

ECONOMIC GROWTH AND JOB CREATION

ROUNDTABLE DISCUSSION

BEFORE THE

SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT
& GOVERNMENT PROGRAMS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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ECONOMIC GROWTH AND JOB CREATION

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 5:19 p.m., in the Council Chamber, Newnan City Hall, 25 LaGrange Street, Newnan, Georgia, Hon. Phil Gingrey presiding.

Mr. GINGREY. First of all, let me welcome everyone to this Economic Growth and Job Creation Roundtable here in Coweta County and the City of Newnan. And we want to thank, at the outset, Mayor Keith Brady for being kind enough to host this.

I have got the distinct pleasure chairing this event to introduce to you three of my favorite, favorite people. Great Americans and great Georgians and a great Missourian. We are honored, certainly very much appreciative that Congressman Todd Akin from the Second District of Missouri, my colleague in the 108th Congress, who is a Subcommittee Chairman of the Small Business Committee in the Congress and so fully understands the struggle that some of us are going through in our small communities as is so typical of several of the counties in this 11th Congressional District.

Congressman Akin has just completed right here in this room a field hearing, a full Congressional hearing, where we had great testimony from elected officials from many of our counties in the 11th District—Upson, Meriwether, Coweta—and it was a very, very enlightening opportunity and we thank so much Congressman Todd Akin from Missouri for being with us today.

Certainly this guy to my left needs absolutely no introduction, my former suite mate in the state Senate at a time when we were both struggling in the minority. The minority party was very grateful to have, of course, now Governor Sonny Perdue as part of our leadership. And as we both thought about what we might do politically, me running for Congress and Sonny Perdue running for Governor, and proud to say today of course that we were both successful and I am honored to be sitting here next to my friend, the Governor of Georgia, the Honorable Sonny Perdue. And Governor Perdue, I thank you so much for being with us today.

Governor PERDUE. Thank you.

Mr. GINGREY. Congressman Mac Collins—as everybody in Coweta County and west Georgia knows him—certainly need no introduction. Congressman Collins and I share—Mac and I share about seven counties in this part of the state, has he has rep-

resented the Eighth Congressional District for so many years. I guess Mac is in his sixth term now, his 11th year in the Congress, a member of the powerful and vitally important Ways and Means Committee. He has got two things on his mind of course, continuing to serve as an excellent member of the House of Representatives and I think there is another little race on his mind as well, but I am truly honored to have my colleague, Mac Collins, join us for this economic roundtable discussion.

Mr. COLLINS. Thank you.

Mr. GINGREY. Senator Dan Lee, who is the Governor's right hand, and maybe left hand too, although not on any left-handed issues, is my great friend from LaGrange and Troup County, and as the Governor's Floor Leader is doing a wonderful job in the state Senate.

So it is certainly a great opportunity for us to come together here this afternoon and have this roundtable discussion, realizing that these are tough, tough economic times. They are tough for Georgia, they are tough for the 11th Congressional District, they are tough for the nation. And we are suffering. The states are suffering, we are struggling at the federal level, as Todd knows so well, having been in the Congress longer than I have, to try to pay for a war that is ongoing and certainly when the President says major conflict ended a couple of months ago, he never said that the battle was over. It is ongoing and it is costly, but it is vitally, vitally important.

We are struggling with deficits at the federal level because of that, but this too shall pass and it will pass because, just as at the state level under the leadership of Governor Perdue, we also have a great President in Washington. We need to sit with him, we need to support him and he will lead us to the promised land, and Sonny Perdue is going to lead us to the promised land and we all just have to fight hard and understand and understand our needs and work toward common goals and solutions.

So with that, I would like to first of all as our Governor to make a few remarks and then Congressman Todd Akin and Congressman Mac Collins, if you will. And then we will just kind of throw it open to questions.

With that, Governor Perdue.

**STATEMENT OF THE HONORABLE SONNY PERDUE,
GOVERNOR, STATE OF GEORGIA**

Governor PERDUE. Thank you, Phil, and I appreciate your willingness to organize this roundtable. I am continually amazed that every time we do our Saturdays with Sonny and have visits with everyday Georgians what corporate wisdom comes from just people out here every day. I know, Congressman Akin, you find that same thing in Missouri. These are very, very helpful and I want to applaud your organization of setting this up, Phil. Thank you very much.

Congressman, we want to give you a good old Georgia welcome. we are delighted that you are here, that you would take time to be down with folks that we value here—Congressman Mac Collins, who served—I actually sat by Mac when I first came to the Senate and he tells people he trained me, so—

[Laughter.]

