

Responding to Displacement in The Asheville Metro/I-26 Region of Appalachian North Carolina¹

I. Introduction

The site visit to Appalachian North Carolina was to the Asheville Metro/I-26 corridor composed of the five counties of Buncombe, Haywood, Henderson, Madison, and Transylvania. This region is anchored in the city of Asheville, accessible through major highways and a regional airport, and rich in cultural and scenic attractions. It is also within a few hours drive of several other larger metropolitan markets including Atlanta, Greenville/Spartanburg, Charlotte, and Winston/Salem.

Historically, the area has lagged behind the rest of the country in wages and education levels and been above national averages in rates of poverty. However, within the Appalachian region, the site visit counties are relatively strong. In many ways the economic trends within these counties reflect the larger recent displacement story in Appalachia – the loss of the manufacturing jobs originally attracted to a rural region by low wages, including substantial losses in furniture and textiles. Manufacturing recently lost significant employment in the region – a third since 1990 and more than a quarter since 1998. However, unlike much of Appalachia, over the last 20 years this region has also attracted some higher-wage manufacturing firms with greater sophistication in technology, products, and process. Some of these larger firms with outside ownership have closed but a manufacturing base offering higher wages than other industries remains.

According to the Vision Plan for Advantage West, the economic development entity for the region, the manufacturing industries with a demonstrated competitive advantage in the region include vehicle parts assembly, metalworking, chemicals and plastics. Additionally, the region has a relatively diverse economy with a competitive advantage in recreation and tourism, retirement and second homes, and arts and crafts.

Observers described the regional economy as being in the process of making a significant transition. It is expected that what remains of major manufacturing industries in furniture and textiles will either be much smaller and aimed at high-end markets or disappear. Local workforce and economic development entities have been working to create a successful transition to new opportunities. In general, those workers affected by regional dislocations appear well served by

- the workforce development system,

¹ This field research report was written by Suzanne Teegarden of Workforce Learning Strategies 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.

- economic development efforts that are targeted at a more diverse economy based in regional advantages,
- the strong connections between workforce and economic development systems, and
- both systems sharing a vision of a sustainable economy that offers good incomes and maintains quality of life.

In sum, the region offers many lessons for other parts of Appalachia in responding to the needs of workers and communities.

II. Summary of Key Findings

The key themes that emerged during the site visit are summarized below and described in more detail in the following sections.

- **Regionalism** – There was widespread agreement within the region that economic and workforce efforts are more effective and efficient when undertaken within a regional context. While not completely aligned, the jurisdictional areas of the regional economic development commission, the regional community college workforce development area, and the Workforce Investment Boards are closely matched, facilitating regional cooperation.
- **Stress on strategy and support for innovation** – The major economic development entities within the region are familiar and have been influenced by the current literature on advanced practice including work on clusters by Regional Technology Strategies and Michael Porter and on the innovative economy by Richard Florida. Both regional and local organizations have undertaken processes to understand the local economy and develop strategic plans responsive to both needs and opportunities. These plans all contain an emphasis on “innovation” including attracting and supporting firms utilizing technology, nurturing entrepreneurship, and attracting and retaining creative residents.
- **Emphasis on balanced approach** – A certain tension between growth and preservation exists within the plans and discussions of those responsible for shaping public economic policies. There is a strong, universal desire to move away from an economic structure based on low wages. On the other hand, there is a caution about transformations that would dramatically alter a beautiful, predominantly rural area with a rich local culture. The clear aim is for a balanced economic development approach improving incomes, but sustaining the environment and way of life. Achieving that balance is tricky and even now there are concerns about increasing real estate prices, congestion, and the impact on the tax base of those coming to retire in the region.

- **Strong processes for responding to dislocation** – The region has strong and effective processes for responding to worker dislocation including early intervention, delivery of services prior to the layoff at the employer’s site, respect and support for laid-off workers, emphasis on education and training, and coordination of a wide variety of important community supports. In addition, workforce development entities have worked hard to create connections with employers and economic development to help support and maintain local employment.

III. Regional Economic and Demographic Context

Except for per capita market income, most economic indicators within the region are now close to or better than national averages (Table 1). Two of the five counties (Buncombe and Henderson) in the field site region are classified as competitive within the ARC economic classification and three (Haywood, Madison, and Transylvania) are classified as transitional.

The average annual per capita income ranges from 90 percent of the U.S. average in Buncombe County to 62 percent in Madison. By contrast, the poverty rates in each of the counties except for Madison are below the U.S. average poverty rate of 12.4 percent. The highest poverty rate is 15.4 percent in Madison and the lowest is in Henderson County at 9.7 percent.

Some counties in the region also exceed national averages in the percentage of adults with a high school diploma, and three of the counties have pulled roughly even with the national average for the percentage of adults with a college diploma. In Henderson County 83 percent of its adult population has a high school diploma (103 percent of the national level) and 24 percent have a college degree (99 percent of the national level). In Madison 69 percent of adults have a high school diploma and 16 percent have a college degree.

While the unemployment rates in all of the counties were below the U.S. average in 1999-2001, the plant closing and layoff list for North Carolina shows several counties with disproportionate job loss compared to many other regions. In 2003, Buncombe County ranked ninth in job loss within North Carolina and through November 2004, Henderson County ranked ninth. Most dramatically in 2000 and 2001 all three of the large manufacturing plants in Transylvania County closed.

There was population growth within the region between 1990 and 2000 that ranged between 29 percent in Henderson County to 15 percent in Transylvania. In comparison, the rate of growth in North Carolina during this period was 21 percent and 13 percent in the United States.

In each county the largest ethnic group is white. Although still small in total numbers, the most significant trend appears to be the growth of the Hispanic population.

