May 22, 2017 – The Rural Circumstance

At the opening of the first meeting, Speaker of the House David Ralston addressed the bi-partisan council as “the state’s trustees” for finding solutions to move the entire state forward through an intense study of the issues and the formulation of tangible solutions to enhance the symbiotic relationship between the state’s rural and urban areas. He noted that as the largest state east of the Mississippi with a population over 10 million people and growing, our successes in economic activity to date have been a highly coordinated, deliberate effort, and that coordination must now amplify its reach to all portions of this state regardless of zip code.

To frame the current challenges facing rural parts of the state, the members heard presentations from several knowledgeable academics and professionals.

Matt Hauer, from the Carl Vinson Institute of Government, detailed census data that highlighted the flow of people to urban centers, not only in Georgia but across the entire nation. Large states, such as North Dakota, Florida, California, New York, Arizona and Texas are facing similar rural “demographic headwinds” that reflect an aging population outpacing the birth rate, which is also not being replenished by people moving in to these communities. Thirty-six of Georgia’s counties have a higher death rate than birth rate at this time, and they are all classified as “rural.”

Georgia’s population also reflects the national reverse of “The Great Migration.” While the state’s population has doubled over 40 years, two-thirds of this growth is concentrated in seven metro counties, primarily near Atlanta and Savannah. Migration of indigent Georgians shows an overwhelming 71% relocating to urban centers, 23% moving out of state and 7% choosing a
rural relocation. The 7% relocating to rural regions are having a minimal impact on the exodus, as 80 of the 159 counties – half – have lost population since 2000 to the present. There are 11 of Georgia’s rural counties that had a lower population in 2010 than was counted in 1860.

While the loss of workforce to sustain a community may seem intuitively negative on growth, the council also heard testimony that there can be a net positive despite declines if the income levels increase with those who do relocate to rural areas. Rural Georgia currently accounts for $71 million in annual income.

Sharon Kane, from the Center of Agribusiness and Economic Development, cited that median household earnings in rural areas across the nation are distinctly lower at $56,102 in non-metro versus $97,886 for the overall average. This lower income is reflected in the southern United States more than anywhere else in the nation with a 21.7% poverty rate that is 6% higher in acuity in rural areas. Moreover, the civilian workforce, still significantly discouraged from full-time employment following the recession, is slightly less engaged in non-metro areas (53% employed) than metro centers (63% employed). As farming and agriculture production are leading income generators for rural Georgia, employing 223,000 people in south Georgia alone, it was noted that a stimulus resulting in a 10% increase in the chain of economy created through farm, fish, forestry and agricultural services would have an estimated $2.457 billion impact through added jobs, income and overall value-added benefits state-wide.

Preparing for the economy of the future was the context for some remarks from Charlie Hayslett, a former journalist, who noted that the earning power of rural communities lags behind urban cities, and consideration must be given to the types of jobs that are becoming obsolete and those that will be in demand because of technology. He further noted for the members that “second-tier” cities, such as Macon and Augusta, should be targeted for focused opportunities to bolster regional economic impact.

A profound respect for the unique contributions of Georgia’s smaller communities was the emphasis of remarks shared by Dr. David Bridges, President of Abraham Baldwin Agricultural College, which noted that the very products produced in south Georgia rural communities sustain the immense demand and consumption of the state’s urban centers for food, clothing (fiber) and housing (lumber). The success of the state’s metro areas is deeply aligned with the contributions of rural Georgia, and while rural Georgia is losing population and be requiring greater public investment for social services, it is not going away and our entire state’s well-being depends on a
recognition of this relationship, as well as better communication and cooperation across county lines and regions of the state. He summarized that the problems of rural communities are deep-rooted and may be slow to respond to the council’s efforts, but investments in improving our human capital through educational attainment that promotes skilled-labor and leaders are immediately needed.

Dr. Bridges categorized the greatest needs, in addition to education and leadership, as: cooperation across county and city borders; quality of life issues to include healthcare; connectivity and communication on all levels (transportation, digital and personal); and capital investment. To focus the scope of this council’s far-reaching mandate, Dr. Bridges produced the following guidelines for the group to consider, and the committee chairmen have adopted this five-step plan as the framework for this year’s remaining meetings.

May 23, 2017 – Access to Broadband

Eric McRae, from the Carl Vinson Institute of Government’s Georgia Broadband Center, provided the council with an overview of Georgia’s broadband infrastructure, but with the following caveats: the data is based on a mapping project instituted by the National Telecommunications and Information Administration to catalog service areas (reflected within census blocks) and gaps in services until 2014; service areas are now reported to the Federal Communications Commission (FCC), but mapping is no longer in the scope of the data collection; and maps do not indicate the number of consumers there are within a census block, so if one customer has access, the census block is colored and access is potentially “overstated.”

Broadband is defined by the FCC as Internet access at a minimal speed of 25 Mbps/3Mbps, and under this definition, 16% of Georgia does not have access. Georgia’s statutory definition is a much lower speed of 200 kbps in one direction. In a voluntary survey, 16% of 12,000 Georgians respondents said their household is not able to purchase the speeds needed. The same survey epitomized the role of access to the Internet in today’s society with 96% responding that access is somewhat to very important to “quality of life”, and 80.5% responding it is somewhat to very important to “earning a living”.

There are over 200 providers of broadband services in Georgia with significant investments in jobs and capital outlay. The Georgia Cable Association, for example, reports an economic impact to the state of over $3 billion through the industry’s $725 million payroll covering 125,000 jobs, and AT&T, which has over 3.6 million miles of fiber and made a two-year, $5.5
A billion investment in wired/wireless infrastructure in Georgia over 2013-2015, have advanced the access to the Internet for over two million customers. Windstream, a major provider for rural North Georgia, cites not only an expanded footprint geographically, but the investments that are being made to increase speeds to existing customers have exceeded $162 million from their capital resources since 2014. From 2007 to 2016, the increased demand for data usage has increased by 250,000% for AT&T alone.

Testimony was presented from these providers, and the obvious challenge to expansion into a low-population area is the slow (if realized) return on investment. For most companies there is a formula that determines if there are enough consumers (density) within a region to pay back those investment dollars in a reasonable time frame; the federal government operates similarly when tax dollars available through FCC/Connect America declined grants to certain build-out projects as simply too cost-prohibitive. Connect America grants were a finite fund source, and there are no other federal or existing state grants to “subsidize” providers for losses that might be associated with expansion into less lucrative service areas; however, the following suggestions were made as potential ways to promote greater industry incentives for expansion:

- Refocus the use of the Universal Access Fund.
- Remove the sales tax on network equipment.
- Lower pole rent/fees.
- Establish universal master leasing agreements.
- Streamline permitting processes.
- Streamline right-of-way for broadband, like telephones, that defaults to Department of Transportation rate of $5,000 per linear mile per year.
- Create a broadband grant program.
- Create/reconfigure a flat telecommunications tax and dedicate the funding to broadband.
- Tax providers of the same service equitably.
- Model process for fiber-ready local development industrial parks.

As the nature of the industry grows in importance and citizens depend on access to the Internet for work and/or quality of life, the council heard promising testimony regarding the potential of emerging technologies to service rural and remote parts of Georgia, such as the AirGig, which when hosted on a power line uses the excess energy of the wire to travel and reach consumers. As much of rural Georgia has power line utilities, it may prove to be a cost-effective alternative.
for broadband expansion. Fixed-Wireless technology, which uses existing cell towers to send signals to antennas attached to homes, small businesses or other nearby structures for service are already being implemented in 67,000 locations in the state.

Meeting Two Highlights – Toccoa

June 15, 2017 – Business Start Up and Financing/Economic Development

The second meeting of the House Rural Development Council focused on economic development and the barriers communities face, as well as financing opportunities for small businesses.

The meeting opened with a welcome from Toccoa Mayor Jeanette Jamieson, County Commissioner Dean Scarborough, and Chamber of Commerce President Julie Paysen who highlighted the success of Toccoa and Stephens County in attracting new jobs but also focused on the challenges faced by the community, including having a sufficient qualified workforce and adequate housing to attract new workers. As Commissioner Scarborough said, the problem isn’t the availability of jobs, but the willingness of qualified workers to take the open positions. These challenges were echoed by other local presenters throughout the meeting.

Pat Wilson, Georgia Department of Economic Development Commissioner, highlighted the presence the department has in every county in Georgia as well as the impact the department has in international markets in the promotion of Georgia businesses and products.

The commissioner stated that there is “no magic bullet” to attract industry, indicating that every community has something to offer. Recommendations include:

- Get to know the companies in your communities and understand what is keeping them from growing. You can’t bring new business here if we can’t grow existing industries.
- Communities need to put information online about their communities. Most companies hire site location consultants to determine potential locations for new and expanding industry rather than work with the department to identify potential...
sites. Having information readily available online about a community and all that it has to offer is helpful.

- More regional coordination and community leadership is needed. Jobs don’t stop at the county line. When you look at a region, you are able to offer more to potential employers rather than just what one county has to offer. This also broadens the potential employee pool. There is a tax credit bonus for joint development authorities – perhaps additional incentives could be developed.

- Site infrastructure is needed. Many businesses expect utilities, sewer and potentially fiber optics to already be in place, while others expect the site to be provided with utilities for free.

Rusty Haygood, Georgia Department of Community Affairs, highlighted a number of financing tools available to communities including Community Development Block Grants (CDBG), One Georgia Equity Funding, REBA and EDGE and the Downtown Development Revolving Loan Fund. Council discussion centered on the need for more state funding for programs as the federal programs have considerable strings. There was also discussion about whether the current Tier system is effective. Finally, with 75 different programs currently in effect, it was discussed if many communities actually know what resources may be available to them.

Walt Ferrell, Pat Merritt and Lonnie Smallwood, utility company representatives, discussed how positively Georgia is viewed by site selection consultants based on several factors including Georgia’s AAA bond rating and constitutional requirement for a balanced budget as well as the low state sales tax and corporate income tax. The slide below highlights what site selectors are looking for. When asked for specifics on how rural Georgia could attract more business, Pat Merritt offered the following suggestion: Consider a regional business park to attract businesses, such as been done in Jeff Davis, Appling and Bacon counties. The counties share in the cost of development as well as the increased tax revenue.

June 16, 2017 – Business Start Up and Financing/Economic Development

Local business leaders Barry Roberts, ASI Southeast; Leon Osborne, Osborne Wood Products; and Tim Martin, Stephens County Economic Development, addressed workforce challenges faced by the area. The availability of skilled labor, lack of applicants with soft skills or the ability
to pass a drug/background check, as well as limited housing and lack of public transportation were all repeatedly named as reasons for a labor shortage in the area. Local employers suggested the state could provide GED assistance, protection for companies that hire applicants with a criminal background, as well as market the positives of Georgia to bring new talent in from out of state. Other suggestions included providing incentives particularly to counties that border other states to promote education, workforce training and infrastructure.

Allen Adams, State Director of the Small Business Development Center at UGA, highlighted the center’s consulting with small businesses on topics of planning and management, access to capital, accounting and finance, marketing, exporting and procurement. The center provides day-long training or a series of training sessions with small business owners. Businesses that work with the center have more of an impact on employment and sales than the average Georgia business that did not participate in center activities.

Chris Clark, President/CEO of the Georgia Chamber of Commerce, presented findings from “Georgia 2030 2.0.” While Georgia will add more than 1 million people by 2030, most of those will be concentrated in Atlanta and other hub counties. According to the Chamber, 53% of Georgia counties are in distress (declining population and losing jobs) compared to 20% nationwide. To emphasize earlier points about workforce development, Clark told the Council that expanding or relocating companies do not look at location anymore, but focus more on talent. With that said, he added that rural communities must figure out how to attract and retain its younger population, as one million baby boomers are set to retire in the next 10 years and many millenials — the largest workforce since the baby boomers — are leaving rural Georgia. There were three strategies given for rural prosperity:

- **Job creation** – We know how to do this. With Georgia’s great business climate, we have been successful in growing and attracting new jobs to Georgia.
- **Quality of Life** - Communities must work to improve quality of life to attract new, young workers. This includes addressing issues of housing, poverty, access to healthcare, and infrastructure. Communities should focus on the economic engines and industry sectors in their area, market appreciation for the rural lifestyle, and must also focus on inclusiveness in the community to be successful in recruiting and retaining young talent.
Leadership – The government and private sector alone cannot address this problem. The community should work to include non-profits and the religious community, as well as involve higher education institutions in the area.

Jack Spruill, Georgia Department of Agriculture, highlighted the benefits of agriculture industry in Georgia and suggested some economic gardening the state could do and is doing to benefit the agriculture industry. This includes: remove unnecessary and burdensome regulations such as zoning; lower barriers of entry for small businesses; provide access to available grants/loans; and provide regulatory education and guidance, provide industry tailored assistance and promoting Georgia products through the Georgia Grown program.

Meeting Three Highlights – Day One, Thomasville

July 19, 2017 – Behavioral and Physical Health Care

The third meeting of the House Rural Development Council focused on multiple facets of behavioral and physical health delivery systems’ challenges and successes in rural areas. Co-chairman Powell charged the presenters with identifying those unique challenges and offering potential solutions within the state’s purview to consider for addressing those issues.

The meeting opened with a welcome from Thomas County Commissioner Zippy Vonier and Thomas County Director of Economic Development, Shelly Zorn. The community has a special concern regarding health policy with the 2010 closure of Southwest State Hospital and because the community’s largest employer with 2,500 employees is the John D. Archbold Memorial Hospital, which also plays a role in attracting and locating economic prospects.

