

GROWING COOPERATION IN SOUTHEAST ALABAMA



 **PARCA**

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Growing Cooperation in Southeast Alabama

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TABLE OF CONTENTS

Executive Summary..... 4

What Is Grow Southeast Alabama? 8

Why Regional Economic Development?12

 The Regional Cooperation Imperative.....13

Regional Economic Development Cooperation Models.....16

 Alabama Models18

 Models from Elsewhere in the U.S.....25

Does Grow Southeast Alabama Represent a Region?29

 A Shared History and Economic Base 30

 Both Rural and Metropolitan, but Interconnected 31

 Common Clusters 35

 Common Challenges..... 37

Slow Population Growth..... 37

Lower Levels of Educational Attainment 41

Lower Levels of Labor Force Participation 47

Manufacturing Decline 48

Reshoring and Foreign Direct Investment 49

The Challenges of Regionalism.....50

 Are You Willing to Cooperate? 52

Conclusion.....54

Appendix 57

 Education Performance Measures.....58

 College Readiness Measures61

 Work Ready Measure: ACT WorkKeys.....62

 Top 30 Alabama School Systems for Improvement in WorkKeys Since 2015.....63

 Top 32 Alabama School Systems for Improvement in WorkKeys in the Most Recent Year..... 64

 Grow Southeast Alabama Region High School Graduates’ Destination after Graduating.....65

 Regional Industry Cluster Maps.....66

About PARCA.....71

PARCA Board of Directors 73

Executive Summary

This is a time of opportunity and peril. As we emerge from the COVID-19 pandemic, the Southeast Alabama region needs a coordinated and cooperative effort to develop and advance the region's economy.

In interviews of business, political, and economic development leaders, there is a widespread recognition of the need for regional cooperation around economic development and a willingness and desire to move toward that goal. There is not, however, a clear understanding of what organizations exist or are needed to move toward this goal.

Built on observation and information-gathering in the region, the state, and across the country, this report concludes that:

- 1 |** A regional approach to economic development is needed.
- 2 |** The Southeast Alabama region trails others in Alabama in developing a regional approach to economic development.
- 3 |** The framework for such an effort exists, but leadership will be needed to raise awareness of the need and to build the stable support required to allow it to flourish.

Build on Grow Southeast Alabama

The region's economic development community has long recognized the need for regional cooperation. In recent years, economic developers have injected new energy and goodwill into a joint alliance, Grow Southeast Alabama. That organization has been particularly valuable during the pandemic and has attracted more investment and involvement, including the addition of three more counties to the alliance.

However, Grow Southeast Alabama is currently limited. It has no employees and only limited funding, contributed by the participating economic development agencies and utility allies.

The counties of the southeast Alabama region need to collectively raise their profile and work cooperatively to garner the attention and investment the region merits.

In order to do so, though, the region needs a stably funded regional organization that can emulate the work that other regions of the state have been cooperatively engaged in for years. Other regions have invested in regional economic development organizations. Some, like the North Alabama Industrial Development Association, have been promoting their regions for decades now.

The role of a regional economic development organization is to:

- Create, in cooperation with community and local economic development organizations, an identity, a brand, and compelling story that unites the region under a broad umbrella.
- Create and maintain a research and information hub that collects and promotes up-to-date statistical information and an inventory of infrastructure and assets, which is available to economic prospects and local economic development agencies pursuing their own recruiting.
- Market the Southeast Alabama story and brand, its available properties, business climate, quality of workforce, and quality of life, amplifying the efforts of each local community and decreasing duplication of effort.

- Serve as the consistent and trusted point of contact for the region, building relationships with site selectors and public and private economic development entities so that the region can be aggressive in identifying prospects and responding to proposals.
- Build trust and cooperation between the communities, counties, and economic development agencies in the area by acting as an impartial regional advocate and an honest broker.
- Convene regional leadership around a common vision, strategy, and agenda for economic development, creating a more unified and potent voice in Montgomery and Washington.

Typical supporters for regional economic development organizations such as these are:

- 1 | the public, through member governments, or a regionally applied tax
- 2 | local and regional utilities
- 3 | a broad base of local businesses.

Local public funding should be reasonable and proportional. No one geography can be perceived as “owning” the regional effort.



Students watch a welding demonstration at G-Tech, a regional career tech center built through cooperation between the National Guard, Geneva City and Geneva County schools districts, and the Alabama Two-Year College System.

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A broad base of business contributors is also commonly depended upon, because business can provide drive, big-picture leadership, and continuity of focus often lacking from political structures.

Grow Southeast Alabama would benefit from the following steps:

Develop a code of ethics.

As a step toward continuing to build upon this goodwill and momentum, this report recommends Grow Southeast Alabama and its member communities work toward the adoption of a code of ethics, which establishes “rules of the road” in economic development activities. A developed code of ethics, which will involve gathering support from member communities, helps maintain goodwill and trust, and helps avoid incentive bidding wars that cost local communities. Many regional alliances have developed these codes. Examples are available upon request.



Alabama Aviation College in Ozark trains students in aircraft manufacture and maintenance.

Pursue a stable and adequate source of funding.

Stable funding will support the personnel, operation, and investment costs for a regional organization. Providing state benefits to the employees will impact the ability to hire and retain competent, quality personnel.

Maintain coordination between Grow Southeast Alabama and Southeast Alabama Works.

The two organizations cover the same geographic territory and involve many of the same parties. Their missions are linked: economic development and workforce development.

Consider forming sub-regions or more localized clusters for workforce and economic development efforts.

While the entire region shares characteristics and will benefit from common strategy and marketing, it is large and consists of different population and workforce clusters. Some workforce and economic development activities should occur in smaller cooperative units that reflect more tightly connected local economies.

Convene caucuses of local leaders.

Regional economic development organizations often serve the role of conveners: bringing together regional leaders for regular discussions and joint policy formation. Such caucuses, whether they involve mayors, county commissioners, legislators, or some combination of those groups, are useful in forging a regional agenda. As with workforce development, this may also be done on a sub-regional basis, drawing together public officials on a regular basis for an agenda-driven exploration of issues of common concern.

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Grow Southeast Alabama is currently held together by goodwill, by inspired and energetic individuals, and by a belief that the regional approach is useful and needed.

Leading up to and during the pandemic, much progress has been made in re-energizing the organization, expanding it, and defining its mission. However, the time is now to solidify those gains and create a sustainable, stably financed structure to carry on this work and take it to the next level. The scramble is on to face the challenges and take advantage of the opportunities in this changed world. Southeast Alabama needs a cooperative effort if it is going to effectively compete.

What Is Grow Southeast Alabama?

Grow Southeast Alabama is an alliance of economic development organizations in the Wiregrass counties (Workforce Region 6): Barbour, Butler, Coffee, Crenshaw, Covington, Dale, Geneva, Henry, Houston, and Pike.

These same counties comprise the state’s Workforce Region 6, known as Southeast Alabama Works. The mission of Grow Southeast Alabama, a 501(c)(6) organization, is to “work collaboratively to improve economic conditions and the quality of life for residents of Southeast Alabama.”¹

Though its name is new, Grow Southeast was initially incorporated in 1996 as the Southeast Alabama Council for Economic Development (SEACED). After a period of dormancy, Grow Southeast has recently re-branded and re-energized itself, launching a regional website and re-establishing regular meetings of the economic development professionals working in the counties.

In February of 2020, Grow Southeast Alabama adopted the following goals:

- 1 |** Promote the region’s strengths, cultivate its opportunities, and develop strategies to overcome its weaknesses and eliminate threats to its economy.
- 2 |** Promote and market Southeast Alabama as a region for economic development.
- 3 |** Strengthen the education/training resources available for economic development.
- 4 |** Serve as an advocate for regional economic development in Southeast Alabama by:

- a. developing a regional marketing plan,
- b. coordinating with the Southeast Alabama Regional Planning and Development Commission (SEARP&DC) in developing the Comprehensive Economic Development Strategy,
- c. coordinating efforts and sharing information with Southeast AlabamaWorks,²
- d. cooperating and collaborating with any current or future economic development committees,
- e. Integrating the principles of any statewide strategic plan.

5 | Seek financial resources to realize the goals of SEACED.³

Then, suddenly, only a month after the adoption of its new goals and bylaws, Grow Southeast Alabama faced a new challenge: the economic shock of the coronavirus pandemic.

Markets crashed. A flurry of health orders restricted or closed businesses. An array of state and federal responses to the pandemic were being pushed out to confused and apprehensive employees and employers.

Grow Southeast Alabama became a hub for sharing news and resources across a profoundly interconnected region. Weekly conference calls involving developers and elected state and local officials followed.

The group’s website, growsealabama.com, updated daily, became a connecting point for government and community relief efforts targeted at business and industry.

¹ SEACED, Articles of Incorporation, Received by Secretary of State, Aug. 22, 1996.

² SEACED, Articles of Incorporation, Received by Secretary of State, Aug. 22, 1996.² Southeast AlabamaWorks refers to the state-created regional workforce council, a group comprised of businesses and educational leaders who are charged with aligning education and training offerings with the needs of the regional economy. The Council sets the policy, which is then carried out by a 501(c)3, also referred to as Southeast AlabamaWorks

³ Bylaws of Southeast Alabama Council for Economic Development, revised February 14, 2018.

While, the developers worked with local public officials day-to-day, scrambling to serve the needs of businesses and governments in their local communities, Grow Southeast became an important point of connection to regional, state, and federal agencies and organizations.

In fact, the organization's active response to the pandemic drew in new members: two additional utility partners joined, and two additional county economic development agencies—those representing Butler and Crenshaw counties—signed on as members.

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If Grow Southeast Alabama had not existed, the region would have needed to invent it.

And in the post-contagion world, regional cooperation will be essential in restarting the economy and competing in a changed world. The outbreak is a reminder of how profoundly interconnected we are and how much we all depend on our neighbors to survive and prosper.

The report that follows lays out the thinking behind the cooperative approach:

- its advantages
- its challenges
- models for cooperation
- questions the Wiregrass must answer

It challenges the region to clearly define the role of the regional organization, to find an acceptable organizational structure for its management, and to secure a stable source for its funding.

In the wake of the coronavirus pandemic, it is widely believed that there will be a readjustment of global production, a shortening of supply chains, a reshoring of critical industries. The Wiregrass, as a region, was disproportionately affected by the internationalization of the economy over the past 20 years. Timber, agriculture, and manufacturing shed jobs due to mechanization, automation, and international trade. Population has shifted toward urban centers and out of rural areas.

The region needs to respond together in an organized fashion to the changed circumstances and the accelerating and urgent change in the coming recovery.

The Wiregrass has assets with Fort Rucker and a growing regional hub of commerce and healthcare in Dothan, but it is late to the game in developing a coherent regional approach to economic and workforce development.

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Now is the time to take the necessary steps.

The economic development organizations that make up Grow Southeast Alabama are providing leadership in the right direction. Regional political leadership has moved beyond parochialism that led to rivalry and distrust in the past.

The business, civic, educational, and political leadership can now come together, guide the region to a cooperative vision and message, and create the organization needed to carry that vision forward. This will require clear answers to key question

Who is in and who is out?

The Grow Southeast Alabama alliance now includes all the counties in Workforce Region 6. Bullock County has also been added, despite the fact it isn't in Region 6. Among the original member counties, Pike County has been invited but has not participated in the alliance. There needs to be clarity and commitment around who is to be involved in Grow Southeast Alabama, the expected level of commitment, and the role or scope of responsibilities that can be entrusted.

What roles are best carried out at the regional level?

There are regional functions of economic development, such as data research and marketing, that can be more powerfully, efficiently, and cost-effectively be done at the regional level. At the same time, local communities will want to keep in-house other responsibilities, such as project management and site development projects. Identifying the regional roles—the roles that communities are willing to delegate—is a first step.

What level of funding is required, and how will it be generated?

Having decided the roles best carried out at the regional level, how do you pay for the personnel to carry out those roles? How can a stable and equitable financing arrangement be put in place?

What is the best organizational structure?

A related question is how the organization is governed: as its roles and responsibilities grow, who has the oversight authority? Who is watching to make sure that the organization stays on task and generates value for its investors and the community at large?



The Boll Weevil Monument in downtown Enterprise. The damaged the cotton crop brought by the boll weevil inspired innovation in Wiregrass agriculture.

Why Regional Economic Development?

Economic development is the process undertaken by communities, counties, regions, and states to create jobs, expand the tax base, and improve the overall quality of life of citizens.

It involves at least five elements:

- 1 |** Marketing and recruitment
- 2 |** Cultivation of infrastructure, sites, and conditions favorable to business location and success
- 3 |** Cultivation of and service to existing business and start-ups
- 4 |** Cultivation of the workforce
- 5 |** Efforts to improve and advertise the overall quality of life⁴

There was a time when companies, industries, and economies were much more localized and when cities and counties were more self-contained. But as communities spread and transportation networks improved, patterns of living, working, and commerce spread as well, making city, county, and state borders less relevant. Education, workforce, and economic conditions have become regional.

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The regional nature of the economy accelerated with the advent of globalization and multinational companies. Local cities and counties are no longer competing against their neighbors; they are competing against other regions half a world away.

Increasingly, regions are realizing that they are better off competing together as a unit rather than going

it alone or competing against one another. The most successful metro areas form alliances that project a coherent positive image to the outside world.

They carefully build organizational structures that increase trust and decrease conflict within the region. Those organizations drive toward consensus, toward the identification of regional priorities, and toward a unified local voice for pursuing priorities and seeking aid from state and federal sources.

They devise rules of the road that allow for a mutual approach to marketing and an equitable approach to responding to site selectors' requests for proposals. They create institutional memory and persistent connections that survive changes in political administrations.

Dynamic regions work collaboratively and systematically to build on their own distinctive strengths and address weaknesses to create more vibrant and livable communities.⁵

THE REGIONAL COOPERATION IMPERATIVE

Multicounty economic development organizations have existed for a long time but have become increasingly prevalent in recent years. They vary significantly in their form, role, governance, and sources of support.

Regional organizations do not replace local business organizations, such as chambers of commerce, local economic development agencies, or governmental

⁴This list is drawn from an amalgamation of sources, including the International Economic Development Council's Economic Development Reference Guide.

⁵Katz, Bruce; Bradley, Jennifer. *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy*. (2013). Brookings Institution Press. Washington, D.C.

leaders involved in economic development. They are a complement to those organizations.

Regional organizations are a vehicle for sharing resources and reconnaissance, amplifying each local area's reach. Regional organizations take on tasks that would otherwise be performed in duplicate fashion in each community. They can be a forum for planning and coordinating strategy, for dividing and conquering.

They are increasingly relevant and increasingly prominent in Alabama and across the nation for the following reasons:

1 | Alliances create economies of scale, broaden operational reach and impact, and decrease duplication.

By delegating specific roles to a regional organization, or at least clearly dividing the work between regional partners, tasks and investments that would otherwise be done in duplicate are more efficiently carried out. A regional approach increases networks of connections and economies of scale. It broadens the portfolio of what a developer has to sell and creates a force multiplier effect: increasing the number of agents in the field selling that broader territory.

2 | Alliances can be a vehicle for creating a unified voice.

A regional mindset and plan, when effectively forged by partnering counties and cities and when supported by its elected officials and business establishment, produces a unified ask when approaching state or federal officials for investments in infrastructure.

3 | The best recruitment and expansion prospects emerge from existing businesses.

Most job growth and increased prosperity is the result of the expansion of existing companies and start-ups. The primary job of economic development is improving the local business ecosystem, an ecosystem that doesn't respect municipal or county borders. Tapping a regional network of existing industry produces the most reliable leads for relocations when a distant supplier or missing service is enticed to locate close to a growing customer.

4 | Industries cluster in regions, favoring a regional approach to economic development.

In recent decades, economists have observed that industries cluster together in regions. Individual companies may be competitors, but they may share suppliers. At one point in time, they clustered because of access to a natural resource, but in the modern economy, businesses are drawn to concentrations of human resources: a supply of trained, skilled, available workers.

5 | The State of Alabama has embraced the concept of clustering as the basis for its economic development and workforce development strategy.

The state is divided into seven workforce regions, each with a business-led regional workforce council. The councils and the related workforce investment boards gather regional information and set policy on public education and training. This is an effort to align business needs and government investment in the workforce, particularly in regard to each region's identified clusters.

A regional approach allows each local community to advertise its proximity to the clusters of industry spread across the region. Those involved in workforce development can make sure training is available to support an expanding workforce in each of these clusters, and make sure students and residents are aware of the opportunities available in the cluster fields.



Regional Economic Development Cooperation Models

Alliances come in a variety of forms, take on differing roles

There is no cookie-cutter approach to regional economic development organizations. Nor is there a single answer to the question of what role a regional organization should play. In many cases, counties belong to more than one alliance. Alliances range in size from the North Alabama Industrial Development Authority (NAIDA) and the Birmingham Business Alliance (BBA), which both represent more than 1 million residents, to the Lake Martin Alliance, which represents just over 50,000. The population in Grow Southeast Alabama’s footprint is almost 389,000.⁶

Alliances may play a complete suite of roles from marketing, recruiting, business networking, business policy advocacy, and workforce development, like the West Alabama Chamber of Commerce.

Or they may concentrate on regional marketing and lead generation, leaving local organizations to seal the deal when a prospect is identified, and leaving other functions to other organizations. NAIDA is an example of this model.

⁶Including Butler, Crenshaw, and Bullock Counties.

There is no set way to organize a regional economic development organization. Throughout the state and throughout the country, there are a multitude of models, and it seems that each organization has at least some unique attributes.⁷

They vary in funding and governance according to the role they are intended to play and according to who is paying for the operation. In some cases, a regional chamber of commerce takes on the whole spectrum of activities and gets support from businesses, utility partners, and governments.

In some cases, the regional association’s role is simply marketing and lead generation, in which case utility partners may be the primary sponsor, with other organizations handling business networking and existing industry support, workforce development, site development, and regional agenda setting.

⁷The organizations described are distinct from economic development authorities or industrial development boards, which develop or manage industrial parks or projects on behalf of local governments.



Regional cooperation helped bring about a new \$40 million Abbeville Fiber sawmill in Henry County.

ALABAMA MODELS

In Alabama, multicounty economic development organizations have proliferated and have grown more prominent in recent years. Examples in Alabama include:

- **North Alabama Industrial Development Association or NAIDA** (Franklin, Colbert, Lauderdale, Lawrence, Winston, Limestone, Madison, Morgan, Cullman, Marshall, Dekalb, Cherokee).
- **The Coastal Gateway Regional Economic Development Alliance** (Choctaw, Clarke, Conecuh, Escambia, and Monroe),
- **Birmingham Business Alliance or BBA** (Jefferson, Shelby, Blount, Bibb, Chilton, St. Clair, and Walker),
- **West Alabama Chamber of Commerce** (Tuscaloosa, Hale, Pickens, Marengo, Lamar, Fayette, Greene, and Sumter),

- **C3 of Northwest Alabama** (Marion, Lamar, and Fayette),
- **Lake Martin Area Economic Development Alliance** (Coosa and Tallapoosa),
- **Core 4** (St. Clair, Cleburne, Calhoun, and Talladega).