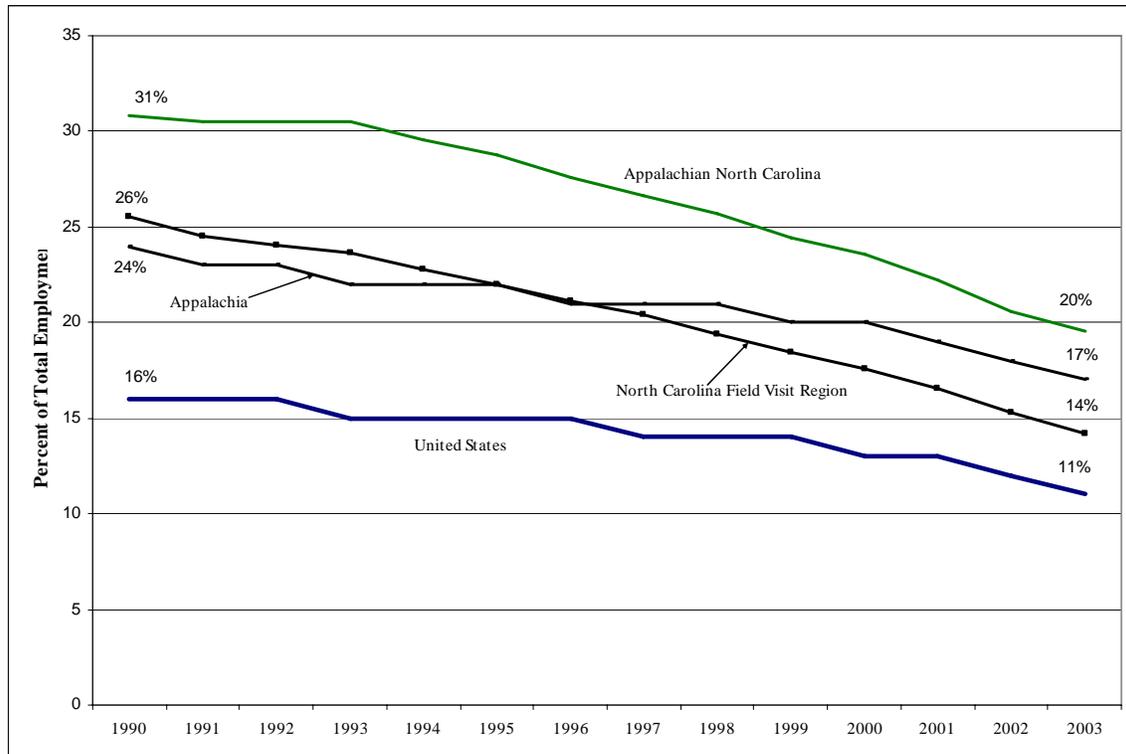
Table 1. A Profile of the North Carolina Field Visit Counties and Comparison Regions Indexed to U.S. = 100

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
Variables Below Are All Indexed to U.S. = 100											
Appalachian United States		109	77	110							
North Carolina		95	91	99	103	103	110	163	97	92	8,049,313
Appalachian North Carolina		91	84	94							
All 5 Counties in FV Region			84	89				150			398,505
Counties											
Buncombe	Competitive	65	90	92	100	100	94	140	102	104	206,330
Haywood	Transitional	105	69	93	90	87	104	115	97	66	54,033
Henderson	Competitive	60	85	78	89	87	140	213	103	99	89,173
Madison	Transitional	86	62	124	91	87	134	121	86	66	19,635
Transylvania	Transitional	70	79	77	86	84	82	114	103	97	29,334

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

The percent of the civilian workforce employed in manufacturing in 2003 ranged from 10 percent in Transylvania to 19 percent in Henderson. The share of employment in manufacturing has fallen almost in half since 1990, from 26 percent to 14 percent in 2003 (Figure 1). The collapse in Transylvania was from 31 percent in 1998 to the current 10 percent. Measured by the number of jobs, the region has lost over a third of its manufacturing jobs since 1990, slightly more than in Appalachian North Carolina as a whole (Figure 2).

Figure 1. North Carolina Manufacturing Employment Share

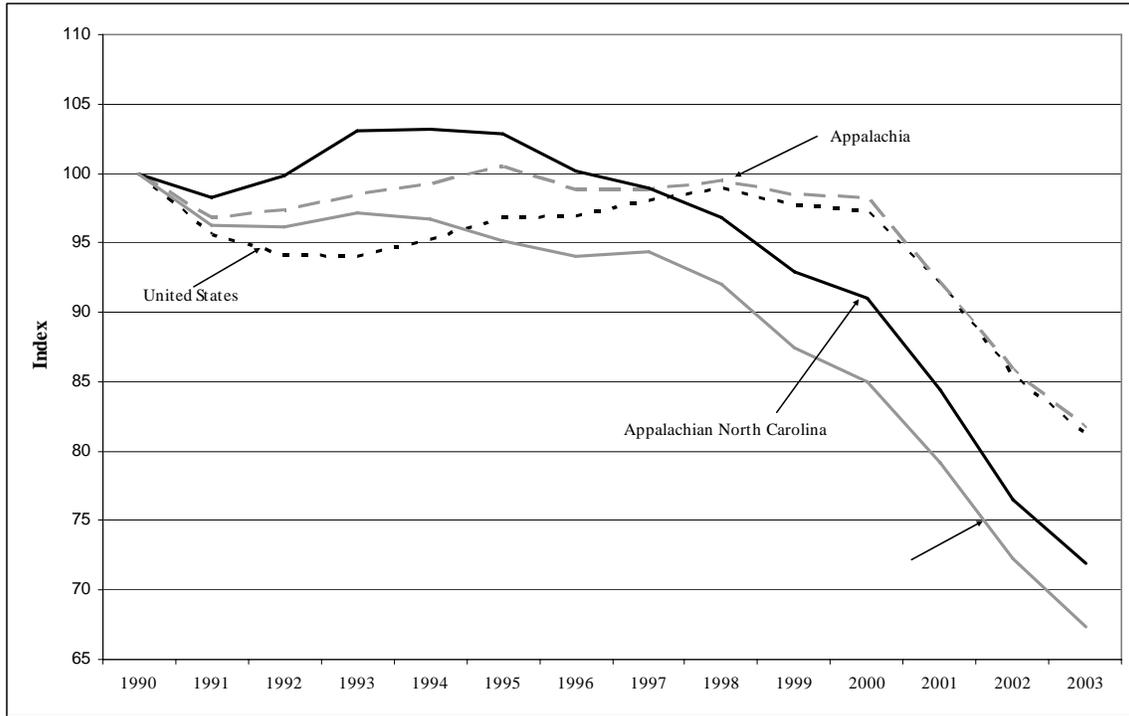


Source: Table A4.

