)</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

<table>
<thead>
<tr>
<th>(a) Grant Program</th>
<th>FUTURE FUNDING PERIODS (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) First</td>
<td>(c) Second</td>
</tr>
<tr>
<td>University of Pikeville</td>
<td>$42,000.00</td>
</tr>
<tr>
<td>Eastern Kentucky University</td>
<td>15,000.00</td>
</tr>
<tr>
<td>Private Funding - Other</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL (sum of lines 16-19)</td>
<td>$57,000.00</td>
</tr>
</tbody>
</table>

### SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:  
22. Indirect Charges:  
23. Remarks:
SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal assistance in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a single Federal grant program (Federal Domestic Assistance Catalog number) and not requiring a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b).

For applications pertaining to a single program requiring budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in Column (a) and the respective Catalog number on each line in Column (b).

For applications pertaining to multiple programs where one or more programs require a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 - Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 6a-1 - Show the totals of Lines 6a to 6h in each column.

Line 6j - Show the amount of indirect cost.

Line 6k - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program.
CREATION AND IMPLEMENTATION OF CAIRD

INSTRUCTIONS FOR THE SF-424A (continued)

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11 Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contribution to be made by the applicant.

Column (c) - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d) - Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e) - Enter totals of Columns (b), (c), and (d).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15 - Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.
September 26, 2012

The Honorable Steven L. Beshear
Governor of Kentucky
Room 100, Capitol Building
Frankfort, Kentucky 40601

Dear Governor Beshear:

On September 24, 2011, the Appalachian Regional Commission approved grants totaling $673,497 under Section 302 for the following:

Central Appalachian Institute for Research & Development CAIRD (KY-16439-C2-302)

Oral Health Improvement Through Sustainable Local Coalitions (KY-16468-C1-302)

Each proposal has been forwarded to the Office of General Counsel for contract execution.

A copy of each approval is enclosed.

Sincerely yours,

THOMAS M. HUNTER
Executive Director

Enclosures

cc: State Alternate
To: Earl Gohl, Federal Co-Chair

Subject: Central Appalachian Institute for Research & Development (CAIRD) KY-16439-C2-302-12

Grantee: University of Pikeville
Pikeville, Kentucky

County: Distressed: 41
At Risk: 9
Transitional: Greenup, Madison, Boyd, Clark

Goal: ARC Goal 2, Objective 1. State Strategy 1.2.6: Kentucky will develop research and development capacity along with technical assistance capacity to provide much needed technical assistance services to communities within the Central Appalachian Region.

Purpose: To provide operational support for the Central Appalachia Institute for Research and Development.

Funding:

<table>
<thead>
<tr>
<th></th>
<th>ARC</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$220,543 (AD)</td>
<td>75,000</td>
</tr>
</tbody>
</table>

Total $295,543

Match is in-kind from partnering institutions.

Description

Initial ARC funding enabled the development of a business plan for a regional research clearinghouse. A board of directors was formed and under the second year of funding the Central Appalachian Institute for Research and Development (CAIRD) was established. An executive director was selected and a meeting of partnering institutions of higher education in the central Appalachian region was convened. This grant will fund the first full year of operations of the center. CAIRD will work with local governments, economic development agencies, tourism boards, and other clients to identify their needs for research and will then solicit that research from area institutions with the capacity to produce it. The partnering institutions have agreed to provide that research as an in-kind contribution; when needed additional funding will be sought to support the research. Partnering institutions will provide the information gathered and other research data to a central research repository being developed by Eastern Kentucky University for CAIRD. By having all institutions participating in a single entity, CAIRD, will facilitate the sharing of data and expertise as well as help eliminate duplication of efforts. While currently working only in Kentucky, CAIRD plans to eventually include institutions and clients in neighboring states.

Rationale/Benefits:

- The lack of a regionally based research institution with academic assets has contributed to slower economic growth in Central Appalachia.
Performance Measurements:

Outputs:
- Ten reports will be solicited and the research facilitated by this funding.

Outcomes:
- Eight reports will be produced.

This project will have a primary impact on distressed counties and areas. The period of performance is from October 1, 2012 to September 30, 2013. The project is consistent with the ARC Act and Code and is recommended for funding.

RECOMMENDED:

Thomas M. Hunter
Executive Director

APPROVED:

Earl F. Gohl
Federal Co-Chair

Date Approved: SEP 24 2012
WASHINGTON, D.C.- The Appalachian Regional Commission announced today approval of a grant in the amount of $220,543 to the University of Pikeville for the Central Appalachian Institute for Research & Development (CAIRD). CAIRD will facilitate the development and gathering of research on the issues being faced in central Appalachia.

Initial ARC funding enabled the development of a business plan for a regional research clearinghouse. A board of directors was formed and under the second year of funding the Central Appalachian Institute for Research and Development (CAIRD) was established. An executive director was selected and a meeting of partnering institutions of higher education in the central Appalachian region was convened. This grant will fund the first full year of operations of the center. CAIRD will work with local governments, economic development agencies, tourism boards, and other clients to identify their needs for research and will then solicit that research from area institutions with the capacity to produce it. The partnering institutions have agreed to provide that research as an in-kind contribution; when needed additional funding will be sought to support the research. Partnering institutions will provide the information gathered and other research data to a central research repository being developed by Eastern Kentucky University for CAIRD. By having all institutions participating in a single entity, CAIRD will facilitate the sharing of data and expertise as well as help eliminate duplication of efforts. While currently working only in Kentucky, CAIRD plans to eventually include institutions and clients in neighboring states.

In addition to ARC funds, local sources will provide $75,000, bringing the total project funding to $295,543.

Date Approved: 9/24/2012
To: Earl Gohl, Federal Co-Chair

Subject: Central Appalachian Institute for Research & Development (CAIRD)
KY-16439-C2-302-12

Grantee: University of Pikeville
Pikeville, Kentucky

County: Distressed: 41
At Risk: 9
Transitional: Greenup, Madison, Boyd, Clark

Goal: ARC Goal 2, Objective 1. State Strategy 1.2.6: Kentucky will develop research and
development capacity along with technical assistance capacity to provide much needed
technical assistance services to communities within the Central Appalachian Region.

Purpose: To provide operational support for the Central Appalachia Institute for Research and
Development.

Funding:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARC</td>
<td>$220,543 (AD)</td>
<td>75%</td>
</tr>
<tr>
<td>Local</td>
<td>75,000</td>
<td>25%</td>
</tr>
</tbody>
</table>

Total $295,543 100%

Match is in-kind from partnering institutions.

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clearinghouse. A board of directors was formed and under the second year of funding the Central
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RECOMMENDED:  

Thomas M. Hunter  
Executive Director

APPROVED:  

Earl F. Gohl  
Federal Co-Chair  
9/24/2012  

Date Approved
1. Statement of Purpose - Incorporation of Proposal:

This agreement implements a grant made under the authorities of Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, (40 USC 14321) to fund the first full year of operations of a research center. CAIRO will work with local governments, economic development agencies, tourism boards, and other clients to identify their needs for research and will then solicit that research from area institutions with the capacity to produce it. The partnering institutions have agreed to provide that research as an in-kind contribution; when needed, additional funding will be sought to support the research.

This project shall be carried out in general accord with Grantee's proposal, received at ARC on August 28, 2012. Grantee's proposal is incorporated by this reference as a supplement to Part I. To the extent the Articles of this grant agreement conflict with the incorporated proposal, the Articles shall control.

2. Order of Precedence:

This grant agreement is subject to the provisions of the ARDA, the ARC Code and Project Guidelines, the Special Provisions (Part I), the attached Grant Agreement: General Provisions (Part II), the attached Grant Administration Manual, and any incorporated Supplements. Any conflict among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed above.

3. Reports:

A progress report for each 120-day period and a final report are required under this agreement (see Part II, Article 4).

4. Consideration and Method of Payment:

A. Total:

For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed $220,543 of actual, reasonable and eligible project costs. Grantee shall pay, or cause to be paid, the non-ARC share of $75,000 in cash, contributed services, or in-kind contributions as approved by ARC.

B. Method:

Progress and advance payments not to exceed 90% of total ARC-approved funds are authorized under this agreement. Upon Grantee's satisfactory completion of the Agreement, Grantee shall receive any balance of funds which may be due under this agreement (see Part II, Article 11).

Alabama          Kentucky          Mississippi          North Carolina        Pennsylvania        Tennessee       West Virginia
Georgia          Maryland          New York           Ohio             South Carolina      Virginia
5. **Budget:**

Costs will be determined in general accord with the budget submitted on September 14, 2012, which is hereby incorporated into this agreement as a supplement to Part I, subject to the terms of this Grant Agreement and to pertinent ARC Code Provisions.

6. **Period of Performance.**

The grant period of performance shall be October 01, 2012 through September 30, 2013.

Charles Howard-Sep 25 2012 2:28PM 9/25/2012 2:29:00 PM

Charles Howard
General Counsel

James Hurley-Sep 25 2012 2:49PM 9/25/2012 2:50:00 PM

James Hurley
Vice President
Article 1 General Procedures.

ARC grants shall be administered as follows: grants to state and local government, in accord with OMB Circulars A-102 (Common Rule) and A-87; grants to non-profit organizations, in accord with OMB Circulars A-110 and A-122; grants to higher educational institutions, in accord with OMB Circular A-110 and A-21; and other Federal regulations as applicable.

Article 2 Restrictions on Use of ARC Funds.

Grantee warrants that it is cognizant of Section 224(b)(1) of the ARDA, which prohibits the use of ARDA funds to assist businesses to relocate from one area to another; and that, further, in keeping with Commission policy, it will not utilize ARDA funds actively to engage in any activity, the purpose of which is to encourage businesses now operating in one state to relocate into another state. No funds provided under this agreement will be used to publish or distribute material which would solicit such relocation.

Article 3 Work Plan/Detailed Budget.

(1) Grantee shall submit, as required by the ARC Project Coordinator, a work plan and/or budget for any and/or all of the tasks specified in Part I.

(2) Prior to submission of any work plan and/or budget so required by the ARC Project Coordinator, no costs shall be eligible for reimbursement, except those costs directly related to the preparation of such work plan and/or budget. Within one week after receipt, ARC shall complete a preliminary review of the work plan and/or budget and shall immediately advise the Grantee either that it is unacceptable or that it is preliminarily approved. After such preliminary approval by ARC, the Grantee may proceed with work on the project immediately with such modifications in the work plan and/or budget as required by ARC.

Article 4 Reports.

(1) Progress Reports. Grantee shall prepare and submit to the ARC Project Coordinator, progress reports indicating the work accomplished under the agreement to date, any problems encountered and ameliorative actions taken, and a forecast of work for the next report period.

(2) Final Report. Within one (1) month after the period of performance (see Part I), Grantee shall prepare and submit to the ARC Project Coordinator for approval, a final report (2 copies and a reproducible master) of all work accomplished under this Agreement including recommendations and conclusions based on the experience and results obtained.

Article 5 Contracting Procedures.

In contracting for services and/or purchasing equipment under this Agreement, Grantee shall assure that (1) all contracting shall be at prices and on terms most advantageous to the Grantee and to the project; and (2) all interested parties shall have a full and fair chance at doing business with the Grantee. Grantee shall arrange for all contracting through competitive bidding, or, if permitted by state law, other negotiating and contracting procedures that will assure compliance with (1) and (2) above.

Article 6 Subcontracting.

The Grantee shall not enter into subcontracts for any of the work contemplated under this Agreement without obtaining the prior written approval of the Project Coordinator, and subject to conditions and provisions as the Project Coordinator may deem necessary. In his/her discretion, to protect the interests of the Commission: Provided, however, that notwithstanding the foregoing unless otherwise provided herein, such prior written approval shall not be required for the purchase by the Grantee of articles, supplies, equipment and services which are both necessary for and merely incidental to the performance of the work required under this Agreement: Provided, further, however, that no provision of this article and no such approval by the Project Coordinator of any subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation by the Commission in addition to the total grant amount and the Commission shall not be responsible for fulfillment of Grantee's obligations to subcontractors: Provided, further, that no subcontracting shall be deemed to relieve the Grantee of any obligations under this Agreement.

Article 7 Coordination and Non-Duplication.

In carrying out the project under this Agreement, Grantee shall assure that the planning, design work and implementation of activities
Article 12 Grant-Related Income.

Grant-related income means gross income earned by Grantee from grant supported activities and shall include, but not be limited to, income from service fees, sale of commodities, or usage or rental fees. All grant-related income shall be reported to ARC in the progress and final reports required by this Agreement.

Article 13 Rebates and Discharges from Liability.

Grantee agrees that any refunds, rebates or credits, or other amounts (including interest earned thereon) received by the Grantee (or any Assignee) shall be paid to the Commission to the extent that they are properly allocable to costs for which the Grantee has been reimbursed under this Article. Grantee will, when requested, assign such amounts to the Commission and execute such releases as may be appropriate to discharge the Commission, its officers and agents from liabilities arising out of this Agreement.

Article 14 Records/Audit.

NOTE: All payment requests must show the 9-digit taxpayer identifying number (TIN) assigned by the Internal Revenue Service. For individuals, the Social Security Number serves as the TIN; for businesses, the Employer Identification Number serves as the TIN.
(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The documentation in support of each action in the accounting records shall be filed in such a manner that it can be readily located. Grantee shall maintain custody of time records, payrolls, and other data, as appropriate, to substantiate all services reported to the Commission as Contributed Services under this Agreement.

(2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit.

(3) Any payment may be reduced for overpayment(s) or increased for underpayment(s) on preceding invoices or vouchers. In the event of overpayment(s) ARC reserves the option of requiring the Grantee to reimburse the Commission for the amount of the overpayment(s).

(4) If Grantee has not provided either cash or contributed services of a value determined by the Commission to be sufficient to support the payments made by the Commission, or has failed to obligate or disburse any such sums for the purpose of this Agreement, the final payment shall be reduced, or the Grantee shall make an appropriate refund.

(5) The Grantee agrees that the Federal Co-Chairman of the ARC, the Comptroller General of the United States, the ARC, or any duly authorized representatives of any of them shall, until the expiration of three years after final payment under this Agreement, have access to and the right to examine any books, documents, papers, and records of the Grantee involving transactions related to this Agreement.

(6) The Grantee will, in each sub-contract, require the subcontractor to agree to the application of the provisions of this article in a similar manner to the subcontractor's records relating to said sub-contract.

Article 15 Responsibilities.

Notwithstanding any other provisions of this Agreement, it is expressly agreed that:

(1) Grantee will carry out the program under this Agreement as an independent contractor and not as agent of the Commission;

(2) Grantee assumes sole and complete responsibility for the conduct of the program in such a manner as to assure the safety and welfare of all persons participating in or in any way involved in, or affected by, any activities conducted under this Agreement; and

(3) The Commission, by its provision of funds for this project, undertakes no responsibility in this regard.

Article 16 Grantee's Principal Personnel.

The Project Director shall be responsible for the general guidance and overall supervision of Grantee's efforts. The Project Director shall maintain liaison with the Commission's Project Coordinator. In the event the replacement of the Project Director becomes necessary, the Grantee will advise the Commission, in writing, of the change. The Commission reserves the right to disapprove any proposed substitute or addition.

Article 17 ARC Representative.

The Project Coordinator is responsible for (i) providing liaison between the Commission and the Grantee, and (ii) obtaining approval of work accomplished by Grantee. The Commission may, in its discretion, change the Project Coordinator at any time, in which event it shall notify the Grantee in writing of the change.

Article 18 State Administration and Liaison Officer.

Grantee shall submit copies of all correspondence, reports, and requests for payment required to be submitted to ARC simultaneously to the State Administration and Liaison Officer named in this Agreement.

Article 19 Disputes.

(1) Procedure. Except as otherwise provided in this Agreement, in the event of any dispute arising under this Agreement concerning a question of fact which is not disposed of by agreement, a decision regarding the dispute shall be rendered by the Executive Director. The Grantee may, within 60 days from receipt of the Executive Director's written decision, submit to the Commission's Contract Review Committee (ARC-CRC), a written request for a review to which the ARC-CRC shall respond in writing within 60 days. Alternatively, the Grantee and the Executive Director may mutually agree to select an alternative means of dispute resolution to resolve such dispute. The decision of either the ARC-CRC or the arbitrator retained for the purpose of dispute resolution, shall be final and conclusive. Pending final decision under either alternative, the Grantee shall proceed diligently with the performance of the Agreement in accordance with the Executive Director's decision.

(2) Consideration of Questions of Law. This Article does not preclude the consideration of questions of law in connection with decisions provided for in the above paragraph, provided that nothing in this grant shall be construed as making final any decision of any administrative official, representative, or the ARC-CRC on a question of law.

(3) ARC Contract Review Committee. The ARC-CRC shall consist of the Federal Co-Chairman and the States' Co-Chairman or their appointed representatives. In a dispute in which one of the parties is either the State of the States' Co-Chairman or a Grantee from said State, the States' Co-Chairman, or his/her representative, shall replace the States' Co-Chairman on the ARC-CRC for that dispute alone. Nothing herein shall operate in any way as a restriction on the powers of the Federal Co-Chairman or any state member of the Commission under this Agreement.

Article 20 Suspension/Termination for Cause.

The ARC shall have the right, upon written notice to the Grantee, to suspend or terminate this Agreement for cause, whenever the Federal Co-Chairman determines there is reasonable basis to believe there has been malfeasance, embezzlement, misappropriation, unauthorized application of federal funds or material false statement in the conduct of this Agreement or any other ARC grant agreement.
Article 21 Termination for Default.

The ARC may, by written notice to Grantee, terminate this Agreement in whole or in part in accordance with Part 52.249 of the Federal Acquisition Regulations' "Default (Fixed-Price Supply and Service)" clause in effect on the date of this Agreement including, but not limited to provisions regarding failure to perform due to causes beyond the control of Grantee, the status of completed and partially completed work after termination for default, excusable default, ARCs right to reprocure, and other remedies. Such regulations are incorporated by reference as part of this Agreement. The rights and remedies of the ARC provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

Article 22 Termination for Convenience.

The ARC may, by written notice to the Grantee, terminate this Agreement in whole or in part for convenience of the Commission, whenever the ARC determines that such action is in its best interest. If this Agreement is so terminated, the rights, duties and obligations of the parties, including compensation of the Grantee, shall be in accordance with Part 49 of the Federal Acquisition Regulation in effect on the date of this Agreement and such regulations are incorporated by reference as part of this Agreement.

Article 23 Official Not to Benefit.

No member or delegate to Congress, or resident Commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement if made with an incorporated entity for its general benefit.

Article 24 Covenant Against Contingent Fees.

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or under-standing for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies main-tained by the Grantee for the purpose of securing business. For breach or violation of this warranty the Commission shall have the right to annul this Agreement without liability or in its discretion to deduct from the grant amount or consideration, or other- wise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

Article 25 Equal Opportunity.

Grantee shall carry out all programs and activities in compliance with Title VI of the Civil Rights Act of 1964, and other federal laws prohibiting discrimination, and in such a manner that no person shall, on the grounds of race, color, national origin, religion, sex, age or disability be excluded from participation in, be denied the benefits of, or be subject to discrimination with respect to any such programs or activities.

Article 26 Patent Rights.

All research and development grants are subject to the government-wide Patent Policies outlined in Department of Commerce regulations (37 CFR Part 401).

Article 27 Statement of Federal Funding.

When issuing statements, press releases, requests for proposals, bid solicitations, and any and all other public documents or announcements describing the project or program funded by this Agreement, Grantee agrees and warrants that it shall clearly state: (1) the percentage of the total cost of the program or project which will be financed with federal money, and (2) the dollar amount of federal funds for the program or project.

Article 28 Lobbying.

No funds made available under this Agreement may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress; however, this Article does not bar communications with Members of Congress as described in Title 18, section 1913, of the U.S. Code.

Article 29 Copyrights.

The Federal Government, through the Appalachian Regional Commission (ARC), reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal government purposes, any work developed under a contract, grant, subgrant, or contract under a grant or subgrant, and to use, and authorize others to use, for federal government purposes, any work developed under a contract, grant, or subgrant, purchased ownership with grant support or contact funds. Such license to use includes, but is not limited to, the publication of such work on an ARC Web site. Use of such works for purposes related to Appalachia and the development of the Region is generally authorized by ARC to State and local governments in the ARC Region and to other public and private not-for-profit organizations serving the Region, including the Appalachian Local Development Districts.
APPENDIX E – ARC GRANT REPORTING
I. WRITTEN PROGRAM REPORTS

(A) Interim Progress Reports

• When should the grantee submit reports of project activities described in the project application and approved by ARC?

