

# **Responding to Displacement in The West Virginia Region 1 Workforce Investment Board Area<sup>1</sup>**

## **I. Introduction**

The West Virginia site visit was to the southern part of the state, an area represented by the Region 1 Workforce Investment Board (WIB). This WIB area consists of eleven counties (Fayette, Greenbrier, McDowell, Mercer, Monroe, Nicholas, Pocahontas, Raleigh, Summers, Webster, and Wyoming) with a combined population of 345,900 and a labor force of 135,930. It has some of the most rural counties in the state as well as two, Raleigh and Mercer, with some of the largest county populations. This region was selected for a site visit to represent Central Appalachia, an area impacted by long-term restructuring in the coal industry, and a series of recent interesting initiatives to create new economic opportunities.

This region has some of the deepest poverty in the nation, low wages, and limited education levels. Both its population and labor force have been declining and are aging. West Virginia recently surpassed Florida as the state with the oldest average population, and the average age in the field visit counties ranges from 39.5 to 43.4. While the regional unemployment rate is lower than the national average except in a few counties, a recent local study indicated that underemployment is significant.

The story of displacement in southern West Virginia has been dramatic, long-term and driven by technological changes in the region's historic economic base, the coal industry. According to a United Mine Workers' staff person when he began his working life in the coal industry over 20 years ago there were 120,000 coal miners in West Virginia. Today there are around 17,000. Just as the coal industry has caused much of the displacement in the region, it has also shaped local economic, social, and demographic characteristics including the industrial structure, education levels and skills, and the workforce participation of women. Most manufacturing in the area has been to supply or service the coal industry; workers with a high school education or less were able to leave school for jobs in the coal industry and receive higher wages than their college-bound peers; and women had few labor market opportunities. Today the coal industry provides dramatically fewer jobs with those remaining requiring higher levels of skills and education. These changes undermine the economic, cultural, and social structures that were originally shaped by a dominant industry. In turn, those conditions are no longer conducive to the more modern coal industry, or to an alternative economic future that could offer the region's residents good opportunities and self-sustaining incomes.

---

<sup>1</sup> This field research report was written by Suzanne Teegarden of Workforce Learning Strategies and Mark Price and Howard Wial of Keystone Research Center as input to Stephen Herzenberg, Suzanne Teegarden, and Howard Wial, *Creating Regional Advantage in Appalachia: Towards A Strategic Response To Global Economic Restructuring* (Harrisburg, PA: Keystone Research Center, 2005) and as part of ARC contract #CO-12884T-03. Questions about the field report should be directed to [teegardens@aol.com](mailto:teegardens@aol.com).

Despite these grim facts, however, there are also promising initiatives in the region, many based on strengthening human capital. The state of West Virginia has undertaken an aggressive effort to strengthen educational attainment and was one of the first states to wire all local schools for the Internet. At the local level regional players have used a state of the workforce report to better understand the local economy and create a more common vision of a development strategy. They have also developed policies, systems and structures to support these strategies. There is a clear goal to diversify the economy in a way that creates a higher standard of living. Investments in education and the workforce are seen as critical to achieving that and have included efforts to improve the education levels and career information of youth, connect the transferable skills of displaced workers to jobs offering equivalent or better wages, and support for the training of existing workers. These strategies are in the context of targeting industries that use advanced technologies and provide higher-wage jobs, supporting entrepreneurialism to create a more vibrant economy, and acting as a convening force for joint activities among key industry clusters.

Many of the interventions described above are too new to assess their impacts. However some success is beginning to be seen. West Virginia has received high scores on its standards and assessments, quality of teaching, school climate and adequacy, equity and allocation of resources in Education Week's Quality Counts report. Within WIB Region 1, Raleigh County students recently scored higher than the rest of the nation in reading for information and the region's One-Stop Career Centers have recently been recognized as the best rural One-Stop Career Centers in the nation based on exceeding performance goals.

The head of one regional economic development agency said that she will know that efforts to support local economic transformation have succeeded when parents no longer encourage their children to leave. Beyond that hope for the future, local leaders are seeking to find ways of measuring success across the multiple agencies, programs, and funding streams that are needed for a cohesive, complete strategy. They appear to be operating with real information on the challenges being faced, a shared vision for the future they want to create, and partnerships that align individual resources towards common goals. The leadership, creativity and approaches used by key leaders within WIB Region 1 offer lessons to others within Appalachia seeking to transform stubborn problems of poverty.

## **II. Summary of Key Findings**

- The region has high poverty levels and low education rates and is implementing a human capital strategy aimed at improving both (and premised on the idea that low education is one cause of high poverty).
- Regional leaders have been able to utilize the development of information and strategy to forge a sense of urgency, common vision and strategy for creating a stronger regional economy.

- Partly based on a more common vision, the region has formed partnerships across city and county boundaries, and institutional frameworks that have helped in amassing and more effectively utilizing limited resources.
- There are efforts to both meet the immediate needs of displaced workers and to create an economy where future workers have the ability to remain in the community.
- Certain social, political, and economic structures have helped to mitigate some of the harshest impacts of dislocation. For instance, union pensions help some displaced workers take low-wage jobs without becoming impoverished, the low cost of living makes basic needs like housing more affordable, and more women have been drawn into the workforce to help contribute to family incomes. With fewer workers belonging to unions, potential increases in housing costs as better-off retirees settle in the area, and fewer opportunities to maximize women's labor market participation, these safety structures may begin to erode.
- Similarly some of the economic initiatives previously undertaken such as the attraction of new prisons may limit the region's ability to attract other types of industries and support a more entrepreneurial population.

