

**WRITTEN TESTIMONY BEFORE THE SMALL BUSINESS COMMITTEE**

**MAY 19, 1998**

**HEARINGS ON THE AMERICAN COMMUNITY RENEWAL ACT**

**Submitted by:**

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IT GIVES ME GREAT PLEASURE TO HAVE THE OPPORTUNITY TO GIVE TESTIMONY BEFORE THE SMALL BUSINESS COMMITTEE OF THE HOUSE OF REPRESENTATIVES. FOR ME, IT IS ESPECIALLY MEANINGFUL BECAUSE IT MARKS ALMOST TWO YEARS FROM THE TIME MY GRANDDAUGHTER AND I CAUGHT THE NIGHT OWL FROM BOSTON TO BE HERE FOR THE HEARINGS FOR THE 1996 VERSION OF THIS BILL AND SOME OF YOU MAY REMEMBER THE BILL BEING CALLED "SAVE OUR CHILDREN" LEGISLATION. AS I WAS EXPRESSING MY SUPPORT FOR THE ECONOMIC EMPOWERMENT PORTION OF THE BILL TO THE MEDIA PRESENT FOR THAT HEARING AND JOINING WITH SOME OF THE SAME REPORTERS HERE TODAY, MY GRANDDAUGHTER TIFFANIE WAS GETTING AN AUTOGRAPHED TEE-SHIRT BY CONGRESSMAN WATTS ALONG WITH A PIZZA LUNCH AND A TOUR OF CAPITOL HILL.

THE ENTHUSIASM FOR THE BILL WAS EVIDENT THEN AND IS EVEN MORE PROFOUND NOW THAT RENEWAL ATLANTA IS UP AND RUNNING WITH OUR SIGHTS SET ON OTHER COMMUNITIES, PERHAPS HOPEFULLY SOON TO BE CALLED RENEWAL COMMUNITIES.

RENEWAL ATLANTA BEGAN OPERATIONS IN LATE DECEMBER OF 1996 WITH 5 EMPLOYEES. TODAY, WE EMPLOY 23 INDIVIDUALS WITH 18 OF THEM BEING EMPOWERMENT ZONE RESIDENTS. WE HAD TO MAKE THE UNEXPECTED INVESTMENT TO RECRUIT, SCREEN AND QUALIFY THE INDIVIDUALS WE NEEDED FOR POSITIONS IN MANAGEMENT, SORTERS, MACHINE OPERATORS, INCLUDING FORKLIFT, SKID STEER AND BALER PERSONNEL. WE ARE A

DRUG-FREE WORKPLACE REQUIRING A DRUG SCREEN OF PERMANENT EMPLOYEES COMPLETING A TRANSITION PERIOD. WE SUPPORT AND PROMOTE THE "CROSS-TRAINING" APPROACH WHEREBY OUR EMPLOYEES LEARN MORE THAN THE SKILLS THEY CAME THROUGH THE DOOR WITH ON THEIR FIRST DAY ON THE JOB. WE HAVE HIRED SOME IMPRESSIVE AND DEDICATED EMPLOYEES. HOWEVER, ALL OF THEM WERE PREVIOUSLY UNEMPLOYED AND WANTED AN OPPORTUNITY TO HAVE MEANINGFUL EMPLOYMENT.

RENEWAL ATLANTA WAS DESIGNED TO BE A 300 TON PER DAY FACILITY, AND THOUGH WE HAVE NOT MAXED OUT TO CAPACITY YET WE ARE CURRENTLY A TWO-SHIFT OPERATION. WE ARE ANTICIPATING NEAR TERM GROWTH IN ACCOUNTS THEREBY ADDING ADDITIONAL EQUIPMENT AND ALONG WITH THAT WILL BE ADDITIONAL EMPLOYEES. AT FULL CAPACITY WE ANTICIPATE HAVING A TOTAL OF 65 FULL-TIME EMPLOYEES, IN ADDITION TO THOSE HIRED THROUGH OUR PROJECT YES PROGRAM.