Despite this loss of manufacturing jobs, total employment has risen faster in the region since 1990 than in Appalachian North Carolina, Appalachia, and the United States (Figure 3). Partly as a result of the loss of high-wage manufacturing jobs, however, only 8 percent of North Carolina workers from 1993 to 2003 have been reemployed at jobs that pay above their old wage.²

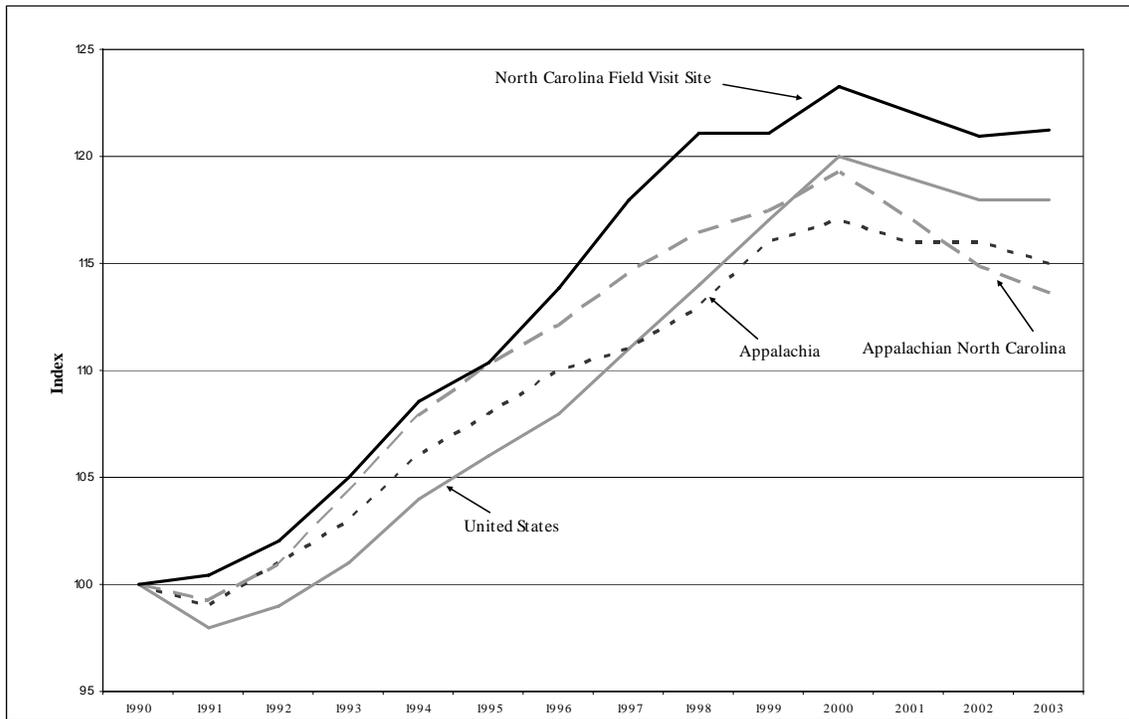
² Stephen Herzenberg, Mark Price, and Howard Wial, *Displacement in Appalachia and the Non-Appalachian United States, 1993-2003: Findings Based on Five Displaced Worker Surveys* (Harriburg: Keystone Research Center, 2005), report prepared for the Appalachian Regional Commission, online at www.ARC.gov.

**Figure 2. North Carolina Manufacturing Employment
(Indexed to 1990 Employment = 100)**



Source: KRC derived from Table A2.

**Figure 3. North Carolina Total Covered Employment
(Indexed to 1990 Employment = 100)**



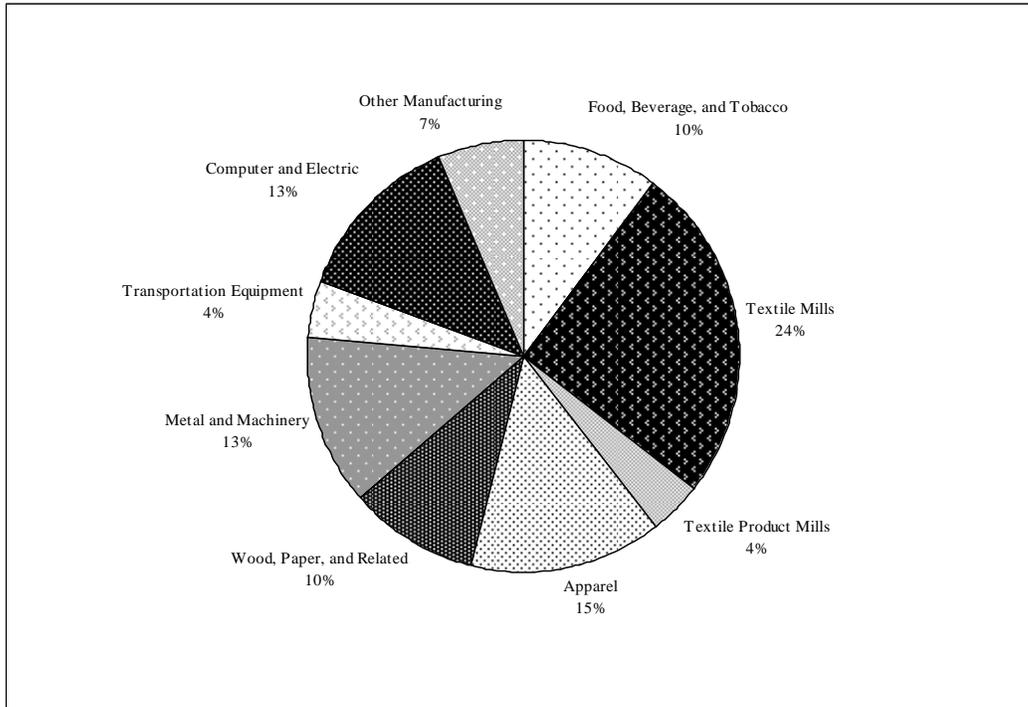
Source: Table A1.