Co-chairman Terry England touched on the federal mandate through the Department of Justice requiring the state to begin the closure of state mental health institutions for citizens with intellectual and developmental disabilities and provide community placements, which has presented incredible challenges to Georgia and particularly the southwestern corner of the state. He introduced the commissioner of the Department of Behavioral Health and Developmental Disabilities (DBHDD), Judy Fitzgerald, to discuss the agencies’ perspective on addressing rural mental health needs.

Commissioner Fitzgerald noted that the department serves three typical populations with service needs related to mental illness, developmental disabilities and/or substance abuse, and despite the obvious difficulties in merging three groups with varying funding streams and programming, the mission of the department is to provide a continuum of care that provides the right service in the right place at the right time enabling people to thrive. With the closure of most institutional hospital beds, this mission has required an unprecedented transformation of the service delivery infrastructure. On the one end, there will always be a need for some institutional beds to care for chronic and forensic patients; however, the majority in the state is overseen through intensive support oversight and are mobilized through the Community Service Boards (CSBs) and
regional, evidenced-based behavioral health crisis centers. The 24/7 crisis centers receive clients from nearby communities and law enforcement, stabilize the consumer’s crisis in short-term observation beds to assess the best treatment plan, and move the client to an appropriate long-term community setting. The model is being proven with the $15 million annual state investment and innovation of Region 4 (Thomasville/Albany/Valdosta) that is being replicated slowly in other parts of the state, but the underlying challenge continues to be developing the service resources network within every community, and in rural Georgia this state/local partnership is underdeveloped, underfunded and exacerbated by licensed and clinical health workforce shortages.

To fill the gaps in rural communities, the DBHDD has contracted with two companies to provide mobile-crisis response teams that are on call 24/7 to respond, deescalate and stabilize an individual(s) in active crisis. Accountability measures are in place for these contracts, for example a targeted response time of one hour to a call, but response times are higher in rural areas which impact the overall results (59 minute state average). All mobile-crisis response has a significant, positive 93.5 percent diversion rate. It is noted that this time frame may inhibit an accurate assessment of an individual’s need if the crisis has decelerated during that hour or escalated to involve and shift to law enforcement. The state also contracts with private entities for bed space when crisis stabilization beds are full.

The commissioner emphasized that building a “reactive” crisis system is only part of the equation. The optimal treatment continuum has the expensive hospitalization/crisis investment, which is balanced by a robust and accessible framework centered on prevention with access to outpatient care and living supports, such as housing and supported employment.

To that end, Commissioner Fitzgerald noted that DBHDD only serves a small portion of the state’s uninsured children and adolescents requiring mental health/DD services because most are covered by a public or private insurer, which is the ultimate determinant of access to benefits. A movement to better identify the gaps for children in need has momentum through the Commission on Children’s Mental Health, and perhaps through the establishment of school clinics and other early identification strategies, the state may provide proactive, accessible interventions in urban and rural Georgia and temper the acuity of future needs.

The commissioner discussed a federal, population-based grant for $11.8 million for two years to develop comprehensive and long-term solutions to substance abuse, emphasizing the opioid epidemic. While Georgia overall has a lower than national average for overdose deaths (1,307 in 2015), there are 55 counties in Georgia where deaths exceed that average. The project has begun with: medication-assisted treatments (Naloxone/NARCAN), expanded bed capacity, enhanced professional training, peer services as an intensive recovery approach, as well as strategic prevention aimed at adolescents. Monitoring and data collection will make more information available on ways to assuage and combat all aspects of the problem.
The second speaker to the committee was Robin Rau, Chief Executive Officer of the Miller County Hospital, who shared the steps the authority took after successive years of million dollar losses and a closure to reopen as a viable health provider within the community with $60 million in revenue - $20 million in salaries. The recovery began in the first couple of years with the identification of a service vacuum for the entire region in ventilator and dialysis patients, which the hospital used to create a niche of expertise that expanded the population base closer to the required 40,000 or so citizens needed to sustain a critical access hospital. In addition, retail pharmacy and sliding-scale clinical services were added to allow for better care management and diversion from emergency room visits, which in addition to better patient outcomes has created a volume of patient visits that is cost-effective.

Ms. Rau explained the successful expansion of the ventilator care program, which began in 2010 as a pilot program between Miller County Hospital, Emory and Grady hospital systems. The urban systems partnered with Miller County to accept their high acuity, long-term trachea patients as a solution for decompressing some of the demands on their emergency rooms and floor beds; in turn, Miller County utilized its bed space and expertise to provide that long-term care. The progressive partnership has benefitted rural and urban care systems.

Another progressive partnership has been established with Miller County’s local businesses that offset more acute care costs by offering up to three free visits for sick care potentially eliminating a patient’s financial aversion to seeking care. The benefit to the business is less time lost to illness and lower insurance costs, while the hospital benefits through visits that result in insurance paid services, such as pharmacy or onsite lab work.

These model efforts to increase patient volume and preventive, cost-effective care components drive the successful turnaround of the Miller County Hospital Authority. Utilization of the 340-B Prescription Program (pharmaceutical pricing); partnerships with the community service boards that includes shared, standard mental health screening tools to promptly and accurately diagnose and align care; expansion of niche services to a broader base, as well as putting all of these actions with targeted and transitional case management services have given stability and economic momentum to their system.

Finally, layered strategies for developing and maintaining a trained workforce ensure the Miller County Hospital System delivers quality care, which has reached 500 employees. The hospital uses: stipends and scholarships to further education, a successful means for developing mid-level clinical personnel; training partnerships with public education institutions; competitive annual salaries averaging $45,000; and reduced premiums and free health care to staff and their immediate families, which has the added value of a healthier population not requiring treatments within the system.

Representing another regional provider in southwest Georgia, Archbold Medical Center, Kelli Vaughn, Director of the Emergency Department and Trauma Service, presented challenges
posed by behavioral health on the emergency room and hospital. She noted the need for strong community partnerships with crisis centers in real time to provide the patient with the best care possible. Crisis often requires multiple resources – law enforcement, medical and psychiatric – and stays in the Archbold Medical Center average 11 hours of active treatment. Screenings are occurring in the hospital, but the challenge is the availability of stabilization placement beds, as well as specialized placement spaces for clients with on-going psychiatric needs further complicated with physical medical conditions. Ms. Vaughn brought to the committee a suggestion for reviewing Florida’s satellite system-delivery model for developmental disabilities, particularly autism. To areas of Georgia far removed from urban specialty centers, travel with a special needs person poses a significant barrier to services. Florida’s model is state-supported.

Also from Archbold Medical Center, Amy Griffin, Chief Nursing Officer, shared rural health challenges despite their efforts to standardize processes (information technology), consolidate services (laundry, pharmacy) and coordinate care across their four hospitals and three nursing homes employing 2,500 staff. Staff is inadequate to meet the need and quality of care ratios, especially for nursing. She cited a lack of faculty for training and suggested that salary is the primary reason why trained nurses do not seek teaching positions. Moreover, the distribution of nursing staff in Georgia is below the national average of 874 per 100,000 people; Georgia has 665 per 100,000 and those numbers are further diminished in rural areas of the state. Exacerbating the problem is an exceptionally high turnover rate in the nursing profession, which is projected to be over 40 percent of this year’s graduating class through the next three years at a cost of $64,000 per lost position. Vacancy rates may result in bed closures if adequate staff to patient ratios cannot be maintained, which further stresses a hospital’s economic viability. Ms. Griffin offered that additional programs offering introductory experiences/internships for potential nursing students, similar to teachers, be created for rural hospitals, especially because they lack the space and clinical expertise to mentor in the same manner as larger hospitals. Finally, rural recruiting for personnel has challenges because there may be a spouse relocation involved, difficulty accessing continuing learning education (CLE) credits and a lack of professional peers; however, some of these challenges could be assuaged with tuition reimbursement programs, scholarships, international recruitment and higher salaries.

The final portion of the day’s meeting centered on rural law enforcement obstacles related to behavioral health and substance abuse crises. Thomas County Sheriff Carlton Powell discussed his department’s biggest challenge, which is to provide transportation to facilities with available bed space and services. Recently, that transportation requirement resulted in 998 trips to locations such as Columbus, Macon and Savannah at a significant cost of $480,000, so he offered that additional crisis stabilization bed space in rural areas could alleviate the cost, as well as the strain on local law enforcement manpower. Thomasville Chief of Police Troy Rich suggested sponsored, mandatory Crisis Intervention Training (CIT) for all officers, which is a 40-hour curriculum to “train the trainers” to identify appropriate responses and communication tactics to deescalate a situation, which appropriately alleviates and shortens the time needed for
police use of force. Appropriate mitigation in a crisis situation can greatly offset a bigger drain on manpower across all services, and especially gets the individual(s) to treatment in a timelier manner. While the state’s performance benchmark for responding to a crisis is one hour, Chief Rich noted that first-responders do not typically have an hour to secure a situation, so this cross-training is practical. During the Q&A that followed, the chief’s point was further emphasized by Ms. Rau, who utilized a portion of their hospital’s $900,000 Rural Stabilization Grant (supplemented with $600,000 local funding) to hire additional mental health care managers to segregate and triage clients needing behavioral services presenting in the emergency room and channeling them appropriately to outpatient care or the 28-bed unit of the nearby community service board, which also receives a portion of the grant funding.

Meeting Three Highlights – Day Two, Bainbridge

*July 20, 2017 – Health Care Systems and Workforce*

The council was greeted by Bainbridge City Councilwoman Rosalyn Palmer, as well as Decatur County Commissioner Chairman Pete Stephens, who emphasized the need for collaborative efforts and flexible options, such as SPLOST funding, to assist rural areas. Rick McCaskill, the Director of Economic Development for Decatur County, echoed the success of using a team effort across education, health care and other disciplines as a tool to advance economic development.

The first series of presenters discussed Federally Qualified Health Centers (FQHCs) which are non-profit centers governed by a patient-majority community board that provide preventive and affordable care in underserved areas. Georgia has 203 clinic sites in 111 counties. FQHCs care for patients regardless of that person’s ability to pay; however, these non-profits utilize a sliding scale for low-income clients which mediates the costs for the 42 percent uninsured (non-paying) clients which is subsidized through federal grant funding, paying patients and good business practices. FQHCs utilize state dollars to establish operational footing, which provides the basis of ongoing federal funds to assist with operating expenses. It was noted that while Georgia has many areas designated as underserved, it is most practical to expand existing, approved centers than to locate an entire new facility.

R. B. Tucker, Jr., CEO of South Central Primary Care Center, Inc. noted that from 2010 to 2016 the number of clients more than doubled with obesity, hypertension, and diabetes as leading diagnoses – the latter three directly related to obesity, the biggest problem in health care. He also noted that six of their 16 primary diagnoses are related to behavioral health. The FQHC primarily brings services to a community and region that does not have enough population to support a provider, but it is also an economic generator providing jobs, utilizing office space and partnering with multiple entities to spread services where there are gaps, such as obstetrics and pediatrics. The FQHC is also a partner with technical and university system schools, community service boards, and public schools; moreover, CSBs and schools may also serve as clinical
training sites and help keep providers in the community. Through all of these partnerships, the goal is to keep people healthier and out of higher cost/hospital settings.

Dr. Ann Addison is the CEO of the Primary Care of Southwest Georgia, Inc. network, which has also had an economic impact on its region, but improving access to quality, affordable care is its main driver. An example of this is its 2015 creation of the region’s midwifery center in response to the lack of prenatal services for Medicaid covered mothers; Medicaid births represent 78 to 92 percent of all births in the region.

Both speakers noted the return on Georgia’s recent investments in rural health care systems by in the sheer volume of patients being served over the past 10 years. The state’s preceptor tax credits, hospital sales tax exemption and start-up clinic funding are working; in addition, the state could:

- Create a south Georgia residency program;
- Establish loan repayment programs for primary care physicians and mid-levels working in rural areas;
- Connect broadband for telemedicine, as well as electronic records efficiencies;
- Integrate behavioral health and primary care – start with allowing billing for licensed professional counselors, as well as recognizing billing for both a behavioral and a physical health specialist during the same visit; and
- Encourage partnerships with school-based clinics.

Dev Watson, Chief information Officer for the Georgia Primary Care Association, focused his comments on health information technology (HIT). The initial 2006 seed funding appropriated by the state legislature for electronic medical records (EMR), in addition to attracting federal dollars, enabled implementation and certification of EMR within six years for 100 percent of the association’s members. EMR systems can be self-hosted, housed under an umbrella group or contracted with a vendor; the vendor option is the most widely used for these clinics, but back-up capability is critical in the event online accessibility is interrupted. HIT and EMR systems create savings and improve patient outcomes by data sharing and data analytics that demonstrate patterns in health/billings, allow for remote care management and remote monitoring capability. Challenges impacting these advantages are: a lack of or poorly performing broadband capacity; adequate analysts and technology staff to fully exploit systems; and a lack of billing options for technology-based patient service delivery.

The second speaker of the day, Deputy Commissioner Andrew Johnson with the Department of Community Health, shared that the department manages over 20 grants and provides technical assistance to rural providers and hospitals. In addition, the agency administers the Rural Stabilization Grant program, which in its third phase will distribute $3 million to 12 hospitals in Fiscal Year 2018.
Senator Dean Burke introduced Gregg Magers, a consultant and Interim CEO of the Memorial Hospital and Manor, who has fostered the reversal of that system’s operating shortfalls of ($4.8) million and ($6.3) million in FY 16 and FY 17 by returning back to basics: increased productivity; resized cost structure; secured county/city investments; and identified new business opportunities. Mr. Magers noted that low patient volume in rural areas simply will not cover operating costs, and hospitals must explore a new business model that better balances salary expenditures with revenues from specific types of care. Senator Burke added that preventive, well-care is the best cost-avoidance and emphasis should be on turning models of delivery and education in that direction. Finally, Mr. Magers said through his experience consulting around the nation, Georgia should consider actions other states have successfully implemented, such as reviewing its Upper Payment Limit (UPL) program, for additional funding leverage.