A progress report is due for each 120-day period of the grant period, unless otherwise noted in your grant agreement. The reporting period begins with the start date of the grant agreement. Progress reports should be submitted within 30 days of the end of the reporting period. If program activities did not start within this period, or the project is delayed any time during the reporting period, a progress report is still required, explaining the reasons for the delay and how problem(s) are being resolved.

• What information should be included in the progress report?

Each progress report must include the cover page, ARC-PPR.pdf, found on ARC's website. The performance narrative should follow the outline prescribed in Section IX of this document, describing the progress in achieving the goals and objectives specified in the final proposal. Performance measures achieved to-date, when available, should be noted in the report. Other elements of the project that should be reported include a description of any problems encountered to-date and a schedule of activities for the next reporting period. If you have questions regarding the information needed, call the ARC Project Coordinator identified on page one of the Grant Agreement. Include the complete grant number on the subject line of all correspondence.

• How do I submit interim progress and financial expenditure reports?

At this time, grantees are required to prepare progress and financial reports in appropriate electronic formats and submit them as file attachments to the body of an email message. The ARC grant number must be included in the email “subject” line. See Section II for other guidance governing financial reporting. Grantees that do not have the technological capability to submit electronic files, or have report content that cannot be submitted electronically, should make alternate arrangements with their ARC project coordinator.

• To whom does the grantee send reports?

All reports should be sent, via email, to the ARC project coordinator (e.g. jdoe@arc.gov). The State Administration and Liaison Officer (usually the State Program Manager), listed on page one of the Grant Agreement, should be cc’d on the email. Other ARC State contacts, as specified by your state ARC program office, should be copied as well, in addition to other required individuals within the grantee's organization.

(B) Final Reports

• When is the final report due?

A draft of the final report is due within 30 days of the end of the project. Once the draft is accepted by your ARC project coordinator, email the final to ARC. If a delay in submitting the final report is expected, the grantee should notify the ARC project coordinator.

November 2011
• What information should the grantee include in the final report?

A final report covers more than the final reporting period. The final report must review and highlight all activities that occurred during the entire implementation phase of the project. A summary of performance measures achieved to date, keyed to those contained in the proposal accepted by ARC and referenced in your contract, should be included. See ARC’s “Guidelines for Progress and Final Reports” at the end of this document for the required format.

II. FINANCIAL REPORTS AND PAYMENTS

(A) Progress Payments — Reimbursements and Advances

• What types of financial reports are required?

The ARC Grant Agreement, Part II, Article 11, outlines the conditions which must be met for a grantee to receive reimbursement for incurred expenses. This entails submission of a worksheet showing a breakdown of expenditures by major, approved line item and a Standard Form 270, the federal government’s “Request for Advance or Reimbursement,” included with your grant agreement and available on ARC’s website. Financial reports are required even if no reimbursement is being requested for a particular reporting period. A suitable worksheet can be found on ARC’s website.

• How does ARC make project payments?

ARC makes electronic payments to grantees using the ACH [Automated Clearinghouse] payment system. Grantees are required to receive payments through the ACH process; no payments will be made without a completed ACH enrollment form (SF 3881) on file. A copy of the enrollment form with instructions was included with your grant agreement and is available on ARC’s website. Note for grantees who have a bank account registered with the federal government’s Central Contracting Registry – all ACH transfers will be sent to the CCR-registered account.

• Can the ACH Form be revised during the grant period?

Yes. Complete a new ACH enrollment form along with a note indicating that it is revised and submit the revised form by mail or by fax to the ARC Finance Office, 1666 Connecticut Ave. NW, Suite 700, Washington, DC 20009-1068; Fax number (202) 884-7691

• How does the grantee request a payment?

To receive a payment, the grantee must submit, by email attachment, a signed and scanned original of the following: (1) a progress report that covers the same reporting period as the payment request; (2) a “Request for Advance or Reimbursement” (SF 270); and (3) a backup worksheet(s) that summarize actual expenditures by approved budget line items. Payment forms and recommended formats for backup worksheets were enclosed with your grant agreement and are available on ARC’s website. Other backup formats may be acceptable with approval from your ARC project coordinator. Copies of the SF270 and many other forms can also be found at the Office of Management and Budget’s website at: http://www.whitehouse.gov/omb/grants/grants_forms.html. Please note that 1) both ARC and matching funds must be identified in the backup documentation that accompanies all payment requests, and 2) the reporting period covered for all reimbursement requests should coincide with the beginning of the contract period of performance through the last day of the progress reporting period.
Can advance payments be received?

At this time, ARC will advance funds, but usually for not more than one reporting period. The advance payment request should include (1) a statement explaining why an advance is needed; (2) a “Request for Advance or Reimbursement” (SF 270); and (3) a backup worksheet showing estimated expenditures for each approved line item in the official budget for the forecasted period. A reimbursement and advance may be included in a single payment request if accompanied by separate worksheets for the reimbursement and for the advance. Your ARC project coordinator may require additional information. Call him/her if assistance is needed.

How does ARC process a payment request?

The ARC project coordinator reviews your written report to confirm that appropriate progress is taking place. Financial forms are reviewed to confirm that expenditures are consistent with the approved budget. After the project coordinator approves the request, it is forwarded to ARC’s finance staff, who then process the payment for delivery from the U.S. Treasury through the ACH System. Note that payment will be made via electronic funds transfer from the General Services Administration. If your organization has a bank account on file with the United States government’s Central Contracting Registry (CCR), it must match the information on file at ARC or problems may occur in processing the payment request.

Payments will be made promptly if an acceptable progress report and financial documentation are submitted together. Payments will not be authorized until the ARC project coordinator has accepted the grantee’s progress report for the corresponding period.

Is it permissible to fax or e-mail financial expenditure reports?

A copy of your worksheet and the completed SF270, signed by an authorized individual, should be scanned and sent as email attachments to your ARC project coordinator along with the interim or final progress report. If it is impossible to email the reports, alternate arrangements should be made with the ARC project coordinator.

When will ARC make a final payment?

The final payment due the grantee is contingent upon submission to ARC, and ARC’s approval, of the final project report and a final financial report. Final written and financial reports should reflect activities and costs for the entire grant performance period. The reports are due within 30 days of the end of the grant period.

III. PROJECT CHANGES

Are time extensions allowed to the period of performance?

If there are reasons that the project cannot be completed within the approved time period, a request should be made in writing prior to the end date, which includes the reason for the extension request and the proposed revision to the end date. Forward the extension request to your ARC project coordinator and the State Program Manager. ARC’s approval is contingent on the state’s concurrence.

Can the work activities or equipment items be changed after ARC approves the project?

All substantial changes must be proposed in writing and approved by the ARC, with State concurrence, prior to any implementation of the changes. The reason for adding, modifying, or
deleting an activity should be fully described. Information should be provided explaining any revisions to the expected outcomes that would result from the proposed changes. The State Program Manager should receive a copy of your request at the same time it is submitted to ARC in Washington. ARC's approval is contingent on the state's concurrence with the request.

IV. BUDGET REVISIONS

• Can changes be made to the budget after ARC approval?

If your grant exceeds $100,000, prior ARC approval is required when proposing changes to major line items where the total transfer exceeds ten percent of the project's total budget as last approved by ARC. Budget changes that involve substantial revision to the scope of work or objectives of the project (regardless of the grant amount) also require prior ARC approval. If changes are deemed necessary, submit a revised budget and narrative justification to the ARC project coordinator. Budget changes should receive state concurrence prior to ARC action. Copies of minor budget revisions should be sent to ARC so that files will reflect the correct budget at all times.

V. SUBCONTRACTS

• Can a grantee subcontract for services?

Subcontracted services are allowable if identified in the original, approved workplan, or any approved revision. See Part II, Articles 5 and 6 of your ARC contract for detail about contracting procedures, particularly the competitive bidding requirements in Article 5. All recipients of federal funds should be vetted through the Excluded Party List System (https://www.epls.gov/).

VI. RECORD KEEPING AND AUDITS

• What are a grantee's audit requirements?

Grantees must maintain accurate and complete records relating to ARC grant awards and make these available for audit, as necessary, by ARC or the Government Accountability Office. Each year, ARC's Office of the Inspector General conducts random audits of selected ARC projects to ensure compliance with our grant agreement and applicable regulations.

Audit requirements are noted in Office of Management and Budget (OMB) Circular A-133, (June 2003), Audits of States, Local Governments, and Nonprofit Organizations. This circular consolidated several prior circulars and exempted non-Federal entities that expend less than $500,000 per year in Federal awards from Federal audit requirements, under most circumstances. The Circular should become familiar to any entity receiving substantial amounts of Federal grant funds. A grantee receiving less than $500,000 per year in Federal awards cannot charge the cost of an audit conducted during the year to a Federal award.

• Where does the grantee find the detailed administration requirements for ARC grants?

ARC grants are administered in accordance with the applicable OMB Circulars, with such modifications in the requirements of the Circulars as the Commission may from time to time approve. The grantee is expected to use the OMB Circular appropriate for their type of organization. If you do not know which OMB Circular you should be using, ask your ARC project coordinator.
CREATION AND IMPLEMENTATION OF CAIRD

A-102 Grants and Cooperative
A-110 Uniform Administrative
A-21 Cost Principles for Educational
Agreements With State and Local
Requirements for Institutions of Higher
Institutions
Common Rule)
Education, Hospitals, and Other Non-profit
A-122 Cost Principles for Non-profit
Organizations
A-87 Cost Principles for State, Local and
Indian Tribal Governments

• What are some key issues we should be aware of with respect to record keeping and eligibility of expenditures?

1. Separate Accounts: If your organization manages several grants, each grant should be accounted for separately, including receipts, expenditures, and any matching requirements.

2. Documentation identifying in-kind and third party contributions and the valuation of such contributions. If your project will be using in-kind or third party contributions for matching purposes, documentation should be maintained including a listing of sources and an indication of how the contributions were valued, (e.g., comparable or similar type positions or services in area). Invoices should support services and other expenditures.

3. Costs with respect to travel. Travel claims should be consistent with written policies of the grantee, or in the absence of such, Chapter 301 of the Federal Travel Regulations, which can be found at: http://www.gsa.gov/graphics/ogp/FTR_entire.pdf. Invoices should support costs and expenditures.

4. Costs incurred during the grant period. ARC will not reimburse expenditures occurring before or after the grant period. As noted in Section III above, Project Changes, grant period extensions should be requested and approved by ARC before the grant period expires.

5. Support of Salaries and Wages. Grantees should be familiar with the provisions of the appropriate OMB Circulars relating to maintaining documentation supporting charges to grants for salaries and wages. (Circular A-87 Appendix B Section 8.h and Circular A-122 Appendix B Section 8.m) Grantees should note, in particular, that reports of salaries and wages must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates, such as estimates determined before the services are preformed, do not qualify as support for charges to grants.

• What kind of accounting system does our agency need to maintain?

The project expenditures should be maintained in a format acceptable under the OMB Circular appropriate for your agency. If the financial officer of your organization does not have the appropriate OMB circular, copies may be downloaded from the Internet at: http://www.whitehouse.gov/omb/grants/grants_circulars.html. (The A-102 Common Rule applicable to ARC projects may be found at: http://www.arc.gov/publications/AdminReqforGrantstoStateLocalGovts.asp#partA).

You may also receive hard copies of OMB circulars directly from the Office of Management and Budget by telephoning that office at 202/395-7332.

VII. CONTACTING ARC

If you have questions about any aspect of your ARC grant, please contact the State ARC Program Manager or the ARC project coordinator named on the first page of your grant agreement. The main telephone number for the Program Operations Division is 202-884-7750. The mailing address is:
VIII. GUIDELINES FOR PROGRESS AND FINAL REPORTS

The grant agreement for your Appalachian Regional Commission project requires you to submit an interim and final narrative and financial reports. The outline found in Section IX will form the basis of the project performance narrative of your interim as well as your final progress reports.

In completing your report, keep in mind that this is your final chance to share salient features of your project from beginning to end. The final document should be written as if no one has had any previous knowledge of the activities evidenced in your project. It should be a reflection of the entire contract period, not just the final reporting period.

The final report also offers an opportunity to gather information about the results – outputs and outcomes – your project has achieved. The report should provide ARC with information that will help us make policy decisions about future programs throughout the Appalachian region. The final report is a way for you to tell your unique story about the program for which ARC provided financial assistance, and also provides background for any future opportunities that may arise to highlight your project’s approach and/or results.

Timeline: ARC should receive a draft of the final report, including financial documents, within 30 days of the expiration of the contract. Once your ARC project coordinator approves this report, email the reports to your ARC project coordinator for review, distribution, and archiving. For detailed information about final reports, refer to Article 4 Reports, found in Part II of the ARC Grant Agreement.

Emailing Instructions: Please send an electronic copy of the final report, with the final payment request (SF270 and worksheet), to your project coordinator at the ARC central office in Washington, DC. The final payment will be processed when the project closeout process is complete. Send a copy of the final report to your state ARC Program Manager.
IX. FORMAT FOR INTERIM/FINAL PROJECT PERFORMANCE NARRATIVE

**Cover Page:**
A completed form ARC-PPR, serving as the cover page, should accompany each interim progress report and final report. Note that, depending on your version of Adobe Reader or Acrobat, a digital version of the file may be difficult to save. Unless instructed by your ARC project coordinator, attach a narrative (section 10 on the ARC-PPR) covering the elements found below.

**Background:**
Provide a short statement regarding the need for this project. What problems did you hope to solve when you applied for ARC funding?

**Recent/Upcoming Activities:**
Describe in detail what actually happened during this reporting period, and explain how you implemented the project activities. If there have been significant changes to your program during the course of the project, or if the project was implemented differently than described in your original proposal, please describe those changes here. If you have retained a consultant, list credentials and define exactly what they were paid to do for the project.

**Progress Made Toward Project Outcomes:**
Provide any statistical information that helps document the outputs and outcomes of your project to date. Data will vary according to the type of activities you completed, and it may be difficult to document outcomes at this time. But it should be possible to report progress made as of the reporting date and to predict the likelihood of meeting your original targets. Your ARC project coordinator can help you determine exactly what outputs and outcomes ARC needs to track.
For the final report, write an assessment of how your project has impacted the problems you were trying to solve. Were there unexpected benefits? Shortfalls?

**Problems Encountered:**
What would you do differently if you were starting this project again? Describe any major problems that may have occurred during the implementation of your project. Knowing the types of difficulties you encountered and how you resolved them will guide us in offering technical assistance to future grant applicants. If any problems arose regarding financial reporting, address each one separately in a separate section and note how each problem was resolved.

**Outlook for Program Continuation and Sustainability:**
Describe your current expectation about whether and how you intend to continue program activities after the end of the ARC grant period. Will the program continue with other funding, and if so, what other sources of funds have been identified? If the program is to be discontinued, has it served its purpose, or is there still a need to solve the problems you were addressing? What additional steps are being taken to obtain other resources needed to continue the project?

**Conclusions and Recommendations: (for Final Report only)**
Summarize your entire project and the lessons learned during its implementation. Include a review of your successes and suggest ways that your experience may be helpful to others.

**Attachments:**
Attach any material that helps to describe your project and documents your success, such as photographs, news clippings, maps, videotapes, or website addresses. Also, please attach copies of any written evaluations that may have been completed for your project.
1. Federal Agency and Organization Element to Which Report is Submitted
   Appalachian Regional Commission

2. ARC Grant Number
   KY-16439-C2

3a. DUNS Number
   072667546

3b. EIN
   61-1173342

4. Recipient Organization (Name and complete address including zip code)
   University of Pikeville - Central Appalachian Institute for Research & Development
   147 Sycamore Street
   Pikeville, KY 41501

5. Recipient's Identifying Number or Account Number
   51005

6. Project/Grant Period
   Start Date: October 1st, 2012
   End Date: September 30th, 2013

7. Reporting Period Dates
   10/01/2012 to 01/31/2013

8. Final Report? □ Yes □ No

9. Report Frequency
   □ annual
   □ semi-annual
   □ 120-day
   □ other
   (If other, describe: )

10. Performance Narrative (attach as separate file per instructions found in Section IX-Grant Administration Manual)
    See attachment titled "ARC Performance Narrative (PE 01-31-13)"

11. Other Attachments (attach other documents as needed or as instructed by the ARC project coordinator)

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

12a. Typed or Printed Name and Title of Authorized Certifying Official
    Jason Belcher
    Project Director

12b. Signature of Authorized Certifying Official

12c. Telephone (area code, number and extension)
    606-218-5183

12d. Email Address
    jasonbelcher@upike.edu

12e. Date Report Submitted (Month, Day, Year)
    10/22/13
Background:

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 96 counties in Appalachia considered economically distressed, 51 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 74 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 50. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC.

The Central Appalachian Institute for Research and Development (CAIRD) is a non-profit public policy organization designed to provide new, long-term development strategies for Central Appalachia. Located in Eastern Kentucky, in and amongst the largest concentration of economically distressed counties in the Appalachian region, CAIRD is strategically positioned to advance the economic transformation of Central Appalachia.

While an abundance of research is available on Appalachia issues and the social and economic distress that is evident throughout the region, basic application of that research, as well as program and policy development, is lacking. In conjunction with its many stakeholders, CAIRD will concentrate on applying meaningful research in a manner that will improve the quality of life in Central Appalachia and provide the necessary mechanism for coordination of these applied strategies.

Progress Made Toward Project Outcomes from Nov 1 2012 – Jan 31 2013:

CAIRD's Board of Directors met on December 17, 2012—two new board members were added: Dr. Ian Mooers from Eastern Kentucky University's Center for Economic Development, Entrepreneurship & Technology (CEDET), and Dr. Anne Kingsolver, Director of the University of Kentucky's Appalachian Center.

CAIRD hired its first research fellow, University of Kentucky PhD candidate in Economic Geography Amanda Fickey, who is a native of Letcher County in Eastern Kentucky. She is scheduled to defend her dissertation in August 2013.

CAIRD hired a marketing and development officer, Melanie Stevens, who previously worked as a grant writer, economic development coordinator, and public relations specialist at the Area Development District level and at the city level in Central Appalachia.

Board member James Hurley and CEO Jason Belcher presented an academic research paper to the Mid-South Educational Resource Association in Lexington, KY; the title of the paper was "Distressed Counties in Eastern Kentucky: Why are We Behind."

CAIRD and CEDET hired a professional software developer, paid for by EKU's regional stewardship fund, to build the data resource center. Construction of the data resource center has begun.
CAIRD and the University of Kentucky's Center for Applied Energy Research conducted the first two planning sessions for the Eastern Kentucky Energy Summit—the energy summit, to be held in June 2013 at Hazard, KY will address the future of energy in Eastern Kentucky.

CAIRD CEO Jason Belcher met with Vicki Yates, President and CEO of Nucleas at the University of Louisville & Josh Ball from Kentucky Teleworks and established a partnership geared towards opening a series of I-Hubs across Eastern Kentucky to improve entrepreneurship support services and expand the telework capacity of the region.

CAIRD has established a panel of experts on technology and development which will conduct three concurrent sessions at the 2013 Eastern Kentucky Leadership Foundation Annual Conference. The title of the sessions is “Building a High-Tech, High-Paying Economy in Eastern Kentucky.”

CAIRD CEO Jason Belcher formed a partnership with Dr. Boyd Buser, Dean of the University of Pikeville Kentucky College of Osteopathic Medicine, to begin initial discussions on the potential for creating a health care innovation center to serve the region.

Problems Encountered:

There have been no major issues so far in the implementation process of the Central Appalachian Institute for Research & Development (CAIRD).
Outlook for Program Continuation and Sustainability:

This is the first of a proposed three-year relationship with ARC facilitating CAIRD's implementation, at the end of which ARC support will be phased out. The CEO, in conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, will be charged with the task of identifying sustainable revenue resources from both public and private foundations. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan (included in the original grant application). A major potential funding source is the multi-county severance tax money; CAIRD clearly meets the requirements for which that money is to be used. The initial funding from ARC is critical for implementing CAIRD and allowing the University of Pikeville to work on securing sustainability for this Institute in the future.

Some sustainable revenue sources include: The University of Pikeville and Multi-County Coal Severance Tax funds from the (LGEDF) Local Government Economic Development Fund. Potential supplemental resources include: Various federal grants (USDA, the Economic Development Administration, the Department of Energy, the Department of Health and Human Services, Housing and Urban Development, the Environmental Protection Agency, the National Science Foundation and the Department of Education), private foundation grants such as the Ashland Foundation, Ford Foundation, Babcock, Gates Foundation, Humana Foundation, James Graham Brown Foundation, Reese-Steele Foundation, and the Kellogg Foundation are also potential sources for sustainable revenue.

