

Kanawha County

History and Population¹

The Virginia General Assembly established Kanawha County in 1788 from parts of Greenbrier, and Montgomery Counties. The county was named in honor of the Great Kanawha River that flows through the center of the county. The river was named in honor of the Indian tribe that resided in the area where Charleston, the county seat and state capital, is located. Charleston was founded as the state capital in 1885 after long deliberations to move it from Wheeling. Kanawha County is approximately 908.4 square miles and borders Putnam, Jackson, Roane, Clay, Fayette, Raleigh, Boone, and Lincoln counties. Other cities located in Kanawha County include St. Albans, Dunbar, Cross Lanes, and Elkview. Leading industries include chemicals and brine, coal, glass, petroleum, natural gas, axes and tools, electric power, enamelware, lumber, and mine machinery and equipment. Dairying, poultry, hay and grain, fruit, vegetables, and livestock are the chief agricultural products.

In the past twenty years, the population of Kanawha County has decreased by over 30,000 residents - from 231,414 to 199,263 - yet remains the most populous county in the state. In 1990, 70.9 percent of the residents lived in urban towns while 29.1 percent lived in rural areas. Kanawha County is more diverse (only 92.5 percent white) and urbanized than the other counties in this study set.

Education

Kanawha County has sixty different elementary schools, fourteen middle or junior high schools, nine high schools, and two vocational schools. There are four higher education facilities located in Kanawha County, the *University of Charleston*, *West Virginia State College*, and *West Virginia University Institute of Technology* (partially located in Fayette County). *Marshall University* is located in nearby Cabell County (with the MU Graduate College located within Kanawha County).

¹ All data obtained from internal Center estimates (baseline and simulations) or from the following publicly available sources: *West Virginia Blue Book 1997*, *U.S. Census*, *U.S. Bureau of Labor Statistics*, *WV Bureau of Employment Programs Labor Market Information and County Profiles*, *WV Department of Education Reports Cards*, *U.S. Census American Factfinder*.

In 1990, 72.4 percent of residents twenty-five years of age or older were high school graduates, above the state average of 66 percent and just below the national average of 77.6percent. Of those with a high school degree, only 17.6 percent have a college degree or higher.

The Economy

There are three highways (64, 77, 79), three US Routes (35, 60, Corridor G - 119) and eleven WV Routes (4, 25, 35, 61, 62, 94, 114, 214, 501, 601, 622) in the county. Automobile registration has dropped roughly 6 percent in the 1990's down to roughly 164,500 cars. There are three airports located within Kanawha county (Yeager Airport, Mallory Airport, and Island Airport). Yeager Airport, the largest commercial airport in the state, was dedicated after the great air force pilot and West Virginia native Chuck Yeager. Five railroad systems operate within the county providing considerable coal transport services (CSXT, Winifrede, Kelly's Creek and Northwestern, AMTRAK, and Norfolk and Southern). There is access to freight and parcel carriers and the only navigable waterway is the Kanawha River. River borne coal transport to the Ohio river and points downstream move along this waterway.

According to the 1990 Census, 91 percent of Kanawha county residents worked within the county, 6 percent worked outside the county, and 1 percent worked outside the state, making Kanawha County the least commuter prone county in the study. The single largest employers in Kanawha County in 1999 were the *Board of Education, Charleston Area Medical Center, Union Carbide Corporation, U.S. Postal Data Center,* and the *WV Department of Highways*. There were 107,880 people included in the 1999 civilian labor force; 102,800 employed workers and 5,080 unemployed persons. The 1999 unemployment rate was 4.7 percent, lower than the state average of 6.6 percent and slightly higher than the national average of 4.1 percent.

The industries employing the most workers are services, government, and retail trade. The location of the state capital in Charleston makes government's influence on employment is obvious. Since Charleston connects three interstate highways, the retail sector is also important, and retail sales in the state top \$2,614,000 annually. Although less than 2 percent of workers are employed in the mining industry, this industry has the highest average annual wages followed by manufacturing and transportation & public utilities see Table 1.

Table 1
1998 Employment and Wages, by Industry

Industry	Employment	Average Annual Wages (\$)
West Virginia	678,568	25,278
Kanawha County	110,486	28,629
Mining	1,926	53,519
Construction	5,034	30,958
Manufacturing	8,631	49,363
Transportation & Public Utilities	7,300	41,362
Wholesale Trade	5,962	34,854
Retail Trade	20,089	14,805
Finance, Insurance, and Real Estate	7,067	31,978
Services	33,267	25,670
Government	20,861	28,054

Table 2 illustrates the structure of the mining industry in the county. These data, from 1999, offer the most recent count of mining and mining related firms in the county. Their average sales and the average number of employees illustrate the distribution of firm size in the county. The issues of firm size and regional *economies of scale* are discussed in more detail in Chapter 3 and Appendix C of this study.