### **III. Regional Economic and Demographic Context**

Using the ARC economic classification, six of the counties in West Virginia WIB Region 1 are distressed and five are transitional. Annual incomes are significantly below the U.S. average and the rates of poverty are high with some counties having almost 40 percent of their population below the poverty level. These numbers along with more comparative data for the field visit region counties are shown in Table 1 below.

WIB Region 1 has historically been dependent on “extractive” industries of mining and forestry. Across Appalachia, mining only represents 2 percent of the workforce, matching the share in the rest of the country. However, mining remains an important industry within many counties of Region 1. The location quotient for mining is in double digits in four counties with a range between 10.9 and 44.5. In contrast the location quotients for manufacturing are low ranging from 0.2 to 1.3. Mining employment has declined within the region over the last 30 years creating earlier waves of significant displacement and economic hardship. However, between 1990 and 2000 mining employment increased in many counties in this region and the average wages within the industry are generally the highest of any major industry group.

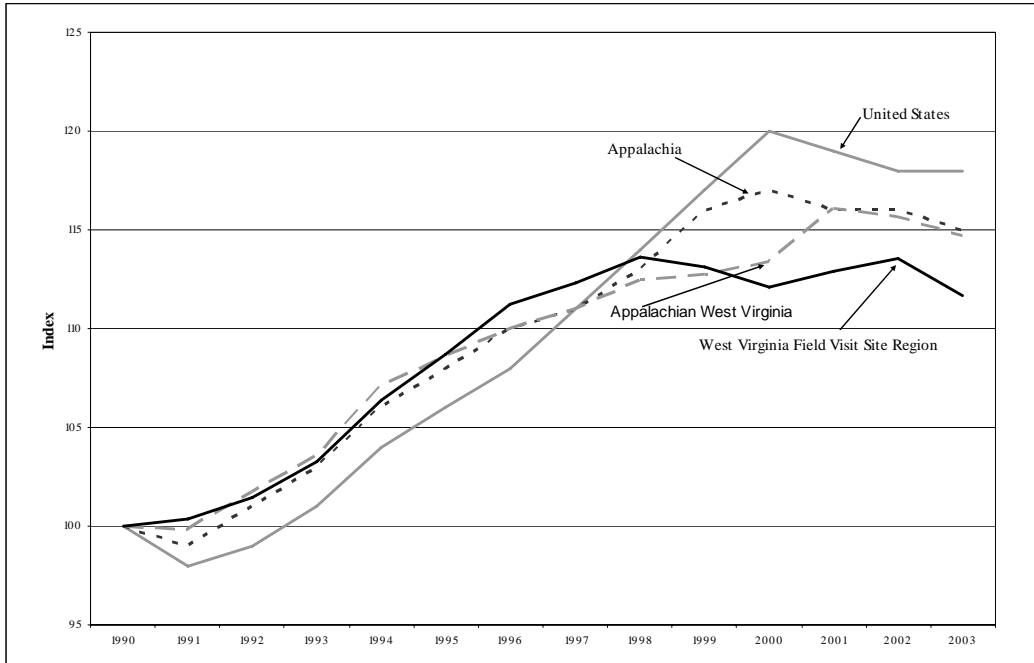
In terms of total employment, Appalachian West Virginia and the field visit region have fared reasonably well when compared to the United States as a whole (Figure 1), and in regards to manufacturing employment, the field visit region has actually done better at maintaining manufacturing jobs than the entire United States over the last 15 years (Figure 2).

**Table 1. A Profile of the West Virginia Field Visit Counties and Comparison Regions Indexed to U.S. = 100**

County / Region	ARC County Classification	Three Year Average Unemployment Rate (1999-2001)	Per Capita Market Income (2000)	Poverty Rate (2000)	Labor Force Participation Rate	Labor Force Participation Rate (Women)	Percent Change in Participation of Women (1980-1990)	Percent Population Change (1990-2000)	Percent of Adults with High School Diploma	Percent of Adults with College Degree	Population (2000) - not indexed
United States		4.3	25,676	12.4	64%	58%	27%	13%	80%	24%	281,421,906
<b>Variables Below Are All Indexed to U.S. = 100</b>											
Appalachian United States		109	77	110							
West Virginia		133	65	144	85	83	49	6	94	61	1,808,344
Appalachian West Virginia											
All 11 Counties in FV Region			52	174				-19			350,263
<b>Counties</b>											
Fayette	Distressed	198	47	175	74	71	52	-6	85	44	47,579
Greenbrier	Transitional	167	62	147	83	78	78	-5	91	56	34,453
McDowell	Distressed	253	31	304	51	46	-41	-171	62	23	27,329
Mercer	Transitional	107	61	159	80	77	35	-24	90	57	62,980
Monroe	Transitional	98	41	131	73	62	70	134	92	34	14,583
Nicholas	Distressed	184	51	155	79	76	96	-6	87	40	26,562
Pocahontas	Transitional	184	57	138	82	81	77	11	88	48	9,131
Raleigh	Transitional	137	62	149	78	77	49	24	90	52	79,220
Summers	Distressed	179	38	197	70	68	41	-65	81	41	12,999
Webster	Distressed	195	34	256	68	65	6	-72	72	36	9,719
Wyoming	Distressed	195	39	202	64	58	14	-86	80	29	25,708