Other organizations, like the Huntsville Committee of 100 (Madison and Limestone) and the Coastal Alabama Partnership (Mobile and Baldwin), have also emerged as somewhat different regional coalitions: involved in economic development but taking a more targeted issue-oriented, problem-solving role. Both of the aforementioned attempt to build a unified agenda for influencing policy in Montgomery or Washington.

Also supporting the development of multicounty alliances, The Economic Development Association of Alabama is currently working around the state with groups of rural counties, helping them develop cooperative strategies for recruitment and development.



NAIDA

naida.com

Revenue: \$800,000 (2018)

Employees: 4

Coverage Area: 13 North Alabama Counties: Cherokee, Colbert, Cullman, Dekalb, Franklin, Jackson, Lauderdale, Lawrence, Limestone, Madison, Marshall, Morgan, and Winston

The granddaddy of regional economic development cooperative agencies in Alabama is the North Alabama Industrial Development Association (NAIDA). With a history stretching back to 1949, the organization is said

by its leadership to be the first formalized economic development cooperative agency in the U.S.⁸

⁸2020 Interview with NAIDA Executive Director Brooks Kracke.

Decatur Daily publisher Barrett Shelton, Sr. and Huntsville Utilities manager Karl Woltersdorf shared a vision of industrializing the largely rural North Alabama area, taking advantage of the electrical power supplied by the Tennessee Valley Authority.

To pursue the vision, they formed North Alabama Associates, which later became NAIDA. The point of the organization was to recruit industry to sell electricity and to provide jobs that would keep young people from moving out of the area. A major win came early when the Army chose Huntsville's Redstone Arsenal as the headquarters of guided missile development in the United States.⁹

Primarily supported, then and now, by the TVA electric power distributors of the area, NAIDA has grown to cover 13 counties. Those distributors pay dues to fund the operation.

NAIDA's work includes traveling to trade shows and conferences, meeting with site location experts, and advertising the region. For over 20 years, NAIDA has held annual events in Chicago, New York, and Atlanta, during which they update site consultants and corporate executives on what the region has to offer. While NAIDA represents the region broadly, they welcome participation and attendance from the region's local economic development agencies at their hosted events or when they are traveling to trade shows and conferences.

NAIDA also researches and maintains demographic, wage and labor, and other information drawn from public and subscription databases and provide that information to local developers and agencies. They maintain an industrial services directory, so a locating company would know what businesses are in place in the region to support them, if they choose to locate in the area.

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The research support and outreach to distant markets is particularly important for the smaller cities and counties in the region who might have only one or two employees, and little or no budget.

NAIDA serves as a central point of contact. When the Department of Commerce or the Economic Development Partnership of Alabama (EDPA) calls about a prospect, NAIDA is able to provide the wide overview of what is available. When a potential project is interested in the area, all 13 counties are given notice and opportunity to present a site or proposal in response to the request.

NAIDA's board of directors is made up of the members, who are the local electrical power distributors. NAIDA considers the county and city economic development agencies in the region as its customers.

The utility representatives who make up the NAIDA board also tend to be the same people serving on city and county economic development agencies, and that creates a feedback loop between customer and client.

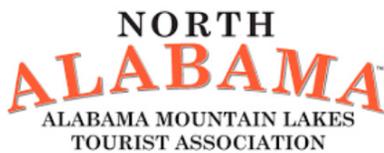
NAIDA may generate leads or facilitate introductions, but it then hands the potential project over to local economic developers and local political leaders. NAIDA is not in the business of developing sites or managing industrial parks.

In interviews with North Alabama executives, NAIDA generally earned praise. However, it was pointed out some of bigger cities or counties have such full-fledged economic development organizations that NAIDA can seem extraneous.

⁹ "History," North Alabama Industrial Development Association (blog), accessed May 5, 2020, <https://www.naida.com/about/history/>.

Also, some perceive the harder work of economic development to be developing sites, infrastructure, finalizing deals, and managing projects, none of which NAIDA does.

These local players involved in economic development perceive TVA and local distributors in the area as less involved in these kinds of on-the-ground roles as their utility counterparts in other parts of the state. In other words, the investment in NAIDA is seen as sufficing, when more involvement and investment in county and city projects would be appropriate.



Alabama Mountain Lakes Tourist Association

northalabama.org

Revenues: \$1.4 million

10 employees

Coverage area: 16 North Alabama Counties: Blount, Cherokee, Colbert, Cullman, Dekalb, Etowah, Franklin, Jackson, Lauderdale, Lawrence, Limestone, Madison, Marion, Marshall, Morgan, and Winston

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The Alabama Mountain Lakes Tourist Association is not a classic economic development organization. It is a tourism and marketing alliance. But it is worth mentioning because it was pioneering in terms of regional organizations. Mountain Lakes covers roughly the same territory as NAIDA but adds three additional counties.

Launched in 1964, the Association was conceived of as a way to create an alternative tourist destination for Alabama, something other than just the beach. In 1978, through legislative action, Mountain Lakes was

provided with public support. The bill created a one-cent lodging tax in each participating county with half a cent going to the counties and the other half to the Association.¹⁰

That tax, plus membership contributions from over 550 restaurants and hotels, generates about \$1.4 million annually.¹¹

About \$450,000 of that is paid out in salary spread across 10 employees (some full-and some part-time). The rest pays for advertising and travel for regional promotion. The Association is governed by a 56-member board with representatives from each county and

¹⁰"Alabama Mountain Lakes Association," Encyclopedia of Alabama, accessed May 5, 2020, <http://www.encyclopediaofalabama.org/article/h-3719>.

¹¹Alabama Mountain Lakes Association IRS Form 990

from local chambers of commerce, convention and visitors' bureaus, and those in the attractions, restaurant, and hospitality industries.

In addition to the lodging tax support, members pay \$150 a year for a presence on the regional website and in promotional material. The Association produces and distributes brochures and videos, websites, and route guides. They stock visitors' centers and run social media marketing campaigns. The Association develops tourist trails across the region, featuring everything from bass fishing and waterfalls to craft beer, barbecue, and wine.

The umbrella organization provides support and training for local tourism efforts. The tourism industry in the 16-county region generates \$2.26 billion annually, according to the Alabama Department of Tourism.



Coastal Alabama Partnership

coastalalabama.org

Revenue: \$357,222 (2017)

Employees: 2

Coverage area: Mobile and Baldwin Counties

Another totally different model, the Coastal Alabama Partnership, brings leaders of Baldwin and Mobile County together to develop a regional agenda and to address issues of common concern.

The organization is supported by donors, who tend to be regional heavy hitters. That lends credibility to Coastal Alabama's lobbying efforts. When an issue is identified, and a proposed solution is devised, Coastal Alabama works strategically to bring it into reality. Officials and elected leaders tend to listen because a unified coalition of influential people have put their support behind it.

A recent example was winning support for the widening and dredging of the Mobile Bay ship channel.

Leaders identified the project as a regional priority. Gov. Kay Ivey expressed support but told leaders of the initiative that they did not have the votes needed in the Legislature.

Coastal Alabama organized events and an outreach campaign that explained to members from other parts of the state how the Port's activities influenced local communities throughout the state. They invited members of the Legislature to Mobile for a boat cruise and tour of the Port.

The campaign was successful. When passing the 2019 increase in the gasoline tax, lawmakers earmarked \$150 million from the tax increase to the channel project. That produced the state match needed to draw federal funds for the project. Earlier this year, Sen. Richard Shelby announced that the U.S. Army Corp of Engineers had authorized \$274.3 million of federal funds for the project.



The Coastal Gateway Regional Economic Development Alliance

coastalgatewayeda.com

Revenue: \$234,683 (2017)

Employees: N/A

Coverage area: Choctaw, Clarke, Conecuh, Escambia, and Monroe

The **Coastal Gateway Alliance** began as a three-county alliance of Conecuh, Escambia, and Monroe Counties and then added Choctaw and Clarke.

The Alliance is currently in the process of dissolving and can serve as a cautionary tale and road map of pitfalls to avoid.

The organization started with great promise and achieved initial success. Counties were asked to contribute \$1 per capita, with cities also eligible to join with a population-based assessment. The Alliance created a joint website, provided data research, and helped catalog and package the sites available in the five counties.

The concept was to pool resources and extend reach. There was a general understanding that the employees of the Alliance would avoid even the appearance of showing any favoritism to any county or community. The Alliance was to market the region and turn any

leads over, on an equal footing, to the local economic developers who would then compete to win the project.

However, a chain of decisions led to questions about the impartiality of the Alliance, which undermined trust. After some personnel turnover, Conecuh County left its economic development position open and asked Coastal Gateway to provide economic development services for them on a temporary basis. Later, Escambia County began contributing to Coastal Gateway at a higher level with the expectation that Gateway would provide local economic services to that county.

These arrangements created at least the appearance of a conflict of interest when competition for projects occurred. In the aftermath of those events, the various parties began questioning whether the arrangement was equitable and workable. Counties began withholding their contributions, and now the organization is without a staff and appears headed for dissolution.



C3 (Northwest Alabama Economic Development Alliance)

northwestalabamaeda.org

Revenues: \$339,450 (2017)

Employees: 2

Coverage area: Fayette, Lamar, and Marion

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Incorporated in 2010, C3 provides marketing, recruitment, and project management services for Fayette, Lamar, and Marion Counties in Northwest Alabama. C3 receives a portion of each county’s coal severance tax, which is earmarked to support the operation. Cities in the three counties also buy in with tiered membership based on population.

None of the counties involved supports its own economic development agency, so C3 serves as the economic development organization for all three counties. C3 is available as a resource for member cities as well.

C3 serves as the primary point of contact with the state and economic development entities, like the Alabama Department of Commerce, EDPA, and Alabama Power. It maintains the three-county database of available industrial site real estate and the region’s workforce characteristics, local tax level, and available financing and incentives.



Chamber of Commerce of West Alabama

tuscaloosachamber.com

Revenues: \$1.7 million (2017)

15 employees

Coverage Area: Bibb, Fayette, Greene, Hale, Lamar, Marengo, Pickens, Sumter, and Tuscaloosa

The Tuscaloosa-based Chamber of Commerce of West Alabama provides marketing, recruiting, business networking, and advocacy for Tuscaloosa and surrounding counties in West Alabama. It is supported by business membership and by membership donations from the city and county. The City of Tuscaloosa contracts with the Chamber to provide the city with economic development services.

In addition, a distinctive aspect of the West Alabama structure is its heavy involvement in workforce development. Chamber personnel carry out that work under contract with the regional workforce council.

Thus, the Chamber, whose membership and directors include the region's large employers, are invested and involved in the Workforce Council and the workforce development mission. The energy and alignment that the Chamber brings to the workforce development effort has made West AlabamaWorks a model other regions have looked to.

West AlabamaWorks has built a robust connection between employers and K-12 school systems, introducing students and educators to the employment and training opportunities available in the region. West

AlabamaWorks works with students and individuals to match them with the education and training they need to fill in-demand jobs. They also work with employers to make sure the training offered is relevant, and employees are paired with available jobs.

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Through West AlabamaWorks, the region's businesses have helped furnish several workforce training centers in the region. The centers are open to students from multiple school systems and can be used for education and training programs for adults as well.



Birmingham Business Alliance

birminghambusinessalliance.com

Revenue: \$3.9 million (2017)

Employees: 24

Coverage area: Bibb, Blount, Chilton, Jefferson, Shelby, St. Clair, and Walker

Supported by membership, which includes businesses and governments from across metro-Birmingham, the BBA (Birmingham Business Alliance) is a regional chamber of commerce covering the seven-county Birmingham-Hoover Metro Area. The BBA grew out of a merger of the Birmingham Regional Chamber of Commerce and the Metropolitan Development Board, bringing together business networking and advocacy with marketing, branding, and business recruitment, retention, and expansion.

BBA has led regional economic strategy and planning processes and spearheaded workforce development initiatives. It is a central point of contact and provides data services and project management.

BBA draws its support from a broad base of businesses across the region. In terms of governments, Birmingham and Jefferson County are the most significant financial supporters; as members, they contribute over \$100,000 each. There is not a set formula for per capita contributions from governments, but the City of

Hoover, Shelby County, and the St. Clair County EDC are contributors, as are a few other cities at various levels.

Cities and counties in the BBA territory area also tend to have their own economic development staff or organizations, and many have their own chambers of commerce as well.

While BBA has tended to be most recognized for its marketing, strategy, and business advocacy role, BBA late in 2019 announced that it would place an increased focus on providing services to existing businesses, recognizing that most job growth comes from expansion and start-ups in the region. Also, BBA plans to increase involvement with the region's workforce council its workforce development efforts.

MODELS FROM ELSEWHERE IN THE U.S.



Metro Denver EDC

metrodenver.org

Revenues: Metro Denver EDC is an affiliate of Denver Metro Chamber of Commerce, which has revenues of \$8 million

Employees: 61 (for the Chamber)

Coverage Area: Nine counties in the Metro Denver area with a population of roughly 3 million

Denver, Colorado, is widely recognized as the model for the modern day regional economic development cooperation. Though it may be difficult to imagine today, Denver was a struggling and declining city in the early 1980s. A bust in the energy sector sent the regional economy into a deep dive. Vacancy rates in the commercial district of downtown Denver reached 40%. The center city was hemmed in by a constellation of suburbs, and city and suburbs were engaged in a self-destructive intra-regional competition, enticing local businesses to move from one jurisdiction to another, breeding an atmosphere of scarcity and distrust.

The corporate community came together around a multipronged strategy:

- End the competitive feuding within the region and present a united front for economic development.
- Establish the Denver Region as a global city, one that could compete on the biggest economic development stage.
- Build a new international airport that would link Denver to the economic capitals of the country and the world.

There was a time when companies, industries, and economies were much more localized and when cities and counties were more self-contained. But as communities spread and transportation networks improved, patterns of living, working, and commerce spread as well, making city, county, and state borders less relevant. Education, workforce, and economic conditions have become regional.

Political leadership mobilized. Denver Mayor Federico Pena made peace with neighboring counties and created a revenue-sharing agreement to develop the new airport. The business community and political leadership came together to convince the public of the need to support a one-cent sales tax across eight counties to pay for the construction of one of the country's most advanced public transportation systems.

Another regional sales tax, just one-tenth of 1%, created a regional pool of money to support art, science, cultural museums and performing arts groups. The system, established in the early 1980s, has been re-approved by voters four times and has helped the turn Denver into an arts and performance mecca, while also supporting local arts programs throughout the region.

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But most germane to this discussion is the formation and work of the Metro Denver Economic Development Corporation (EDC), an affiliate of the Denver Metro Chamber of Commerce.

Uniting nine counties and 70 cities in a cooperative economic development approach, Metro Denver EDC (MDEDC) is the data hub for the region's economic developers, the branding and marketing arm, and the primary contact and national recruiter for the region.

MDEDC pioneered the establishment of a code of ethics subscribed to by local officials and local economic development agencies. Cities and counties were encouraged to join Metro Denver EDC and be part of a national and international marketing initiative. If they joined, they were guaranteed equal and simultaneous access to any prospect generated by the initiative. If MDEDC receives an inquiry from a company interested in locating in the Denver area, notice is sent out to all participating jurisdictions. Any of those jurisdictions wanting to make a pitch for the project prepare a response and send it to Metro Denver EDC. Metro Denver then presents to the prospect a consolidated proposal, allowing the company to choose between the submissions included in the package.

The arrangement created a central point of contact and created the appearance of a region that “had it together.” And while not eliminating competition, the system prevents bidding wars between municipalities. The system required a huge amount of trust, but at the same time, it built trust as competitive municipalities saw the benefit of a fair and concerted approach.

That trust is established through adherence to Metro Denver's Code of Ethics,¹² a set of ground rules that cities, counties, and economic development organizations must agree to follow if they are to participate in the Metro Denver EDC system. Metro Denver EDC representatives commit themselves to selling the region first. And it is forbidden to sell against a neighboring community. If a member is contacted by a business seeking to relocate from one jurisdiction in the Denver-area to another, it is required that the original jurisdiction be notified and be given the opportunity to retain the business.

¹² “Code of Ethics | Metro Denver,” accessed May 12, 2020, <http://www.metrodenver.org/about/partners/code-of-ethics/>.



Metro Denver EDC also helped launch Metro Mayors Caucus, a political complement to the economic development cooperation arrangement.

Launched in 1993, the caucus has grown to include 38 cities and towns across the Denver metro area, bringing chief executives together on a regular basis to discuss issues of common concern in an attempt to build consensus around potential solutions. Each mayor, no matter the size of his or her city or town, has

an equal voice in the caucus, and the organization has only rarely taken divided votes on issues, preferring to forge a united position. Member cities support the caucus through a contribution, based on population. A nonprofit provides management support, research, and strategic advice to the caucus.

Some communities use their regional planning commission to support these types of idea sharing and communication. Denver chose to form the separate organization, since decisions about road spending and transportation projects are made in their regional planning organization. With potentially contentious issues occurring in that forum, caucus organizers hoped the mayors could keep those issues separate and concentrate on areas of common ground.



Northeast Indiana Regional Partnership

neindiana.com

Revenues: \$3 million

Employees: 24

Coverage Area: Fort Wayne and 11 counties in Northeast Indiana with a total population of 783,409

While Denver’s model may not seem applicable, considering its size and sprawl, the 11-county Northeast Indiana Regional Partnership (population 783,409) is closer—about twice as large as the population of the Grow Southeast Alabama region. It also contains a rural and urban mix. The largest city in the region is Fort Wayne, with a population of around 250,000.

Founded in 2006, the Partnership was a business-led reaction to a long tradition of rivalry, distrust, and misunderstanding between cities and counties in the region. When a company was considering expanding

or relocating to the area, the various jurisdictions presented a jumble of competing proposals, each trying to outdo or undercut rivals, according to business leaders.

John Sampson, the founding director, said the pitch made sense to business leaders when they considered the efficacy of a unified marketing effort, of sending a single united team to trade shows and recruiting events rather than every county sending representatives. They raised \$8 million to launch the initiative, 50% from business, 30% from foundations, and 20%

from governments. Over time, business support for the Partnership has risen to comprise 75% of revenues for the organization.

That business base provides continuity and defense against parochial thinking for the organization. The governance structure was also built to ensure that Fort Wayne, despite its disproportionate share of the population base, would not have a majority voting bloc. The representation formula provides for a business majority and structured representation of regional political entities and economic development organizations.

Sampson said the early years were dedicated to building trust among communities and confidence in the organization as an honest broker.