Glennie Bench, chair of the Memorial Hospital and Manor Authority, discussed the community’s strategies for supporting their rural health care system. With economic development as the primary goal, jobs are the best return on investment at all levels, and health care jobs (even in custodial, housekeeping and other non-clinical positions) typically pay higher wages, provide better benefits and translate into support for other jobs in an area, particularly in the retail industry. In addition, a hospital has the opportunity to grow further as its own industry by identifying lines of services that may succeed in the area. Finally, while it is understood the lack of a health care system turns away prospective industry, it may also impact the growth and expansion of existing industries. To that end, the local governments and the voters of Decatur County recognize the rewards of the hospital as an economic engine, and approved a capped ad valorem tax generating about $1.3 million to support the actual costs of caring for indigent clients. That vote of confidence in the hospital has translated into better quality of care, value and customer satisfaction, as well as a willingness to embrace new protocols for better service. The state may aid a community’s efforts to maintain a rural health care system by:

- Financial support for HIT investments;
- Streamlining behavioral health into primary health care with enhanced reimbursements;
- Reevaluate rural physician recruiting incentives;
- Increase support for developing rural residency programs;
- Decreasing administrative burdens, primarily in Medicaid;
- Provide incentives for prevention (readmissions, home health, emergency room diversion);
- Provide reimbursement for community health/wellness events;
- Create a Rural Center of Excellence for Health Care to share best practices;
- Provide hospital board member training and development with scholarships for participating; and
- Provide flexibility in all of these, because one size does not fit all.
Economic incentives can also support rural areas, to include matching a mid-size business to a mid-size community, as well as increasing scholarships for higher education training and internships to build the workforce in rural areas.

Ms. Bench summarized the value of a hospital in the community citing a recent study that “proved a strong rural hospital is critical to lowering health care costs by enabling access and early intervention by primary care physicians, who it was shown would not stay in the community were it not for the presence of the hospital… The study also showed that access and the opportunity for early intervention lessened the need for expensive specialty care, reduced disease acuity, and improved overall health for rural residents… Physicians tend to leave communities where a hospital closed and the absence of those local health care services was proven to result in higher costs and worse health outcomes, particularly among elderly and low-income residents. While the impact of a hospital on the overall health of a community’s residents is paramount, the impact on the community’s economic health is listed as just as important; the loss of a hospital, or even substantial services…eliminates jobs and shrinks the tax base, which lowers the available resources for schools and other public sector services, and that potentially puts other public sector jobs and programs at risk.\(^1\) The committee’s focus on health care can provide better outcomes, lower costs and foster economic growth.

The committee heard additional testimony on rural hospitals from Jimmy Lewis, Chief Executive Officer of HomeTown Health, LLC. Mr. Lewis set the tone for the fragility of the rural hospitals in Georgia by noting that eight have closed or downsized over the past three to five years, six are on the cusp of bankruptcy and 15 are considered fragile. Echoing Glennie Burke’s remarks, he emphasized closure has an intense, negative ripple effect on an entire community’s businesses.

Mr. Lewis stated health care has been broken, and shared multiple headlines over the course of time that demonstrate the delivery system has been struggling for years, and the major changes – not partisan in nature – contributing to the struggle include the payer mix/payer practices and the number of uninsured. As Medicaid stands today, the federal portion of the program is $700 to $880 billion underfunded. This shortfall and how rural hospitals are paid is at the core of addressing the sustainability of our health systems and the prevention of closures. Because 80 to 85 percent of rural populations are typically insured by government programs, the rural health care systems face nearly insurmountable deficits. The state provided assistance in several ways during the 2017 Legislative Session by passing the: provider fee; hospital tax credit expansion; surprise billing limits; rural definition as 50,000 people or less; and expansion of care

management; however, there is an ongoing need to address the public understanding of what is “rural” to engender support for these hospitals to thrive.

Regardless these efforts, some three or four hospitals are exercising “the last resort” to closing, which is finding a local millage or special local option sales tax (SPLOST) from a tax base that is already at maximum capacity. Ultimately, this has the potential to bankrupt a local government, especially if that government assumes any significant hospital debt payments (Habersham County, ($38) million) in addition to operating expenses/deficits, so bailouts are precarious solutions that may plunge rural areas into greater economic disparity.

Georgia’s $3 million Rural Stabilization program stabilized four hospitals in Phase I with $750,000 grants, and built out three of those models in Phase II with $1 million grants. The Rural Stabilization Committee is seeing consolidations, as well as the reconfiguration of delivery models (Adel/Cook, Ellijay/Piedmont), especially regarding emergency rooms. With findings that 95 percent of presenters at an emergency room are not emergencies, the new model removes them from the most expensive part of the care spectrum by replacing emergency departments with urgent care centers near the hospital; for the five percent of presenters with truly emergent needs, transport and care in one of state’s 1,100 wi-fi, telemedicine-enabled ambulances to a nearby emergency room is provided. This hub and spoke model is the future, and 12 hospitals are replicating the successes of this and other lessons learned for diversifying, educating and developing sustainable systems with Phase III grants of $250,000 this year. Additional lessons from the Rural Stabilization process and suggestions for the committee from Mr. Lewis are:

- Emergency medical services can utilize expertise and equipment during “down” time to assist in community-based activities, such as the care management of emergency department “frequent flyers”;
- Promote school-based telemedicine, including mental health, for prevention, early-detection and maintenance creates savings;
- Reimburse telemedicine at market rates as a solution to the physician shortage;
- Expand the scope of mid-levels and pharmacists to fill workforce voids and improve access;
- Assist with data analytics to support better care delivery;
- Promote ambulance-based triage and telemedicine options;
- Provide supports to properly address mental health clientele because rural hospitals do not have the capacity, credentialing or liability coverage to serve patients, especially for a long-term stay;
- Create fundamental training for board and local government officials in operating costs and revenues associated with a hospital (i.e., 40,000 in population to sustain the average operating of $103,000 per full-time employee) to avoid economic stress and need for subsidization or bailouts;
• Address excessive rural hospital CEO turnover rates with training in leadership, business, best practices and industry benchmarks;
• Assistance/expertise with front-end collections of payments due;
• Assistance/expertise to improve the excessive denial/overturn rate of claims to improve cash flow;
• Replicate “medical screen outs” (MSO) in emergency rooms;
• Reverse federal efficiency penalties;
• Increase the 1999 Medicaid funding ratio of 85.6 cents on the dollar; and
• Reverse administrative burdens. Despite the decreasing volume of patients, administrative complexities have increased with 42 proprietary payer platforms that have to be administered, which feeds into the denial rate, impedes cash flow and creates deficits.

The urbanization of Georgia is reflected in health care spending, with over 60 percent of hospital dollars centered in five metro Atlanta hospital systems, and in policy with legislative representation becoming more densely located in our cities; Mr. Lewis challenged the committee to preserve the rural way of life.

The executive director of the Georgia Board of Physician Workforce, Lasharn Hughes, shared that the board’s mission is the development and support of medical education programs to increase the number of physicians and health care providers in rural and underserved areas. The 15-member board does this with a $66.8 million budget that supports partnerships with teaching hospitals, medical schools and loan repayment programs. While rural areas in Georgia account for 18 percent of the population, only seven percent of Georgia’s physicians are practicing in rural area. Currently, there are 79 counties without an OB/GYN, 64 counties without a pediatrician, and nine counties with no physician at all. In 2017, 73 percent of medical school enrollees were Georgia residents, and with a goal of retaining 50 percent of these graduates in Georgia, the state offers a loan repayment program for those agreeing to serve in a rural setting. Over 64 percent of these students graduated with debt burdens of over $200,000, so there is mutually beneficial return on the state investment. In addition to the aging physician workforce, the board is addressing the growing need for rural doctors by hosting Practice Opportunity Fairs. To bolster their efforts, Ms. Hughes offered that the state could:

• Increasing the number of loan repayment awards;
• Create a pipeline to connect middle and high school students to health professions;
• Increase the number of Georgia medical education slots; and
• Develop new Georgia medical education programs in rural areas.

The individual communities could:

• Create community programs to mentor high school students;
• Partner with nursing schools to increase exposure to medical professions;
• Work with the physician to support them with community connections; and
• Cover the physician in county/city health plan.

Meeting Four Highlights – Day One, Ellijay

August 15, 2017 – Infrastructure and Labor

The fourth meeting of the House Rural Development Council focused on state infrastructure and labor needs for rural communities. The members were welcomed to Ellijay by Gilmer County Commission Chairman Charlie Paris and Mayor Al Hoyle, both of whom emphasized the strong role of tourism, including agritourism, in their area.

Paige Green, president of the Gilmer Chamber of Commerce, set the stage for members by emphasizing that rural north Georgia is incredibly diverse with areas of wealthy second home owners offset by a 24 percent poverty rate and a low average weekly wage of $620. The issues critical to their community are:

• Access to quality health care as a quality of life, as well an economic development issue;
• Affordable transportation options;
• Erasing the gaps in access to broadband;
• Combating the opioid crisis;
• Access to childcare;
• Engaging the 40 percent of the 25- to 60-year olds who are not in the workforce;
• Keeping talent in the community through incentives, industry innovations and marketing (telecommuting, reduced traffic; satellite offices);
• Maintaining a quality workforce matched with appropriate employment; and
• Expanding work-based programs that include soft skills training.

Tim Mercier, owner of Mercier Orchards, discussed the region’s trends in agritourism. Farmers use agritourism to extend the value of their crops by joining two great industries, agriculture and tourism. Farms are using non-seasonal activities (corn mazes), unique education programs, and entrepreneurial opportunities (vineyards) to create jobs and prolong the benefits of a product. The importance of these value-added initiatives in agriculture is positively impacting the economic development of the area.

Co-chairman introduced Speaker of the House David Ralston. As the representative for Gilmer County as a part of House District 7, the speaker welcomed the committee to his “home” and noted that young people from rural areas should also be able to come “home” with equal opportunities in education and access to health care; however, the trend shows exponential growth in the 10 metro Atlanta counties which grew last year by about 78,000 people, but that is not the trend for the rest of Georgia where population growth is stagnant or shrinking. Because every Georgian should have the same opportunity to live, raise a family, work and prosper regardless of their location, Speaker Ralston repeated his charge to the committee to outline
policies to foster an environment to grow jobs and economic opportunities for rural, in addition to urban, portions of the state. The speaker highlighted Gilmer County’s model program for hospital and health care access that may be replicated in other areas as an excellent example of finding new ways to thrive in rural Georgia. The state must capitalize on the natural beauty, natural resources and unyielding spirit of our resilient citizens to solve our challenges for workforce, infrastructure, health and more by embodying and exercising the motto of the State of Georgia: “Not for self, but for others.”

The council’s first speaker, Jimmy Matthews, Executive Director of the Georgia Rural Water Association, shared how the trade organization assists rural communities with onsite technical assistance, to include: water system business plans, staff training/certification, rate structuring, asset management, community system (25 users or less) testing and system structural evaluations. The association is also a resource for point repairs and emergency response assistance during disasters. Mr. Matthews suggested one challenge to ensuring and sustaining adequate water supply and treatment is the public and political aversion to rate increases to finance improvements and repairs, which is ironic given that the cost of a gallon of water compared to a gallon of milk or a gallon of beer is incredibly cheap; however, he believes this is only applicable to a few systems that need improvements and the state’s financing and training programs are adequate for the entire state’s needs at this time. In the workforce, water managers/operators are difficult to find.

Commissioner Camilla Knowles, Department of Community Affairs, shared that the state has several tools available to assist rural and small communities with economic development and focused on three: the Community Development Block Grant (CDBG), OneGeorgia and Regional Economic Business Assistance (REBA). The department is the state’s financial administrator of the $72 million federal CDBG for local government infrastructure needs, which is equally divided by the federal formula between the department and large city/county local development entitlement program pass-throughs for projects; the state uses its roughly $37 million for small city/county: 1) ongoing employment incentive and retention programs ($10 million), and 2) annual competitive grants for local projects ($27 million), which must benefit a population with at least 70 percent in the low- to moderate-income levels. Commissioner Knowles noted that writing and submitting these complex federal grants is a challenge for rural communities with limited staff, although the department does offer applicant workshops, regional site assistance and online materials.
OneGeorgia is focused on economic development for rural Georgia and is composed of two funding streams. The Equity Program, which is the state’s only source of funding for publically-owned capacity building projects (water/sewer, rail spurs, roads, spec buildings) and does not require an immediately pending economic prospect; the trend in Equity requests have been water/sewer and infrastructure to support industrial parks. The Edge Program is the “close the deal” resource, which is coordinated with the Department of Economic Development (DEcD) to secure a specific economic development prospect.

The department also partners with the DEcD to administer REBA grants. While REBA funds may be used anywhere in the state, grants are often aligned with Edge funding and have a clawback protection provision if obligations are not fulfilled by the developer. REBA reserves finances for economic development projects and commitments that require competitive, confidential negotiating.

During questions, Commissioner Knowles acknowledged that there is flexibility within OneGeorgia and some of the federal funding mechanisms for granting funds for rural broadband expansion, but the ability to do so is hindered by the enormity of a single project’s cost vs. the available grant amounts/caps, as well as federal fund restrictions in federal grants that might require waivers. She further acknowledged that a community may be rewarded for comprehensive planning and implementation with Planned First Community designation, which has benefits that include ability to apply every year for CDBG and lower interest rates on Georgia Environmental Finance Authority loans.

