

Responding to Economic Restructuring and Displacement in North Georgia¹

I. Introduction

The site visit was to the northwestern Georgia region along I-75, the primary interstate bisecting the Southern United States. The region includes the 15 counties of the North Georgia and the Coosa Valley Economic Development Regions in the Northwest corner of Georgia. (Coosa Valley includes Bartow, Catoosa, Chattooga, Dade, Floyd, Gordon, Haralson, Paulding, Polk, and Walker Counties. North Georgia includes Fannin, Gilmer, Murray, Pickens and Whitfield.) The region abuts Chattanooga, Tennessee to the north and Atlanta to the south. Reflecting its growth and development the entire region is now nicknamed Chatlanta.

The 15-county region's population was 697,410 people in 2000 with the greatest concentrations in Floyd (centered by the city of Rome) with 70,565 and Whitfield with 83,535. Its population has been increasing consistently over the last 30 years, although at variable rates with counties closest to Atlanta growing most rapidly (such as Bartow and Paulding).

The region's traditional economic base is manufacturing, with a heavy concentration of textiles. The region is the home of Dalton, Georgia, carpet capital of the world. The carpet concentration is found largely within Whitfield County. The carpet industry has enjoyed stable employment. Other parts of manufacturing in the region experienced an approximately 15-percent job loss from 2000 to 2003, on par with manufacturing nationwide over this period. Since 1990, except for the concentration in carpets, Georgia has somewhat diversified its manufacturing base.

II. Summary of Key Findings

The key themes that emerged during the site visit are summarized below and described in more detail in the following sections.

- **Effective system for responding to dislocation.** North Georgia appears to have an effective system for assisting dislocated workers with access to training and in their search for new jobs. This reflects effective cooperation across the one-stop partners in the region, including the WIB and the technical colleges. Dislocated worker services, however, are for the most part reactive and disconnected from

¹ This field research report was written by Amy Glasmeier of Penn State University and Stephen Herzenberg of Keystone Research Center as input to Stephen Herzenberg, Suzanne Teegarden, and Howard Wial, *Creating Regional Advantage in Appalachia: Towards A Strategic Response To Global Economic Restructuring* (Harrisburg, PA: Keystone Research Center, 2005) and as part of ARC contract #CO-12884T-03. Questions about the field report should be directed to herzenberg@keystoneresearch.org.

any broader or pro-active workforce and economic development strategies. The region does not have a layoff aversion program nor has the workforce system yet become heavily engaged with incumbent worker training. Except for indirectly via the technical colleges and its industry advisory committees, the workforce system does not have institutionalized connections with the demand side of the labor market.

- **Concern exists among policymakers, practitioners, and dislocated workers about where middle class jobs will come from in the future.** Somewhat reminiscent of Midwest industrial states in the early 1980s, diverse respondents expressed a shared lack of confidence regarding the future of the middle class. Less-educated workers expressed most clearly the view that the world has changed since the mid-1990s. In the past workers could get a good job with a high-school degree and sometimes less. Now they accept that more education will ordinarily be necessary to have a chance for a decent job and that even this education will be no guarantee.
- **Untapped potential exists for workforce and economic development practitioners to help improve organizational practices in local industries.** State and local workforce practitioners and technical college staff do not see it as a part of their “place” to offer local businesses insights about how to improve their human resource practices or operations in other ways. Yet in some cases they do help local small and medium-sized businesses improve their practices, thereby avoiding layoffs. Workforce practitioners also recognize that opportunities may exist to support dialogue and learning across organizations (e.g., hospitals) that would improve job quality, worker retention, and service to the customer. Especially in anticipation of the full impact of globalization on Georgia manufacturing, a strategic opportunity exists to expand partnerships between workforce institutions and key industries to improve organizational practices, competitiveness, and jobs.
- **State and regional economic development policies in response to manufacturing restructuring are still taking shape.** Georgia has nationally recognized higher education engineering programs and human capital policies (e.g. its Hope Scholarships) It has for several years now conducted one of the only sophisticated state-level manufacturing surveys. These assets have likely helped the state diversify its manufacturing base and expand higher-wage advanced manufacturing. Notwithstanding these assets, Georgia has not yet fully assessed the scale of the threat to its manufacturing sector. For example, it is just this year assessing the likely impact of the Multi-Fiber Agreement (MFA) on remaining textiles and apparel production. The state’s policies toward the carpet sector, which so far has stable employment, are also implicitly laissez-faire. Georgia does not have an independent capacity to evaluate the potential for imports to grow or for a competitor concentration of carpet production to emerge closer to West Coast markets. Strengthening regional or state capacity to pro-actively anticipate future

challenges to key industries may be critical to retaining and growing high-wage manufacturing industries in the future.

III. Regional Economic and Demographic Context

Table 1 profiles the 15-county field site counties using a range of economic and demographic variables. It shows that the region as a whole is fast growing, still poor (by U.S. standards), but with low unemployment and low poverty rates (by Appalachian standards).

Population growth. Only three of 15 counties, including Floyd, had slower population growth than the United States from 1990 to 2000. Five counties (Bartow, Murray, Pickens, Gilmer, and Paulding), most of them relatively close to Atlanta, had population growth from almost three times as fast as the United States to over seven times as fast.

Per capita market income. Except for Whitfield and Bartow, per capita market income (PCMI) ranges between 50 and 80 percent of the U.S. average and is generally below the average for all Appalachia. PCMI levels reflect average weekly wage rates that also range from 60-80 percent of U.S. levels in most counties (according to Georgia Department of Labor data).

Unemployment and labor force participation. Ten of the 14 counties had unemployment below the U.S. average in 1999-2002. Labor force participation rates tend to be close to and sometimes above U.S. levels but labor force participation rates for women generally remain below U.S. levels.

Education. The region performs least well, perhaps, measured by education variables. The share of adults with a high-school diploma is 75-100 percent of U.S. levels and the share of adults with a college degree tends to be only about half of U.S. levels.

Demographics. Most of the region remains predominantly white but there has been a great influx of Hispanics in Whitfield County, attracted by carpet industry employers. Based on the 2000 Census, the city of Dalton is now 40 percent Hispanic and all of Whitfield County 22 percent Hispanic. No other North Georgia County has a Hispanic population share greater than 8 percent.