Governor PERDUE. [continuing]. I do not know whether that is good or bad, but he is taking credit for it anyway. Of course, Mac is from small business and knows what it is to build a business literally from the ground up and that is what people here—we talked about a lot of things, but it really comes down to the jobs. I know that is what you all are focusing on and I know that is what the President is focusing on, is getting this economy kicked back around.

I was meeting with the Council of Economic Advisors over a working lunch. These were economists from the public and private sector, and we are talking about public policy that can make a difference in people's lives as far as getting people back to work, stimulating the economy and getting jobs. I mean when you really define quality of life, you can have a good educational system, you can have good roads, but if you do not have a job, you are hurting. And we have got families in Georgia hurting right now. We want to put together the policies that make good sense.

The good thing about it is—and Mac and Phil know this—that the relationship that we have in the state with our Congressional members and with the White House is just a pleasure to do business these days. We have got I think a real partnership and it is going to make a difference for Georgia, as the relationships are strong and deep and trustworthy. And that is where you can really get something done.

I am going to talk in just a second about local leadership and this whole effort cannot be accomplished without good leadership at the federal level, a state government willing to do its part and then good local leadership. We can do everything, we put all the good policies in place, but it is good local leadership that really makes a difference in communities around. So again, you all are blessed in this area, but I want to challenge you all to continue to look toward building good local leadership, not just in elected office, but building community leaders that make a difference in your community because that is what really will lead us into the future and the future of our children and grandchildren will depend on the foundation that you all are laying just now.

So in conjunction with our great Congressional delegation and their leadership and the President in the White House saying he wants to do his part in having the policies out here that can get this economy back going and get people back working, get people back spending and we are hoping that will kind of fall down to some state revenue after all that as well. We could use some.

We welcome you. Thank you for coming, taking time out, I know it is busy and you all are just getting back to work and got a busy fall ahead of you but it is very important for you to be here in Georgia, and Phil, thank you for inviting the Chairman here, and Mac, thanks for representing this part of Georgia so well.

Mr. GINGREY. Thank you, Governor, so much. Congressman Akin, Mr. Chairman.

STATEMENT OF THE HONORABLE TODD AKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. AKIN. Well, I thank you. I really feel, Governor, completely welcome and if there were not so many good Congressmen here, I might move down. But you know, I am just so thankful for the leadership that you have sent to Washington, D.C., because, you know, we have to work with all these different people and I came in here, I chose Georgia over a lot of other places just because of your leadership and the invitation to come here and to have some of these hearings outside of the Beltway and see what is happening at the important place, where all of us live our lives.

You know, your comments even in the last minute or two reflect so much my own personal belief about why I have an optimistic attitude about things, because, you know, we talk about infrastructure and we talk about making sure businesses can be competitive, and all those kinds of things. But the real bottom line of the whole picture is just the people that are involved and people that have a sense of vision, have the guts to take some idea and go out and put that idea in place, that freedom that has always made America competitive and made it successful. And I can sense that with the kinds of people—you know, the people you elect to office is a big reflection of the sort of community that you are. Sometimes that is a scary thing when I run into some people elected to office—

[Laughter.]

Mr. AKIN. [continuing]. But in your case, this a good thing, and that reflects the fact that, you know, the economy kind of goes up and down some, but when you have people that are willing to go out there and to dream the dream and put it on the line, that is how America has been built, by one dream at a time. And I can see you all have the strength to do that, and the economy goes up and down, but you can land on your feet.

So I am just thankful for your leadership, Governor, and for the fine Congressmen that you have been sending up, it makes my job a lot easier. So I wish you all well and look forward to the roundtable.

I will make a comment that because of our plane schedule, I do have to leave in about half an hour or so, but it does not mean I am quitting early.

Mr. GINGREY. Congressman Akin, thank you, Mr. Chairman, thank you so much. And we are deeply appreciative that you picked the 11th Congressional District of west Georgia to take your time and be with us and to hear from, as we did earlier in the hearing, the formal field hearing, from our mayors and our count commission chairs and our city council members and the presidents of our respective chambers and economic development authorities, it has been a wonderful afternoon.

My colleague Mac Collins, talking about Sonny, our Governor said that in some ways that state Senator—former state Senator Mac Collins was his mentor, he has certainly been my mentor in the Congress and as I needed some friends, freshmen always do, Mac has always been there for me and what a pleasure to share with him so many of these districts in west Georgia.

Mac, thank you for being here.

STATEMENT OF THE HONORABLE MAC COLLINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. COLLINS Thank you, Phil and Todd. Welcome to God's country.

[Laughter.]

Mr. COLLINS It is a pleasure to have you here.

The Governor well knows that this is the best place on earth to live, is the State of Georgia. Not taking anything away from Missouri, I know we have to show you out there, but it is a pleasure to have you here.