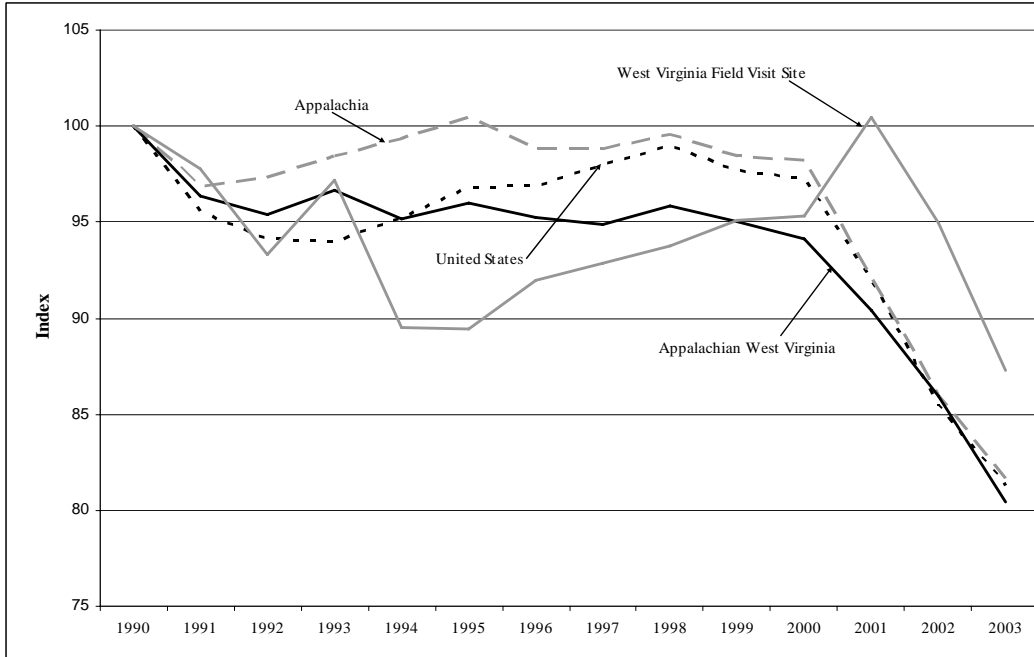
Source: Keystone Research Center (KRC) based on Census data and other data downloaded from [www.ARC.gov](http://www.ARC.gov).

**Figure 1. West Virginia Total Covered Employment  
(Indexed to 1990 Employment = 100)**



Source: Table A1.

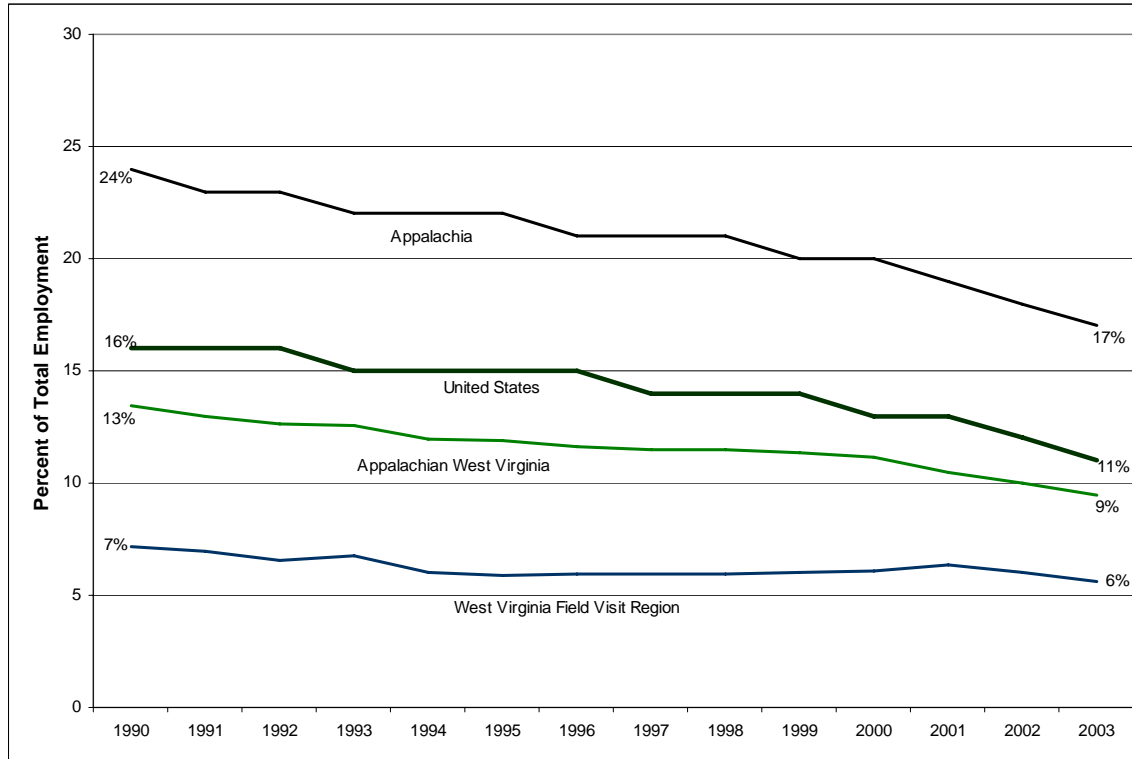
**Figure 2. West Virginia Manufacturing Employment  
(Indexed to 1990 Employment = 100)**



Source: KRC derived from Table A2..

Employment in manufacturing ranges from 1.5 percent of the workforce in McDowell County, the poorest county in the region, to 13 percent in Pocahontas County. However the field visit region as a whole has a comparatively low share of employment (6 percent) made up by manufacturing (Figure 3).

**Figure 3. West Virginia Manufacturing Employment Share**



Source: Table A4.

For the most part the manufacturing industries within the region are based on “extractive” industries such as logging and sawmills and planing. Industrial Machinery represents the largest segment of the manufacturing workforce in two counties, but still employs relatively few people.

Average annual manufacturing wages are below \$25,000 in six of the counties in the region with the lowest average manufacturing wage being \$14,217 in Summers County. The highest manufacturing annual wage of \$39,311 is in Fayette County where the major manufacturing employment is Industrial Machinery Not Elsewhere Classified.

