

Congressional Testimony

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Prepared for: Committee on Oversight and Reform - Subcommittee on Environment

June 16, 2021

Chairman Khanna, Ranking Member Norman, Committee members, and distinguished guests, thank you for the opportunity to share my perspective from the ground here in West Virginia.

Growing up in southern West Virginia, it's hard to overstate how dominate coal is here. We've been told for generations we can only be one thing. Even if you weren't directly in the coal industry, you were told your life depended on it. If you were a teacher, well then your pay depended on the local taxes generated by the coal industry. If you sold cars, well then you're sales depended on well-paid miners who could afford a car in the first place. If you ran a restaurant, well you better not forget that most of your patrons paid their bill and their tips with coal company wages. Most manufacturers made equipment for the coal industry. Rail and river workers were primarily moving coal. Suppliers' largest customers were mostly coal mines. Coal was and is everywhere you look. It's in trucks on the road. It's on railcars running beside the roads. It's on barges going up and down the rivers. Billboards tell us "Coal Keeps The Lights On." "Friends of Coal" bumper stickers are on every other car. TV commercials tout the benefits of the industry. Radio adds celebrate it loudly.

Yet in the last couple years, I've noticed a shift in thinking...more an acceptance than a new philosophy, but a palpable shift that I hear in chit chat at the gas station and gossip at the donut shop. For the first time in my life there is an acceptance that the coal industry will never be what it once was. And that if we want our communities to survive we will have to diversify our economies and end our addiction to this dying industry. Most are not happy about this reality. We lament the lost jobs. But we're realistic about our future. It's sort of like we've gone through the stages of grief; denial and anger lasted for decades, but as local, state, and federal efforts to prop up the industry continued failing it just finally became obvious that while coal has been our proud past it will not be our future.

As a region, we must do all we can to build a new Appalachian economy because it's more clear than ever the coal industry won't be back. The U.S. Energy Information Administration reports coal production for 2019 hit its lowest level in 42 years. That was before COVID-19, which led to even steeper drop-offs. This is why, tragically, the layoffs continue; this is why we've seen Peabody, Blackhawk, and Murray lay off thousands in recent years. So the evidence is clear: coal is no longer king of American energy. This is a scary truth for Appalachia to confront. Livelihoods are at stake. But even if the industry did come back, would we really be better off?

Imagine coal boomed in West Virginia again. Imagine coal returned to its 2005 levels when just over 25,000 were directly employed in our state by the industry (compared to about 12,000

today) and we produced roughly 150 million tons per year. Or even 1980 when more than 50,000 were employed by coal. The train cars would be full again and more miners would go back to work in the mines. This would obviously be good for our state, right? Poverty would decrease and people would lead happier and healthier lives, right? Wrong. Because even when coal boomed, our state had some of the worst poverty in North America. With all the politics that surround the coal issue, that fact gets lost. When coal boomed, we still lagged the nation in education attainment and good health. When coal boomed we still had low entrepreneurial startup rates and low labor-force participation. So it's time for a new economy that works better than the extractive economy of old.

Coalfield Development is a member of the Just Transition Fund's National Energy Transition team. We strongly advocate for the platform put forward in this nationwide collaborative effort. Coal plants and mines have long been the economic engine and lifeblood for communities throughout the country. As America's energy sector evolves, we must make a national commitment to seize this opportunity in a way that does not leave behind the communities that have powered our nation for generations. Doing so requires engaging these communities and including their insights and ideas in any and all transition policies.

Transition efforts must also allow for local control and priorities while supporting the plans that community economic developers have created for the places they call home. Across the country, innovative ideas grounded in local efforts are not only creating economic opportunities, but also building resilience for workers and communities affected by the transition away from a coal-based economy. Recognizing this potential—and the need for a coordinated national response—Just Transition Fund worked with its partners to develop the National Economic Transition Platform. Informed by leaders of impacted communities and featuring workforce and economic development solutions that are already working at the local level, the initiative aims to provide national leaders with the framework for a comprehensive community and worker transition program. The National Economic Transition Platform focuses on seven pillars:

- Invest in local leaders to help communities plan and respond.
- Invest in restorative economic development that allows entrepreneurs and locally-owned small businesses to grow diverse economic sectors that contribute to stronger, more resilient communities, improved public health, restored ecosystems, and equitable opportunities for all people.
- Provide a broad workforce development and worker health system that creates viable pathways to quality, family-sustaining jobs.
- Reclaim, remediate, and reuse coal sites to create jobs while restoring land and clean water.
- Invest in physical and social infrastructure to stimulate economic development and build a foundation for change.
- Protect workers, taxpayers, communities, and the environment during bankruptcies.