Over time, in addition to research, marketing, and branding work, the Partnership launched additional efforts. It emulated Denver in forming a caucus of local elected leaders that meets regularly.

It helped lead the region through a visioning process, through which the area set goals for what it wanted to become. It led the development of a cluster-based economic development strategy, that helped counties and communities focus recruitment on the clusters of industry in which the region is strong: defense and high-tech communications, food processing, insurance, logistics, medical devices, and vehicle manufacturing.

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The Partnership also led the region through a process of divining and document a sense of regional character and story, which in turn powers its ability to brand the area and tell its story. Before these efforts, the region lacked a reputation or story to tell.



Brauer Aerospace Products manufactures aircraft parts and equipment in Ozark.

**Does
Grow Southeast Alabama
Represent a Region?**

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There is no scientific definition of what constitutes a region. In general, it is an area that shares distinct geographic, demographic, or economic characteristics. While the exact boundaries are open to debate, the southeast corner of Alabama has long been identified as a distinct region.¹³

There is some debate about exactly which counties belong in the region. The state has included Barbour, Butler, Coffee, Covington, Crenshaw, Dale, Geneva, Houston, Henry, and Pike in Workforce Region 6. In the past, Grow Southeast Alabama did not include Crenshaw and Butler counties, as officials there felt their economies were more aligned along the Interstate 65 corridor and Montgomery. However, in the wake of the pandemic, those two counties have now joined, as has Bullock County. In all cases, those counties came to appreciate the energy and value of the Grow Southeast Alabama effort.

On close examination, Coffee, Dale Houston, Henry, and Geneva counties are the most interconnected, while Barbour, Pike, and Covington are more independent of the core Wiregrass counties. However, each, in turn, shares connections with other counties in Grow Southeast Alabama. Bullock and Barbour are forging a cooperative relationship. Butler, Covington, Crenshaw, and Pike, also have overlapping workforces.

In the end, all the counties involved share geographic and historical connections and are connected today by transportation corridors and the clustering of interrelated industries.

¹³ This analysis was prepared before Butler, Crenshaw and Bullock counties joined. Consequently, some analysis does not include those counties.

A SHARED HISTORY AND ECONOMIC BASE

Pines

Named for the native grass that grew in sandy soil under the canopy of longleaf pine forest, the Wiregrass was slower to settle and never sustained the cotton plantation agriculture found to the north in Alabama's Black Belt. It was a region of small-scale subsistence farming.

Sparsely settled prior to the Civil War, the region saw more activity after the war, as railroads helped open the area to trade, the exploitation of its forest resources, and some improved cotton farming, thanks to the availability of fertilizer.¹⁴

Peanuts

In the early 20th century, the arrival of the boll weevil decimated the cotton crop, leading farmers in the region to adopt peanut farming. The success of that transformation more fully established the region's distinct identity. The first National Peanut Festival was held in Dothan in 1938 and featured Tuskegee Institute's George Washington Carver as the guest speaker. Through his research, Carver had established a multitude of uses for peanuts, helping vastly increase their value as a crop.¹⁵ Though peanut production is not as concentrated in the Wiregrass as it once was, the Alabama Peanut Producers Association claims that "approximately half the peanuts grown in the United States are grown in within a 100-mile radius of Dothan."¹⁶

¹⁴ "Wiregrass Region | Encyclopedia of Alabama," accessed April 22, 2020, <http://www.encyclopediaofalabama.org/article/h-4048>.

¹⁵ "Our History," accessed April 22, 2020, <https://www.nationalpeanutfestival.com/p/about/our-history>.

¹⁶ king-theme.com, "Peanuts: Did You Know...," accessed April 27, 2020, <https://www.alpeanuts.com/peanuts-did-you-know/>.

Helicopters

Around the same time as the National Peanut Festival was launched, leaders of the region were pressing another diversification that would have a profound influence on the regional economy. At the urging of Jesse Adams, the editor of the Southern Star of Ozark, U.S. Rep. Henry Steagall used his influence to see that a New Deal relief program bought 35,000 acres of marginal farmland in Dale County. The purchase allowed farmers to concentrate efforts on better farmland.

Then, with the outbreak of World War II, the federal acreage became the site of an infantry training camp, Camp Rucker. The establishment of the camp began a flow of federal money and employment into the region that persists to this day. Fort Rucker, established as a permanent base in 1955, is headquarters for the U.S. Army Aviation Branch. The branch develops aviation support doctrine for the Army and conducts all rotary-wing aircraft training at Fort Rucker's 63,000-acre base and satellite bases throughout the region.

The Fort supports a daytime population of about 15,700, including more than 5,000 people in uniform, 7,000 civilian and contract employees, and more than 3,600 family members on post.¹⁷

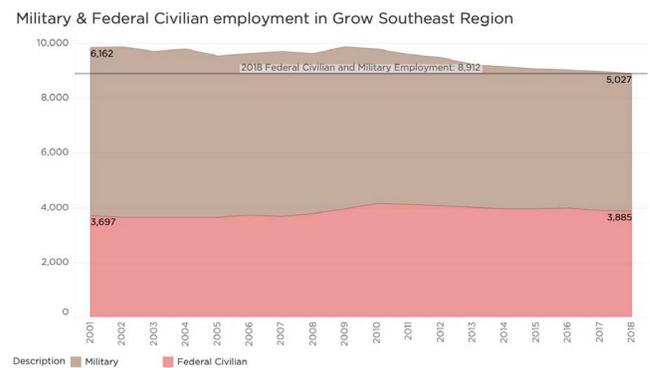
The Fort is a principal economic driver in both Dale and Coffee counties and has significant impact on all the counties in the region. In fact, the Fort is the reason for the region's cluster of aviation-related businesses and the supporting education and training services available to the workforce.

Figure 1 shows total employment from federal civilian and military employment in the 8-county region since 2001. Though military employment is down from its

¹⁷ "U.S. Army Aviation Center of Excellence :: Fort Rucker," accessed April 22, 2020, <https://home.army.mil/rucker/index.php/about/us-aace>.

heights during the wars in Afghanistan and Iraq, it is still highly significant and stable. Civilian employment is up.

Figure 1. Full and Part-time Employment by Industry¹⁸
U.S. Department of Commerce / Bureau of Economic Analysis / Regional Economic Accounts



BOTH RURAL AND METROPOLITAN, BUT INTERCONNECTED

Three interrelated trends have been dominant in the reshaping of America over the past 20 years: the internationalization and automation of manufacturing, the concentration of the economic activity in metropolitan economies, and population outflows from rural areas.

The Grow Southeast Alabama region has suffered disproportionate losses in manufacturing jobs, and rural portions of the region have seen population loss. However, the region's solar system of cities and towns appear to have positioned the region to weather the storm better than other predominately rural regions.

¹⁸ U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts

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Despite not being on an interstate, Dothan has grown into a metropolitan hub for the retail, healthcare, and service economy, serving as an essential base for residents of three states, spread out over a radius of almost 60 miles.

And among Dothan’s close neighbors are significant, independent but economically interconnected communities dotting the region. This urban constellation differentiates the Wiregrass from rural areas of the state without a major population center.

Rural areas without a metropolitan center have suffered double-digit population loss, as the American economy has shifted toward technology and service sector jobs. Those jobs have tended to cluster in larger metropolitan areas along interstate highways. These national economic trends “are leading to a divergence of fortunes: richer, better educated urban centers drawing the best educated from the small towns and rural counties.”¹⁹

The Grow Southeast Alabama region and Alabama, in general, felt this trend. Alabama has seen much slower growth than neighboring states with large metropolitan hubs, like North Carolina, with Charlotte and Raleigh-Durham; like Georgia, with Atlanta; and Tennessee with Nashville. Most rural areas in Alabama have lost population. Growth has been concentrated in metro areas along the interstates, particularly those with knowledge-based economies where research universities are present.

However, the presence of Dothan and smaller but significant cities nearby seems to have some protective effect on the region. Dothan may lack some

of the classic ingredients for metropolitan concentration, but it does have variants. Though it lacks an Interstate, the Wiregrass U.S. Routes 431 and 231 converge in Dothan, creating a crossroads of trade. Interstate 10, which crosses the country from coast to coast, is approximately 40 miles south of Dothan. Thus, Dothan is not as far from the Interstate network as many places. It is connected to I-10 by a four-lane highway, and additional options for improving that connection are under study.

The Grow Southeast Alabama region lacks a research university. However, it has Alabama’s largest regional university, Troy University, with campuses in Troy and Dothan, as well as other locations outside the Wiregrass. The region is also better covered by the community college system than most other areas (Lurleen B. Wallace, Wallace State, and Enterprise State each have more than one campus in the region).

Dothan, with almost 70,000 residents in 2018, is the state’s seventh-largest city and is far and away the largest city in Alabama that is not served by an interstate.

Since 2010, it has grown, adding approximately 2,844 people by 2019, according to the estimates, a growth rate of 4% over the period. Enterprise added 1,675 over the same period, a growth rate of 6%. Troy added 716, a 4% growth rate over the period.

Enterprise, with close to 30,000 people, ranks No. 18 among Alabama’s 461 incorporated places. Troy (19,000) ranks at No. 33 and Ozark (14,284) at 45. Smaller cities and towns scattered across the region are experiencing population declines, like most small rural towns. However, for the most part, their percentage declines are slight compared to the double-digit declines seen in other rural portions of the state without nearby population centers.

¹⁹“The Economic Reality That’s Splitting the Country Apart,” accessed April 22, 2020, <https://www.governing.com/now/The-Economic-Reality-Thats-Splitting-the-Country-Apart.html>.

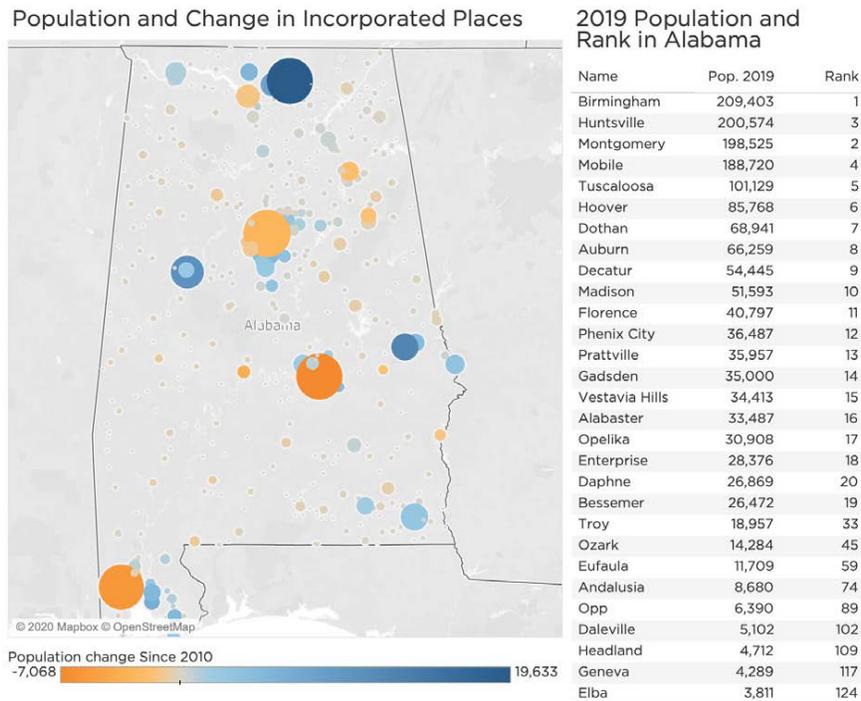
Dothan is the principal city of a three-county metropolitan area that brings together the populations of Henry, Houston, and Geneva county, for a total population of about 150,00.

Adjacent Coffee and Dale Counties are not technically considered part of the Dothan metro area but are instead separate micropolitan areas.

However, adding the populations of Coffee and Dale to the Dothan metro brings the core area population to 250,000, forming a consumer and workforce base much greater than the individual components themselves. When the population of the region is considered in that light, the base of business and industry that might consider locating in the region is much broader.

Since the cities are varied in size and somewhat dispersed, this should tend to decrease competitive pressures between them. Businesses tend to have a population range and traffic count in mind when scouting a location. In many cases, the location decision will have been made before negotiations with local recruiters even begin.

Figure 2. Population estimates for 2018 and Change Since 2010²⁰



²⁰U.S. Census, Population Estimates, 2018

Interconnecting Commuting Patterns

An examination of the U.S. Census Bureau's commuting flow data from its American Community Survey's Commuting Flows shows how intertwined the counties and their economies are. Table 1 details where the residents of each county (listed by row) journey each day to work (the columns). The relationship is especially tight between Coffee, Dale, Geneva, Henry, and Houston counties. Four of the eight counties—Coffee, Dale, Houston, and Pike—draw workers from all eight counties in the region. Barbour and Covington draw from seven of the eight. In the two remaining counties—Geneva and Henry—residents there disperse to all the other counties.

Table 1. Commuting Patterns within Grow Southeast Alabama Counties, 2010–2015²¹

| RESIDENCE | PLACE OF WORK | | | | | | | | Outbound Commuters to Grow Southeast Counties |
|---|---------------|--------------|------------|--------------|------------|--------------|---------------|--------------|---|
| | BARBOUR | COFFEE | COVINGTON | DALE | GENEVA | HENRY | HOUSTON | PIKE | |
| HOUSTON | 155 | 693 | 47 | 2,682 | 339 | 608 | 36,551 | 183 | 4,707 |
| DALE | 137 | 2,200 | 22 | 11,975 | 45 | 368 | 4,632 | 541 | 7,945 |
| HENRY | 490 | 21 | 14 | 269 | 9 | 2,821 | 2,738 | 27 | 3,568 |
| GENEVA | 12 | 906 | 142 | 1,168 | 4,624 | 8 | 2,608 | 56 | 4,900 |
| COFFEE | 47 | 13,319 | 539 | 5,071 | 165 | | 876 | 1,093 | 7,791 |
| BARBOUR | 6,109 | 10 | | 415 | | 232 | 138 | 179 | 974 |
| PIKE | 120 | 300 | 30 | 202 | | | 126 | 12,071 | 778 |
| COVINGTON | | 477 | 11,014 | 132 | 102 | | 27 | 157 | 895 |
| Inbound Commuters from Grow Southeast Counties | 961 | 4,607 | 794 | 9,939 | 660 | 1,216 | 11,145 | 2,236 | |

While Troy, Andalusia, and Eufaula are farther from the area of tightest connection, they are still linked by transportation routes, geography, and similar business and industry clusters.

That brings together a total population of almost 350,000 and a labor force of approximately 150,000 people. Including Butler, Bullock, and Crenshaw counties increases to the total population to 387,000 and the labor force to 163,000.

²¹Source: U.S. Census Bureau, 2011–2015 American Community Survey. This analysis was prepared prior to addition of Bullock, Butler, and Crenshaw Counties.

COMMON CLUSTERS

Grow Southeast counties are also linked because of the clusters of industries found in the region.

The concept of cluster-based economic and workforce development is now broadly accepted as a fundamental philosophy, having replaced the mythic “buffalo hunting” model of industrial recruitment in which a savvy recruiter, armed with incentives, ventured out in search, hoping to land mega-projects.

The cluster-based approach recognizes that most new jobs result from expansions of existing local businesses and start-ups. And that similar businesses and industries—suppliers, complementary businesses, and even competitors—are more likely to move toward an existing cluster, knowing they can find the materials, training and industrial services, and skilled labor they need.

Clusters in the Grow Southeast Alabama Region

Cluster development is nothing new to the Wiregrass, considering the clustering of the peanut-growing and processing industry that developed in the region. Similarly, the timber resources in the region have led to the clustering of forest products businesses.

In addition to its traditional agriculture and forestry clusters, Grow Southeast Alabama has identified five other targeted industries, already clustered in the region, but with potential for growth.²²

- **Aviation & Aerospace**
- **Agriculture, Forestry, & Wood Products**
- **Advanced Manufacturing**
- **Metal Fabrication**
- **Automotive**
- **Distribution & Logistics**

In the cluster approach, Grow Southeast Alabama creates the network of economic development relationships needed to identify and capitalize on opportunities. Working with those businesses and with the region’s workforce council and public education and training systems, developers help create a favorable economic ecosystem, one that helps existing businesses and individuals thrive. That, in turn, draws the attention of similar companies looking for a community that understands the needs of that industry.

When economic development efforts focus on specific sectors, “employer demand can be aggregated, education and training providers can target specialized training, and potential career ladders can be developed. The quality of the local workforce is seen in cluster theory as a critical variable in regional success, further reinforcing the linkage.”²³

Workforce, particularly in the Wiregrass, is a regional asset rather than the product of one city, county, or school system. Consequently, a vision and strategy for documenting and improving the quality of the workforce is a regional challenge.²⁴

The relationship of the region’s economic development professionals, strengthened by Grow Southeast Alabama, complements and coincides with the

²² **Maps of Industry Clusters**, as provided by the Alabama Department of Labor Statistics, are available in the appendix of this report.

²³ Ibid

²⁴ Richard M McGahey, “Regional Economic Development in Theory and Practice,” n.d., 30. https://www.brookings.edu/wp-content/uploads/2016/07/retoolingforgrowth_chapter.pdf.

mandate to coordinate the work of the region’s workforce council and workforce investment boards. That workforce development leadership then facilitates the interconnection between industry partners within their clusters. Those industries are then better connected to and supported by workforce investment programs, community colleges, career-technical education programs of K-12 systems, and four-year universities. Those education training entities are then able to offer the appropriate training in-demand by industry, which leads to trainees enrolled in and graduating from programs that lead directly to jobs.

There are a plethora of new workforce-related tools available that economic developers can offer recruited or existing businesses. The state has increased subsidies for on-the-job training and apprenticeships. Tax credits have been expanded for businesses that support training programs at schools and colleges. While every local economic developer may have some knowledge of the training needs and opportunities for employers and students, a regional economic development organization is in a better position to connect and scale the available opportunities.