Attachments:

Standard Form 270, Request for Advance or Reimbursement

Reimbursement Request Worksheet
# Request for Advance or Reimbursement

(See instructions on back)

<table>
<thead>
<tr>
<th>Employer Identification Number</th>
<th>Recipient's Account Number or Identifying Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>61-1173342</td>
<td>51005</td>
</tr>
</tbody>
</table>

**Appalachian Regional Commission**

**Recipient Organization**

- Name: University of Pikeville - CAIRD
- Number and Street: 147 Sycamore Street
- City, State and ZIP Code: Pikeville, KY 41501

## Period Covered by This Request

- From (month, day, year): October 1, 2012
- To (month, day, year): January 31, 2013

### Computation of Amount of Reimbursements/Advances Requested

<table>
<thead>
<tr>
<th>Programs/Functions/Activities</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total program outlays to date</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$40,192.31</td>
</tr>
<tr>
<td>Less: Cumulative program income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net program outlays (Line a minus line b)</td>
<td></td>
<td></td>
<td></td>
<td>$40,192.31</td>
</tr>
<tr>
<td>Estimated net cash outlays for advance period</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Sum of lines c &amp; d)</td>
<td></td>
<td></td>
<td></td>
<td>$40,192.31</td>
</tr>
<tr>
<td>Non-Federal share of amount on line e</td>
<td></td>
<td></td>
<td></td>
<td>$10,048.08</td>
</tr>
<tr>
<td>Federal share of amount on line e</td>
<td></td>
<td></td>
<td></td>
<td>$30,144.23</td>
</tr>
<tr>
<td>Federal payments previously requested</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal share now requested (Line g minus line h)</td>
<td></td>
<td></td>
<td></td>
<td>$30,144.23</td>
</tr>
</tbody>
</table>

**Alternate Computation for Advances Only**

| Estimated Federal cash outlays that will be made during period covered by the advance | $   |
| Less: Estimated balance of Federal cash on hand as of beginning of advance period | $   |
| Amount requested (Line c minus line b) | $   |
CREATION AND IMPLEMENTATION OF CAIRD

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

[Signature]

DATE REQUEST SUBMITTED
02/16/13

TELEPHONE (AREA CODE NUMBER EXTENSION)
606-218-5182

This space for agency use

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item | Entry
--- | ---
2 | Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.

4 | Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.

6 | Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.

7 | This space is reserved for an account number or other identifying number that may be assigned by the recipient.

8 | Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.

Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.

11a | Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.

11b | Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.

11d | Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.

13 | Complete the certification before submitting this request.
### Reimbursement Request Worksheet

**Project Title:** Central Appalachian Institute for Research & Development  
**ARC Project No.:** KY-16439-C2

**Dates of this reporting period:**  
From: October 1st, 2012 To: January 31st, 2013

<table>
<thead>
<tr>
<th>BUDGET CATEGORY</th>
<th>ARC (Federal) Share</th>
<th>Matching Funds</th>
<th>Total Program Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project Budget*</td>
<td>YTD**</td>
<td>Current Period**</td>
</tr>
<tr>
<td>Personnel</td>
<td>$160,543.00</td>
<td>$25,652.02</td>
<td>$25,652.02</td>
</tr>
<tr>
<td>Benefits</td>
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<td>$2,352.34</td>
<td>$2,352.34</td>
</tr>
<tr>
<td>Travel</td>
<td>$7,500.00</td>
<td>$1,238.82</td>
<td>$1,238.82</td>
</tr>
<tr>
<td>Equipment</td>
<td>$1,000.00</td>
<td>$701.26</td>
<td>$701.26</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,000.00</td>
<td>$701.26</td>
<td>$701.26</td>
</tr>
<tr>
<td>Total Direct</td>
<td>$220,543.00</td>
<td>$32,144.23</td>
<td>$32,144.23</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$220,543.00</td>
<td>$32,144.23</td>
<td>$32,144.23</td>
</tr>
</tbody>
</table>

* Figures from "Project Budget" column should be taken from the most recently approved project budget.  
** Amount shown in the "Current Period" column should reflect costs incurred only during the current reporting period. This usually covers four months.  
*** Amount shown in the "YTD" column is the total cost of this line item from the start of the project through the end of the current reporting period.  

**NOTE:** Indirect cost rates are approved by the grantee’s cognizant Federal agency as described in OMB Circular A-87 and others. To claim reimbursement for indirect costs, they must be included as a line item in the most recently-approved ARC budget.
**CREATION AND IMPLEMENTATION OF CAIRD**

**ARC PERFORMANCE PROGRESS REPORT**

<table>
<thead>
<tr>
<th>Page</th>
<th>of Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Federal Agency and Organization Element to Which Report is Submitted
   Appalachian Regional Commission

2. ARC Grant Number
   KY-16439-C1

3a. DUNS Number
    072667546

3b. EIN
    61-1173342

4. Recipient Organization (Name and complete address including zip code)
   University of Pikeville - Central Appalachian Institute for Research & Development
   147 Sycamore Street
   Pikeville, KY 41501

5. Recipient's Identifying Number or Account Number
   51005

6. Project/Grant Period
   Start Date: (Month, Day, Year)
   October 1st, 2011
   End Date: (Month, Day, Year)
   September 30th, 2012

7. Reporting Period Dates
   06/01/2012 to 09/30/2012

8. Final Report? ☑ Yes ☐ No

9. Report Frequency
   ☑ annual ☐ semi-annual ☐ 120-day ☐ other (if other, describe:)

10. Performance Narrative (attach as separate file per instructions found in Section IX-Grant Administration Manual)
    See attachment titled "ARC Performance Narrative (PE 09-30-12)"

11. Other Attachments (attach other documents as needed or as instructed by the ARC project coordinator)

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

12a. Typed or Printed Name and Title of Authorized Certifying Official
    Jason Belcher
    Project Director

12b. Signature of Authorized Certifying Official

12c. Telephone (area code, number and extension)
    606-218-5183

12d. Email Address
    jasonbelcher@upike.edu

12e. Date Report Submitted (Month, Day, Year)
    10-29-2012
Background:

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 96 counties in Appalachia considered economically distressed, 51 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 74 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 50. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC.

The Central Appalachian Institute for Research and Development (CAIRD) is a non-profit public policy organization designed to provide new, long-term development strategies for Central Appalachia. Located in Eastern Kentucky, in and amongst the largest concentration of economically distressed counties in the Appalachian region, CAIRD is strategically positioned to advance the economic transformation of Central Appalachia.

While an abundance of research is available on Appalachia issues and the social and economic distress that is evident throughout the region, basic application of that research, as well as program and policy development, is lacking. In conjunction with its many stakeholders, CAIRD will concentrate on applying meaningful research in a manner that will improve the quality of life in Central Appalachia and provide the necessary mechanism for coordination of these applied strategies.

Recent/Upcoming Activities:

CAIRD has signed a formal memorandum of understanding with Lincoln Memorial University, thus expanding our resource network and its research capacity. CAIRD and Lincoln Memorial University’s Center for Economic Development have agreed to conduct collaborative research which will provide a mechanism to channel expertise with the goal of reducing the number of economically distressed counties in Kentucky. The memorandum of understanding is for a period of three years.

CAIRD assisted in the writing of the Big Sandy Area Development District (BSADD) Comprehensive Economic Development Strategy (CEDS). In partnership with BSADD, CAIRD provided data and analysis inputs which were incorporated into the final document.

As a mission critical partner of the Appalachian Teaching and Leadership Network (ATLN), CAIRD provided guidance and expertise which helped shape the long term strategic plan for ATLN. ATLN is a new network focused on increasing the quality of education in Eastern Kentucky, high school graduation rates, college graduation rates, and the career readiness of students across the region.

We completed the interviews and research for our forthcoming paper entitled “Distressed Counties in Eastern Kentucky: Why Are We Behind?” The interview process allowed us to establish new partners with development organizations in southwest Virginia critical to CAIRD’s growth into a regional entity serving all of Central Appalachia.
Recognizing the importance of regional cooperation in improving the economic conditions of Eastern Kentucky, CAIRD initiated a partnership with the Southeast Kentucky Chamber of Commerce (SEKC) and began planning for a public forum on how to improve regional cooperation in the region. SEKC will host the forum, which will be facilitated by CAIRD, and will invite participation from other chambers of commerce across the region.

CAIRD's CEO met with U.S. Congressman Hal Rogers whose Congressional District covers all of Eastern Kentucky to brief the Congressman on our mission and progress. Congressman Rogers invited CAIRD's CEO and board members to tour several facilities in Eastern Kentucky which are examples of innovation and job creation.

We led a roundtable hosted by the University of Louisville's provost for undergraduate affairs on how to mature the partnership between CAIRD and the University of Louisville. Dr. Nisha Gupta of the University of Louisville's Ideas to Action program offered to partner with CAIRD to match needs in Eastern Kentucky with resources at the University of Louisville. A formal memorandum of understanding outlining the specifics of the partnership is forthcoming.

In partnership with Eastern Kentucky University's Center for Economic Development, Entrepreneurship, and Technology (CEDET) CAIRD will launch a data resource center which will be part of a regional community atlas constructed and paid for by CEDET. The data resource center will provide one stop shopping for researchers, policy makers, and investors looking for information on Eastern Kentucky by providing an asset map and searchable database built and maintained by CAIRD and CEDET.

Planning for the next board of directors meeting began including the formulation of the agenda. The next board of directors meeting is scheduled for December 17, 2012.
Progress Made Toward Project Outcomes from Oct 1 2011 – Sept 31 2012:

CAIRD has been established, hired a Chief Executive Officer and an Executive Assistant. It has established a resource network containing the following 51 partners:

- East Kentucky Leadership Foundation
- Appalachian Teaching and Leadership Network
- Mountain Association for Community and Economic Development
- Leadership East Kentucky
- Big Sandy Area Development District
- Kentucky River Area Development District
- Cumberland Valley Area Development District
- Forward in the Fifth
- Kentucky Valley Educational Cooperative
- Kentucky Council on Post-Secondary Education
- Young Professionals of Eastern Kentucky
- Kentucky Science and Technology Corporation
- National Institute for Homeland Security
- Southeast Kentucky Chamber of Commerce
- Letcher County Rotary Club
- Appalachian Legal Defense Fund
- Brushy Fork Institute
- University of Kentucky Appalachian Center
- Eastern Kentucky University's Center for Economic Development & Entrepreneurial Technology
- Morehead State University Center for Regional Engagement
- University of Louisville Ideas to Action Program
- University of Pikeville Master of Business Association Program
- University of Kentucky Center for Applied Energy Research
- Regional Research University West Virginia University
- Pike County Judge Executive's Office
- Letcher County Judge Executive's Office
- Martin County Judge Executive's Office
- Knott County Judge Executive's Office
- The University of Virginia College at Wise
- Kentucky Cabinet for Economic Development
- Appalachian State University's Research Institute for the Environment & Energy
- Lincoln Memorial University Center for Healthcare Effectiveness
- Southwest Virginia Technology Development Center
- Economic Development Council, Center for Rural Strategies
- Congressman Hal Rogers, Kentucky's 5th Congressional District Representative
- Foundation for Appalachian Kentucky
- Governor's Office of Local Development (Kentucky)
- McConnell Center, University of Louisville
- LIGHTYEAR Network Solutions
- American Telephone & Telegraph External and Legislative Affairs
- Kentucky Highlands Investment Corporation
- University of Kentucky Center for Poverty Research
CAIRD has developed an internship and fellowship program plan and begun the search for a new regional development officer. The completion of these efforts will result in the hiring of one full time staff member for CAIRD, one fellow who will serve for one year, and an intern who will also serve for one year at CAIRD.

The "Data Resource Center" is being constructed by a professional database and software developer and paid for entirely by Eastern Kentucky University’s CEDET and their regional stewardship fund. Completion of the database construction is estimated to be in January 2013. The data resource center will provide new investors, businesses, entrepreneurs, and companies with comprehensive access to an asset map of Eastern Kentucky to facilitate new investment, the establishment of new businesses, and the creation of new private sector jobs.

CAIRD has begun the process of establishing an endowment which when completed will facilitate the transition from government funding to sustainable financial self-sufficiency. CAIRD continues to seek permanent funding from private sources including foundations, multi-county coal severance funds in Kentucky, and private donors to establish the endowment.

Problems Encountered:

There have been no major issues so far in the implementation process of the Central Appalachian Institute for Research & Development (CAIRD).
Outlook for Program Continuation and Sustainability:

This is the first of a proposed three-year relationship with ARC facilitating CAIRD’s implementation, at the end of which ARC support will be phased out. The CEO, in conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, will be charged with the task of identifying sustainable revenue resources from both public and private foundations. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan (included in the original grant application). A major potential funding source is the multi-county severance tax money; CAIRD clearly meets the requirements for which that money is to be used. The initial funding from ARC is critical for implementing CAIRD and allowing the University of Pikeville to work on securing sustainability for this Institute in the future.

Some sustainable revenue sources include: The University of Pikeville and Multi-County Coal Severance Tax funds from the (LGEDF) Local Government Economic Development Fund. Potential supplemental resources include; Various federal grants (USDA, the Economic Development Administration, the Department of Energy, the Department of Health and Human Services, Housing and Urban Development, the Environmental Protection Agency, the National Science Foundation and the Department of Education), private foundation grants such as the Ashland Foundation, Ford Foundation, Babcock, Gates Foundation, Humana Foundation, James Graham Brown Foundation, Reese-Steele Foundation, and the Kellogg Foundation are also potential sources for sustainable revenue.

Attachments:

Standard Form 270, Request for Advance or Reimbursement
Reimbursement Request Worksheet
## Reimbursement Request Worksheet

**Dates of this reporting period:**
- **From:** June 1st, 2012
- **To:** September 30th, 2012

### ARC (Federal) Share

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$91,500.00</td>
<td>$23,395.08</td>
<td>$45,699.95</td>
<td>$4,150.00</td>
<td>$0.00</td>
<td>$95,650.00</td>
<td>$23,395.08</td>
<td>$45,699.95</td>
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</tr>
<tr>
<td>Benefits</td>
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<td>$2,500.00</td>
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<tr>
<td>Equipment</td>
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<td>$3,876.31</td>
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<td>$7,500.00</td>
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<td>$3,876.31</td>
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</tr>
<tr>
<td>Supplies</td>
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<td>$852.35</td>
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<td>$1,000.00</td>
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<td>$72.19</td>
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<tr>
<td>Contractual</td>
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<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
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</tr>
<tr>
<td>Other</td>
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<td>$5,500.00</td>
<td>$2,827.78</td>
<td>$4,725.01</td>
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</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td><strong>$146,200.00</strong></td>
<td><strong>$28,894.95</strong></td>
<td><strong>$60,198.56</strong></td>
<td><strong>$10,687.17</strong></td>
<td><strong>$82,463.78</strong></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Indirect costs</strong></td>
<td><strong>$15,350.00</strong></td>
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<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$161,550.00</strong></td>
<td><strong>$28,894.95</strong></td>
<td><strong>$60,198.56</strong></td>
<td><strong>$10,687.17</strong></td>
<td><strong>$82,463.78</strong></td>
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</tbody>
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### Matching Funds

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
</tr>
<tr>
<td>Benefits</td>
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<td>$1,811.43</td>
<td>$0.00</td>
<td>$1,811.43</td>
<td>$0.00</td>
<td>$1,811.43</td>
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</tr>
<tr>
<td>Travel</td>
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<td>$0.00</td>
<td>$852.35</td>
<td>$0.00</td>
<td>$852.35</td>
<td>$0.00</td>
<td>$852.35</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
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<td>$3,876.31</td>
<td>$0.00</td>
<td>$3,876.31</td>
<td>$0.00</td>
<td>$3,876.31</td>
<td>$0.00</td>
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<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>$72.19</td>
<td>$72.19</td>
<td>$0.00</td>
<td>$72.19</td>
<td>$0.00</td>
<td>$72.19</td>
<td>$0.00</td>
<td>$72.19</td>
<td></td>
</tr>
<tr>
<td>Contractual</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
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<td>$0.00</td>
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</tr>
<tr>
<td>Other</td>
<td>$4,725.01</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
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</tr>
<tr>
<td><strong>Total Direct</strong></td>
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<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Indirect costs</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$22,265.22</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Total Program Outlays

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$23,395.08</td>
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<td>$23,395.08</td>
<td>$0.00</td>
<td>$23,395.08</td>
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<td>$23,395.08</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>$1,811.43</td>
<td>$1,811.43</td>
<td>$0.00</td>
<td>$1,811.43</td>
<td>$0.00</td>
<td>$1,811.43</td>
<td>$0.00</td>
<td>$1,811.43</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>$852.35</td>
<td>$852.35</td>
<td>$0.00</td>
<td>$852.35</td>
<td>$0.00</td>
<td>$852.35</td>
<td>$0.00</td>
<td>$852.35</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$3,876.31</td>
<td>$3,876.31</td>
<td>$0.00</td>
<td>$3,876.31</td>
<td>$0.00</td>
<td>$3,876.31</td>
<td>$0.00</td>
<td>$3,876.31</td>
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</tr>
<tr>
<td>Supplies</td>
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<td>$72.19</td>
<td>$0.00</td>
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<tr>
<td>Contractual</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$4,725.01</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
<td>$0.00</td>
<td>$4,725.01</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Indirect costs</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$44,530.44</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>$89,060.88</strong></td>
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<td><strong>$0.00</strong></td>
<td><strong>$89,060.88</strong></td>
<td></td>
</tr>
</tbody>
</table>

Figures from "Project Budget" column should be taken from the most recently approved project budget.

Amount shown in the "Current Period" column should reflect costs incurred only during the current reporting period. This usually covers four months.

**Amount shown in the "YTD" column is the total cost of this line item from the start of the project through the end of the current reporting period.**

**Note:** Indirect cost rates are approved by the grantee's cognizant Federal agency as described in OMB Circular A-87 and others. To claim reimbursement for indirect costs, they must be included as a line item in the most recently-approved ARC budget.
REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

Appalachian Regional Commission

 Appalachian Regional Commission

KY-16439-C1

6. EMPLOYER IDENTIFICATION NUMBER

611173342

7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER

51005

8. PERIOD COVERED BY THIS REQUEST

FROM (month, day, year) June 1, 2012

TO (month, day, year) September 30, 2012

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

<table>
<thead>
<tr>
<th>PROGRAMS/FUNCTIONS/ACTIVITIES</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Total program outlays to date 09-30-2012</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>S 82,463.78</td>
</tr>
<tr>
<td>b. Less: Cumulative program income</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$82,463.78</td>
</tr>
<tr>
<td>c. Net program outlays (Line a minus line b)</td>
<td></td>
<td></td>
<td></td>
<td>$82,463.78</td>
</tr>
<tr>
<td>d. Estimated net cash outlays for advance period</td>
<td></td>
<td></td>
<td></td>
<td>$82,463.78</td>
</tr>
<tr>
<td>e. Total (Sum of lines c &amp; d)</td>
<td></td>
<td></td>
<td></td>
<td>$82,463.78</td>
</tr>
<tr>
<td>f. Non-Federal share of amount on line e</td>
<td></td>
<td></td>
<td></td>
<td>$22,265.22</td>
</tr>
<tr>
<td>g. Federal share of amount on line e</td>
<td></td>
<td></td>
<td></td>
<td>$60,198.56</td>
</tr>
<tr>
<td>h. Federal payments previously requested</td>
<td></td>
<td></td>
<td></td>
<td>$31,303.61</td>
</tr>
<tr>
<td>i. Federal share now requested (Line g minus line h)</td>
<td></td>
<td></td>
<td></td>
<td>$28,894.95</td>
</tr>
<tr>
<td>j. Advances required by month, when requested by Federal grantor agency for use in making prescribed advances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd month</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3rd month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

| (a) Estimated Federal cash outlays that will be made during period covered by the advance | $ |
| (b) Less: Estimated balance of Federal cash on hand as of beginning of advance period | $ |
| c. Amount requested (Line a minus line b) | | |

(Continued on Reverse)
<table>
<thead>
<tr>
<th>Item</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.</td>
</tr>
<tr>
<td>4</td>
<td>Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.</td>
</tr>
<tr>
<td>6</td>
<td>Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (Institution) code if requested by the Federal agency.</td>
</tr>
<tr>
<td>7</td>
<td>This space is reserved for an account number or other identifying number that may be assigned by the recipient.</td>
</tr>
<tr>
<td>8</td>
<td>Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.</td>
</tr>
</tbody>
</table>

Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.

11 The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity if additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right, however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.

11a Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.

11b Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.

11d Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.