WE HAVE BEEN ABLE TO BUILD A POOL OF OVER 200 APPLICANTS, MANY OF WHOM ARE ZONE RESIDENTS, THAT ARE INTERESTED IN EMPLOYMENT OPPORTUNITIES WITH RENEWAL ATLANTA. THIS HAS BEEN DONE THROUGH REFERRALS, OUR SITE LOCATION, WORD OF MOUTH, AND WORKING WITH CITY AGENCIES AND NEIGHBORHOOD GROUPS.

I MIGHT ADD THAT THE ATLANTA EMPOWERMENT ZONE HAS THE NINTH HIGHEST POVERTY RATE IN THE NATION. MORE THAN 44% OF THE RESIDENTS LIVING WITHIN THE ZONE LACK A HIGH SCHOOL DIPLOMA. A SUBSTANTIALLY LOWER PERCENTAGE OF ZONE RESIDENTS HAVE HIGH SCHOOL OR COLLEGE DEGREES THAN IN THE CITY AS A WHOLE. THE REPORTED UNEMPLOYMENT RATE IN THE ZONE IS OVER 15%, WHILE THE CITYWIDE UNEMPLOYMENT RATE IS 5%.

I AM SURE THAT THERE MAY BE SIMILAR STATISTICS IN THE PROPOSED RENEWAL COMMUNITIES IF THIS BILL IS PASSED. IT OFFERS A TREMENDOUS OPPORTUNITY FOR COMPANIES LIKE RENEWAL ATLANTA TO MAKE A DIFFERENCE, CREATE JOBS, CROSS-TRAIN, HELP PROVIDE ADDITIONAL FAMILY SUPPORT STRUCTURE, GIVE COUNSEL, AND SUPPORT OUR YOUNG PEOPLE AS WITH OUR PROJECT YES PROGRAM.

OUR CITIES ARE NOT DEAD; TOO MANY OF ITS RESIDENTS ARE DYING FOR LACK OF HOPE AND OPPORTUNITY. I WOULD AGREE WITH ONE OF THE POINTS RECENTLY OPINED BY JOHN NORQUIST, MAYOR OF MILWAUKEE, IN A RECENT EDITORIAL TITLED "RESTORING AMERICA'S CITIES". IN THE ARTICLE HE STATES THAT OUR CITIES CAN NOT BE RESCUED BY MASSIVE FEDERAL SPENDING. HOWEVER, I WOULD SUGGEST THAT AN URBAN MARSHALL PLAN IS NEEDED, ONE THAT IS SPEARHEADED BY THE PRIVATE SECTOR AND STRONGLY SUPPORTED AND ASSISTED BY GOVERNMENT,

FEDERAL, STATE, AND LOCAL. WE SEE THE OPPORTUNITY FOR THAT TYPE OF SUPPORT IN THE PILLARS OF THE ECONOMIC EMPOWERMENT SECTION OF THE 1998 AMERICAN COMMUNITY RENEWAL ACT.

IN ADDITION, WE WOULD LIKE TO RECOMMEND THE FOLLOWING FOR YOUR CONSIDERATION:

- 1) EXTENSION OF THE EXISTING EMPOWERMENT ZONE TAX CREDITS, NOW DUE TO EXPIRE IN 2004, TO THE YEAR 2007 TO COINCIDE WITH THOSE BEING PROPOSED IN THE AMERICAN COMMUNITY RENEWAL ACT.
  
- 2) BROADEN THE DIFFERENTIAL ADVANTAGE THAT HAS BEEN STEADILY SHRINKING THROUGH STATE AND LOCAL TAX CREDITS WHICH SERVES TO GREATLY MARGINALIZE A VERY IMPORTANT INCENTIVE FOR A BUSINESS TO LOCATE IN THE ZONE OR RENEWAL COMMUNITY.
  
- 3) SUPPORT THE SUGGESTION PUT FORTH, I BELIEVE FROM A MEMBER OF THIS COMMITTEE, THAT EACH MEMBER OF CONGRESS SPEND A PERIOD OF TIME WORKING IN A SMALL BUSINESS TO BETTER UNDERSTAND THE CONSEQUENCES OF SOME OF THE VERY LEGISLATION AND REGULATIONS ENACTED BY THIS BODY OF GOVERNMENT.