Average annual wages in mining are generally significantly higher than wages in manufacturing or the other industrial sectors. Fayette County also has the highest average annual mining wage of \$55,094. The average annual wage in mining in four of the eight counties with significant mining employment is over \$50,000.

The eleven counties in the region range in population from 8,900 to 78,900. Eight of the counties within Region 1 lost employment between 1990 and 2000. In contrast the

nation's population grew at 13 percent, the Appalachian region experienced a 9 percent increase, and even West Virginia saw a slight population increase of 1 percent. The largest population loss was in the poorest county McDowell, which lost almost one-fourth of its population. The largest growth in the region occurred in the largest county, Raleigh, which had a 3 increase in population.

A significant increase in the labor participation of women took place within the region since 1980. The percentage of women in the labor force in 1980 was generally about 1/3 and in one county was only 26 percent. By 2000 women were almost 45 percent of the workforce in each county. The counties most dependent on extractive industries such as mining and logging generally had a slightly lower percentage of women in the workforce.

As noted incomes are low and poverty rates are high throughout the region. The 2000 annual income within the region ranged from \$14,246 in Webster County (48 percent of the national annual income) to \$22,047 in Mercer County (75 percent) of national income. The poverty rates range from 38 percent in McDowell (305 percent of the national average) to 16 percent in Monroe County (131 percent of the national rate).

Education levels are also lower than the national average especially in the percentage of adults with a college degree. The percentage of adults with a high school degree is lower than the national average in all counties and significantly below in some counties (Table 2). For instance in McDowell County only 50 percent of adults have a high school degree. Monroe County has the best ranking of adults with a high school diploma but even this percentage of 74 percent is below the national average. The percentage of adults with a college diploma ranges from 6 percent in McDowell County to 14 percent in Mercer County, i.e., from one quarter to over half of the national average. In the region in general the higher the poverty rate.

**Table 2. Education and Poverty in WIB Region 1**

<b>County</b>	<b>% of Adults with High School Diplomas, 2000</b>	<b>Adults with HS Diplomas, % of U.S., 2000</b>	<b>2000 Poverty Rate</b>
McDowell	50.0	62.2	37.7
Webster	58.2	72.4	31.8
Wyoming	64.3	80.0	25.1
Summers	65.4	81.3	24.4
Fayette	68.6	85.3	21.7
Nicholas	70.0	87.1	19.2
Pocahontas	70.9	88.1	17.1
Raleigh	72.0	89.5	18.5
Mercer	72.1	89.6	19.7
Greenbrier	73.4	91.3	18.2
Monroe	73.7	91.6	16.2

Source: KRC based on the U.S. Census

The three-year average unemployment rate (1999 to 2001) within the region ranged from a low of 4.2 percent in Monroe County to 10.9 percent in McDowell. The unemployment rate in this three-year period for most of the counties was above 7 percent. These rates had improved by October 2004 with a range between 2.6 percent in Monroe to a high of 7.2 percent in McDowell. In 2003, the region had 37 layoff or closing events affecting 843 workers. This was 32 percent of the events within West Virginia and 22 percent of the laid-off workers. Four of these events were in the coal industry affecting 277 workers, almost one third of the total. Through October 2004, Region 1 had only two layoff events, but these two events affected 374 workers representing almost one third of the laid-off workers in the state. One of these layoffs was in coal affecting 268 workers (72 percent of the total workers laid-off in the region). There were 5 layoffs in manufacturing in 2004 affecting 56 workers.

#### **IV. Overview of Responses to Displacement**

##### *Responding to Dislocated Workers*

**Responding to layoffs in the coal industry.** As previously described the major source of displacement in southern West Virginia has been from the long-term decline of jobs in the coal industry. This industry remains a critical component of the local economic base and offers some of the highest wages in the region. According to local union officials and economic developers, the industry is currently in a “boom” period with increased demand driven by the high cost of other sources of energy. However, this boom has not helped many of the thousands of coal miners laid-off over the last two decades.

One issue in matching available coal industry jobs with laid-off coal miners is a disconnect between the skills of many of the laid-off coal workers and the industry’s demand for workers with computer operations experience. Historically, most coal mining has been done with picks and shovels, but beginning in the 1950s more tasks were automated with 2-3 men operating a conveyor belt removing coal from the ground. Now the mines can be remotely operated from above the ground. There is little need now for miners to be beneath the ground except when a machine breaks down. Today a machine can extract more coal in an hour than 100 miners can excavate in a day. The current skills needed for coal mining are computer and technical skills for operating and repairing the machines. Historically, miners were brought into the industry as unskilled and semi-skilled workers and may lack the necessary foundation skills (math, literacy levels) necessary to quickly gain computer skills.

Basic and technical skills training could offer a bridge for some laid-off coal miners to fill the new demand in the coal industry. However, local representatives of the United Mine Workers of America’s (UMWA) Career Center serving laid-off mine workers offered additional reasons for the disconnection between laid-off coal miners and available jobs. They argued that the average age of the workers that they serve is 48 and the coal industry employers have been reluctant to hire older workers. According to the WIB Director their recent state of the workforce report had two discouraging findings:



the large number of able-bodied people who were out of the workforce – discouraged workers and an alarmingly high average age in many of their industry sectors.

According to union officials, another reason for the gap between available coal industry jobs and laid-off miners is uneasiness about hiring union members among nonunion employers. While the mining industry in West Virginia had been 90 percent unionized; today the percentage of unionized coal miners is only 40 percent.

Despite continuing layoffs there have been some additional jobs in the coal industry and some difficulties filling those positions. The union representatives also offered the example of one firm seeking to import workers from other countries to work in the coal mines. A local economic developer described one firm that called back coal miners who had moved to the southwest for mining employment. But, even when coal mining jobs are available, this demand will not replace the tens of thousands of jobs lost. Union officials said that many of the workers affected by these massive layoffs over the last few decades have moved out of the state to find new employment, are living in poverty, or have taken lower wage local jobs that are supplemented by a union pension and a wife's new job.

