

Raleigh County

History and Population¹

Raleigh County was formed in 1850 from the southern portion of Fayette County. The county was named for the English soldier and adventurer, Sir Walter Raleigh. Raleigh County is south of Kanawha County, and abuts Fayette, Summers, Mercer, Boone, and Wyoming Counties. It is approximately 610 square miles and has an elevation of 2,400 feet in Beckley, the county seat. Other cities located in Raleigh County include Lester, Mabscott, Rhodell, Eccles and Sophia. Coal, timber, health and tourism are the leading industries.

In 1990, Raleigh County had a population of 76,819. Between 1980 and 1990, the county had a net loss of 10,002 people. However, unlike many of the counties in our study, the 1999 population estimate reported an increase, 78,947 people. Almost three-fourths (72 percent) of the population live in a rural area, making it one of the more urbanized counties in southern West Virginia. Over 90 percent of the population are white. Eight percent of the population are African-American and less than 2 percent are of Hispanic origin. In general, Raleigh County is slightly more urbanized and diversified than other Appalachian counties.

Education

In 1998, Raleigh County had twenty-three elementary schools, six middle or junior high schools, five high schools and one vocational school. There are two higher education institutions: the *College of West Virginia* in Beckley, and the *Appalachian Bible College* in Bradley. Nearby institutions include *Concord College* in Mercer County, *Bluefield State College* in Mercer County, and the *West Virginia University Institute of Technology* in Fayette and Kanawha Counties.

In 1990, only 63.2 percent of people eighteen years old or older were high school graduates. This is lower than the state average of 66 percent and the national average of 77.6 percent. Only 8.0 percent of the population were college graduates or higher.

¹All 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*.

The Economy

One US Route (Corridor L - 19) and nine WV Routes (3, 16, 41, 54, 61, 99, 210, 305, 307) are within Raleigh County boundaries. The local system of highway mileage totals 741 miles. Expressway, truck lines, and feeder systems total 171 miles. Bus and parcel services are available. There are two airports (Raleigh County Memorial Airport and Perry & Hilton Field) and two railroad companies (CSXT and Norfolk and Southern) operating in Raleigh County. The nearest navigable river is the Kanawha River.

In 1998, 82 percent of workers residing in Raleigh County worked in the county, this makes out-commuting from Raleigh County is one of the lowest in the study region. The number of registered automobiles in the county have actually increase by just under 3 percent this decade to roughly 61,000. The single largest employers in 1999 include the *Raleigh County Board of Education*, *Raleigh General Hospital*, *Appalachian Regional Hospital*, *Wal-Mart Stores, Inc.*, and *Veterans Administration Medical Center*. The 1999 unemployment rate was 7.3 percent, slightly higher than the state average of 6.6 percent and the national average of 4.1 percent but lower than many neighboring counties.

The industry with the highest annual wages in Raleigh County is mining. The industry pays 1,675 employees an average wage of \$49,319. This exceeds the second highest paying industrial sector, transportation and public utilities, by \$19,129. The services industry employs the most workers and pays wages close to the average annual wage. Retail trade, which employs the second highest amount of workers, pays the lowest average wages. Retail sales topped \$941 million in 1999. See Table 1.

Table 1
1998 Employment and Wages, by Industry

| Industry | Employment | Average Annual Wages (\$) |
|-------------------------------------|------------|---------------------------|
| West Virginia | 678,568 | 25,278 |
| Raleigh County | 29,838 | 24,383 |
| Mining | 1,675 | 49,319 |
| Transportation and Public Utilities | 1,322 | 30,190 |
| Wholesale Trade | 1,592 | 29,257 |
| Government | 4,974 | 29,091 |
| Finance, Insurance, and Real Estate | 1,048 | 28,951 |
| Manufacturing | 1,095 | 27,990 |
| Construction | 1,690 | 24,258 |
| Services | 8,775 | 23,126 |
| Agriculture | 157 | 19,135 |
| Retail Trade | 7,510 | 14,091 |

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 Raleigh County (1999)