In North Carolina and in the region, the composition of manufacturing has shifted away from labor-intensive to more capital-intensive production (Table 2 and Figure 4). In North Carolina as a whole,

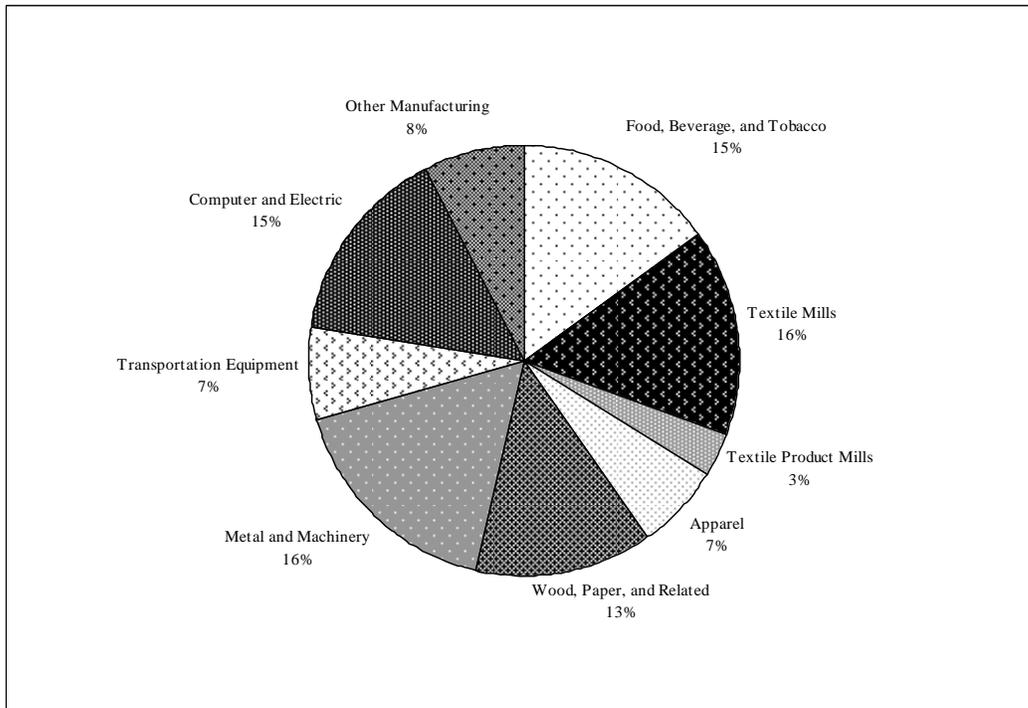
- apparel, textiles, and textile mill products declined from 35 percent of manufacturing employment in 1990 to 19 percent by 2003, while
- chemicals, rubber and plastics, metal and machinery manufacturing, computer, electrical equipment and appliance manufacturing, and transportation climbed from 32 percent to 43 percent,
- food manufacturing increased from 6 to 9 percent, and
- wood products, paper, and printing edged up from 8 to 10 percent.

	Employment			Share of Manufacturing Employment		Average Annual Pay (2003 \$)
	1990	2003	% Change	1990	2003	2003
Total Covered	3,079,107	3,719,444	21%			\$33,532
Manufacturing	820,256	601,464	-27%	100%	100%	\$39,567
311 Food mfing	45,376	51,689	14%	6%	9%	\$28,131
312 Beverage and tobacco product mfing	22,951	17,503	-24%	3%	3%	\$55,537
313 Textile mills	165,436	71,220	-57%	20%	12%	\$29,279
314 Textile product mills	24,706	14,783	-40%	3%	2%	\$26,705
315 Apparel mfing	95,864	29,964	-69%	12%	5%	\$28,527
316 Leather and allied product mfing	3,367	781	-77%	0%	0%	\$26,605
321 Wood product mfing	26,288	25,809	-2%	3%	4%	\$29,542
322 Paper mfing	20,850	19,862	-5%	3%	3%	\$44,437
323 Printing and related support activities	16,944	15,781	-7%	2%	3%	\$36,306
324 Petroleum and coal products mfing	1,389	1,225	-12%	0%	0%	\$41,432
325 Chemical mfing	40,716	47,529	17%	5%	8%	\$60,058
326 Plastics and rubber products mfing	33,664	33,541	0%	4%	6%	\$40,832
327 Nonmetallic mineral product mfing	20,233	17,609	-13%	2%	3%	\$38,065
331 Primary metal mfing	10,628	6,927	-35%	1%	1%	\$40,322
332 Fabricated metal product mfing	33,465	38,662	16%	4%	6%	\$37,170
333 Machinery mfing	38,502	31,315	-19%	5%	5%	\$43,204
334 Computer and electronic product mfing	51,904	40,956	-21%	6%	7%	\$73,804
335 Electrical equipment and appliance mfing	32,541	27,436	-16%	4%	5%	\$41,165
336 Transportation equipment mfing	28,574	32,916	15%	3%	5%	\$43,101
337 Furniture and related product mfing	89,018	61,019	-31%	11%	10%	\$27,656
339 Miscellaneous mfing	17,840	14,939	-16%	2%	2%	\$35,195

Source: KRC analysis of QCEW data.

Figure 4a. North Carolina Manufacturing by Industry (1990)

Source: KRC analysis of QCEW data.

Figure 4b. North Carolina Manufacturing by Industry (2003)

Source: KRC analysis of QCEW data.

The furniture industry, much of it is adjacent to the case study region including in Caldwell County, has so far maintained its roughly 10 percent share of state manufacturing production.

IV. Overview of Responses to Displacement

The response to dislocation in the Asheville Metro area displays many of the most effective practices in the field including accessibility of services, regional coordination, policy and structural support for integrating workforce and economic development, and multiple forms of information sharing.

A perennial public policy issue is how to ensure access to available resources and services. This can be a particularly difficult task in rural areas where distances between population hubs is greater and transportation more difficult. The major North Carolina workforce and economic development systems appear structured for accessibility with 58 community colleges across the state, Job Link Career Centers within every county, and a multi-tiered, linked economic development structure. The five-county Asheville Metro Area has a population of approximately 400,000 with Buncombe County (over 200,000 residents) being the largest and Madison County (approximately 17,000 residents) being the smallest. In this region there is one regional economic development commission, six local economic development agencies, three community colleges, and five JobLink Career Centers.

Advantage West, the regional economic development commission, is responsible for the 23 westernmost counties in North Carolina including the sub-region of Buncombe, Henderson, Haywood, Madison, and Transylvania. There are also six local economic development offices with an agency in each county and in the city of Asheville.

The region's three community colleges are Asheville-Buncombe Technical Community College, Blue Ridge Community College, and Haywood Community College. The two Workforce Investment Boards in the region are the Mountain Local Area WIB serving Buncombe, Henderson, Madison and Transylvania counties and the Southwestern North Carolina WIB serving Haywood County, as well as five other nearby counties. There is a Job Link Career Center in each of the five counties.

