

ECONOMIC GROWTH AND JOB CREATION

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT
& GOVERNMENT PROGRAMS

OF THE

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HOUSE OF REPRESENTATIVES

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TUESDAY, SEPTEMBER 2, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT, AND
GOVERNMENT PROGRAMS,
COMMITTEE ON SMALL BUSINESS,
Newnan, GA

The Subcommittee met, pursuant to call, at 3:20 p.m., in the Council Chamber, Newnan City Hall, 25 LaGrange Street, Newnan, Georgia, Hon. Todd Akin [Chairman of the Subcommittee] presiding.

This is actually an official meeting of the U.S. House of Representatives. It might seem a little bit odd, because you would think that would happen inside the Beltway, you know, inside Washington, D.C., but committees can call official meetings of the House and have those hearings anywhere in the country that they want to. And this is an official U.S. hearing of the Small Business Committee and it is the Subcommittee on Workforce Development.

Our Committee has a broad amount of authority to be able to conduct hearings and particularly to try and gather information which we record and it becomes part of the official record of the House. And that is what we are gathered to under take this afternoon.

Now it is obvious that we do not hold committee hearings in every town all over the country, but there is some logic in us picking a place to go. In this particular situation, our Subcommittee was approached by your Congressman Gingrey and he made the case that it was important to come here and to take a look at what was going on and to have a good handle on what is happening in terms of jobs, economic growth and workforce development. So that is the topic of our discussion today. That is the reason for the meeting and quite honestly, I would not have come down here—I am from St. Louis originally—and although my brother graduated from Georgia Tech, I am not liable to fly out of my way to go to Georgia if it had not been for your Congressman, who has been very earnest in taking a look at the development and growth of all of his I gather somewhat unique district that has been drawn for him. And he does care about the people and the jobs and the conditions of the economy here. So he asked us to come down and that is the reason why we are here today.

And I also would not have come if it had not been for the fact that your Congressman votes the same way he talks. You know, politicians sometimes sound very good back home, but you get them too far from home and they start—like a Victrola record, they

start skipping and they do not seem to act the same way that they did when they were talking back home. That is not the case with your Congressman. He, very early on, has earned the respect of my colleagues, that people that have been around the House longer than he has, as not only a hard worker, but a man of his word and somebody who really has a genuine interest in his constituents and in our economy and in the jobs and the wellbeing of the people of your district as well as our entire nation. So it is a real treat for me to welcome Congressman Gingrey. You are not actually technically a member of the Subcommittee, but in these kinds of situations are invited by the Chairman to effectively operate as a member of the Subcommittee.

Because we have gotten off to a little bit of a later start because of some traffic situation, we are not going to go into the details of some of your voting record. I would tell some stories about your good votes, but this is a guy that understands something about taxes and the importance of getting the economy going. He has had some great votes that way. And also some things in the area of health care, to try to provide—make sure that people of our communities have access to good health care and reining in a bit some of these extreme lawsuits which have made it almost impossible for many doctors to keep their practices open. That is something that a former doctor I think understands probably better than the Chairman does this afternoon.

But with that, it is typical and appropriate that I would recognize other members of Congress and that you is you, Phil, for an opening statement.

Mr. GINGREY. Mr. Chairman, thank you very much. I appreciate you coming into the 11th Congressional District when you could still be enjoying these last one or two days in your home in Missouri. We all, of course, have to be back in Washington tomorrow. But it means a great deal to me, Todd, for you as Subcommittee Chair of the Small Business Committee, to come to Newnan, Georgia, to Coweta County.

When we have an opportunity to have elected officials, members of the Chamber, economic development folks in this 11th Congressional District to come and testify and to make sure that the Committee understands, that the full House understands what we are going through here in west Georgia, if you will. West Georgia, of course, has become northwest Georgia and southwest Georgia and the bits and pieces of 17 counties in between, but I proudly represent part of Coweta County and the City of Newnan, my wife's home, and just a block away from where we sit, Billie—formerly Billie Ayers—and I were married 33 years ago. We have raised four wonderful children and now we are proud grandparents of three grandchildren. So to have these hearings here in Billie's home in Newnan, where her mom still lives as well as her sister and brother-in-law, really means a lot to me.

This district, the 11th, is not an affluent district, Mr. Chairman. We have some pockets of affluence, certainly the City of Newnan is one of them, a wonderful place to live and raise a family. Rome, Georgia, in Floyd County, up in the northwest, is doing well. I represent a third of Cobb County and Cobb County is certainly no Tier 1 county, but the part of the county that I represent, just as the

part in Muscogee that I represent, is struggling. We have lost a lot of jobs, we have lost a lot manufacturing jobs in particular, and I know the witnesses will testify to that effect, each describing the unique stress that they have experienced in their own county, whether they are elected officials or members of the business community. They know and I am looking forward to hearing from them and moving forward and trying to do everything we can, Mr. Chairman, through your Subcommittee, through the whole Committee, Chairman Manzullo's committee, the Small Business Committee. I know that we are all concerned about the loss of these manufacturing jobs.

So with that, Mr. Chairman, I look forward to hearing from the witnesses.

Chairman AKIN. Well, thank you, Congressman; and thank you very much for inviting me to come down and visit and to have this meeting.

One thing that might be helpful for our witnesses, if you would turn your name tags around, it would be a little bit easier for this guy from out of town.

[Laughter.]

Chairman AKIN. What I am going to do is I am going to be asking each of you that are witnesses to make a five-minute statement. You have, if there is no objection, the option if you would like, to submit a written testimony for the record. But just to kind of keep the meetings on track and to stay on the main points, what we usually do is to ask each of you to run for five minutes, or less if you need to, but not too much more. My staff assistant, Thomas, here, he kind of makes funny faces and waves his hands when you get too close to the end of five minutes.

So we will go ahead and let each of you make a five-minute statement and then what we will do is come back and have a chance to ask some questions and some give and take during that time.

[Mr. Akin's statement may be found in the appendix.]

The first witness I would like to recognize here is the Mayor of the City of Newnan and that is the Honorable Keith Brady. Keith, five minutes, please, sir.

STATEMENT OF THE HONORABLE KEITH BRADY, MAYOR, CITY OF NEWNAN, GEORGIA

Mayor BRADY. Mr. Chairman, thank you. Chairman Akin, members of the Committee, I am Keith Brady, Mayor of the City of Newnan. Newnan, proud to celebrate its 175th year this year, has a population of approximately 20,000 people in the city and 100,000 in Coweta County. The city offers residents small town charm, but also, with the close proximity to Atlanta, the conveniences of a big city. I am pleased to have the opportunity to speak to all of you today regarding opportunities for economic growth in the southern part of Georgia's 11th Congressional District.

As we are all aware, small business and industry is essential to a city's prosperity and welfare of its citizens. Economic growth for Newnan faces three major issues: clean air, transportation and health care.

The City of Newnan is always working to attract and maintain industry. We understand that 80 percent of new jobs are created due to the expansion of the current industrial base. When industries consider expansion, they must also consider the cost involved and the impact on the environment. This is most costly to these businesses in the non-attainment areas. We know that sometimes consideration is given to relocate to another county to avoid being in the non-attainment region. I am strongly in favor of clean air, but sincerely hope to move forward faster to a solution in regard to the environmental impact of industrial retention and expansion.

I realize that 60 percent of the people living in our area commute to work each day. We need to identify their destinations and attract those businesses to this area. Given the chance to perform the same trade instead of working 40 miles away, working in a building close to home cuts down on commute time, rush hour stress and automotive pollution.

Transportation is also another concern regarding economic development. Our focus is moving our people, both movements within our city and outside of our city. For internal movement, the City of Newnan has been seeking federal and state funds in a desire for a public transportation system involving trolley, vans, et cetera. For people who do not have access to a vehicle, we must find a way to get them to work.

I am also hoping to help relieve traffic congestion by adding interchanges on I-85. Ideally, the City and Coweta County would like to add two interchanges on I-85 at Poplar Road and I-85 at the industrial park. However, we have been told that the completion of interchanges takes approximately ten years. The population increase for Newnan and Coweta County could be drastic in five to ten years. There should be a method in place to speed this process.

The issue of health care impacts every citizen, business and governmental entity. Currently, the most cost-effective and least taxing method of delivering health care is through group employer-provided plans. Health insurance premiums continue to increase with the rising cost of prescription drugs, the expense of new technology, medical malpractice insurance suits and the cost of uncompensated care. I would like to see efforts to enhance the affordability and availability of health care insurance for small businesses and their employees.

For the business owner with a handful of employees, the rising cost of health insurance could be phenomenal and discouraging and therefore prohibitive to both growth and success. I would personally like to see new fundamental policy decisions aimed at better control of underlying costs.

Again, we appreciate the opportunity to state our causes here today. We look forward to many discussions as we all develop new processes for the improved economic development for the State of Georgia.

Thank you.

[Mr. Brady's statement may be found in the appendix.]

Chairman AKIN. Mayor, thank you very much. I appreciate your keeping it right on time and you already raised a lot of interesting points, so I look forward to getting back to you with a question or two.

Our second witness is going to be Ms. Nancy Jones, who is the Chairwoman of the Meriwether County Commissioners. Nancy, thank you very much for joining us today. We look forward to hearing your testimony.

**STATEMENT OF THE HONORABLE NANCY JONES, CHAIRMAN,
MERIWETHER COUNTY COMMISSION**

Ms. JONES. Thank you, Chairman Akin, Committee members; it is a delight to be here and I thank you for that. Again, I am Nancy Jones and I am Chairperson of the Meriwether County Board of Commissioners.

Meriwether County is a predominantly rural community, recently included in the metropolitan statistical area of Atlanta. This designation is a result of the high number of people commuting daily from Meriwether County into the Atlanta metro area. Of the 8,893 citizens in the county's workforce, 4,727 commute outside the county, with 65 percent or 3,083 commuting into the metro area. The commuting patterns and the nine percent unemployment rate within the county has contributed to the continuous closing of small businesses and industry in our area during the current economic recession.

Meriwether County is considered a Tier 1 community by the Georgia Department of Community Affairs. This designation is reflected by the county's low levels of per capita income, high unemployment rate and high rate of illiteracy and high school drop outs. In fact, almost half of the population does not have a high school diploma and only seven percent of residents hold a bachelor's degree. These factors have contributed to Meriwether County's stagnant and declining economy.