Kevin Clark, director of the Georgia Environmental Finance Authority (GEFA), addressed the committee to explain the GEFA’s role as the state’s lead agency of energy programs, land conservation, maintenance of fuel storage tanks, and financing for reservoirs, water and sewer infrastructure. Mr. Clark focused his remarks on the work of the Water Resources Division and water loan programs, and noted the biggest challenges to local government include: deteriorating infrastructure; capital needed for maintenance and improvements; customer base; costs vs. rates; and regulatory compliance. An appropriate rate structure is necessary to provide the financial balance needed to address all of these issues. The state assists these efforts as it pertains to economic development and rural communities by administering four affordable loan programs to cities, counties, authorities and Community Improvement Districts (CIDs):

- Drinking Water Revolving Loan Fund (federal funds) – existing water systems;
- Clean Water Revolving Loan Fund (federal/state bonds) – some economic development on sewer/storm drain;
- Georgia Fund (state) – economic projects, emergencies, small projects; and
- Georgia Reservoir Fund (state) – water supply program for interconnections, wells and reservoirs (Ridgeland, Hard Labor).
Interest loan rates for the state and federal programs are 2.39 percent and 1.89 percent, respectively; however, Planned First Communities have their rates reduced by one-half of a percent, and designated water conservation entities and conservation projects have a full one percent reduction in interest rates. He noted that while federal rates may be lower than the state’s rate, the application and compliance requirements are much higher.

Linda Maniss, director of the $4 million, 65-member Business Services Unit of the Georgia Department of Labor (GDOL), addressed the committee regarding the department’s efforts to work directly with industry to solve their workforce needs. In partnership with DEcD, the Department of Labor provides customized recruitment and human resources services as a part of the state’s economic development incentive packages. To frame the enormity of the challenge to fill workforce needs, Ms. Mannis shared that for a 2,500 workforce needed across the 38 companies DEcD had landed for Georgia, the DOL screened 36,000 applicants, found 6,000 to be qualified and placed 2,000 of those. She relayed that with additional personnel and operating funds, the program could be extended to expanding companies, where 68 percent of Georgia’s economic development is occurring.

For the future, the department is promoting a soft-skills certificate program, Georgia Best, which is currently in 218 schools and may pilot into businesses. To date, it has had 31,000 participants and 14,000 certificates of completion have been awarded. Soft-skills are a high priority for the department’s employer partners.

From the DOL regional perspective, Lisa Adkisson spoke about the Region One partnership using ‘Workforce Innovation and Opportunity Act’ federal funds to create an “On the Job Training Program” for dislocated workers and/or recipients of federal assistance benefits. The program pays the employer 50-75 percent of the trainee’s wages up to 480 hours for three months. DOL’s regional staff provides case management strategies and assessments to match jobs with trainees, which is especially beneficial to small businesses. In turn, business must agree to train, pay unemployment and workers compensation for 120 days with no lay-offs. Placement success rates and funding are monitored. Other successful tools are utilizing the regional career academies for pre-apprenticeship programs and exploring the USDOL Apprenticeship program as another way to stretch training resources.

Tara Bradshaw and Joshua Kight, representing the Dublin Downtown Development Authority, shared their success for redeveloping downtown development by: finding modern uses for historic properties, creating beautiful parks and public space, and establishing events for foot traffic to support the downtown businesses. As the epicenter of any rural community, the energy, vision and sense of community within a downtown can undermine the mindset that there is “nothing to do” in a rural town, which may be the underlying reason for population declines and job outmigration. Over the past 10 years, downtown Dublin has created and marketed a vision of their downtown area’s unique community identity drawing $30 million in private and public investments for revitalization drawing businesses and commerce. The authority
minimized investment risk with multiple financing tools, such as low-interest and revolving loans, SPLOST funds, lease backs and tax credits that allowed enough flexibility in the eligible projects to take advantage of opportunities and needs of interested industry as they arose. As momentum built, private industry took notice and development occurred organically. Private industry also noted the public space improvements and 15 businesses have located around the city’s new $1.1 million Bicentennial Plaza connecting multiple historical landmarks in the area; property taxes from those businesses alone will pay for the park over the next 20 years. The park further promotes community pride and quality of life. Mr. Kight emphasized to the committee that rural areas and local development authorities need have access to specific expertise on the more complex programs (historical tax credits or architects) for restoring and developing downtowns.

Representing Piedmont Mountainside, today’s host, CEO Denise Ray and members of her team shared with the committee their successful pilot for stabilizing rural hospitals. Piedmont Mountainside has its roots in Pickens General Hospital, which it purchased as a 35-bed facility and grew to 52-beds by 2013 in response to the needed services of the community, but as the committee has heard in previous testimony, a rural hospital must have a client base of 40,000 people to operate, so the service area was expanded to include three contiguous counties and Piedmont Health System provided additional resources, brought strong contract rate negotiating power and $33 million in capital investments to do it. Moreover, it has been done with quality, scoring an ‘A’ on the national Leapfrog Group safety ratings, as well as safety, with no safety events reported in years. Capital investments for technology and equipment are expensive and necessary to perform services, such as imaging, CT scans, MRIs and electronic medical records - connecting hospitals and physicians’ offices. Many of these services are done in outpatient centers locally.
The expansion of services and clients requires the expansion of full-time employees, but the trend for reimbursements has actually declined to 17.9 cents on the dollar, coupled with $15 million in charity care (mostly incurred in the emergency department) reflects the national trend. The changing payer mix, high poverty levels, expensive capital, inflationary costs of operating and bad debt are decreasing operating margins. High deductible plans, in lieu of pushing consumers to shop competitively for services are turning into bad debt. These challenges are causing doors to close, and when nearby North Georgia Medical closed, the area was without access to acute care. The solution was to create a free-standing emergency department where patients can receive acute care, stabilize and transfer if necessary. The process was the first in Georgia and had scrutiny and oversight at every level. For the first 20 weeks after approval to begin, appeals were required, construction begun, requests for billing, pharmacy approval, retain certificate of need, license beds, etc. The regulation and red tape was significant.

Following the experience of Piedmont Mountainside, the following suggestions for streamlining the process are:

- Define a limited-bed, 24/7, stabilizing “micro-hospital” and “acquiring hospital” in state law;
- Allow the certificate of need and bed licenses of a closing facility in a contiguous county to be purchased together;
- Allow the balance of any beds from a license not used for the micro hospital to transfer to the acquiring purchasing hospital; and
- Allow the micro-hospital to be moved and/or rebuilt anywhere in the original county.

Meeting Four Highlights – Day Two, Dalton

August 16, 2017 – Infrastructure and Labor (continued)

The committee reassembled to continue the discussion on workforce in Dalton and was welcomed by Rod Bradham, President of the Greater Dalton Chamber of Commerce; Councilwoman Denise Wood; and Lynn Laughter, Chair of the Whitfield County Commission. Mr. Bradham shared that as a recovering manufacturing community, their highest priorities are centered on workforce development and diversifying the floor covering industry for the ongoing economic success of the area.

Speaker David Ralston also addressed the committee, noting that the composition of the group is a broad-based, cross-section of representatives from across the state because economic opportunity should also be available across the state. He emphasized the need for partnerships with schools and chambers of commerce, and he challenged the members to find creative ways to foster an environment for workforce development and growing jobs in every corner of Georgia for today and into the future. He noted that as the people’s House, all meetings of the
Rural Development Council are all being live streamed as a means for engaging citizen input into the process.

Pete McDonald, President of Georgia Northwest Technical College, outlined the school’s contributions to workforce development across their nine-county service region, which includes seven rural counties – two of which are considered “distressed.” Through degree and certificate programs, as well as economic development training (QuickStart) and adult learning, the school provides affordable pathways for students into successful employment across its six campuses and through partnerships with five career academies and Dalton State College. The college is focused on Governor Deal’s challenge to ensure that 60 percent of the 2020 workforce has a post-high school degree or specialized certificate by increasing graduation rates and offering other student supports. The goal not only assures an adequate labor pool for Georgia, but increases an individual’s earning potential through productive employment, which offsets poverty and student debt.

The school also provides 40 to 50 fee-based, customized training programs a year to serve local industry needs as identified by local boards or requested by a company’s owner or human resources officer. The college identifies and provides the subject matter instructor(s), replicates or creates an approved curriculum, and secures any necessary equipment for implementation. Finally, the strategic industries program, high-demand career training with full tuition coverage, is being fully utilized.

Neil Bitting, representing the 200,000 students within the Technical College System of Georgia (TCSG), emphasized earlier comments by noting that the system’s overarching mission is to “provide technical, academic and adult education and training focused on building a well-educated, globally competitive workforce in Georgia.” Of the TCSG’s 22 colleges located across 85 campuses, 20 of the colleges are in counties with a 35,000 or less population and provide access to education opportunities in rural areas. There are over 600 degree and diploma programs, 28 courses of study affiliated with the university system, 12 strategic industry programs and over 40 career academy/dual enrollment opportunities throughout these campuses that culminate in an 88 percent job placement rate in their field of study, which increases to a 99 percent job placement rate for those who further advance their education. The success of TCSG students and the impact on Georgia’s labor force could be amplified with enhanced marketing because 54 percent of students and 61 percent of their parents are not familiar with TCSG offerings or affordability. In the past, marketing has been handled primarily on the school level, but a new digital and television-based campaign is about to begin to advertise TCSG.

Housed within TCSG is the QuickStart Division for economic development workforce training. Bruce Batton, the Director of Northern Operations for QuickStart, described the program as the national model and number one ranked training program in the United States. The program serves the state through three service regions (North, West and East) and two-thirds of the projects over the past four years were executed outside the metro Atlanta region; however, the
location of a project is not part of the criteria for an application. Customized, job-specific training programs that include a needs assessment, curriculum and instruction are awarded to new, expanding or technology-infusing industries at no charge to a qualifying company to ensure that company’s success. The program serves any industry that will touch, manipulate, produce or move a product in traditional manufacturing, advanced manufacturing, biomanufacturing, warehousing and distribution. In addition, the program has additional resources for international companies locating in Georgia (32 percent of their workload in FY 17) with assimilation and cultural integration support. Once QuickStart training is established, ongoing programs may be established within a local technical college for long-term industry support.

Also building the workforce are efforts through Career and Technical Education (CTAE), funded through the federal ‘Perkins Act’ annually at $40 million with half of that funding sent to the state’s technical colleges and half to the Department of Education (DOE) for local systems. The mission of CTAE is “to educate Georgia’s future workforce by providing experiences for Georgia students that will prepare them for workplace success” through engaged, real-life partnerships with businesses covering 17 career clusters and over 130 career pathways with opportunities for over 300 different industry credentials. CTAE students have a 94.8 percent graduation rate (FY 16), which is almost 16 percent higher than the state average. This year a diploma seal was created to demonstrate completion of a program that includes leadership and employability skills attainment. The most widely pursued areas of study were in health care and business/computer science.

The greatest need for the program, especially in rural Georgia, is developing ongoing partnerships and relationships with businesses to achieve interactive workforce preparation. House Bill 402 (2016), which allowed for a five percent credit on worker’s compensation premiums for companies participating in CTAE workplace training, has been a successful tool for eroding a financial barrier to hiring students, especially those under 18-years old. As studies have shown, over 60 percent of the jobs in the future will require some form of post-secondary education or training, but not necessarily a four-year degree; students and parents need to know this. In addition, the program has identified education needs for the state to emphasize soft skills training and the public’s perception of today’s manufacturing industry jobs.

Roy Bowen, President of the Georgia Association of Manufacturers, noted that the state is home to over 6,500 manufacturing companies that employ over 385,000 citizens with over $4 billion invested over the past seven years primarily in “rural” Georgia locations; since the end of the Great Recession, Georgia has led the nation in manufacturing growth as a percentage of non-farm payroll with the development of over 18,000 jobs. Companies consider competitive energy policies, access to infrastructure improvement, stable regulatory climate and tax/financial incentives when expanding or relocating, and these factors should be a part of the council’s deliberations. More than any other factor, the ongoing success and growth of manufacturing in Georgia depend on expanding the entry level talent pool for the workforce and should include a pipeline from basic skills through sophisticated research talent.
Mr. Bowen noted that success is a community effort, and introduced a panel of community members to share their collaborations as an example for the rest of the state to build the workforce through apprenticeships. The speakers included: Brian Cooksey, Director of Training and Talent Development, Shaw Industries Group; Del Land, Chief Financial Officer, Pacesetter Steel Services; Steve Hollis, Chairman of the Board, Gap Partners; David Keller, President, EGO North America; and Mark Whitlock, Chief Executive Officer, Coweta College and Career Academy.

Brian Cooksey expressed that long-term partnerships are essential, and shared examples of ways the Dalton-area revived itself after the double-digit unemployment and declines in housing products during the economic recession mandated a change in the workforce needs of the region. Using the foundation of the Georgia Work Ready Community, groups were brought together to have conversations regarding the future of the industries, to include: aligning post-secondary educational programming with technical workforce needs and allocating training to respective schools, which included a technical college satellite start-up within six months through donations of space, equipment and programming from multiple resources. The initial programming resulted in a 10-week fast-track training program for existing laborers specific to Dalton’s industries’ most immediate needs and their positions were backfilled with Department of Labor (DOL) unemployed candidates at an average $20.00 hourly wage. Across educational institutions, the pipeline can begin as early as middle school summer camps and progress all the way through advanced degrees. The success and responsive speed of the Dalton collaborative has led the Georgia DOL to replicate the blueprint in other parts of the state. To better enable these partnerships, flexibility within funding and minimal “red tape” expedites partnerships and competitiveness.