The Governor has set a record, you know, he is the first Republican Governor since Reconstruction, which goes back further than I have lived, and he too, so it is a pleasure to have him. He started off—had a rough start, coming into a situation where the economy took a real dive and revenues have taken a dive with it and he has done his job well, he is getting his sea legs under him now, and you ain't seen nothing until next year, he will do a super job for the State of Georgia.

You know, I saw the President just a few minutes yesterday on C-Span as he was speaking I believe it was in Ohio to the engineers' union. And he said it best, he said, you know, the economy is about jobs—the economy is about jobs. I do not care if it is the newest entrant into the job market or if it is the top CEO of the country, it is a job. And that is what it is all about, is the cash flow of people, the mother of all cash flows and they get their money from their job.

There are a lot of problems. As the President said yesterday, we have addressed a lot of problems with individuals as far as tax relief. It is now time to address some problems that businesses face. One area that I think is very important that we take a look at, it is an area that we have not reduced the tax burden on and that is the area of the corporate tax rate. Most all industrialized nations have reduced their tax liability to business, they are now drawing a lot of our jobs because they are drawing our businesses away from here and they are locating in other parts of the world. Although you can meet that type of competition—either you meet them or beat them at their own game, so now we have to take a look at what is happening in the area of business tax. We did some of that early on with the President's growth package when we reduced the capital gains rate, we did some of that with the accelerated depreciation on the 50 percent expensing, and we are also taking a look at alternative minimum tax as far as corporate. We did do something as far as individuals. The stock dividend, the tax of 15 percent rather than the double taxation at 35 percent was a good move.

But it is about jobs. We appreciate people who are willing to take a risk. I started out at the age of 18 in a small business. I also started out at the age of 18 in debt. I am 58, be 59 next month, I am still a small business and I am still in debt. But I tell people that come by the office it does not matter who they are, if they are working people, I tell them I appreciate the fact that they are working. If they are people who are taking a risk to provide jobs, I do not care if it is a small one or two man operation or two person operation or if it is the CEO of Ford Motor Company or Georgia

Pacific, whomever it may be. They ask how can I help—that is where you can help, keep those jobs going. We need those jobs, we need those jobs in America. We understand that your business, small business as well as large business, has challenges. We meet those challenges ourselves.

We appreciate you being here and look forward to hearing from you and I am going to hush. Thank you.

Mr. GINGREY. Congressman Collins, thank you very much.

And with that, I would like to open the roundtable up to just, as it says, a roundtable. We are wanting to hear from you, wanting to hear from the community, very thankful that so many of you are here for this opportunity this afternoon the direct some questions to Governor Perdue, to myself as a Congressman representing this district as well as Congressman Mac Collins and of course, Committee Chairman of a vitally important Subcommittee of the Small Business Committee, Representative Todd Akin. So why don't we just open it up and we are ready for the first question.

Mr. HARPER. Congressman Gingrey, let me comment on something that you are extremely well aware of and all of you are, and that is the burden of the increased health care cost for the small business. And that is something that is not new and that is something we are not going to solve here, but we cannot have a roundtable and not say how important that is.

I am either owner or part owner of three different businesses and there has to be some relief or it is going to hurt not only job creation but job retention in the State of Georgia, or any state. And it is something that needs a lot of attention and a lot of work.

The other thing, talking about small businesses, is I believe the Governor is working on an entrepreneur division or department and I think that that is a great move and I think I have heard the Governor say this, that we have to create our jobs rather than import them. Not that we do not want to import some, but we cannot depend totally on that. And in order to do that, as a small business person, one of things that I would add is that we need to find a way to simplify business. It sometimes just gets almost too difficult to do business because of laws and things that when they are made you may not understand how—I know you understand, but the details of that.

Let me give you one example and then I will let somebody else speak. We are trying to start some new banks in this area here and we had everything ironed out and we had some federal legislation, they call it Historical Preservation 106. Good legislation, but it almost stopped about 35 or 38 jobs and over a million dollar building in small communities. Anything that is 50 years or older that has got federal ties to that, like a bank with FDIC, that means that you have got to get their approval before you can do anything as far as demolition is concerned. We fought that battle for about two or three weeks and I finally just asked the guy in charge of that—they came down and met with us—are you willing to take the responsibility for stopping these jobs and for cutting this out, the communities are in favor of that or our community was in favor of it.

So I just say that as an example. We did work through that and we resolved that problem. It cost us, a small business, a good bit

of money to redo site plans and get those folks happy, but we were able to sit down and come to an agreement. But I think that is one example, anything from 50 years to 100 years.