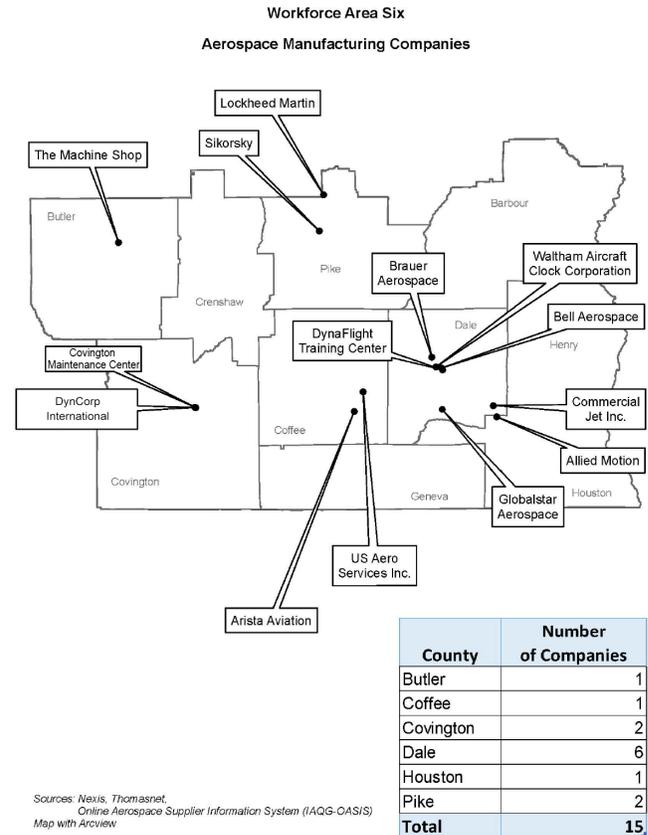
An Example of How Clustering Works

In terms of cluster development, Southeast Alabama’s cluster of aviation businesses²⁵ provides the clearest example of how a competitive advantage can be derived from a local industry cluster. Thanks in large part to the presence of Fort Rucker, aviation and defense-related businesses are located throughout the region.

Economic developers in the Grow Southeast Alabama region target aviation companies for recruitment.

²⁵Mapping provided by Economic Development Partnership of Alabama.

Figure 3. Grow Southeast Alabama Regional Aviation Cluster



— **Those recruitment efforts are bolstered by the ability to show companies where workers trained in aviation maintenance could come from.**

In the Wiregrass, they can point to Alabama Aviation College, a subdivision of Enterprise State Community College, with campuses in Ozark and Andalusia.

Currently, the college serves about 100 dual-enrollment students from Wiregrass high schools and 250 post-secondary students. It offers training in aircraft mechanics, aviation electronics, industrial maintenance, and a just-launched program in fabrication and repair using advanced composite materials.²⁶

Demand for these skills is high locally and nationally, and the industry continues to cluster in the area. With the Airbus assembly facility in Mobile and the military bases in the Florida Panhandle—Pensacola Naval Air Station and Tyndall and Eglin Air Force bases—the Wiregrass counties have an opportunity for continued regional growth in industries that support aviation manufacturing and maintenance.

Opportunities to Further Cultivate Clusters

A strategy for the cultivation and support of industry clusters needs to be in place at the regional level.

Currently, the Grow Southeast Alabama region lags behind other regions in developing a regional strategy for economic and workforce development.

Workforce training is a regional, not a local endeavor. Workforce development and economic development are inseparable.

²⁶“Ozark’s Alabama Aviation College Laboring to Recruit Students to Fill Critical U.S. Shortage of Aviation Mechanics,” Enterprise State Community College (blog), March 22, 2019, <https://www.escc.edu/2019/03/22/ozarks-alabama-aviation-college-laboring-to-recruit-students-to-fill-critical-u-s-shortage-of-aviation-mechanic/>.



Old-fashioned soda fountain at Huggin' Molly's in Abbeville.

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Communication and coordination between Grow Southeast Alabama, the private sector, Southeast AlabamaWorks, and public education are essential to produce a coherent and efficient recruiting, retention, expansion, and marketing effort.

COMMON CHALLENGES

A variety of shared characteristics point to the Grow Southeast Alabama region that would benefit from a common economic development strategy and a regional organization to drive it. The counties of the region also share challenges that would benefit from a joint approach.

SLOW POPULATION GROWTH

After reaching an early peak in 1930, the overall population of the eight counties of Southeast Alabama declined 30 years before bouncing back in by the 1970 Census. Since then, the population has grown, but that overall picture obscures significant changes.



Endless varieties of nut treats available at the Weevil Nut Company in Enterprise.

DOES GROW SOUTHEAST ALABAMA REPRESENT A REGION?

Table 2. Long-term Population Change, U.S. Census

| | | GROW SOUTHEAST POPULATION CHANGE SINCE 1930 | | | | | | | | | |
|-------------|----------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2010 | 2019 |
| HOUSTON | Population | 45,935 | 45,665 | 46,522 | 50,718 | 56,574 | 74,632 | 81,331 | 88,787 | 101,547 | 105,882 |
| | Change from Previous | 8,601 | -270 | 857 | 4,196 | 5,856 | 18,058 | 6,699 | 7,456 | 12,760 | 4,335 |
| DALE | Population | 23,175 | 22,685 | 20,828 | 31,066 | 52,938 | 47,821 | 49,633 | 49,129 | 50,251 | 49,172 |
| | Change from Previous | 464 | -490 | -1,857 | 10,238 | 21,872 | -5,117 | 1,812 | -504 | 1,122 | -1,079 |
| COFFEE | Population | 32,556 | 31,987 | 30,720 | 30,583 | 34,872 | 38,533 | 40,240 | 43,615 | 49,948 | 52,342 |
| | Change from Previous | 2,486 | -569 | -1,267 | -137 | 4,289 | 3,661 | 1,707 | 3,375 | 6,333 | 2,394 |
| COVINGTON | Population | 41,356 | 42,417 | 40,373 | 35,631 | 34,079 | 36,850 | 36,478 | 37,631 | 37,765 | 37,049 |
| | Change from Previous | 3,253 | 1,061 | -2,044 | -4,742 | -1,552 | 2,771 | -372 | 1,153 | 134 | -716 |
| PIKE | Population | 32,240 | 32,493 | 30,608 | 25,987 | 25,038 | 28,050 | 27,595 | 29,605 | 32,899 | 33,114 |
| | Change from Previous | 609 | 253 | -1,885 | -4,621 | -949 | 3,012 | -455 | 2,010 | 3,294 | 215 |
| BARBOUR | Population | 32,425 | 32,722 | 28,892 | 24,700 | 22,543 | 24,756 | 25,417 | 29,038 | 27,457 | 24,686 |
| | Change from Previous | 358 | 297 | -3,830 | -4,192 | -2,157 | 2,213 | 661 | 3,621 | -1,581 | -2,771 |
| GENEVA | Population | 30,104 | 29,172 | 25,899 | 22,310 | 21,924 | 24,253 | 23,647 | 25,764 | 26,790 | 26,271 |
| | Change from Previous | 789 | -932 | -3,273 | -3,589 | -386 | 2,329 | -606 | 2,117 | 1,026 | -519 |
| BUTLER | Population | 30,195 | 32,447 | 29,228 | 24,560 | 22,007 | 21,680 | 21,892 | 21,399 | 20,947 | 19,448 |
| | Change from Previous | 664 | 2,252 | -3,219 | -4,668 | -2,553 | -327 | 212 | -493 | -452 | -1,499 |
| HENRY | Population | 22,820 | 21,912 | 18,674 | 15,286 | 13,254 | 15,302 | 15,374 | 16,310 | 17,302 | 17,205 |
| | Change from Previous | 1,273 | -908 | -3,238 | -3,388 | -2,032 | 2,048 | 72 | 936 | 992 | -97 |
| CRENSHAW | Population | 23,656 | 23,631 | 18,891 | 14,909 | 13,188 | 14,110 | 13,635 | 13,665 | 13,906 | 13,772 |
| | Change from Previous | 639 | -25 | -4,650 | -4,072 | -1,721 | 922 | -475 | 30 | 241 | -134 |
| BULLOCK | Population | 20,016 | 19,810 | 16,054 | 13,462 | 11,824 | 10,596 | 11,042 | 11,714 | 10,914 | 10,101 |
| | Change from Previous | -5,317 | -206 | -3,756 | -2,592 | -1,638 | -1,228 | 446 | 672 | -800 | -813 |
| GRAND TOTAL | Population | 334,478 | 334,941 | 306,779 | 289,212 | 308,241 | 336,583 | 346,284 | 366,657 | 389,726 | 389,042 |
| | Change from Previous | 13,819 | 463 | -28,162 | -17,567 | 19,029 | 28,342 | 9,701 | 20,373 | 23,069 | -684 |

Meanwhile, the population of Alabama has increased each decade.

| | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2010 | 2019 |
|----------------|------|-------|-------|-------|-------|--------|-------|--------|-------|-------|
| ALABAMA | | 7.06% | 8.08% | 6.70% | 5.43% | 13.06% | 3.77% | 10.06% | 7.48% | 2.58% |

Houston County, home to Dothan, now has more than double the population it had in 1930. Consistent with the national pattern of concentrating population and employment in urban areas, Houston County has seen the steadiest growth.

Coffee’s population is up more than 60% since 1930, with the most substantial increases coming after 2000. After the 2010 Census, estimates have Coffee County passing Dale County to become the second-most populous county in the region.

Dale County grew faster earlier, doubling in population between 1930 and 1970. Dale’s growth was strongest in the 1960s with the development of Fort Rucker during the Vietnam era.

Pike County’s population has seesawed but has seen moderate growth in the past three decades. It now exceeds its 1930 population by about 1,000.

Seven counties—Barbour, Bullock, Butler, Covington, Crenshaw, Geneva, and Henry —have smaller populations than they did in 1930.

While it may be dispiriting to have population loss

in some counties, the eight counties are faring better than counties to the west in Alabama’s Black Belt or to the east in Southwest Georgia. Covington, Dale, Geneva, and Henry have seen only slight population declines since 2010. Barbour is the exception, with a population loss estimated at over 10% since 2010, a rate of loss more like those experienced in the Black Belt.

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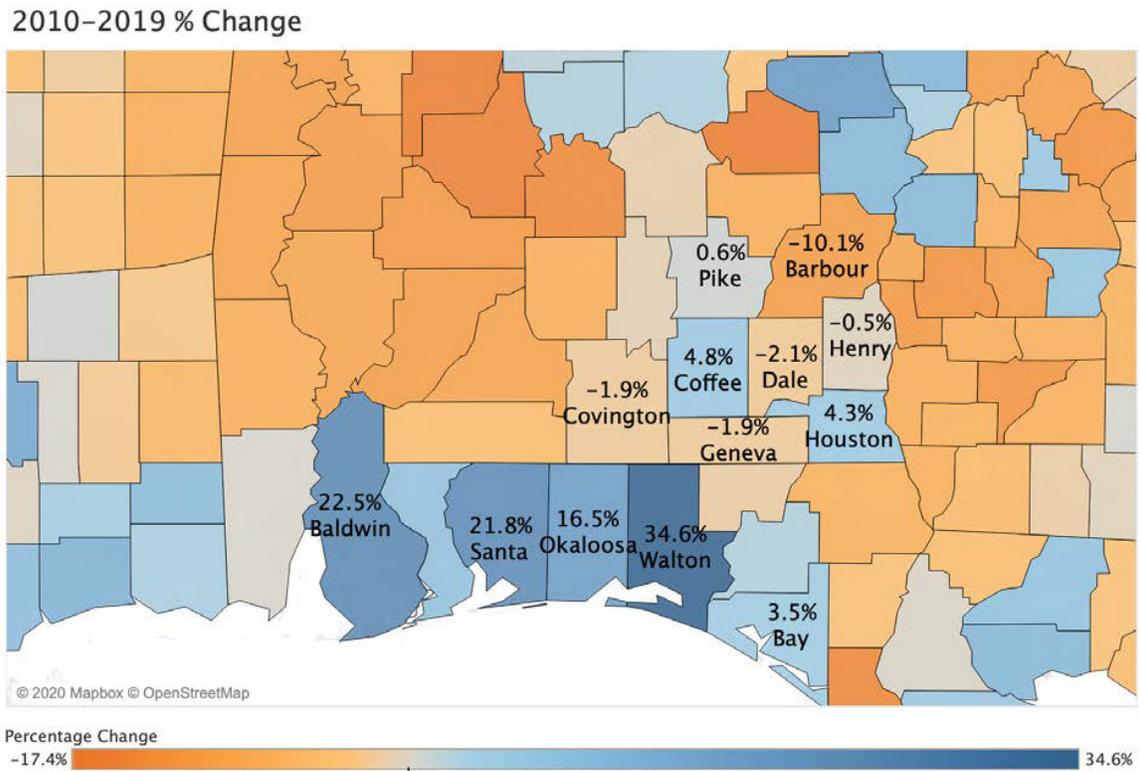
While the region compares favorably to other rural sections, it is hard to ignore the rapid growth in the nearby counties in the Florida Panhandle and in Alabama’s Baldwin county.

For obvious reasons, the Wiregrass counties cannot expect that that level of growth in the near term. However, as an affordable and safer inland area, Grow Southeast Alabama can benefit from coastal growth as a supplier, service provider, and as a more affordable residential destination of choice, close to those coastal attractions.



Lisenby Lake in Dale County.

Figure 4. Comparing population change across counties²⁷

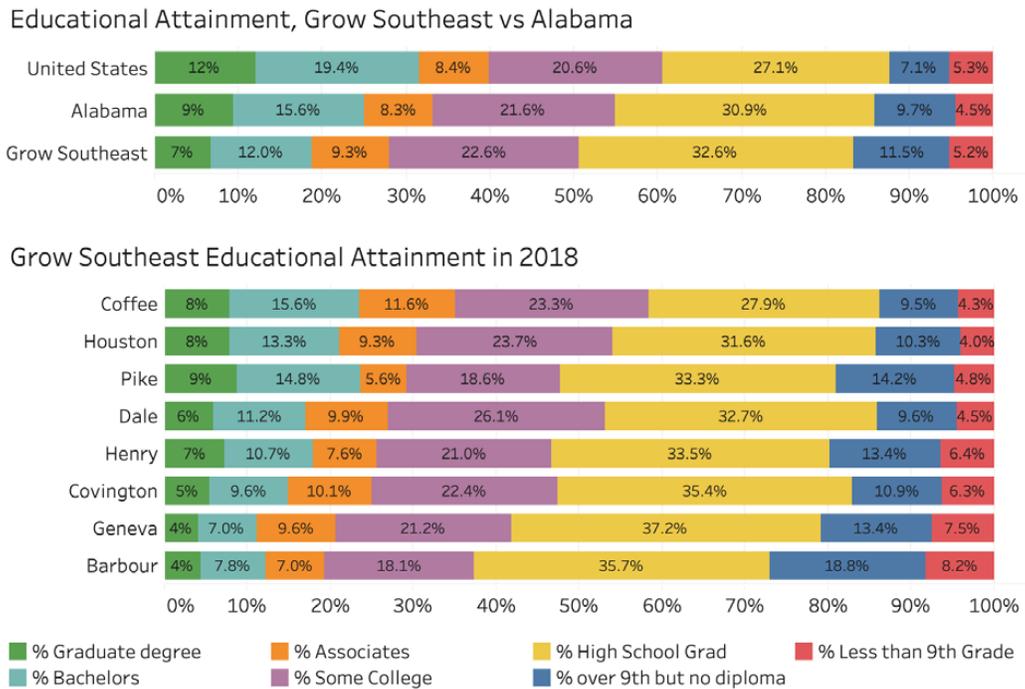


²⁷U.S. Census Bureau, Population Estimates 2019

LOWER LEVELS OF EDUCATIONAL ATTAINMENT

Overall, the adult population of the Wiregrass has lower levels of educational attainment than Alabama as a whole, and Alabama has a lower level of educational attainment than the U.S.

Figure 5. Comparative Educational Attainment Data, U.S. Census, American Community Survey, 2018



The most prosperous regions in the U.S. have higher percentages of individuals educated beyond high school. The share of jobs that require a high school degree or less is shrinking. And the share of jobs requiring at least advanced training after high school is rising.

Employers increasingly consider the availability of a quality, educated workforce as key to their expansion and relocation decisions. In the 2020 survey of corporate executives by Area Development magazine, 92% of corporate executives ranked skilled workforce as very important, second only to highway access, among decision drivers.²⁸

²⁸Geraldine Gambale Magazine Editor, Area Development, "34th Annual Corporate Survey & the 16th Annual Consultants Survey," Area Development, 09:18, <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2020/34th-annual-corporate-survey-16th-annual-consultants-survey.shtml>.

—

Globalization led to lower-skilled jobs moving out of the country. Those low-skill, low-wage jobs are unlikely to return. Any returning operation and any new and expanding company will demand much higher levels of skill and education than those of the past.

According to a variety of analyses, the problems facing low-income workers and regions are essentially determined by larger national or global economic forces. The increase in globalization has meant that jobs, especially lower-skilled jobs, can be more easily moved out of the country. A corollary argument is that higher-skilled jobs are those most likely to stay in the United States, placing an ever-higher premium on skills and education, which disadvantages lower-skilled workers.²⁹

Academic Performance in the Wiregrass

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Educational attainment and the educational performance of local schools is a critical issue for economic development. Though most education is carried out in local systems, a regional drive to improve education and a sharing of best practices across the region can drive change.

²⁹McGahey, "Regional Economic Development in Theory and Practice."

Fortunately, the Wiregrass schools have strengths that can be built on. They also happen to be strengths that economic developers can leverage to showcase the workforce potential of the area.

Overall, Wiregrass schools:

- 1 |** Perform better than expectations
- 2 |** Are underfunded³⁰
- 3 |** Show strength in areas that could benefit from further collaboration with economic development officials and business and industry
- 4 |** Include systems where leaders have set and met higher expectations, creating models for others to follow

Exceeding Expectations

When taking into account the elevated levels of poverty in the region, schools in the Grow Southeast Alabama region exceed predictions. Figure 6 presents the 2019 results of subject tests in reading, math, and science, grades 3–8, on Scantron, the state-required summative assessment tests. A system's position on the scatterplot graph below is determined by:

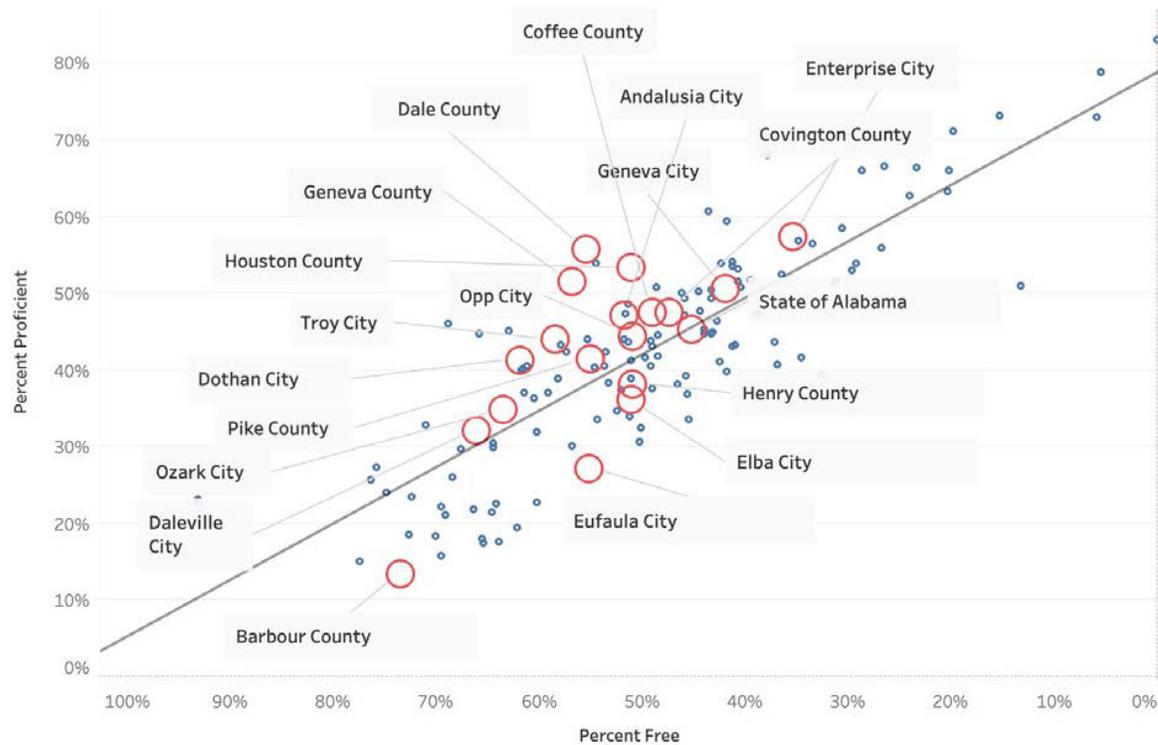
- 1 | The vertical axis:** the percentage of students in a school system scoring proficient
- 2 | The horizontal axis:** the percentage of students in the system that qualify for free lunches under the National School Lunch program.