- Empower local communities to coordinate and access federal resources.

Many are asking the question “What industry can replace coal?” I think that’s the wrong question. The entire problem with our economy has been our over-reliance on one industry. So we should be asking, “What industries can replace coal?” Clean energy is certainly a big part of the answer, but not the only part. Today, I want to encourage you to look at federal support for social enterprises as a primary strategy for rebuilding the Appalachian economy.

The organization I founded in 2010, Coalfield Development, is creating new businesses in a diverse variety of sectors in order to model what a more sustainable and diversified economy looks like. Examples include a green-collar construction enterprise, a furniture shop, a sustainable agriculture cooperative, a t-shirt company sourced by 100% recycled content, and a solar installation company. We use these enterprises to put people back to work.

The businesses we create purposefully hire people who face barriers to employment: those in recovery from Substance Use Disorder, racial minorities, people on public assistance, and former coalminers. We learned early on that job-training alone isn’t enough to ensure a just transition to a new post-coal economy. We have to provide job-training and create the new jobs at the same time. Because people can’t put their lives on hold (they have families to feed, mortgages to pay) to complete an unpaid training program. Each week includes 33 hours of paid labor, 6 hours of higher education, and 3 hours of personal development.

We recruit from four main community partners: local TANF office, local SUD recovery services, local unemployment offices, and local vocational programs. Hired recruits start out in our WRAPS program (Workforce Readiness and Professional Success), which is a paid 6 month on-the-job training cohort. Trainees have in-depth human support to stabilize their lives and establish goals. They complete community agriculture, light repair, and deconstruction projects. At least four professional credentials are earned during these six months. At completion, trainees have two options: 1) become a crew member on one of Coalfield's social enterprises or 2) work with Coalfield staff on a placement in our Employer Network earning at least what was earned as a WRAPS trainee.

For trainees who are placed with a Coalfield enterprise, they officially become a "Crew Member," which entails a 2.5 year contract. The contract commits the crew member to our 33-6-3 model: 33 hours of paid work, 6 hours of community college classroom time, and 3 hours of personal development (life skills/soft skills) support. Crew members complete their commitment once a) a Associates Degree has been earned, b) at least four more professional certificates have been earned, and c) once all four Personal Development Certificates have been earned (Employment Basics, Employment Excellence, Care for Self, and Care for Others).

Through curriculum agreement with local community colleges, our crew members are actually able to earn credits by achieving work-goals on-the-job. Our personal development compliments the higher education experience, and is highly structured (see more below). The

four certificates above are made up of 6 themes each (totaling 24 personal and professional themes). Each month, crews go deeper with one professional and one personal development theme. There is an Appalachian from throughout history who embodies each theme and who is researched by the crews. There are journal prompts and reflection activities facilitated. The first week of the month focuses on the personal development theme, the second week focuses on professional. The third week devotes the 3 hours to a shared experience to bring the themes alive. The fourth week of each month is very special: this is Coalfield Council Day, the one day a week all Coalfield people come together, share what we're learning, share how we're learning, celebrate learning, and hear from a guest speaker who lives out our themes.

Forces driving generational poverty are complex and interconnected. Therefore, our employee supports are holistic and mutually reinforcing. The structure detailed above is an important vehicle for effective case management. Monthly evaluations, weekly facilitated reflections, and weekly participation scorecards are helpful tools for accountability.

At least three hours every week are devoted to what we call personal development (which includes life skills and soft skills both). There are 12 personal themes and 12 professional. The first six are grouped as Care for Self: physical health, mental health, financial health, perseverance, life-long-learning, and optimism. The Care for Self module includes regular check-ins post completion to monitor well-being and assets over time. The second six personal themes are Care for Others (more than just training for careers, we want Coalfield to be a place where people figure out their purpose in life): volition, life management, integrity, regulation of emotion, long-range decision making, citizenship. Professional development themes are grouped first as Employment Basics: safety, respect, promptness, attitude, follows instructions, work quality. Then there are Employment Excellence themes: initiative, focus, communication, planning teamwork, problem solving. Regular resume building and professional communication coaching are included post completion.

Two major barriers to well-being we encounter are lack of transportation and poor housing. So we offer 0%, long-term loans for transportation and housing emergencies (and we offer a limited number of subsidized housing units). Through partnerships, we offer an array of more specialized support for specific needs including: peer recovery support for those in SUD recovery, mental health counseling, and more. We offer all employees a 50/50 split on the cost of gym memberships. And we offer a full-access food pantry which intentionally includes fresh, healthy food in addition to canned/preservative items.