With the recent closing of a MeadWestvaco sawmill in which 150 employees lost their jobs, the small retail economy continues to suffer. Restaurants, tradesmen, gas stations and corner grocery stores feel a negative impact when a significant employer such as MeadWestvaco closes its doors. In addition, Norfolk Southern is preparing to abandon its line running to Columbus, creating a domino effect which will negatively affect another large employer in our county, and that is Georgia Pacific.

The amount of state and federal assistance received in our community is greatly appreciated, but does not scratch the surface in terms of actual need. Meriwether County does not have a county-wide water or sewage system, which further hinders our ability to compete with other counties for business and economic development. The municipalities within the county have outdated water and sewer systems with limited capacity. Our ability to develop these systems is hindered by very slow-growing tax digest while tight budgets stretch every dollar to the limit for the continuation of our existing services.

In May and June of 2003, the county received serious flood damage by two flash floods. These floods have left seven of our roads and bridges closed to date, with an anticipated cost of replacement and repairs of over a quarter of a million dollars. Due to eligibility requirements, the county did not receive any federal funds to assist in these repairs and has yet to receive any state funds. Incidents such as these hamstring our ability to develop the necessary infra-

structure needed to allow communities such as ours the capability to grow.

Meriwether County has embarked on a journey to improve the educational level of our workforce. The county recently received a \$500,000 community development block grant earmarked for construction of a workforce development center to hold classes taught by West Georgia Technical College. On the day it opens, at least 150 citizens will take part in the programs offered, with the anticipation of over 300 students in the next five years. The local community has seen the absolute necessity of this initiative and has donated \$275,000 of cash and in-kind services towards improving the educational attainment level of our citizens, so existing and future businesses can access a qualified and trained workforce.

As witnessed by this project, our rural community can recognize and can react to our shortcomings, but needs the assistance of federal grant programs to make them become a reality.

Meriwether can be a thriving community for businesses instead of a struggling bedroom and an agrarian society, but real problems in such areas as rural health care, educational attainment and infrastructure development makes for a very challenging business environment in rural Georgia.

I want to thank this Committee for their time and serious consideration and commitment to assisting small businesses and counties such as Meriwether.

Chairman AKIN. Nancy, thank you very much for your testimony. I appreciate that.

Dr. Byrd, we wanted to go ahead and get started, so let me just give you a quick update on what we were saying. We were having the witnesses give a five minute testimony and then we will come back and ask some questions. Are you ready to give us a five minute testimony? The subject is basically about small business but what is going on in terms of the economic development of this area.

Dr. Rubye Byrd is the Mayor of the City of Greenville. We will let you roll right along there then, Doctor.

STATEMENT OF THE HONORABLE RUBY BYRD, MAYOR, CITY OF GREENVILLE, GEORGIA

Mayor BYRD. Thank you, Mr. Chairman, to the Committee on Small Business of the U.S. House of Representatives, Subcommittee on Workforce Empowerment and Governmental Programs. First of all, we would like to thank you for allowing us to come forward and do this testimony.

As Mayor of Greenville, Georgia, part of this 11th U.S. Congressional District of the State of Georgia, I am honored to have this opportunity to testify before the Committee about my views on the prospect of economic growth and job creation. In addition, I will make very brief remarks on the needs of my community in light of the recent hardships.

Now Greenville, is the county seat of Meriwether County, and it is strategically located in the heart of this county. This provides easy access to Interstate 85, it is located approximately 75 miles from downtown Atlanta and 65 miles from the Atlanta Airport. So therefore, with a constant increase in population, because of migra-

tion from Coweta, Troup and of course Muscogee Counties, the manpower is coming to Greenville—it is not there yet, but it is coming.

We are poised for growth. With the coming of a county workforce center that I believe my good friend Commissioner Nancy Jones perhaps has talked about, to provide technical training to citizens, it will enhance the availability of employees and will assist the companies with having individuals with the skills to provide the services there. Therefore, industries and companies would be prone to come to Greenville because of its location, the new training program and the abundance of land.

Right now, Greenville is very desolate. It has no industry. We just lost Mead, one of our number one companies that provided services to the city for a long period of time. Greenville has experienced a downsize since about 1994 when the waters were polluted by a Lanier plant that is part of a subsidiary company called Oxford Industries, which is a Fortune 500 company. Therefore, with the pollution of the water, the inflow of money has been very, very little and so the city sits in dire need of industries.

Greenville also has the capacity to provide water and sewerage to these large companies because of what happened with its water system. We ran lines to the LaGrange system and so we have an abundant supply of water to provide, because there are so many persons who commute between Atlanta and Columbus, new companies to provide jobs and economic development will be highly welcome.

The Chamber of Commerce of course and the Meriwether County Industrial Authority—I see we have Mr. Kip Purvis here—will have a plethora of tax incentives and other attractive type of business development initiatives for everyone who is located or interested in relocating in Greenville, Meriwether County.

The most important need of our area in Greenville is, of course, economic development, higher educational attainment levels, better housing, maintaining and restructuring the water and sewerage system that is old and antiquated. That was a segregated system until about 1972. That area was designed basically for white Americans in the area. And because African-Americans ranked four times—than white Americans in the area, it has been a strain on that system and therefore it continuously has problems.

We have annexed into our city approximately 150 acres of land for developers to build new houses ranging from \$85,000 to \$150,000. We assisted, of course, in helping to secure this grant that I am sure Ms. Jones talked about a few minutes ago. We also assisted in securing another grant to build a gated multi-family community which will include a swimming pool, computer labs and clubhouses.

We are open in Meriwether County to all types of suggestions to help our area grow and prosper. We are getting together as one county, even though Greenville is the county seat, we are getting together with the best emphasis on the one county structure, and we all can benefit from it.

Thank you, sir.

Chairman AKIN. Thank you very much, Rubye, appreciate your testimony here this afternoon.

The next witness is Mr. Ed Bell, you are a Thomaston City Councilman—I think that is correct.

Mr. BELL. That is correct.

Chairman AKIN. And then my understanding was that you and Betsy both have a similar—the same statement but you are kind of testifying together, so we will go with you first, Ed.

**STATEMENT OF ED BELL, COUNCILMAN, THOMASTON,
GEORGIA**

Mr. BELL. Ms. Hueber will provide more facts and figures, but I will have some comments. Ms. Hueber is President of our Thomaston-Upson County Chamber of Commerce and the Director of our Upson County-Thomaston Industrial Development Authority.

But I have a few comments. Having lived in Thomaston, Georgia, Upson County, one hour south of Atlanta, one hour west of Macon and an hour west of Columbus. Senator Russell said 40 something years ago, in the heart of the golden triangle. When I moved there in 1945, as a stranger to start my business, it was in the heart of the golden triangle. Textile mills, B.F. Goodrich Company, largest tire cord manufacturing plant in the United States was running 24 hours a day. Thomaston Mills, we have slept under their sheets for years throughout this country, was running 24 hours a day. William Carter Company, making the baby clothes, was running well. Fortunately, I came at the right time, the business was successful.

However, if you walk around Thomaston now and see the people who are unemployed, do not have a job. At the regional medical center, we have so many people without health insurance due to what Ms. Hueber will explain, some bankruptcies with no health insurance. It is sad.

Tonight, I will go to a Council meeting and regretfully we will have to amend our budget for the year 2003. Why? One of the main reasons is sales tax collections are down. Why? People are not working, they are not buying and we are having to adjust it. We had three new police cars in the budget this year. Unfortunately we will not be able to purchase those cars. We have not replaced people, we are in a freeze. It is sad.

And Ms. Hueber will tell you more about our situation in Thomaston-Upson County, but before I close, Upson County is 27,000 people, the City of Thomaston, the county seat, is around 9000. We are proud of this community but we need help, and we will come back.

Thank you.

Chairman AKIN. Thank you very much, Ed, for your testimony. And then Dr. Betsy Hueber please.

**STATEMENT OF BETSY HUEBER, PRESIDENT, THOMASTON-
UPSON CHAMBER OF COMMERCE**

Ms. HUEBER. Not doctor.

Chairman AKIN. Did I give you an official doctor here?

[Laughter.]

Chairman AKIN. I do not have that authority. Otherwise—.

Mr. GINGREY. It just means you do not make any money.

[Laughter.]

Ms. HUEBER. Or have high insurance, right?

Chairman Akin and Congressman Gingrey, thank you for having us here today. My name is Betsy Hueber and I serve as the President of the Thomaston-Upson Chamber of Commerce and Executive Director of the Thomaston-Upson County Industrial Development Authority.

Our community of 27,600 residents has been extremely hard hit by the economic slowdown and the loss of the textile market to foreign competition. Thomaston lost its largest employer, Thomaston Mills, in June 2001, thus losing 1500 jobs, for a total of 3000 textile jobs since April 1999. With the closing of 102 year old Thomaston Mills came a \$65 million loss of payroll plus health insurance and retirement benefits. Thomaston Mills also had its corporate headquarters located in Thomaston with 165 supervisory and management personnel and an annual white-collar payroll exceeding \$9 million or an average or approximately \$54,600 per job.

We were successful in recruiting four new companies who located in 1.6 million square feet of former Thomaston Mills manufacturing facilities. While we have brought in new companies with Standard Textile, Atlantic Paper and Foil, ATD American and 1888 Mills, these four companies have created fewer than 350 new jobs to date and only 22 management and supervisory level jobs, with a combined annual local management payroll of less than one million dollars. This definitely has an impact on our per capita income. Further, the jobs that were created by these companies were offset in even greater numbers by declines in existing industries following the devastating events of September 11.

With the loss of Thomaston Mills also came a major reduction in ad valorem tax revenues. Thomaston Mills was our community's largest taxpayer. In successfully recruiting the companies that have purchased the former Thomaston Mills buildings, we have seen values decrease by three-fourths of their former value, meaning a major reduction in ad valorem tax revenues.

According to the Georgia Department of Industry, Trade and Tourism, Upson County's 2001 per capita income figure of \$19,981 was less than the 2000 figure of \$20,477. This occurred even while our regional, state and national figures increased. And currently our per capita income is almost \$9000 less than that of the State of Georgia. Our unemployment rate continues to exceed that of the state, hovering in the seven to eight percent range, and we know that we continue to lose residents to other communities that do have jobs to offer.

We were fortunate to recruit West Georgia Generating to Thomaston in 1999 and that company began generating power during peak times in June 2000. It was subsequently purchased by Mirant, which has now filed for bankruptcy. What this will do to our tax base is unknown at this point, but we are hopeful that this company, now Upson County's largest taxpayer, will continue to be a viable power generator and taxpayer.