Employment growth and industrial structure. Leaving out the three counties closest to Atlanta, employment growth in the region from 1990 to 2003 was slightly below the U.S. and Appalachian averages in Coosa Valley and somewhat above those averages in North Georgia (Figure 1 and Table A1). Reflecting the impact of counties close to Atlanta, employment growth in all of Appalachian Georgia has been much higher.

Table 2 profiles the industrial structure of the case study region and underscores the continuing importance of manufacturing. Table 2 also shows that manufacturing has declined since 1993 whereas every other sector has grown rapidly. Education and health

Table 1. A Profile of the Georgia Field Visit Counties and Comparison Regions Indexed to U.S. = 100

County / Region	ARC County Classification	Three Year Average Unemployment Rate (1999-2001)	Per Capita Market Income (2000)	Poverty Rate (2000)	Labor Force Participation Rate	Labor Force Participation Rate (Women)	Percent Change in Participation of Women (1980-1990)	Percent Population Change (1990-2000)	Percent of Adults with High School Diploma	Percent of Adults with College Degree	Population (2000) - not indexed
United States		4.30%	\$25,676	12.40%	64%	58%	27%	13%	80%	24%	281,421,906
Variables Below Are All Indexed to U.S. = 100											
Appalachian United States		109	77	110							
Georgia		91	96	105	103	103	148	202	98	100	8,186,453
Appalachian Georgia		72	90	74							
All 15 Counties in FV Region			72	90				208			697410
All 15 Counties Except Paulding, Bartow, and Pickens (near Atlanta)			71	101				141			516,730
Coosa Valley Except Paulding and Bartow			69	103				112			353,445
North Georgia Except Pickens			76	97				211			163,285
North Georgia Without Pickens and Whitfield			57	101				334			79,760
North Georgia Counties											
Fannin	Transitional	86	55	100	84	80	130	182	88	43	19,798
Gilmer	Transitional	81	53	101	93	85	170	576	82	53	23,456
Murray	Transitional	88	60	102	106	102	230	302	76	30	36,506
Pickens	Competitive	63	80	74	100	96	220	453	87	64	22,983
Whitfield	Competitive	77	95	93	102	98	67	117	78	52	83,525

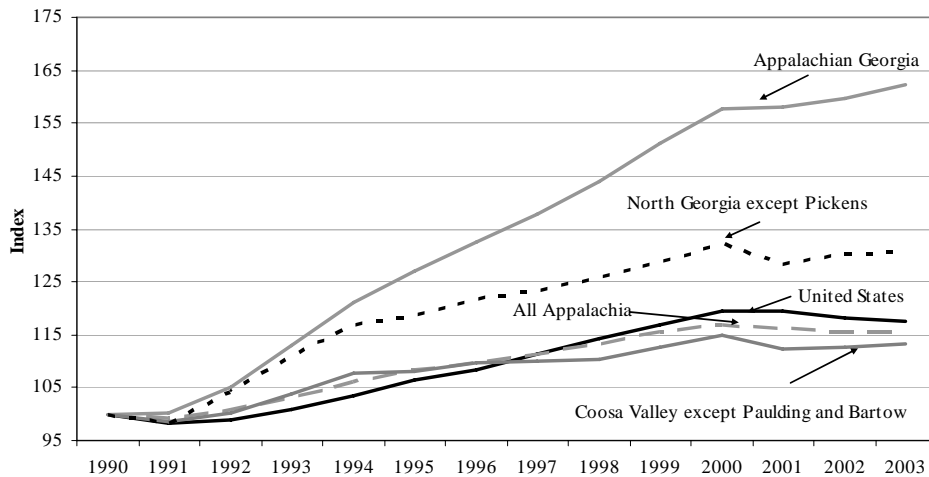
Table 1. A Profile of the Georgia Field Visit Counties and Comparison Regions Indexed to U.S. = 100 (continued)

County / Region	ARC County Classification	Three Year Average Unemployment Rate (1999-2001)	Per Capita Market Income (2000)	Poverty Rate (2000)	Labor Force Participation Rate	Labor Force Participation Rate (Women)	Percent Change in Participation of Women (1980-1990)	Percent Population Change (1990-2000)	Percent of Adults with High School Diploma	Percent of Adults with College Degree	Population (2000) - not indexed
Coosa Valley Counties											
Bartow	Competitive	98	83	69	105	102	208	275	89	58	76,019
Catoosa	Transitional	63	69	76	107	106	128	195	95	57	53,282
Chattooga	Transitional	91	56	115	88	91	44	111	75	32	25,470
Dade	Transitional	72	65	78	98	93	130	115	83	45	15,154
Floyd	Transitional	100	77	116	96	96	48	88	89	65	90,565
Gordon	Transitional	119	73	80	108	105	141	197	82	43	44,104
Haralson	Transitional	116	65	125	93	88	98	130	78	37	25,690
Paulding	Transitional	51	61	44	114	113	396	735	100	62	81,678
Polk	Transitional	119	62	125	90	89	63	98	79	33	38,127
Walker	Transitional	88	67	101	95	90	89	36	83	42	61,053

Source: Keystone Research Center (KRC) based on Census data and other data downloaded from www.ARC.gov.

services experienced the most rapid growth, 65 percent in just a decade. Trade, transportation, and utilities experienced the greatest growth measured by increases in the number of jobs, As well as education and health services, leisure and hospitality saw an increase in jobs of over 5,000 from 1993 to 2003.

Figure 1. Georgia Total Covered Employment (Indexed to 1990 Employment = 100)



Source: Table A1.