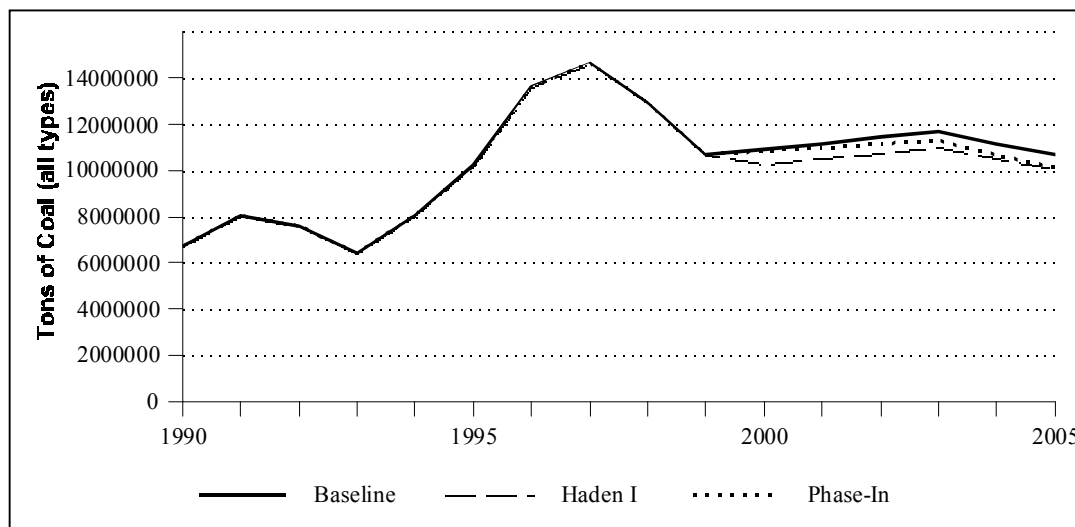
| Activity | # of Firms | Mean Employees | Average Sales (\$millions) |
|---|------------|----------------|----------------------------|
| Bituminous coal and lignite-surface mining | 7 | 8 | 8 |
| Bituminous coal surface mining | 4 | 61 | 14.9 |
| Bituminous coal and lignite loading and preparation | 8 | 16 | 4.5 |
| Bituminous coal-underground mining | 17 | 46 | 8.9 |
| Coal mining services | 6 | 12 | 1.9 |
| Coal mining services, nec | 2 | 65 | 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 estimate the baseline forecast of economic activity surrounding coal production in the county for 2000. From this we also constructed two simulations, that of a phased in Haden Decision (effectively restricting new surface coal permits) and a restrictive Haden Decision (which limits any valley fill activity by surface mining operations). This baseline forecast is a benchmark against which the effects of pending litigation may be judged. The benchmark and two simulations appear in Figure 1.

Figure 1
Raleigh County: Baseline and Simulations



The Baseline

The effect of current regulation and market influences on the production of coal in Raleigh County are illustrated in a baseline forecast. The expected baseline forecast would result in increases in wages, employment, and output in Raleigh County. Raleigh County is one of only three counties to experience coal output increases in the baseline period. This is due to recent increases in coal output in the county that will have a persistent effect. In addition to the commercial effects outline in Table 3, we expect public sector employment to increase by roughly 16 jobs.

Table 3
Raleigh County: Baseline

| Industry | Employment | Wages | Output |
|---------------|------------|---------------------|---------------------|
| Agriculture | 0 | 1,000 | 4,000 |
| Mining | 27 | 1,331,000 | 7,036,000 |
| Construction | 2 | 56,000 | 130,000 |
| Manufacturing | 1 | 22,000 | 80,000 |
| TCPU | 2 | 90,000 | 344,000 |
| Trade | 16 | 269,000 | 625,000 |
| FIRE | 3 | 72,000 | 505,000 |
| Services | 17 | 389,000 | 774,000 |
| Other | 1 | 2,000 | 2,000 |
| Total | +69 | +\$2,232,000 | +\$9,500,000 |

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.

The Haden Decision Phase-In

In our first simulation we assume that the pending litigation described in the Haden Decision is phased-in. This phase-in results in no further valley fill permits approved for surface mines. The remaining time each currently approved seam can be mined has not been the subject of research; however, we feel that assuming a seven year life-span of each seam conservatively estimates the period of phase-in of the Haden Decision. The expected Haden Decision phase-in simulation would result in a more modest increase in wages, employment, and output in Raleigh County than that reflected in the baseline forecast. Raleigh is the only County in the study region in which we forecast an output increase in both the baseline and Haden Decision phase-in scenario. The private sector effects are illustrated in Table 4. In this simulation, we project an increase in public sector employment of 10 positions in education, public safety and administration.

