Best Practices: Building Economic Resilience and Recovery after a Major Coal Economy Closure

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Introduction

The Building Opportunities Beyond Coal Acceleration Transition (BOBCAT) Network is a regional development project that will promote entrepreneurship, support economic diversification, and identify infrastructure and workforce needs within the 12-county OVRDC Region. Through this past report on the project as a whole, there have been three main goals that have been identified as priorities for Adam County, but that can also be implemented within all other OVRDC counties: creating classes to help people start businesses or entrepreneurship, focusing on improving and preserving the character of main streets, and increasing foot traffic of existing occupants on main street.

In 2019, the BOBCAT Network project conducted research to identify main assets in communities that we classified as institutions, identified associations, physical attributes, and community champions. The institutions included businesses, health services, cultural and recreation, social services, economic development, education and libraries, and Amish Country. Within the report, the importance of collaboration with educational institutions, local businesses, regional l partners and the community is continually emphasized. The identified associations include social and membership groups, recreation and youth groups, occupational and professional groups, events and festivals, cultural groups, and charitable service groups. Some of the identified community champions include commissioners, school superintendents, and ministers. The identified physical attributes that were seen as assets included infrastructure sites, natural resources, and transportation location. The report also emphasized the importance of developing the natural resources that make the community unique.

Common Approaches and Strategies

Based on research, there are many common threads between attempts to revitalize economies within the OVRDC Region. While success rates differ between locales, these strategies are most often used by local governments to mitigate the effects of a transition away from a coal-based economy. One main strategy in regard to a community previously dominated by the coal economy. is to increase social capital. This includes increasing the region's connections with outside communities. Rather than a community becoming self-reliant on its own economy, increased outside connections will allow the community to transition beyond its own coal-based economy and into something new. Another approach to transition away from a coal economy is to increase human capital. This includes addressing the individual needs and understanding what skill level each community’s workforce is at. This investment into the unique workforce of each community allows for a more accurate understanding of what new industries will thrive in each community.

Another strategy to approach this transition is to diversify the community’s economies. Rather than having the community become solely dependent on one industry again, such as coal, it is important to ensure that there are multiple solid industries within the region. One more common approach to transitioning away from a coal-based economy is investing money into these regions. Many communities see funders funneling money into their transition plans, with the hopes of seeing a return on investment. Specifically in Adams County, these common approaches were utilized through attracting new major employers, supporting existing businesses, diversifying the local economy, developing workforce development and training programs, and the enhancement of natural assets. In reality, no one strategy works for a single community. Rather, the best results come from the blending and mixing of multiple strategies.

Common Issues that Come with Economic Transition

The main issue most commonly seen with communities attempting to transition out of a coal-based economy is an under-investment in human capital. One common issue that is seen throughout communities transitioning to new economies from a coal-based economy is a lack of skills assessment prior to the switch. This essentially means that those who are leading this approach are more focused on what industries are successfully outside the community and bringing that to the region, rather than looking at skill sets and workforce available in their own community and seeing what industry would match the best with that. This does not mean that training workforces for new industries do not work. Rather, it means that there should be some understanding of the individual workforce to address what skills training would even work, and what should be invested in.

An example of this would be in a case study from Waynesburg, Pennsylvania, where the coal workforce was trained to acquire coding skills since the local government saw that coding was a big industry nationally. However, while the skills training happened, there were no actual coding jobs brought to the region, partially due to broadband issues within the geographic profile of the community. Now, there is a workforce of former coal miners who can code, but no actual industry to hone their skills within. This leads to another suggestion- that skills training should have a connection with the actual employer. If there is going to be a big push to train a whole new workforce a whole new set of skills, it should be led by the employer or industry that actually plans on employing these workers at the end of the day.

Mitigation of the Effects from Transitioning Economies

There are many different approaches as to how a community can build an economic strategy to ensure they are no longer vulnerable to the effects of transitioning out of a coal-based economy. When any community relies on one economy for an extended period of time- such as Adams County with Coal- it allows them to become fiscally reliant and vulnerable. In order to create a diversified economy, revenue solutions need to be put into place. Communities need to create solutions that focus on sustaining the competitive advantage while circulating capital investments through expanded opportunities. In the case of Adams County, multiple different solutions were employed to ensure the strength of the county. Some of these solutions included broadening their tax bases to replace the lost coal revenue, ensuring resource taxes address the community's specific needs and goals, and identifying federal grant and loan programs for previously coal-based communities- just to name a few. These solutions help increase local fiscal autonomy. These solutions also must allow communities to redistribute revenues previously allocated to taxes associated with the coal industry, into other areas where wealth distribution would benefit the community, and not lead to further economic dependency.