³⁰See **educational performance measures** in the appendix of this report.

Considering the two factors together reveals a school system's academic performance in the context of its level of poverty.

The line running at a slant through the graph represents the predicted performance of a system at each percentage of poverty. Those systems appearing above the line of prediction are exceeding expectations. Grow Southeast Alabama school systems are represented by the larger, red circles.

Figure 6. Alabama School System Compared on Proficiency vs. Poverty, All Students: Math, Reading, and Science, 2019



The majority of Southeast Alabama systems perform better than predicted, considering the level of poverty in the schools. In fact, some systems in the region are among the state's highest in terms of outperforming predictions.

Pike County schools have twice been featured in statewide education reports by the Business Education Alliance (BEA). Pike County's efforts to improve connections between its high schools, higher education, and the workforce drew the attention of the National Assessment of Educational Progress, drawing the directors of the national group to visit.³¹ Opp Schools have also been profiled by the BEA for improving performance on standardized tests.³²

³¹ Stacy Graning, Published 3:00 am Saturday, May 12, and 2018, "National Education Leaders to Visit Pike County Schools," The Troy Messenger, May 12, 2018, <https://www.troymessenger.com/2018/05/12/national-education-leaders-to-visit-pike-county-schools/>.

³² BEA report *Exceeding Expectations*, 2016, features Pike and Opp Schools pages 28-32. BEA's 2018 *Leadership Matters* report, features Pike

By exploring those successes, the region has a learning laboratory where best practices can be identified and spread. Meanwhile, the stories gathered can serve as an inspiration for local and new business and industry to engage with the K-12 and community colleges.

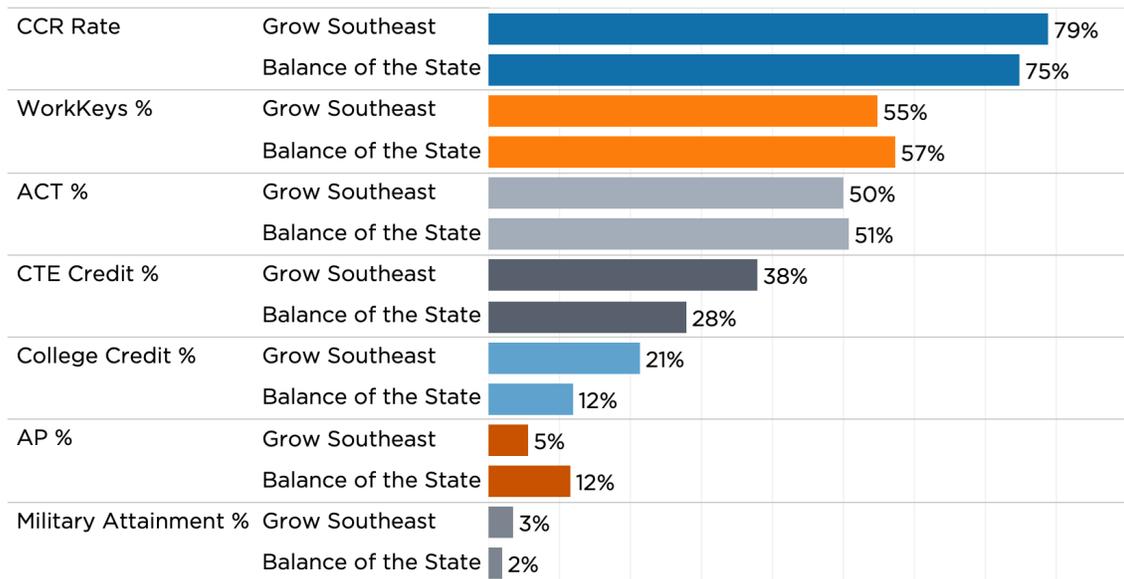
College and Career Readiness

From an economic development standpoint, an even more important measure of the regional workforce pipeline is the percentage of students who graduate prepared for college and career. Here again, the Grow Southeast Alabama region turns in a positive performance and one that may be particularly attractive from an economic development perspective.

A greater percentage of students graduate ready for college and career in the Grow Southeast Alabama region compared to the rest of the state.

Figure 7 presents the various ways in which the state measures high school seniors' college and career readiness (CCR). In addition to an overall CCR rate, the chart shows the percentage of seniors who met each measure of college and career readiness. Each measure is described below.

Figure 7. Comparing College and Career Readiness, Grow Southeast Alabama vs. Balance of the State, Class of 2018



DEFINITIONS AND MEASURES

WorkKeys %: the percentage of seniors scoring workforce ready on the Workkeys test.

WorkKeys, created by ACT, is designed to measure a student's ability to apply knowledge of math, reading, and graphic literacy in the workplace. Depending on their test results, students earn Workready certificates—bronze, silver, gold, or platinum— that are designed to be a credential that can be presented to an employer.

Like a college evaluating an ACT score, an employer familiar with WorkKeys can use the test results to get an idea of the employee's predicted ability to perform on the job.

The Grow Southeast Alabama region trails other regions in the rate of student success on this test. However, this underperformance is likely a result of a lack of attention to this measure rather than lack of ability. Grow Southeast Alabama systems have been showing strong growth on this measure recently.³³

Other workforce regions have embraced this measure and are involved in a program ACT offers where counties earn a "Work Ready" certification.

Participation requires that area businesses be familiar with and recognize the WorkKeys certificates. At the same time, K-12 and community colleges set goals for tracking and improving the number of work-ready individuals in the community. If the region, through its workforce and economic development community, encourages focus on this measure, rapid progress is likely.

ACT %: the percentage of seniors earning a benchmark score on at least one subject of the ACT exam.

The ACT is designed to measure a student's readiness for college-level coursework, a

measurement of academic preparation. This is a measure is most applicable to preparation for four-year colleges.

The Grow Southeast Alabama region trails the balance of the state just slightly in the percentage of students deemed college-ready on the ACT.³⁴

Because of higher poverty levels in the region and because more students in the area start off at two-year colleges, the ACT might be less of a focus at Wiregrass schools. Economic developers could encourage more preparation for an improvement on the ACT. For students, scoring well on the ACT may enhance college interest, admission, and scholarship opportunities. For relocating businesses, the ACT scores are one of the few nationally recognizable measures of academic performance by which one might judge school quality.

CTE Credit %: the percentage of students earning an industry-recognized credential through career technical education programs.

The Grow Southeast Alabama region significantly outperforms the rest of the state in the percentage of students earning CTE credentials. This can be a point of pride and a base on which to build relationships between business and K-12 schools for the benefit of both employers and students. A word of caution, though: for CTE credit to be meaningful, it needs to be career education that leads to a credible and valuable credential in an in-demand field. In the Grow Southeast Alabama Region, a number of the CTE credits earned were in credentials, like Adult Beef Quality Assurance, that do not meet that definition.

College Credit %: the percentage of seniors earning college credit while in high school.

Again, the school systems in the Grow Southeast Alabama region significantly outperform the

³³ Additional WorkKeys performance data by system can be found in the appendix of this report.

³⁴ Additional ACT performance data by system can be found in the appendix of this report.

rest of the state on this measure. This is an area of strength of particular interest to economic developers. It suggests an innovative and close working relationship between K-12 schools and the higher education institutions in the region. This relationship can also benefit from involvement with business and industry when dual enrollment offerings are brought into alignment with the skills and certifications employers are looking for.

A.P. %: the percentage of seniors earning a qualifying score on an Advanced Placement Test.

Grow Southeast Alabama trails the rest of the state on this measure, perhaps as a result of systems' focus on offering college credit through other means.

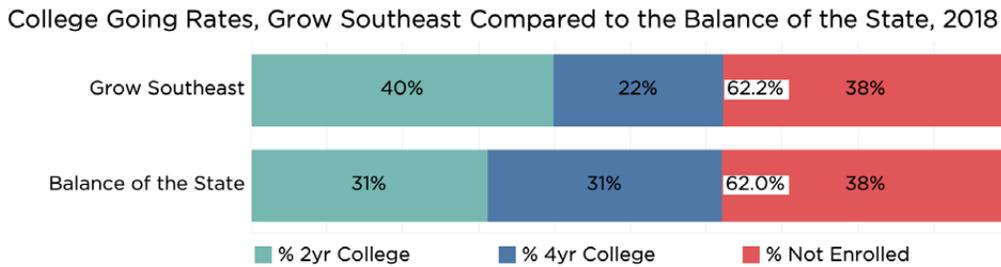
Military Attainment %: the percentage of students who successfully enlist in a branch of the U.S. military.

Not surprisingly, considering the presence of Fort Rucker, the Wiregrass outperforms the state on this metric.

College-Going

Despite higher rates of poverty, the Grow Southeast Alabama systems send a slightly higher percentage of graduates to college than the rest of the state. One difference, however, is that a more significant share of them choose community colleges as their initial destination after high school.

Figure 8. Destination of Grow Southeast Alabama High School Graduates Compared with the Balance of the State, Class of 2018



The greatest economic development opportunity and the greatest challenge for the Grow Southeast Alabama region is to increase educational attainment.³⁵

While this has traditionally been beyond the scope of economic development organizations, some of the most promising approaches to increasing student success lie at the intersection of government, education, and business. Spreading and scaling these approaches at the regional level is an imperative, and the economic development community is a critical partner.

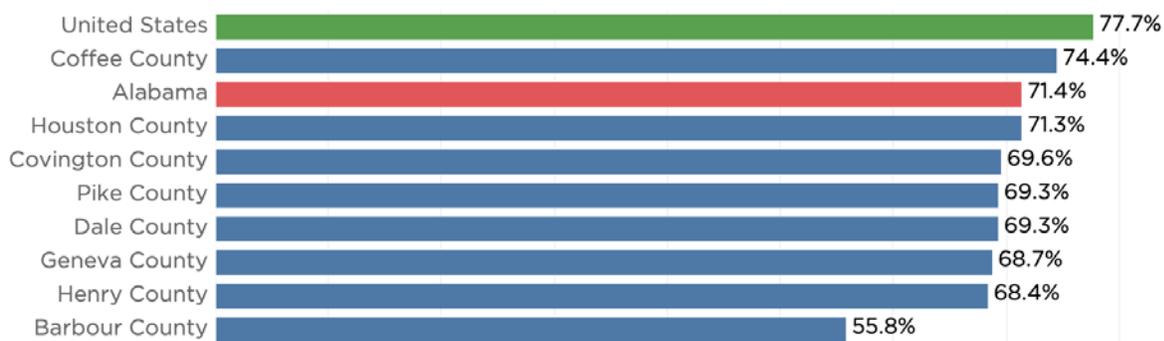
³⁵More detailed college-going statistics for regional school systems can be found in the appendix.

LOWER LEVELS OF LABOR FORCE PARTICIPATION

Across the Grow Southeast Alabama region, a lower percentage of working-age adults participate in the workforce, compared to the rest of the U.S. Most Wiregrass counties trail the state of Alabama's labor force participation rate, and the state of Alabama has the third-lowest labor force participation rate among the states.

Even when the state enjoyed record low unemployment in 2019 and early 2020, a smaller share of Alabama's working-age population was working in comparison to other states. These relatively low labor force participation rate helps explain why Alabama's per capita income remains low and poverty rates high.

Figure 9. Labor Force Participation Rate, Ages 25-64, 2018³⁶



Labor force participation rates are highly correlated with levels of educational attainment. With lower levels of educational attainment come lower rates of labor force participation.

An analysis of Alabama's labor force participation problem reveals that the demographic groups that show the highest divergence from the national average in labor force participation rates are older workers and those with lower levels of educational attainment. In the Wiregrass, the divergence from the national average among older workers and less-educated workers is even more significant than for the state at large.

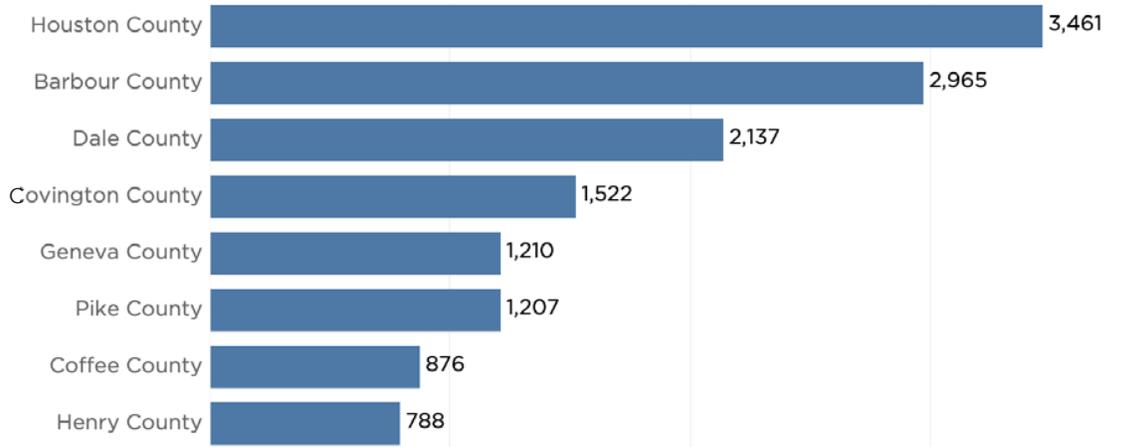
Those over 45, without or with only a high school diploma, are most affected. So, it is likely that the changes in the economy—the disappearance of low-skill jobs and blue-collar jobs to automation, mechanization, and foreign competition—has led to a mismatch between the jobs available and the education level of the labor force.

A swell of available workers may temporarily obscure the problem. Still, workforce supply and skills will continue to be an underlying problem for the economy, an issue that should be addressed through a regional effort and strategy.

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Raising the labor force participation in the Grow Southeast Alabama counties to the national average would provide an infusion of new workers, making a positive contribution to the economic bottom line. This is especially important as the working-age population declines because of the retirement of the Baby Boom generation and lower birth and immigration rates.

³⁶Source: U.S. Census, American Community Survey, Five Year Estimates, 2018

Figure 10. Additional workers (ages 25-64) if counties matched the U.S. labor force participation rates³⁷

MANUFACTURING DECLINE

To increase the labor force participation rate, one has to understand why the labor force participation rate is suppressed in the first place.

The decline in U.S. manufacturing employment is the latest in a series of waves of transformation. In the 20th century, as agriculture became more mechanized, rural Southern states like Alabama lost jobs and people. To counter that, Southern states attracted low-skill manufacturing jobs from the North, offering lower costs, lower wages, and incentives.

In the late 20th and early 21st century, those low-skill manufacturing jobs began moving overseas. The

cycle repeated itself, with the South recruiting more advanced manufacturing, like automobile assembly plants, to replace jobs lost to automation and lower wages abroad. Those plants require a higher level of skill and training, and they do not employ as many people.

While the recruitment of the auto industry has been an unquestionable success for some areas of the state, few automotive suppliers have located in the Wiregrass.

Between 2001 and 2018, the eight-county Grow Southeast Alabama area experienced a 25% net decline in the number of manufacturing jobs. That compares to a 16% net decline in the number of manufacturing jobs in the balance of the state.³⁸

³⁸Bureau of Economic Analysis, with calculations by PARCA

Table 3. Change in Manufacturing Employment Grow Southeast Counties, 2001–2018

| | Category of Employment | 2001 | 2018 | Numeric Change | Percentage Change |
|-------------------------------|------------------------|-----------|-----------|----------------|-------------------|
| GROW SOUTHEAST ALABAMA | Total employment | 168,910 | 177,713 | 8,803 | 5.21% |
| | Manufacturing | 27,263 | 20,339 | -6,924 | -25.40% |
| BALANCE OF THE STATE | Total employment | 2,207,143 | 2,513,804 | 306,661 | 13.89% |
| | Manufacturing | 306,331 | 255,927 | -50,404 | -16.45% |

A review of the state’s WARN (Worker Adjustment and Retraining Notification) list, which is a listing of plant layoffs and closures,³⁹ show that many of the closures in the Wiregrass during the 2000 to 2018 time period involved textile and small manufacturing operations that likely moved abroad or closed due to competition from foreign operations.

Labor-intensive textile manufacturing is unlikely to return to the U.S., but there may be other opportunities to recruit or expand manufacturing jobs in the current climate.

RESHORING AND FOREIGN DIRECT INVESTMENT

As damaging as the worldwide coronavirus pandemic has been, there is a potential silver lining for the Wiregrass, an opportunity that calls for the kind of regional coordination and strategy an organization like Grow Southeast Alabama can provide.

Even before the outbreak, American manufacturers had begun to “reshore” manufacturing jobs, while foreign companies were investing at record levels in establishing operations in the U.S.⁴⁰

We will not return to a mythic past of self-sufficient and isolated local economies. Our communities, the state, the nation, and the globe are too interconnected and interdependent.

But recent years have seen a trend toward shortening and localizing supply chains. Rising wages and prices in China have decreased the cost advantages, while there has also been a growing recognition of the total cost and risk inherent in offshoring. Tariffs and trade tensions have created uncertainty in foreign trade, while cuts in taxes and regulation in the U.S. have affected the calculus as well.

According to figures tracked by Industry Week, 2017 and 2018 were record years for investment and job creation through “reshoring by American companies and through foreign direct investment in the United States.⁴¹ In 2018, U.S. companies reported reshoring 145,000 jobs, a total second only to 2017’s 170,000 reshoring total. Industry Week has been tracking the metric since 2007.