I say all of these things to give you some indication of the enormous economic difficulties facing Thomaston and other communities like us. The decline in textiles has been devastating and traumatic. While many of our people have gone back to school for additional training, they have not been able to find jobs. We also

still suffer from the days when a person could drop out of school and get a job in the mill.

Obviously an offshoot of these manufacturing job losses is the further loss of small businesses. Vacancies, resulting reduction of property values, increases in personal bankruptcies, all are the fallout of manufacturing job losses. Workforce development is a critical component and we continue to invest in our community. Our leadership has invested in new property for an industrial park and a speculative building is under development. But our workforce needs are many and the funding is small.

The State of Georgia is also suffering from declines in revenues and important expansion projects for our local technical college, Flint River Technical College have not been placed on the approved list. The school needs space, instructors, marketing and recruitment funds in order to address these workforce deficiencies head on. A recent application to the One Georgia Authority to purchase former Thomaston Mills corporate office space was denied this month. The purpose was to create an adult education workforce training business incubator that would be a division of Flint Tech. Local government funds are simply not there for the purchase of this facility and federal EDA funding is incredibly cumbersome and unreliable, although we are pursuing that route.

Even if our community were at peak performance in terms of skill levels, we would still have difficulty attracting new companies into the rural parts of Georgia. Have we learned nothing from NAFTA? We simply cannot compete with China, Indonesia and other countries and what happened in textiles will most certainly happen in other sectors. Indeed, it already is. In addition, we are supporting a lifestyle in foreign countries that we would not tolerate in our own.

Further, the majority of projects that may be coming into the State of Georgia, which are admittedly good for Georgia, are merely consolidations from other states. It means we get the projects, but we also must provide incentives and that can be extremely difficult for our local elected officials, who are dealing with budget deficits of their own, to understand and support.

Many of our economic expansions are coming from within our own existing industries, but there again, there is a problem. We have one company in Upson County seeking to expand and wants to defer payment for a period of two years until his new expansion of \$2.5 million, 25 to 30 new jobs, begins to profit. He has an excellent record with his current company, but venture capital opportunities have seriously declined in recent years and the entrepreneurs who have the product and desire to expand are simply falling through the funding cracks.

How can we correct this certain change in our economic wellbeing? Engage—and I mean really engage—our existing industries in the front end of company recruitment. They need to be proactive in dealing with local, state and federal officials through focus groups and an aggressive effort to find out what they think. Realistic input is critical in knowing how to address the global competition head on. We have begun this process locally by bringing our existing industry plant managers into an economic advisory council to create short and long-range economic plans for our com-

munity. But there is much to do—develop trending solutions, create a better understanding of the trends in the marketplace and develop solutions around this trending. How can we do that? Utilize teams of economic consultants and state development organizations to identify these trends and then include politicians in this process.

It is also important for us to understand exactly where we are. What is happening with those people who lost their jobs in textiles or other manufacturing arenas? Did they find other work? Are they under-employed? Are they still without jobs? Have they redirected and developed new skills? How are they surviving?

If we are to pursue new ways of developing jobs, then we have to have a guideline and a master plan in order to attack this issue.

I thank you for this opportunity.

Chairman AKIN. Thank you very much, Betsy. I do not know with making the stumble over calling you Doctor, whether I made it clear that you are the Chamber President, IDA Executive Director of Thomaston-Upson County Chamber of Commerce. I just wanted to make sure you got your full title in here, even if it was not a doctor. Thank you for your testimony, and we also have another Chamber of Commerce President, Mr. Mike Gaymon from Columbus. Mike.

**STATEMENT OF MIKE GAYMON, PRESIDENT, COLUMBUS,
GEORGIA, CHAMBER OF COMMERCE**

Mr. GAYMON. Congressmen, thank you for the opportunity to speak to you about our perspectives on economic development and job creation.

My name is Mike Gaymon and I am President of the Chamber in Columbus. Part of our responsibilities include the economic development and job creation of the six-county economic development organization known as the Valley Partnership. This is made up of Columbus as the urban center, with the other counties being a lot more rural and under-developed. While there is a great span of type of jobs that are feasible and differences in the kinds of businesses that would be desirable, the one element that is constant in all of these is that without a skilled trained workforce, only a small portion of the economic success that is desired will ever be reached.

As you know perhaps, there are excellent examples of proactive workforce development efforts in Georgia that have been created. The Service Industry Academy was the first white-collar training that was done by Quick Start and ICAPP program all began in Columbus. The key, however, to their successes were that they were business driven by business needs, not by academic needs.

I recall that when we were working with TSYS on their possible expansion of 2500 new jobs, a statement that was made that helped to set the tone for what became the ICAPP program which has now been noted as one of the most successful models in the nation, was and I quote, “you can change the course of history easier than you can change a history course.”

That is not a slam on higher education, but it is a statement of truth in addressing workforce issues. We must find ways to provide incentives processes that are truly business driven. Most businesses know how to compete in their industry because they are

doing it every day. What they need is for the resources to be available where they can use, tweak, twist and re-engineer to meet the business needs.

The Service Industry Academy is another example of a business driven effort. We were able to get 20 companies to come together, focusing on their industry needs in the white-collar area. They spent time qualifying the needs and then Columbus Technical College was brought in to hear and to ask questions. What followed was a process of many meetings focused on what business needed in deliverables. Over 90 percent of the graduating students in this program found jobs in the fields that they were trained to work in. The key to this success—making sure that it was business driven. Finding businesses who want to be a part of bringing about real change in workforce is not a problem. Finding an environment where real change is welcomed and encouraged is a problem.

My first suggestion is for Congress to look for ways to enhance programs I have just mentioned. Pouring money into systems or bureaucratic networks is not going to get the return on investment and focus that our business needs. We have been doing that for decades. New money may not be needed, but a redirect into programs that have a demonstrated success is strongly encouraged.

The second issue concerns the area of free trade and the unbalanced playing field. A sawmill just announced its shutdown in this region, as you have already heard. I think you will find that a significant part of that decision was due to the loopholes that were allowed in the dumping of wood products here without having to pay certain tariffs and taxes creating an unlevel playing field.

I support free trade. Contrary to some economic developers who seem to believe in building a wall around the United States—I believe that is short-sighted, very narrow and ill-fated. Some businesses and industries cannot and will not compete. They have not automated their operations. Frankly, some of the former textile companies that are no longer here had not spent the necessary capital to upgrade, to modernize their equipment and they assumed that the business they had they would always have. Well, most of those companies are now gone and the buildings are being used for something else other than textiles.

However, when Canadian firms can put finished lumber on the shelves cheaper than companies like MeadWestvaco, one of the leaders in the pulp and paper industry, can even cut the wood, something is wrong. Some of these loopholes, you know, have been fixed, but at what expense to our existing companies, who are no longer in business due to the thrust of free trade, but unfair loopholes. Will these jobs come back? Probably not.

And how will we replace these jobs? With more \$6 an hour retail jobs.

When manufacturers can drive down their costs to literally pennies per dollar of cost and still not be able to compete, something is wrong.

When companies have to compete with countries that have essentially zero environmental regulations, zero labor laws, full government sponsorship and even subsidized support to help them penetrate the U.S. markets, something is wrong.

Recently, I was reading about the experiences of the president of a Georgia company who shared his story of trying to compete with China. Once he finished sharing the reality of what it costs to comply before any product is made, it was certainly just another example of how the field is much tilted in favor of imports from other countries. When he finished his presentation, he was presented a gift of a coffee cup. And of course, it was made in China.

America seems to be caught up in service industry jobs and has forgotten the value of manufacturing jobs. Manufacturing jobs create additional jobs, unlike many of the other sectors of employees.

Some companies deserve to be shut down, even though their employees do not deserve the impact. However, I believe the majority of companies have the entrepreneurial spirit and are ready, willing and capable of competing in a global economy. They will adjust their sails when the strong winds blow. They will create, change and adapt where they need to do so, but decisions like lifting the caps by the World Trade Organization in 2005 on China, for example, is an example of what free trade is not.

The last area I would like to comment on is greater partnering with public and private sectors. Some of you remember UDAG funds. While there were certainly examples of abuse and misuse of UDAG, I believe that the major genesis of them was to provide a framework for the public and private sectors to join together to make an impact that was desired.

As you know, right here in Georgia, we have 159 counties, second only to Texas. While I am not advocating that we dissolve some of these counties—that is for another subject during another lifetime perhaps, I am suggesting that there are examples of public/private partnerships that are working.

Out of these 159 counties, I am sure that most of them want some kinds of jobs and want an increase in tax base. I believe, however, that is where it starts and ends, with just wanting. I do not advocate government giving money to everyone based on wants. I do support a targeted effort to reward those governments who have bitten the bullet, consolidated their governments and services. I do encourage incentives to enhance efforts that are truly regional in their focus beyond just talk and wants. I do think that making examples out of the leadership defies ways to form partnerships creating environments where jobs and capital can be returned, will many fold bring the initial investment incurred.

If measurable standards are achieved, reward them. When other want-to-be's complain, let them learn from the pioneers who have found ways to move the egos, the turfs, the political barriers out of the way enough so the job can get done without worrying about who gets the credit.

Thank you for this opportunity. You have a tough job. Part of our state and our nation rests upon your leadership. I know you do not take that responsibility lightly.

God bless you and give you courage and strength. And I still believe we should ask God to bless America by letting us seek his will and do his will. Thank you.

[Mr. Gaymon's statement may be found in the appendix.]

Chairman AKIN. Thank you very much for your testimony.

Our last witness is Mr. Kip Purvis, President, Meriwether County Development Authority.

**STATEMENT OF KIP PURVIS, MERIWETHER COUNTY
ECONOMIC DEVELOPMENT AUTHORITY**

Mr. PURVIS. My name is Kip Purvis, I serve as President of the Meriwether County Industrial Development Authority in Meriwether County, Georgia. Meriwether County is a rural community, located south of Atlanta and is currently included in the metropolitan statistical area of Atlanta.

Currently, the unemployment rate for our community is at nine percent, almost one in ten people in our community are unemployed. This is attributed to the closing of several small businesses and industry in our area during the current economic recession. While parts of Georgia, primarily Atlanta, has enjoyed economic success during the last decade, Meriwether County has experienced general decline in the number of small businesses that are located in the area. Recently, as has already been mentioned, MeadWestvaco, operating a sawmill employing approximately 150, closed its doors. Norfolk Southern Railroad as a result is preparing to abandon the rail line running from this facility down to the Columbus area.