The UMWA Career Center, a One-Stop Career Center partner, was created to help to ensure that those affected by changes in the coal industry would have better choices than poverty, underemployment, and scraping together a livable income. The Center, supported by the union and the local WIB, began in 1998 to serve laid-off union and non-union mine workers, workers laid-off from related industries, and the wives and families of mine workers. It is staffed by peers, former mine workers who've also been through a layoff, know the industry, and have deep empathy for those being laid-off. This staff has been trained in employment and training methods and in some cases has gone back to school to obtain advanced degrees in social work. Many of those served by the Center are third generation coal miners and come into the Center believing that mining is all that they can do. However, staff helps them to identify skills that they have that can be transferable to other industries – skills such as a strong work ethic, electrical skills, carpentry, and teamwork. While some of the miners being served do not have a high school education, they tend to do well on the Work Keys assessment because of the skills they developed as miners. Some of the skills identified are unexpected. Union staff said that many of the laid-off miners have gone into the health care profession – a growing industry offering good wages -- building upon the compassion and support of others required for safety and basic survival in the mines. Others have been able to begin their own contracting businesses building on construction skills used in the mines.

An issue for the UMWA Career Center as well as the other One-Stop Career Centers in the region has been how to support workers who remain in the longer-term training needed for obtaining needed new skills. Some of the workers in the region who have been laid-off from the chemical industry can qualify for Trade Adjustment Assistance that provides funding for longer term training, income supports while in training, and subsidized health insurance. However, the laid-off coal miners do not qualify for these funds. The Center has been able to get federal discretionary grants, grants from the WIB

and earmarked funds in federal appropriations to help the coal miners. These funds have been able to support longer-term training as well as stipends for those in training for meals, mileage to and from training, and other needs. In many cases these funds for supportive services make the difference in a worker being able to complete training. The Center has been able to achieve a 93 percent placement rate with an average wage of \$14 per hour.

Recently, the funding for the Center has been reduced. There is currently an application pending in for a national emergency grant (NEG) from USDOL. However, this funding is uncertain since NEG is structured to respond to the immediate impacts of large-scale layoffs rather than on-going smaller layoffs and underemployment.

**Developing a broader human capital response strategy.** Almost everyone interviewed during the site visit had a direct or family connection to the coal industry. They described the development of a capacity to respond to worker dislocations as an economic reality, a social necessity, and an act of human kindness. But, responding to the needs of individual displaced workers does not automatically result in the creation of an effective response to the dislocation of a community. Regional workforce and economic development agencies have complemented existing economic development efforts with new approaches.

The foundation for many of these new approaches was a set of analytical and planning reports commissioned by the local WIB. The process of doing the report involved seven meetings of stakeholders across the 11-county region as well as three nearby counties in Virginia to which some regional residents commuted. Each stakeholder meeting included representatives of the private sector, as well as representatives from the K-12 system, community colleges, 4-year colleges, private colleges, training vendors, etc. There was a diverse cross-section of stakeholders that helped to frame the questions on the study.

An important finding from these reports was the gap between what employers said they needed in skills and what was being provided in the training and education world. Training and education providers had not sought out information from employers on skill needs, were not providing training that was customized to the needs of individuals or businesses, and were not able to provide any guarantee of jobs at the end of the training. According to one observer, training was being provided for the sake of training. In addition, basic skills – a critical need in the existing workforce -- were generally segregated from skills attainment. When the community colleges identified potential students who needed remediation before skills training, they simply referred them to adult basic education. Unfortunately, a lot of individuals referred fell through the cracks, with even those who made it to a basic skills provider not always finding their way back to additional education or skills training.

According to the WIB Director, “You need good data *and* the right people at the table to get things done.” He said that the biggest result of the state of the workforce report was the opportunity to have conversations with the employment and training community based on good data. Also, the report helped to create a sense of urgency.

The WIB responded to the report by making several major policy changes that directly affect the One-Stop Career Center opportunities. First, the WIB realized that its youth programs had to be broader. Youth have been leaving the region and one of the biggest reasons for this was that they were trained for jobs that didn't exist in the local area. The WIB now spends on third of its money and 70 percent of its effort on youth programs. This has resulted in the distribution of 17,800 CDs and 600 videos to students in local schools as well as meetings with school principals, sharing of employment information from the health care employers consortium to students enrolled in health sciences courses, and presentations of career information to guidance counselors. The aim of this work is to help educate youth on how their choices of education and skills align with the realities of the labor market.

The second policy change that resulted from the report was to create procedures to ensure that any training that is approved by the WIB guarantees both a job *and* a self-sufficient wage. This change created a lot of controversy with training providers and with some businesses. The WIB staff told the businesses that the One-Stop Career Centers would be happy to take their job orders, but that they would only provide training for jobs that offered self-sufficiency. Self-sufficiency for the region was determined by another report funded by the WIB and written by West Virginia Community Voices. This report analyzed the costs of living community by community and developed a sliding scale that represented self-sufficiency for different family sizes. The self-sufficiency wage for a single person with no children is \$8.70 an hour. One of the major cost factors in the study was the cost of transportation since most workers have to commute at least 45 minutes to get to a job. With limited resources, the WIB policy is also to target services to individuals currently below the self-sufficiency standard, about 50 percent of the area workforce.

A third major policy change was to require the use of Work Keys as the major assessment tool at the One-Stop Career Centers and with training providers. This assessment method was used because it is considered a more valid representation of skills than a high school diploma, and was a system that was accepted by local employers.