Strategies for Economic Diversification

There are specific resources that have the possibility to diversify the OVRDC region's economy- specifically Adams County. The rivers within Adam's County can be seen as environmental resources and should be taken advantage of by communities that are transitioning away from a coal-based economy. As stated previously, thorough skills assessments are necessary to diversify a community's economy prior to inviting new industries to move to that community. Shaping a community to a specific industry is less influential than approaching what skills are already within the community, and how those skills can be translated to a specific upand-coming industry. Each community is different. A solution that works for one county cannot just be copied and pasted into another county and expected to work exactly the same. However, while solutions cannot be repeated, approaches and strategies can. Approaching each community has its own individual ecosystem, and then addressing their needs and skill level proportionately is a strategy that is both simultaneously individual and universal and will lead to the greatest success for this region's transition into a more modern, stable, and lasting economic future.

Vulnerabilities and Eliminating Barriers to Transition

Communities that have historically depended on coal and other extractive industries often suffer when said industrial activities decline. Industrial communities tend to be relatively isolated with minimal infrastructure and institutional and leadership capacities. This leads to transition challenges because of smaller social and political networks. Fiscally, it is important to recognize how communities have reinvested resources over the duration of the coal economies. This ensures that the duration of coal activity and transition in assets continues to generate wealth after the coal revenue declines. The stabilization of coal revenues ensures that revenue is accessible to reinvest in the community long after the coal economy subsides. Communities need to assess their dependency on extraction industries whereas the resource nears depletion and the revenue declines. When a community sustains an assessment and planning solutions, there is a better understanding of fiscal policy tools and barriers.

Regional Empowerment

Regionally, the area thrives on the empowerment of local communities. There are many strengths locally to create resilience through having industry diversity (OSCO Foundry, Timber

Industry), education systems, a robust workforce, a heavily industrial corridor, and strong logistics. The area has demonstrated success through thinking regionally and utilizing institutions as resources. The career/educational resources have provided abundant opportunities for the workforce and resiliency for community members. The strong regional thinking has diversified industries to attract industries including plastics, petrochemical, timber, medical and advanced manufacturing.

Opportunity Zones

The identified opportunity zones in the Ohio Valley region provide many available and investible resources to encourage the future development of the region. In correlation with the abundant natural resources, infrastructure and education, the area also attracts employees and business owners to enjoy the natural beauty of the Appalachian foothills. The region is vibrant with sporting events, musical events, plays and other various festivals to highlight the culture.

Adams County recently purchased and is renovating at 15,100 square foot building in West Union which will serve as a training center for numerical controlling, welding, nursing and nursing assistance. There are many local partnerships available to meet the needs of the businesses and work force in the area.

Adams County demonstrated proven success with General Electric and Columbus Industries. The taxes serve as a large attraction for developers as Adams County has the lowest average gross tax rate in the state within public utility, commercial, industrial, and mineral class of real property. The county also upholds the lowest average tangible personal property tax (including public utility personal property) according to the Ohio Department of Taxation.

What does success look like?

Coal may be Adams County's past, but it should not be its future. Rebranding the communities' attitudes can counteract negative perceptions. Instead of continuously trying to revitalize a depleting industry, the focus needs to be shifted to preserving future generations and economies. Adams County must develop a vision that is open to change while embracing new ideas with pathways to succeed. With the closing of the coal fired power plant, the transition needs to be understood and accepted with respect to a realistic plan. The community must understand the social impacts of the closure while developing strategies to adapt to the former lifestyle of coal economies. The needs of Adams County, as well as all communities within the OVRDC region should be self-assessed through place-based and people-based strategies to create opportunities and choices for the community members. As previously stated, economic ruptures can shock a community quickly while diversifying an economy takes time. Diversity can apply to differentiation of industries and income sources- wage labor, self-employment, investments, and government involvement.

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