13 Complete the certification before submitting this request.
# ARC PERFORMANCE PROGRESS REPORT

<table>
<thead>
<tr>
<th>1. Federal Agency and Organization Element to Which Report is Submitted</th>
<th>2. ARC Grant Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Regional Commission</td>
<td>KY-16439-C1</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3a. DUNS Number</th>
<th>3b. EIN</th>
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</thead>
<tbody>
<tr>
<td>072667546</td>
<td>81-173342</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Recipient Organization (Name and complete address including zip code)</th>
<th>5. Recipient's Identifying Number or Account Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Pikeville - Central Appalachian Institute for Research &amp; Development 147 Sycamore Street Pikeville, KY 41501</td>
<td>51005</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>6. Project/Grant Period Start Date: (Month, Day, Year)</th>
<th>7. Reporting Period Dates (Month, Day, Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1st, 2011</td>
<td>September 30th, 2012</td>
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</tbody>
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<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>□ annual</td>
</tr>
<tr>
<td>☐ No</td>
<td>☐ semi-annual</td>
</tr>
<tr>
<td>☐ 120-day</td>
<td>☐ other</td>
</tr>
<tr>
<td>(If other, describe: )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Performance Narrative (attach as separate file per instructions found in Section IX-Grant Administration Manual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>See attachment titled &quot;ARC Performance Narrative (PE 05-31-12)&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. Other Attachments (attach other documents as needed or as instructed by the ARC project coordinator)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>12a. Typed or Printed Name and Title of Authorized Certifying Official</th>
<th>12c. Telephone (area code, number and extension)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason Belcher</td>
<td>606-218-5183</td>
</tr>
<tr>
<td>Project Director</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12d. Email Address</th>
<th>12e. Date Report Submitted (Month, Day, Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:jasonbelcher@upike.edu">jasonbelcher@upike.edu</a></td>
<td>06/21/12</td>
</tr>
</tbody>
</table>

PPR, Page 1
Background:

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 96 counties in Appalachia considered economically distressed, 51 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 74 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 50. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC.

The Central Appalachian Institute for Research and Development (CAIRD) is a non-profit public policy organization designed to provide new, long-term development strategies for Central Appalachia. Located in Eastern Kentucky, in and amongst the largest concentration of economically distressed counties in the Appalachian region, CAIRD is strategically positioned to advance the economic transformation of Central Appalachia.

While an abundance of research is available on Appalachia issues and the social and economic distress that is evident throughout the region, basic application of that research, as well as program and policy development, is lacking. In conjunction with its many stakeholders, CAIRD will concentrate on applying meaningful research in a manner that will improve the quality of life in Central Appalachia and provide the necessary mechanism for coordination of these applied strategies.

Recent/Upcoming Activities:

The CAIRD Board of Directors, along with the University of Pikeville, hired a CEO who began work on February 20, 2012.

During this time frame CAIRD organized, planned, and hosted a two day well-attended Resource Network Conference which provided vital inputs to shape CAIRD's future research agenda and generated buy-in from the economic development community. The conference was attended by the following organizations and individuals: University of Kentucky's Appalachian Center & Center for Applied Energy Research, Morehead State University's Center for Regional Engagement, Eastern Kentucky University's Educational Extension Agents, Brushy Fork Institute at Berea College, Lincoln Memorial University School of Business, Mountain Association of Community Economic Development, Appalachian Area Development Districts from Kentucky River, Cumberland Valley, and Big Sandy districts; Appalachian Legal Defense Fund, Eastern Kentucky Concentrated Employment Program, Hindman Settlement School, the Foundation for Appalachian Kentucky, former Kentucky Governor Paul Patton, the University of Pikeville, the University of Kentucky, the Kentucky Science and Technology Corporation, the Kentucky Cabinet for Economic Development, and the Kentucky Department of Local Government.

CAIRD organized and led a discussion panel at the Eastern Kentucky Leadership Foundation's Annual Conference; panelists included former Kentucky Lt. Governor Daniel Mongiardo, MD, Dr. James Ziliak, Director of the Poverty Research Center at the University of Kentucky, and Johnathan Gay, Esq., Director of the Morehead State University Center for Innovation. The topic of discussion for the panel was “Distressed Counties in Eastern Kentucky: Why Are We Behind?” Inputs from this discussion were used
to shape a CAIRD research study of the same title which will be published in the future. The study will be designed using QEM (quasi-experimental methodology) to conduct the county to county comparison of Eastern Kentucky counties with their counterparts in southwestern Virginia. Given the similarities these counties have (culture, geography, language) the findings will seek to understand why the counties on the Kentucky side of the border are economically distressed by ARC criteria but counties on the Virginia side are not. Better understanding of the roots of the current economic situation in Eastern Kentucky is vital to developing long term strategic guidance for improvements, which is part of CAIRD’s mandate.

CAIRD’s CEO and Executive Assistant attended a two day conference at Leadership East Kentucky, which provided an outstanding networking opportunity with business, civic, and community leaders from across Eastern Kentucky. These connections increased CAIRD’s visibility and provided a broader view into the surrounding community which is vital to help CAIRD identify and understand local challenges.

CAIRD established a team of interns who began initial work on project “Inspire Appalachia” a program CAIRD hopes to formally launch in the near future. “Inspire Appalachia” is being designed as an organized multi-media campaign designed to improve the brand of Central Appalachia in order to attract new businesses and increase regional economic competitiveness.

CAIRD also developed and launched a website (http://www.caird-connect.org/) where information about the organization, staff, location and CAIRD’s upcoming events are posted. This site will also host connections to social media as well as the “Data Resource Center” in future performance reporting periods.

In partnership with Morehead State University’s Innovation Center, Eastern Kentucky University’s Innovation Cluster, and the Kentucky Science and Technology Corporation, CAIRD began initial discussions for a new business incubator to be located in the city of Pikeville. In close cooperation and coordination with EKU and MSU, the Pikeville location will create an “Eastern Triangle” encompassing most of the economically distressed counties in Eastern Kentucky with the goal of expanding entrepreneurship in that region.

In partnership and cooperation with local officials and administrators in economically distressed counties and the Kentucky Cabinet for Economic Development, CAIRD began a research project to answer this question: for new businesses that considered locating in Kentucky but decided not to, why did they decide not to? The information gathered will be used to identify patterns and lessons learned from previous business prospects; those lessons and patterns will then be presented to decision makers who work with new prospects so they can increase the success rate and attract more new businesses to the region.
Progress Made Toward Project Outcomes:

Since receiving funding, the University of Pikeville has implemented one new program: the Central Appalachian Institute for Research & Development (CAIRD). As a result of this new program implementation, two new jobs were created.

Additional outcomes in the development process:

Establishment of the “CAIRD Educational Resource Network,” a consortium of participating public and private post-secondary educational institutions who will collaborate on projects with CAIRD. The resource network conference of May 14 & 15 established the credibility of CAIRD as a legitimate contributor in the economic development community. Efforts to grow and mature the resource network will continue, but the initial group of participants is robust enough to constitute a sound beginning. Feedback was overwhelmingly positive, including this comment from one attendee: “It was a pleasure to attend the inaugural CAIRD conference and to meet the many outstanding people who share a common goal. It was well organized and purposeful. The University of Pikeville and CAIRD are to be commended for their vision. I look forward to working with you and CAIRD in our ongoing efforts to advance the cause of Central Appalachia in research and development.” -- Jack McCann, PhD, Dean-School of Business, Lincoln Memorial University.

Efforts are continuing in the development of an Internship and Fellowship Program through CAIRD, CAIRD has scheduled meetings for the next quarter with the University of Louisville, University of Kentucky, Eastern Kentucky University, and Morehead State University to establish a regular internship and fellow program at CAIRD designed to attract and retain students from the region to Pikeville, KY and work at CAIRD on various economic development, educational and research initiatives.

The “Data Resource Center” is now in the development stages. While the CAIRD website acknowledges the existence of this center, efforts to collect and organize research are being done prior to its launch. The center will not only offer existing and future research relating the systemic problems and development of the region, but provide a space for discussion, data analysis, and allow input from stakeholders as well as the community of interest.

Problems Encountered:

There have been no major issues so far in the implementation process of the Central Appalachian Institute for Research & Development (CAIRD).
Outlook for Program Continuation and Sustainability:

This is the first of a proposed three-year relationship with ARC facilitating CAIRD's implementation, at the end of which ARC support will be phased out. The CEO, in conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, will be charged with the task of identifying sustainable revenue resources from both public and private foundations. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan (included in the original grant application). A major potential funding source is the multi-county severance tax money; CAIRD clearly meets the requirements for which that money is to be used. The initial funding from ARC is critical for implementing CAIRD and allowing the University of Pikeville to work on securing sustainability for this Institute in the future.

Some sustainable revenue sources include: The University of Pikeville and Multi-County Coal Severance Tax funds from the (LGEDF) Local Government Economic Development Fund. Potential supplemental resources include; Various federal grants (USDA, the Economic Development Administration, the Department of Energy, the Department of Health and Human Services, Housing and Urban Development, the Environmental Protection Agency, the National Science Foundation and the Department of Education), private foundation grants such as the Ashland Foundation, Ford Foundation, Babcock Foundation, Gates Foundation, Humana Foundation, James Graham Brown Foundation, Reese-Steele Foundation, and the Kellogg Foundation are also potential sources for sustainable revenue.

Attachments:

Standard Form 270, Request for Advance or Reimbursement
Reimbursement Request Worksheet
## Reimbursement Request Worksheet

**Project Title:** Central Appalachian Institute for Research & Development  
**ARC Project No.:** KY-16439-C1

### Dates of this reporting period:
- **From:** February 1st, 2012  
- **To:** May 31st, 2012

### ARC (Federal) Share

<table>
<thead>
<tr>
<th>BUDGET CATEGORY</th>
<th>Project Budget</th>
<th>Current Period **</th>
<th>YTD ***</th>
<th>Project Budget</th>
<th>Current Period **</th>
<th>YTD ***</th>
<th>Project Budget</th>
<th>Current Period **</th>
<th>YTD ***</th>
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</thead>
<tbody>
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<td>$22,304.87</td>
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<td><strong>$29,127.39</strong></td>
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<td><strong>$10,773.14</strong></td>
<td><strong>$11,578.05</strong></td>
<td><strong>$218,550.00</strong></td>
<td><strong>$39,900.53</strong></td>
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### Matching Funds

### Total Program Outlays

- **ARC (Federal) Share:** $161,550.00  
- **Matching Funds:** $29,127.39  
- **Total Program Outlays:** $218,550.00

---

Figures from "Project Budget" column should be taken from the most recently approved project budget.

Amount shown in the "Current Period" column should reflect costs incurred only during the current reporting period. This usually covers four months.

Amount shown in the "YTD" column is the total cost of this line item from the start of the project through the end of the current reporting period.

**NOTE:** Indirect cost rates are approved by the grantee's cognizant Federal agency as described in OMB Circular A-87 and others. To claim reimbursement for indirect costs, they must be included as a line item in the most recently-approved ARC budget.
REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

Appalachian Regional Commission

KY-16439-C1

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

61-1173342 51005

8. PERIOD COVERED BY THIS REQUEST

FROM (month, day, year) TO (month, day, year)

February 1st, 2012 May 31st, 2012

10. PAYEE (Where check is to be sent if different than item 9)

Name: University of Pikeville - CAIRD

Number and Street: 147 Sycamore Street

City, State and ZIP Code: Pikeville, KY 41501

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

<table>
<thead>
<tr>
<th>PROGRAMS/FUNCTIONS/ACTIVITIES</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>TOTAL</th>
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<td>$</td>
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<td>b. Less: Cumulative program income</td>
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<td>$42,881.66</td>
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<td>c. Net program outlays (Line a minus Line b)</td>
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<td>$42,881.66</td>
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<tr>
<td>d. Estimated net cash outlays for advance period</td>
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<td></td>
<td>$42,881.66</td>
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<tr>
<td>e. Total (Sum of line e &amp; d)</td>
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<td></td>
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<tr>
<td>f. Non-Federal share of amount on line e</td>
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<td></td>
<td></td>
<td>$11,578.05</td>
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<tr>
<td>g. Federal share of amount on line e</td>
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<td></td>
<td></td>
<td>$31,303.61</td>
</tr>
<tr>
<td>h. Federal payments previously requested</td>
<td></td>
<td></td>
<td></td>
<td>$2,176.22</td>
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<tr>
<td>i. Federal share now requested (Line g minus line h)</td>
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<td></td>
<td></td>
<td>$29,127.39</td>
</tr>
<tr>
<td>j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances</td>
<td></td>
<td></td>
<td></td>
<td>$</td>
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<tr>
<td>1st month</td>
<td>$</td>
<td></td>
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</tr>
<tr>
<td>2nd month</td>
<td>$</td>
<td></td>
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</tr>
<tr>
<td>3rd month</td>
<td>$</td>
<td></td>
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12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

| | (Continued on Reverse) |
| a. Estimated Federal cash outlays that will be made during period covered by the advance | | |
| b. Less: Estimated balance of Federal cash on hand as of beginning of advance period | | |
| c. Amount requested (Line a minus line b) | | | | $ |
CREATION AND IMPLEMENTATION OF CAIRD

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL

DATE REQUEST SUBMITTED

TYPE OR PRINTED NAME AND TITLE

TELEPHONE (AREA CODE) NUMBER, EXTENSION

This space for agency use

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

2. Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.

4. Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.

6. Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICA (institution) code if requested by the Federal agency.

7. This space is reserved for an account number or other identifying number that may be assigned by the recipient.

8. Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.

Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.

11. The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.

11a. Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees and other payees.

11b. Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.

11d. Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.

13. Complete the certification before submitting this request.

STANDARD FORM 270 (Rev. 7/07) Back
CREATION AND IMPLEMENTATION OF CAIRD

ARC PERFORMANCE PROGRESS REPORT

<table>
<thead>
<tr>
<th>Page</th>
<th>of</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Federal Agency and Organization Element to Which Report is Submitted</td>
<td>2. ARC Grant Number</td>
</tr>
<tr>
<td>Appalachian Regional Commission</td>
<td>KY-16439-C1</td>
</tr>
</tbody>
</table>

| 3a. DUNS Number | 072667546 |
| 3b. EIN | 61-1173342 |

4. Recipient Organization (Name and complete address including zip code)
University of Pikeville - Central Appalachian Institute for Research & Development
147 Sycamore Street
Pikeville, KY 41501

5. Recipient's Identifying Number or Account Number
51005

6. Project/Grant Period
Start Date: (Month, Day, Year) | End Date: (Month, Day, Year)
October 1st, 2011 | September 30th, 2012

7. Reporting Period Dates
10/01/2011 to 01/31/2012

8. Final Report? □ Yes □ No

9. Report Frequency
□ annual □ semi-annual □ 120-day □ other
(if other, describe:)

10. Performance Narrative (attach as separate file per instructions found in Section IX-Grant Administration Manual)
See attachment titled "ARC Performance Narrative (PE 01-31-12)"

11. Other Attachments (attach other documents as needed or as instructed by the ARC project coordinator)

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

12a. Typed or Printed Name and Title of Authorized Certifying Official
James Hurley
Project Manager

12b. Signature of Authorized Certifying Official

12c. Telephone (area code, number and extension)
606-218-5272

12d. Email Address
jhurst@upike.edu

12e. Date Report Submitted (Month, Day, Year)
02/08/2012
Background:

Historically, Central Appalachia has been one of the most socially and economically distressed areas of the country. Of the 96 counties in Appalachia considered economically distressed, 51 are located in Central Appalachia. More specifically, of the 82 counties that make up Central Appalachia, 74 are considered to be at-risk or economically distressed, with the highest concentration being in Eastern Kentucky, which has 50. Central Appalachia has no counties that have reached competitive or attainment status as defined by ARC.

The Central Appalachian Institute for Research and Development (CAIRD) is a non-profit public policy organization designed to provide new, long-term development strategies for Central Appalachia. Located in Eastern Kentucky, in and amongst the largest concentration of economically distressed counties in the Appalachian region, CAIRD is strategically positioned to advance the economic transformation of Central Appalachia.

While an abundance of research is available on Appalachia issues and the social and economic distress that is evident throughout the region, basic application of that research, as well as program and policy development, is lacking. In conjunction with its many stakeholders, CAIRD will concentrate on applying meaningful research in a manner that will improve the quality of life in Central Appalachia and provide the necessary mechanism for coordination of these applied strategies.

Recent/Upcoming Activities:

Currently, ARC funding is being used to proceed with implementation of the Central Appalachian Institute for Research & Development (CAIRD) at the University of Pikeville in Pikeville, Ky.

To date, ARC funding has allowed CAIRD to establish a CAIRD Board of Directors and hire an Administrative Assistant. The CAIRD Board of Directors, along with the University of Pikeville, is currently in the process of reviewing and interviewing top candidates for the position of Chief Executive Officer (CEO). It is anticipated that a CEO will be in place by the next reporting period.

Board meetings were also held during this time frame. CAIRD’s Board of Directors also discussed the timeline and direction for the Institute. Additionally, there was an approval of the CEO job description and further discussions of sustainable funding, implementation, and the prioritization of CAIRD’s projects and potential outcomes.
Progress Made Toward Project Outcomes:

Since receiving funding, the University of Pikeville has implemented one new program: the Central Appalachian Institute for Research & Development (CAIRD). As a result of this new program implementation, two new jobs were created.

Additional outcomes in the development process:

1. Establishment of the "CAIRD Educational Resource Network," a consortium of participating public and private post-secondary educational institutions who will collaborate on projects with CAIRD.

2. Development of an Internship and Fellowship Program to attract and retain students from the region to live in Pikeville and work at CAIRD on various economic development, educational and research initiatives.

3. Creation of a data resource center of existing and future research relating the systemic problems and development of the region.

Problems Encountered:

There have been no major issues so far in the implementation process of the Central Appalachian Institute for Research & Development (CAIRD). We have successfully conducted a thorough search for the Administrative Assistant as well as the CEO. It is anticipated that the CEO will be in place by the next reporting period; however, coordinating schedules between potential candidates and board members has presented challenges.
Outlook for Program Continuation and Sustainability:

This is the first of a proposed three-year relationship with ARC facilitating CAIRD’s implementation, at the end of which ARC support will be phased out. The CEO, in conjunction with the CAIRD Board of Directors and officials at the University of Pikeville, will be charged with the task of identifying sustainable revenue resources from both public and private foundations. Potential revenue sources for CAIRD are discussed in the Business and Operations Plan (included in the original grant application). A major potential funding source is the multi-county severance tax money; CAIRD clearly meets the requirements for which that money is to be used. The initial funding from ARC is critical for implementing CAIRD and allowing the University of Pikeville to work on securing sustainability for this Institute in the future.

The Business and Operations Plan recommends a broad array of funding mechanisms to support CAIRD and to prevent its reliance on one source of funds. CAIRD will seek funds from public and private sectors. Due in part to the relationship to Appalachia, priority will be placed on funding mechanisms that are intended to be used in the Central Appalachian region. Some sustainable revenue sources include: The University of Pikeville, Multi-County Coal Severance Tax from LGEDF Local Government Economic Development Fund, and self-generated funds (through conferences/workshops throughout the region for various public and private organizations).

Once sustainable sources of revenue have been obtained, potential supplemental resources include; Various federal grants (USDA, the Economic Development Administration, the Department of Energy, the Department of Health and Human Services, Housing and Urban Development, the Environmental Protection Agency, the National Science Foundation and the Department of Education), private foundation grants and private stakeholders.

Attachments:

Standard Form 270, Request for Advance or Reimbursement
Reimbursement Request Worksheet
Reimbursement Request Worksheet

Dates of this reporting period:
From: October 1st, 2011 To: January 31st, 2012

<table>
<thead>
<tr>
<th>BUDGET CATEGORY</th>
<th>Project Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Project Budget*</th>
<th>Current Period**</th>
<th>YTD***</th>
<th>Project Budget*</th>
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Figures from "Project Budget" column should be taken from the most recently approved project budget.
Amount shown in the "Current Period" column should reflect costs incurred only during the current reporting period. This usually covers four months.
Amount shown in the "YTD" column is the total cost of this line item from the start of the project through the end of the current reporting period.