Table 4
Raleigh County: Haden Decision Phase-In

| Industry | Employment | Wages | Output |
|-----------------|-------------------|---------------------|---------------------|
| Agriculture | 0 | 1,000 | 2,000 |
| Mining | 17 | 834,000 | 4,475,000 |
| Construction | 1 | 36,000 | 83,000 |
| Manufacturing | 1 | 14,000 | 51,000 |
| TCPU | 2 | 57,000 | 219,000 |
| Trade | 10 | 171,000 | 397,000 |
| FIRE | 2 | 46,000 | 321,000 |
| Services | 11 | 247,000 | 492,000 |
| Other | 1 | 1,000 | 1,000 |
| Total | +45 | +\$1,407,000 | +\$6,041,000 |

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.

The Restrictive Haden Decision

If the currently pending litigation results in a full closure of all mines in which valley fill activities occur this would result in the loss of virtually all surface mining. The forecasted outcome would result in decreases in wages, employment, and output in Fayette County. The effects are illustrated in Table 5.

Table 5
Raleigh County: Restrictive Haden Decision

| Industry | Employment | Wages | Output |
|-----------------|-------------------|---------------------|----------------------|
| Agriculture | 1 | 2,000 | 6,000 |
| Mining | 41 | 2,022,000 | 10,895,000 |
| Construction | 3 | 87,000 | 202,000 |
| Manufacturing | 1 | 34,000 | 123,000 |
| TCPU | 4 | 140,000 | 533,000 |
| Trade | 24 | 417,000 | 968,000 |
| FIRE | 5 | 112,000 | 781,000 |
| Services | 26 | 602,000 | 1,198,000 |
| Other | 1 | 3,000 | 3,000 |
| Total | -106 | -\$3,419,000 | -\$14,709,000 |

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.

Under this final scenario we also anticipate a loss of public sector employment of 25 public sector jobs. Raleigh County is unique among the sample counties in that we project output increases for both the baseline and Haden Decision phase-in scenarios.

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.

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

Table 6
Raleigh County: Selected Restrictive Haden
Decision Induced Firm Losses

| Industry | Job Losses | Total Employment | Total Firms (1999) | Potential Firms Lost |
|--|---------------|---------------------|-----------------------|-------------------------|
| Motor Freight Transportation/Warehousing | 2 | 174 | 43 | 1 |
| Wholesale Trade | 4 | 1,328 | 175 | 3 |
| General Merchandise Stores | 3 | 927 | 29 | 3 |
| Food Stores | 2 | 1,045 | 86 | 2 |
| Automotive Dealers and Service Stations | 3 | 499 | 79 | 2 |
| Eating and Drinking Places | 6 | 1,656 | 110 | 6 |
| Miscellaneous Retail | 3 | 769 | 154 | 3 |
| Real Estate | 2 | 328 | 63 | 2 |
| Hotels and Lodging | 2 | 498 | 33 | 1 |
| Doctors and Dentists | 2 | 838 | 132 | 2 |
| Hospitals | 4 | 1,760 | 3 | 0 |

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 Raleigh County however will find ample similar opportunities elsewhere. A simple adjunct to this simulation is to estimate the declining demand for public education caused by this impact. 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 0.45 percent (or roughly 56 of 12,519 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.

The fiscal impacts of the baseline and first simulation are largely positive, at least from a revenue perspective. Raleigh County currently levies property taxes of roughly \$38 million on an assessed base of \$1,842.5 million. Under the final simulation, the loss in Severance Taxes in the County would reduce total State revenues by just under \$425,000 of which \$318,000 would directly accrue to the County. The impact on property taxes and revenues other than severance taxes has not been estimated in this study.

Summary & Conclusions

The impacts on Raleigh 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 Raleigh County is modest. Indeed, of the Counties in this study, Raleigh fares the best under each scenario, actually enjoying coal production increases in the first year under the baseline forecast and the Haden Decision phase-in. However, this analysis does not include the cross border commuting from Raleigh County that is a hallmark of the county's labor force. Hence any impacts on the adjacent counties will also influence Raleigh County.