The impact that business closings have had on our community are significant. Not only does it affect the unemployed, but also the small retailers who have provided services to these affected workers. Also, Georgia Pacific who has used the Norfolk Southern line will be affected in kind of a domino effect of Mead's closure combined with Norfolk Southern's rail abandonment.

State and federal assistance that has been received in our community has been greatly appreciated. But the ability of a rural community to develop infrastructure required to encourage economic development is limited by declining or very slow growing tax digest as well as the cost and needs for services that local communities are required to provide its citizens. Unfunded mandates by both the state and federal government further hamstring resources and the ability for communities to develop. Stronger programs that provide support for small rural communities to develop infrastructure are needed to give these communities the ability to grow. Rural communities such as Meriwether County have not just been looking for handouts, as mentioned before also. Recently Meriwether County raised over \$250,000 to assist in the construction of a workforce development center. The workforce development center will be located in Greenville and will help our citizens develop better job skills and hopefully make our community more competitive for quality economic growth. Also, the community has been considered as a potential location for a large manufacturing project.

I would like to thank Congressman Gingrey for his interest and assistance in this particular project. This project would have a \$1.3 billion capital investment, would have a dramatic impact on our entire region. The company, who would employ 2500 and bring up to \$300 million in investment from supplier has narrowed their choice to two communities. Unfortunately, this has Meriwether County competing with a much more developed community. This

other county is much more urban and affluent and is further along with their infrastructure development than Meriwether. State incentives that focus on providing assistance to more rural communities have not been enough to help level the playing field for this project. This places Meriwether behind this other county or community and leaves us trying to find ways for a community with limited resources to compete.

The benefit this local project would have on our local economy and in turn our small business community would be unbelievable. If there was potential state or federal assistance for a rural community that would help make them more competitive with better developed areas for these types of projects, then you might see a dramatic impact on rural economies and the small businesses in those areas.

The challenges and problems facing rural health care, education and the issues I mentioned above make for a challenging business environment in rural Georgia.

I would like to thank the Committee for their time and interest in helping small business and workforce development. Thank you.

Chairman AKIN. Thank you very much, Kip, for closing off here in the opening statements. Thank you all for your comments.

I guess I would like to take the prerogative as the chairman to open up with one question.

The rules of this question are I do not want to know the second or the third or the fourth most important thing you would do, I would like to know, if you were—and let us just say this Committee, we elevate its authority beyond the House, let us say we were actually the U.S. Senate and we could actually wave a wand and do it and we could just do one thing. What would be your recommendation for what we should do at the federal level to improve the overall business climate and to deal with a number of the different problems that you have talked about. You only get to choose one thing though, and I am going to let whoever would like to respond to that question—and not everybody has to, obviously. But if you would like to comment on that, that would be very helpful for me.

A number of things have been mentioned and I would like to see kind of your sense of the priorities.

Ms. JONES. I do not mind going first.

Chairman AKIN. You just seemed like kind of a shrinking and retiring kind of person, Nancy.

Ms. JONES. If I could wave a magic wand and I had that power, it would be that the money would come into Meriwether County for the infrastructure that was needed in order to attract business and industry. Meriwether County has I-85 running through it, we do not have an interchange off of that interstate. It would be such an advantage to us.

So those are the things, if I had to put it in priority, I would wave a magic wand tomorrow and say send it to Meriwether County and we would be delighted to work with it.

Chairman AKIN. Thank you very much. Somebody else?

Mr. GAYMON. Sir, I would respond back to my comments about free trade. We have a lot of companies that can compete and will compete, but the environment that they are placed under, before

they can ever get to the start line I think puts them at a tremendous disadvantage. And I am not sure when you look at what some other countries are doing in subsidizing—we lost a \$3 billion chip plant that would have located in Georgia, that would forever have changed Georgia. We lost it to Singapore. The government of Singapore subsidized that company to the degree that they were not able to put it here. There is no way, I do not think, that we can ever compete unless the playing field is really a more level playing field rather than one that right now I think for many industries is not.

Chairman AKIN. Thank you very much, Mike. That is one of the questions that we have, because we do have a chance to try and pass legislation and deal with things, and, you know, there are a number of different tools and that is one of the things that we debate and discuss, is how do you handle this, do you do it with sticking a bunch of tariffs on things or do you do it—one of the things being considered on this Small Business Committee and with the Armed Services Committee is that military purchases—we have been ramping up what we are spending in defense. Our defense had run down very badly about three, four years ago, so we're hitting that with a lot more tax money.

Well, do we demand that more of the products that are purchased by the defense industry come from America? Now the defense people do not like that idea because they can get more bang for their nickel if they can shop all over the world for those products. The question is are we comfortable with having some very high tech shaft of piece of machining work or whatever it is come from a foreign country. We do not even have the capacity any more. Even though we design the equipment and everything, we cannot even build it here in this country because only that people that do the work go to some foreign country. So that is some of the tension.

So the things I am asking you are things that are very real life, we are dealing with day in and day out. I appreciate your comments, Mike.

Mr. GAYMON. Mr. Chair, if I might add, I know that you all have fixed some of the loopholes in lumber, for example, but I talked to the head of MeadWestvaco and he shared with me a year ago when Canada could just drill a hole in the wood and then it was able to be exempt from some of the tariffs and so forth. Those are the kinds of loopholes we are talking about. MeadWestvaco can compete, they have been competing, but when the field is so lopsided, you fixed that, I think, but there are many other industries that there are loopholes like that that make it very difficult. And it is not because it is not well intended, like I say, free trade should be free trade, but not unfair trade. Thank you.

Chairman AKIN. Let me just follow up then on that. How more specifically can you make sure that the—can other governments create those loopholes as fast as we can try and plug them? Or how do you deal with that? What sort of loopholes are you talking about?

Mr. GAYMON. One example in lumber, they had finished product that they would drill a hole through and therefore it qualified under different standards, so Canada was able to put finished product here cheaper than Mead could even cut their own wood out

in the timber fields. Something is wrong with that. And that loophole was fixed, so it was—I know that was fixed. But I know there are some other industries, we still have several foundries in our area—.

Chairman AKIN. Is that because they came under a different set of tariffs by drilling the hole?

Mr. GAYMON. Yes, sir, because it was a finished lumber versus other lumber, because they did something to it.

Chairman AKIN. Yes.

Mr. GAYMON. And once again, all well-intended. I think probably the best thing we can do is send folks like you all who understand that if businesses have a chance to compete, they will, and send people to Congress like you folks who do understand that we are going to help businesses compete, not with unfair, but give them an opportunity to compete.

Chairman AKIN. As I mentioned, that is part of the reason I came down here for Congressman Gingrey, because he has that 100 percent record on all of these different issues. And we are very supportive of that, but I appreciate your comments, Mike.

Other people want to take a shot at that question? If you had one thing to do, what would you pick?

Mr. PURVIS. Mr. Chairman, I guess, you know, there are a lot of things we could do, but I think, at least speaking for rural Georgia, we have—if you could see a more balanced allocation of resources. Granted, most of those resources in the past have been focused on the urban areas, because they are the most populated, but in my opinion, I think if there was a more balanced allocation in the more rural areas, maybe it would help draw some people out of some of the urban areas and maybe help rural economies and at the same time help alleviate congestion in places like Atlanta, to the north of us.

The one thing on free trade—.

Chairman AKIN. Can I make sure I understand what you are saying? Are you pretty much agreeing with what Nancy has been saying, that if you had a little more infrastructure, that you think that would really tip the balance?

Mr. PURVIS. Well, I just think, you know, it comes down to fundamentals for us. In a community with real limited resources, the ability to be able to develop infrastructure has just hamstrung us because we just do not have the resources to do it on our own. And while there is some assistance out there, there is not enough to really put us over the top for being able to develop the type resources we need, whether it is water, waste water treatment or whatever, to recruit quality growth.

Chairman AKIN. Thank you.

Mr. BELL. Congressman—.

Chairman AKIN. You go right ahead, he's always interrupting what I am trying to think about.

Mr. BELL I will comment on two items that not only would help the State of Georgia, our counties, but the nation, is tort reform. We have got to get that through Congress at a rapid pace. Medical malpractice, we hear so much on that but also the products liability, everything we use has a tremendous loading and the consumer is paying for it.

The second thing—.

Chairman AKIN. You might be encouraged to know that your Congressman has voted in favor of that and we have got it passed out of the House, we have just got the other half to deal with and we will get it done.

Mr. BELL. I have two Congressmen I can claim and one Senator—ex-Congressman, and that is Mac Collins and Saxby and Phil.

My other comment, I told Ms. Hueber riding up here, taxes. That Ford pickup truck made in Texas, the workers on the assembly line paid income taxes, Ford Motor Company, all the vendors paid income taxes—the tax structure. For the Mercedes that comes over from Europe, there is no income tax on it because they have value-added tax. If it is exported, there is no tax. That makes us uncompetitive.

True, many of the foreign companies are building automobiles but we must go, in my opinion, to a value-added tax, national sales tax, because they are cleaning our plow everywhere.

Chairman AKIN. Thank you very much for your comments on that. I was just a lunch at the Kiwanis, I believe, in Atlanta and just mentioned a number that really startled me, and that was that when I was a little two year old, if you had a mom and dad and two kids, the average family, and dad went out and earned a dollar bill. Of that dollar bill, he would pay three cents in direct federal, state and local taxes, three pennies of the dollar. About eight years ago, had mom and dad and two kids and dad goes out and earns a dollar bill. It is not three cents any more, it is 38 cents on the dollar.

So just in my own lifetime, we have seen a jump in terms of the cost of government, how much government we are purchasing, from three cents to 38 cents. That says we are spending more for government than we are for food, clothing and shelter combined. We are spending more for government, the average American family, than we are for medical care and housing combined. That says we have a lot of government we are buying. And I understand the tax—and that is part of the reason why we have been working away at chopping some of those taxes back.

Thank you very much. I know this is kind of a long question and I am cheating Phil out of some of his time here, he is going to throw something at me in a minute. But we will do one more comment and move along.