In addition, Mr. Cooksey repeated the need for educating the public and students on the new age of manufacturing that provides lucrative pay, benefits and opportunities for impressive careers. In Whitfield County, 20 businesses sponsor a middle school summer camp, free of charge to the student, to get a hands-on experience and education in manufacturing. The popularity of the camp has led to three additional communities establishing this mentorship opportunity in northeast Georgia specific to their industries’ careers. About 70 high school students a year have further explored the experience by shadowing an employee for three days in a field of interest, and others who have completed their career pathway program participate in a three-day a week work/two-day a week school, paid apprenticeship program. The apprentices have a mentor, get paid a competitive salary that may offset post-secondary costs, and nearly all are hired with benefits at the end of the experience.

Steve Hollis and Del Land explained the Great Promise Partnership, a 501(c)(3) public/private, work-based apprenticeship and coaching program for at-risk students to build workforce skills and improve employability. Loosely based on the Southwire Company’s model “12 for Life” program, the Great Promise Partnership (GPP) was developed in conjunction with the Department of Community Affairs (DCA) and partners with four state agencies to incorporate
unique elements of a community, replicate partnerships across the four pillars of business/education/political leadership and community resources to remove roadblocks and provide a smaller scale structure to allow businesses of all sizes to participate even at a single-student level. The program has experienced a 300 percent increase in participants from its inception in 2011 through the 2016-2017 school year and lowered the cohort’s drop-out rate to two percent, well below the state’s 8.7 percent level. Currently, there have been 1,894 participants, of whom 637 are employed across 51 employers and 577 have graduated. In addition to increased workforce numbers, the employers are benefitting indirectly through an increased sense of loyalty, pride and ownership with the mentors, as well as a heightened attention to quality and safety issues.

The students, in grades 9 through 12, are at-risk for any number of reasons; however, many are homeless, caretakers for family members or even teen parents. The workplace preparation program includes life skills training, positive peer groups, and tutoring before the apprenticeship begins and the student divides the weekday equitably between work and school. The economic impact of 637 employed students’ wages is $3.5 million, and the average annual income earnings is $5,500 per student; with the average lifetime cost of a non-productive student to the state of $215,580, the program’s less than $1 million annual investment has a cost-avoidance of over $30 to $40 million on other state services.

- The program, because it goes across four agencies’ personnel, needs to be housed in one state agency to solidify its sustainability for students and employers in the future. It is good for the students by pushing back obstacles and creating opportunity for success; it is good for education by increasing graduation rates; it is good for employers by filling the demand for hourly positions, and it is good for the economy.

David Keller and Mark Whitlock spoke from the perspective of an industry using the German apprenticeship system, which uses transferable, standardized skills curriculums to create more talent at younger ages to be completed in conjunction with high school graduation (dual enrollment) over a two to three and a half year period. Twenty companies are utilizing this program in Georgia, primarily in manufacturing, but office skills are being developed, too. As with the other work-based education programs, the industry benefits by skilled labor, streamlined onboarding, improved loyalty and proven performance; the student benefits by gaining skills in demand in the market, attaining a recognized certification/post-secondary credits, has company supports, earns a standardized hourly wage, has no college debt, is mentored to avoid risky behaviors and is motivated to join the workforce.

Lloyd Frasier, Executive Director of the 15-county Northwest Regional Commission, emphasized the need for infrastructure, which used to be roads and water systems, but now includes broadband as critical to industries and economic development. The importance of inland ports also draws industry and plays an important role in developing regional economies.
The final speaker of the day, Betty Bishop, Human Resources Manager for Pilgrim’s Pride Corporation, spoke to the daily hiring challenges and consequences of workforce shortages to their rural processing plant, the second largest chicken producer in the world employing 40,000 people. The economic impact of the Ellijay operations on its over 170 poultry growers exceeds $30 million a year, and for salaries associated with its Ellijay plant, hatcheries, feed mill and truck shop, the impact is another $40 million to Georgia’s economy - $9 million in payroll taxes. The local economy is heavily invested in the success of the plant, with payments over $3 million in property, salaries, gas and electric; 70 percent of the local water authority’s budget is billings associated with the Ellijay plant.

The operations of the plant are time sensitive because it is a fresh product with a 14-day shelf life, and people are necessary to execute production in a timely manner. Staffing shortages and a 53 percent turnover slow the process, extend work hours and have an adverse impact on the company’s ability to fill orders. Reasons for the turnover are: did not show for work three days in a row; found another job; incarceration; absenteeism; or walked off the job.

Ongoing inability to fill workforce needs is likely to result in automation of certain positions, which tend to be the higher paying jobs, and a resulting loss of payroll and taxes in the economy. Training, high wages, paid vacations, paid holidays, pre-arranged absences, retention bonuses, referral bonuses, retirement, health/dental benefits and access to telemedicine are offered, but additional needs are desperately needed in soft skills training/work ethics, affordable housing and transportation. The loss of public benefits at certain earning thresholds also creates a barrier to employment.

Meeting Five Highlights – Day One, Metter

September 6, 2017 – Healthcare

The fifth meeting of the House Rural Development Council continues the discussion on healthcare needs for rural communities. The committee was welcomed by Mayor Billy Trapnell; Glyn Thrift, Candler County Commission Chair; Molly Olson, Executive Director of the Candler County Industrial Development Authority; and Dustin Durden, General Manager of Pineland Telephone Cooperative. Mayor Trapnell emphasized that rural Georgia has an immense amount to offer, and noted with appreciation the selection of Metter as a meeting site to highlight some of rural Georgia’s strengths, as well as some of the areas where help is needed. Molly Olson noted that the community has a strong educational system, historic downtown development and serves as a transportation hub with access to rail, air and roads; the Georgia Ready for Accelerated Development (GRAD) Site, already housing Pepsi Distribution, Inc., CPE American, Linzer, Flint Industries and The Peterbilt Store is 125 acres of fiber-ready space ready for industrial development in an area with a very low vacancy rate. Despite the significant advancements of the community, she noted that the average wage and number of people living in poverty within the area still requires attention through training, skill development, and job
opportunities. OneGeorgia, workforce training grants, retraining tax credits and apprenticeship programs that prioritize rural Georgia are key to alleviating wage and poverty differentials on the local level.

Dustin Durden explained how Pineland Telephone diversified from a non-profit company in 1952 in response to the need for a more robust infrastructure for consumers that includes expansive fiber-related services to everyone within their region (TV, telephone, internet/Cloud, burglar/fire). The cooperative partners with multiple schools, cities, industrial authorities and colleges over 1,200 square miles to ensure fiscal stability. To replicate their success, he suggests that providers:

- Leverage every possible funding resource;
- Advance long-term plans that secure the future of the network;
- Empower employees to learn new technologies; and,
- Establish partnerships that make fiscal/value sense.

Dr. Jean R. Sumner, a third-generation physician who has practiced for 29 years in a rural setting and currently serves as the dean of the Mercer School of Medicine, addressed the committee and noted that the solutions to rural healthcare challenges have to come from the communities, but working together provides welcomed guidance. The mission of the Mercer Medical School is to meet the needs of the rural and underserved areas of the state, which is accomplished through providing over 300 preceptorships of Georgia students with the goal of having all of them practice in a rural setting. She noted that economic development follows the health care networks, and the state is poised to have the nation’s finest health care system by capitalizing on existing assets, such as: five medical schools; strong healthcare education programs; liberal scope of practice rules; an interested and robust extension service system; health departments in every county of the state led by an excellent department; the nation’s highest-ranked telehealth system; as well as involved leadership on the state and national levels, which includes Georgians leading the U.S. Department of Health and Human Services, Center for Disease Control, U.S. Department of Agriculture and the Farm Bureau.

To achieve greater success, Dr. Sumner offered an extensive list of ways the state can improve our services and service delivery, with the underlying premise to protect the existing fragile rural health care system and its providers by engaging all those who benefit. Suggestions for consideration include:

- Adjust the State Health Benefit Plan (SHBP) and require other insurers to allow local physicians, who actually have a doctor/patient relationship to bill for telehealth phone calls (which meets the standards set by the Georgia Board of Medicine), in the same manner out-of-state providers are allowed to bill for telephone calls (which does not meet the standards set by the Georgia Board of Medicine); as well as potentially requiring those out-of-state providers to treat some level of the uninsured or underinsured clients;
• Adjust SHBP to allow mail order pharmacy in local pharmacies
• Require insurers to credential in a timely manner, especially for those practitioners with board certifications and other widely-recognized qualifications, to improve health care status results and eliminate gap times in their ability to serve patients;
• Health transportation, which is expensive and dysfunctional, needs innovation, such as using an Uber-type model, that includes certain standards and training, but also is responsive to a client’s appointment needs rather than being the dictator of that access through rescheduling or an empty van pool;
• Require every nursing home in the state to have and demonstrate quality, high-standard telemedicine to reduce transportation needs, hospital readmissions and unnecessary emergency room (ER) visits which results in better access to specialty care, health outcomes and significant and immediate financial savings; and
• Create a culture that holds all (department and agency) decisions to the litmus test that, “a rule, regulation or law does not decrease or delay access to medical in rural areas of the state that are medically underserved and does not increase the regulatory burden on physicians who live and practice in these areas”;

Opportunities exist throughout the state that can be capitalized on immediately, and Dr. Sumner provided options to the committee, that noted:

• A recent Medicaid waiver allows telehealth-equipped Georgia ambulances to be presentation sites for Medicaid, which enables access to care in every county. Emergency medical services (EMS) should be given a reasonable protocol and reimbursement to provide telehealth care for minor, chronic and post-hospital care, especially in areas where the ER is the only alternative for treatment. When necessary, allow EMS to transport to a qualified urgent care center;
• With the federal government seeking innovations in Medicaid programming, a waiver opportunity to offer a higher reimbursement level to hospital systems providing services through a 24/7 urgent care center, with exceptional telehealth connections to ER and specialty services, in rural underserved or unserved areas has promise. County EMS, which provide valuable screenings, could be housed at that location for added benefit, as would co-locating the urgent care center at a public health department;
• Georgia’s public health infrastructure also presents an opportunity to provide primary care services in counties without adequate care. Rural district and county health departments offer a unique opportunity for residents to gain clinical experience, as well as an insight into critical role public health maintains in the state. For those graduating residents with an ongoing interest in public health, the state should establish public health fellowships to encourage a commitment to serve in that capacity;
• Capitalize on the progress of House Bill 249, designated mandatory reporters for over-prescribers and abusers of opioids, by adding physicians, registered nurses and pharmacists to those who may report in good faith without civil or criminal liability. In
addition, the Division of Healthcare Facility Regulation within the Department of Community Health (DCH) needs more stringent guidelines for methadone clinics.

Looking to the future, Dr. Sumner shared a need for workforce data and planning that includes sustainable and timely assessments a county’s needs and resources, as well as measureable (and potentially required) outcomes related to health status, costs, and hospital admissions. A pilot program could establish a mechanism for rural health care planning, which is a top-priority of Mercer Medical School and should ultimately be mandated at the county-level.

Medical schools play a role in supporting rural health care. Two new efforts are already showing promise for growing physicians. The newly minted Nathan Deal Scholars program, which provides 25 students with full scholarships in return for practicing in a rural area, already has more applicants than awards, and the three-year accelerated track, which allows course completion in three years with one year of debt, as well as a guaranteed Georgia residency in primary care, graduated its first three doctors who are practicing in small towns. These physicians, as a sustainable revenue generator for a community, must have introductions to and supports from area chambers of commerce, banking, real estate, and local industries to succeed. In addition, the local physician benefits from partnerships with regional hospital boards and authorities, and leadership training for board members and administrators would advance these relationships and create a stronger network.

The state can further protect the rural practitioner by providing greater liability protections, similar to those in statute for federally-qualified health care centers (FQHCs), to the rural physician, who is regularly called upon to perform medical procedures outside their scope of practice because they are known as the “doctor.” In return, that physician must agree to be board certified, participate in Georgia Medicaid and successfully complete extra continuing education classes.

The generalist - the family doctor - the primary care physician - has somehow become culturally inferior to the super specialist, and Dr. Sumner challenged the group to continue to change this misperception by acknowledging that rural practice is not asking a practitioner to “sacrifice” anything other than traffic, smog, not knowing your neighbors and competition between doctor groups and hospitals; the rural physician actually gains the opportunity to transform a community by working with colleagues across the civic spectrum toward a common goal, and enjoys an excellent quality of life while being paid equally but paying less to live than to their urban counterparts. “It’s not a sacrifice; it’s a privilege.”

Dr. David Hess, Dean of the Medical College of Georgia, reminded members that our state’s only public medical school was established in 1828 and currently has the nation’s 8th largest enrollment with regional campuses and clinical sites across the state. The college uses 600 full-time and 2,200 volunteer faculty in its clinical sites to serve 922 students. For this year, MCG received over 3,000 applications for 230 student positions. Although MCG offers a “low”
annual tuition of $30,000 a year, the average student medical school debt of $160,000 is one of the reasons why medical students avoid a primary care specialty, which pays less than a specialist. In 2017, 28 percent of MCG’s graduating medical students stayed in Georgia, with 49 percent entering primary care specialties; a higher number of residency slots would help to keep them in the state. While the emphasis may be focused on alleviate the primary care doctor shortage in rural areas, Dr. Hess cautioned that the specialist shortage is widening for rural communities at an even greater pace.

During questions, Dr. Hess noted that because the federal ‘Balanced Budget Act of 1997’ froze the number of residencies, Georgia’s federally-funded slots are well-below the need, which results in the large percentage of Georgia students going outside of the state. Furthermore, despite the addition of hundreds of new institutionally-funded and state-funded residencies at new locations, rural programs continue to be disadvantaged because certain specialty residencies are only available in metro areas, and our two academic health centers (MCG and Emory) that offer residencies in nearly every specialty are capped.