Our development team is focused on making these various supports work for our people. This team consists of four full-time employees with experience and passion in these human development fields. In addition to extensive special supports, we also just try to be a solid employer. Everybody starts at no lower than \$12/hour. All crew members (including trainees and crew members) receive health, dental, vision, and life insurance. All receive paid-time-off time.

Extensive credentialing opportunities are provided. Trainees can self-select based on their unique career goals. All trainees and crew members must successfully complete at least four certifications. Typically Coalfield is not directly instructing these courses, but rather facilitating via an extensive network of providers. Some of the opportunities facilitated include: environmental remediation (OSHA 10, HAZWOPER, HAZcom, asbestos removal, etc.); transportation and logistics (CDL, Certified Automotive Fleet Manager); health and safety coordination (OSHA 10, OSHA 40, Certified Construction Health and Safety Technician); solar installation (NABCEP, electrician apprenticeship); agriculture GAP (Good Agricultural Practices); construction LEED (Carpenters Union Pre-apprenticeship, LEED); and manufacturing (ISO 9001). Also keep in mind: all crew members are enrolled in their local community and technical degree, working toward an Associates Degree.

Appalachia has an abundance of job-training programs, but training doesn't matter if it doesn't lead to an actual job. And what if there aren't many jobs available in a place to begin with? Our model is an answer—one that doesn't put people in minimum-wage jobs but incubates entire new businesses that offer good wages and benefits. The "3" in our model empowers our employees to reduce debt, improve credit, and grow savings. We build rural people's capacity so they can not only earn good jobs, but keep those jobs, earn raises, get promoted, thrive. Specifically, we measure:

- 1) Income increases. Goal: 50%. 2020 average: 125%.
- 2) Family asset increases. Goal: 100%. 2020 average: 80%.
- 3) Degrees of higher education. Goal: 80% retention. 2020: 63%.
- 4) Personal Development curriculum completion/retention. Goal 80%. 2020: 70% (a weekly scorecard measure the participant's "full participation," serving as a very important tool for monitoring progress; additionally, there is a monthly professional evaluation which tracks progress too).
- 5) Increased racial diversity of workforce. Goal 25% increase annually. 2020: 50% increase.
- 6) Participant's sense of agency, as measured by peer-reviewed surveys every six months.
- 7) Participant's sense of optimism, as measured by peer-reviewed surveys every six months.
- 8) promotions earned and leadership development. Goal: at least one promotion and raise for Coalfield staff per year or at least one raise and promotion every two years for graduates. 2020: at least 50% have hit this goal.

In Appalachia, barriers to success have built up for generations, but our holistic approach to empowerment builds a new generational foundation upon which a fairer, more sustainable, more just economy can be built. Lives are not just touched. Lives are truly changed. People are not just helped, but rather become agents and even leaders in the rebuilding of their economy, the reinvention of their community.

We solve entrenched generational poverty caused by an undiversified economy long dominated by the coal industry. We have a totally broken economy in which residents can't find enough good paying jobs to support families or create future opportunity for children. Negative impacts from generational poverty compound, creating complex obstacles to well-being: financial, emotional, physiological. People feel stuck. Even when jobs are found, achieving financial security is not permanent until these deeper complexities of poverty are addressed.

A more vibrant economy depends on fostering entrepreneurship. But fostering entrepreneurship is particularly difficult in a place that's been reliant on one industry for generations and needs economically restructured, a workforce that lags national averages in higher education, and where new investment is harder to earn than in cities. The best job-training program in the world doesn't matter if it doesn't actually lead to decent paying, quality jobs. Therefore, in our rural extraction economy, it's not enough to do job-training. We have to actually create some of the new jobs themselves. Our holistic approach does this, and it does so for the most oppressed among us.

Social enterprises are a unique business model that can achieve both the training and the direct employment our people need. They can also demonstrate, very tangibly, what a new economy actually looks like. They can pioneer new markets for our region. In time, we all want a thriving public sector economy but right now we are suffering under completely failed markets. Succeeding with a startup is hard even in an area with a booming economy, let alone in disinvested regions. A new national office focused on funding and building our entrepreneurial capacity would be a great help. And I would strongly recommend new federal program to incubate, support, and grow employment based social enterprises.