Table 2. Industrial Structure of the 15-County Case Study Region

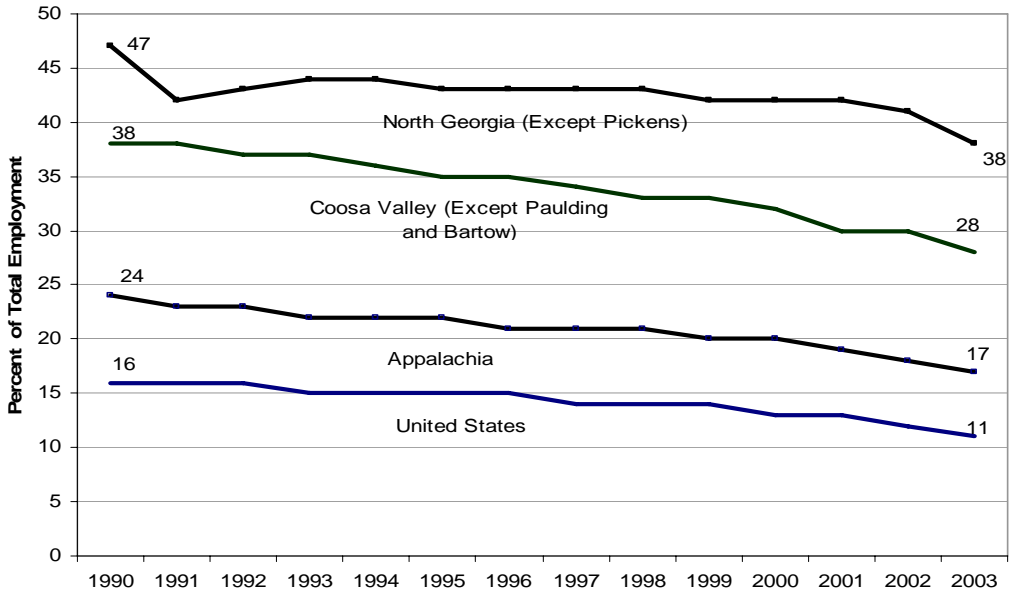
	Employment 2003	Percent of Total Employment 2003	Employment Change (1993 - 2003)	Percent Change in Employment (1993 - 2003)
Construction	9,463	4	3,080	48
Education and Health Services	22,693	11	9,317	70
Financial Activities	7,411	3	1,835	33
Information	2,905	1	1,109	62
Leisure and Hospitality	18,823	9	6,082	48
Manufacturing	75,200	35	-5,396	-7
Natural Resources and Mining	1,530	1	308	25
Other Services	4,849	2	1,388	40
Professional and Business Services	19,541	9	3,784	24
Trade, Transportation, and Utilities	52,821	25	15,264	41
Total Nonagricultural	215,236	100	36,771	21

Source: KRC analysis of Quarterly Census of Employment and Wage (QCEW) data.

Manufacturing. Appendix Table A4 and Figure 2 show that the region still counts on manufacturing for roughly a third of its employment. While this is lower by 10 percentage points than in 1990, Figure 3 and Tables A2 and A3 show that absolute levels

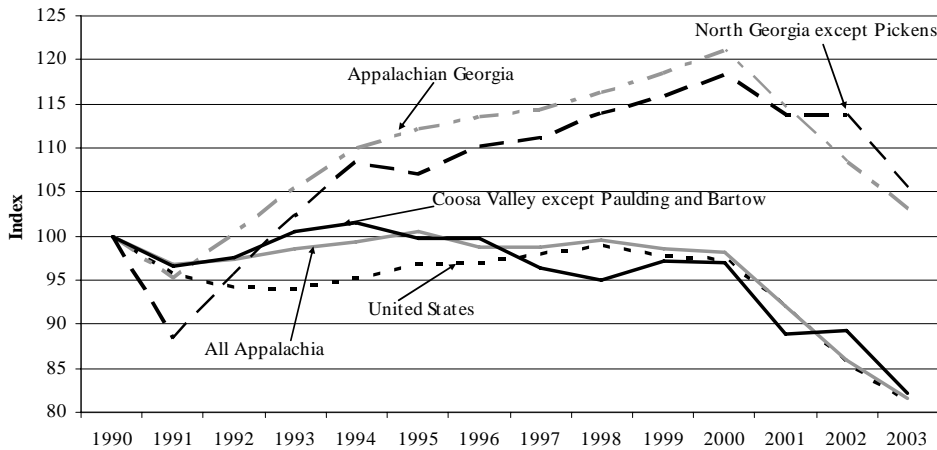
of manufacturing employment held steady in Coosa Valley from 1990 to 2000 and grew by a third in North Georgia (excluding Pickens) from 1991 to 2000. From 2000 to 2003, manufacturing employment fell by 12-13 percent in the entire region. Within the region, the fall in manufacturing employment began in the mid-1990s in Floyd County and in some smaller counties. In Whitfield, manufacturing employment did not fall off noticeably until 2003.

Figure 2. Georgia Manufacturing Employment Share



Source: Table A4.

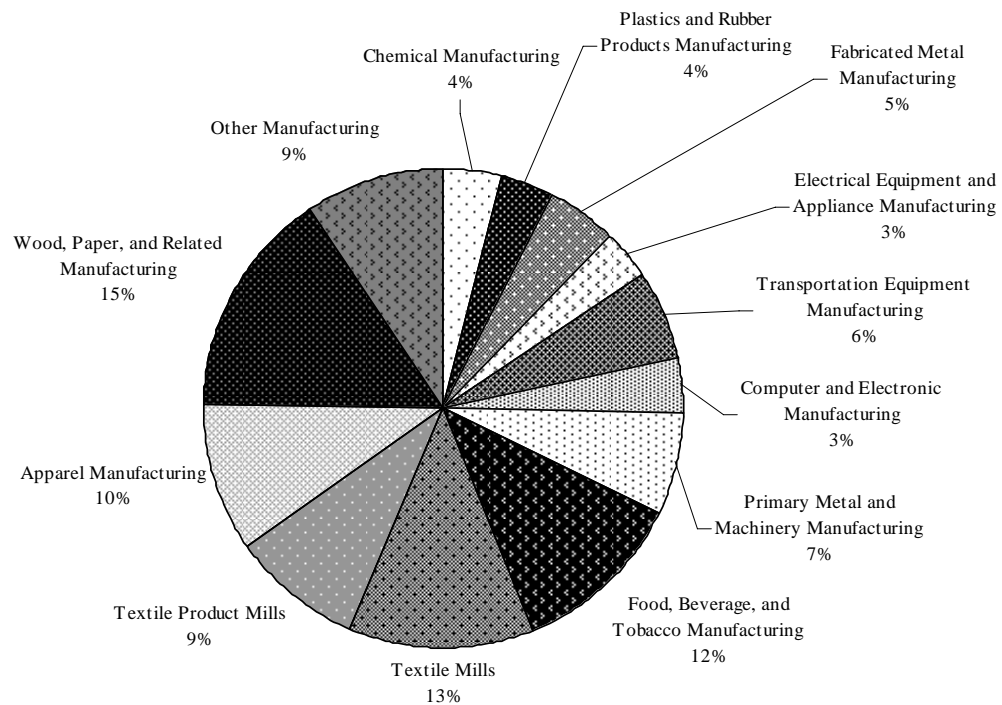
Figure 3. Georgia Manufacturing Employment (Indexed to 1990 Employment = 100)



Source: KRC derived from Table A2.