Georgia’s overall health status, health system performance and clinical care rankings are low in the nation, and Dr. Hess made that point that because the scores are an overall average that include metro Atlanta’s relatively positive performance and delivery, that means rural rankings are likely even lower. In fact, rural counties in Georgia have an increased prevalence of chronic conditions and excessively poor health outcomes and death rates. With the specialist shortage and the disproportionately high demand for treatment, telehealth provides quick, life-saving access, especially for treatment of strokes, the number one cause of disabilities in the world. Moreover, most of Georgia’s coastal plain (not Atlanta) is part of the ‘The Stroke Belt’, an area of the southeastern United States with high hypertension and other inordinately poor economic and health statistics, which elevates the state’s occurrences of strokes. The state has four comprehensive stroke centers, three of which are located in Atlanta and none are south of Macon; the state should strategically develop additional comprehensive stroke centers to alleviate the transport barriers of time and sometimes weather for stroke patients.

Since 2003, MCG has partnered with over 30 Georgia hospitals and consulted on over 1,200 patients needing tPA injection treatment for strokes by housing a hub that quickly connects a doctor (via computer or possibly smartphone) with the hospital requesting a consult. This proven hub-and-spoke telehealth service delivery method can be replicated for multiple specialties to increase positive health outcomes, in addition to saving time and money. An added benefit is accessibility to consultants, which reduces provider isolation in rural areas.

One way to expand the hub-and-spoke telehealth network is to provide a nurse practitioners in a rural area with a one-year emergency department residency that includes training and telemedicine support from the MCG/Augusta University emergency department, which is later repaid with a post-residency term of service at a rural ED.
According to Rena Brewer, CEO and representative of the non-profit Georgia Partnership for Telehealth, Georgia enjoys its status as the national leader in telehealth because the state developed a central system with the capacity to reach every crevice and corner of the state and beyond; the partnership currently operates in 11 states and four foreign countries and is funded through grants and charging monthly partnership fees that allow partners to access to the all of the network’s providers. The system currently has a presence in 109 of Georgia’s 159 counties through over 500 “endpoints”, which are providers or receivers of telehealth that include 106 schools, as well as hospitals, jails, nursing homes, FQHCs and other sites where healthcare is delivered. This robust network, already responsible for over 500,000 clinical encounters, has capacity and need for more providers to deliver care to clients, especially as the cost of quality equipment continues to be more affordable and portable. Medicaid providers are paid using the same codes for an office visit, with a telehealth modifier. Ms. Brewer connected to the headquarters in Waycross to demonstrate a clinical consultation, which includes the ability to communicate with and see a patient, examine the patient, as well as take pictures, transmit heart and breathing sounds. Ensuring bandwidth capacity is a part of becoming an “endpoint”; however, bandwidth can be a concern at untraditional locations and homes.

Denise Kornegay is the Executive Director for the Area Health Education Centers (AHECs) and shared suggestions for improving rural health and rural economies. She shared a handout with historical background and health demographics, and began her presentation explaining how the lack of a doctor impacts a rural area. Rural populations are sicker, have less or no access to prevention and services, are more likely to suffer from mental illness and chronic diseases, have higher rates of teen pregnancy, and higher mortality rates. It is interesting to note that only 24 percent of rural residents in the United States can access to a Level I or Level II trauma center within an hour, which corroborates the negative impact of not having access to a physician. There are two sides to the rural health dilemma, financial and physical. The ability to pay has no bearing in the six counties without a physician, 63 counties without a pediatrician, 66 without a general surgeon and 79 without an OB-GYN, and the shortage is expected to grow primarily due to increased utilization by the aging of the population and general population growth. Simply to maintain current level of coverage will require a projected 38 percent increase, or over 2,000, in additional primary care providers by 2030.

Finding solutions to the physician shortage and locating those physicians in rural areas is a solution to repairing economies, too. Communities with a provider: are more favorable locations to industries; bring economic growth associated with job wages/income tax; and have increased purchasing power that generates sales and property taxes – all of these at higher levels than jobs in higher education, nursing homes, legal services, and home health classifications. In 2015, Georgia’s over 19,000 physicians directly and indirectly supported over 205,000 jobs, or an average of 10.8 jobs per doctor. For the same year, those doctors generated $29.7 billion in sales revenues (6.8 percent of Georgia’s GDP), supported $16.6 billion in wages/benefits, and
produced about $1.1 billion in local and state tax revenues; this is an average impact of $1 million per physician per year.

The real or perceived pay differential for primary care physicians, coupled with the average $180,000 student debt carried by a medical school graduate, attracts student to specialties, where earnings may be three times higher. To mitigate this and other barriers, Ms. Kornegay noted that investments in physicians is a long-term process, and there are opportunities along the academic pathway to make changes for recruiting and establishing a doctor in a rural area.

For the high school and undergraduate pipeline:

- Focused recruiting and much broader exposure are key elements for rural student to join the pipeline, especially because those rural students are more likely to practice in a rural area later. In addition, applications at schools receiving state funds should be required to recognize a rural background as a positive factor, especially since few schools have rural physicians on their admissions committees;
- Grant a portion of the administrative costs to medical programs creating or expanding a Rural Admission Track;
- Provide graduated stipends for multiple rotations in rural areas that will incentivize longer service and promote recruitment in the region. A student serving 36 weeks or more in an area is likely to practice there;
- Offset medical school debt (and improve the pay differential for primary care physicians) by reimbursing tuition at the public institution rate (around $29,000) for students admitted to a rural track program in a Georgia medical/osteopathic school.

For the undergraduate (UME) training pipeline:

- Establish and continue programs, like AHEC, that recruit from the very areas where providers are needed;
- Establish training programs is intensive and requires: site recruitment, accreditation, and volunteer faculty development. These volunteer preceptors are being recruited and paid by off-shore and non-Georgia schools. To reclaim them as faculty in Georgia programs, encourage the Senate to pass House Bill 301 (J. Lott), which converts the existing preceptor tax incentive deduction to a credit and offers a tangible reward to community-based physicians who enable medical education;
- Faculty may also benefit for loan repayment programs, which could be applied for and granted based on service within a rural residency program as a teacher and outcomes.
- Remove the financial barrier for students accepting rural rotations with housing and travel expenses for students completing 2-8 week rotations in rural areas remote from the campus;
• Support the development, maintenance and expansion of regional campus models that immerse students in training during their last two years and to provide more training opportunities across the state;
• Provide concrete strategies for local communities to foster relationships and ultimately recruitment of these students and residents to their communities;
• Establish a service loan repayment program that begins with a residency in family medicine or general internal medicine for Georgia graduates. Eighty-two percent of Georgia students who graduate from a Georgia high school and a Georgia medical school who are able to match with a Georgia-based residency stay in the state, as opposed to only 47 percent of those same students who stay without a Georgia-based slot.

Georgia has made a significant investment in graduate medical education (GME) during Fiscal Years 2013-2018 with over $19 million, and the state is exceeding its goals with the establishment of over 600 new residency slots and an increase in the number of teaching hospitals from 16 to 23 (with two more sites onboarding). GME capacity has increased by 30 percent; however, without adequate residencies to keep those graduates in the state, as well as incentives/priority for Georgia residency slots to be awarded to Georgia students, the effort will continue to result in the export of the investment in talent. Fifty percent of medical school graduates indicated a desire for a Georgia residency, but only 25 percent were awarded.

For the graduate medical (GME) training pipeline:
• Offer a competitive salary to at least match competition of the bordering states of Alabama and South Carolina, which pay $10,000 more in resident salaries than Georgia;
• Include non-clinical training through a single program that educates graduates on expectations, engagement, scope of practice and leadership in a rural culture to improve retention;
• Provide resources to the residents and their families for relocating needs, such as spouse employment assistance or educational resources (even private school financial assistance) for children;
• Special low-interest loans to establish a practice, as well as a venue/marketing for selling a practice;
• Streamline billing issues and bolster reimbursement for telemedicine services, a tool that residents have been trained to use and rely on as an option;
• Overcome professional isolation by creating programming and opportunities for professional learning;
• Establish a locum tenens program that offers professional and certified office coverage in an office while a rural practitioner is attending continuing learning or training opportunity, as well as taking sick or personal leave. In addition to the opportunity to improving talent and outcomes, the program would mitigate professional isolation;
- Provide population data to improve the responsiveness of the physician to the needs of the community;
- Continue and market the Rural Provider Tax Credit ($5,000 a year for five years);
- Continue the State Loan Repayment Program for Rural Physicians, but consider expanding to a larger population definition from the existing 35,000 or less;
- Allow loan repayment programs to include practices in an FQHC and state-funded health centers;
- Strengthen the Medicaid provider network with higher reimbursement levels for primary care to compete with specialists;
- Encourage health networks and insurers to include FQHCs;
- Formalize efforts to create the hub-and-spoke model for residency programs. As urban health centers with teaching capacity become hubs for rural hospitals, the opportunity for expanding their training partnerships to rural settings is increasing, and the barriers to financing and accrediting rural programs is decreasing. A mechanism to incentivize this model consist of: financial offsets for those urban centers rotating their residents through a rural program for the loss in direct and indirect medical education funding/billing, as well as Medicare Cap time; financial offsets to the rural program to assist paying for faculty, housing and other expenses; and technical assistance to the rural communities on integrating and recruiting the residents;
- Georgia needs to develop a sophisticated marketing effort (engage the experts at the Department of Economic Development) of its loan repayment programs, tax credits and create a one-stop residency program site for medical students to access opportunities in state, as well as a campaign to recruit back Georgia residents who have attended medical schools out of the state; and
- Replicate the success of the Wisconsin Collaborative for Rural Graduate Medical Education that engages all stakeholders in a collaborative effort to address rural physician shortages, distribution and offers technical assistance with an annual appropriation of $750,000.

Chuck Adams, Executive Vice President of the Georgia Hospital Association (GHA), directs the association’s Center for Rural Health and shared the GHA perspective and aspects of his 20-year service as an administrator of services across rural Georgia with a direct knowledge of hiring challenges, as well as the complicated factors of opening, closing and consolidating hospitals. He reminded committee members that there are 15,000 hospital jobs (240 per facility average) associated with the state’s 63 rural hospitals with a $1.4 billion economic impact, of which each rural hospital averages a $21 million impact on its local community and $2 million in uncompensated care benefits. GHA supports rural care to improve quality and safety of care with $3 million in federal, state and private grants for education and training to improve outcomes, which has the additional financial benefits of avoiding readmission fines and
promotes more economic growth. The association provides various training to apprise hospitals of financing, purchasing, policy, strategic planning, regional, state and federal practices.

Rural hospitals are also attuned to the behavioral health challenges of Georgia, and through a survey of providers found that the juvenile justice agreement has the unintended consequences of exacerbating inconsistencies of access across regions. Rural emergency departments are now seen as the safety net provider for physical and behavioral services, and the lack of placement resources is requiring hospitals to house mental health patients in hospital beds. Moreover, there are inconsistencies in mental health delivery depending on the proximity to a hospital or a community service board (CSB), as well as the level of collaboration in individual regions. The public is unaware of the resources that are available and where they can be found. Suggestions for addressing the problems are assistance for establishing psychiatric practices near rural hospitals, create multi-hospital telepsychiatry and add additional bed space.

Mr. Adams noted four key practice areas that make some rural hospitals more financially stable, which include: general operating efficiencies (revenue management through patient flow, staff ratios, utilization of 340b pharmacy); service line enhancements (swing beds, outpatient services); affiliations with other hospitals (shared care, contracts, purchasing); and adequate workforce; however, there are a multiple number of factors that add to the cumulative effect of a rural hospitals stability: competition demographics, county/city support, age of the facility, debt, system or stand-alone, authority or non-authority governance; and payer mix. The state can focus on three things all rural hospitals need for stability. The first is coverage for the uninsured, which costs $82 million a year or an average $1.2 million per hospital; ultimately it is the covered patients who pays 1.5 times more than they should to fill the gap. Secondly, sufficient payment for non-emergent use of the emergency room that adequately reimburses for the course of testing or treatments delivered is needed; the current $50 payment does not even have the same reimbursement coverage than an office visit. Finally, provide regulatory stability that protects “profitable” service lines, mostly outpatient services, through certificate of need processes.

Julie Windom, Vice President of Public Affairs of Navicent Health and Director of Policy and Advocacy for Stratus Healthcare, shared a new service delivery model of 14 hospitals with a 60 county reach governed by a unique 20-member board of physicians and CEOs. Struggling hospitals face four basic options: close, merge, be acquired, or align with other like-minded hospitals, the latter is the Stratus Healthcare model that seeks to build economics of scale and skill, while delivering better health outcomes and patient experience as a response to the national shift from volume-based care to value-based care. Stratus’s value-based care standardizes clinical best practices as determined by its physicians, shares data infrastructure and mines the data for evidenced-based medicine, and reimburses based on the outcomes of services and not the number of services performed. Dr. Alan Kent, CEO of Meadows Regional Medical Center, chairs the Stratus Healthcare Shared Services Committee. He cited the appeal of having a clinically-integrated network within the collaboration that through proven, best-practice
treatment protocols that translates in better patient health and cost savings. Five of Stratus’s hospitals are participating in a pilot, total care program for their staff and over 11,000 Medicare beneficiaries that will review the data collection under this delivery model. To prepare for value-based delivery in the state, he suggested:

- Provider training to prepare for value-based delivery;
- Grants to build the necessary data infrastructure;
- 1115/1132 waivers to align Medicaid with Medicare and commercial payment models;
- Integrate mental health services into the primary care setting telepsychiatry);
- Expand graduate medical education funding and policies; and
- Allow highest level/full scope of practice for licensure.