I just say that in doing everything, we have got to find a way to simplify doing business. And one other thing from the entrepreneurial standpoint, you know, we have a great program in the SBA, but there is a lot of red tape with the SBA. I think not necessarily any new money, Governor, because I know money is kind of tight these days, but you know, we have technical colleges all over this state that are great technical colleges and I think if that could be tied in with the entrepreneur and the small business and the training and business plans and all of that tied together as a part of that program. I know they have to go get those, but I think we have got in place people locally who understand what that system is all about.

So I would just say that if I could sum all of this up, health care, we have got to have some help; we do have to build our jobs and we have to make it simple enough so a person is willing to do that and can afford to do it. And in everything that we do, let us not make it any more complicated.

Mr. GINGREY. Terry, thank you. And what I will ask the round-table discussants, if they will, to identify themselves and I will do that for Terry. Terry is my good friend, Terry Harper from Heard County, Franklin, Georgia and a leader in that community, and Terry, I really appreciate that question.

I am going to start the answers, and of course, it is a multi-tiered question and Mac and Todd, I think are better equipped to handle some of those questions, and also Governor Perdue in regard to the health care, but let me just start that out by saying that as we go back to Congress tomorrow, we have some heavy lifting to do in regard to several health care issues. As you know, the House passed H.R. 5, the tort reform legislation two months ago, three months ago, and it is sitting in the Senate being studied intently and we are struggling because of the need for a super majority rather than a simple majority. This needs to be passed and it is all about leveling the playing field, it is not about denigrating the legal profession. There are people who are involved in personal injury practice and they do a good job and they are very much needed. But we need to level that playing field, because if we do not do it, we are not going to have any physicians at the emergency room when our young children or grandchildren are injured, we are not going to have any OB/GYN doctors willing to deliver a high risk pregnancy for fear of a bad outcome.

And by the way, we estimate that this probably is costing the federal government each year enough to fully pay for the prescription drug benefit, the version that we passed in the House, and I say that because the federal government spends maybe two-thirds of every health care dollar on Medicare, Medicaid, veterans' benefits, military retirees and active duty personnel. And there is a whole lot of defensive medicine going on there as well, multiple redundant tests that are ordered because of that. We need to deal with that and we need to modernize Medicare. We do not need just simply a prescription drug benefit, a stand-alone would just further accelerate the day when Medicare would be in default. So we need

to also modernize the Medicare and bring it from 1965 to the 21st century.

I would like to ask the Governor to maybe comment a little bit in regard to the Medicaid program, which you know is under tremendous pressure in the various states and certainly here in Georgia and I know the Governor is working very diligently to try to deal with that concern.

Governor Perdue.

Governor PERDUE. Well, certainly that is a program that is under a lot of physical pressure, but I am a small businessman too and I just got my renewal rate, so I know exactly what you are talking about. They were in the high double digits and so I know exactly what you are referring to that way.

The tort issue is one of those issues that I think can help, but it is a complex problem and there has got to be a lot of solutions there—better technology use in medicine and helping to solve that.

But you are exactly right, if we do not start making progress on that issue and we continue to spend a greater and greater percentage of our GDP on health care, this country will not be as productive, it will not be as successful in the future as it has been. That is just a fact of the matter. These require, you know, sort of getting some of these partisan politics out and this jockeying around, and creating real solutions for the average person out here who is trying to grow jobs in that way. And it takes a multi-faceted approach to solutions on that.

Certainly regulations—this is one thing I have told our people, on the over-regulation of small business, let us get some clearing-houses here and find some people that can say yes rather than say no. That is a big need in government sometimes, is to find people who want to find ways to say yes rather than no and to help people drive the economy. I mean after all, it is your capital, your risk and your sweat equity that is building jobs there. So that is what we want to do, and that includes a variety of issues with the training aspect that you mentioned.

Mr. GINGREY. Congressman Akin.

Mr. AKIN. We have heard enough from Congressman Akin.

Mr. GINGREY. Mac?

Mr. COLLINS There is only one other thing that I can think of off-hand that we are doing that could help small business and that is associated health plans where a small business can join with other small businesses through an association and buy collectively a plan at hopefully a much less cost. We passed that in the House, it just needs to pass over in the other body.

Mr. HARPER. I think that is a great benefit because that can move them up into a larger group.

Mr. COLLINS That is right.

Mr. AKIN. You are going to hear a little bit of a common mantra, there are a bunch of these things that you have brought up and other people are going to bring some things up. We pass legislation in the House and it goes to the Senate and it is just kind of sitting there. So some of us would love to kind of jump start the Senate a little bit and get some of these things moving. But we have dealt with medical practice, we have dealt with tort reform, we have dealt with the associated health plans and a number of different

things that will have bearing on that. It is just a matter of trying to get them moving.

Mr. GINGREY. You know, Terry, also in regard—you brought up the specific issue there in Heard County, the hurdles that are created. You have an opportunity, you have local effort and entrepreneurship trying to do something for the community and you fun into these hurdles.