Table 2
The Structure of Coal Mining in Kanawha County (1999)

Activity	# of Firms	Mean Employees	Average Sales (\$millions)
Bituminous coal and lignite-surface mining	16	53	62.4
Bituminous coal surface mining	7	80	51.9
Bituminous coal and lignite loading and preparation	4	61	13.4
Bituminous coal-underground mining	11	55	65.1
Coal mining services	12	4	0.4

Note: This is the most current firm structure available.

Forecast and Simulations

Using the method described in the main text of this study we generated a baseline forecast and two simulations of potential regulatory impacts on the coal industry in Boone County. The baseline and two simulations both involve an expected decline in output, wages and employment. The change in coal production through 2005 is illustrated in Figure 1.

Baseline

The expected baseline forecast illustrates increases in wages, employment, and output in Kanawha County. Kanawha County is one of only three counties expected to experience coal output increases in 2000. The assumptions and methods of generating these forecasts and simulations are described in the main text. However, briefly, the baseline forecast is that of a benign regulatory environment, or one where the recent Haden Decision does not impact the permitting of mines. The baseline forecast change in output, wages and employment is illustrated in Table 3. Not included in this is a modest increase in public sector employment of roughly three jobs.

Figure 1
Kanawha County: Baseline and Simulations

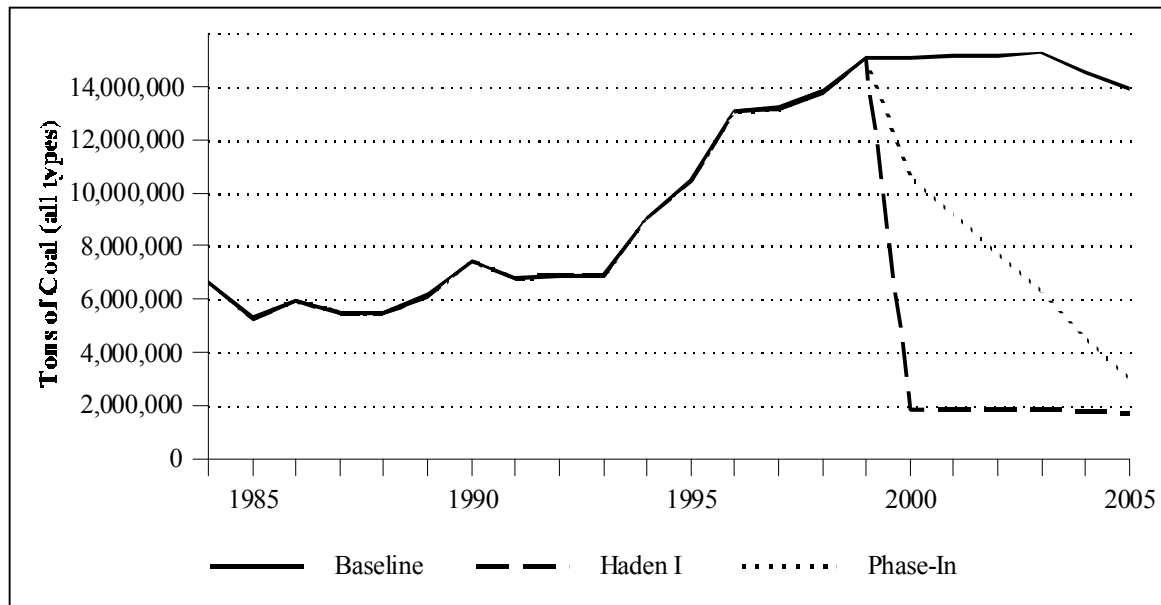


Table 3
Kanawha County: Baseline

Industry	Employment	Wages	Output
Agriculture	0	700	1,000
Mining	4	214,000	1,162,000
Construction	0	18,000	42,000
Manufacturing	0	8,000	44,000
TCPU	0	22,000	81,000
Trade	2	41,000	95,000
FIRE	1	14,000	87,000
Services	2	61,000	118,000
Other	0	700	700
Total	+9	+\$379,400	+\$1,630,700

Note: figures may not sum due to independent rounding and exclusion of some minor categories. TCPU is transportation, communications and public utilities, FIRE is finance, insurance and real estate.

Haden Decision Phase-In

The expected phase-in of the Haden decision would also result in decreases in wages, employment, and output in Kanawha County. This impact assumes the average life span of a permitted coal seam at seven years. Hence the impact of fully restricting surface mining would result in a gradual loss of output, employment and wages. The effects are illustrated in Table 4.

Table 4
Kanawha County: Haden Decision Phase-In

Industry	Employment	Wages	Output
Agriculture	7	74,000	133,000
Mining	389	20,818,000	114,328,000
Construction	50	1,818,000	4,095,000
Manufacturing	18	797,000	4,351,000
TCPU	48	2,196,000	7,994,000
Trade	215	4,043,000	9,356,000
FIRE	55	1,380,000	8,575,000
Services	242	6,051,000	11,618,000
Other	9	73,000	73,000
Total	-1,033	-\$37,250,000	-\$160,523,000

Note: figures may not sum due to independent rounding and exclusion of some minor categories. TCPU is transportation, communications and public utilities, FIRE is finance, insurance and real estate.