Mr. Cortney Terwilliger represented the Georgia Trauma Commission, as well as the Georgia Association of Emergency Medical Services (GAEMS), an organization of the state’s industry’s EMS providers, educators and medical directors. The association partners with other groups to conduct training classes for health professionals and emergency medical responders, as well as surveys groups and tests regional responses through drills to identify gaps in the emergency delivery systems. The Trauma Commission outfitted 1,200 of the state’s 1,500 licensed ambulances with the nation’s first automatic vehicle locator system, allowing emergency command to direct responders during a disaster. The Georgia Emergency Management Agency also purchased much of the hardware to enable ambulances as Wi-Fi hotspots to transmit data to hospitals and determine treatment and optimum destination for delivering appropriate care. The pilot is being conducted across the state, and while the Trauma Commission pays all costs, there are parts of the state that are not participating, and the reason in some rural areas may be a lack of broadband.

The EMS community has identified needs that include reinstating education components: the state training officer position; 10 regional training positions; three technical school regional training staff; one EMS faculty position at Georgia Public Safety Training Center, an EMS data analyst and funding for the Accordant System. Funding needs include: vehicle replacement grants; uncompensated care, and additional training grants.

Josh Mackey spoke on behalf of GAEMS and the mobile-integrated health/community paramedicine program. Mobile-integrated health (MIH) expands the tradition role of a paramedic (to respond to an emergency and transport a patient) to include performing services
related to health care to meet the specific needs in a community, such as chronic care management or prevention visits to emergency room “frequent fliers” in an effort to avoid inappropriate, expensive ER visits. The program is operational in 33 states, although there are scope of practice issues that inhibit the program in some places. In Georgia, there are over 30 providers participating in this model, including Grady EMS. Reimbursement is an obstacle, as EMTs are only reimbursed as a transporter and are not reimbursed for any services done as a provider; the state’s Office of Rural Health is reviewing needs for enabling a waiver. Another next step is allowing ambulances to transport to alternative destinations, such as an urgent care facility.

Speaking to the specific MIH being operated in Habersham County, Tyler Williams and Chad Black emphasized that the program must be tailored to respond to a community’s unique needs. Because the ratios for primary care providers are rarely at the recommended 1,500:1 in rural areas, MIH creates access and avoids emergency department visits and 911 call for transport. The paramedics perform prescription management, post-hospital visits, safety inspections for prevention, too. When transport is required for office visits/rehab, etc., alternative methods are found, for example, Grady sometimes uses Uber. In Habersham County, a recipient of a $1 million Rural Hospital Stabilization grant, allows teams of one seasoned paramedic/RN and one nurse to work Monday through Friday, 8:00 to 5:00 to see a current caseload of about 30 patients in an advanced life support SUV (no transport capability). The medical center has been collecting data, and found several trends that have allowed them to adjust delivery and offset unnecessary costs, such as ensuring pharmaceuticals are filled immediately and with 340b pricing when eligible; triaging at the emergency room to provide optional care for non-emergency conditions; and offering optional care nearby at a reasonable cost. In a two-month period, the MIH, in conjunction with the ER triage screening, have shown a 10 percent reduction of patient visits to the ER, an eight percent reduction in ER charges ($400,000), a 400 percent increase in walk-up visits to the expanded hour clinic nearby, and readmission rates are down to five percent. It benefits the patient and the hospital.

Meeting Five Highlights – Day Two, Metter

September 7, 2017 – Healthcare

Dr. J. Patrick O’Neal, Commissioner of the Department of Public Health (DPH), gave an overview of the department’s services and access to health care in rural areas and across Georgia with a local department in every county; however, it must be acknowledged that some counties perform services better than others and as a state we continue to make efforts to improve all of them. County departments are involved in: children’s health, women’s health, immunizations, Ryan White Clinics, children with special needs, communicable/infectious diseases, nutrition (WIC), and environmental health inspections. In some places, specialized services, such as travel clinics, farm workers programs, telemedicine and oral medicine are offered. Services are
billed on a sliding scale and the department is working to expand the number of insurance provider contracts.

Initiating the need to revisit billings is because federal grants, which compose 67 percent of the DPH budget, continue to decrease under the theory that insurance coverage provided through the ‘Affordable Care Act’ replaces the need for treatment funding grants; however, that coverage has not materialized, or where it exists it does not typically cover the costs, so the department is looking for billable services through insurers, such as preventive care through Medicaid, to continue to offer treatments.

The five-year Enterprise Systems Modernization of the department will aid rural health because it puts all 18 of the individual health regions’ data into one collection point to better target and track activity. DPH is also primed for telehealth, with endpoints in every county, but it is not being fully leveraged locally despite extensive partnerships. During questions, the commissioner stated that having enough authorized staff with time and expertise on the public health side to utilize the equipment is where the network gaps. Where there is adequate staff, the system works beautifully. The data collected through the new system will be critical to determining where the department should shore up clinical or other staffing if it is needed to operate systems or coordinate these efforts.

The department has priorities for the near future. The commissioner is working on memorandums of understanding and outlining the benefits of having an academic health department to foster the workforce and give grassroots experience through established partnerships working side by side. In addition, advancing early brain development strategies because the data is compelling that exposure to these strategies has a significant impact on education outcomes and ultimately the ability of the child to become a contributing adult. Finally, addressing the opioid crisis and developing a cardiac system for the state of Georgia.

Dave Flanders gave his “boots on the ground” perspective as CEO of the Candler County Hospital, a 25-bed critical access, county-owned facility, which provides a multiple services and specializes (niche) in swing bed rehabilitation care through partnerships with other hospitals. He reminded members that good quality care should be close to home, and rural providers offer the same or better care in the community, which is also good for the economy. Challenges of a rural hospital are low patient volume/population significant charity and indigent care where the median income is below the state median and the payer mix is primarily self-pay and Medicaid. Legacy debt, aging facilities, building technology systems, leveraging fair payer contracts (bargaining power) and provider recruitment add to the challenges. Competition, despite the quality of care, is also disadvantaged by newer facilities in the area that draw from the base. Success can be found through collaboration and shared overhead in administration, legal services, contracts and purchasing power; this is true for specialty care, as well. County financial support (one mil) and strategic planning are crucial for ongoing operating. The hospital also has a foundation that allows financial support for equipment purchases.
In response for feedback, Mr. Flanders noted that the state can improve: the level of Medicaid reimbursements; maximize participation by raising the Hospital Tax Credit to 100 percent; protect and increase Indigent Care Trust Fund (ICTF) payments to cover rising costs; establish an effective restructuring plan for rural hospitals with funding alignments; facilitate timely Upper Payment Limit (UPL) payments; and maximize the amount of the hospital provider fee payments back to the hospitals. He cited successes in: the Georgia Heart Hospital Program with equipment and facility upgrade funds, PA and APRN loan repayments, the $500 newborn/OB add-on payments and $250,000 Rural Hospitalization Stabilization Grants for new services or care coordination. Moving forward, financial incentives for physicians, niche collaboratives between large and small hospitals and Medicaid bonuses for quality care delivery in rural areas, as well as protecting markets in rural areas through certificate of need, will benefit rural systems.

Charles Owens, Associate Clinical Professor of the Jiann-Ping Hsu College of Public Health at Georgia Southern University, outlined the support provided to rural health communities through their core services of evaluations, assessments and technical assistance across the continuum of care. The college has worked with over 18 communities to complete assessments required by the ACA, as well as acquiring community feedback, some of which is done through applied training and service learning for students. Student partnerships exists for nurse practitioners, gerontology, and psychiatry in rural areas. Telemedicine training and access are expected tools for today’s students, and public health and school-based locations are ideal locations. The key to strengthening a community’s building blocks (education, health/healthcare access, workforce, industry and a tax base) is broad-based community planning that includes a triage of the region, which ranks and organizes assets and needs, as well as identifies unique assets or large deficiencies county and community which is combined for the community to establish their priorities for development.

Cindy Turner, CEO, and Kyle Lott, COO and Director of Pharmacy, representing Bacon County Hospital and the critical access hospital perspective presented “The Trouble in Rural Healthcare” and shared that over 60 percent of the hospital closures have occurred in non-expansion southeastern states, and seven of those closures were in nearby Georgia towns. Common market, hospital and financial factors played into the closures, such as declining populations and low patient volume, depreciating facilities, as well as increasing uncompensated care. Even critical access hospitals, with enhanced payments, must have adequate patient volume to break even in today’s market, although high volume aggravated by poverty and unemployment still inhibits stability. Half of Georgia’s rural hospitals are operating below the margin and are twice as likely to be financially distressed over the U.S. average because of these conditions, in addition to reductions in payments for indigent care and UPL.

Ms. Turner and Mr. Lott Current said physician shortages will only grow from 21,800 today to 104,900 by 2030, according to a Merritt Hawkins study. A potential solution is increasing the number of medical school slots for Georgia residents. The top five specialties in demand are for family medicine, psychiatry, internal medicine, and nurse practitioners, but the top twenty are all
positions needed to round out care in rural areas; those positions can take up a year and a half to recruit and recruitment would be more competitive for rural hospitals with state income tax deductions or credits as a part of the recruiting package. Staffing needs could also be filled with an expanded scope of practice for mid-levels and amending federal Stark Laws to allow mid-levels employed by the hospital to see in-patient and long-term residents. Reducing the three to four months it takes to obtain all the provider numbers to establish a new practice, as well as standardizing the form, will allow professionals to be paid to practice.

Monty Veazey, President of the Georgia Alliance of Community Hospitals, shared a video featuring Dr. Karen Kinsell of the Clay County Medical Center, a facility 40 miles from the nearest trauma center. She highlighted that distance creates the need for connecting to specialty care through technology, which also helps overcome transportation barriers, and to that end, adequate bandwidth is critical to communication. In such a small operation, primarily staffed by part-time nurses, patient payer mix with paying clients underwriting the costs of visits, labs and medicines for the over 45 percent of the clients who are uninsured is the only way to keep the clinic operating and provide care, especially for chronic conditions. The Clay County experience is not unique; most rural counties have issues with poverty, transportation and access to care; however, healthcare should not be determined by your zip code.

Mr. Veazey emphasized that zip code may impact access citing the lack of pediatricians in 63 counties and OB-GYNs in 73 counties. He added additional barriers to “modern healthcare to include cost drivers like: financing through a poorer payer mix, distance which adds transportation and other costs, and also access because of the distribution of services and facilities. Telehealth is the most promising tool for closing rural care gaps, and creating a robust...
system of broadband with equipment and reimbursements for clinics is part of the solution. In conjunction, data analytics to provide the most appropriate care in the correct setting has positive effects on the patient and the system.

Protecting the 17 components of the certificate-of-need process is the state’s only tool for ensuring access by creating stable economic environments and maintaining viable payer mixes for small hospitals; of these, three are critical to maintain: prove the need for a project; investigate any negative impact on an existing facility; and provide equal distribution of services are the most important to rural systems.

In today’s markets, Mr. Veazey also noted that the high deductible insurance coverage is having adverse impacts because patients are making the decision to put off care until it becomes more acute, as well as results in unpaid bills that must be borne by the providers. A recent survey the alliance conducted found that facilities only collect five cents on the dollar from high deductible plan billings.

As the payer mix deteriorates, a hospital must find ways to maintain a rate of return of 6.4 percent to maintain operating, facilities and technology (the standard for bond ratings), but a number Georgia’s systems are operating at negative three percent or greater margin. Maintaining disproportionate share (DSH) payments is a necessary financing tool, and so are local government contributions. From 2014 to 2017, seven counties offered referendums for financial hospital support; all but one passed, which is an indication of public opinion favoring public tax support for accessible care. Ongoing and additional public investment, through tax exemptions for not-for-profit hospitals and property tax relief (which might be expanded to include undeveloped parcels owned by a system) add to the public infrastructure and community benefit - a $5.60 return on every dollar according to a new Alliance-commissioned report.

Skilled nursing care issues were presented by Tony Marshall, CEO, and Pam Clayton, Vice President for Quality Advancement and Regulatory Affairs, of the Georgia Healthcare Association. Georgia has 362 nursing home centers with 39,704 beds, of which 40 percent of those facilities are in “rural” settings, as defined by populations of less than 40,000. In FY 2016, nearly 4.9 million patient days caring for about 301,000 Georgians were documented in those rural facilities. Comparatively speaking, Georgia is a low-bed state, which indicates higher availability of community and home-based care, including SOURCE; however, nursing home jobs in the state’s rural communities are often the largest or close to the largest employer. Nursing centers directly and indirectly through contracts employ 59,000 with an economic impact to the state of $7.4 billion.

The industry is preparing for a surge outpacing the national growth in the population age 60 and older, which is expected to increase by 65.8 percent (2.5 million people) between 2010 and 2030 in Georgia – second only to Florida in the southeast. Service delivery systems and workforce needs are the imminent challenges.
Like other providers, payer mix is key to stability, and in rural Georgia, 72 percent of skilled-nursing beds are Medicaid, 12 percent are Medicare and 16 percent are otherwise insured. Because Medicaid, as the largest payer already reimburses at less than cost overall (about $16 less per person per day than actual costs) and further reimburses rural centers $10 less on the average per day than in urban centers, the financial losses are higher in small communities. Thirty-two percent of the state’s facilities are operating on a negative margin. Georgia has the lowest reimbursement rates in the southeast, even with the net effective of the provider fee enabling higher reimbursements across the system.

Unfortunately, this results in lower staffing for the same amount of direct care hours and the ability to fund facility improvements, which impact quality. This is evident in Georgia’s average ranking among its southern peers. And within those composite quality scores, composed of 13 measures that create an overall quality index, and five-star ratings, the state’s rural centers are trending slightly lower than their urban counterparts. The correlation is clear.