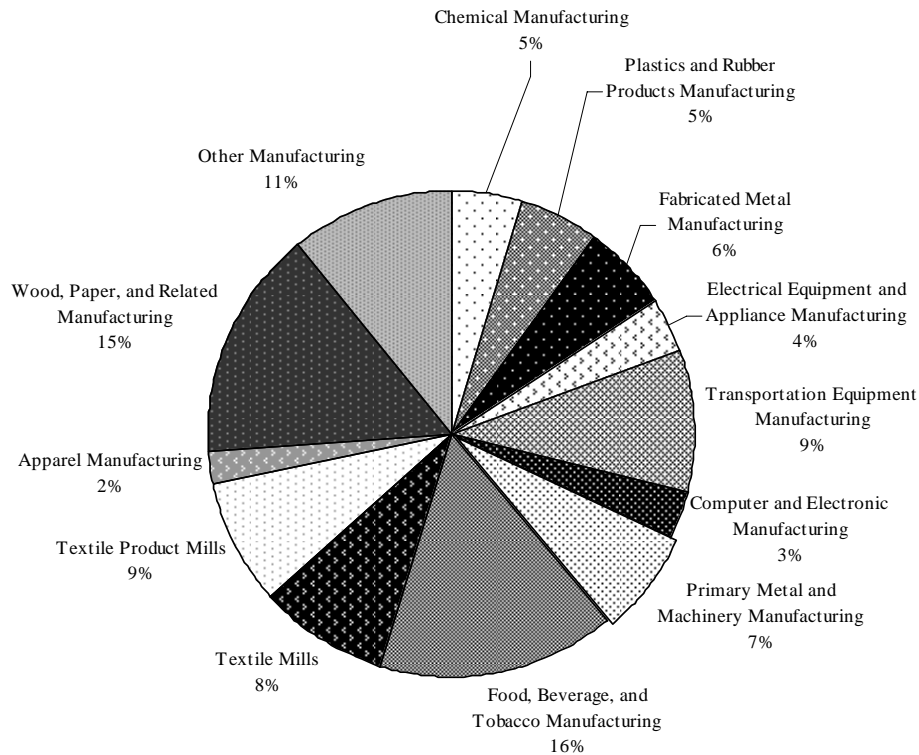
Within manufacturing in Georgia as a whole, there has been a major restructuring since 1990 manufacturing (Figures 4A and 4B and Table A5).² Textiles and apparel declined from 23 to 10 percent of state manufacturing employment. A group of higher-wage manufacturing industries -- chemical, plastics and rubber products, fabricated metal, electrical equipment and appliances, and transportation equipment rose from 22 to 29 percent of state manufacturing employment between 1990 and 2003.

Figure 4A. Georgia Manufacturing by Industry (1990)



Source: Table A5.

² At the county level, a substantial amount of employment data is suppressed (i.e. not reported) so that information about individual employers can not be inferred. For this reason, we rely on detailed manufacturing employment for the state of Georgia.

Figure 4B. Georgia Manufacturing by Industry (2003)

Source: Table A5.

This statistical overview provides a backdrop to the two distinct stories that emerged from field site interviews: one story, similar to other site visit regions, dealt with worker displacement and economic readjustment, with a focus on Floyd County and the city of Rome, the part of the region that experienced manufacturing job loss earliest; the second, narrower and more exceptional story related to the carpet industry cluster and is contained in the Box at the end.

IV. Overview of Responses to Displacement

Responding to Dislocated Workers

Extended interviews took place with six key partners to the one stop career centers. (Included were the Workforce Investment Board director, the training director at the technical college where the meeting took place, two other people who helped deliver dislocated worker services, and two economic development heads for area technical

colleges.) Also interviewed were female (14 women) and male (10 men) focus groups of workers displaced primarily at three major plant closings, and an Assistant Commissioner for Employment Services and key Rapid Response staff at the Georgia Department of Labor.

The human cost of displacement. In focus groups, the human toll of plant shutdowns was palpable. Stories of lost houses, lost cars, and insecurity generated from lack of health care and family break-ups colored the discussion. One woman commented that she got remarried because “I couldn’t take the uncertainty my children were facing.” Another woman commented about the personal cost of having to admit to such a motivation for marrying.

In the end, workers interviewed desperately wanted to do well. They were willing to work hard and yet they were still clearly vulnerable. Only one of 14 women interviewed appeared at ease.

Effective programs that serve dislocated workers. The region has dislocated worker services that appeared to be textbook in practice. These included early intervention, delivery of services prior to the layoff at the employer’s site (when possible), an emphasis on education and training, and coordination of a wide variety of programs.

The Workforce Investment Board (WIB) director had anticipated the development of one-stop programming and “universal service” four years prior to its implementation. As a result her staff was prepared for changes in the practice of workforce services delivery. In addition, following the Workforce Investment Act’s (WIA) passage the current one-stop career center partners feared that one-stop career center services would be outsourced to a profit seeking provider. This contributed to their formal partnership to establish the current one-stop career centers in the region, with the WIB and the technical colleges as lead partners. For the last four years, the WIA system has also had a contract to deliver intensive services to individuals under the Temporary Assistance to Needy Families (TANF) program. (The Department of Community and Family Services maintains responsibility for individuals who are ready to get a job and those who have multiple barriers.) In Rome, we were told there are currently only a very few workers still on welfare.

Sensitivity to dislocated workers. A strong sense exists at the local level that the client of dislocated worker programs is the displaced worker. To the extent possible, the WIB and the technical colleges were trying to help people keep their lives together. Several of the employees displaced early in the restructuring process landed a job at the community college, a position that workers without good new jobs viewed somewhat jealously.

Most of the women and many of the men interviewed had signed up for one and two year certificate training programs, in fields such as nursing, radiology, auto service technician, and industrial maintenance. There were problems with the availability of training slots in high-demand health care programs, with some women who had been among the last laid off waiting for slots and fearing that they had missed out on the best opportunities. To

address the shortage of training slots near one of the two major plant closings at Levi's, the company and the WIB came together to create a facility for Licensed Practical Nurse (LPN) training in an abandoned strip mall. In at least two other places, technical colleges added additional training capacity, with hours or the location adjusted for the convenience of students or to create clinical slots at off hours.