Mayor BYRD. I would just like to say if you could wave this magic wand and make a difference for us in Meriwether County, your topic of opportunity for economic growth and job creation is what we would like you to wave that wand to do, because that want just by itself would take in so much for rural America that Kip had spoken of. Over the years, I spent a lot of time with the U.S. Department of Education across this country and we find that rural America is the forgotten frontier, and because it is a forgotten frontier, your urban areas are the ones that continue to plague you with all kinds of problems of crime, health issues, people coming in that should not come in—just a number of things. But if this country would really look at this country, they would recognize that the country is really rural. America is rural. I have been over it through the

trains, through everything, and it is a rural country. And all of the rural areas are suffering from the same things, the money is going to the big cities instead of the small towns.

With this economic growth and this job creation, it creates a higher educational attainment, it builds nicer homes, you know, it makes the climate conducive for individuals to want to live in rural America. It does not matter if you are in Montana or in Florida or South Dakota, Alaska, wherever you are, it creates a better area.

So if you could wave that magic wand, Mr. Akin, we would love for you to just wave it so that this whole thing about opportunity for economic development and job creation would help us so much as politicians. We could certainly sleep better at night, I know I could.

Chairman AKIN. So let me just make sure I understand what you are saying, Rubye, and I am going to go on and pass the question over to Congressman Gingrey.

But what you are saying is you think that a combination of education, some money for development of infrastructure, particularly those two things, if those were funded in rural areas, that that would make a huge difference.

Mayor BYRD. Make a huge difference.

Chairman AKIN. Thank you very much.

Mayor BYRD. Thank you.

Chairman AKIN. Congressman.

Mr. GINGREY. Mr. Chairman, thank you very much. And you know, as I listened to the witnesses, all friends of mine that I know well in this district, I cannot help but think about the fact that so many of our counties in this district are either Tier 1 or Tier 2. And the elected officials and those witnesses who are involved in economic development in the respective Chambers understand that better probably than any of us. But Tier 1 means you are a poor county. And the average household income for this 11th District, Mr. Chairman, 17 counties, not all whole counties, but seven are whole counties, is \$37,000 a year. By comparison, where I live, in that portion of Cobb County, we have the poorer part of Cobb County in this district, but the Sixth Congressional District, Mr. Chairman, is the upper two-thirds of Cobb and north Fulton, and the average household income there is \$76,000 a year.

Some of you represent Upson County, some of you represent Meriwether County and some of you represent Columbus-Muscogee and Mayor Brady here in Newnan in Coweta. I think what has been pointed out by the witnesses is that it is a struggle, this is a struggle. While there are parts of this district that are doing well and maybe enjoying being a bedroom community of Atlanta and a lot of jobs are in Atlanta and it is kind of an easy commute, that is not true for so many of the counties and in thinking about what we have done with no child left behind in regard to education, which I am and I think most of the witnesses would agree is a good thing to try to make sure that no children get left behind. I think what I am hearing some of the witnesses say is there are parts of our country, and indeed this district, where communities are getting left behind, whole communities. No wonder the children are getting left behind.

We are spending a lot of money on education and yet, you know, we are doing things in our cities like funding empowerment zones, I think Ms. Hueber talked about that a little bit and yet, you cannot help but wonder why some of these empowerment efforts are not directed more to our rural communities rather than our inner-city, where quite frankly, we sort of get mixed results on some of that money, some of those federal dollars that are being spent.

Having said that, let me try to—I guess I could spend the rest of the time, Mr. Chairman, with lots of questions for the witnesses and I do not want to dominate either, so maybe we can go back and forth.

But I did want to ask Mayor Brady, you had talked a little bit about the non-attainment status of Coweta County, which I wonder if that has resulted possibly in any loss of potential industry here in Coweta County.

Mayor BRADY. Well, we do see on occasion that the industries that want to expand here have to take those rules into account, and of course, Mr. Purvis I think was talking about the Coweta-Meriwether County Industrial Park and that industrial park down there straddles the line, part of it is in Coweta County and part of it is in Meriwether County and that, quite frankly, was by design. When you cross that line, you are out of the non-attainment zone, you are into Meriwether County. We see that as a positive for our community to be able to partner with Meriwether and be able to move forward to try to attract industries to that area. So yes, I think it impacts companies' decisions that we do not even have an opportunity to talk to because they know we are in the non-attainment zone, so we never get that knock on the door.

You know, companies that are out there now with Department of Industry and Trade and other brokers are smart enough to know what they are doing, what type of business they are in and what type of product they are manufacturing. And they simply just do not ever make that initial knock on the door.

So to answer your question, have I seen them come and seen them go; not really. But what I am afraid of is that we never see them at all. We do not have a chance to talk to them. They just do not ever come to start with. But hopefully the partnership with Meriwether will resolve some of those issues.

Mr. GINGREY. Thank you, Mayor.

Mr. Bell, you and Ms. Hueber talked a little bit about of course what is happening in Upson County and Thomaston, Georgia. And I think it was not too long ago that Upson Lee High School probably was one of the top high schools in the State of Georgia, probably still is doing a heck of a job. But I am sure that it is a struggle, as you talk about losing your tax base and property taxes and business valuations, valuation of homes. You know, it is not growing, it is going in the wrong direction. And that certainly ultimately will have an adverse effect on the school system. And that unemployment rate, I think you mentioned what, seven or eight percent now.

There are so many things that we want to try to do and of course this President and his economic growth and stimulus package is trying to do that and to incentivize some of these smaller businesses to grow and expand and get an opportunity to have more

rapid depreciation for capital improvements. Hopefully that will try to create more jobs, but I think you said that just the closing of Thomaston Mills resulted in some 1500 lost jobs and what, some 3000 lost jobs over the last two or three years, since 1999.

What do you think we could do, as members of Congress, as members in the case of Chairman Akin, of this Committee, to try to enhance growth of jobs in your community?

Ms. HUEBER. Well, I want to say that we have sat here and sort of painted the doom and gloom picture of Thomaston and Upson County and it sounds like we have not attempted to bring about some degree of change and invested in our community. We have indeed done that. We passed special purpose local option sales taxes both for government and for school system, so we are making improvements in our community. We are continuing to invest in our infrastructure. We have some long range plans for things that we are doing, so we are not sitting back and going oh, woe is us, you know.

But it is difficult. It is made much more difficult by the fact that not only have we lost these 3000 jobs since April of 1999, we have also had to really reinvent our economy altogether, because at one time we were a textile community. We had 8000 people employed in the textile sector 20 years ago and today, we have fewer than 500 people employed in that sector. And at the same time, we have continued to see modest increases in population.

That being said, you know, I think that it is easy for us to say oh, we need money. You know, I agree with Mike, the urban development action grant program was a wonderful program for our community. We had about \$2 million presented to us to recruit two different companies in and those companies continue to thrive. One of them went from an initial employment of 150 people, is now Quad Graphics and employs in excess of 600. So that investment of a million dollars by the federal government into Thomaston and Upson County made a huge difference in our economic base. I have said so many times, what if we did not have Quad Graphics in Thomaston. It would be devastating—truly, truly devastating for us.

You know, money is important, but it needs to be well placed. It also does not need to be so cumbersome to get to. It needs to be easier to access for companies who are in a growth market and who are able to identify areas that they can see increases in jobs and investment.

So I do not think that we ever need to just willy-nilly throw money at projects, but I do think that it needs to be better directed and less cumbersome to secure.

Mr. GINGREY. Thank you. And Mike Gaymon, I wanted to ask you a little bit, Mike, you commented about in the Columbus area, of course, Columbus is one of those few communities in the State of Georgia, but probably the only one in my district, that has bitten that tough bullet of consolidating city/county government and your school systems. And I would like if maybe you would comment a little bit on that. How is that going, has it been a success. If you would comment on that, I would appreciate it.

Mr. GAYMON. Yes, sir. We consolidated in 1971, so we have been doing it a long time. The first time we tried, it failed. We had other

communities come to Columbus and say wow, we want to consolidate and I think they think that just because we have consolidated, everybody is going to sit around and join hands and sing Cumbaya. It does not work that way. You have got to work at it, work at it, work at it.

As you know, Congressman, we also have a regional Valley Partnership of six counties and two other cities, six and a half years old. The trust of the urban center and the rural center does not come easy, you have to work at it. Our regional efforts, it has been said, is maybe a model for some other people to look at, not that we certainly have invented it.

We have determined in our region we have got to keep our hand on the wheel and not take our hand off the wheel, because it will end up in the ditch. Regional efforts will end up in the ditch. You do not have to do anything, it will get there by itself, from egos, turfs, you name it. I agree with Betsy, you know, it is not about money. I think it is about is there a will and a commitment to make it work.

We have chosen to make consolidation work in Columbus. I am not sure it will work in a lot of areas, but I do know consolidating of services will work. I do know there are ways in which we can determine if you do not care who gets credit, it is amazing what happens. And I think there is a lot more that could be done with that.

But I heard someone say the other day, whatever the question, the answer is a skilled trained workforce. You know, we have got one county working on education and we have still got major issues. I do not know how other counties do it with four and five school systems all trying to figure out how they do it. I think a skilled trained workforce is our ticket for economic success in rural Georgia or urban Georgia and we have got to find ways to work more I think on workforce development with a skilled trained workforce. Without it, I do not think all the money you can put into this county and this state and this region is ever going to reach the level of success that we need.

Mr. GINGREY. Thank you, Mike. And of course, Columbus-Muscogee is a big area and really very strong in many ways economically. And I guess the saving grace in that area is diversification and, of course, the fact of having Fort Benning and the home of the infantry and many other things. You do not rely just on some of these manufacturing jobs and nothing else. But I know of course with Swift Mills and the closing of that plant, certainly manufacturing has taken a pretty significant hit.

I wanted to ask Keith and Ruby and Nancy all representing a Tier 1 county, Meriwether, I know you are suffering, I know the loss of 150 jobs with the closing of MeadWestvaco was quite a blow to you. You still have the Georgia Pacific plant, but you are worried about Norfolk Southern, keeping that rail line open to get that product and some of the things that they bring into the plant, to continue that processing of plywood is a great concern to you.

What do the three of you think that we can do as members of Congress, that I can do as your Congressman, that Chairman Akin and the Small Business Committee of the whole Congress—what can we do at the federal level to help you. I think the Chairman

mentioned at the outset name one thing, but you know, I want you to maybe emphasize what we can do to help the Meriwethers and the Talbots and the situation that Upson is getting into, that we can do to help you.