Since the low point of manufacturing employment in 2010, Industry Week estimates the total number of U.S. manufacturing jobs brought to the U.S. through reshoring or created through foreign direct companies at 757,000, or 31% of the increase in U.S. manufacturing jobs during that period.

In the aftermath of the pandemic, these trends are likely to accelerate. A well-thought-out regional strategy for identifying potential reshoring prospects is in order. A shared strategy, cooperatively developed, and built upon the assets of the entire region is much more likely to be effective and efficient.

³⁹ Source, Worker Adjustment and Retraining Notification or WARN list, <https://www.madeinalabama.com/warn-list/>

⁴⁰ “Reshoring Was at Record Levels in 2018. Is It Enough?” Industry Week, July 8, 2019, <https://www.industryweek.com/the-economy/article/22027880/reshoring-was-at-record-levels-in-2018-is-it-enough>.

⁴¹ Ibid.

The Challenges of Regionalism

People are accustomed to thinking of themselves as bound together as communities or even counties, but a regional identity is a concept that has to be formed and reinforced. It has to be built on underlying commonalities and attributes.

Economic development professionals participating in Grow Southeast Alabama understand the regional nature of the Southeast Alabama economy, its distinctive assets, and its challenges in comparison to the rest of the state. They know of the rationale and utility of a regional economic development organization. However, those outside of professional economic development are less likely to be aware of Grow Southeast Alabama and its role.

Though it grows out of a predecessor organization, Grow Southeast Alabama was re-branded just two years ago and has seen significant new energy invested.

The alliance of economic developers has presented to the Alabama Department of Commerce, hosted gatherings of regional business leaders at Troy University football games, and hosted gatherings of regional public officials. Its website has been redesigned, improved, and linked to local economic development sites.

Confusion over What Grow Southeast Alabama Is

While these activities should make the alliance more widely known, Grow Southeast Alabama is still not well understood or appreciated. Confusion lingers about what it is and its role.

Many prominent political and business leaders in the region do not recognize the organization when it is mentioned or described.

That may have to do in part with a proliferation of regional efforts in the economic development space.

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Within the past few years, the State of Alabama has reorganized and re-branded its workforce council system, creating new regional bodies that are designed to cultivate workforce development on a regional basis. The Workforce Council for the Grow Southeast Alabama Counties is now known as Southeast AlabamaWorks.

The regional workforce council oversees a non-profit by the same name that is charged with carrying out the workforce council's mission of aligning workforce training with the needs of the regional economy.

The state has also created a new regional Workforce Investment Board. This board is supposed to target the distribution of federal workforce training dollars to effective and in-demand programs. The membership of that board overlaps with, but does not entirely match, the Workforce Council membership.

Furthering the confusion about regional roles played by various organizations, several economic development organizations within the Grow Southeast Alabama territory serve multiple jurisdictions.

Cities and counties in Dale County support the Ozark Dale County Economic Development Corporation.

The Covington County Economic Development Commission represents cities and in that county. Each, in its own way, is a regional organization within their home counties.

Though based in Houston County, The Dothan Area Chamber of Commerce draws membership from several counties and actively assists on recruitment and execution of economic development projects in other counties, Henry in particular.

Meanwhile, the Wiregrass Economic Development Corporation, based in Enterprise, represents both Coffee and Geneva counties, and communities therein.

There are additional organizations, like the Friends of Fort Rucker, that also draw from multiple counties.

There is nothing wrong with having multiple economic development organizations with overlapping territories and memberships. In fact, that's a testament to the interconnected nature of the regional economy.

However, it makes it all the more critical that Grow Southeast Alabama establish what it is and what it does, and then communicate that to the leadership of the region and beyond.

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The emergency of the pandemic demonstrated the need and utility of a standing regional organization for economic development coordination, but it also highlighted the weaknesses of the current structure.

Grow Southeast Alabama has no paid staff. In between calls, economic developers in each county were scrambling to gather information from statewide and national sources and get it in the hands of local businesses. Every local developer also was directly serving impacted businesses in their home communities.

The potential efficiency of having one regional coordinating body with a clear-cut role as a conduit of information between local, state, and federal authori-

ties was not fully available. The regional work that went on was an uncompensated supplement to local duties.

In the crisis, the work got done. In the long-term, Grow Southeast Alabama would benefit from having staff dedicated to the mission of guiding a collaborative approach and to developing and implementing a regional economic development strategy.

ARE YOU WILLING TO COOPERATE?

A strategic alliance is a formal arrangement between two or more entities for the purpose of ongoing cooperation and mutual gain. These entities may, at the micro level, compete with one another. But at the macro level, the entities, through the alliance, accomplish more efficiently and effectively the function that would otherwise be done in duplicate and to lesser effect.

Consequently, there should be an understood, stated purpose to an alliance, agreed upon by all partners as a good strategic fit. Roles should be clear. Rules of the road should be agreed upon. These are preconditions for building a relationship of trust, and trust among the partners in an alliance is essential.

For an alliance to work, communities and regions need to answer the following questions:

1 | What is the purpose and value of ongoing cooperation? Is there a strong reason(s) for collaboration? Will a formal alliance make us better?

2 | In what arenas will we collaborate, and when and under what rules do we compete?

For instance, marketing may be done collaboratively, but lead generation and recruitment might be competitive.

3 | What are contributions, in terms of effort and finance, will be expected of entities involved? Is the contribution level feasible for all parties? Is it equitable?

4 | How will the alliance be governed? Who will make decisions on behalf of the alliance at both at the staff level and the board of directors?

Be sure clear lines of responsibility are established. All the partners sign an agreement outlining purpose, responsibilities, and parameters of operation.

5 | In what areas will control be ceded to the alliance? Are the parties willing to accept the alliance taking on certain roles and making independent operational decisions?

Often, this is an underlying cause of failure in collaboration. Know the kind of cultures and personalities that are at play within the alliance and who is giving up what.

6 | How do you answer, “What’s in it for me?”

Every partner should know and should be able to explain their answer to potential government partners. The answer to this question provides a

way to measure return on investment (ROI) and to secure funding support.

7 | What is the alliance’s strategic purpose? Is it structured and resourced to accomplish that purpose? How will success toward the accomplishment of that mission be measured?

8 | Is an alliance needed?

Creating an alliance just because it sounds good is not a valid reason. Make sure it is focused on a scope and mission that is better performed in partnership.

9 | Can communities move past “The Friday Night Football” syndrome?

Rivalries between close neighbors run deep. Accept that there will be some tension. Consider having a dispute resolution mechanism set out in the bylaws.

10 | Is there an exit strategy?

Allow an orderly exit process for members.

While it is important for the alliance to be structured in a way that meets the needs of the community, that does not mean it has to be invented from scratch. There are numerous existing models.

Conclusion

The modern economy functions regionally. The State of Alabama increasingly expects areas of the state to organize themselves along regional lines and pursue an economic development strategy that is based on building on regional bases of strength. For employers, the workforce is regional, and consequently, the work of workforce development is regional.

The economic development strategy of a region should, at the least, be coordinated across the region. Ideally, the business community, the K-12 and secondary education community, and the political leadership across the broad region must have some sense of shared vision and approach if the common interest is to be methodically advanced. The marketing pitch of any particular location becomes much more compelling in the context of an attractive and supportive region.

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Southeast Alabama stands at a moment of great challenge and great opportunity. Business and government will have strained resources and increased needs. Individuals across the region will need help finding employment and upgrading skills. Companies across the region will need support rebuilding their workforces and their markets.

Fortune favors the prepared. And preparations need to be made now for a changed economy, one in which a persuasive argument can be made that supply chains should be shortened, and production, particularly of vital supplies, needs to be brought back to the U.S.

Southeast Alabama suffered a disproportionate share of losses in the automation and internationalization of manufacturing. A moment has arrived to reclaim some of those lost jobs.

The K-12 school systems in the Grow Southeast Alabama region generally receive less in local support than schools across the state. And on the whole, a greater share of their students are from economically challenged families. And yet a higher percentage of seniors graduate and are measured more college and career ready than the rest of the state. Across the region, students are more likely to have earned college credit or have earned an industry-recognized credential through career technical education than the state average.

Further, despite higher poverty percentages, the students from the region's schools go on to college at the same rate as the rest of the state. A greater proportion of them go to two-year colleges. While the region will ultimately want to improve its share of the population with four-year degrees, the affordability and transferability of associate degrees provide a sensible stepping stone. At the same time, two-year colleges offer a more direct, less expensive path to the workforce through valuable technical credentials required for placement in high-demand fields like advanced manufacturing, aviation maintenance and repair, and health-related professions.

This is a core strength and a shared competency in the region, one that can be built on by sharing and spreading best practices.

The region has valuable individual assets but would benefit from being able to tell a bigger, more coherent story that provides a supportive context to all its communities and counties.

Currently, the region has multiple economic development agencies, chambers of commerce, and workforce development entities. They have come together to coordinate, an effort that should be supported.

The region's most sizable city, Dothan, is tucked away in the Southeast corner of Alabama, far distant from the interstate corridors that connect the other major cities of the state. Other cities of moderate size are spread across an otherwise rural landscape. There is a legacy of competition and jealousy between the communities. That is typical. But the current leadership is moving past this intra-regional competition and toward a recognition that prosperity is a shared endeavor.

This emerging unity should be cultivated: A region that cooperates and has its act together, not one that squabbles and sends mixed messages.

A region that is dedicated to improving its service to employers and citizens through the coordinated and systematic improvement of its education and workforce development system.

It is a message that the region can deliver in a united fashion to the rest of the State of Alabama. With a unified story and plan, the region can demand the attention that many feel has been lacking. It can secure its share of traditional infrastructure, like highways and the crucial infrastructure of technology: broadband Internet access.

The reorganization, rebranding, and re-energizing of Grow Southeast Alabama has occurred at a fortuitous moment, one that needs to be seized.

The Grow Southeast Alabama Region needs an adequately staffed and funded regional organization to lead the development of and coordinate the execution of a regional economic development strategy. The regional organization needs to lead the development of a brand, identity, and message.

It needs to promote that message on behalf of the participating counties and communities, serving as a force multiplier. It needs to establish itself as the trusted point of contact for public and private economic developers who might be interested in bringing a project to the region. It needs to be the regional partner that all counties and communities in the region trust as an honest broker of leads.

The elected and the business leadership of the region should come together and determine how to provide a stable and equitable base of funding, a mix of public and private dollars, to support an organization that will help create, identify, and promote regional identity and assets, that will organize and align regional workforce development efforts, and that will convene the region's business and elected officials around issues of common concern.

The region needs to support this critical work, and it needs to begin now, capitalizing on the momentum and collaboration built by Grow Southeast Alabama, in this time of great opportunity and peril.

Appendix

EDUCATION PERFORMANCE MEASURES

In general, the public schools in the Wiregrass spend less per student than schools across the state. The contrast is even more pronounced when the region's schools are compared to school systems in other metropolitan areas.

When school systems are combined by MSA, the Dothan MSA's per-student spending is the second lowest among Alabama's 10 metro area. Only the schools in the Montgomery Metro area spend less per student.

Adding Barbour, Coffee, Covington, Dale, and Pike Counties to the calculation, the school systems in the Grow Southeast Alabama footprint have lower per-student funding than the state average.



Troy University main campus in Troy.

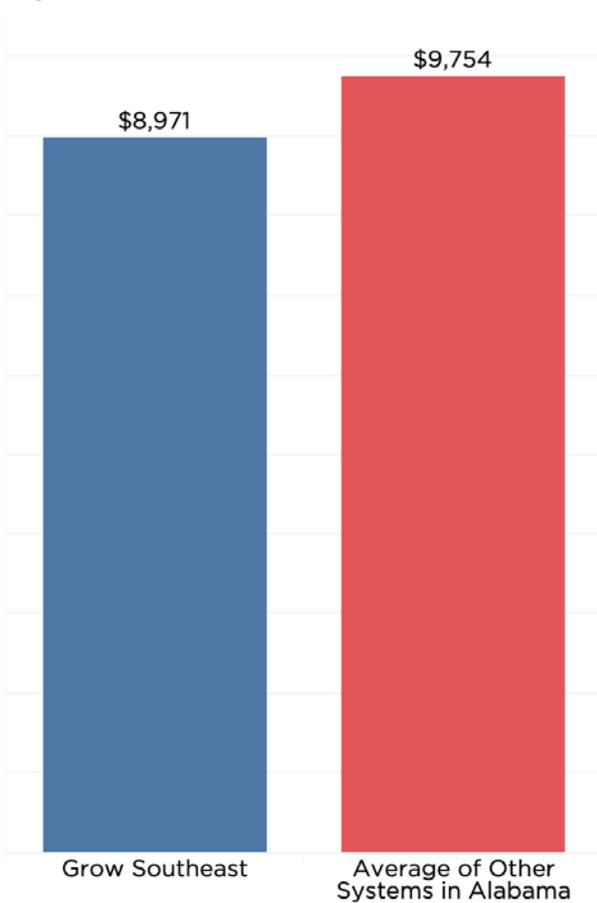
HOW DO YOUR SCHOOLS COMPARE?

Overall, the public schools in the Grow Southeast Alabama footprint do more with less. Academic performance generally meets state averages, despite student poverty rates that are higher than the state at large. Meanwhile, across the districts, per student funding is lower in Southeast Alabama than the rest of the state. However, meeting the Alabama average in academic performance and funding shouldn't be the aspirational goal, since Alabama lags behind most other states on fundamental educational measures.

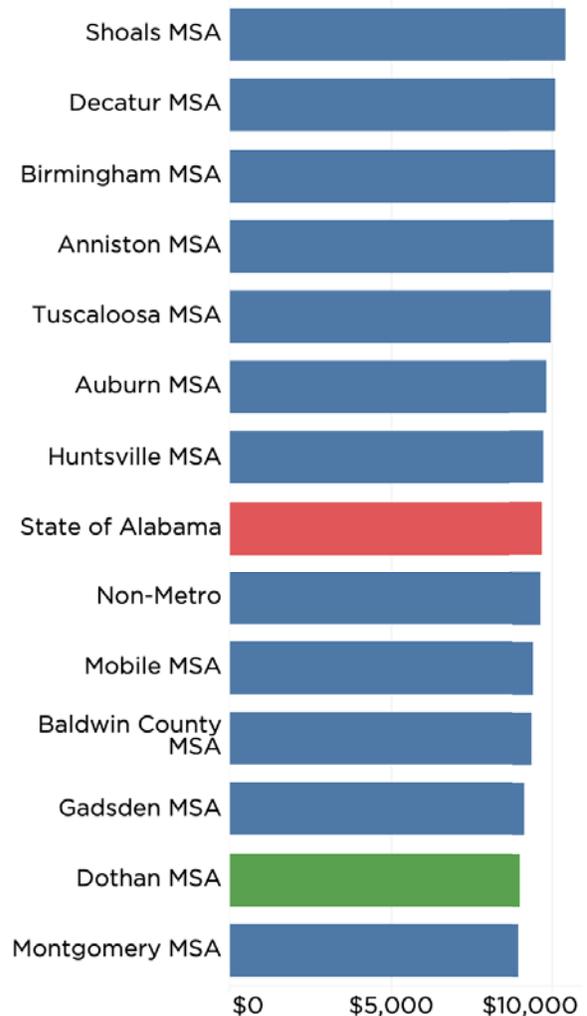
PUBLIC SCHOOL FUNDING

That lower base of funding in the region is apparent when comparing metro areas. Collectively, the public school systems in the Dothan Metropolitan Statistical Area rank next to last among Alabama metro areas in terms of per student spending.

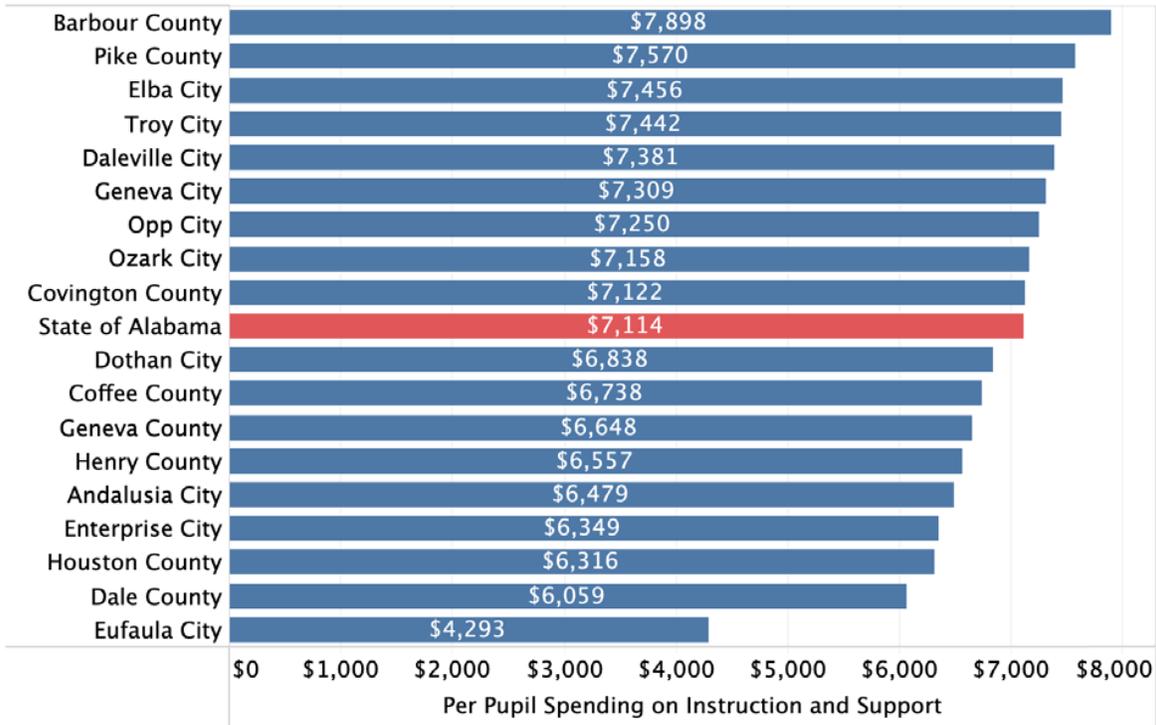
Per Student Spending Grow Southeast vs Other Alabama Systems