The WIB has been able to support its initiatives through aggressive fundraising including seeking private contributions from employers. Additionally, the WIB has raised funding through a number of external grants including a federal Small Business Administration (SBA) grant to open a women's business center, state grants for training in health care and hospitality, and funding from the Kellogg Foundation on career awareness and the Kaufmann Foundation on entrepreneurship. It has also received some disaster reemployment relief assistance as a result of flooding, and funding from the ARC through Mission West Virginia to install communications centers offering career awareness and basic skills attainment.

**One-Stop Career Centers and partnerships.** The WIB's policies provide an overall human capital framework for the region. This strategy has also been operationalized through the network of One-Stop Career Centers throughout the region. There are 12

One-Stop Career Centers and a mobile unit that is able to serve more remote rural areas. The Centers are overseen by the WIB and operated by staff employed by Keys to Organizational Growth Associates (KOG) a for-profit firm headquartered in California.

**Workforce West Virginia Career Center Partners include:**

Adult Basic Education  
 Bureau of Employment Programs  
 Community Action of Southeastern West Virginia (CASE)  
 Council of Three Rivers American Indian Center  
 Higher Education Policy Commission (HEPC)  
 Human Resource and Development Foundation (HRDF)  
 Job Corps  
 Mountain Heart Child Care Services  
 Region 1 Small Business Development Center  
 West Virginia Division of Rehabilitation Services  
 Department of Health and Human Resources  
 Regional Education Service Agency - 1

KOG was selected as the Career Center operator based on a competitive Request for Proposal initiated by the WIB. Besides KOG staff, the Centers house a wide variety of local partners. The partners meet on a periodic basis to share information and ensure good communication. Staff from partner agencies indicated that the co-location of services allows them to make better referrals, offer a richer variety of services, and ensure that customers don't have to travel long distances to access the multiple services they generally need. With the partnerships the One-Stop Career Centers are able to offer, a wide variety of services including Work Keys Assessments, information on available jobs and potential careers, job search assistance, access to basic education and skills training, links to child care resources, and unemployment claims filing. Additionally, the Centers are offering business services. Almost 93 percent of employers in the region are small businesses with questions on basic information such as payroll, taxes, and human resources. The Centers are working with the Small Business Development Centers (SBDC) to provide these services, and in some sites are housing the local SBDCs. Additionally, a Women's Business Center has just opened at the Raleigh County Center with the goal of supporting entrepreneurial activities.

During program year 2003–2004, the Region 1 One-Stop Career Centers achieved 133 percent of their negotiated performance goals including achieving a 118 percent replacement wage for dislocated workers. The Centers recently won an award from the National Workforce Association as the best Career Centers in a rural area. Career Center staff indicated that a part of the reason for the high placements and replacement wages is that some workers have taken jobs outside the region or are willing to accept long commutes of an hour and an hour and a half. However, while long commutes and relocation are a current necessity for some, the hope is that economic development efforts now being implemented will provide alternative job choices in the near future.

**Educational initiatives.** West Virginia and officials in southern West Virginia have taken several steps to make the postsecondary system more responsive to workforce and economic development. In 2003 the West Virginia Legislature created two-year community and technical colleges from the existing four-year colleges within the state. New River Community and Technical College, under the auspices of Bluefield State College, is one of the three community college institutions serving the WIB Region 1 area. It provides customized training, continuing education and other workforce training initiatives through its Center for Workforce and Business Development. Since being formed this Center has helped to retain more than 7,000 employees in more than 60 companies. The customized training is 50 percent funded by employers; the remaining funds can come from West Virginia's incumbent worker training funds, the Workforce Investment Board, or special grants.

According to Center for Workforce and Business Development officials interviewed during the site visit the creation of the Community and Technical College system has allowed these institutions to more effectively create customized training for employers on demand. This ability has also helped to create greater capacity within the community colleges and employers. For example the creation of a machine tool technical program for one employer led to grant investments in machinery, facilities, and teaching capacity. These investments are now part of a continuing program that has helped to meet a hidden demand for training in welding. The Center, where possible, also trains the employees of firms they are working with to be able to continue internal training once a particular customized training has ended. This "train the trainer" component creates greater capacity for on-going learning within the firm. It also results in goodwill and stronger relationships with the community college.

The Center Director emphasized two other changes in how his institution is doing business. First, there is now a strong relationship with the Workforce Investment Board. The labor market analysis and policies of by the WIB have had a strong influence on the offerings and methods of his program. He stated that the WIB has managed to create a strong presence in each of the counties in the region with both business and community leaders and, to his surprise, this has been extremely useful to the mission and efforts of his Center. A second change has been an increased cooperation among the post-secondary institutions within the region. There has been a greater sharing of information, curriculum, and contracts to be able to quickly respond to the workforce needs of local businesses. While this cooperation in some senses has been built on necessity, partnerships are now seen as non-threatening and, by many, beneficial to institutional as well as community interests.

### ***Responding to Community Displacement***

The dramatic changes within the coal industry have also shaped economic development in Southern West Virginia. Local economic development agencies in West Virginia report to county commissioners. However, there has been an increased emphasis on implementing economic development across counties and the state's new governor is encouraging this. The 4-C Economic Development Authority representing the counties

of Fayette, Nicholas, Raleigh and Summers was an early pioneer in regional approaches. In 1988 county officials led by the officials from the city of Beckley determined that they needed partners to be able to diversify their economy away from a dependence on coal. They successfully lobbied for a state law that compelled the legislature to annually fund an economic development entity for the four-county region on a \$1.05 per capita formula basis. This joining of forces has given the area greater resources as well as a broader approach to attracting and retaining industries. For many local areas, this form of cooperation is threatening and balancing the interests of all the counties and cities that come together proves difficult.