While there is great value in local delivery of resources, labor markets generally embrace multiple communities. Therefore, the regional coordination of information, policy, strategy, and resources can provide greater efficiency, economies of scale, and consistent policy direction. In the Asheville Metro region this type of coordination is provided in economic development by a regional economic development commission, in the community colleges by a regional consortium, and in workforce development through the Workforce Investment Boards.

Advantage West is a private-public partnership and one of seven regional economic development commissions that span the state. It helps to coordinate the sharing of

information among local economic development entities, provides technical assistance and resources, and oversees a variety of more regional economic development activities. The Asheville Metro area community colleges are part of a customized training regional consortium. This consortium – one of five consortia in North Carolina -- includes all of the 11 community colleges within the 23-county region represented by Advantage West. The consortium has staff that helps to coordinate information and common projects among the community colleges and takes the lead on certain regional projects. The alignment of the economic development region and community college region was deliberately established to help to foster greater regional cooperation. The workforce investment boards play a regional role for the employment and training system creating policy, overseeing performance, accessing resources, and coordinating information sharing.

Knowledge sharing within the different structures -- economic development entities, the community colleges and the workforce investment system – was emphasized in the site interviews. For example, Advantage West participates in peer group meetings with its sister regional economic development entities across the state. Additionally, it was clear that there was a great deal of information sharing *among* different systems within the region, as well as coordination of resources, and strategies. When asked the reasons for this level of information sharing and coordination, those interviewed attributed it to the nature of rural communities, a history of cooperation, and a necessity born of scarce resources and great need. However, it was clear that policy structures helped to facilitate cooperation.

As mentioned, the regional economic development and community college systems were aligned. Additionally, the representation on workforce boards and oversight bodies included economic development colleagues; workforce system representatives also were included in economic development boards and planning activities. Career Centers are operated or overseen by a variety of organizational types including community colleges, planning commissions, and the employment security commission. Recent state legislation funded the development of regional vision plans requiring a partnership among the regional economic development commissions and the higher education system.

The rhetoric of partnership and cooperation can, of course, exist more on paper than within real relationships and daily work. Also, within any community there are healthy tensions among differing perspectives and stresses of limited time and resources. However, there were some initiatives such as the development of a manufacturing certification program that were independently described in multiple individual interviews indicating wide participation in development and ownership in implementation. More telling, the common themes that echoed in the individual interviews indicated a shared vision on the priority issues and strategies within the community. All of the interviews – whether the individual being interviewed was employed by a workforce, educational, or economic development agency emphasized the importance of developing a productive labor force, attracting and supporting innovative firms, and access to markets through good transportation systems and internet connections. In addition, there was an emphasis

on attracting and retaining firms that offered high-quality, high-wage jobs. Some interviewees also emphasized the importance of maintaining the environment and Appalachian culture recognizing that certain kinds of economic growth could endanger that.

Below we describe in more detail some of the specific efforts in responding to dislocated workers and communities. It is a credit to the community that these responses do not fall into neat categories of either workforce or economic development.

Responding to Dislocated Workers

The responsibility for immediate assistance to dislocated workers in the region is led by the North Carolina Rapid Response Team and the JobLink Career Centers. We visited the Henderson and Haywood County JobLink Career Centers and had the opportunity to interview staff, Center partners, dislocated workers, and employers.

The Henderson County JobLink Center is housed at Blue Ridge Community College. Over the past four years, the Henderson County Job Link Career Center has worked with 2500 people who have lost jobs in the region. Program statistics indicate that the Center has an almost 83 percent placement rate for displaced workers. The replacement income for those workers is almost 89 percent of their previous wage (compared to the Center's goal of 85 percent) and almost 94 percent were retained in their placement job for at least six months. Approximately 500 of these dislocated workers have gone through skills training programs.

The Haywood County Job Link Career Center managed by the employment security system is overseen by the Southwest North Carolina Workforce Investment Board (WIB), a part of the Southwestern Planning Commission. This WIB serves Haywood County as well as six others. In 2003 this region achieved the following outcomes for dislocated workers: a 98 percent placement rate, a 112 percent replacement wage and a 98 percent retention rate for those placed into employment. The WIB region served 264 dislocated workers in 2003, down from a high of 403 in 2001 and 371 in 2002.

There was strong positive feedback on the recently dislocated worker efforts in the interviews conducted with management from firms conducting layoffs and displaced workers. The response efforts in both counties have been characterized by many of the most effective features in serving dislocated workers including early intervention, services customized for workers and firms, aggressive pursuit of resources with which to assist workers, creation of broad community partnerships, and efforts to retain employment and support local employers.

- ***Early intervention prior to layoffs.*** Staff interviewed at JobLink Centers gave several examples of Rapid Response Team staff providing services on-site to workers being laid-off months prior to the layoff. They stressed that early intervention helped workers more quickly and easily transition to new employment and resulted in a smoother layoff process for the employers. One example of early on-site services

was the closure of Steelcase, a wood office manufacturing facility in Henderson County. This company employed almost 500 workers with an average hourly wage of \$14.76 and an average age of 47. The Rapid Response effort organized a wide variety of local partners to provide on-site services at the company for almost one year prior to the closing. The partners included company production and Human Resources management, two local JobLink Centers, United Way, Consumer Credit Counseling, Blue Ridge Community College, and the local Chamber of Commerce. Services included small business counseling, financial counseling, career counseling, job search skills, and training and placement support. Workshops were provided during work hours. This plant was certified for Trade Adjustment Assistance, allowing workers access to longer-term training, subsidized health insurance, and extended unemployment benefits. It appears that over 200 workers will be taking advantage of training. Most of the Steelcase workers were laid-off in October 2004 with a few managers remaining through January 2005. Final outcomes are still pending.

Creating Customized Services for Dislocated Workers at SteelCase

In Haywood County many of the firms that have had layoffs employed large numbers of workers without a high school diploma. At SteelCase, the JobLink staff worked with local managers to create a goal and plan to ensure that those workers obtained their GED. After brainstorming on how to encourage people to return to school who had been out of school for decades, JobLink staff and company managers identified about a dozen informal leaders among the workforce and arranged for them to have lunch with Human Resources managers from other local companies. These HR managers told them, "You might be the best worker in the world but we won't even talk to you without a GED." This lunch was followed up with an invitation to all of the company's workers and their families to an open house at a JobLink site. JobLink staff brought in previously successful dislocated workers and gave them blue ribbons so the workers being laid-off could identify them. These successfully placed laid-off workers talked to those now facing layoff about the transition after being laid-off, going back to school, and the fact that there was light at the end of the tunnel. Other guests at the Open House included GED teachers, representatives from the Community College, and staff from the Health Department, Social Services, and other community resources. Management also came to the Open House and told everyone they were coming to encourage turnout. Additionally, the media cooperated in covering the event and emphasizing a positive message. The theme of news stories was that previously workers didn't need a high school education, but the economy had changed. There was no shame in returning to school; this was a practical reality and opportunity. The event not only had a strong turnout, the workers ended up staying until 10 p.m. rather than the expected end time of 6 p.m.