Not included in Table 4 are the expected loss of roughly 316 public sector jobs in the county generated by this scenario. This impact, the loss of public safety, administration and education jobs would result from a decline in demand for services and in the ability of the local community to pay for these jobs.

The Restrictive Haden Decision

The forecast impact of a very restrictive interpretation of the Haden decision would result in a rapid and dramatic decline in both surface and underground mining. This would result in decreases in wages, employment, and output in Kanawha County. The effects are illustrated in Table 5.

Table 5
Kanawha County: Restrictive Haden Decision

Industry	Employment	Wages	Output
Agriculture	21	222,000	399,000
Mining	1,163	62,242,000	342,146,000
Construction	149	5,440,000	12,254,000
Manufacturing	54	2,386,000	13,020,000
TCPU	143	6,574,000	23,923,000
Trade	644	12,101,000	27,999,000
FIRE	164	4,131,000	25,662,000
Services	724	18,109,000	34,770,000
Other	26	218,000	218,000
Total	-3,088	-\$111,423,000	-\$480,391,000

Note: figures may not sum due to independent rounding and exclusion of some minor categories. TCPU is transportation, communications and public utilities, FIRE is finance, insurance and real estate.

An additional 947 public sector jobs would be lost in the county as a result of this scenario. Of course the Haden Decision phase-in and the restrictive Haden Decision simulations converge at seven years, or the beginning of 2007. The impact of this affects the aggregate employment, output and wages within the counties. The impact on individual firms is more difficult to simulate. Firm response to decreased demand can result in lay-offs, a shift in the focus of the firms activity or a complete closure of the firm. Thus a forecasted decline in employment as illustrated above may impact firms very differently.

A potential impact on the number of firms in a sample set of industries in Kanawha County is illustrated in Table 6.

Table 6
Kanawha County: Selected Restrictive
Haden Induced Firm Losses

Industry	Job Losses	Total Employment	Total Firms (1999)	Potential Firms Lost
Motor Freight Transportation / Warehousing	53	1,069	79	17
Wholesale Trade	101	5,464	520	40
General Merchandise Stores	64	3,110	48	16
Food Stores	76	3,539	197	27
Automotive Dealers and Service Stations	72	2,219	149	27
Eating and Drinking Places	173	5,386	327	63
Miscellaneous Retail	93	2,634	454	71
Real Estate	74	1,585	355	70
Personnel Supply Services	69	1,392	124	41
Doctors and Dentists Offices	59	2,669	347	30
Hospitals	83	4,208	9	3
Legal Services	34	3,253	335	31
Colleges, Universities, and Schools	31	928	10	4

The Impact on Public Services

The Full Haden Decision may potentially impact not only the private sector jobs, wages and output, but also the public sector which supports them. While a full accounting of the change in both tax revenues and expenditures is outside the scope of this study, it seems apparent that a loss in employment will dramatically affect the county. Building from considerable recent historical evidence, the dramatic decline in jobs, due to the Haden Decision, will reduce demand for key public services through out-migration. Indeed, there is little evidence that the potential decline in employment following these events will differ substantially from that of the early 1980's. This means that the jobs lost through the dissipation of coal mining activity will not be absorbed in other sectors. The highly skilled workers displaced in Kanawha County however will find ample similar opportunities elsewhere. Declines in employment have continued to reduce public school enrollment. Potential out-migration due to the restrictive Haden Decision may result in a decline in enrollment of 4.78 percent (or roughly 1,473 of 30,793 students in the county). The rate at which this occurs is outside the scope of this study. This impact will have

dramatic implications regarding the staffing and potential consolidation of schools within the county.

Revenues, especially Severance taxes, would suffer dramatically under this scenario. The loss of \$342 million in coal production in this county represents a loss of over \$13.3 million in coal severance taxes to the State of which roughly \$10 million is the county's share. The county currently levies \$132 million in property tax on a \$6 billion assessed tax base. The loss of severance taxes represents a profound revenue shortfall for the county for which an adequate source of alternative funding is not apparent. The impact on property taxes and revenues other than severance taxes has not been estimated in this study.

Summary & Conclusions

The impacts on Kanawha County described in this section reflect our best estimate of the baseline forecast and simulated effects of the Haden Decision given its two potential outcomes of litigation. The impacts outlined here are conservative, and are not intended to be alarmist, but instead seek to offer planning guidance to local planning officials, both public and private. Clearly, a comparison with other counties suggests that the impact on coal production in Kanawha County is profound. However, this analysis does not include the cross border commuting from Kanawha County that is a hallmark of the county's labor force. Hence, any impacts on the adjacent counties will also influence Kanawha County. This will make the impact even more severe.