Service delivery varies based on the cooperation of the employer. Workers' at different closures had contrasting experiences based on the extent of cooperation of the employer with public workforce services. The best-practice example was at Levi's in Blue Ridge, a unionized facility and "by far the highest wage employer" in the region.

Levi's gave extended advance notice. The company had its own outside placement group come in to assist with worker dislocation but this group collaborated closely with the state's Rapid Response services. The public programs had office space in the plant and "endless" opportunities to talk to employees and have career counselors deliver seminars on resume writing and job search. When the shutdown was announced, the regional development authority convened a group of 20 providers to discuss what could be done for the 400 workers. Thereafter monthly meetings took place attended by the company consultant and economic and workforce practitioners. Levi's also created an employee committee to participate in the planning and implementation of services for dislocated workers.

Of the 400 workers laid off at Levi's, 126 went onto college, technical college, or some level of training. This included 19 LPN students trained at the strip mall, 18 of whom passed certification on the first try. By graduation over half of them had a job.

At other companies, however, workers and workforce practitioners described starkly different experiences. At Herman Miller, for example, the company was polite but showed the public service providers the door. A similar lack of cooperation took place at Gayley-Lord. State officials believe that cooperation from employers has improved gradually over time, helped in some cases by positive press regarding services delivered to workers at other major closings.

In one exceptional case (Fannin County), coordination with local banks had taken place so that dislocated women could get extensions on mortgages and not have to move out of the area. While the state has a contract with the Consumer Credit Corporation to deliver workshops to help workers manage their finances, it is not clear these services have had widespread impact. The CCC contract may provide a vehicle for disseminating more widespread financial counseling and cooperation from banks and other financial institutions.

Lack of access to training and rigid eligibility requirements. While workers interviewed were very appreciative of the efforts made by the technical colleges, there were complaints from both workers and program delivery staff about the lack of and ambiguity of benefits available to dislocated workers. Complaints were directed primarily at the U.S. Department of Labor, the Trade Adjustment Assistance (TAA) program, the

unemployment insurance program, and some of the firms that had laid workers off. The process of qualifying for benefits was not considered transparent, and many workers felt constrained by federal regulations that structured how unemployment, educational, and other types of benefits could be used in conjunction with TAA. Some women ineligible for TAA were openly jealous of those who had qualified for it. Several of the women commented that the system was so rigid and yet so chaotic that they never knew whether their situation would be covered and how changes in programs would affect their benefits.

In two closures, women in a focus group interview were not aware of TAA funds until after the time limit for filing had passed. Some women displaced filed for TAA benefits themselves and were only successful in receiving funding once they started collaborating with the technical college whose staff was more familiar with the program's rules and regulations.

To increase training and benefit packages, the technical college was using funds to provide ESL training for Latina employees displaced at plants. In addition, some employers avoided using the term "severance pay" in providing lump-sums to dislocated workers so that they would not render workers ineligible for unemployment benefits. Even with this creativity, and the state Hope Scholarship Program (see below), the share of workers who received training at Levi's – a best-practice case -- gives one indication of the overall inadequacy of access to training.

Connections to employers. In dislocated worker service delivery, there appeared to be little direct involvement of local businesses and business organizations. This may reflect the fact that workforce programs in Georgia do not currently deal in a substantial way with incumbent worker training, although discussions of a new initiative were taking place within the state Department of Labor at the time of our interviews in late January 2005. At the local level, preoccupation with worker displacement has been an obstacle to shifting attention to incumbent workers. (The technical colleges do deliver incumbent worker training through Georgia's nationally recognized Quick Start program but this does appear to be integrated in any direct way with dislocated worker programs.)

At the same time, the WIB and one-stop career centers appear to have a good feel for the jobs available. After training center participants receive support in resume writing and job search skills, they then receive guidance from the Career Centers on where to look for jobs. Formal connections with employers exist through the WIB board, employer advisory committees that exist for every one of the 52 Career Centers in Georgia, and Georgia's technical college system. It was claimed that relationships between the public workforce system and employers had improved steadily over the past two decades. This has reportedly changed attitudes from earlier periods in which employers did not want workers trained by public workforce programs.

Interviewees claimed that Georgia's technical colleges, established in the 1950s, account for 60 percent of postsecondary enrollment in Georgia. The technical schools are distinct from junior colleges (community colleges), many of which have now become four-year

institutions, and in fact emphasize transfer to four-year institutions. The mission of technical colleges is focused on training for industry. Industry advisory committees must approve curricula for diplomas issued by Georgia's technical colleges.

Connections with employers may be strengthened by a requirement of the 2002 Trade Act reauthorization that any training be directed to "demand" occupations as defined by Workforce Investment Boards. In Georgia, these demand occupations are defined locally, not by the state. How much local areas use their authority to define demand occupations to align training with job opportunities, as opposed to simply adding to the list any occupation in which a worker wants training, we do not know.

Accessibility of training is enhanced by Georgia's Hope grants and scholarships.

The Georgia Hope Program helps some workers complete more extended training than is possible with dislocated worker programs. It does not, however, provide income support for workers ineligible for TAA benefits.

Too few good jobs; education as the ticket. Workers interviewed spoke of the attraction of a living wage that could be earned in the factory without completing high school. They also recognized that the days when such jobs existed in large numbers had passed. Some lamented that had they known the future they would have stayed in school. Most accepted that they now need to move to the next educational step whether that meant a GED or a technical degree of some kind. They also said explicitly that simply getting more educational credentials would not guarantee them a decent job.

A sense did exist among some experienced female textile workers that education was being sought only because that was the only viable and funded option. If mechanisms existed to reemploy workers in the type of factory work they had performed in the past that might have been preferred. (In research among male-dominated heavy industrial jobs, there is some evidence that workers do *not* want reemployment in their old field.)³ In the context of analyzing the impact of the Multi-Fiber Agreement the state might consider whether such a re-employment program could complement an effort to shift businesses into market niches that can withstand foreign competition.

Economic and Community Development Responses

Regional and local economic development responses are still emerging. At the regional level, a 15-county strategic plan expressed the goal of diversifying out of manufacturing as opposed to identifying segments within manufacturing that might be retained or even grow. For the future, in addition to health care, a hope exists that tourism and retirement destinations might bring more revenue to the area. There is an awareness that tourism may not create good jobs but no suggestions exist as to what to do to improve job quality.

³ Ruth Milkman, *Farewell to the Factory*. Berkeley: University of California Press, 1997.

