## **Appalachia's Blue Tech Collar**

Changing an economy built on iron mills, coal mines and textile factories isn't easy. The technology revolution is starting modestly, with low-tech call centers and the like. By Brad King.



**SCRANTON**, **PENNSYLVANIA**, **SITS** at the crossroads of the technology revolution.

The northern Appalachian <u>town</u> of 80,000 has remained at the epicenter of blue-collar technology for over a hundred years. Today is no different. City officials continue to oversee a drastic change in the town's economy: from coal mining to data mining.

Over the last eight years, the town's technology sector has grown 73 percent, thanks mainly to data and call centers relocating to the tiny burg. Meanwhile, manufacturing jobs -- once the backbone of the town's economy -- have declined by 5 percent.

The economic transformation is being watched closely by local and state governments throughout Appalachia, as many are preparing to trade in their blue-collar hard hat for the blue-collar laptop.

"This is how you start," said Jim Cummings, Greater Scranton Chamber of Commerce vice president of marketing. "If you are a community without a white-collar presence, you can't just snap your fingers and have all these companies coming in.

Scranton has seen a number of call centers coming in, employing people in office settings maybe for the first time in their lives.

"You build up this critical mass of people with office and PC skills, then the next level of companies like Cigna and Prudential will begin coming in. Everything feeds off those first businesses."

In the early 1900s, the city boasted iron mills, coal mines and textile factories cranking out products that were transported around the country on one of the only electric railway systems.

The world has changed. The <u>Energy Information Administration</u> predicts that by the end of the decade, there might be as few as 22,000 mining jobs throughout the region, down 80 percent from the late '80s.

"The highway system that connects Appalachia has been bypassed by the interstates and that has isolated the entire region," said Duane DeBruyne, a spokesman with the <u>Appalachian Regional Council</u>. "We're seeing that same phenomenon with telecommunications, and we need to make sure the information superhighway doesn't bypass the mountains."

One problem with building up a new infrastructure is time. While government agencies work with private industry to build regional telecommunications networks, Appalachian youth are fleeing the region in search of jobs.

West Virginia has been hit particularly hard. Of its 1.8 million residents, only 125,000 are teenagers. Those who stay face limited tech job prospects.

The state has 11,000 tech workers — ranking it 46 out of 50 in employment — but 6,900 of those work in some capacity at call centers, typically the low end of the technology wage scale.

What the region has in abundance are middle-aged farmers who are slowly being squeezed out of their lifelong occupation, leaving them ill equipped for technology jobs.

West Virginia and Pennsylvania are a small part of Appalachia — a 200,000-square mile land tract running from New York to Mississippi that encompasses 13 states and

406 counties. The area is home to 22 million people, which accounts for about 8 percent of the U.S. population.

Much of the region remains isolated from major cities and airports. Oftentimes, towns are several hours away from the nearest interstate highway.

The isolation of rural communities has created a limited sense of possibility.

"In the central region of Appalachia, individuals thought they were going to work at the local factory or the farm," DeBruyne said. "They didn't think they could start their own business, and we want to integrate that entrepreneurship into schools, into communities, and give people a chance to do something they've never done before."

Education -- or a lack of one -- has played a key role in the economic development of the region. Many Appalachians are unprepared for work in the technology sector, forcing companies to bring mostly jobs requiring low skill levels to these rural communities.

Nearly one-in-three Appalachian residents haven't completed their high school education, and those who do graduate have a limited number of local colleges offering technology-related degrees to choose from, according to the Appalachian Regional Commission.

With few education opportunities, Appalachia's emerging technology workforce often gets paid less than the miners who came before them, according to the ARC.

Appalachia is home to 350,000 information technology jobs, about 5 percent of the national total. And although more jobs are expected in the region, the overall percentage of tech jobs is expected to decline, according to ARC research.

So local agencies are working to build up the economic infrastructure to help homegrown businesses flourish.

West Virginia raised more than \$10 million from the federal government's <u>Small Business Investment Corporation</u> along with <u>Adena Venture Capital Fund</u>, a regional venture capital fund. The money would be used to help start — and sustain — local technology businesses.

"I don't look at the call centers and customer service centers unfavorably because it got people in front of a keyboard and working with other people," said Tim McClung, who works in West Virginia's economic development office. "It's a springboard. Is Cisco going to bring a team of engineers out here? Probably not. That's why we need to create our own initiatives."

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JASON PARHAM



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GEOFFREY BUNTING