Someone, I think maybe Mike had mentioned earlier in your comments about trade and NAFTA and situations in regard specifically to manufacturing jobs. And why we are losing some of them and some of these free trade agreements that have some loopholes and unintended consequences and look good and that sort of thing.

I am thinking I guess in terms of I mentioned earlier about money that is spent on urban empowerment zones and trying to upgrade brownfields and part of our inner cities where there is a lot of blight and poverty and is that money well spent, and wondering about maybe redirecting some of these efforts to rural America and rural counties like Meriwether and Talbot.

Mr. PURVIS. Well, I think that—and I will go ahead—I think any efforts the Committee makes to make business more competitive—it is all about the bottom line, to ultimately make them more profitable, to do business in rural areas, is what is going to benefit us in the long run. You know, driving somebody around your community and showing them around—you know, I love where I live and everybody should love where they live, but they do not necessarily see it through our eyes when we take them around.

But what does get their attention is their ability to turn a profit and to make a living. You know, they are all about doing community good, but when it really comes down to it, there is a profit motive there, and I think anything that can be done to help businesses be more competitive with urban businesses.

Chairman AKIN. We are about four minutes over time here, so I think I may cut it off at that point. If somebody else wants to make some additional comments, that is fine, I think we will be here for a little while.

But I very much appreciate all of you coming in, your comments. I would hope that each one of you would recognize that some of what you are saying, some of the things you are dealing with are common all over our country. I think a lot of you know that anyway. And I do not usually use the phrase “feeling your pain,” but Missouri has lost more jobs than any other state in the union, just in terms of raw jobs. We have lost more jobs than California did or New York did. So we have got our own problems. Of course different states have their policies and off that that affects and drives some of those numbers.

I guess it is a little bit ironic that I am listening to you, but I am listening pretty hard because we have got our own situation back home and I certainly hope our state leaders would pay attention to the kinds of things that I am sure people in Missouri are telling them, the same as you are telling us.

But certainly I have to say that from a personal point of view, my impression is very much I like to leave it, Kip, on your comments, you know, the bottom line of this thing is, it is about bottom line. The business has to make money. They can be benevolent, they can have good attitudes and all this kind of stuff, but they have got to make money. And ultimately all of us, it is our responsibility to make sure we create that environment in our country

where people can make a profit so that our kids can get jobs and so we can pass on the kind of free country that America has always been.

I will tell you, I have always loved this country so much, that is why I ran for public office. And one of the things that is special about America is this is a place where people can wake up sometimes and they realize that they have got some dream in their heart that they want to do. America is full of people that have crazy dreams and people tell them you cannot do it and it will not work, we specialize in proving those people wrong because this is a country that has been built one dream at a time by all kinds of great people going way back. And the people in your own community, you know people like that that just had some crazy idea and 10 years later, by gosh they are a millionaire, they were not even planning to be, just because they took something and had the courage to keep going on it.

I think we have to realize the economy is down some. Federally, you may think boy, this war on terrorism is expensive or these tax cuts that Congressmen Gingrey and Akin have voted for, boy they are sure really hurting the overall financial balance, but you know, if you add the war on terrorism, the war in Iraq and all that, you add the tax cuts, everything all together, that is less than half of what it costs us when the economy is poor in this country.

So that is what a lot of our attention is focused on, is trying to get out of that slump. We do know there are cycles to the economy and things, but some of that is brought on by the fact that we just have too much overhead that the government is costing. At least that is something we can work on.

I know that you are all working in your communities and I have faith in America that we will meet this challenge as we have before.

But thank you all so much for your attention and your time this afternoon, and God bless you all. Thank you.

Mr. GINGREY. Mr. Chairman, if I might make just an additional couple remarks if we have a minute or two.

Chairman AKIN. Yes.

Mr. GINGREY. Just in closing from my perspective, you know, the Georgia Expansion and Support Act that was created several years ago where we label our counties, Mr. Chairman, as Tier 1, 2, 3 and 4, it just so happens that in the southern portion of this 17 county district, out of a total of nine of the counties that are either Tier 1 or Tier 2, seven of them are in the southern portion of this district. So we are struggling and that is why I mentioned about comparing no child left behind to an effort toward leaving no community behind. And I think you mentioned, Mr. Chairman, that tomorrow there will be a full Committee hearing in regard to laws which state how many government buildings have to be in a rural as opposed to an urban area. And I know you are going to be looking at the compliance with that law and the possibility of that helping to bring maybe some location of state government into the more rural areas. We know in Georgia for so many years everything has been right there surrounding the gold dome, where people suffer with traffic and congestion and non-attainment and smog and all these things, and I think that is something we can look at.

And finally and maybe this is a little bit pollyanna, but I thought when MeadWestvaco had announced that they were going to have a temporary layoff, which as we now know turned into a permanent closure, because they were losing money on an operation in Meriwether County, why not show a little compassionate conservatism on the part of some of these companies, if their bottom line is pretty good and they are doing pretty well for their corporate executives and their stockholders, and yet maybe one little piece of their operation is struggling, to make a greater effort to work with that local community, to work with those 150 employees who probably would be willing to take a day off once a month or do many things to help them become profitable, and so some compassion to these rural communities and realize that that is where the need is and we do not need to be leaving them behind.

So thank you, Mr. Chairman, for holding this Congressional hearing in my district, as you pointed out in your opening remarks how important it is to come and let the people know, the folks at this table, our witnesses, our Mayor, our Commission Chairman, other Mayor, our Chairmen of our Chambers and Economic Development Authorities how important it is and that we are listening, we are listening. And we are going to take this message back to Washington through you, Mr. Chairman, and through our other House colleagues.

Thank you.

Mayor BRADY. Mr. Chairman, two remarks. I would like to make sure that we introduce State Senator Dan Lee, who has just come into the room and is in attendance at our meeting at this point. And on behalf of the witnesses here—

Chairman AKIN. We pick on senators some, but we still appreciate you just the same.

Mr. GINGREY. Dan, it is great to see you. One of my favorite colleagues in the General Assembly, and the Governor's Floor Leader.

Mr. LEE. Thank you.

Mayor BRADY. And just on behalf of the witnesses here and the citizens of the City of Newnan, I want to say how much we appreciate you taking your time and traveling here from St. Louis, Missouri, and Congressman, we appreciate you being back in the district and taking the opportunity to listen to us. I think it is very important that you do these types of events and we appreciate your time here today.

Thank you.

Chairman AKIN. Mayor, thank you very much. All the witnesses and one additional thank you, thank you for sending even senators like Congressman Gingrey, to help us out down there.

Lord bless you all and the meeting is adjourned.

[Whereupon, at 4:42 p.m., the Subcommittee was adjourned.]

OPENING STATEMENT
2 SEPTEMBER 2003

SUBCOMMITTEE CHAIRMAN W. TODD AKIN
SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT &
GOVERNMENT PROGRAMS

“Opportunities for Economic Growth & Job Creation”

Good afternoon and thank you for coming here today.

When I heard about the opportunity to come to Georgia with Congressman Phil Gingrey and discuss the possibilities of job growth and economic recovery, I was happy to do so. I am challenged to find a more appropriate time than today, the day after Labor Day, for this hearing. For it is you, the hard working, tax-paying Americans who labor to sustain our national economy.

Up in Washington, we read reports and hear news stories of what is going on, but it is opportunities like this visit that really allow us to come down and speak to you. It is opportunities like this that really give us first hand knowledge of the problems we are working so hard to fix. Congressman Gingrey knows this and that is why he has brought me here today.

Our Small Business Committee Chairman, Congressman Don Manzullo, also cares a great deal about economic growth and job creation. It is of paramount importance to him. Chairman Manzullo is *the* driving force for keeping manufacturing jobs in their present hometowns throughout the United States. He is the founder and chair of both the Defense Industrial Caucus and Manufacturing Caucus. These are both coalitions of members he has united to fight for a more a more secure job environment.

Chairman Manzullo and I are both honored to have Congressman Gingrey at our side with us as we battle for the betterment of the business owners' quality of life. Having been on the front lines of the small business world with his own medical practice, Congressman Gingrey has not forgotten the travails of the small business owner. He is constantly involving himself with any and all legislation having to do with improving our business environment.

Congressman Gingrey's consistent commitment to the economic stability and success of Georgia are perfectly illustrated in his 100% voting record. During his time in Congress he has fought to

support tax reduction that would allow you to keep more of what you work so hard to earn, medical malpractice reform to reduce the price of health insurance, making important coverage more affordable for businesses to give their employees and the repeal of the estate tax, or what I like to call the "death tax," because he and I agree it is unfair and amoral for the government should take what a family has sacrificed so much to create. He has also worked hard for the passage of Association Health Plans and fought the government when it wanted to raise overtime pay for its bureaucrats.

In my role as Chairman of the Small Business Committee's Subcommittee on Workforce, Empowerment and Government Programs, I hope to hear, first hand, what more we can do.

I thank you for answering this call to participate today and look forward to hearing your thoughts.

To begin with, though, I would like to give Mr. Gingrey, an opportunity to say a few words.



**Statement On
OPPORTUNITIES FOR ECONOMIC GROWTH AND JOB CREATION
In a Congressional Field Hearing before the
SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT, AND
GOVERNMENT PROGRAMS OF THE COMMITTEE ON SMALL BUSINESS
OF THE UNITED STATES HOUSE OF REPRESENTATIVES**

**September 2, 2003
3:00 p.m.
Council Chambers
Newnan City Hall
Newnan, Georgia**

**Keith Brady
Mayor of Newnan, Georgia**

Chairman Akin, members of the Committee, I am Keith Brady, Mayor of the City of Newnan. Newnan, proud to celebrate its 175th anniversary this year, has a population of approximately 20,000 people in the city and 100,000 in Coweta County. The city offers residents small-town charm but also, with the close proximity to Atlanta, the conveniences of a big city. I am pleased to have the opportunity to speak to all of you today regarding opportunities for economic growth in the southern part of Georgia's 11th Congressional District.

As we all are aware, small business and industry is essential to a city's prosperity and welfare of its citizens. Economic growth for Newnan faces three major issues: **clean air, transportation, and healthcare.**

The City of Newnan is always working to attract and maintain industry. We understand that 80 percent of new jobs are created due to the expansion of current industrial base. When industries consider expansion, they must also consider the cost involved and the impact on the environment. This is most costly to these businesses in the nonattainment areas. We know that sometimes consideration is given to relocate to another county to avoid being in the nonattainment region. I am strongly in favor of clean air but sincerely hope to move forward faster to a solution in regard to the environmental impact of industrial retention and expansion.