NOTE: Indirect cost rates are approved by the grantee's cognizant Federal agency as described in OMB Circular A-87 and others. To claim reimbursement for indirect costs, they must be included as a line item in the most recently-approved ARC budget.
REQUEST FOR ADVANCE OR REIMBURSEMENT

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<td>c. Net program outlays (Line a minus line b)</td>
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<td>d. Estimated net cash outlays for advance period</td>
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<td>f. Non-Federal share of amount on line e</td>
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<td>g. Federal share of amount on line e</td>
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<td>h. Federal payments previously requested</td>
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<td>i. Federal share now requested (Line g minus line b)</td>
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ALTERNATE COMPUTATION FOR ADVANCES ONLY

| a. Estimated Federal cash outlays that will be made during period covered by the advance | $ |
| b. Less: Estimated balance of Federal cash on hand as of beginning of advance period | $ |
| c. Amount requested (Line a minus line b) | (Continued on Reverse) |
I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

James Hurley, Program Director

This space for agency use
APPENDIX F – BOARD CORRESPONDENCE
CAIRD Board of Directors
2011-2012

Paul E. Patton
Chairman

Dr. Bruce Ayers
President
Southeast Kentucky Community & Technical College
700 College Road
Cumberland, KY 40823
Bruce.ayers@kctcs.edu

Dr. Joanne Blackwell
Dean
University of Kentucky
Graduate School
106 Gillis Building
Lexington, KY 40506
jblack@email.uky.edu

Hon. Kelly Callaham
Judge Executive
Martin County
P.O. Box 309
Inez, KY 41224
kc@callaham@suddenlinkmail.com

Johnathan Gay, Esq.
Director, West Liberty Innovation Center
Morehead State University
151 University Drive
West Liberty, KY 41472-2146
jgay@kyinnovation.com

Peter Hille
Director
Brushy Fork Institute
CPO 2164
Berea, KY 40404
Peter_hille@berea.edu

Dr. Jack Herlihy
Director
EKU Center for Education Research in Appalachia
406 Combs Eastern Kentucky University
Richmond, KY 40475
Jack.herlihy@eku.edu

Ewell Balltrip
President/CEO
The National Institute for Homeland Security
368 N. HWY 27, Suite 1
Somerset, KY 42503
eballtrip@thenis.org

William Weinberg
Secretary

Dr. Jeffrey Marshall
Exec. Director, Center for Regional Engagement
Morehead State University
320 University Street
Morehead, KY 40351-1689
j.marshall@moreheadstate.edu

Hon. Paul E. Patton
President
Former Governor of Kentucky
Pikeville College
147 Sycamore Street
Pikeville, KY 41501
paulepatton@msn.com

Brad Parke
Law Student
P.O. 638
Hindman, KY 41822
bradley_parke2@eku.edu

Dr. James Ramsey
President
University of Louisville
Louisville, KY 40292
ramsey@louisville.edu

Dr. Aaron Thompson
Senior Vice President
Kentucky Council on Postsecondary Education
1024 Capital Center Drive, #320
Frankfort, KY 40601-7512
Aaron.thompson@ky.gov

Hon. Jim Ward
Judge Executive
Letcher County
156 Main Street, Suite 107
Whitesburg, KY 41858
lechtercountyjudge@yahoo.com

Bill Weinberg
President
Clean Gas, Inc.
35 Kentucky River Road
Hindman, KY 41822
halcyonpapa@gmail.com
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Address</th>
<th>Email</th>
</tr>
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</table>
| Dr. Bruce Ayers                          | President                  | Southeast Kentucky Community & Technical College  
700 College Road  
Cumberland, KY 40823 | Bruce.ayers@kctcs.edu |
| Dr. Jeanine Blackwell                    | Dean                       | University of Kentucky  
106 Gillis Building  
Lexington, KY 40506 | jblack@email.uky.edu |
| Hon. Kelly Callaham                      | Judge Executive            | Martin County  
P.O. Box 309  
Inez, KY 41224 | kcallaham@suddenlinkmail.com |
| Johnathan Gay, Esq.                      | Director                   | West Liberty Innovation Center  
Morehead State University  
151 University Drive  
West Liberty, KY 41472-2146 | jgay@kyinnovation.com |
| Peter Hille                              | Director                   | Brushy Fork Institute  
CPO 2164  
Berea, KY 40404 | Peter_hille@berea.edu |
| Dr. Jack Herlihy                         | Director                   | EKU Center for Education  
Research in Appalachia  
406 Combs  
Eastern Kentucky University  
Richmond, KY 40475 | Jack_herlihy@eku.edu |
| Ewell Balltrip                           | President/CEO              | The National Institute for Homeland Security  
358 N. HWY 27, Suite 1  
Somerset, KY 42503 | eballtrip@thenihs.org |
| Dr. Jeffrey Marshall                     | Exec. Director             | Center for Regional Engagement  
Morehead State University  
320 University Street  
Morehead, KY 40351-1689 | j.marshall@moreheadstate.edu |
| Hon. Paul E. Patton                      | President                  | Former Governor of Kentucky  
Pikeville College  
147 Sycamore Street  
Pikeville, KY 41501 | paul.epatton@msn.com |
| Brad Parke                               | Law Student                | University of Louisville  
P.O. 638  
Hindman, KY 41822 | bradley_parke2@eku.edu |
| Dr. James Ramsey                         | President                  | University of Louisville  
Louisville, KY 40292 | ramsey@louisville.edu |
| Dr. Aaron Thompson                       | Senior Vice President      | Kentucky Council on Postsecondary Education  
1024 Capital Center Drive, #320  
Frankfort, KY 40601-7512 | Aaron.thompson@ky.gov |
| Hon. Jim Ward                            | Judge Executive            | Letcher County  
156 Main Street, Suite 107  
Whitesburg, KY 41858 | leitchercountyjudge@yahoo.com |
| Bill Weinberg                            | President                  | Clean Gas, Inc.  
35 Kentucky River Road  
Hindman, KY 41822 | halcyonpapa@gmail.com |
| James Hurley                             | President Elect            | University of Pikeville  
147 Sycamore Street  
Pikeville, KY 41501 | jhurley@upike.edu |
Minutes
Central Appalachian Institute for Research & Development (CAIRD)
Board of Directors Meeting
Monday, December 17, 2012
Community Technology Center @ University of Pikeville
Pikeville, KY

Members Present
Bill Weinberg, Brad Parke, James Hurley, Jonathan Gay, Gov. Paul Patton, Jason Belcher, Ewill Balltrip, and Dr. Jerry Johnson (on behalf of Dr. Jim Ramsey).
(Call in: Jeanine Blackwell, Peter Hille and Dr. Jeffrey Marshall)

Called to Order
Meeting was called to order by Paul Patton at 1:03pm.

Welcome
Chairman Paul Patton welcomed all the Board Members and turned things over to CAIRD CEO Jason Belcher for reporting.

CAIRD’s Recent Accomplishments
Chief Executive Officer, Jason Belcher, discussed several accomplishments the organization has noted since the previous board meeting.

CAIRD’s ARC application was accepted and approved for FY 2012 (CY 2013). Belcher discussed how this allowed CAIRD to hire our first In-Residence Research Fellow and post the job description for a Development Officer position, a new job to be created in 2013.

Amanda Fickey, Doctorial Candidate at the University of Kentucky was introduced and given a moment to formally introduce herself and go over some of her previous publications and accomplishments.

Jason Belcher, CEO, announced that the posting for a Development/Marketing person would be advertised early in 2013 and run until a suitable candidate was found to fill the position.

Jason also discussed the recent completion of the Leadership East Kentucky Program for Shawna Hall and his self.

Project List & Status:
Jason Becher, CEO Presented the Board Members with a Research Agenda and Projects list for both ongoing and upcoming projects.

Data Resource Center
- Belcher discussed how the program will be fully funded by Eastern Kentucky University’s CEDET Program. (This is approximately a $20,000 expense)
- Software Masters have been hired by EKU to develop a Community Asset Map for the region.
Interstate Conference
• Building off of a recent presentation by Jason Belcher (CEO, CAIRD) and James Hurley (President-Elect, UPIKE) at the MSERA Annual Conference in Lexington, Kentucky; CAIRD would like to present findings from this article to members from Southwest Virginia and Eastern Kentucky in a face-to-face roundtable discussion. These were the two influential regions used for comparison in the article present “Distressed Counties in Eastern Kentucky: Why are we behind?.” This article builds on the previous discussion at the East Kentucky Leadership Conference in 2012 and the Panel Recommendations.

CAER Energy Forum
• Eastern Kentucky Energy Forum
• One day seminar

Health Care Innovation Center
• A-OPTIC Critical Partner
• Funded through CMS Innovation Grant

Improving Regional Coordination
• SEKC hosted
• New Fellow’s Focus

Economic Diversification
• ETSU

Supporting Entrepreneurs
• MACED
• Nucleus

Technology & Governance
• Go Madisonville
• AT&T
• KSTC

Website:
The Central Appalachian Institute for Research and Development (CAIRD) website has been updated since the last Board Meeting to a new and more easily accessible version.

CAIRD has a Social Media presence in Facebook already established and will be looking to further involve Twitter.

Sustainability and the Future:
Potential future funding was discussed by CEO, Jason Belcher and Board involvement was requested in meeting the target goals below:

Endowment Target: $1.2 Million

Potential Sources of Funding:
CREATION AND IMPLEMENTATION OF CAIRD

- Foundations
- Multi-County Coal Severance Funds (line-item)
- Private Donations
- Government Grants

Next meeting date:
No meeting date was set for the next Board of Directors Meeting.

Adjournment:
Motion to adjourn was made by Paul Patton, Brad Parke seconded, and all were in favor. Meeting was closed at 3:00pm.
CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH AND DEVELOPMENT (CAIRD)
March 5, 2012
1:00 p.m.
University of Pikeville
Community Technology Center, Room 134

AGENDA

Call to Order (Gov. Paul Patton)

Welcome Board Members / Introduction

CAIRD Financial Status

Status of ARC Grant

2012 Quarterly Milestones

Resource Network Conference
  • Conference Invitees/Resource Network Contact List
  • Conference Agenda
  • Estimated Conference Cost/Budget

Key Issues/Priority List

Data Resource Center

CAIRD Website

Other Business

Next Meeting

Adjourn
Minutes
Central Appalachian Institute for Research & Development (CAIRD)
Board of Directors Meeting
Monday, March 5, 2012
Community Technology Center @ University of Pikeville
Pikeville, KY

Members Present
(Call In: Jeanine Blackwell, Peter Hille, Ewell Balltrip, Jack Herlihy)

Called to Order
Meeting was called to order by Paul Patton at 1:03pm.

Welcome
Moment of silence was taken for the victims of the tornados from this past Friday. Welcome was made to the Board Members by Jason Belcher and brief introduction to today's meeting.

CAIRD Financial Status:
Review of total project funding, percentage of totals used to date and remaining percentages and amounts. Tracking of yearly figures and itemized budget.

Bruce Ayers suggested that the $15,350 indirect cost was too small and that should be something that is closely looked at.

Status of ARC Grant:
Jason Belcher, CEO reported that the Pre-Application is completed and ready to submit.
Information provided by Peggy Satterly, DLG, states no official date for deadline for full application has been set yet.

2012 Quarterly Milestones:
Jason Belcher, CEO discusses projected Quarterly Milestones for CAIRD in 2012. Distribute progress evenly for reporting, etc.

Q2: More technical, infrastructure.

Q3: Possibly start internship program.

Q4: Bill Weinberg mentioned to Jack about getting the intern program started before end of year. Jason Belcher and Jack Herlihy will meet on Thursday, March 8th to discuss the intern program.
**Resource Network Conference:**

The conference will be the kick-off event for the CAIRD resource network, which will bring together partners and stakeholders to create a research consortium to address the key issues (which will be discussed later)

**Conference Invitees/Resource Network Contact List**
- Brad suggested contacting Appalachian Studies Conference, RAL, Rural Appalachian lab. Jason Belcher will get names and contact information from Jack Herlihy.
- Suggestion from Bruce Ayers to include all Appalachian Centers on contact list.
- Gov. Patton suggested Southern Ohio, Eastern Kentucky.
- Suggestion from Bruce Ayers that other states/regions should be included.

**Proposed Conference Agenda**

**Estimated Conference Cost/Budget**

**Purpose of the Conference:**
- To generate buy-in from partners and gather their inputs
- Discuss key research issues and devise programs, initiatives, or other collaborative research endeavors
- Build networking relationships

Idea for possible sessions/seminars were discussed.

MoU's should be general for startup. To establish partnership, then tailor needs from each institution upon review.
- A Memorandum of Understanding should be available at the conference for the entire consortium.

Bill Weinberg proposed that a date should be set for the conference.
Probable Conference date set for: May 14th - 15th

**Potential/Future Funding:**

Peter Hillie is leaving position at Berea College to be VP of operations at MACED.

Bill Weinberg wants to work with MACED about getting Ford Foundation Grant for 10 year funding. Gov. Paul Patton has a contact with the Ford Foundation. Bruce Ayers suggested Kellogg Foundation.

**Suggestions for Guest Speaker:**

Gov. Paul Patton discussed possible Luncheon speakers. Bill Weinberg suggested Jerry Johnson from Ohio University, also researcher for Rural Trust. Jeanine Blackwell suggested Dr. Zilliak from the University of Kentucky. Dr. Zilliak's focus is on Appalachian and Rural Study and the understanding of applied research. Jack Herlihy will call Jerry Johnson, and Jason Belcher will contact Dr. Zilliak.

Suggestion was made by the board to cover total expenses for Speakers.
James Hurley suggested maybe bringing in someone nationally known, to use the conference as a launching pad for CAIRD. Bruce Ayers suggested keeping names local.

Board agreed to contact both Dr. Ziliak and Jerry Johnson and see who would be available. Possibly get both speakers.

Dinner and/or lunch will be provided. A Networking Dinner and the conference length would be a Day and half.

The event cost/budget will be reconfigured to new expenses.

It was suggested by the board that if the contact for a participating institute could not attend on the specific dates of the conference then an alternate representative can participate instead of changing dates.

Bill Weinberg suggested that Jason Belcher, CEO, take time to have 15 minutes with each representative to see how they can collaborate with CAIRD. Those kinds of discussions will most likely occur prior to the conference. Bruce Ayers and Peter Hille suggested the CEO select several core organizations that really need to attend and visit with them to make sure they will be attending.

Market the conference. Shawna Hall will check with James Hurley to get Jason Belcher, CEO on “Issues and Answers” to promote CAIRD and the conference.

Bill Weinberg suggested that board members from institutions make sure that a representative will be in attendance.

Jeanine Blackwell introduced Ann Kingslover as new Appalachian Studies Director. This will be Point of Contact for Shawna Hall and Jason Belcher for help implementing the Data Resource Center.

Jason Belcher, CEO, stated his appreciation for all the input and suggestions from the board on the upcoming conference.

Website:
Bruce Parsons, University of Pikeville, has developed a draft layout for the Central Appalachian Institute for Research and Development (CAIRD) website. Domain name is yet to be determined; CAIRD.org is currently owned by a private individual.

Website page is still a work in progress, will have a Facebook page link and website is a mobile ready site.

Other Business:

Key Issues/Priority Lists:
Each year the CAIRD CEO and board members will identify specific development issues for analysis. As stated in the business & operations plan. For this year the issues include:
- Why are there so many distressed counties in eastern Kentucky?
- Review of Multi County Coal Severance Tax and its uses by other states. Do other states have similar funds and if so how do they use them compared to Kentucky? Is the coal severance money being used efficiently and effectively in Kentucky? (Suggested by Gov. Paul Patton)

- Ewell Balltrip - What type of businesses/industries that can succeed in Appalachia? And what can we do as a region to attract those particular industries? What type of industries is our region suited to support? Bill Weinberg – what is the best way to facilitate integration into the Global Economy. Suggestions included creating situations for brainstorming, and development in Eastern KY by creating a stimulating environment.

- Gov. Patton – Due to modern technology it isn’t necessary to physically be in a certain location to do work; intellectual work can be done remotely and hence from anywhere. Physical infrastructure such as manufacturing isn’t the only production style; today economic growth can be achieved by plugging into the knowledge industry. Can we increase the presence of knowledge based businesses in the region?

- Bruce suggested that we need to get started first before addressing all issues, and to keep the agenda for the first conference at an achievable level.

- A key development issue is how to cultivate the talent we already have, and how to attract talent to the area. The latter is an issue for our YSPs, or young smart people, a.k.a. interns to look at. - Jason Belcher.

- Peter Hille, Look at the workforce in Eastern KY as well as non-participation in workforce.

Our challenge will be to take this excellent input and distill it down into topics for Conference. Brad Parke suggested sessions from East Kentucky Leadership Conference as a starting point.

Ewell Balltrip asked if CAIRD would be using Resource Network to solve these issues. Jason Belcher answered that absolutely, leveraging partnerships to provide answers to key questions is critical to CAIRD’s success. Those roles should be made clear to representatives from each institution.

Also use Interns and Fellows.

James Hurley asked about thoughts on Mission and Vision, a marketable slogan, etc. Current mission statement needs to be refined.

Bill Weinberg discussed the ability to identify priorities and develop initiatives over time. CAIRD can provide long term consistent policy recommendations to help offset the constantly changing agendas from successive gubernatorial administrations.

**Data Resource Center:**

Jeanine Blackwell – discussed new repository of information through Appalachian Center at UK. An Information Technology person at UK will work with Shawna Hall and Jason Belcher on the Data Resource Center. Community and Economic Development Initiative of Kentucky (CEDIK), will also work with CAIRD.
Shawna Hall is going to send letter to contacts at UK and set up meetings for further discussion on the Data Resource Center.

**Conclusion/Questions/Wrap-up:**
Bill Weinberg discussed approach to Multi-County Severance Tax Proposal, proposing a three year support level of $200,000/$300,000/$400,000 respectively to coincide with the ARC funding and get us into the first year after ARC phases out. Feeling is that this would be a reasonable request. Jim Ward was comfortable with $200,000 for the first year. With two judges signed on it then gets submitted to DLG. CARID will try to get signatures from Kelly Callahan, Jim Ward, and Wayne Rutherford. Board approval is needed.

Bruce Ayers motioned that be the approach, seconded by Brad Parke. All were in favor.

Bill Weinberg made motion that James Hurley to become a board member. Motion was seconded by Bruce Ayers. All were in favor.

Paul Patton made motion that James Hurley be named Treasurer. Motion was seconded by Jeanine Blackwell. All were in favor.

**Next meeting date:**
No meeting date was set for the next Board of Directors Meeting.

**Adjournment:**
Motion to adjourn was made by Paul Patton, Brad Parke seconded, and all were in favor. Meeting was closed at 2:18pm.
Call to Order

Welcome New Board Members

Approval of March Minutes

Approval of Agenda

ARC Application Update

501(c)(3) Status

CAIRD Timeline

Approval of CEO Job Description

Discussion of CEO Position
  ➢ Hiring process
  ➢ Hiring timeline
  ➢ Performance expectations
  ➢ Possible funding sources

Discuss Process for Board Selection of Priorities

Old Business

New Business

Next Meeting

Adjourn
Minutes
Central Appalachian Institute for Research and Development (CAIRD)
Board of Directors
Thursday, September 15, 2011
University of Pikeville, Sturgill Board Room

MEMBERS PRESENT:
Dr. Bruce Ayers, Judge Kelly Callaham, Jonathan Gay, Brad Parke, Bill Weinberg, James Hurley, Governor Paul Patton, Dr. Jeffrey Marshall, Dr. Jeannine Blackwell, Dr. Aaron Thompson, Dr. Jim Ramsey, and Peter Hille

CALL TO ORDER
The meeting was called to order at 3:00 p.m. by Chairman Patton.

APPROVAL OF MINUTES
A motion was made by Dr. Jeffrey Marshall and seconded by Bill Weinberg to approve the minutes from the May meeting. All were in favor.

ARC APPLICATION UPDATE
James Hurley informed the Board that funds from ARC will be available on October 1, 2011 instead of January as originally discussed. He also advised the Board that there were amendments made to the budget on September 14 by him and Tiffany Baker per the request of ARC to cover the personnel expenses through the first year. He encouraged the Board to begin the search for a CEO as soon as possible.

501 (c)(3) STATUS
Chairman Patton asked James Hurley to update the board. James said that all necessary information has been sent to the IRS and they are currently working but there was no timeline given to CAIRD as to when the non-exempt status would be received. (501 (c)(3) status has been granted and received)

CAIRD TIMELINE
Chairman Patton asked Bill Weinberg to provide an overview to the Board about how CAIRD started to where we are today. Bill said that CIARD would be a think tank in Central Appalachia. Was initially proposed under Governor Combs but never got off the ground. Governor Patton made the attempt during his administration as well. The concept is that there is no major research university in Central Appalachia so that CAIRD can help fill that gap with the help of existing post-secondary institutions. East Kentucky Leadership Foundation applied to ARC to hire a consultant to develop Business & Operations Plan for CAIRD. Brad Parke worked for about nine months with Bill to complete that Plan, based on a number of interviews with leaders and stakeholders in the region. Funding recommended was to receive multi-county severance tax money, private support and a three-year start up grant from ARC. ARC has approved the first year of hopefully three-year startup funding to allow CAIRD to being its search for a CEO. The CEO and Executive Assistant will be housed at the University of Pikeville.