- ***Services customized for the needs of workers and companies.*** Both JobLink Centers provided information on their responses to different layoffs. Their first step is gathering information from the company and workers on who they are and what they need. In several instances the layoff firm had been the primary employer in a county, used advanced technology, provided extensive internal training, and offered high

wages. In most cases the layoffs were occurring in low-wage firms that had a majority of employees without a high school education and with long periods of tenure. Once information is gathered on the layoff situation, the rapid response team and JobLink Center works with managers and the workforce to craft a plan to meet the needs of both the workforce and the company. The work with companies employing large numbers of workers with a high school diploma has a strong and early emphasis on helping workers obtain a Graduate Equivalent Degree as the base for potential skills training. Other plans emphasized Job Fairs, financial planning, starting a business, and other services based on needs and interests. Additionally, efforts were made to provide services prior to the layoff and on-site at the company. This required working closely with management to provide services at times and places convenient for the workforce and production demands. This resulted in “Lunch and Learn” workshops and Open Houses where companies released workers early to allow them to learn of available services.

- ***Creation of broad supports for laid-off workers.*** As described in the SteelCase example above, the Asheville Metro Region’s workforce system has helped to organize community resources to respond to dislocation. Over the last couple of years this practice has been increasingly encouraged. The state Workforce Investment Board Director who is responsible for state-level rapid response stated that the overwhelming numbers of dislocations in the state are causing them to rethink how they do rapid response. He believes that rapid response has to go deeper in the process of readjustment.

His insight was prompted by the thousands of layoffs at PillowTex, a large plant on the edge of the Appalachian region. In this closing the community organized to assist workers. The public sector provided the job assistance and training; churches and community organizations organized to provide services such as emergency rent and car payments, food banks, mental health care, etc. The state WIB Director said at first the public sector felt threatened by the community’s efforts, but realized that these were important for those being laid-off. In the future he wants to emphasize these types of community partnerships. In those areas where the community takes a pro-active role they will embrace that. When the community doesn’t know how to do this, they will help them to organize. He believes that this kind of partnership with communities will help ensure that whatever re-employment plans they develop with the employer will be implemented and continued.

The state of North Carolina has provided critical support. Since most of the recent layoffs in the state have been related to trade impacts and qualified for Trade Adjustment Assistance (TAA), workers in the certified plants have more support for training, income support, and in the past two years, subsidized health insurance. However, there have been two problems with the health insurance benefit since implemented. First, many of the workers cannot afford the required 35 percent payment of the health insurance premium. Second, it has taken the federal government two to three months (instead of the promised one month turnaround) to

process claims. To assist workers in dealing with this North Carolina officials negotiated with Blue Cross/Blue Shield to lower premium costs. In addition, the state is using National Emergency Grant funds to pay for the first few months of health insurance premiums for the displaced workers to bridge the gap in coverage through TAA. Even with that not all workers are able to afford the premiums.

- ***Efforts to retain employment and support local employers:*** There were several examples offered during the site visit on local efforts to retain employment and support local employers. The WIB Director for the area that includes Haywood County said, “Our first major plant closings (in October 1996) were real eye openers. To retain jobs, we have to look at the employers we have. By the time a closing is announced it’s usually too late to do anything about it. We’d rather be pro-active.”

A part of that pro-active work has been to support a local employee-owned firm. In the late 1980s the economic development agencies in the area provided significant financial support to local workers to assess the feasibility of an employee buy-out at Champion Paper, a large local employer being closed by its parent firm. Renamed Blue Ridge Paper, this plant is now the largest employee-owned paper company in the world and is working with the local Workforce Investment Board to train its incumbent workforce. Previously it had taken five to seven years for workers to learn the more technical aspects of paper production and move up internal career ladders. Now the average age of the workforce is 57 and the company faces a wave of retirements. This has created the need to train relatively new employees within 18 months to be able to assume the more skilled positions before those now in those positions leave. The WIB is funding train the trainer sessions within six different sections to help develop on-going internal capacity for training. Outside instructors are teaching Blue Ridge trainer/employees how to observe and analyze individual workers’ learning methods – e.g., how much do workers learn by doing, through written explanations, by watching someone else -- and then using that information to help the worker obtain new skills within a much shorter period of time.

Additionally, the Haywood JobLink Center has sought to support local employers by purchasing and housing a common set of needed resources that would be difficult for any one employer to obtain on their own. The average size of companies in the region has declined sharply. Previously, the major local employers had 1500 to 3000 workers; today a company with an employment level of 200 is rare. Smaller companies have fewer internal resources for critical administrative needs such as worker training or human resources. JobLink staff asked employers about their needs and got requests for information on human resource, labor law and other legal issues, OSHA, fork-lift maintenance, etc. As a result the Center has created an Employer Resource room stocked with software and other resources for local employers. The WIB has also pulled together about 15 representatives from different local employers to create a local Human Resources Association where peers share information and resources. The JobLink Center provides on-going staff support for the group.

Economic Readjustment

As described above, the workforce investment system in Asheville Metro has not only responded to immediate needs of displaced workers, but has also played a role in supporting the retention and growth of employment. Greater responsibility for that effort is undertaken through the economic development agencies within the county and the customized training programs at the community colleges. As with the workforce system these efforts provide examples of effective practices, including analyzing local economic conditions, involving stakeholders in understanding conditions and creating responsive, comprehensive plans, and building on local assets to create sustainable benefits for the broader community.

Understanding and creating a shared vision for the regional economy

A comprehensive planning effort recently completed was led by Advantage West, the regional economic development commission. The North Carolina General Assembly created Advantage West a decade ago as one of seven regional economic development organizations that encompass the entire state. Advantage West started with responsibilities for community preparedness and industrial development and has added numerous other programs including a film commission, tourism marketing, an entrepreneurial program, and recently a food incubator. It is one of the most diversified economic development delivery systems in the country. The organization is supported by annual funding from the state supplemented with private contributions and funding from a wide variety of other grants from organizations such as the ARC, U.S. Department of Commerce, U.S. Department of Agriculture, and numerous other foundations and state agencies.