I clipped an article out of the newspaper, I am not sure whether it was AJC or my local newspaper in Marietta or maybe it was one in the district, but it was talking about the number of rules and regulations that the various and sundry departments of the federal government put upon us, the small business men and women in these communities that we represent. And probably for every law that is passed by the Congress, there are 50 rules and regulations which are done just simply by departmental fiat, if you will, that just over-burden and make it very difficult to succeed in our small businesses. So it is a good point you bring up, we need to look very closely at that.

Ms. BLENCOE. I would like to make a comment, I am Corinne Blencoe, I am with the Georgia Department of Community Affairs.

This gets back to the question about the hurdles and I just want to point out that the Historic Preservation is not always a hurdle for small businesses. I own a historic building myself and I know it can be tricky sometimes negotiating all the paperwork and everything, but we use historic preservation as a basis for a lot of good programs that benefit small businesses. Through our department, we have better hometown and main street programs, which are basically grassroots programs to help downtowns improve themselves, make a better environment for small businesses in the downtown area. And that is based on preservation. If you have got downtown buildings, we need to use them first. Maybe a good example of a successful main street community, Jennifer Elliott here from Manchester, is a good example of a successful main street community. Jennifer Elliott here with Manchester is one of our better hometowns.

Another thing I wanted to point out is that there is significant financial and state tax incentive programs tied to historic preservation, so that National Historic Preservation Act of 1966 does create hurdles, but it also does give—to the right project, it does give some financial incentives.

It is a hurdle I know and it is paperwork, but sometimes it actually does have benefits for our small communities.

Mr. HARPER. We had all of those discussions and my concern was that they had no economic tie to the effect.

Ms. BLENCOE. Right, right.

Mr. HARPER. That is what I was trying to get at. Historic preservation is good, I have served on the Historic Preservation Society, so I am not against that. I am just saying there has got to be some changes there. When laws are made that can stop that kind of growth. It was very difficult to get to the negotiating table, it was like that is the way it is, but we finally did.

Ms. BLENCOE. And that law was passed 37 years ago.

Mr. GINGREY. Corinne, thank you for bringing that up, because as you point out, things like the main street program in Georgia

has been a tremendous success and all you have to do is look at some of the brochures and some of the communities like Newnan and other towns where that has been a great success.

But I think, you know, maybe what Terry is referring to is needing to strike a balance. And quite honestly, whether it is a member of the Georgia General Assembly in state government or whether it is a member of Congress or city council or county commissioners, you are constantly trying to strike that balance and to make sure that there is—it is a trite expression, but a level playing field for everybody involved, and that as you hear from a constituency or an advocacy group, the Governor has to deal with that every day to try to make these tough decisions to make sure that nobody gets an unfair advantage to the detriment of the majority. And it is a very tricky thing to deal with, both at the federal, state and local levels.

Mr. O'NEILL. Congressman, I am Ken O'Neill with the Carroll County Chamber of Commerce and I agree with Terry on a lot of what has been said about issues facing small business. There is no question in our small community that availability of health care for small businesses is probably number one. If I go into any group meeting of small businesses, local coffee shops in the morning or whatever, that topic will surface more than anything else.

Probably there is more fear in that one issue because if I cannot afford it, I do not have it, what do I do. So I am living day to day and hopefully nothing goes wrong.

But worker quality is still an issue. I think a lot of businesses, especially in the medium size range, are concerned about the quality of the workforce of the future. That is not to say that everything is not getting better in that area, but some folks have bigger concerns than others about where the leaders of their businesses in the future are going to come from.

And then finally, I would just say that entrepreneurship, I consider that to be maybe a bigger part of Georgia's future than some people. I think the rich days of manufacturing are not going to be as prevalent as they once were. I do think that entrepreneurship and encouraging startup businesses are going to be a vital program to each community across the state and that our programs need to be geared both on a state, federal and local level to assisting that business get going, take roots and be ore successful. As you know, three out of four businesses fail. So that ratio needs to change as we go into the decades in the future.

Mr. GINGREY. Ken, thank you for those comments. Governor, you might want to address some of that. I know you just got back from a trade mission and working hard to make sure that we have an educated workforce, both at the technical level at adult technical colleges in the state and of course, Carroll County has West Georgia, one of our best, West Georgia Technical College, we are trying to do just exactly what you are talking about, Ken.

Governor PERDUE. I think the dropout rate is of concern obviously to all of us and that is one area we have got to focus on. My vision is to allow DTAE to kind of come down into our K through 12 and engage those kids who may have lost interest or lost hope in high school and get them some hands on experience with a joint degree, where they have got a high school degree, if they complete

a job skills training as part of a technical school, in a joint enrollment situation, coming out of that prepared to go into the workforce in a trained modern day environment. So that is where we hope to head now.