Strategic planning. At the local level in Rome, an economic development plan emerged out of the restructuring of the latter part of the 1990s. In the context of the shutdown of a Rome General Electric plant and several other closings or rumored closings, the Rome Chamber of Commerce convened the city, county, and development authorities to create a plan with the assistance of an outside consultant (Market Street Services). The plan included a series of town hall forums and focus groups. It also evaluated past performance: low growth, educational attainment and literacy levels, and documentation of the failure to attract new tradable industry employers over the previous 10 years. One economic development staff person attributed this failure in part to a “very high union rate (26 percent), a stigma which is now gone I’m happy to say.” Many of the unionized plants have closed. The plan also included an audit of community assets, such as a four-year college, an international boarding school, technical colleges, and a regional hospital.

The process led to the Rome 20-20 plan, 20 goals for 20 years. Now the Chamber Executive Director indicates that he is “obsessed with implementation” and that the plan has borne fruit. An update of the plan was completed in 2003.

A focus on retention. The Rome plan focused on retaining and growing existing “tradable” industry or “primary” employers by improving labor-management relations. For example, Southeastern mills, a flour manufacturer, has expanded four times in four years. Local economic development agencies worked for three years to assist Inland Paper Company with worker training. While the company closed all or part of operations in California, Louisiana, and North Carolina, it announced in 2004 an investment of \$65 million in its Rome facility. Steel King, a manufacturer of steel shelving based in Wisconsin, also expanded in Rome.

Recruiting international companies. The plan also identified a potential to market the area to some international companies. Since 1999-2000, three Japanese companies, an Italian company, and Austrian, Swiss, and South Korean companies have come to the area. In the first five cases, the companies have reportedly expanded since they arrived. Georgia’s nationally recognized Quick Start program has been used to train entering workers at companies who employ 15 or more workers. The program is regarded as flexible and non-bureaucratic. One local economic development practitioner indicated that there may be a need to further assist groups of smaller companies to modernize. Despite these business attraction cases, we were told that subsidies are not a major tool for economic development, possibly because of state budget constraints.

Coordination with education. Part of what the community has done has been in the area of education and workforce development. The K-12 system has expanded its Advanced Placement courses for college-bound students. It also created an industry academy, a public-private partnership “designed by” representatives of the manufacturing sector. This academy has the goal of informing students of the opportunities in manufacturing and reducing the stigma that this work has.

While not recognizing this as an explicit role, technical colleges promote more effective organizational practices as a retention strategy. The WIB and technical

colleges could do this more. When asked about assisting businesses with improving their operational effectiveness, WIB and technical college personnel expressed cautions about coming across the wrong way local to businesses - as in “we’re from the government, we’re here to help.” Nonetheless, the technical college did cite a case in a very rural county in which a home-grown company that has expanded to 200 people is run by “two engineers and an accountant,” none of whom may have the managerial capacity to maintain the company at its current level. The local technical college has been assisting with training and also now with an effort to find an outside manager. Preserving this 200-person company is critical to the economic well-being of the area. In another example, it was noted that the WIB does not have superior knowledge of how to run hospitals than do hospital managers. Nonetheless, the WIB might be in a position to convene groups of hospitals and bring in outside experts to disseminate ideas about organizational practices that can help retain nurses.

Workforce development disconnected from economic development. At the regional level, workforce development has not been tightly connected to economic development. In recognition of that, and as a first step to changing this reality, the regional coordinator for the state economic development department will now join the Workforce Investment Board that operates out of Rome.

The Dalton-Area Carpet Industry

We visited North Georgia in part to examine the trajectory of the carpet industry cluster, and the actual or potential role of public policy in growing or retaining jobs. Historically, public policy was highly important in the development of the cluster. A Dalton utility leader in the 1950s, V.D. Parrot, is seen as the genius behind the expansion of the industry because of his role in bringing in assured supplies of natural gas, a water capacity the “size of Atlanta’s,” and ensuring very low utility rates.

Our interviews for this study and those conducted several years earlier by Professor Amy Glasmeier revealed no evidence of a pro-active ongoing government role in fostering the industry. Rather, the impression was of an industry that is highly competitive and somewhat insular, with no independent state or regional agency seeking to anticipate industry challenges or help the region respond to them. One industry leader with whom we sought to speak said he had “no interest whatsoever” in participating in an interview. The development organization in the region operates as a planning agency but had limited interaction with rug industry firms. The firms have their own industry association, the Carpet and Rug Institute, which has established a sustainability project to address the environmental impact of the industry.⁴

On this field visit, we talked with the director, statistical analyst, and economic development planner of the North Georgia regional economic development organization about the industry. They said that that bulk and weight of carpets provide some protection against geographical mobility. They also expressed nervousness about an increase in carpet imports over the 1997 to 2002 period from 4 to 9 percent. They recognized that northern Mexico provides closer access to large and fast-growing western markets than does Georgia.

⁴ The Carpet and Rug Institute, *The Carpet Industry’s Sustainability Report 2003*.

There has been significant consolidation in the industry. The two largest firms, Shaw and Mohawk, now have more than 50 percent of the market, with Mohawk gaining on Shaw. Ten years ago, the largest three companies had only 25 percent of the market. The industry has begun to integrate horizontally into other types of flooring. In the last five years the region has begun to draw supplier firms of tile, wood floor, and other manmade materials.

The biggest development in Dalton is the complete transformation of the workforce with the influx of Hispanics. Rather than the industry moving to Mexico, we were told, "here we've imported the Mexicans." One plant was raided and shut down after the workforce was found to be composed of illegal aliens. Due to the employment of immigrant labor, the complex's wage levels have remained below the state average. Many of the carpet companies use temp agencies to screen employees. Workers who pass a certain trial period are then offered a permanent job if they do well. Rug manufacturing is a dirty industry that is hot and can be dangerous. We heard different stories regarding the degree of automation in the plants. The economic development officials indicated the plants were highly automated. One person commented that the arrival of Hispanics reduced the problem of workman's compensation filings. It was felt that the transient character of the workforce meant that employers were not compelled to extend benefits to non-American workers.

To this point, the carpet industry has maintained steady employment, with a dip in manufacturing in Whitfield County only in 2003. Plant closings have occurred as part of the consolidation process, with the majors shutting down facilities throughout the region. This has occurred in addition with the elimination of most independent producers or finishers of carpet in the area.