The recent activities of Advantage West grew from legislation passed by the General Assembly that funds the planning and requires that it map out realistic economic development goals for the region; a profile of the industry clusters expected to drive the future job market; and a corresponding plan for developing the necessary higher-education curricula to prepare the region's workers for that future job market. Additionally, the regional development commissions were required to include representatives from higher education in the development and implementation of the plan. Advantage West also sought input from local economic developers, entrepreneurs, and civic leaders. The four major goals of the plan were:

- Grow and support several “clusters of innovation” in regional niches with education, infrastructure, services, and technology.
 - Establish a regional think tank to lead strategic thinking and policy development around the economy.
 - Change the culture of educational institutions and the expectations and skills of workers to meet the needs of growing companies in clusters of innovation.
 - Establish “Tier 2” level of broadband Internet service for the entire region by 2008.
- Each identified goal also listed strategies for reaching the goal.

**Ten Clusters on Innovation
That Leverage the Advantage West's Regional Assets**

- Advanced manufacturing-related
- Arts, crafts, and design-related
- Communications and IT-related
- Environment-related
- Food-related
- Health care-related
- Life sciences and agribusiness-related
- Recreation and tourism-related
- Retirement-related
- Security-related

The list of targeted clusters also serves as a menu for economic development efforts within the Advantage West sub-regions allowing them to select the opportunities best suited for their economies and local values.

There are several noteworthy features of these goals related to new practices in economic development. First, the plan is not built on simple industrial attraction. The targeted clusters are based on a combination of regional advantages, expectations of industry growth, and community values. Second, the plan proposes the creation of continual knowledge development and a locus for future strategic planning. This indicates a desire to continually assess and be responsive to changing conditions, as well as the understanding of the importance in locating this responsibility rather than simply hoping it will be continued. Third, there is a push for cultural change within educational institutions that goes far beyond simply exhorting the post-secondary system to become more involved in workforce development. As described in more detail below, the North Carolina community colleges are well known for their responsiveness in designing customized training for new and expanding employers. The plan asks educational institutions to go beyond simply responding to the needs of existing employers by creating the capacity to support the future employment growth in identified clusters. Finally, there is an embracing within the plan of the idea that innovation and creativity are critical ingredients for competitiveness in the current economy. That is reflected in both the types of firms desired within the region and the emphasis on creating a technological environment to support these firms.

A noteworthy omission in the Advantage West strategic plan is a focus on the furniture industry, which remains highly concentrated in the region (although not in the five case study counties). As noted above, furniture remained 10 percent of manufacturing in North Carolina as a whole and is a much higher share in part of the Advantage West region (such as Caldwell County). The view within Advantage West was that low-to-moderate price "case goods," such as book cases and end tables, which are not upholstered will continue to move offshore. The share of remaining production in case goods was not known. It was also believed that the scope to expand high end markets was limited and that many remaining manufacturers had already moved in that direction

as much as consumer demand makes possible. Ten years from now it is expected that the region's furniture industry will remain important but be smaller and different in character. It will consist of high-end upholstered goods, headquarters operations and show rooms, with show rooms bringing dollars into the region through tourism as much as or more than through furniture sales.

Customized training at community colleges

The community colleges in the region are deeply involved in the response to dislocated workers providing training, operating JobLink systems, and creating new certification programs to recognize basic industry skills. However, in this section of the Asheville Metro case study we emphasize the customized training role of the community colleges and its role in supporting economic growth. Community colleges in North Carolina have been providing customized job training for employers for 50 years, making this system the oldest post-secondary customized training provider in the country. This capacity was created to help transition North Carolina from an agriculturally-based economy to a manufacturing-based one. Any company creating 12 or more jobs in a year may receive free customized training programs for their new employees. Customized training in North Carolina is supported through two primary state funding sources overseen by the community colleges: the Focused Industry Training program (FIT) for manufacturing firms and the New and Expanding Industry grants (NIT) for any company adding 12 or more employees. Additionally, a "worker training tax credit" enables eligible companies to take credit for employee wages while in training. Thus the tax credit supports company indirect training costs, while the customized training program supports the direct training costs of instructors, materials, facilities and equipment. Recently, the state has also created an incumbent worker development program using federal Workforce Investment Act funds. The Program provides funding to established North Carolina businesses to provide educational and occupational skills training for current workers and is administered by the Workforce Investment Boards. Additionally, for existing workers North Carolina's community colleges sponsor an extensive occupational continuing education program providing training in 1500 possible courses at low, state-subsidized registration costs.

The customized training is developed through a process that leads a company through an analysis of long-term training needs. The training can be for a maximum of 36 months, but community college officials stated that it is more valuable to look at a company's two to three year plans analyzing all their needs and prioritizing them. This also helps to enhance the partnership and develop the community college's capacity to respond to broader industry needs.

The customized training divisions of the community colleges also set priorities for targeting firms to receive their services. Their priorities within the community colleges in the Asheville Metro region are similar to the Advantage West clusters and include such industries as biotechnology, plastics, and auto parts. An underlying factor in the industries that the community colleges target is the presence of high-paying positions.

The customized training usually does not provide credit although those interviewed stated that this would strengthen the program and provide a better base for those being trained to continue their education.

Another example of the community colleges supporting local industry is the manufacturing certification program – described by almost everyone we talked to in the site visit. This program was developed for manufacturers to help develop a workforce with basic manufacturing skills and was created with extensive input from representatives from local industry. The certification program offers a 96 hour, standardized curriculum providing core modules in what it's like to work in manufacturing; safety; quality; teamwork and communications; basic math and measurement; and problem-solving. The program is competency based with students required to pass a test on the subject matter after every thirty hours of training. The manufacturing certification is now a statewide curriculum, but some community colleges have customized it for local industry. For instance, Blue Ridge Community College has added a component for dislocated workers in job search skills such as preparing a resume and interviewing.

After the manufacturing certificate was developed, service industries requested a similar program which Blue Ridge Community College developed. This certification program is also competency based and emphasizes customer service. Blue Ridge has shared this program shared with all of the local community colleges.