I realize that 60 percent of people living in the area commute to work each day. We need to identify their destinations and attract those businesses to this area. Given the chance to

perform the same trade, instead of working 40 miles away, working in a building close to home cuts down on commute time, rush hour stress, and on automotive pollution.

Transportation is also another concern regarding economic development. Our focus is moving our people, both movements within our city and outside of our city. For internal movement, The City of Newnan has been seeking federal and state funds in a desire for a public transportation system involving trolley, vans, etc. For people who do not have access to a vehicle, we must find a way to get them to work.

I am also hoping to help relieve traffic congestion by adding interchanges to Interstate 85. Ideally, the City and Coweta County would like to add two interchanges to I-85 at Poplar Road and I-85 at the Industrial Park. However, we have been told that the completion of interchanges take approximately ten years. The population increase for Newnan and Coweta County could be drastic in five to ten years. There should be a method in place to speed up this process.

The issue of healthcare impacts every citizen, business, and governmental entity. Currently, the most cost effective and least taxing method of delivering healthcare is through group employer-provided plans. Health insurance premiums continue to increase with the rising costs of prescription drugs, the expense of new technology, medical malpractice insurance suits, and the cost of uncompensated care. I would like to see efforts to enhance the affordability and availability of health insurance for small businesses and their employees.

For the small business owner with a handful of employees, the rising cost of health insurance could be phenomenal and discouraging and therefore prohibitive to both growth and success. I would personally like to see new fundamental policy decisions aimed at better control of underlying costs.

Again, we appreciate the opportunity to state our causes here today. We look forward to many discussions as we all develop new processes for improved economic development for the state of Georgia.

L. Keith Brady
Mayor of Newnan
770-254-2358
kbrady@cityofnewnan.org

**Congressional Testimony
Of Nancy Jones
Before The
House Subcommittee on Workforce, Empowerment &
Government Programs
Tuesday, September 2, 2003**

My name is Nancy Jones and I serve as the Chairperson for the Meriwether County Board of Commissioners.

Meriwether County is a predominately rural community recently included in the Metropolitan Statistical Area of Atlanta. This designation is a result of the high number of people commuting daily from Meriwether County into the Atlanta Metro Area. Of the 8,893 citizens in the county's workforce, 4,727 commute outside the county with 65% or 3,083 commuting into the Metro Area. The commuting patterns and the 9.0% unemployment rate within the county has attributed to the continuous closing of small businesses and industry in our area during the current economic recession.

Meriwether County is considered a Tier 1 community by the Georgia Department of Community Affairs. This designation is reflected by the county's low levels of per capita income, high unemployment rate, and high rate of illiteracy and high school dropouts. In fact, almost half of the population does not have a high school diploma and only 7% of residents hold a bachelor's degree. These factors have contributed to Meriwether County's stagnant and declining economy. With the recent closing of a Mead Westvaco sawmill, in which 150 employees lost their jobs, the small retail economy continues to suffer. Restaurants, tradesmen, gas stations, and corner grocery's feel a negative impact when a significant employer such as Mead Westvaco closes its doors. In addition, Norfolk Southern is preparing to abandon its line running to Columbus creating a domino effect which will negatively affect another large employer in the county, Georgia Pacific.

The amount of state and federal assistance received in our community is greatly appreciated, but does not scratch the surface in terms of actual needs. Meriwether County does not have a

countywide water or sewer system which further hinders our ability to compete with other counties for business and economic development. The municipalities within the county have outdated water and sewer systems with limited capacity. Our ability to develop these systems is hindered by very slow growing tax digests while tight budgets stretch every dollar to the limit for the continuation of our existing services. In May and June of 2003, the County received serious damage by two flash floods. These floods have left 7 roads and bridges closed to date with an anticipated cost of replacement and repairs of over \$250,000. Due to eligibility requirements, the County did not receive any federal funds to assist in these repairs and has yet to receive any state funds. Incidents such as these hamstring our ability to develop the necessary infrastructure needed to allow communities such as ours the capability to grow.

Meriwether County has embarked on a journey to improve the educational level of our workforce. The County recently received a \$500,000 Community Development Block Grant earmarked for construction of a workforce development center to hold classes taught by West Georgia Technical College. On the day it opens, at least 150 citizens will take part in the programs offered, with the anticipation of over 300 students within the next 5 years. The local community has seen the absolute necessity of this initiative and has donated \$275,000 of cash and in-kind services towards improving the educational attainment level of our citizens so existing or future businesses can access a qualified and trained workforce. As witnessed by this project, our rural community can recognize and react to our shortcomings, but needs the assistance of federal grant programs to make them become a reality.

Meriwether County can be a thriving community for businesses instead of a struggling bedroom and agrarian society, but real problems in such areas as rural health care, educational attainment, and infrastructure development makes for a very challenging business environment in rural Georgia. I want to thank the committee for their time and serious consideration and commitment to assisting small businesses.

U.S. House of Representatives
Committee on Small Business
Subcommittee on Workforce, Empowerment, and Governmental
Programs
Field Hearing

As mayor of Greenville, Georgia, a part of the eleventh U.S. congressional district of the state of Georgia, I am honored to have this opportunity to testify before this committee about my views on the prospect of economic growth and job creation. In addition, I will make brief remarks on the needs of my community in light of recent hardships.

Greenville in the county seat of Meriwether County and is strategically located in the heart of this county. This provides easy access to Interstate 85 and is located approximately 75 miles from downtown Atlanta and 65 miles from the Atlanta Airport. With a constant increase in population because of migration from Coweta, Troup, and Muscogee counties, the manpower is here. We are poised for growth. With the coming of a county workforce center to provide technical training to citizens, it will enhance the availability of employees in this area. Therefore, industries and companies would be prone to come to Greenville because of the location, the new training program, and the abundance of land. Greenville also has the capacity to provide water and sewerage to large companies because its water supply comes from the LaGrange system. Because there are so many persons who commute between Atlanta and Columbus, new companies to provide jobs and economic development will be highly plausible. The Chamber of Commerce and the Meriwether County Industrial Authority will have a plethora of tax incentives and other attractive business development initiatives for anyone who is located or interested in relocating in Greenville or Meriwether County.

The most important need of our area in Greenville is economic development, higher educational attainment levels, better housing, maintaining and restructuring the water and sewage infrastructure that is old and antiquated. We are looking for funds to restore the old water tank and create a new tank for proposed expansion. We have annexed into the city approximately 150 acres of land for developers to build new housing ranging from \$85,000 to \$150,000. We assisted an outside entity in securing a \$500,000 grant to build a gated multi-family community, which will include a swimming pool, computer lab, and a clubhouse. We are open to all suggestions to help our area grow and prosper. Thank you.

COMMENTS FOR SUBCOMMITTEE HEARING
Field Hearing
Tuesday, September 2, 2003

My name is Betsy Hueber, and I serve as the president of the Thomaston-Upson Chamber of Commerce and Executive Director of the Thomaston-Upson County Industrial Development Authority.

Our community has been extremely hard hit by the economic slowdown and the loss of the textile market to foreign competition.

Thomaston lost its largest employer, Thomaston Mills, in June 2001, thus losing 1,500 jobs for a total of 3,000 textile jobs since April 1999. With the closing of 102-year-old Thomaston Mills came a \$65 million loss of payroll, plus health insurance and retirement benefits. Thomaston Mills also had its corporate headquarters located in Thomaston, 165 supervisory/management personnel and an annual white-collar payroll exceeding \$9 million, or an average of approximately \$54,600 per job.

We were successful in recruiting four new companies who located in 1.6 million square feet of former Thomaston Mills manufacturing facilities. While we have brought in new companies with Standard Textile, Atlantic Paper & Foil, ATD American and 1888 Mills, these four companies have created fewer than 350 new jobs to date and only 22 management/supervisory level jobs with a combined annual local management payroll of less than \$1 million. This definitely has an impact on our per capita income. Further, the jobs that were created by these companies were offset in even greater numbers by declines in existing industries following the devastating events of Sept. 11.

With the loss of Thomaston Mills also came a major reduction in ad valorem tax revenue. Thomaston Mills was our community's largest taxpayer. In successfully recruiting the companies that have purchased the former Thomaston Mills building, we have seen values decrease by three-fourths of their current value, meaning a major reduction in ad valorem tax revenues.

According to the Georgia Department of Industry, Trade and Tourism, Upson County's 2001 per capita income figure of \$19,981 was less than the 2000 figure of \$20,477. This occurred even while our regional, state and national figures increased. Currently, our per capita income is almost \$9,000 less than that of the state of Georgia.

Our unemployment rate continues to exceed that of the state, hovering in the 7 to 8 percent range. And we know that we continue to lose residents to other communities that do have jobs to offer.

We were fortunate to recruit West Georgia Generating to Thomaston in 1999, and that company began generating power during peak times in June 2000. It was subsequently purchased by Mirant, which has now filed for bankruptcy. What this will do to our tax base is unknown at this point, as we are hopeful that this company – now Upson County's largest tax payer – will continue to be a viable power generator and tax payer.

I say all of these things to give you some indication of the enormous economic difficulties facing Thomaston and other communities like us. The decline in textiles has been devastating and traumatic. While many of our people have gone back to school for additional training, they have not been able to find jobs. We also still suffer from the days when a person could drop out of school and get a job in the mill.

Obviously, an offshoot of these manufacturing job losses is the further loss of small businesses. Vacancies, resulting reduction of property values, increases in personal bankruptcy – all are the fallout of manufacturing job losses.

Workforce development is the critical component. We continue to invest in our community. Our leadership has invested in new property for an industrial park, and a speculative building is under development. But our workforce needs are many, and the funding is small. The state of Georgia is also suffering from declines in revenues, and important expansion projects for our local technical college, Flint River Technical College, have not been placed on the approved list. The school needs space, instructors, marketing and recruitment funds in order to address these workforce deficiencies head-on. A recent application to the OneGeorgia Authority to purchase former Thomaston Mills space was denied this month. The purpose was to create an adult education/workforce training/business incubator that would be a division of Flint Tech. Local government funds are simply not there for the purchase of this facility, and federal EDA funding is incredibly cumbersome and unreliable.

Even if our community were at peak performance in terms of skill levels, we would still have difficulty attracting new companies into the rural parts of Georgia. Have we learned nothing from NAFTA? We simply can't compete with China, Indonesia, etc., and what happened in textiles will most certainly happen in other sectors. Indeed, it already is. In addition, we are supporting a lifestyle in foreign countries that we would not tolerate in our own.