A motion was made by Dr. Ayers and seconded by Jonathan Gay for Chairman Patton to work with Judges Jim Ward and Kelly Callaham on the multi-county severance tax money. James Hurley, Bill and Brad volunteered to help if needed.
Chairman Patton asked if ETSU is represented on the Board. The answer at this time was no. Chairman Patton felt that we need to get West Virginia, Tennessee, Ohio and Virginia involved and asked the Board to approve his inviting schools from those states to the next CAIRD Board meeting as a prelude to inviting them onto the Board. Approval was granted and Governor Patton will be inviting representatives from Marshall University, University of Ohio, East Tennessee State University, and University of Virginia at Wise to our next Board meeting.

Chairman also said that he views this as a multi-state effort and a think-tank for "hardcore Appalachia." He thinks that there should be a comparison of progress in the participating states and their approach to eliminating distressed counties.

**APPROVAL OF CEO JOB DESCRIPTION**

Dr. Blackwell informed the Board that she really likes the job description. She also advised that she liked the multi-state comparison, the quick payoff and how research could also focus around dental/oral health issues. Chairman Patton agreed that the oral health issue is a critical issue.

Dr. Thompson felt that we need to assess the position at a deeper level. We need to offer a competitive salary and need to have a cushion built in to retain the very best person for the Executive Director position. Dr. Blackwell informed the group that on average, a Ph.D. will start around $75k. Bill advised the Board that there is money built in the first year of funding to help cover the increase but it will be critical to have the multi-state funds. Judge Callaham stated that the multi-state application needs to be submitted as soon as possible, with his and Judge Ward’s recommendation. Dr. Ayers thought we should keep bachelor’s degree required but an advanced degree preferred especially since there will be research and research methods that will need to be utilized. Bill asked if we need to change the language in the job description. It was agreed that is not necessary but need to just look at the candidates closely during the hiring process. Bill Weinberg made the motion, which was seconded by Jack Herlihy, to accept the job description as presented. All were in favor.

**DISCUSSION OF CEO JOB SEARCH**

James told the Board that he felt the posting of the CEO and Executive Assistant should happen at the same time. Bill advised that ARC doesn't like for the money to sit around and wait until the end and that we need to hire an assistant quickly. Chairman Patton said that the Executive Assistant needs to be someone close in the region.

Peter Hille asked the Chairman if he had someone to help move the process forward. It was suggested that a search committee of the board be selected. Chairman Patton thought that the post-secondary institutions should lead the search and asked Dr. Bruce Ayers if he would chair the search committee and Dr. Ayers agreed. The other committee members are: Dr. Aaron Thompson, Dr. Jim Ramsey, Dr. Jeannine Blackwell, Dr. Jeffrey Marshall, and Dr. Jack Herlihy. Chairman Patton will be available as needed.

Bill asked how the search committee will work with the Board. Dr. Ayers said that he thinks the committee will need to discuss and then keep the Board members informed and bring the top three recommendations to the Board but that the exact process will be discussed and decided by the Search Committee.

Peter asked who the employee will be hired through, health insurance, etc. It was determined that the hiring process will go through UPIKE and Chairman Patton advised that would not be an issue for UPIKE to handle.
The hiring timeline was discussed and it was determined that the goal would be to hire a CEO by January 1, 2012. It was agreed to go ahead and hire the Executive Assistant as soon as possible.

Peter Hille made the motion to allow the search committee to move forward with the job description, posting of the position and selection of candidates to interview. This was seconded by Jonathan Gay and all were in favor.

**DISCUSSION OF BOARD SELECTION PROCESS & PRIORITIES**
Dr. Ayers suggested that other areas be looked at to see how they utilize their resources (country-wide maybe). Priorities of research projects need to be established first. It was determined that this could be discussed at a later date.

**OLD/NEW BUSINESS**
None at the time of the meeting

**NEXT MEETING**
To be determined by the Chairman
AGENDA

CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH AND DEVELOPMENT (CAIRD)

March 15, 2011
3:00 p.m.
PIKEVILLE, KY
GOVERNOR PAUL PATTON’S OFFICE
ADMINISTRATION BUILDING

Call to Order

Distribution of Business and Operations Plan

Distribution of Articles of Incorporation

Approval of Bylaws

Approval of 501(c)(3) Application to IRS

Discussion of ARC Pre-application

Other Business

Next Meeting

Adjourn
Minutes
Central Appalachian Institute for Research and Development (CAIRD)
Board of Directors
Tuesday, March 15, 2011
Pikeville College, Governor Patton’s Office

MEMBERS PRESENT:
Bill Weinberg, Dr. Jack Herlihy, Peter Hille, Brad Parke, Governor Paul Patton, Dr. Aaron
Thompson, Dr. Jeannine Blackwell

CALL TO ORDER
The meeting was called to order by Chairman Patton.

APPROVAL OF MINUTES
A motion was made by Dr. Thompson and seconded by Bill Weinberg to approve the minutes
from the January meeting. All were in favor.

DISTRIBUTION OF EXECUTED AND RECORDED BYLAWS
Bill Weinberg reminded everyone that this information has been completed and recorded and
there are copies available if needed.

ELECTION OF ADDITIONAL BOARD MEMBERS
Bill Weinberg asked if anyone knew where we stood in obtaining another County Judge to be on
the Board. No one has heard from Judge Callaham and Brad said that he would follow up with
him. Chairman Patton suggested that we contact Wayne T. Rutherford from Pike County. Bill
thought that we needed to wait to contact Mr. Rutherford until we have heard from Judge
Callaham.

Dr. James Ramsey from the University of Louisville and Dr. Jeannine Blackwell, Dean of the
Graduate School, University of Kentucky, have agreed to serve on the Board of Director. A
motion was made by Bill Weinberg and seconded by Dr. Thompson to approve these two new
members to the CAIRD Board of Directors. All were in favor.

The list of current and prospective Board of Directors was reviewed. It was suggested that
those prospective Board members be invited by a letter from Chairman Patton. Chairman
Patton made a motion to approve the list and that was seconded by Brad Parke. Chairman
Patton will get letters out to the prospective members.

DISCUSSION OF AND APPROVAL OF 501 (c)(3) APPLICATION TO IRS
Bill advised that the application for CAIRD to obtain exempt status with the IRS is being
completed. The Bylaws and Articles of Corporation have been foiled with the Secretary of
State. Bill asked the Board if anyone had any changes or comments. No comments were
made. Chairman Patton authorized the Board to accept this as completed. A motion was made
by Dr. Thompson and seconded by Peter Hille to accept. All were in favor.
CREATION AND IMPLEMENTATION OF CAIRD

STATUS OF ARC PRE-APPLICATION
Bill advised the Board that had talked with Peggy Satterly. She has been bogged down due to the current legislation and no budget being approved. Peggy advised that ARC’s budget was cut by 10% in the past. They have 90 pre-application for $27 million and only $11 million to award. Bill said he was confident that Governor Beshear is behind CAIRD and that we should get the start-up funding.

OTHER BUSINESS
The new members at the meeting were brought up to speed on the current standings of CAIRD.

Chairman Patton posed the question as to what is the vision when CAIRD is up and running. Bill said that the Business & Operations Plan would be multi-faceted. The Board would address what is needed in each area. Research would be based on what is most important at the time, possible looking at programmatic issues. CAIRD would request LOI’s and RFP’s then select and do the research. Jack suggested that there be a focus on criteria. Graduate students co do dissertations by doing the research, addressing the issues, etc.

Chairman Patton asked Bill CAIRD be funding projects with faculty/staff or will CAIRD have the idea and study it. The answer was yes to both.

Dean Blackwell suggested that we think of smaller seed grants to assist with the leg work and to obtain federal funds. Chairman Patton said that he has met with the Ford Foundation regarding the Pikeville College Capital Campaign and they advised they do not do brick and mortar but they were interested in the work that CAIRD was doing and fundamental research. He encouraged the Board to keep them in mind for funding.

Bill asked Dean Blackwell if we could look at data issues regarding data repository. Dean Blackwell said that she felt UK may have the capacity to handle the research but would have to check on this.

Peter reminded the Board that the long-term capital asset is to keep kids here after undergrad or graduate school. He suggested that CAIRD have their own research to be done rather than ask for RFP’s, etc. He said we should consider thing we can hit quickly to get on board with such as the recent nuclear power issues in Japan.

Jack said we should correspond with the Advisory Council and try to find something to jump start with. Bill and Chairman Patton were concerned about starting without staff in place. Chairman Patton said we need to push the ARC.

Dr. Thompson wondered if we were looking to staff someone right away or put out an advertisement. Bill said that was up to the Board. Dean Blackwell thought there needed to be an application process which would allow us to take advantage of those applicants that are out there with qualifications necessary.

Chairman Patton suggested to the Board to think about people they may know and not someone associated with the Appalachian region. He said it is too early to take applications but everyone could make a list of names. Dean Blackwell suggested that there be a job description put together. Chairman Patton asked for volunteers to work on that. Brad Parke will take the lead and Dr. Thompson, Dean Blackwell and James Hurley will have a proposed job description for the next meeting.
**NEXT MEETING**
The next meeting will be at the call of Chairman Patton or the Board of Directors within the next month or two. Please note that if there are certain dates and times that don't work for Board members, please let Tiffany Baker know at tbaker@pc.edu.

**ADJOURNMENT**
Motion was made by Bill Weinberg and seconded by Jeannine Blackwell to adjourn at 4 p.m.
AGENDA

CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH AND DEVELOPMENT (CAIRD)
January 14, 2011
1:00 p.m.
PIKEVILLE, KY
STURGILL BOARD ROOM, 3RD FLOOR
RECORD MEMORIAL BUILDING

Call to Order

Distribution of Business and Operations Plan

Distribution of Articles of Incorporation

Approval of Bylaws

Approval of 501(c)(3) Application to IRS

Discussion of ARC Pre-application

Other Business

Next Meeting

Adjourn
Minutes
Central Appalachian Institute for Research and Development (CAIRD)
Board of Directors
Friday, January 14, 2011
Pikeville College, Sturgill Board Room

CALL TO ORDER
The meeting was called to order by Bill Weinberg.

MEMBERS PRESENT:
Bill Weinberg, Judge Kelly Callaham, Dr. Jack Herlihy, Peter Hille, Brad Parke, Governor Paul Patton, Dr. Aaron Thompson, Ben Hale and James Hurley

DISTRIBUTION OF BUSINESS AND OPERATIONS PLANS
Bill moved that we elect Governor Patton as Chairman. That was seconded by Jack Herlihy. All were in favor. Bill advised that a Secretary was the only other position that needed to be filled. Governor Patton nominated Bill for the position and that was seconded by Jack Herlihy. All were in favor.

Bill discussed that everyone should have seen the Business and Operations Plan. He said that Tiffany would email to those that haven’t read it. Judge Callaham has not had the opportunity to review the plan and a copy will be mailed to him.

DISTRIBUTION OF ARTICLES OF INCORPORATION
Motion by Judge Callaham to ratify the Articles and seconded by Chairman Patton and Peter Hille. Per Bill, CAIRD is now official. There was no further discussion on the matter.

APPROVAL OF BYLAWS
Motion by Bill to approve the Bylaws and seconded by the Chairman and Jack Herlihy. All were in favor.

Bill said that membership is allowed but members do not do much in terms of decision-making. Peter asked if membership the changes structure of 501(c)(3). Per Bill, it does not have any effect on that status as we move forward. Dr. Aaron Thompson came in during this discussion as Bill had asked everyone to review to make sure there were no additional changes. Bill also advised that the IRS is trying to channel charities lo 501(c)(4) instead of 501(c)(3).

Article III – Bill said there is a need to designate a Board of 21 and try to get seven (7) new Board members next year and the following year. Also, there will be three (3) Directors for three years, two (2) for two years and one (1) for one year. Jack asked if you were on the Board just for a year would you be rotated off? Bill and Chairman Patton said it would be best to rotate within. There was discussion on how to determine who serves what term. The Chairman suggested that you go in alpha order. Below is the list of who will serve which term:

Three (3) year terms: Judge Callaham, Dr. Jack Herlihy and Peter Hille
Two (2) year terms: Brad Parke and Chairman Patton
One (1) year terms: Dr. Aaron Thompson and Bill Weinberg

A motion was made by the Chairman to approve and seconded by Jack Herlihy All were in favor.
Chairman Patton then asked where the meetings were held and if the Chairman can call a meeting at anytime. Per the Bylaws, there must be a two-day notice. Jack wondered if it prohibited Skyping or not. Bill said it is covered in the Articles of Incorporation, Article X. Peter asked if we need to modify the Bylaws to cover those means that are listed in the Articles of Incorporation. Jack said that if you are using those means, you are present.

Bill asked if there were other questions or issues and advised the Bylaws can be changed at anytime. There was a discussion about changing from a calendar year to a fiscal year. A motion was made by Brad Parke and seconded by Judge Callaham to have CAIRD operate on a fiscal year. This can be found, once the changes are made, in Article VI.

Bill then passed out a list of all the members’ contact information.

**APPROVAL OF 501 (c)(3) APPLICATION TO IRS**

**DISCUSSION OF ARC PRE-APPLICATION**
The pre-application asks for a three-year start up grant and then will go to legislation in 2012. Bill said that one critical item is to get as many county judges on the committee as possible. Judge Callaham said there isn’t much money left in the budget. Per Bill, we wouldn't be asking for a lot of money to begin with.

Bill asked the Judge how much money was available. The Chairman asked if it has been committed to Bond issues, etc. Judge Callaham advised some of it had been.

Bill said CAIRD would be looking at about $500k per year of state money. Judge Callaham said he is afraid they are going to open the budget back up in the short session due to issues with Medicaid. Dr. Thompson doesn't think they will do anything other than adjust for K-12.

Jack advised that he is willing to help out as he is able, with in-kind contributions. Dr. Thompson said that EKU should be able to assist with in-kind contributions as well. James Hurley agreed with Dr. Thompson. Bill said that Chairman Patton (who had to leave the meeting early) is in favor with it as well as the Legislators. As long as we can get the county judges to agree, we should be fine.

Bill said this idea first came up under Gov. Combs under the research of Appalachia and Gov. Patton tried to get it going in his term...didn't happen. Try to get research and resources available in Eastern Kentucky available for economic development. There is no major research university in our area. We have been made to network with those universities outside the region that can do research within this region. University of Kentucky, University of Louisville, Berea and others are very interested in this project. Judge Callaham wanted to know if there are other funding sources. Bill said there is a private sector of support they would look toward. There is also a section of funding mechanism and that Pikeville College is providing office space. There may be some self-generated funds, user fees or if something fell into the overall mission, etc. Supplemental funds, federal grants and private foundations are other options as well as multi-purpose funding.

James Hurley said that the Chairman went to spend time with The Ford Foundation a couple of months ago for the new Pikeville College medical building. He advised the Chairman mentioned CAIRD to them and they were very interested. James mentioned that we need to reach out to them about this project. He also said their COO wanted to know the scope of
CAIRD during a half hour conversation that James and this gentleman had. There is opportunity there.

Jack Herlihy said there is opportunity for grants that can be applied for to put back as cash opposed to an in-kind gift. Dr. Thompson asked if Pikeville College would be the fiscal agent. He thinks there are opportunities with The Gates Foundation and others. He said if you show an infrastructural process and a good plan of action, the funding will come.

James also said The Ford Foundation is funding work in Tennessee. They are not pleased with the work but the Governor advised them that we are Central Appalachia and that is our service area. James thinks we need to get the CAIRD COO hired to get them out to get the funds.

Peter advised his twenty year experience is that we don’t want to chase “soft money” for work that needs to be sustained. Grant money is typically one-time. Things are dependent upon what we get the State to do.

Bill said that Brad Parke didn’t run into anyone that wasn’t supportive of this project and they are a part of the Advisory Council. He also advised of the importance, again, of getting the county judges support.

Judge Callaham said that he is worried about them opening the budget as there is no way to determine what they will do. Per James, he knows there is money there not being spent.

Bill asked to review the pre-application and make sure it is right. Bill asked James that if CAIRD doesn’t have the IRS status, Pikeville College may need to act as the fiscal agent. James agreed that would be fine until the IRS status has been received.

Ben Hale said that the deadline for the pre-application is Feb. 1 and to go ahead and submit even before the IRS status is completed. Brad Parke said that there are state reps that are very interested in this and they could help supplement this grant and move it along.

There was much discussion on the “Number of Clients Served” section on the pre-application. Consensus was to utilize the population of the 54 counties.

Peter was concerned about the match that is usually 50/50 and we are asking for much more than that. So we need to watch how things are phrased when asking for money and when money is asked for, will you talk distressed counties, etc. Look for who your audience is when soliciting for funding.

James Hurley advised that he would get with the Pikeville College CFO, Doug Lange, and would get back with Bill by Monday, January 17, with new in-kind figures, from Pikeville College, for the ARC pre-application.

Bill asked Dr. Thompson what he was referring to as in-kind from other post-secondary institutions and Dr. Thompson advised that there would be people that could be used through research as a ‘monetary donation.’

OTHER BUSINESS
Bill asked if there was any other business.
Peter advised that we need to really work this spring to get in front of those students that would be involved with this project to get them on board by fall 2011. Dr. Thompson suggested to meet in late March or early April.

The CAIRD Board needs more county judges, women and additional post-secondary education members. Ben asked how many members. Bill advised there will be a total of 21. There will need to be nine added each year as opposed to seven as two roll off each period.

Jack and Dr. Thompson said that names need to be gathered and given to James and/or Brad to get this moving forward.

Peter asked if there needed to be a program sub-committee of the Board. James said that he isn't on the Board but he will make sure the job gets done.

Pre-application deadline is at the end of the month and then ARC will come back and ask for a flesh out of the full application. There is no time frame for the full application but we would be fine to get things together by mid-March.

**NEXT MEETING**
The next meeting will be **Tuesday, March 15 at 3p.m.** in the Governor's office at Pikeville College and via conference call.

**ADJOURNMENT**
Motion was made by Peter to adjourn at 2:44 p.m.
APPENDIX G - IRS CORRESPONDENCE
Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.
We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

[Signature]

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Publication 4221-PC
August 17, 2011

Cara D. Francza, Revenue Agent
Exempt Organizations Specialist
Department of the Treasury
PO Box 2508
Cincinnati, OH 45201

Dear Cara:

This letter addresses the letter received July 14, 2011 from the Department of the Treasury of the Internal Revenue Service regarding the request for information regarding our application for exemption. As part of the partnership with Central Appalachian Institute for Research & Development, Inc. (CAIRD), the University of Pikeville is providing at no charge to CAIRD the following items and services in the campus Administrative Building:

- An office for the CEO
- Physical space for an executive secretary
- All utilities
- IT support
- Security
- Parking privileges

They will have access to the internal phone service but CAIRD will be paying for long distance calls.

Sincerely,

Paul E. Patton                     James L. Hurley
President                         Vice President
Enclosed is our response to your letter of July 14, 2011, which is attached, along with the Application Identification Sheet you sent. If you need to discuss any of our responses, please call either the Chairman of CAIRD’s Board of Directors, former Kentucky Governor Paul Patton, President, the University of Pikeville, 147 Sycamore St., Pikeville, KY 41501, (606) 213-3002 or William R. Weinberg, Secretary of the Board of Directors, President, Clean Gas, Inc., P.O. Box 783, Hindman, KY 41822, (606) 785-0761.

**Additional Information Requested**

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request, and such facts are true, correct and complete.

| Name | Title | Date |

1. All of the amendments requested have been made to CAIRD’s Articles of Incorporation, approved by more than 2/3rds of the Directors of CAIRD, and the amendment has been sent to the Kentucky Secretary of State’s Office for filing. A stamped copy of the Amendment is enclosed as Attachment A. **If we don’t receive it by the 3rd, we need to attach a copy of what we sent and tell them that we forward the amendment as soon**
as we receive it. A list of the current CAIRD Board of Directors is included as Attachment B.

2. [James, we will need this from you and the Governor.]