Supporting local growth

A continuing theme in the economic work within the Asheville Metro region was the importance of supporting local employers and entrepreneurial growth. A member of the North Carolina Rural Economic Development Center argued against large incentives for attracting large firms and expressed the hope that an Ohio court decision would invalidate a recent subsidy package to attract a major Dell operation to North Carolina. He described a recently implemented economic infrastructure fund targeted to helping smaller businesses maintain jobs through practical retention activities like support for water, sewer, and workforce development projects. He argued that these activities were less expensive and risky than spending \$40 million to attract one large company as well as likely to create or retain more jobs. Last year this \$20 million fund was spread statewide among 40 businesses maintaining 3,500 jobs. Each project has significant, legally binding claw-back provisions that the companies benefiting from the project agree to prior to implementation. These provisions require companies to return all or part of the state subsidy if job targets are not met.

The extensive outreach effort to local firms is another indicator of support for “growing your own.” For example, the local economic development agency director for Henderson County annually conducts a company visitation effort soliciting information from the firms on challenges and hurdles that stop them from expanding, or if they are looking at leaving, why. He then seeks to act as ombudsmen helping firms to overcome any hurdles. The hurdles can be as simple as needing a traffic light at the intersection by the

factory gate or the need for help in navigating a regulatory issue. On balance his work has become more focused on retention than attraction. One reason for this is because the state limits subsidy dollars for counties such as Henderson which rank high based on income, employment, and poverty indicators. The lack of subsidy dollars to recruit individual companies increases attention toward identification of collective needs that can boost retention.

V. Conclusion - Future Issues

The Asheville Metro region has not been immune from the manufacturing job loss that has plagued Appalachia and North Carolina. However, the region went into these job losses with distinct advantages over many within the state and Appalachian region. Many of the counties within the region have developed a relatively diverse economy, the area has been able to grow and attract some higher-wage employers, it is close to larger markets and has an effective transportation infrastructure, and it is an attractive area offering cultural and environmental amenities that attract creative, entrepreneurial individuals. In addition, the region has benefited from a creative and dedicated workforce and economic development community that recognizes the significant transition occurring in the economy and is working to both minimize the current impact of job loss and maximize the promise of a new economic base in the region. As described previously there is much promising in the practices these workforce and economic development professionals have undertaken.

The efforts described above are still very much a work in progress. Some questions can only be answered over time. A central question is whether the apparently shared vision of a new future for the region will continue to act as a cohesive force for economic and workforce development efforts in the region? Will it be used in the plans for local higher education, economic development agencies, Workforce Investment Boards and Career Centers? Will the results be tracked, measured, and evaluated so that course corrections can be made if needed, and real outcomes known?

On a larger level, the question is, will the region be able to achieve the balance it seeks between economic growth and its desired quality of life?

Table A1. Total Employment in North Carolina Field Visit Counties and Comparison Regions (Indexed to 1990 = 100)

	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 North Carolina	100	98	101	105	109	112	115	119	122	126	128	128	127	125
Appalachian North Carolina	100	99	101	104	108	110	112	115	116	117	119	117	115	114
All 5 Counties in Field Visit Region	100	100	102	105	109	110	114	118	121	121	123	122	121	121
Individual Counties														
Buncombe	100	101	103	107	110	111	115	120	121	122	124	123	121	122
Haywood	100	101	102	102	103	105	111	117	129	112	113	111	111	110
Henderson	100	98	99	103	112	115	117	119	123	129	133	133	136	138
Madison	100	100	94	96	101	107	107	111	113	122	125	127	123	124
Transylvania	100	100	100	97	98	98	99	104	106	106	106	102	97	87

Source: KRC analysis of QCEW data.

Table A2. Manufacturing Employment (1000s), North Carolina 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 North Carolina	640	608	614	625	636	641	631	626	621	608	596	555	510	474
Appalachian North Carolina	174	171	173	179	179	179	174	172	168	161	158	147	133	125
All 5 Counties in Field Visit Region	36	34	34	35	35	34	34	34	33	31	30	28	26	24
Individual Counties														
Buncombe	19.6	18.7	19.4	19.9	19.0	18.4	18.3	18.1	17.7	16.8	16.4	15.4	14.1	13.5
Haywood	4.4	4.3	4.1	4.0	3.8	3.6	3.6	3.6	2.9	2.5	2.5	2.3	2.1	2.2
Henderson	7.4	7.1	6.6	6.9	7.8	8.0	7.7	7.9	8.2	8.0	8.0	7.5	7.2	7.0
Madison	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.0	0.9	0.8	0.8	0.7	0.6
Transylvania	3.5	3.4	3.3	3.1	3.0	2.9	3.0	3.2	3.2	2.9	2.7	2.3	1.8	0.8

Source: KRC analysis of QCEW data.

Table A3. Manufacturing Employment Indexed to 1998=100, North Carolina 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 North Carolina	103	98	99	101	102	103	102	101	100	98	96	89	82	76
Appalachian North Carolina	103	101	103	106	107	106	103	102	100	96	94	87	79	74
All 5 Counties in Field Visit Region	109	105	104	106	105	103	102	102	100	95	92	86	79	73
<i>Individual Counties</i>														
Buncombe	111	106	110	113	108	104	104	102	100	95	93	87	80	76
Haywood	155	151	143	138	133	126	126	125	100	89	86	81	72	77
Henderson	90	87	81	84	95	98	94	96	100	98	97	92	88	85
Madison	83	79	89	90	98	102	99	103	100	91	85	76	72	63
Transylvania	109	108	104	97	94	93	94	99	100	93	84	71	55	26

Source: KRC analysis of QCEW data.

Table A4. Manufacturing Employment Share, North Carolina 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 North Carolina	26	25	25	24	24	23	22	21	21	20	19	18	16	15
Appalachian North Carolina	31	31	31	30	30	29	28	27	26	24	24	22	21	20
All 5 Counties in Field Visit Region	26	24	24	24	23	22	21	20	19	18	18	17	15	14
<i>Individual Counties</i>														
Buncombe	23	22	22	22	20	19	18	18	17	16	15	15	14	13
Haywood	30	29	27	26	25	23	22	20	15	15	15	14	12	14
Henderson	28	28	25	25	27	27	25	25	25	24	23	22	20	19
Madison	25	24	28	28	29	29	28	28	27	22	20	18	17	15
Transylvania	36	35	34	33	31	31	31	31	31	29	26	23	19	10

Source: KRC analysis of QCEW data.