In focus group interviews an hour away in Rome, dislocated workers expressed little interest in commuting to Dalton for carpet jobs. Part of this appeared to be based on the cost of the commute. In addition, workers perceived companies as not interested in hiring whites and did not appear to regard carpet jobs as attractive opportunities.

Appendix 1

Table A1. Total Employment in Georgia Field Visit Counties and Comparison Regions (Indexed to 1990 = 100)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	100	98	99	101	104	106	108	111	114	117	120	119	118	118
Appalachia	100	99	101	103	106	108	110	111	113	116	117	116	116	115
Non-Appalachian Georgia	100	98	100	104	109	114	117	120	123	126	128	132	129	127
Appalachian Georgia	100	100	105	113	121	127	132	138	144	151	158	158	160	162
All 15 Counties in Field Visit Region	100	98	101	107	112	114	117	118	120	124	128	126	127	128
All 15 Counties Except Paulding, Bartow, and Pickens (near Atlanta)	100	98	102	107	111	112	114	115	116	119	122	119	120	120
Coosa Valley Except Paulding and Bartow	100	98	100	104	108	108	110	110	110	113	115	112	113	113
North Georgia Except Pickens	100	98	104	111	117	118	122	123	126	129	132	128	130	131
North Georgia without Pickens and Whitfield	100	100	104	112	120	124	129	127	133	141	143	142	142	140
North Georgia Individual Counties														
Fannin	100	102	112	115	120	121	125	126	133	135	142	142	145	139
Gilmer	100	97	96	101	109	116	130	131	131	138	136	139	147	150
Murray	100	100	106	116	126	131	130	124	133	144	148	144	138	135
Pickens	100	93	99	102	109	114	118	122	128	138	139	144	149	153
Whitfield	100	98	104	111	116	116	119	122	123	124	128	123	126	127
Coosa Valley Individual Counties (Except Paulding)														
Bartow	100	95	98	107	113	119	125	129	132	145	152	153	155	156
Catoosa	100	101	103	106	109	117	121	117	119	124	130	127	127	124
Chattooga	100	98	105	112	115	116	119	116	115	118	116	108	107	104
Floyd	100	101	103	107	113	112	113	114	112	111	112	112	111	112
Gordon	100	96	101	107	113	114	117	117	119	126	126	118	119	121
Haralson	100	89	86	86	91	90	91	90	92	96	97	98	99	101
Polk	100	97	93	94	97	97	94	96	101	105	112	114	118	121
Walker	100	99	100	102	98	98	99	101	100	101	104	102	101	99

Source: KRC analysis of QCEW data.

Table A2. Manufacturing Employment (1000s), Georgia Field Visit Counties and Comparison Groups

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	17797	17007	16756	16725	16950	17235	17245	17448	17617	17391	17314	16386	15209	14460
Appalachia	1826	1769	1778	1798	1814	1835	1805	1804	1818	1799	1794	1682	1569	1491
non-Appalachia Georgia	329	313	316	333	342	349	351	351	346	343	329	312	291	282
Appalachia Georgia	160	152	161	169	176	180	182	183	186	190	194	183	173	165
All 15 Counties in Field Visit Region	79	73	77	81	83	82	83	82	83	85	86	82	81	75
All 15 Except Paulding, Bartow, and Pickens (near Atlanta)	71	66	69	72	75	73	74	73	74	75	76	71	71	66
Coosa Valley Except Paulding and Bartow	40	39	39	40	41	40	40	39	38	39	39	36	36	33
North Georgia Except Pickens	31	28	30	32	34	33	34	35	36	36	37	35	35	33
North Georgia without Pickens and Whitfield	7.5	7.7	8.3	9	9.9	10.1	10.3	9.8	10.3	11	11.2	10.7	10.2	9
North Georgia Individual Counties														
Fannin	0.8	0.9	1.1	1.1	1.1	1	0.9	0.9	0.9	0.7	0.9	0.7	0.6	0.3
Gilmer	2.1	2	1.9	2.1	2.3	2.4	2.9	2.8	2.9	3.2	3	3.1	3.2	2.9
Murray	4.6	4.8	5.3	5.8	6.5	6.7	6.4	6.1	6.5	7.1	7.3	6.9	6.5	5.7
Pickens	0.7	0.6	0.7	0.6	0.6	0.8	0.8	0.8	0.8	0.9	0.8	0.7	0.7	0.6
Whitfield	23.7	19.9	21.5	23	23.9	23.3	24.1	24.8	25.2	25.1	25.6	24.8	25.2	23.9
Coosa Valley Individual Counties (except Paulding)														
Bartow	7.2	6.5	7	7.7	8.1	8.1	8.3	8	8.2	9.4	9.9	9	7.9	7.7
Catoosa	2.6	2.4	2.4	2.7	2.8	2.8	2.6	2.2	2.2	2.6	2.7	2.4	2.4	2.3
Chattooga	3.8	3.6	4.1	4.5	4.5	4.5	4.7	4.4	4.4	4.6	4.4	4	3.9	3.4
Dade	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.9	1	0.9	1	1	0.9	0.9
Floyd	10.2	10.4	10.5	10.8	11.2	11.1	10.9	10.7	10.2	9.6	9.7	8.9	8.9	8
Gordon	8.7	8.7	9	9.1	9.4	9.2	9.7	9.7	9.9	10.7	10.4	9.2	9.1	7.7
Haralson	2.7	2.1	2	1.9	2	2	1.9	1.8	1.8	1.8	1.8	1.7	2	2
Polk	4	3.5	3.2	3.4	3.3	3.2	2.9	2.5	2.6	2.4	2.7	2.8	2.9	3.1
Walker	7.3	7.1	7.1	7.4	6.7	6.5	6.5	6.5	6	6.2	6.3	5.7	5.7	5.6

Source: KRC analysis of QCEW data.