3. CAIRD and Pikeville College have received notification from the Kentucky Department of Local Government that their proposal for start-up funds from the Appalachian Regional Commission to implement CAIRD has been preliminarily approved. A full application is being prepared and will be submitted to ARC no later than September 20, 2011 and probably sooner. We have discussed receiving three years of start-up monies from ARC, at which time ARC support would be phased out. Applications to ARC must be done on a yearly basis. It is anticipated that a professional fundraiser would be hired on staff in the second year of ARC support, which would be around January 2013.
   a. No fundraiser has been hired or retained and none is likely to be until on or after January 2013.
   b. The present intention is to hire a Development Officer as a part of CAIRD’s full-time staff. Such an officer would be selected by CAIRD’s Chief Executive Officer after a national search, with the approval of CAIRD’s Board of Directors. Any change in approach would have to be approved by the Board of Directors.
   c. No
   d. Yes
   e. See a. and b. above
   f. No

4. CAIRD’s programs are in their infancy, since CAIRD currently has no paid staff, but the initial programs discussed in CAIRD’s Business and Operations Plan include the following:

CAIRD will establish a “Resource Network” of public and private post-secondary institutions serving eastern Kentucky and Central Appalachia. Initial participation in the network should include around twelve to fifteen public and private post-secondary educational institutions throughout Kentucky. Eventually, we expect post-secondary educational institutions from other Central Appalachian states to join the network after it is established in Kentucky. Through the Educational Resource Network, CAIRD will create collaborative partnerships with all of Kentucky’s post-secondary institutions impacting Kentucky’s Appalachian region that wish to participate. These partnerships will provide Appalachian Kentucky with consistent access to the educational, academic and knowledge assets available through these schools. Although all institutions in
Central Appalachia may not choose to participate in the “CAIRD Resource Network,” all will be invited to do so. These institutions include, Alice Lloyd College, Berea College, Union College, University of the Cumberlands, Lindsey Wilson College, regional Kentucky Community and Technical College System (KCTCS) campuses, Eastern Kentucky University, Morehead State University, the University of Kentucky, and the University of Louisville. Eastern Kentucky, Morehead State, the University of Kentucky, the University of Louisville and the President of one of the KCTCS campuses are already represented on the CAIRD Board of Directors.

To aid the network, CAIRD will develop a “Data Resource Center” by inventorying basic and applied research available throughout the Region.

Finally, CAIRD will focus on attracting young professionals to the region through the development of Internship, Fellowship and other programs for undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct research at CAIRD’s headquarters. CAIRD will attract at least five Interns and Fellows during the first year of its implementation, for which we are currently requesting funding. It is CAIRD’s vision that these young professionals will create a synergy of creative and innovative ideas in the region, which should result in economic and social capital spinoffs.

CAIRD will be a non-profit policy organization designed to employ knowledge and long-term educational and research strategies as tools to aid in removing the bottlenecks that have hindered economic progress throughout Central Appalachia but especially in eastern Kentucky. Development in Appalachian Kentucky has been stagnant, even while the Appalachian portions of neighboring states have shown much greater development.

The primary ARC Goal and Objective of CAIRD will address Goal 2: Strengthen the capacity of the people of Appalachia to compete in the global economy. More specifically, CAIRD will address Strategic Objective 2.1 which deals with fostering civic entrepreneurship. This objective relates, “Appalachia needs to develop strong leaders, organizations, and communities to promote the Region’s competitiveness. Capacity-building activities that strengthen collaborative relationships among communities, agencies and individuals, that encourage innovative and achievable first steps, and that
provide an increase in awareness of, and dialogue on, strategic opportunities contribute to improved community responsibility and use of resources.” CAIRD will achieve this by the establishment of the CAIRD Educational Resource Network” which will enable post-secondary institutions to collaborate on various research & development initiatives aimed at improving development strategies for Central Appalachia. Additionally, the Internship and Fellowship Program will focus on attracting and retaining young, innovative undergraduate, graduates, post-doctoral or recent graduates to the University of Pikeville to work at CAIRD and focus on creation of new, innovative strategies for the Region.

CAIRD will also address Goal 3: Develop Leaders and Strengthen Community Capacity. More specifically, CAIRD “will build partnerships to address critical issues of intermodal connections to improve access to the global markets.” CAIRD will work with leaders in local governments and non-profit organizations to help guide their development strategies by utilizing the intellectual capacity provided to eastern Kentucky and Central Appalachia by the CAIRD “Educational Resource Network.”

Finally CAIRD will address Goal 1: Increase job opportunities and per capita income in Appalachia to reach parity with the nation by providing applied research aimed at eliminating the bottlenecks that have stymied economic development in eastern Kentucky. The first job will be to identify and enumerate exactly what those bottlenecks are, and quantify, to the extent possible, their relative importance.

CAIRD is focused on educational activities and on the ways that knowledge-based applied research and collaborative efforts mobilizing resources at our state’s post-secondary institutions can serve to remove some of the bottlenecks to economic development in eastern Kentucky.

5. CAIRD is just beginning the process of soliciting Request for Proposals at participating academic institutions for applied research & development initiatives designed to answer difficult questions hindering development in eastern Kentucky. The first such RFP may well center around answering the question of why eastern Kentucky has 77% of its Appalachian counties listed as distressed counties, while neighboring Virginia has only 4% of its Appalachian counties as distressed counties.
6. The CAIRD Board of Directors, with the assistance of its Chief Executive Officer, will determine the most critical long-term systemic problems standing in the way of economic progress for eastern Kentucky residents, and will set priorities amongst the issues identified. RFP’s will then be prepared and circulated to all participating post-secondary institutions. The Board will select the most compelling proposals. Additionally, CAIRD will invite independent proposals from scholars at the participating institutions that address the priority issues.

7. At this stage there are no executed contracts or grants. The exact manner in which CAIRD and the post-secondary institutions will interrelate is most likely to be various and disparate from institution.

8. CAIRD’s emphasis will be on applied research; that is; research that can be utilized by communities and organizations to improve the quality of life in eastern Kentucky. CAIRD will attempt to get the research in the hands of all organizations and communities that would be likely to utilize it effectively, without preference to any particular organization or community.

9. This has not been discussed by the Board of Directors, but one would expect CAIRD to retain ownership and control of intellectual property for which it paid. If one of the participating post-secondary institutions paid for the research, it would be reasonable to expect that that institution would retain ownership and control of the intellectual property. There may be instances where the researcher wanted to retain such control and ownership. This is a complicated issue that will have to be dealt with on a go-forward basis, but no Directors of CAIRD will benefit individually from any such intellectual property.

10. No such publications exist. CAIRD was just incorporated November 2, 2010 and is in the process of being launched.
11. We said, in Exhibit A, Part V(1)(b):

"CAIRD does not yet have employees. However, their projected compensation is set forth in our response to Part IX of Form 1023, below."

We received preliminary approval from ARC for $96,700, with total costs of $153,700. The in-kind costs include office space, utilities and some administrative support from the University of Pikeville. Thus, as stated earlier, there will not be money for hiring a Development & Marketing Officer until the second year of ARC support, and only the Chief Executive Officer and the Executive Secretary can be hired, if our full application is approved. The compensation for the Chief Executive Officer will be determined by the CAIRD Board of Directors, and will vary according to the qualifications and experience of the individual hired. A draft of the proposed job description for the CEO is included as Attachment C. It will be approved in final form at the CAIRD Board meeting September 15, 2011. (We will forward you a copy of our September 15, 2011 Board minutes after that meeting.) The CEO will determine the salary for the Executive Secretary, based on wages for comparable jobs in the Pikeville area, the individual's qualifications and experience, and available monies.

The projections set out in Part IX more closely approximate possible expenditures in year two of CAIRD's launching.


13. In addition to the ARC start-up funds and the support from the University of Pikeville, we expect the following source of funds over the next three years:

a. **Kentucky Multi-County Coal Severance funds** – The next regular session of the Kentucky General Assembly in 2012 is expected to approve the use of some portion of multi-county severance tax funds for CAIRD through the Local Government Economic Development Fund (LGEDF). LGDEF is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to
provide coal, oil and gas producing counties with the means to diversify their economies. The use of multi-county funds for CAIRD is supported by Governor Steve Beshear, Minority Caucus Chair, Senator Johnny Ray Turner, House Majority Leader, Representative Rocky Adkins and Speaker of the House, Greg Stumbo, so long as eastern Kentucky County-Judge Executives support it.

b. **Private Contributions** – Support for CAIRD will be sought from a variety of private sources, both individuals and corporations. Such contributions will be essential in showing that CAIRD has both governmental and private support. Certainly, obtaining 501(c)(3) status is critical to successful fundraising at the private level.

c. **Support from Participating Post-Secondary Institutions** – In addition to Pikeville, Eastern University, Morehead State University, the University of Kentucky and the University of Louisville have all pledged support to CAIRD. A significant portion of CAIRD’s budget is expected to be met through in-kind contributions from institutions participating in the CAIRD Educational Resource Network.

d. **State and Federal Grants** – It is anticipated that state and federal grant money, other than ARC, will contribute to CAIRD’s budget over the next three years.

e. **Private Foundations** – Certainly CAIRD’s activities in the midst of the most distressed economy in the nation will be attractive to some private foundations, such as the Ford Foundation, the Kellogg Foundation and the Babcock Foundation and CAIRD would hope to tap into that source of funds.
Dear Ms. Franczak:

Enclosed is our response to your letter of July 14, 2011, which is attached, along with the Application Identification Sheet you sent. If you need to discuss any of our responses, please call either the Chairman of CAIRD’s Board of Directors, former Kentucky Governor Paul Patton, President, the University of Pikeville, 147 Sycamore St., Pikeville, KY 41501, (606) 213-3002 or William R. Weinberg, Secretary of the Board of Directors, President, Clean Gas, Inc., P.O. Box 783, Hindman, KY 41822, (606) 785-0761.

Additional Information Requested

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request, and such facts are true, correct and complete.

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1. All of the amendments requested have been made to CAIRD’s Articles of Incorporation, approved by more than 2/3rds of the Directors of CAIRD, and the amendment has been sent to the Kentucky Secretary of State’s Office for filing. A stamped copy of the Amendment is enclosed as Attachment A. A list of the current CAIRD Board of Directors is included as Attachment B.

2. See enclosed letter from Governor Paul Patton and Vice President James Hurley.
3. CAIRD and Pikeville College have received notification from the Kentucky Department of Local Government that their proposal for start-up funds from the Appalachian Regional Commission to implement CAIRO has been preliminarily approved. A full application is being prepared and will be submitted to ARC no later than September 20, 2011 and probably sooner. We have discussed receiving three years of start-up monies from ARC, at which time ARC support would be phased out. Applications to ARC must be done on a yearly basis. It is anticipated that a professional fundraiser would be hired on staff in the second year of ARC support, which would be around January 2013.
   a. No fundraiser has been hired or retained and none is likely to be until on or after January 2013.
   b. The present intention is to hire a Development Officer as a part of CAIRD’s full-time staff. Such an officer would be selected by CAIRD’s Chief Executive Officer after a national search, with the approval of CAIRD’s Board of Directors. Any change in approach would have to be approved by the Board of Directors.
   c. No
   d. Yes
   e. See a. and b. above
   f. No

4. CAIRD’s programs are in their infancy, since CAIRD currently has no paid staff, but the initial programs discussed in CAIRD’s Business and Operations Plan include the following:

CAIRD will establish a “Resource Network” of public and private post-secondary institutions serving eastern Kentucky and Central Appalachia. Initial participation in the network should include around twelve to fifteen public and private post-secondary educational institutions throughout Kentucky. Eventually, we expect post-secondary educational institutions from other Central Appalachian states to join the network after it is established in Kentucky. Through the Educational Resource Network, CAIRD will create collaborative partnerships with all of Kentucky’s post-secondary institutions impacting Kentucky’s Appalachian region that wish to participate. These partnerships will provide Appalachian Kentucky with consistent access to the educational, academic and knowledge assets available through these schools. Although all institutions in Central Appalachia may not choose to participate in the “CAIRD Resource Network,” all will be invited to do so. These institutions include, Alice Lloyd College, Berea College, Union College, University of the Cumberlands, Lindsey Wilson College, regional
Kentucky Community and Technical College System (KCTCS) campuses, Eastern Kentucky University, Morehead State University, the University of Kentucky, and the University of Louisville. Eastern Kentucky, Morehead State, the University of Kentucky, the University of Louisville and the President of one of the KCTCS campuses are already represented on the CAIRD Board of Directors.

To aid the network, CAIRD will develop a “Data Resource Center” by inventorying basic and applied research available throughout the Region.

Finally, CAIRD will focus on attracting young professionals to the region through the development of Internship, Fellowship and other programs for undergraduate, graduate, post-doctoral or recent graduates, who wish to study, work and/or conduct research at CAIRD’s headquarters. CAIRD will attract at least five Interns and Fellows during the first year of its implementation, for which we are currently requesting funding. It is CAIRD’s vision that these young professionals will create a synergy of creative and innovative ideas in the region, which should result in economic and social capital spinoffs.

CAIRD will be a non-profit policy organization designed to employ knowledge and long-term educational and research strategies as tools to aid in removing the bottlenecks that have hindered economic progress throughout Central Appalachia but especially in eastern Kentucky. Development in Appalachian Kentucky has been stagnant, even while the Appalachian portions of neighboring states have shown much greater development.

The primary ARC Goal and Objective of CAIRD will address Goal 2: Strengthen the capacity of the people of Appalachia to compete in the global economy. More specifically, CAIRD will address Strategic Objective 2.1 which deals with fostering civic entrepreneurship. This objective relates, “Appalachia needs to develop strong leaders, organizations, and communities to promote the Region’s competitiveness. Capacity-building activities that strengthen collaborative relationships among communities, agencies and individuals, that encourage innovative and achievable first steps, and that provide an increase in awareness of, and dialogue on, strategic opportunities contribute to improved community responsibility and use of resources.” CAIRD will achieve this by the establishment of the CAIRD Educational Resource Network” which will enable post-
secondary institutions to collaborate on various research & development initiatives aimed at improving development strategies for Central Appalachia. Additionally, the Internship and Fellowship Program will focus on attracting and retaining young, innovative undergraduate, graduates, post-doctoral or recent graduates to the University of Pikeville to work at CAIRD and focus on creation of new, innovative strategies for the Region.

CAIRD will also address Goal 3: Develop Leaders and Strengthen Community Capacity. More specifically, CAIRD "will build partnerships to address critical issues of intermodal connections to improve access to the global markets." CAIRD will work with leaders in local governments and non-profit organizations to help guide their development strategies by utilizing the intellectual capacity provided to eastern Kentucky and Central Appalachia by the CAIRD "Educational Resource Network."

Finally CAIRD will address Goal 1: Increase job opportunities and per capita income in Appalachia to reach parity with the nation by providing applied research aimed at eliminating the bottlenecks that have stymied economic development in eastern Kentucky. The first job will be to identify and enumerate exactly what those bottlenecks are, and quantify, to the extent possible, their relative importance.

CAIRD is focused on educational activities and on the ways that knowledge-based applied research and collaborative efforts mobilizing resources at our state’s post-secondary institutions can serve to remove some of the bottlenecks to economic development in eastern Kentucky.

5. CAIRD is just beginning the process of soliciting Request for Proposals at participating academic institutions for applied research & development initiatives designed to answer difficult questions hindering development in eastern Kentucky. The first such RFP may well center around answering the question of why eastern Kentucky has 77% of its Appalachian counties listed as distressed counties, while neighboring Virginia has only 4% of its Appalachian counties as distressed counties. See Attachment C — Lexington Herald-Leader editorial, May 15, 2011, "What is the future for E. Ky. Region?"
6. The CAIRD Board of Directors, with the assistance of its Chief Executive Officer, will determine the most critical long-term systemic problems standing in the way of economic progress for eastern Kentucky residents, and will set priorities amongst the issues identified. RFP’s will then be prepared and circulated to all participating post-secondary institutions. The Board will select the most compelling proposals. Additionally, CAIRD will invite independent proposals from scholars at the participating institutions that address the priority issues.

7. At this stage there are no executed contracts or grants. The exact manner in which CAIRD and the post-secondary institutions will interrelate is most likely to be various and disparate from institution.

8. CAIRD’s emphasis will be on applied research; that is; research that can be utilized by communities and organizations to improve the quality of life in eastern Kentucky. CAIRD will attempt to get the research in the hands of all organizations and communities that would be likely to utilize it effectively, without preference to any particular organization or community.

9. This has not been discussed by the Board of Directors, but one would expect CAIRD to retain ownership and control of intellectual property for which it paid. If one of the participating post-secondary institutions paid for the research, it would be reasonable to expect that that institution would retain ownership and control of the intellectual property. There may be instances where the researcher wanted to retain such control and ownership. This is a complicated issue that will have to be dealt with on a go-forward basis, but no Directors of CAIRD will benefit individually from any such intellectual property.

10. No such publications exist. CAIRD was just incorporated November 2, 2010 and is in the process of being launched.
11. We said, in Exhibit A, Part V(1)(b):

"CAIRD does not yet have employees. However, their projected compensation is set forth in our response to Part IX of Form 1023, below."

We received preliminary approval from ARC for $96,700, with total costs of $153,700. The in-kind costs include office space, utilities and some administrative support from the University of Pikeville. Thus, as stated earlier, there will not be money for hiring a Development & Marketing Officer until the second year of ARC support, and only the Chief Executive Officer and the Executive Secretary can be hired, if our full application is approved. The compensation for the Chief Executive Officer will be determined by the CAIRD Board of Directors, and will vary according to the qualifications and experience of the individual hired. A draft of the proposed job description for the CEO is included as Attachment D. It will be approved in final form at the CAIRD Board meeting September 15, 2011. (We will forward you a copy of our September 15, 2011 Board minutes after that meeting.) The CEO will determine the salary for the Executive Secretary, based on wages for comparable jobs in the Pikeville area, the individual’s qualifications and experience, and available monies.

The projections set out in Part IX more closely approximate possible expenditures in year two of CAIRD’s launching.

12. See attachment E.

13. In addition to the ARC start-up funds and the support from the University of Pikeville, we expect the following source of funds over the next three years:

a. **Kentucky Multi-County Coal Severance funds** – The next regular session of the Kentucky General Assembly in 2012 is expected to approve the use of some portion of multi-county severance tax funds for CAIRD through the Local Government Economic Development Fund (LGEDF). LGEDF is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal, oil and gas producing counties with the means to diversify their
economies. The use of multi-county funds for CAIRD is supported by Governor Steve Beshear, Minority Caucus Chair, Senator Johnny Ray Turner, House Majority Leader, Representative Rocky Adkins and Speaker of the House, Greg Stumbo, so long as eastern Kentucky County-Judge Executives support it.

b. **Private Contributions** — Support for CAIRD will be sought from a variety of private sources, both individuals and corporations. Such contributions will be essential in showing that CAIRD has both governmental and private support. Certainly, obtaining 501(c)(3) status is critical to successful fundraising at the private level.

c. **Support from Participating Post-Secondary Institutions** — In addition to Pikeville, Eastern University, Morehead State University, the University of Kentucky and the University of Louisville have all pledged support to CAIRD. A significant portion of CAIRD’s budget is expected to be met through in-kind contributions from institutions participating in the CAIRD Educational Resource Network.

d. **State and Federal Grants** — It is anticipated that state and federal grant money, other than ARC, will contribute to CAIRD’s budget over the next three years.

e. **Private Foundations** — Certainly CAIRD’s activities in the midst of the most distressed economy in the nation will be attractive to some private foundations, such as the Ford Foundation, the Kellogg Foundation and the Babcock Foundation and CAIRD would hope to tap into that source of funds.

14. Upon closer review of IRS guidelines for what constitutes a “school”, it seems clear that CAIRD will not be a school under those guidelines. Consequently, we are changing our answer to Part VIII, question 19, from yes to no in these sworn responses.

We will be providing scholarships on a limited basis as a part of the Internship and Fellowship programs described in our response in question 12 above. This is explained in more detail in Schedule H with Exhibit, which is included as Attachment F.
APPENDIX H – ARTICLES OF INCORPORATION
CREATION AND IMPLEMENTATION OF CAIRD

ARTICLES OF INCORPORATION

OF

CENTRAL APPALACHIAN INSTITUTE FOR
RESEARCH & DEVELOPMENT, INC.

I

KNOW ALL MEN BY THESE PRESENTS:

I, Hon. Paul E. Patton, acting as incorporator for the purpose of forming a non-profit, non-stock corporation under the provisions of Chapter 273 of the Kentucky Revised Statutes, do this day assume and claim all powers, rights, privileges and immunities granted or permitted bodies corporate under said laws and do hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of said Corporation shall be “Central Appalachian Institute for Research & Development, Inc.,” (henceforth, “CAIRD”).

ARTICLE II

A. Purpose:

CAIRD is a non-profit corporation formed with the purpose of combating the practical, financial, and other bottlenecks that have traditionally hindered educational, economic, and social development throughout Central Appalachia. CAIRD will inventory, expand, strengthen, pool, and coordinate the intellectual resources and knowledge base of public and private post-secondary educational institutions within the area for the purposes of cultivating and encouraging the positive effects of these
assets within the local economy and within the people of Central Appalachia. The efforts of CAIRD will provide the opportunity for creative, intelligent, and industrious people to work together in public and private sectors to advance the quality of life of the people in the region. CAIRD will undertake such activities as it deems prudent in furtherance of its stated purposes, subject to all relevant law, including Chapter 273 of the Kentucky Revised Statutes and Section 501 of the Internal Revenue Code.