Ms. GRIFFIES. I am Linda Griffies, I am with West Georgia Technical College in LaGrange, Georgia.

Our particular college, during the last year, was the fastest growing college in the state. We have seen our enrollment move from about 1100 or 1200 to 2200 over the last year and we are working with workforce development sites, both in Meriwether County and in Heard County, and we are working with Terry in Heard County for an entrepreneurial development center there.

We are making available a lot of our marketing people and instructors in our school to provide assistance to small businessmen in their startup operations.

However, we like everyone else in the state will be facing more budget cuts going down the road. It is a reality, it is something that we have to accept, but what concerns us is the ability to deliver to the small businessman the same quality of employees that we would be able to deliver to a large company coming in, because like you say, they are probably going to be the ones who will fuel our economy in the future.

That is my biggest concern, is maintaining the quality that we deliver to all of our outlying areas. We have dual enrollment programs in every high school in our tri-county area at the current time, at least one, if not three or more in the various high schools. And that is my biggest concern moving forward, is our ability to be able to maintain the level of service that we deliver with the shrinking resources that are available to us.

Mr. GINGREY. You know, Linda, you mention that and I cannot help but sit here and think about what happened recently at State University of West Georgia. You are very familiar and I know that Ken is as well. They have a program there called the Advanced Academy where they bring in high school students who literally complete high school their junior and senior years, in some instances, on the campus of the State University of West. Many of these extremely bright students come from impoverished backgrounds and they were only able to enroll in that academy with the help of the Pell scholarship program through the federal government. And then all of a sudden that was taken away from them because they were labeled as joint enrollment students, when truly they were not joint enrollment as you and Ken and Terry point out in regard to still being high school students but taking some courses at an adult or technical college. And they lost these Pell grants. So we have got to go back to Washington and try to make a little change in the law to make sure that this wonderful program is not destroyed because of some little quirk in the law.

I think what you are talking about, and Terry earlier in his comments, is trying to—those of us who are in Congress—to remove some of these unnecessary barriers to success, if you will.

Ms. BLENCOE. Linda mentioned that they are working on several workforce development centers around the region. One of those is in Meriwether and we were, through the Department of Community Affairs, we were able to award the count a \$500,000 commu-

nity development block grant to help fund the construction. We are so pleased to have that. It is a federally funded program that is appropriated to each state and our department just makes the grants available on a competitive basis once a year. But the best thing about it was we were able to award that grant knowing that the community had raised almost \$300,000 in matching funds. So I mean it was a great federal appropriation that made the project happen, but it was really the local fund raising too that went to make up part of it. It is actually going to fly because of the local funding that has been pulled together in the past six to eight months.

Mr. GINGREY. Corinne, when we had the field hearing earlier today, we talked a lot about the Tier 1 counties, such as Meriwether and Talbot, some of which are in this 11th Congressional District, and the great needs that they have and what we can do, both at the local, state and federal level, to try to reach out with some of that compassion. I made a reference, Governor, to no child left behind. I think we just need to try to do more to make sure that no community is left behind and I know that nobody, no Governor, no elected official that I know of has more compassion for rural Georgia than you do and you being from Bonaire realize and understand that while we agree that Atlanta is the economic engine and that large metropolitan area, that we need to do all we can to try to help these Tier 1 counties, so many of which I represent.

Ms. ELLIOTT. I am Jennifer Elliott with the City of Manchester in Meriwether County, and we have here too Susannah Dobbs who is owner of Dobco in our city, who employs about 40 employees. And one of the unique things about her company is that—well, first of all, it is the kind of business that we really want in our city, because it is fairly new and it is growing quickly. She makes thermal plastic pavement markers, is that correct?

Ms. DOBBS. Yes, that is correct.

Ms. ELLIOTT. And one of the unique things about it is she would really like to even benefit our city more than just through the employees and the local taxes, but her sales tax when she makes a delivery, she pays the taxes where she makes the delivery. And so our city and our county does not get those revenues. I do not know if that is federal law or state law, but that was one way—if there is some way we could shift that to where the city—that somehow she can make the sale in the city or change that law somehow that we can benefit, because like I said, we are a small city and a small county and that would be another way that we could benefit from this great new industry that we have.

Mr. GINGREY. Jennifer, before we respond to that question, Congressman Akin has got a plane and he is going to have to dash to Hartsfield—I think it is still Hartsfield International Airport, isn't it?

[Laughter.]

Mr. GINGREY. But I just want to say before he leaves, again how much we appreciate Congressman Akin being with us today.

Mr. BEZAS. Actually we have a few extra minutes that we have allocated to the schedule. I apologize, it was my fault, and the Congressman does not know.