Table A3. Manufacturing Employment, Georgia Field Visit Counties and Comparison Groups (Indexed to 1998=100)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	101	97	95	95	96	98	98	99	100	99	98	93	86	82
Appalachia	100	97	98	99	100	101	99	99	100	99	99	93	86	82
non-Appalachia Georgia	95	91	91	96	99	101	101	102	100	99	95	90	84	82
Appalachia Georgia	86	82	86	91	95	97	98	98	100	102	104	99	93	89
All 15 Counties in Field Visit Region	96	89	93	97	101	99	101	99	100	103	104	99	98	91
All 15 Except Paulding, Bartow, and Pickens (near Atlanta)	97	90	94	98	101	100	101	100	100	102	103	97	97	89
Coosa Valley Except Paulding and Bartow	105	102	103	106	107	105	105	101	100	102	102	94	94	87
North Georgia Except Pickens	88	78	84	90	95	94	97	98	100	102	104	100	100	92
North Georgia without Pickens and Whitfield	72	74	80	87	96	97	99	95	100	106	108	103	99	87
North Georgia Individual Counties														
Fannin	86	99	117	119	121	105	103	99	100	82	98	80	61	36
Gilmer	70	69	66	70	77	82	98	96	100	108	103	105	109	98
Murray	72	73	81	90	100	103	99	94	100	109	112	106	100	88
Pickens	83	70	79	70	74	92	94	95	100	107	99	84	88	76
Whitfield	94	79	86	91	95	93	96	99	100	100	102	98	100	95
Coosa Valley Individual Counties (except Paulding)														
Bartow	88	79	85	94	99	98	100	97	100	114	120	110	96	94
Catoosa	117	109	109	119	125	124	116	98	100	118	122	107	107	102
Chattooga	87	83	92	102	103	103	107	101	100	105	100	90	90	78
Dade	85	79	83	79	75	73	77	89	100	93	99	98	92	88
Floyd	100	103	103	106	110	109	107	106	100	95	95	88	87	79
Gordon	88	87	91	91	94	93	98	97	100	108	104	93	92	78
Haralson	151	120	112	104	115	115	108	101	100	104	104	98	114	111
Polk	149	133	121	127	126	120	110	96	100	92	101	104	108	116
Walker	121	119	118	122	112	108	108	108	100	103	104	95	95	93

Source: KRC analysis of QCEW data.

Table A4. Manufacturing Employment Share, Georgia Field Visit Counties and Comparison Groups

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
United States	16	16	16	15	15	15	15	14	14	14	13	13	12	11
Appalachia	24	23	23	22	22	22	21	21	21	20	20	19	18	17
non-Appalachia Georgia	14	14	14	14	14	13	13	13	12	12	11	10	10	10
Appalachia Georgia	30	28	28	28	27	26	26	25	24	23	23	22	20	19
All 15 Counties in Field Visit Region	40	37	38	38	37	36	36	35	34	34	34	33	32	29
All 15 Except Paulding, Bartow, and Pickens (near Atlanta)	42	39	40	40	39	38	38	37	37	37	37	35	35	32
Coosa Valley Except Paulding and Bartow	38	38	37	37	36	35	35	34	33	33	32	30	30	28
North Georgia Except Pickens	47	42	43	44	44	43	43	43	43	42	42	42	41	38
North Georgia without Pickens and Whitfield	43	44	45	46	47	46	46	44	45	45	45	43	41	37
North Georgia Individual Counties														
Fannin	23	26	28	27	27	23	22	21	20	16	18	15	11	7
Gilmer	40	40	39	39	40	40	43	42	43	45	43	43	42	37
Murray	52	53	56	56	58	58	56	55	55	55	56	54	53	48
Pickens	18	16	17	14	14	17	17	17	17	16	15	12	13	11
Whitfield	49	42	43	43	42	41	42	42	42	42	41	41	41	39
Coosa Valley Individual Counties (except Paulding)														
Bartow	34	31	31	31	30	31	30	29	30	26	26	20	19	18
Catoosa	23	21	20	22	22	21	19	16	16	18	18	16	16	16
Chattooga	54	53	54	56	55	55	56	54	54	55	53	52	52	46
Dade	33	31	32	30	27	27	29	30	32	30	30	29	28	26
Floyd	28	29	29	28	28	28	27	26	25	24	24	22	22	20
Gordon	51	53	53	50	49	47	49	48	49	50	48	46	45	38
Haralson	42	37	36	33	34	35	33	31	30	30	29	28	32	30
Polk	0	0	0	0	0	0	0	0	0	0	0	7	7	7
Walker	43	40	38	39	37	35	33	29	28	25	26	26	26	27

Source: KRC analysis of QCEW data.

Table A5. Georgia Manufacturing Employment by Detailed Industry, 1990 and 2003

	Employment			Share of Manufacturing Employment		Average Annual Pay
	1990	2003	% Change	1990	2003	2003
Total Covered	2,938,272	3,783,232	29%			\$36,626
Manufacturing	507,171	449,717	-11%	100%	100%	\$39,546
311 Food manufacturing	52,753	65,563	24%	10%	15%	\$36,044
312 Beverage and tobacco product manufacturing	6,428	6,030	-6%	1%	1%	\$56,253
313 Textile mills	64,486	37,949	-41%	13%	8%	\$32,161
314 Textile product mills	45,030	38,596	-14%	9%	9%	\$29,987
315 Apparel manufacturing	50,777	9,093	-82%	10%	2%	\$24,856
316 Leather and allied product manufacturing	1,496	394	-74%	0%	0%	\$20,318
321 Wood product manufacturing	22,407	23,315	4%	4%	5%	\$30,313
322 Paper manufacturing	31,991	24,616	-23%	6%	5%	\$51,202
323 Printing and related support activities	22,883	21,075	-8%	5%	5%	\$39,719
324 Petroleum and coal products manufacturing	941	1,165	24%	0%	0%	\$48,050
325 Chemical manufacturing	20,118	21,488	7%	4%	5%	\$53,417
326 Plastics and rubber products manufacturing	18,251	24,023	32%	4%	5%	\$35,590
327 Nonmetallic mineral product manufacturing	17,266	18,679	8%	3%	4%	\$38,981
331 Primary metal manufacturing	10,549	7,878	-25%	2%	2%	\$40,625
332 Fabricated metal product manufacturing	23,472	25,696	9%	5%	6%	\$34,307
333 Machinery manufacturing	24,399	23,319	-4%	5%	5%	\$38,921
334 Computer and electronic product manufacturing	17,669	14,024	-21%	3%	3%	\$60,136
335 Electrical equipment and appliance mfg.	17,647	16,582	-6%	3%	4%	\$47,508
336 Transportation equipment manufacturing	30,699	41,748	36%	6%	9%	\$51,594
337 Furniture and related product manufacturing	14,056	14,074	0%	3%	3%	\$29,149
339 Miscellaneous manufacturing	13,855	14,409	4%	3%	3%	\$39,894

Source: KRC analysis of QCEW data.