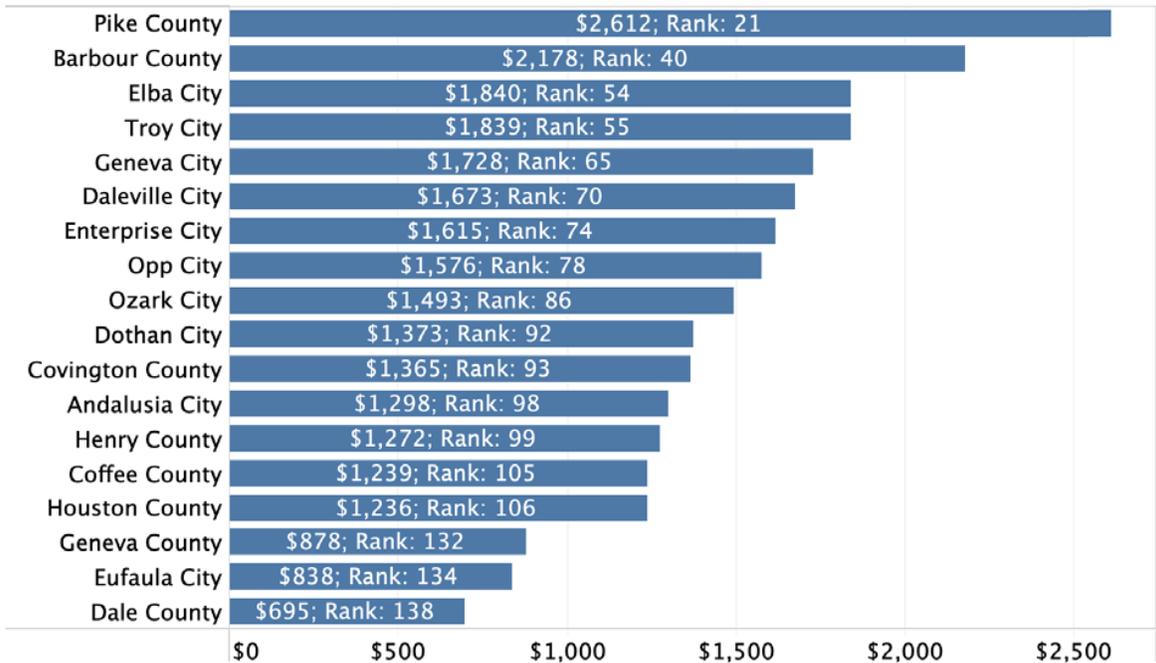
Per Pupil Spending by MSA



Per Pupil Spending on Instruction and Instructional Support

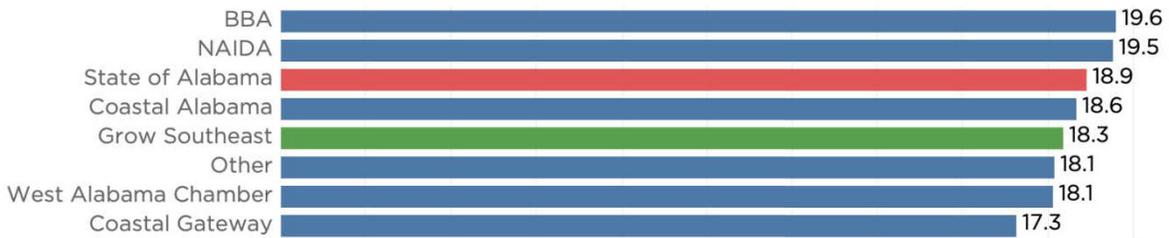


Per Pupil Spending from Local Sources and Rank among 138 Alabama School Systems

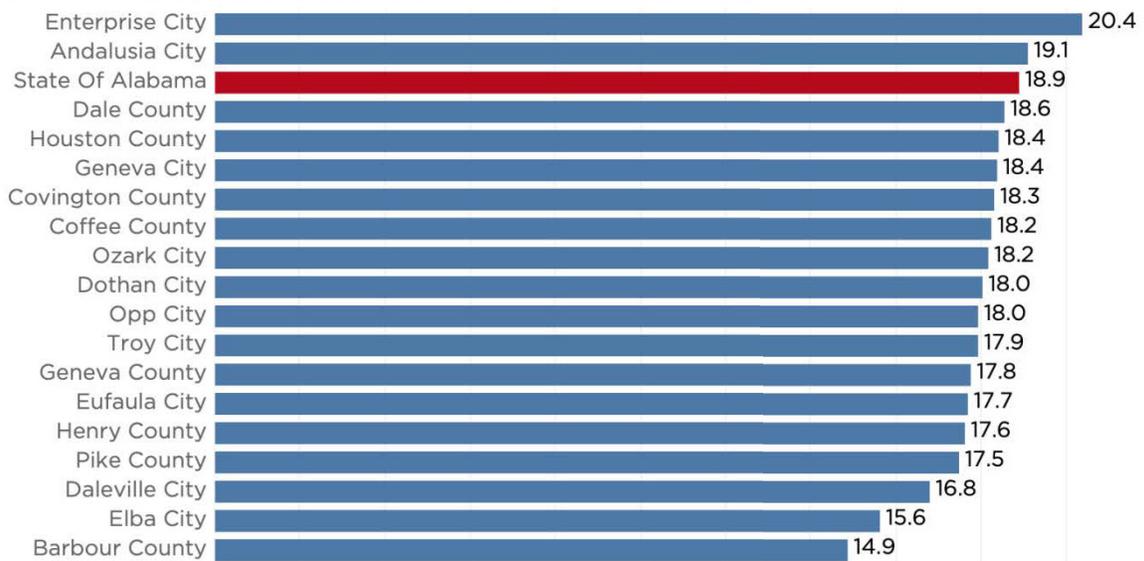


COLLEGE READINESS MEASURES

ACT Results by Economic Marketing Region for Class of 2019: Composite, All Students

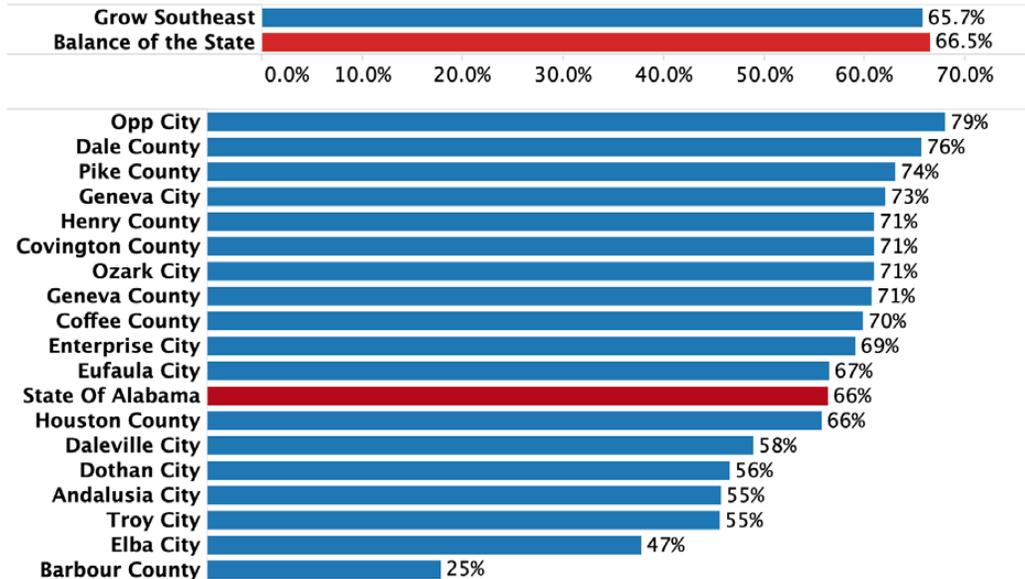


ACT Results by System for Class of 2019: Composite, All Students

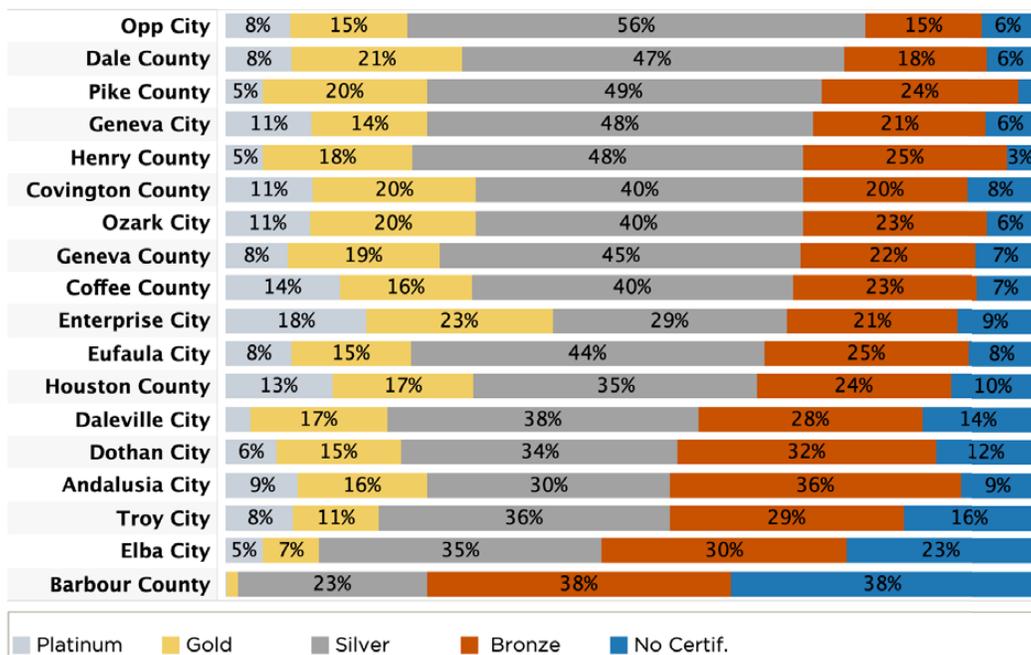


WORK READY MEASURE: ACT WORKKEYS

Percentage of Seniors Workforce Ready, 2019

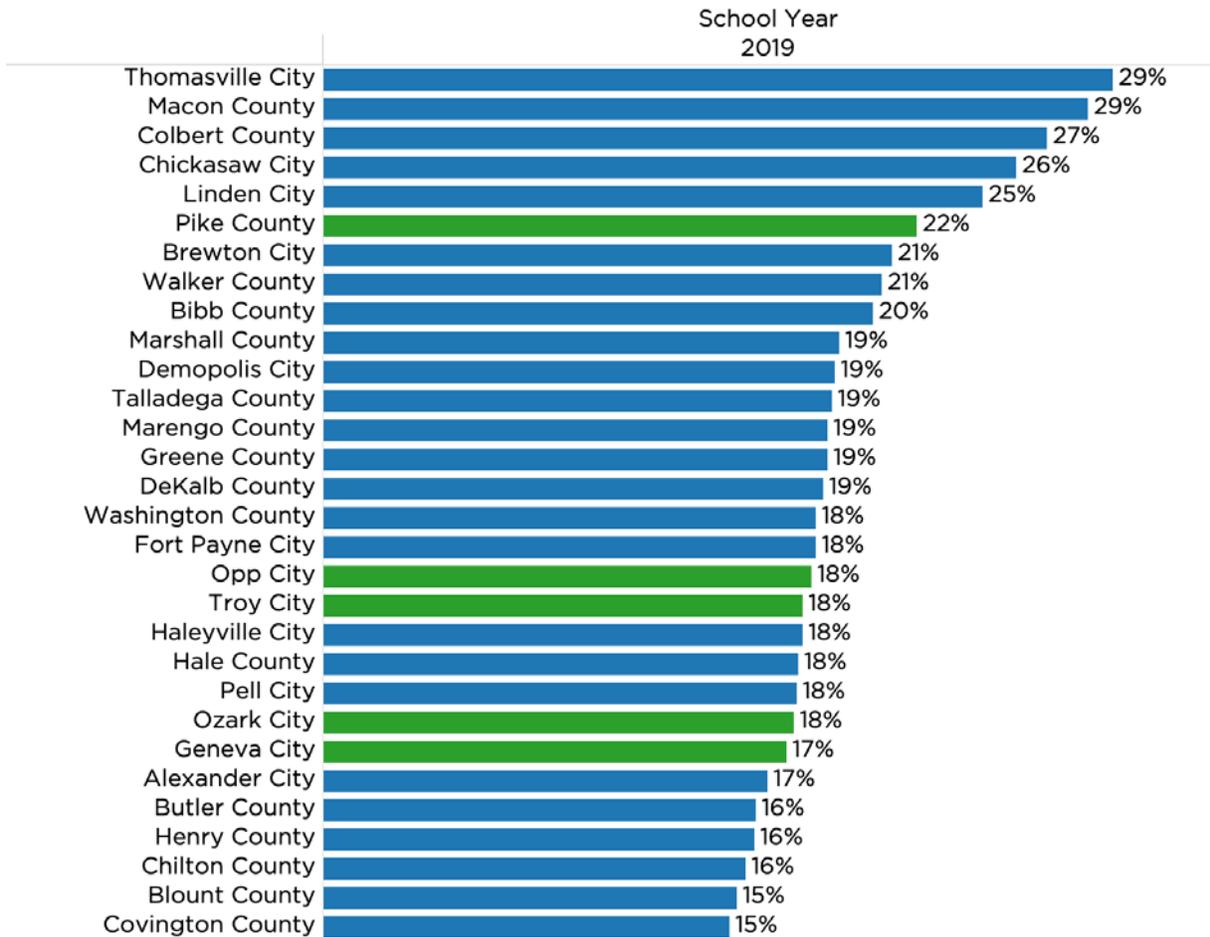


WorkKeys Certifications by System: 2019



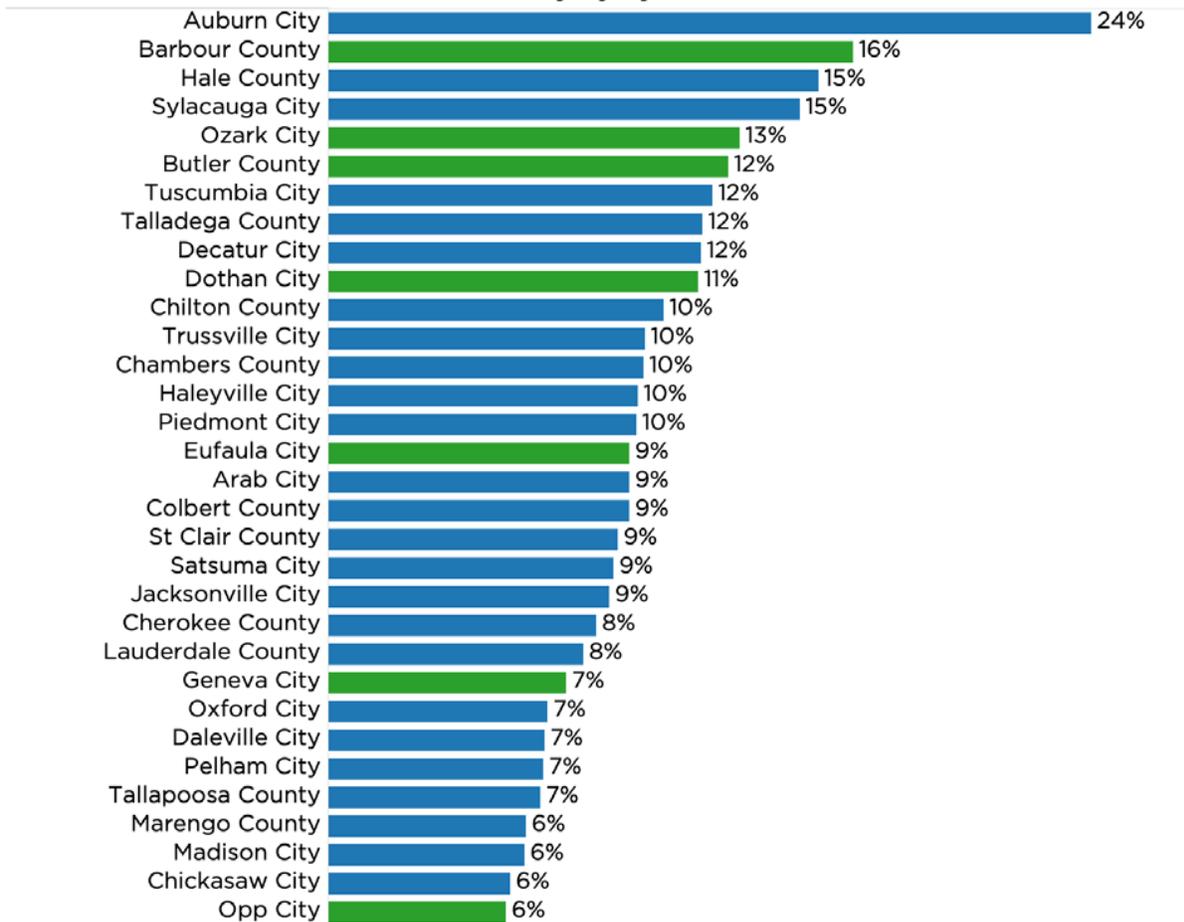
TOP 30 ALABAMA SCHOOL SYSTEMS FOR IMPROVEMENT IN WORKKEYS SINCE 2015

TOP 30: Difference in % Workforce Ready by System: 2015 to 2019



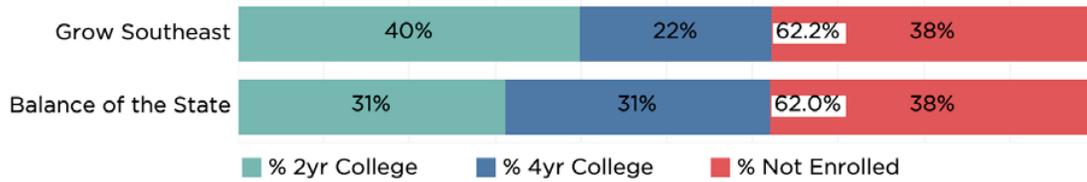
TOP 32 ALABAMA SCHOOL SYSTEMS FOR IMPROVEMENT IN WORKKEYS IN THE MOST RECENT YEAR