Mr. AKIN. It has something to do with a police escort.

Mr. GINGREY. Oh, I see.

[Laughter.]

Mr. GINGREY. Thank you very much. Jennifer.

Ms. ELLIOTT. And a follow up with that as well, I know we really want industry in our town and in our county and certainly want that little car company to come to our county. But we also really want to do everything we can to support the small industries because that is our lifeblood. I think the days of the large manufacturers are gone. Our largest manufacturer used to employ around 1000 and I think they now employ around 500. So we are really looking to the Susannah Dobbs of the world to come to Meriwether County and Manchester and really grow, in a small way, and to try to get more incentives for small manufacturers to come to our city, not just the larger ones.

I know when she gets ready to expand, we want to be right there to help her. And it is kind of about cutting through the red tape. We have a revolving loan that is allocated for Manchester, but we have to re-apply and so that kind of makes that process a little bit longer. If there is some way—we have already—it is a loan that we received six or seven years ago that we have paid back for the first industry that we got in. And then if we want to be able to loan that back to Susannah, we have to go through the whole application process all over again, even though that money is allocated for our city. So if there is any way we can kind of cut through some red tape there as well, so when Susannah comes to me and says I am ready to expand, can you help me, we can try to make that process happen faster.

Ms. BLENCOE. What Jennifer is referring to is the community development block grant program. We can set aside monies for economic development. Basically that money, CDBG, is to benefit low to moderate income individuals, as you well know, and through the economic development set-aside, we do allow CDBG to create local revolving loan funds. If it is a loan to a manufacturer, they pay it back to the community, but because it is federal money, at the state level and the local level, our hands are still tied by these federal regulations which make—even though the money is recaptured locally and is waiting to be used only in Manchester, they still have to go through an application process.

Ms. ELLIOTT. And it is also still tied to job creation.

Ms. BLENCOE. Right, still has to be—

Ms. ELLIOTT. So even if she says I just need more room, I could do my business more efficiently if I had 20,000 feet of extra space, we still would have to prove even further job creation or really hit home with job retention, but any way you could try to make that process a little easier for us.

Ms. BLENCOE. And that is hard regulations.

Ms. ELLIOTT. Because it is job retention is really what we are trying to achieve and job creation because we want our new businesses to be our old businesses 10 years from now.

Mr. GINGREY. Susannah, Jennifer, that is what a roundtable is all about, telling us what your unique problems are in your county, in this district and what we can do both at the federal and state level to give you some relief. I think that tax issue, maybe others

at this state would understand that a little bit better than I do, whether it is Senator Lee or Congressman Collins or Governor Perdue, but we want to do everything we can to keep those jobs, because we do not need to lose any more of what we have got.

Ms. DOBBS. I just also would like to go on record and say that we are a classic company that has taken advantage of as many programs as we know exist that are there. We got our original financing through SBA, we have tried to take advantage of all the job tax credits, we try to use Savannah ports. We try to do everything that we possibly can do and those programs do help, especially in new business. So any support that you continue to give to those programs will certainly help us.

We still have struggles in our community because we are a Tier 1 community. My biggest issue really is finding an employable workforce. The educational level is low and we try to get involved in the school system to try to help these kids understand how important an education is. We also feel like there's a big need for the community to be educated, not only on how the children need to be educated through the public school system but also the importance of industry to their community in spreading out that tax base and creating a tax base, so that there are monies available for the kind of programs that we need and there is a huge issue in our county that people just do not understand what industry does to a community. So it is a constant thing that we work on to try to educate folks in that arena.

But the job tax credits and like I say all the programs that have been out there have certainly been a big help to us. So we appreciate it.

Mr. GINGREY. Thank you, Susannah.

We have probably got time for one last question. I know the Governor has got an awfully tight schedule and Congressman Akin, of course, was able to stay a few more minutes, but does have a plane to catch. I think there is a preschool program, a K-5 program, right here in Newnan, Coweta County, that some of us would like to at least have five minutes to stop by and say hello and see some of the wonderful things that they are doing, and then I head to Columbus, Georgia, believe it or not, part of my district, for a little talk down there tonight.

But we have got just a few more minutes and if there is another question, we would be happy to hear from someone else. I think this has been very, very informative. I am very grateful for the participants.

Chairman Akin, thank you again for your time and for being with us. I look forward to seeing you tomorrow in Washington—will not be long.

Governor Perdue, thank you for being willing to give us an hour plus of your time out of your busy schedule to be with us in West Georgia, I know you understand how much we are suffering in this district with the loss of a lot of manufacturing jobs and we are going to try to work very hard to improve that situation.

Mac, I thank you for being with us. It is a pleasure to share west Georgia with you in the Congress.