B. Powers:

Subject to the authorities governing the activities of an organization exempt under Section 501 of the Federal Tax Code and all other applicable law, CAIRD is hereby given every power necessary to undertake the foregoing, including the following:

1. To employ and pay such personnel as are necessary to carry out the above purposes at fair-market and commensurate rates.

2. To receive and administer funds and properties of all kinds for the above purposes, and to that end, to take and hold by bequest, devise, gift, purchase, loan or lease, either absolutely or in trust, for said purposes or any of them, any property, real, personal or mixed, without limitations as to amount or value, except such limitations, if any, as may be imposed by law or by the provisions of these, its articles of incorporation; to sell, convey and dispose of any such property and to invest and reinvest the principal thereof, and to deal with and expend such principal or the income therefrom for any of the purposes of the corporation, either by direct action of the corporation or by means of trusts created by it, without limitation, except such
limitations, if any, as may be contained in the instrument under which such funds or property, real, personal or mixed, in trust, under the terms of any deed, will, deed of trust or other trust instrument for the purposes of the corporation, and in administering the same to carry out the directions and exercise the powers contained in the instrument under which the property is received, including the expenditure of the principal as well as the income for one or more of such purposes, if authorized or directed in the instrument under which it is received; to receive, take title to, hold and use the proceeds and income of real estate, personal estate, stocks, bonds, obligations or other securities of any person or persons, corporation or corporations, domestic or foreign, for the purposes of the corporation; and in general to exercise such other powers as the Directors may deem requisite to promote the general purposes of the corporation and as are permitted by law to corporations of its class, and to have all other powers with which such corporations are endowed.

3. In order to obtain funds in furtherance of the above stated purposes, the corporation shall have power to conduct campaigns for raising of funds and to accept contributions from individuals, corporations, and other bodies, foundations, and organizations.

4. To print, edit, publish, make, display, and sell books and magazines, pictures, slides, and cinemas, as may be necessary or desirable for the accomplishment of the purposes of the corporation; to buy, sell, and generally deal in appropriate and related publications.
5. To solicit and receive funds from the public for the purpose of the corporation, but no part of such funds or property received as a gift and no part of the net earnings, or any of the principal, or corpus, of this corporation shall inure to the benefit of any Director, Directors, or other persons or entities associated with the corporation or its Directors as per Section 501 of the Internal Revenue Code concerning its tax exempt status. At no time shall CAIRD purpose to support or oppose any candidate for public office beyond the extent permitted by relevant provision of Section 501 of the Internal Revenue Code concerning its tax exempt status.

CAIRD shall adopt and establish by-laws and make all rules and regulations necessary for the management of its affairs in accordance with applicable law and not inconsistent with the Articles of Incorporation.

Notwithstanding any other language to the contrary herein, said organization is organized exclusively for charitable, educational, and/or scientific purposes, and primarily for the common good and general welfare of the people of Central Appalachia, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501 of the Internal Revenue Code, or corresponding sections of any future federal tax code. Any provision of these articles of incorporation or the bylaws that would be inconsistent with this paragraph shall be void.

**ARTICLE III**

The duration of said non-profit corporation shall be perpetual, unless dissolved by action of the Board of Trustees.
ARTICLE IV

The corporation shall have no Members. Any future advisory council participant, donor to the corporation, or other person or entity referred to as a "member" of CAIRD in any respect shall have no voting rights and no other authoritative role whatsoever in the governance or management of the corporation.

ARTICLE V

The registered office of the Corporation is as follows:

Pikeville College
147 Sycamore Street
Pikeville, Kentucky 41501

The name and address of its registered agent for service of process at the address of the registered office is James Hurley. The address of the principal office is the same as the registered office.

ARTICLE VI

There shall be no capital stock of the corporation and no officer, director, or any other person shall derive any private pecuniary profit from the corporation, except as may be allowed for services actually rendered.

ARTICLE VII

It is the object of the corporation to perform such functions as shall permit it to be exempt from taxation as is provided by Section 501 of the Internal Revenue Code. Any provision of these articles of incorporation or the bylaws that is inconsistent with this objective shall be void. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of the relevant
provisions of section 501 of the Internal Revenue Code, or corresponding sections of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the Circuit Court of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VIII

The affairs of this Corporation shall be managed by a Board of Directors of not less than five, nor more than twenty-one, as more specifically provided for in the Corporation’s by-laws.

ARTICLE IX

Until the first annual election, the Corporation’s initial Board of Directors shall be:

Hon. Paul E. Patton
147 Sycamore St.
Pikeville, KY 40501

Dr. Jack Herlihy
Eastern Kentucky University
406 Combs
Richmond, KY 40475

Mr. Brad Parke
P.O. Box 638
Hindman, KY 41822

Hon. Kelly Callaham
Martin County Judge Executive
P.O. Box 309
Inez, KY 41224

Dr. Aaron Thompson
1024 Capital Center Dr., #320
Frankfort, KY 40601

Mr. Peter Hille
CPO 2164
Berea, KY 40404
Voting power of the corporation shall be vested in the Board of Directors, and no other.

Directors, after the first meeting of the Board of Directors, shall be elected by the Board of Directors. Qualifications and terms of offices which may be rotated shall be determined by the Board of Directors, which may also determine the number of Directors.

At the first meeting of the Board of Directors, after the same shall have been duly elected by the incorporator, a Chairman of the Board of Directors shall be elected who shall also serve as President of the corporation.

There shall also be elected a Secretary of the Board of Directors, who shall also act as Secretary of the corporation.

The President-Chairman and the Secretary shall be selected from among the Directors. The Board of Directors may designate and elect such other officers as it determines and the terms and qualifications of such officers shall be determined by the Board of Directors, it not being necessary that they be Directors.

The Board of Directors shall have full power to enact by-laws to govern the conduct of the business of the corporation and to amend or repeal the same.

The Corporation, in addition to the powers enumerated above, shall have those powers set forth in Kentucky Revised Statute §273.171.
ARTICLE X

In the event a meeting is called for the purpose of amending these Articles, notice of such meeting shall be served on the Board of Directors. These Articles may be amended by a two-thirds vote of the Board of Directors present at such meeting. Directors may attend by telephone, video conference, or other electronic means.

ARTICLE XI

The Corporation formed hereby shall have no capital stock and no shareholders.

ARTICLE XII

No Director of the corporation shall be personally responsible for any obligation of the corporation to any extent whatsoever.

ARTICLE XIII

The name and mailing address of the incorporator are:

Hon. Paul E. Patton
571 B4 Cedar Creek Rd
Pikeville, KY 40501

WITNESS my hand, this the 29th day of October, 2010.

HON. PAUL E. PATTON
Incorporator

I, James Hurley, hereby consent to serve as the registered agent for Central Appalachian Institute for Research & Development, Inc.

JAMES HURLEY
The undersigned, Sarah Bentfrom, a Notary Public in and for Knott County, Kentucky, hereby certifies that the foregoing Articles of Incorporation for CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH & DEVELOPMENT, INC., were produced to me in my said county and state by the Honorable Paul E. Patton, and signed by him in my presence and acknowledged by him before me to be his free act and deed as an incorporator of said corporation.

Given under my hand, this the 29th day of October 2010.


[Signature]
NOTARY PUBLIC
STATE OF KENTUCKY AT LARGE

The foregoing instrument has been prepared by:

[Signature]
ERIC N. CONLEY
ATTORNEY AT LAW
P.O. BOX 783
HINDMAN, KENTUCKY 41822
(606) 785-0761
econley@cleangasinc.com
ARTICLE I
OFFICES

The principal office of the corporation in the State of Kentucky shall be located at 147 Sycamore Street, Pikeville, Kentucky 41501. The mailing address of the corporation is the same as the physical address. The corporation may have such other offices, either within or without the State of Kentucky, as the business of the corporation may require from time to time.

ARTICLE II
MEMBERSHIP AND ADVISORY COUNCIL

SECTION 1. MEMBERSHIP. The Board of Directors may bestow titles of membership upon individuals or entities who have an interest in the educational and economic development and general well-being of Central Appalachia. The Board of Directors may establish tiers of memberships based upon the members' respective levels of financial or other form of contribution to the corporation. The corporation may, in the discretion of the Board, issue certificates evidencing membership or honor its members in another manner. Members shall have no authoritative voice in the governance and management of the corporation. The Membership shall have no regular, official meetings.

SECTION 2. MEMBER LISTS. The secretary shall maintain a complete list of the members, arranged in alphabetical order in accordance with any tier system established by the Board of Directors, with the address of each member. This list may be used for correspondence and for dissemination of newsletters or other publications.

SECTION 3. ADVISORY COUNCIL. Members may participate, with the approval of the Board, on an Advisory Council, that the Board may establish for the purpose of inviting advisory opinions and suggestions. Non-member entities or individuals may also participate on the Advisory Council upon invitation from the Board.
SECTION 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by a Board of Directors which shall consist of those individuals appointed by the Board of Directors to such office.

SECTION 2. NUMBER AND TENURE. The Board of Directors shall consist of not less than five (5) nor more than twenty-one (21) board members as determined by the Board of Directors. The Board of Directors shall have the power, at any time, to increase or decrease the size of the Board and alter other provisions of this Section by resolution passed by a majority of the existing directors; provided, however, no decrease in the size of the Board shall operate to shorten the term of an existing director. Each director shall hold office for the term for which he is appointed or until his successor shall have been appointed and qualifies for the office, whichever period is longer. Subject to the size limitations imposed herein, a total of seven (7) Directors shall be elected every year on a three year, perpetually repeating cycle. Three of the Directors elected during year one of each cycle shall sit for a term of three (3) years, two of the Directors elected during year one shall sit for a term of two (2) years, and two of the Directors elected during year one shall sit for a term of one (1) year. Two of the Directors elected during year two shall sit for a term of three (3) years, three of the directors elected during year two shall sit for a term of two (2) years, and two of the Directors elected during year two shall sit for a term of one (1) year. Two of the Directors elected during year three shall sit for a term of three (3) years, two of the Directors elected during year three shall sit for a term of two (2) years, and three of the Directors elected during year three shall sit for a term of one (1) year. Any Director may be removed by a majority vote of the Board, excluding the vote of the Director whose potential removal is under consideration, whenever in its judgment the best interest of the corporation would be served thereby. In the event of a removal, the Board of Directors may consist of fewer than the minimum number of members stipulated above provided that the Board shall promptly appoint a sufficient number of new Directors to satisfy the minimum number of Directors required above.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this bylaw. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Kentucky, for the holding of additional regular meetings without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place,
either within or without the State of Kentucky, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least two (2) days prior thereto by written notice delivered personally, mailed, emailed, faxed, or sent by telegram to each director at his or her corresponding business address. If mailed, such notice shall be deemed to be delivered two (2) days after deposit in the United States mail in a sealed envelope so addressed, with first class postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though not less than a quorum of the Board of Directors. A director elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

SECTION 9. COMMITTEES. The Board of Directors shall have authority to establish such committees as it may consider necessary or convenient for the conduct of its business. The Board of Directors may establish an executive committee in accordance with and subject to the restrictions set out in the statutes of the Commonwealth of Kentucky.

SECTION 10. INFORMAL ACTION. Any action required or permitted to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by all of the
directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

SECTION 11. EXECUTIVE COMMITTEE. The Board of Directors may appoint and duly empower an executive committee of the Corporation to address matters of a confidential or sensitive nature.

ARTICLE IV
OFFICERS

SECTION 1. CLASSES. The officers of the corporation shall be a chairman of the Board, a secretary, and such other officers, as may be provided by the Board of Directors and elected in accordance with the provisions of this article.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be selected from among the membership of the Board of Directors annually at the meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed from office in the manner hereinafter provided.

SECTION 3. REMOVAL. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contractual rights.

SECTION 4. CHAIRMAN OF THE BOARD. The Chairman shall perform all duties normally incident to the office of Chairman of the Board or President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. SECRETARY. The secretary shall (a) keep the minutes of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and stock transfer books of the corporation; and, (d) in general, perform all duties normally incident to the office of secretary and such other duties as from time to time may be assigned by the Chairman or by the Board of Directors.

SECTION 6. CHIEF EXECUTIVE OFFICER. The Board of Directors may appoint, empower, and oversee a Chief Executive Officer who shall supervise and
control all of the business and affairs of the corporation. The Chief Executive Officer shall perform all duties normally incident to the office of a Chief Executive Officer subject to such additional duties, authority, or limitations as may be prescribed by the Board of Directors from time to time.

ARTICLE V
CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS AND AGREEMENTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or agreement or execute and deliver any instruments in the name of and on behalf of the corporation; and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ORDERS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI
FISCAL YEAR

The fiscal year of the corporation shall run from July 1 through June 30.

ARTICLE VII
WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these bylaws, or under the provisions of the Articles of Incorporation, or under the provisions of the corporation laws of the State of Kentucky, waiver thereof in writing,
signed by the person, or persons, entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE VIII
INDEMNIFICATION OF OFFICERS AND DIRECTORS

The corporation shall indemnify and may advance expenses to all directors, officers, employees or agents of the corporation who are, were or are threatened to be made a defendant or respondent to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that he is or was a director, officer, employee or agent of the corporation (hereafter a "Proceeding"), to the fullest extent that is expressly permitted or required by the statutes or the Commonwealth of Kentucky and all other applicable law.

In addition to the foregoing, the corporation shall, by action of the Board of Directors, have the power to indemnify and to advance expenses to all directors, officers, employees or agents of the corporation who are, were or are threatened to be made a defendant or respondent to any Proceeding, in such amounts, on such terms and conditions, and based upon such standards of conduct as the Board of Directors may deem to be in the best interests of the corporation.

ARTICLE IX
AMENDMENT OF BYLAWS

The Board of Directors may alter, amend or rescind these bylaws in accordance with Roberts Rules of Order.

CERTIFICATE

It is hereby certified that on this date we are, respectively, the duly elected and qualified Chairman of the Board and Secretary of Central Appalachian Institute for Research & Development, Inc., and that on this 14th day of January 2011, the foregoing Bylaws were adopted by unanimous action of the Board of Directors appointed in the Articles of Incorporation.

Paul E. Patton, Chairman

Wm. R. Weinberg, Secretary
ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION
OF THE
CENTRAL APPALACHIAN INSTITUTE FOR RESEARCH & DEVELOPMENT, INC.

The Articles of Incorporation for the Central Appalachian Institute for Research & Development, Inc. ("CAIRD") were filed on November 2, 2010, with the Commonwealth of Kentucky Secretary of State. There were no members entitled to vote on these Amendments and they were adopted on July 28, 2011 by a two-thirds vote of the directors in office in due compliance with the governing documents and resolutions of the corporation. Pursuant to the provisions of KRS §273.267 CAIRD hereby amends its Articles of Incorporation, to be effective upon filing, as follows:

ARTICLE II. Article II of the Articles of Incorporation of CAIRD is hereby amended to read in its entirety as follows:

A. Purpose:

CAIRD is a non-profit corporation formed with the purpose of combating the practical, financial, and other bottlenecks that have traditionally hindered educational, economic, and social development throughout Central Appalachia. CAIRD will inventory, expand, strengthen, pool, and coordinate the intellectual resources and knowledge base of public and private post-secondary educational institutions within the area for the purposes of cultivating and encouraging the positive effects of these assets within the local economy and within the people of Central Appalachia. The efforts of CAIRD will provide the opportunity for creative, intelligent, and industrious people to work together in public and private sectors to advance the quality of life of the people in the region. CAIRD will undertake such activities as it deems prudent in furtherance of its stated purposes, subject to all relevant law, including Chapter 273 of the Kentucky Revised Statutes and Section 501(c)(3) of the Internal Revenue Code.
B. Powers:

Subject to the authorities governing the activities of an organization exempt under Section 501(c)(3) of the Federal Tax Code and all other applicable law, CAIRD is hereby given every power necessary to undertake the foregoing, including the following:

1. To employ and pay such personnel as are necessary to carry out the above purposes at fair-market and commensurate rates.

2. To receive and administer funds and properties of all kinds for the above purposes, and to that end, to take and hold by bequest, devise, gift, purchase, loan or lease, either absolutely or in trust, for said purposes or any of them, any property, real, personal or mixed, without limitations as to amount or value, except such limitations, if any, as may be imposed by law or by the provisions of these, its articles of incorporation; to sell, convey and dispose of any such property and to invest and reinvest the principal thereof, and to deal with and expend such principal or the income therefrom for any of the purposes of the corporation, either by direct action of the corporation or by means of trusts created by it, without limitation, except such limitations, if any, as may be contained in the instrument under which such funds or property, real, personal or mixed, in trust, under the terms of any deed, will, deed of trust or other trust instrument for the purposes of the corporation, and in administering the same to carry out the directions and exercise the powers contained in the instrument under which the property is received, including the expenditure of the principal as well as the income for one or more of such purposes, if authorized or directed in the instrument under which it is received; to receive, take title to, hold and use the proceeds and income of real estate, personal estate, stocks, bonds, obligations or other securities of any person or persons, corporation or corporations, domestic or foreign, for the purposes of the corporation; and in general to exercise such other powers as the Directors may deem requisite to promote the general purposes of the corporation and as are permitted by law to corporations of its class, and to have all other powers with which such corporations are endowed.
3. In order to obtain funds in furtherance of the above stated purposes, the corporation shall have power to conduct campaigns and to solicit for the raising of funds and to accept contributions from individuals, corporations, and other bodies, foundations, and organizations for the purposes of the corporation, but no part of such funds or property received as a gift and no part of the net earnings, or any of the principal, or corpus, of same shall inure to the benefit of any Director, Directors, or other persons or entities associated with the corporation or its Directors as per Section 501(c)(3) of the Internal Revenue Code concerning its tax exempt status.

4. To print, edit, publish, make, display, and sell books and magazines, pictures, slides, and cinemas, as may be necessary or desirable for the accomplishment of the purposes of the corporation; to buy, sell, and generally deal in appropriate and related publications.

5. CAIRD shall adopt and establish by-laws and make all rules and regulations necessary for the management of its affairs in accordance with applicable law and not inconsistent with the Articles of Incorporation.

CAIRD is organized exclusively for charitable, religious, educational, and/or scientific purposes under Section 501(c)(3) of the Internal Revenue Code. CAIRD may make distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or corresponding sections of any future federal tax code. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, directors, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes (charitable, educational, religious, and/or scientific). No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any
candidate for public office. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future tax code. Any provision of these articles of incorporation or the bylaws that would be inconsistent with this paragraph shall be void.

**ARTICLE VII.** Article VII of the articles of incorporation of CAIRD is hereby amended to read in its entirety as follows:

It is the object of the corporation to perform such functions as shall permit it to be exempt from taxation as is provided by Section 501(c)(3) of the Internal Revenue Code. Any provision of these articles of incorporation or the bylaws that is inconsistent with this objective shall be void. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the Circuit Court of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

So Amended this 28th day of July, 2011.

Central Appalachian Institute for Research & Development, Inc.

HON. PAUL E. PATTON, President

DATE
VITA
JAMES L. HURLEY

Date of Birth: June 7, 1976
Place of Birth: Alexandria, Kentucky

EDUCATION

1999 B.S., Comprehensive Business Education (Grades 5-12)
Pikeville College
Pikeville, Kentucky

2002 M.S., Educational Leadership
Indiana University
New Albany, Indiana

2003 Rank I, Instructional Leadership
University of Kentucky
Lexington, Kentucky

Pending Doctor of Education
Morehead State University
Morehead, Kentucky

PROFESSIONAL EXPERIENCES

2011-Present President-Elect / Executive Vice President
University of Pikeville
Pikeville, Kentucky

2009-2011 Vice President for Administration & Enrollment Management
Pikeville College
Pikeville, Kentucky

2005-2009 Principal
Belfry Middle School
Belfry, Kentucky

2002-2005 Assistant Principal
East Ridge High School
Lick Creek, Kentucky
2000-2002  Business and Computer Education Teacher
            Bullitt Central High School
            Shepherdsville, Kentucky

1999-2000  Business and Computer Education Teacher
            Male Traditional High School
            Louisville, Kentucky

HONORS

2012  Young Professional of the Year Award
      Young Professionals of East Kentucky
      West Liberty, Kentucky

2010  Who’s Who National Award for Outstanding Executives
      Biltmore Registry
      Hollywood, Florida

2009  Kentucky Administrator of the Year Award
      Kentucky Association of School Administrators
      Frankfort, Kentucky

PUBLICATIONS

Peer-reviewed
Hurley, J. 2013. Working Title: Exploring Economic Growth and the Role of
Institutions in Central Appalachia. (In progress, anticipated submission date: June
2013, anticipated journal: Journal of Appalachian Studies).