The efforts to respond to displacement within the region combine practices across the different waves of economic development practice. Current economic development efforts build on past practices and the infrastructures that have been created, but have also taken some new directions including:

- A shift from scattershot recruitment of firms to targeted attraction and retention;
- More regional efforts to both attract new firms and support existing industries;
- Stronger linkages to workforce development; and
- Support for digital linkages as a new and critical regional infrastructure for attracting the types of firms desired in the region.

Traditional first-wave industrial recruitment incentives, including customized job training and loan forgiveness, have been a mainstay of local economic development policy, but these practices are now being used in a more strategic way. For instance, the 4C Economic Development Agency will only extend loan forgiveness to companies that meet specified job-quantity targets. In the future the local economic developer expects that job-quality standards will also be applied to development incentives, and there is general agreement among local officials that job quality is as important as job quantity. Although the state and local economic development agencies will work with any firm that expresses an interest in locating in the region, they believe that the region is unlikely to be able to compete with metropolitan areas or more prosperous rural areas in attracting large firms. Therefore, they target their efforts and limited resources to recruiting firms more likely to locate in the region.

Earlier economic development efforts have also helped to create a physical infrastructure to support industry. This has resulted in numerous industrial parks and an extensive system of highways that link this mountainous rural region to markets. The highway systems are now being used to support efforts at creating new technology infrastructures. The region is seeking to create a “technology corridor” along Interstate 64 between Beckley and White Sulphur Springs and the regional cooperation across the counties has facilitated this approach. Although there does not yet appear to be a detailed plan for targeting firms to this corridor, the hope is that small companies that use broadband technology will be attracted to this location because it supports their communication needs and has natural amenities that make it attractive place to settle. To date, one such company that started in a part of West Virginia closer to Washington, DC, has opened a second office in the corridor.

The highways have also made it easier for local residents to commute longer distances to available jobs. Average commutes to work in the region are 45 minutes and many of those interviewed said that commutes of one hour or 90 minutes each way are not unusual.

There has been an effort to attract federal and state prisons to the region resulting in over a half dozen prisons now operating across the region. As a part of the civil service system, the federal prisons bring much of their own staff. However, over time more local residents are qualifying for positions in the prisons and a number of local firms have received contracts from the prisons for services including laundry and catering.

The workforce system also now works closely with economic development activities across their region. As a part of this the WIB formed an economic development committee of its board that includes economic development authorities and planning commissions in the region. This ad hoc committee was formed to address issues in the business environment. Because of this there has been a significant change in what industries are being supported by the economic development authorities.

The economic development partners are emphasizing any industry that uses technology in a manner that allows the region to compete in the world economy. While that's broad, it *does not* include call center jobs. (The area recently experienced the location and then closure of a call center). They want industries that lead to high wages and an entrepreneurial economy. They are also looking at transportation and alternative resources (synthetic fuels, wind and water), and want to develop their ability to work in the plastics area. They will work with any firm that seems to offer longer term growth, but the biggest emphasis is on technology and transportation. They are also supporting some FIRE, hospitality, and tourism but only if the firm bring dollars into the region.

The WIB has also played an important role in convening and supporting industry cluster consortia including in health services, hospitality, and manufacturing. The most work to date has been done within the health sector, a major employer in the region. This sector is important to the region partly because it has an aging population and good health care is important to the community. The state of the workforce report predicted shortages of health sector workers in the region. In response the WIB put programs in place that will prevent these shortages. For instance they now have over 500 Licensed Practical Nurses enrolled in Registered Nursing education. The employers are paying for most of this training through tuition assistance programs. The WIB's role has been to make sure of the availability and accessibility of training.

The hospitality consortium employers identified that some of the issues they faced were high turnover and a lack of certain skills within their workforce. Many of the jobs in this sector are seasonal jobs at times when employers are seeking to attract higher income customers. Therefore, the industry needed a trained and stable workforce, but the lack of full-time jobs and benefits undermined efforts to attract and retain employees. As a result the consortium has spun off a staffing firm that acts as the employer for the workforce at many of the hospitality firms. The staffing firm rotates workers among the different

seasonal employers offering the workers full-time work, benefits, and a higher average wage. The employers are paying more on an hourly basis to the staffing firm since the rate covers a higher hourly wage, benefits, and the staffing company's fee. However, it is believed that this will lead to a more effective workforce and that reduced turnover costs will make up for the higher costs. The One-Stop Career Centers have also created pre-employment training classes to help support the recruitment and training of workers for this initiative.

The manufacturing consortium has just begun its work. One of the immediate issues it is facing is how to enter new markets. Most of the manufacturing firms in the area have concentrated on repairing machinery for the coal industry. They now need to become more sophisticated in their production to be able to service the new forms of technology in the coal industry and diversify their markets to other industries. The WIB anticipates that this effort to deepen and diversify the manufacturers' markets will also lead to a demand for new skills.

Besides a focus on key industries, the region is also emphasizing entrepreneurship, hoping to develop the entrepreneurial spirit and desire in those who have been disconnected from the workforce. Many of those interviewed stated strongly that this makes more sense to them than chasing outside businesses. To support this effort the WIB has funded business response and entrepreneurship efforts throughout the region. The purpose of these efforts is to support business ideas for new and existing businesses including small, medium and large sized employers. The Small Business Development Center and Women's Business Center provide a holistic approach introducing the businesses to the available technology, financing possibilities, business planning, etc.

## **V. Conclusion – Future Issues**

Southern West Virginia has had a difficult history and faces a challenging present and uncertain future. But, there does not appear to be a feeling of hopelessness or despair. Those interviewed seemed realistic about the challenges, determined in their efforts, and creative in their responses – the earmarks of a healthy community. There have also been a number of positive results from their initiatives. Some of the future issues for the continuing success of the region's efforts in transforming this economy include the following:

- Will the region be able to continue to attract sufficient resources to sustain the longer terms efforts needed?
- Are there sufficient incentives to attract and support a more innovative, knowledge-based economic base or will some of the existing industries (coal and prisons facilities) impede this development?
- Will some of the existing structural supports supplied by a strong union presence and a low cost of living be eroded by the continuing economic changes? And, if so can other community supports be found?