Further, the majority of projects that may be coming into the state of Georgia, which are admittedly good for Georgia, are merely consolidations from other states. It means we get the projects, but we also must provide incentives, and that can be extremely difficult for our local elected officials, who are dealing with budget deficits of their own, to understand and support.

Many of our economic expansions are coming from within our own existing industries. But there again there is a problem. I have one company seeking to expand and wants to defer payment for a period of two years unless his new expansion (\$2.5 million investment, 25-30 new jobs) begins to profit. Venture capital opportunities have seriously declined in recent years, and the entrepreneurs who have the product and desire to expand are simply falling through the funding cracks.

How can we correct this certain change in our economic well-being?

Engage – really engage – our existing industries in the front-end of company recruitment. They need to be pro-active in dealing with local, state and federal officials through focus groups and an aggressive effort to find out what they think. Realistic input is critical in knowing how to address the global competition head-on.

Trending Solutions: Better understanding the trending in the marketplace and developing solutions around this trending. How can we do that? Utilize teams of economic consultants and state development organizations to identify these trends, and then include politicians in this process.

It is also important for us to understand exactly where we are. What is happening with those people who lost their jobs in textiles or other manufacturing arenas? Did they find other work? Are they underemployed? Are they still without jobs? Have they redirected and developed new skills? How are they surviving?

If we are to pursue “new” ways of developing jobs, then we have to have a guideline and a master plan in order to attack this issue.

Thank you for this opportunity.

Congressional Hearing Report
Presented by:
F. Michael Gaymon
President & CEO
Greater Columbus Georgia Chamber of Commerce
September 2, 2003

Thank you for the opportunity of speaking to you about some perspectives on economic development and job creation.

My name is Mike Gaymon. I serve as the President of the Greater Columbus Georgia Chamber of Commerce. Part of our responsibilities also includes the economic development and job creation for a six county area known as the Valley Partnership. This area is made up of Columbus as the urban center, with the other counties being more rural and undeveloped. While there is a great span of types of jobs that are feasible and differences in the kinds of business that would be desirable the one element that is constant is that without a skilled trained workforce, only a small portion of the economic success that is desired will ever be reached.

As some of you know, there are excellent examples of proactive workforce development efforts that Georgia has created. The Service Industry Academy, the first white collar training by Georgia Quick Start and ICAPP all began in Columbus. The key however to their success was that they were all driven by business needs, not by academic needs.

I recall when we were working with TSYS on their possible expansion of 2500 new jobs, a statement was made that helped to set the tone for what became the ICAPP program that has now been noted as one of the most successful models of its kind in the nation. That statement was "you can change the course of history easier than you can change a history course".

That is not a slam on higher education but it is a statement of truth in addressing workforce issues. We must find ways to provide incentives processes that are truly business driven. Most businesses know how to compete in their industry because they are doing it every day. What they need is for resources to be available that they can use, tweak, twist and reengineer to meet the business needs.

The Service Industry Academy is another example of a business driven effort. We were able to get 20 companies to come together focusing on their industry needs in the white collar areas. They spent time quantifying some of the needs, and then Columbus Technical College was brought in to hear and ask. What followed was a process of many meetings focused on what business needed in deliverables. Over 90% of the graduating students in this program found jobs in the fields that they were trained to work in. The key to this success....making sure that it was BUSINESS DRIVEN! Finding businesses who want to be a part of bringing about real change in workforce is not a problem. Finding an environment where real change is welcomed and encouraged is a problem.

My first suggestion is for Congress to look for ways to enhance programs like those that I have just mentioned. Pouring money into systems or bureaucratic networks is not going to get the return on investment or the focus that business needs....we have been doing that for decades. New money may not be needed. But, a redirect into programs that have a DEMONSTRATED SUCCESS is strongly encouraged.

The second issue concerns the area of free trade and the unbalanced playing field. A sawmill just announced its shutdown in this region. I think that you will find that a significant part of that decision was due to some of the "loop holes" that allowed the dumping of wood products here without having to pay certain tariffs and taxes creating an unlevel playing field.

I support free trade. Contrary to what some economic developers seem to believe, building a wall around the United States is a shortsighted, very narrow and ill-fated choice. Some businesses and industries cannot and will not compete. They have not automated their operations. Frankly, some of the former textile companies had not spent the necessary capital to upgrade, to modernize their equipment and assumed that the business that they had would always be there. Well, most of those companies are now gone; and the buildings are being used for something other than textiles.

However, when Canadian firms can put finished lumber on the shelf cheaper than companies like Mead/Westvaco, one of the leaders in pulp and paper standards, can even cut the wood, SOMETHING IS WRONG! Some of these loop holes have been fixed, but at what expense to our existing companies who are no longer in the business due to the thrust of FREE TRADE but UNFAIR LOOP HOLES? Will those jobs come back? Probably not!

And how will we replace those jobs? With more retail at \$6 per hour?

When manufacturers can drive down the costs to literally pennies per dollar of cost and still not be able to compete....SOMETHING IS WRONG!

When companies have to compete with countries that have essentially zero environmental regulations, zero litigious environment, zero labor laws, full government sponsorship and even subsidy support to help them "penetrate the US markets"....SOMETHING IS WRONG!

Recently, I was reading about the experiences of the president of a Georgia Company who shared his story of trying to compete with China. Once he finished sharing the reality of what it costs to comply before any product is made, it was certainly just another example of how the field is much tilted in favor of imports from other countries. When he finished his presentation, he was presented with a gift of a coffee cup. And of course, it was made in China.

America seems to be so caught up in Service Industry Jobs that it has forgotten the value added with manufacturing jobs. Manufacturing jobs create additional jobs unlike many of the other sectors of employers.

Some companies deserve to shut down even if their employees do not deserve the impact. However, I believe that the majority of companies have the entrepreneurial spirit and are ready, willing, and capable in competing in a global economy. They will adjust their sails when the strong winds blow. They will create, change, and adapt where they need to do so. But decisions like the lifting of caps by the World Trade Organization in 2005 on China for example is yet another example of what free trade IS NOT!

The last area I would like to comment on is greater partnering of the public and private sectors. Some of you might remember UDAG funds. While there were certainly examples of abuse and misuse of UDAG, I believe that the main genesis of them was to provide a framework for the public and private sectors to join together to make the impact desired.

As you know, right here in Georgia we have 159 counties, second only to Texas. While I am not advocating that we dissolve some of them, which is another subject during another life time, I am suggesting that there are examples of public/private partnerships that are working.

Out of these 159 counties, I am confident that most of them want some kinds of jobs and an increase in the tax base. However, I believe that with many of them that is where it starts and ends...wanting.

I do not advocate government giving money to everyone based on wants. I do support a targeted effort to "reward" those governments who have bitten the bullet and consolidated their governments and services. I do encourage "incentives" to enhance efforts that are regional in their focus beyond just talk and wants. I do think that making examples out of the leadership that finds ways to form partnerships creating environments where jobs and capital can be created will return many-fold the initial investment incurred.

If measurable standards are achieved, REWARD THEM. When other "want-to-be's" complain, let them learn from the pioneers who have found ways to move the egos, turfs, and political barriers out of the way enough so that the job gets done without worrying about who is going to get the credit.

Thank you for this opportunity. You have a tough job. A part of the future of our State and Nation rests upon your leadership. I know that you do not take this responsibility lightly.

God bless you, give you courage and give you strength. And I still believe that we should ask God to Bless America by letting all of us seek and do His will.



House Committee on Small Business
Testimony of Mr. Kip Purvis
4/5/2004

My name is Kip Purvis. I serve as President of the Meriwether County Industrial Development Authority in Meriwether County Georgia.

Meriwether County is a rural community located south of Atlanta, Georgia and is currently included in the Metropolitan Statistical Area of Atlanta. Currently, the unemployment rate for our community is at 9.0%. This high rate which is above both the state and national average is attributed to the closing of several small businesses and industry in our area during the current economic recession.

While parts of Georgia, primarily Atlanta, has enjoyed economic success during the last decade; Meriwether County has experienced general decline in the number of small businesses that are located in the area. Recently, Mead Westvaco, who operated a sawmill employing approximately 150, closed its doors. Norfolk Southern Railroad is preparing to abandon the rail line running from this facility down to the Columbus area. The impact that business closings have had on our community are significant. Not only does it affect the unemployed but also the small retailers who have provided services to these effected workers. Also Georgia Pacific, who has used the Norfolk Southern Line will be effected by the domino type effect of Meads closure and Norfolk Southern's abandonment.

State and Federal assistance that has been received in our community has been greatly appreciated. But the ability of a rural community to develop the infrastructure required to encourage economic development is limited by declining or very slow growing tax digests as well as the cost and need for services that local communities are required to provide its citizens. Unfunded mandates by both the state and federal government further hamstringing the ability for communities to develop. Stronger programs that provide support for small rural communities to develop infrastructure are needed to give these communities the ability to grow.

Rural communities such as Meriwether County have not just been looking for handouts. Recently, Meriwether County raised over \$225,000 to assist in the construction of a work force development center. The workforce development center will be located in Greenville and will help our citizens develop better job skills and hopefully make our community more competitive for quality economic growth.

Also, the community has been fortunate to be considered as a potential location for an automotive manufacturing project. I would like to thank Congressman Gingrey for his interest and assistance with this particular project. This project would have a \$1.3 billion capital investment and would have a dramatic impact on our entire region. The company, who would employ 2,500 and bring up to \$300 million in investment from suppliers, has narrowed their choice down to two communities in Georgia. Morgan County and Meriwether County. Unfortunately, this has Meriwether competing with a much more developed county. Morgan County is much more urban and affluent and is further along with their infrastructure development than Meriwether. State incentives that focus on providing assistance to more rural communities have not been enough to help level the playing field for this project. This places Meriwether behind Morgan and leaves us trying to find ways for a community with limited resources to compete. The benefit this project would have on our local economy and in turn our small businesses would be unbelievable. If there was potential federal assistance for a rural community that would help make them more competitive with better-developed areas for these types of projects, then you would see a dramatic impact on rural economies and the small businesses in those areas.

The challenges and problems facing rural health care, education and the issues I have mentioned above make for a challenging business environment in rural Georgia. I would like to thank the committee for their time and interest in helping small business.