According to a national leader on social enterprises, REDF, reports:

ESEs help their employees stabilize their lives, build skills, and develop a work history. These businesses stimulate the national economy, combat multi-generational poverty, and address economic, gender, and racial disparities. ESEs also decrease taxpayer costs by diminishing rates of incarceration, recidivism, and homelessness and decreasing reliance on the safety net. Research shows this approach works. It leads to greater economic security and mobility for participants and yields a social return on investment of \$2.23 in benefits for every \$1.00 invested. ESE employees are among the millions of individuals with histories of incarceration, homelessness, mental illness, substance abuse, and limited education. An impact study of 134 ESEs across 30 states found that nearly 70% of ESE employees were people of color (42% Black, 26% Latinx), highlighting the valuable role that these businesses can play in addressing racial injustice and advancing racial equity across the economy.

Federal programs that directly employ people should be prioritized:

- The Department of Health and Human Services Office of Community Services has a Community Economic Development (CED) program which provides valuable grants to help businesses scale and meet the economic needs of low-income communities. This is currently a very small program and should be dramatically expanded. Coalfield Development has been able to use this program to create more than 100 new full time jobs in our community.
- The Jobs for Economic Recovery Act (recently introduced in the Senate Finance Committee) would provide grant funding to create or expand employment programs through a new Social Security Act jobs program, which would finance six months of wages for public, private or nonprofit jobs for people who face barriers to employment. Funds could also be used for job training and services like child care to help workers succeed upon completion of their job placement.
- Increased support for the Appalachian Regional Commission's POWER program is an immediate way to get effective on-the-ground projects funded here in Appalachia. The ARC is an invaluable resource to, for, and with Appalachian communities.
- Another important piece of pending legislation is the RECLAIM Act which would expand the eligible uses of the Abandoned Mineland (AML) funds. Specifically, the bill allows the fund to be used to provide support for economic revitalization in economically distressed mining communities.
- Finally, leadership development and capacity building is an important missing link in rural communities. Civic organizations struggle just to survive and keep the lights on, let alone serve the ever increasing needs of these distressed communities. Organizational operating funds and strategic capacity building are a critical (even if often overlooked) need. A model for effective capacity building in the affordable housing sector is the Congressionally chartered nonprofit NeighborWorks America. A similar organization (focused on supporting a network of local grassroots organizations) could be tremendously beneficial to transitioning extractive economies.

No matter what the specific program under consideration may be, increased flexibility is a consistent need. It's hard to access existing federal resources. And even if a group is lucky enough to do so, the reporting and administrative requirements of federal grants are extremely taxing, overbearing, and inefficient.

Nevertheless, federal investments are desperately needed. The auto industry got more than \$60 billion during the 2009 crisis. Farmers got more than \$30 billion during recent tariff wars. We need investments on a similar scale. But how those investments get made matters a great deal. Supporting social enterprises is a bottom-up way to support local-led enterprises that are doing real, tangible work that's built to last.

I'd like to close with a personal story. We helped start a wood-products business in Lincoln County, West Virginia. Megan was a long-time resident interested in working with us. But she wasn't so sure she could trust us. There are generations of broken promises in Appalachia, so

trust can be hard to earn. Complicating matters was the fact Megan had just gotten a medical opinion from her doctor that would enable her to receive public assistance for the rest of her life. Now, Megan had some very real health challenges. Sometimes people need public assistance and there is no shame in that at all.

But Megan also had a lot of skills to offer the workforce. She was on the cusp of becoming another young Appalachian to permanently leave the workforce and add to that declining labor-force participation rate I mentioned earlier. Through the 33-6-3 model, we could offer Megan the chance to stay in the workforce, to thrive in the workforce. But our opportunity would take a lot of hard work and commitment. Megan had a choice to make. We asked how long the letter was good for. She said 30 days. We said try it for 30 days, and then see what you think.

Day 30 was unforgettable: Megan came in to work early, she put on her PPE, she fired up the table saw, glued her letter to a piece of plywood and ran it through the sawblade in several different directions. "I am more than this diagnosis and I want to work," she proudly proclaimed. She would go on to become a 33-6-3 graduate.

33-6-3 is my organization's contribution to Appalachia, but it's joined by thousands of other innovations. There is a movement afoot in Appalachia. Not an effort, not a trend, not a moment, but a movement. No one is in charge of it. It's made up mostly of young people, although not exclusively. We know our place has so much more to offer than what we've been able to so far. More to offer our country. More to offer our world. We ask for this committee's support in making the kinds of large-scale investments in the creative, ground up solutions already underway here. Solutions are here. A new economy is possible. But we're desperately lacking in the kind of support truly necessary for a new, more sustainable, more just economy to emerge.

Thank you.