TOP 32: Difference in % Workforce Ready by System: 2018 to 2019

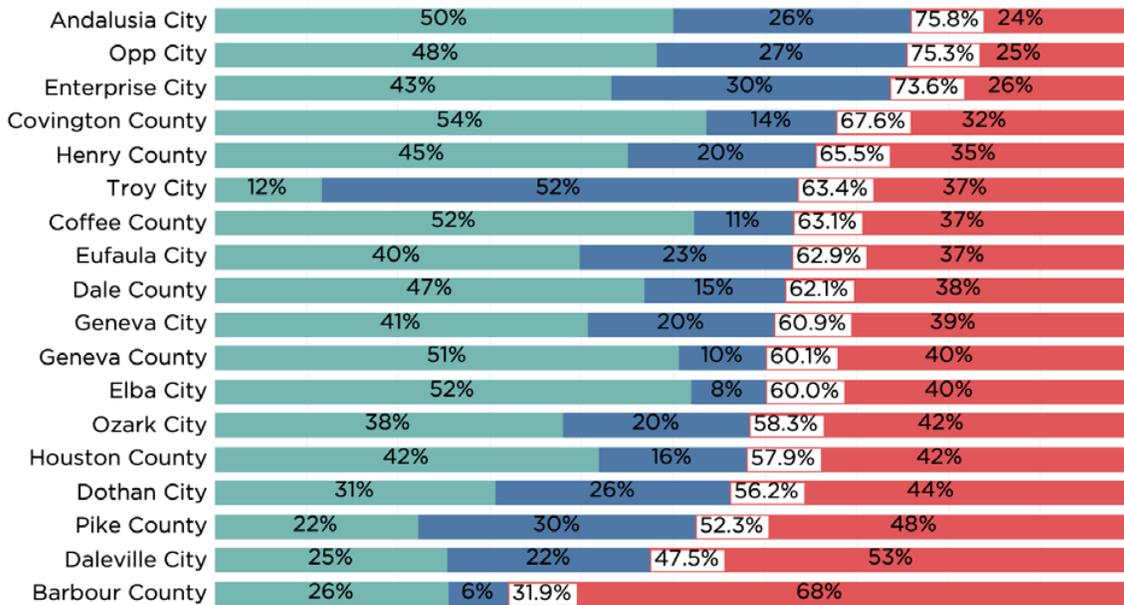


GROW SOUTHEAST ALABAMA REGION HIGH SCHOOL GRADUATES' DESTINATION AFTER GRADUATING

College Going Rates by Grow Southeast Compared to the Balance of the State, 2018

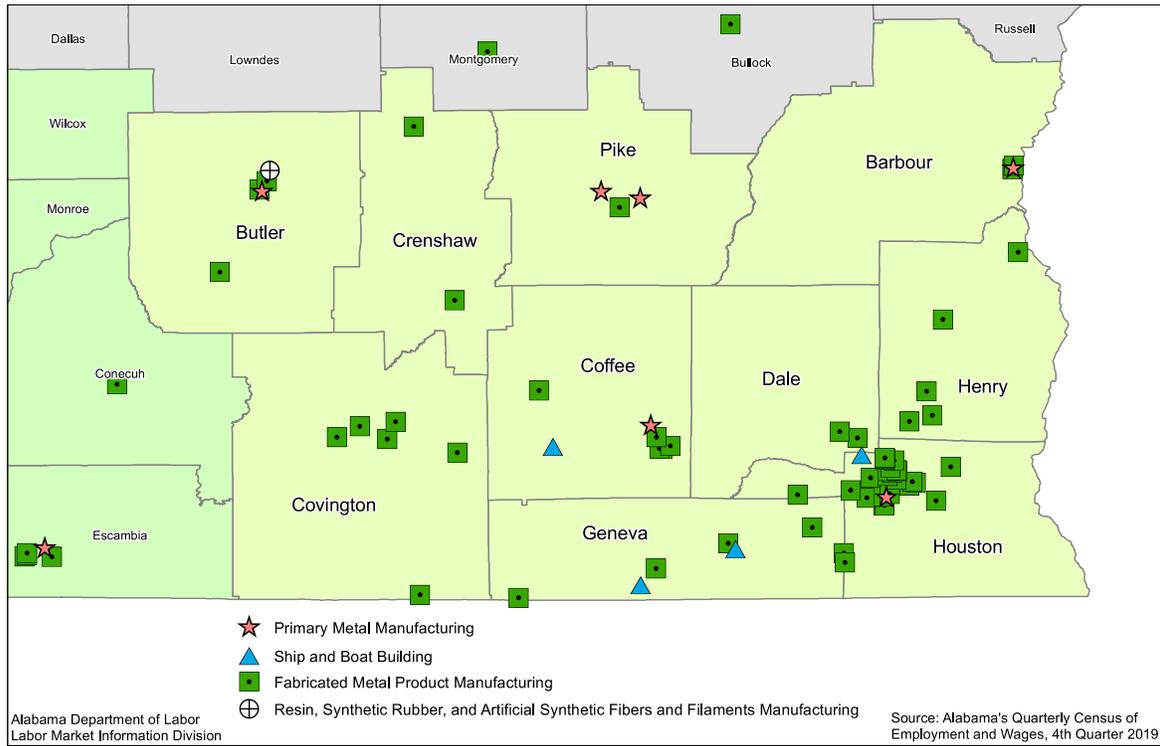


College Going Rates by System, 2018



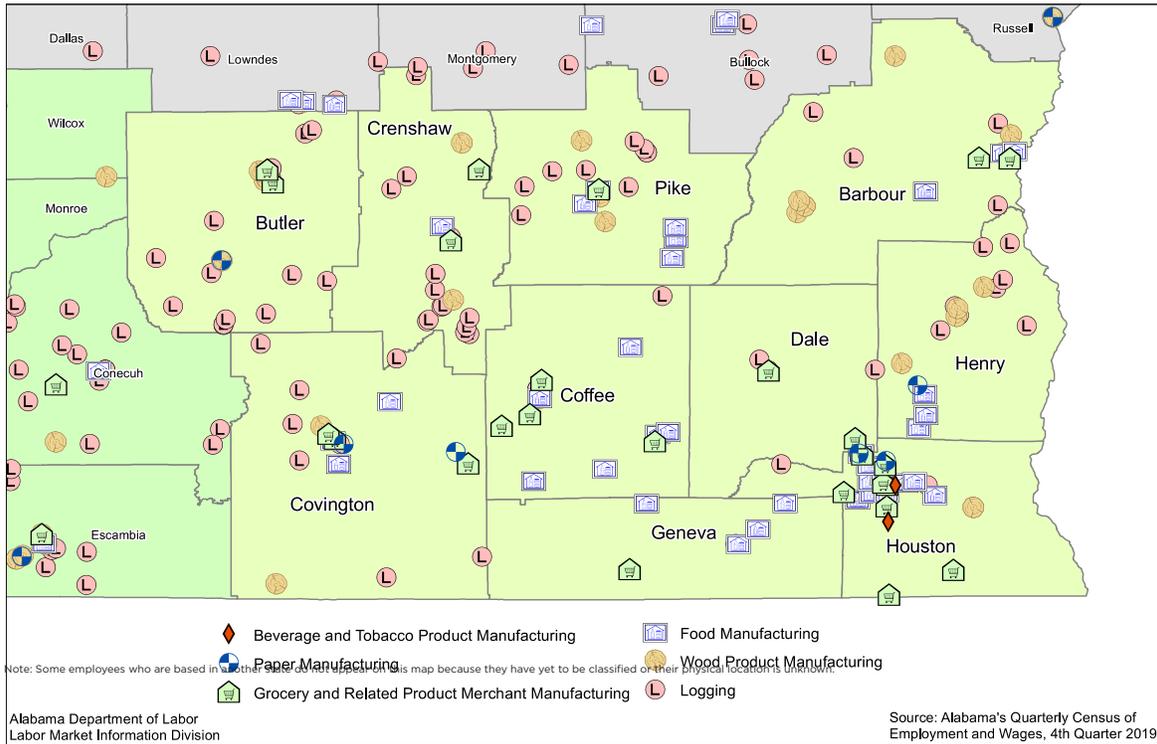
REGIONAL INDUSTRY CLUSTER MAPS

GROW SOUTHEAST ALABAMA
Advanced Metal

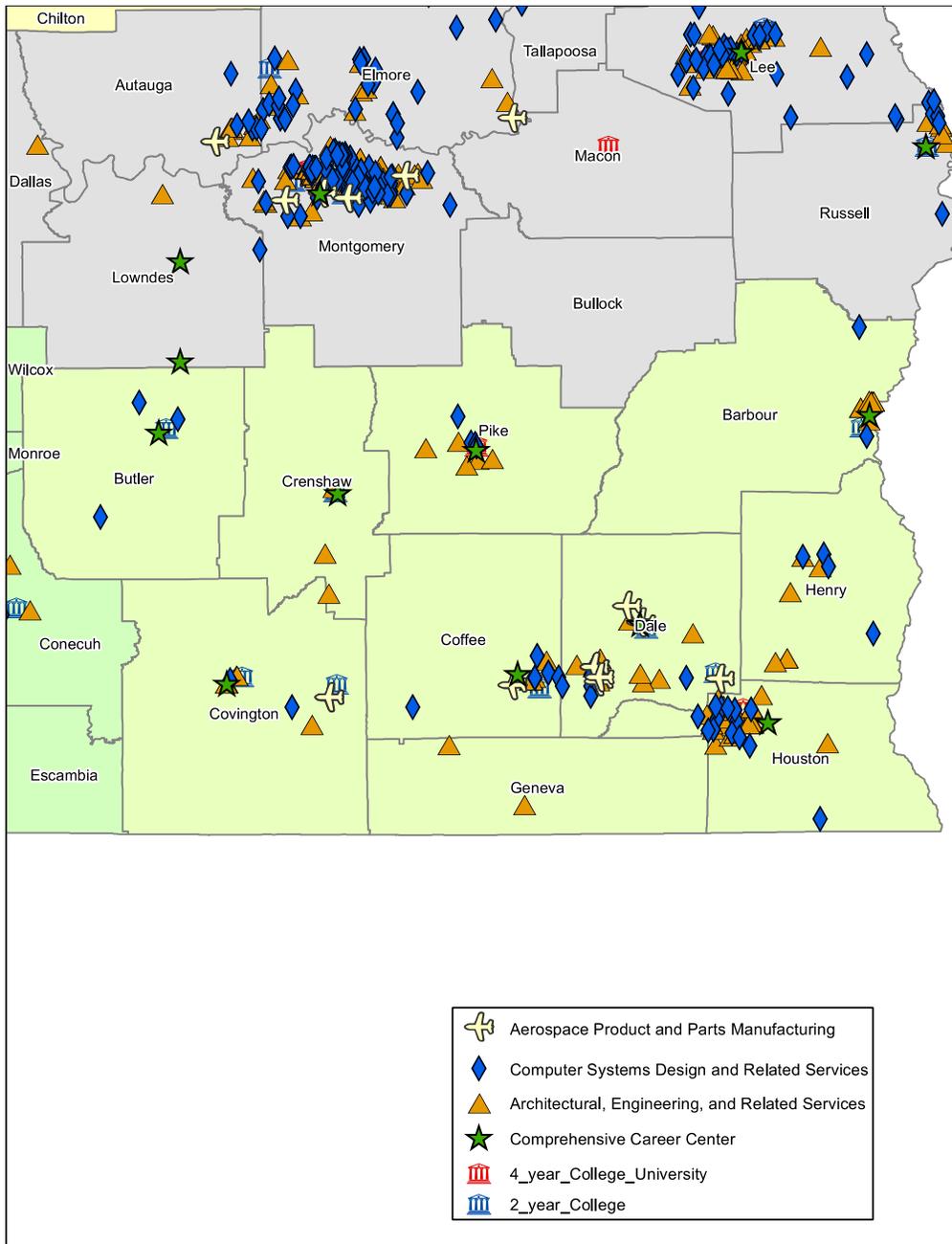


Note: Some employees who are based in another state do not appear on this map because they have yet to be classified or their physical location is unknown.

GROW SOUTHEAST ALABAMA Agriculture, Forestry, and Wood Products

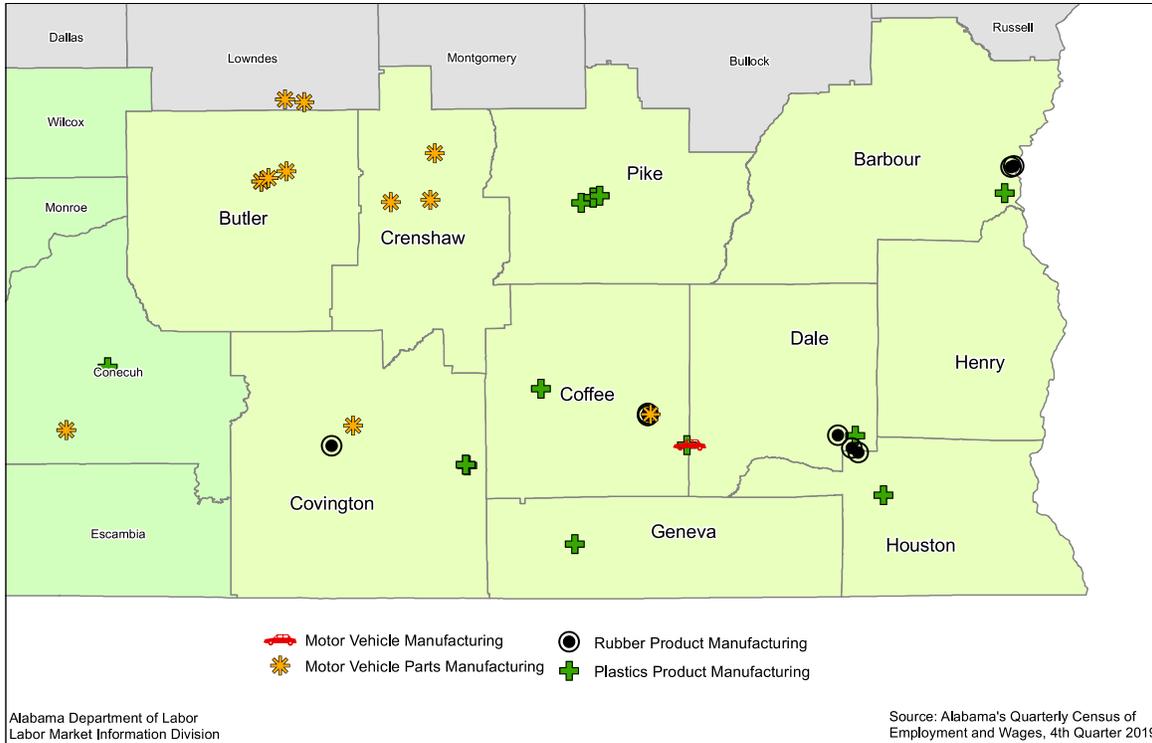


ACCELERATE ALABAMA Aerospace / Aviation Region 6



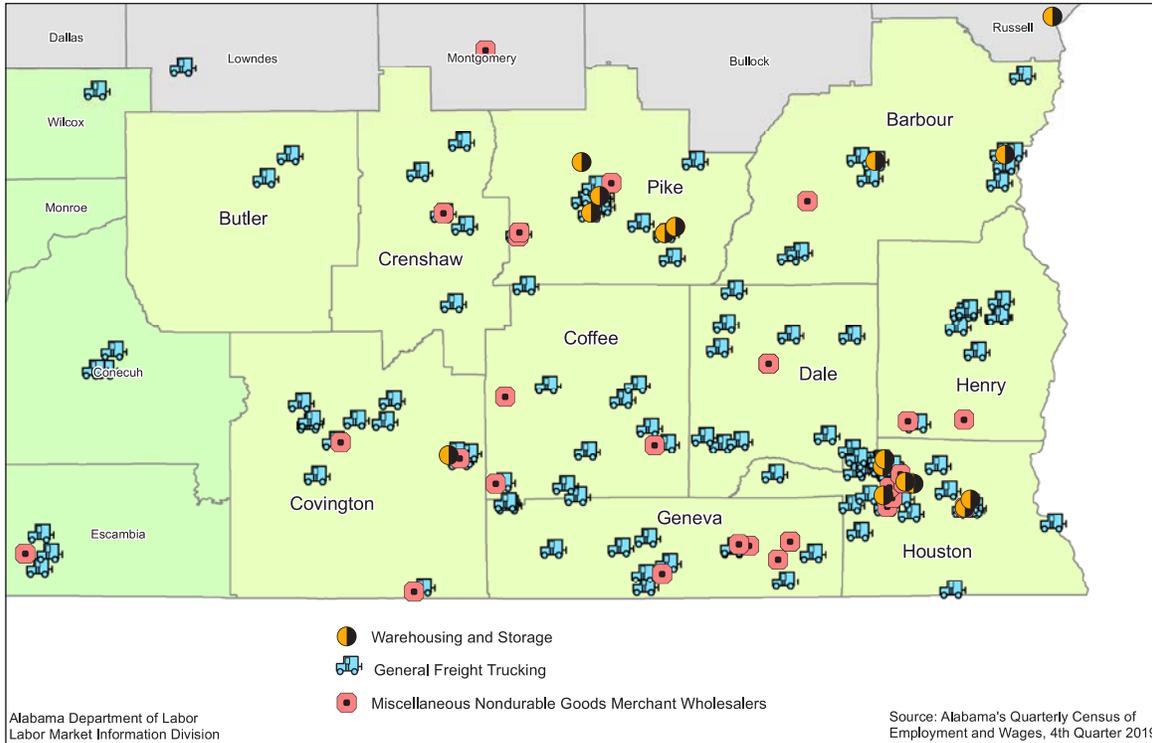
Note: Some employees who are based in another state do not appear on this map because they have yet to be classified or their physical location is unknown.

GROW SOUTHEAST ALABAMA Automotive



Note: Some employees who are based in another state do not appear on this map because they have yet to be classified or their physical location is unknown.

GROW SOUTHEAST ALABAMA Distribution and Logistics



Note: Some employees who are based in another state do not appear on this map because they have yet to be classified or their physical location is unknown.

About PARCA

Our Mission

Alabamians want similar things: good schools, safe neighborhoods, a strong economy, freedom, equality, and opportunity, but we often disagree about the best way to achieve these goals. We resolve these disagreements through healthy debate and negotiation, which requires accurate and unbiased information. PARCA exists to provide this information.

WHO WE ARE

The Public Affairs Research Council of Alabama (PARCA) provides independent, objective information and analysis to Alabama's citizens and leaders to promote effective, efficient, and equitable decisions in its governments, schools, and nonprofits.

WHAT WE DO

Data Analysis: Data should be a flashlight, not a hammer. PARCA provides complex data analysis to illuminate opportunities and improve outcomes.

Research and Recommendations: Numbers may tell what, but they don't tell why. PARCA seeks to understand what is working, what is not working, and what changes might be feasible.

Performance Evaluation: Trying hard is not enough. PARCA works with nonprofits, schools, and government agencies to define goals, measure accomplishments, and identify areas for improvement.

Implementation Services: Policies and programs are only as good as their implementation. PARCA works with administrators to design and implement evidence-based solutions.

WHERE WE WORK

PARCA focuses on issues impacting Alabama's state and local governments, education and workforce development, and quality of life.

State and Local Government

- Analysis of proposed amendments to Alabama's Constitution.
- Comparative studies of Alabama's budgets and taxes.
- Comparative studies of municipal finances.
- SMART budgeting analysis for cities and counties.

Education and Workforce Development

- Studies of Alabama's Pre-K program.
- Deep dives into school systems' performance.
- Audits of school systems' administrative practices and procedures.
- Long-form research in partnership with the Business Education Alliance.

Quality of Life

- Comparative studies of infrastructure and the built environment.
- Research in health, poverty, community wellbeing.
- Community Vitality Indexes.
- Program evaluations of local nonprofits and social services providers.

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