**Table A1. Total Employment in West Virginia Field Visit Counties and Comparison Regions (Indexed to 1990)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	100	98	99	101	104	106	108	111	114	117	120	119	118	118
Appalachia	100	99	101	103	106	108	110	111	113	116	117	116	116	115
Non-Appalachian West Virginia														
Appalachian West Virginia	100	100	102	104	107	109	110	111	112	113	113	116	116	115
All 11 Counties in Field Visit Region	100	100	101	103	106	109	111	112	114	113	112	113	114	112
<b>Individual Counties</b>														
Fayette	100	100	102	106	111	113	114	116	117	113	109	107	111	110
Greenbrier	100	103	105	108	105	107	109	110	111	109	110	112	111	113
McDowell	100	95	97	96	96	95	93	89	87	83	80	82	82	79
Mercer	100	100	99	100	103	105	108	107	109	109	108	106	107	106
Monroe	100	104	105	107	106	107	109	109	111	108	113	113	113	111
Nicholas	100	99	99	97	102	101	104	105	106	111	114	112	110	109
Pocahontas	100	95	99	104	108	102	105	112	115	113	114	114	113	114
Raleigh	100	102	103	106	112	120	124	126	128	130	129	133	132	129
Summers	100	102	101	108	109	111	109	111	113	112	112	111	114	111
Webster	100	98	111	118	121	124	123	128	125	121	121	118	121	123
Wyoming	100	97	99	97	99	97	101	104	106	101	98	101	107	99

Source: KRC analysis of QCEW data.

**Table A2. Manufacturing Employment (1000s), West Virginia Field Visit Counties and Comparison Groups**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	17797	17007	16756	16725	16950	17235	17245	17448	17617	17391	17314	16386	15209	14460
Appalachia	1826	1769	1778	1798	1814	1835	1805	1804	1818	1799	1794	1682	1569	1491
Non-Appalachian West Virginia														
Appalachian West Virginia	79	77	76	77	76	76	76	75	76	76	75	72	68	64
All 11 Counties in Field Visit Region	6.8	6.6	6.3	6.6	6.1	6.1	6.2	6.3	6.4	6.4	6.5	6.8	6.4	5.9
<b>Individual Counties</b>														
Fayette	1.0	0.8	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.7
Greenbrier	1.5	1.6	1.5	1.5	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
McDowell	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mercer	1.9	2.0	1.7	1.7	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.6	1.6	1.4
Monroe	0.0	0.0	0.0	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.0
Nicholas	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.0	1.0	1.0	1.0
Pocahontas	0.8	0.7	0.7	0.7	0.7	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Raleigh	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9
Summers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Webster	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Wyoming	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2

Source: KRC analysis of QCEW data.

**Table A3. Manufacturing Employment Indexed to 1998=100, West Virginia Field Visit Counties and Comparison Groups**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	101	97	95	95	96	98	98	99	100	99	98	93	86	82
Appalachia	100	97	98	99	100	101	99	99	100	99	99	93	86	82
Non-Appalachian West Virginia														
Appalachian West Virginia	104	101	100	101	99	100	99	99	100	99	98	94	90	84
All 11 Counties in Field Visit Region	107	104	99	104	95	95	98	99	100	101	102	107	101	93
<b><i>Individual Counties</i></b>														
Fayette	105	91	95	95	90	98	96	96	100	99	100	96	86	77
Greenbrier	160	162	155	156	113	109	103	100	100	103	104	106	107	108
McDowell	78	92	76	67	75	108	157	107	100	72	85	96	85	74
Mercer	112	118	106	106	101	100	105	102	100	103	101	100	96	85
Monroe	0	0	0	73	70	82	85	94	100	105	106	109	96	0
Nicholas	95	85	86	81	75	81	82	92	100	106	114	114	105	105
Pocahontas	173	160	156	168	155	98	100	108	100	101	96	96	90	87
Raleigh	77	76	72	75	83	93	92	91	100	98	105	115	109	117
Summers	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Webster	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	41	41	37	31	60	77	111	125	100	92	61	57	65	62

Source: KRC analysis of QCEW data.

**Table A4. Manufacturing Employment Share, West Virginia Field Visit Counties and Comparison Groups**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	16	16	16	15	15	15	15	14	14	14	13	13	12	11
Appalachia	24	23	23	22	22	22	21	21	21	20	20	19	18	17
Non-Appalachian West Virginia														
Appalachian West Virginia	13	13	13	13	12	12	12	11	11	11	11	10	10	9
All 11 Counties in Field Visit Region	7	7	7	7	6	6	6	6	6	6	6	6	6	6
<b><i>Individual Counties</i></b>														
Fayette	9	8	8	8	7	7	7	7	7	7	8	8	7	6
Greenbrier	13	13	12	12	9	9	8	8	8	8	8	8	8	8
McDowell	1	1	1	1	1	1	2	1	1	1	1	1	1	1
Mercer	9	9	8	8	8	7	8	7	7	7	7	7	7	6
Monroe	0	0	0	13	12	14	14	16	17	18	17	18	16	0
Nicholas	11	10	10	10	9	10	9	10	11	11	12	12	11	12
Pocahontas	24	23	22	22	20	13	13	13	12	12	12	12	11	11
Raleigh	3	3	2	2	3	3	3	2	3	3	3	3	3	3
Summers	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Webster	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Wyoming	2	2	2	2	3	4	6	6	5	5	3	3	3	3

Source: KRC analysis of QCEW data.