With that, if there are no other questions—excuse me, Senator Lee.

Senator LEE. I just wanted to say if I could that, as you understand, districts are spread hither and yonder. As we sit here today we sit in my Senate district. You have been to my home in La-Grange. The two do not really kind of go together except that I know a great deal about Newnan.

I appreciate having these folks here, who I think of as our government in Georgia. You are here, Governor, Congressman Collins. Our fine visitor here from Missouri was saying something about senators, former senators, and I think you ought to know that he has two more here amongst us. He is out-numbered greatly.

I appreciate very much, Governor, as always, your leadership and Phil putting this together and having Mac Collins here.

Thank you.

Mr. GINGREY. Senator Lee, I appreciate it. And as the Governor's Floor Leader, as Mac Collins said, we ain't seen nothing yet. I know that under the leadership of the Governor and with your able assistance, that we are going to see some great things in the General Assembly this next year.

In closing, let me just finally say—

Mr. COLLINS May I ask a question?

Mr. GINGREY. Sure.

Mr. COLLINS Susannah, you are manufacturing, I do not know what product, I am sorry.

Ms. DOBBS. Thermoplastic pavement markings that are used for the yellow and white lines on the highway.

Mr. COLLINS Okay. I visited the plant that you were at once before. Are you competing in a national market in any sort of way?

Ms. DOBBS. Yes, we are. We compete in—really there is a U.S. market that we compete in, but yeah, we are having to compete against companies in Texas, Atlanta, west coast.

Mr. COLLINS There is one other measure that has been introduced in the Congress—and it was introduced by John Linder from Georgia, it is calling for a total restructure of the tax code. I know Phil is on the bill, I am on the bill and I have encouraged the Ways and Means Committee Chairman to hold some hearings, it is called the Fair Tax, it is a national retail sales tax. It would eliminate all of the federal income tax, corporate, individual as well as the payroll tax. The purpose of it is to make us more competitive in the world market because it would take the cost of all the taxation out of the production of goods and services, retail sales tax would not be included in anything that was sold offshore or sold wholesale.

It also serves another purpose too, and that is it would add back a tax where we would just about eliminate all of our tariffs on products coming into this country. And by adding that tax back, it makes it more in line with the cost of production here.

So it is a very good measure and one that I hope we can get a lot of people behind in Washington. I do not know if Todd is on that bill or not, but I am soliciting his support of it right now.

[Laughter.]

Mr. COLLINS It is a good measure, it is a way to look at the future as to how we can compete in the world market. I am not one to give up on the world market. I think we can compete, it is just going to take some thinking, you know, from those of us who have been competing all our lives, as to how you do that.

I was just over in Thailand last week, and I will not bore you all with a long story, but we were meeting with the prime minister of Thailand and he was talking about a bilateral—wants a free trade agreement with the United States. I told him, well, we are not so much interested in free trade any more, we want fair trade. We want to exchange—not just continue to exchange our money for their goods, but we want to be able to sell them some goods. But it is kind of difficult to sell to a country that does not have a great deal of prosperity. It is hard for them to buy our product.

In the meantime, he was talking about Burma, which is a country next to Thailand that has a severe problem. Their biggest industry over there is heroin that they are smuggling into Thailand and the Thais do not want it, they are trying to stop them. And he kept talking about a road map, we have a road map. If the Burmese will just listen to us, we have a road map for them that will take them into prosperity, and of course, I did not respond to anything like that at the time.

But when we got up, he gave us a little gift, he gave us a necktie and as he was handing me the tie, I said, sir, can I ask you a question and he said sure. I did not want to embarrass him in front of the whole group because I knew the answer. I said does your road map for Burma include a free trade agreement. Oh, no, no, no, no. They could not buy anything we make in Thailand, they do not have any money. I said well, I rest my case. It hurts when it comes home, does it not? Because if you look at it in an equivalent way, that is the way we are competing in America with people like Thailand, Vietnam and other countries who have very low cost compared to what we do here, and they are just eating our lunch based on that cost, but we cannot beat them on the cost of labor. But there are other ways that we can beat them.

And that is the reason I go back to this national sales tax that John Linder is promoting and go back to the regulatory costs that we put on all businesses in this country. Health care costs is one of them that we put on business, and a lot of the things at the state and federal level we force businesses to participate in turn out to be very, very costly.

So there are ways that we can, if we can just get enough people in Washington to understand that, that we can compete in foreign markets.

Mr. GINGREY. Mac, thank you very much.

And finally, let me thank Mayor Keith Brady, the Mayor of Newnan, and Danny Lewis, City Manager, for giving us the opportunity and hosting us today.

And with that, I declare this roundtable adjourned.

[Whereupon, at approximately 6:15 p.m, the roundtable was adjourned.]