ALSO, WE ARE PRESENTLY WORKING CLOSELY WITH A COMMUNITY DEVELOPMENT CORPORATION TO BE A PARTNER IN THE TOTAL DEVELOPMENT OF THE 30-ACRE SITE OF WHICH RENEWAL ATLANTA WILL BE PART OF A TOTAL INDUSTRIAL AND COMMERCIAL ENTERPRISE THAT WILL PROVIDE MUCH-NEEDED JOBS AND SERVICES TO THE COMMUNITY.

OUR MAJOR HURDLE CAN BE EASILY SUMMED UP IN THE OFTEN HEARD WORDS OF FORMER REP. AND 1996 VICE-PRESIDENTIAL CANDIDATE, JACK KEMP, "ACCESS TO CAPITAL". IT IS MY HOPE THAT THIS WELL-KNOWN DRAWBACK TO SMALL BUSINESSES IS EFFECTIVELY ADDRESSED IN THIS BILL. THE DIFFICULTY IN OBTAINING CAPITAL LINES OF CREDIT FOR MAINTAINING CASH FLOW IS A MAJOR LINCHPIN TO THE SUCCESS OF A BUSINESS IN ANY LOCATION, AND ESPECIALLY IN AN EMPOWERMENT ZONE OR ENTERPRISE COMMUNITY.

THE DEGREE OF SUCCESS THAT RENEWAL, INC. HAS ACHIEVED THUS FAR IN ATLANTA CAN BE ATTRIBUTED MUCH IN PART TO THE INITIAL AND ONGOING RELATIONSHIP WE ESTABLISHED AND HAVE MAINTAINED WITH THE COMMUNITY GROUPS, CIVIC ASSOCIATIONS, AND NEIGHBORHOOD PLANNING UNITS IN THE AREA. WE HAVE CONTINUING DIALOGUE AND MEETINGS WITH LOCAL REPRESENTATIVES, MAYOR BILL CAMPBELL, AND CITY OFFICIALS.

THIS ACTIVITY, TOGETHER WITH THE CONTRACT ALLIANCE FORMED WITH THE SMURFIT RECYCLING COMPANY AND OUR CURRENT RELATIONSHIP WITH THE HELLER FINANCIAL CAPITAL GROUP, AS WELL AS THE ENTERPRISE SOCIAL INVESTMENT CORPORATION, GIVES US GREAT OPTIMISM FOR RENEWAL ATLANTA AND OUR PLANNED PROJECTS IN OTHER EMPOWERMENT ZONE CITIES OR RENEWAL COMMUNITIES.

I HOPE THE INSIGHT THAT I HAVE PROVIDED TODAY ON RENEWAL ATLANTA AND THE ATLANTA EMPOWERMENT ZONE WILL HELP THIS COMMITTEE TO CONCLUDE THAT THIS CONCEPT IS SOUND AND IT WORKS!! I HOPE THE COMMITTEE WILL CONSIDER THE RECOMMENDATIONS PUT FORTH AND MOVE THIS LEGISLATION FORWARD FOR WHAT I TRUST WILL BE A POSITIVE VOTE.

OUR COMMUNITIES NEED THE LEGISLATION TO DOVETAIL WITH CURRENT EMPOWERMENT ZONE PROVISIONS TO ATTRACT AND RETAIN INDUSTRY THAT WILL CREATE JOBS FOR THE RESIDENTS.

IT IS NOT AN EASY TASK, BUT AS ABRAHAM LINCOLN SAID, "OPPORTUNITY IS OFTEN MISSED BECAUSE IT IS DRESSED IN OVERALLS AND LOOKS LIKE WORK".

OR THOSE NAYSAYERS WHO MAY FEEL THAT THIS LEGISLATION AND ITS BROAD  
APPROACH TO CREATING OPPORTUNITY IS NOT NEEDED REMINDS ME OF THE WORDS  
OF VICTOR HUGO WHO SAID, "SOULS LEFT IN THE DARK, SINS WILL BE COMMITTED;  
THE GUILT IS NOT WITH THOSE WHO SINNED BUT WITH THOSE WHO CAUSED THE  
DARKNESS".

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY AND I WELCOME  
YOUR QUESTIONS.