There are additional cost drivers affecting the industry. As patients stay in home and community-based settings, the level of admissions and the acuity of patients is increasing, as is the demand for social workers to coordinate care and living needs. Unfunded mandates and increasing clinical competencies and licensures add to administrative overhead. Telehealth, use of mid-levels with top of the license personnel, care coordination networks to alleviate hospital readmissions and niche service models (ventilator beds, behavioral beds) are innovative ways the centers are addressing new and future needs. Mr. Marshall overviewed Florida’s efforts to mandate (and increase) a minimum ratio of certified nurse assistant (CMA) and registered nurse direct hours of care to reduce the number of deficiencies as a model for Georgia. The $100 million initiative ($70 million Medicaid) resulted in the hiring of 3,500 CNAs, 700 RNs, and deficiencies plummeted.

The next speaker, Richard Lamphier, is the Director of Legislation and Public Policy for the Georgia Nurses Association. He noted that there are key stakeholders in nursing and programs are offered at schools and online. The cost of education varies from minimal cost with the Hope Grant for licenses practical nurses (LPNs) to as much as $300,000 at some private schools for advanced practical registered nurses (APRNs). Higher level degrees can be obtained while working, which minimizes education debt that can reach six figures. Corporate sponsorships and foundation scholarships serve the same purpose, as well form a recruitment tool even with high
school students in exchange for a three- to five-year work agreements. Rural hospitals and partners can encourage recruitment of nurses by offering flexible schedules, benefit packages, moving costs education cost assistance for the nurse or family, and by promoting the lower cost of living and quality of rural life. On the state level, he suggests workforce data collection for planning, expanding the scope of practice for nurses (South Dakota) and tax credits for preceptors in rural practice. For local government, supporting school nurses as a part of the hub and spoke model is an exceptional value to a small community.

According to Mr. Lamphier, the data is inconclusive about the supply for nurses in the future, but there are currently shortfalls in faculty and clinical placements, and registered nurses were the most highly sought occupation in 2016 job postings nearing 19,000 vacancies. Moreover, at each advanced level of schooling, salaries increase generously and provide greater community economy; for example, a licensed nursing assistant making $21,910 a year can make $37,330 after one year of education to be an LPN – a nearly 71 percent salary increase. Georgia has over 171,000 licensed positions (all levels) for 2017, and a large number are coming through licensure by endorsement. Georgia has high pass rates, although the turnover rate is high among new graduates and simulation labs may be a solution for better retention.

The final speaker, Michael Azzolin, presented information on PharmD on Demand, a remote pharmacy program for rural hospital pharmacies designed to increase care and mitigate costs related to medication-related services. The company services 19 Georgia hospitals (28 in the United States). Medicines are dispensed in unit packages by machines with a physician’s order after being reviewed by a pharmacist. The pharmacist’s review can catch any issues, such as allergies or multiple medication interaction issues, which can be corrected if necessary to improve patient outcomes; the company typically does 700 of these “interventions” a month. A cleared medication then is available and dispensed from a bin in the machines for the patient.

This system alleviates the need for a pharmacists to be on duty for 24 hours, which helps the staffing issue in rural facilities. After hours and weekends, this “tele-pharmacy” model automates the process once the prescription has been approved. There are three issues in statute that inhibit the full productivity of this model: the definition of a remote pharmacist; the requirement that a pharmacist review a remote order in person within 24 hours; and prevention of a remote order if a pharmacist is present in the facility.

O.C.G.A. 24-4-5 requires a remote pharmacist be located from within the state, which may limit hiring options and is not in compliance with recommended national guidelines for pharmacists. The requirement that a pharmacist physically review a remote order in person within 24 hours (O.C.G.A. 26-4-80), which inhibits weekend hours because a pharmacist must come in, and for a rural system this may mean hiring a second person to fill the gap or forego weekend coverage completely. If there are two pharmacists, and one is present in the facility, remote pharmacy may be employed; however, if there is only one pharmacist and that one pharmacist is present, the law makes no accommodation for remote dispensing. Finally, large hospitals employing a
pharmacist who serves four satellite or hub facilities of 12 beds or less is exempted from the physical review within 24 hours requirement, which creates a disadvantage for rural hospitals not owned by larger hospitals.

Mr. Azzolin recommends adjustments to the law that:

- Allow for remote pharmacy if the pharmacist holds a Georgia license and recognize interstate licensing in the same manner as mail-order pharmacy; and
- Remove the 24 hour staffing burden and clear up that remote pharmacy is allowed when there is a one pharmacist present, just as when there are two or zero present.

Meeting Six Highlights – Day One, Waycross

October 24, 2017 – Transportation

The first day of the sixth meeting of the House Rural Development Council focused on rural transportation issues. Mayor John Knox welcomed the committee members to Waycross, the largest town in the largest county of the largest state east of the Mississippi River. He noted that transportation is important to the area, with an airport ready to land any size plane on its 6,000 foot runway, four lane highways in all directions, and a center for rail with a hump yard. County Commissioner Chair Jimmy Brown added his greetings. Jana Dyke, Executive Director of the Waycross and Ware County Development Authority echoed the sentiment that Waycross is an ideal meeting place to discuss transportation because it is a hub. The community has a regional workforce with a median income of $46,000 that draws from surrounding counties to expand from 35,000 to 60,000 people during working hours. The unemployment rate is lower than the state average and industries are expanding through partnerships between local governments, as well as education offerings through CTAE/dual-enrollment, South Georgia State College and Coastal Pines Technical College that create training pipelines for employment. Needs are still there for basic skills, soft skills and transportation. Ms. Dyke suggested the committee look at ways to incentivize job transportation, such as offering tax credits to companies that form rideshare options.

Lee Beckman, Manager of Legislative Affairs for the Georgia Ports Authority, gave an overview of Georgia’s two deep water ports (Savannah, Brunswick) and five terminals where cars, forestry products, and biomass products are imported and exported from the largest single container facility in the western hemisphere. Fiscal Year 2017 was a record year for the fastest-growing port in America; even in 2014, the ports had a $33.2 billion impact on the state’s GDP and was the catalyst for 370,000 jobs, $84.1 billion in sales, and $20.4 billion in income. Expansion of the Panama Canal has instigated changes in the industry, to include the size of the vessels and the amount of cargo those vessels hold coming through the state. Bulk shipping results in cost savings to the nation, and the demand is moving port business further west. The challenge is to meet that demand and continue to build infrastructure capacity that allows the state to push cargo quickly and safely to inland destinations.
The harbor deepening project is 30 percent complete, although the federal funding has not been finalized and the council’s assistance with obtaining that appropriation to stay on schedule would be appreciated. The density of Georgia’s agribusiness exports (i.e., poultry, pine, kaolin/clay, peanuts) requires a bigger draft, much more than retail products, so the harbor deepening is critical to maximizing our service to these industries. Over the past 10 years, Georgia has already invested over $1 billion in capital, and a projected $2 billion is needed for the coming decade to move more cargo efficiently. House Bill 170 (2015), transportation funding reform, is essential to ensuring freight mobility without delays to and from the ports. Transport by rail to inland terminals at the Appalachian Regional Port, Port Atlanta and Cordele Intermodal Services allows containers to be loaded at both endpoints for efficiency, in addition to taking more congestion off the roads. The Ports Authority is also working on a CSX/Norfolk Southern megarail project that will allow express rail lines across a larger radius that will double container capacity. The project already has exporters on board for shipments.

Seth Millican, Executive Director of the Georgia Transportation Authority, told members that Georgia is uniquely poised to take the lead as the transportation and logistics capitol of the nation because it is anchored by the ports and the Atlanta Hartsfield-Jackson International airport (ATL). As the state’s population grows by an estimated one million new citizens over the next decade, it presents challenges as well as opportunities for transportation which are different for the 140 rural counties outside of the Metro Atlanta and mid-size hub cities. In a study performed by Deloitte, it was determined that “Georgia needs an integrated vision for connection in mobility, statewide industry development and better partnership between business and government.” The study cited the following challenges that require significant planning and investment: the population explosion that adds another 1.5 million cars to the roads by 2030; the ports expansion with an expected 60 percent increase in container growth; and the expansion of the ATL, which is already the 12th largest air cargo facility in the country.

Investment works. T-Splosts, passed in 47 counties and three regions, and the passage of HB 170 have enabled 331 more lane miles, which directly impact job creation and personal income. Investment consists of three buckets: mobility – ongoing funding for roads and bridges that move products and people; freight – 82 percent of cargo is moving by truck; and transit – a tangible means for enabling job access. Existing funding streams should be protected and regional approaches encouraged. Using these dollars to target congestion is needed in smaller cities as well to avoid lost productivity when goods stall in traffic on the roads. The ATL is the busiest airport in the world for passengers, but is also poised to move into the top five airports for moving cargo by increasing from 650,000 to a million metric tons a year. Rail, as well, plays a roll moving four million cars across the state. All of this benefits Georgia and the southeast by getting goods to market and creating jobs in all parts of the state. Suggestions for the council include renewing all of the CPI and CAFÉ tax indexes associated with motor fuel, an $11 billion value to GDOT, and encouraging regional T-Splosts at the five-year, fractional penny amounts.
A roundtable discussion on rural human services mobility and transit began with Chris Tomlinson, Executive Director of the State Road and Tollway (SRTA)/Georgia Regional Transit Authority (GRTA); David Cassell, Senior Development Planner GRTA/Project Manager for the Rural Transportation Coordinating Committee of the Governor’s Development Council; Carol Comer, Director of the Intermodal Division of the Department of Transportation; James Peoples, Director of Transportation for the Department of Community Health; and Leigh Ann Trainer, Transportation Services Manager of the Department of Human Services. The Governor’s Development Council board, which serves to advise and coordinate rural economic development, has reviewed rural human services transit (RHST). RHST centers primarily on transportation for disadvantaged Georgians, who may be low-income, elderly, or have a behavioral or physical disability. The network is overseen by several state agencies with unique funding streams with specific customer needs. It is the complexity of these individual programs operating in the same areas that generated the General Assembly to request a review for opportunities to coordinate and improve them.

Dave Cassell served as the project manager for the RHST coordination. He explained that RHST is managed primarily through three agencies (represented on the panel) and consists of ten federal and state funding streams roughly totaling an annual $150 million that may have different eligibility requirements. It is intended to serve all 159 counties. The challenge is how to streamline three distinct programs. The rural transit system, overseen by the Georgia Department of Transportation (GDOT) with a $35 million operating budget in 2014, is the broadest transportation option and allows for anyone to ride within the service area. The two other pieces, overseen by the Department of Human Services (DHS), have eligibility requirements, such as senior or work assistance. Of these, the largest portion of funding at $86 billion (2014) and ridership is for the non-emergency transportation (NET) services provided for the Department of Community Health (DCH) Medicaid clients, which is also the most specific on eligibility (income, medical need) and auditing requirements. In lieu of running these programs in three distinct systems, the challenge is to provide the expertise to narrow them into one or two providers to lower operating costs and continue to meet eligibility and auditing mandates.

By 2030, increases in population alone will require an investment exceeding $42 million, which does not address existing gaps. In addition, all dollars are federally matched, and ongoing funding is not guaranteed. There is evidence that savings can be realized, and combining DHS
trips with rural transit provides the easiest merger opportunities with adequate vehicle capital and technical assistance. To add DCH’s NET clients, would require these items, as well as a review or legislation regarding liquidated damages.

Ms. Comer gave the DOT perspective, and reminded members that transit is only one piece of a larger network of connectivity and mobility. FFY 15 transit per capita cost in Georgia was $1.42, well below the national average of $7.16, to serve 120 counties, three cities and 1.6 million riders. Of Georgia’s $178.6 million Federal Transit Administration funds, 12 percent or $22 million are applied to 81 rural systems (The 5311 Program). As previously noted, federal funds come in buckets with specific requirements, and transit funds have a requirement that 15 percent of the projects must be in inner city. Planning and capital funding must be matched with state and local monies on an 80:10:10 ratio; however, operating for transit is split 50:50 between the federal government funds and the operator’s funds ($1.4 million rider fees, FFY 15). In operating, Georgia has efficient numbers with cost per mile, per passenger, and per hour significantly below the national averages. State transit appropriations have leveled out around $3 million for the past five fiscal years, which is used to match federal dollars.

The department is embarking on a high priority public transit plan to reach the nearly one-quarter of the state, 36 counties involving a million people, with no current transit options. The plan will explore common barriers, such as: no perceived need, identifying sponsoring entities, finance, operating workforce, and assistance with complex federal requirements. Challenges, particularly a growing population, an exploding senior population and the availability of potential new technologies and partners will continue to be explored. The council’s assistance obtaining greater flexibility and relief from federal funding restraints to better deliver the services needed in Georgia is requested.

The panel was asked to brainstorm through some ways to meet the challenges today. Leigh Ann Trainer mentioned using vouchers for non-family members in places where access to transit may not be an option, as well as volunteer programs where needs exceed funding. The problem is having establishing coordinators to administer the payments and schedules, etc. on the state and local levels.

DCH contracts with two providers, Southeastrans and Logisticare to arrange and transport for medical: treatment, prescriptions, evaluations, and equipment. These contractors sublet for trained drivers and various vehicle types to perform the service. In FY 15, there were over four million medical trips covering 47.4 million miles. Being able to add capacity to trips helps alleviate the challenge in rural areas where distances are greater and volume of clients is lower, but these “5311” trips require minimum driver standards (workforce issue) and stringent insurance requirements to deal with special populations. In addition, liquidated damages has a tipping point between reasonable and fair assessments for violations against assurances that a citizen has appropriate protections and guarantees related to transport for medical purposes.
A second panel discussed Georgia rail, and included Nancy Cobb, Administrator of the GDOT Intermodal Division; Craig Camuso, Regional VP for CSX Rail; Joe Arbona, Asst. VP Genesee & Wyoming Rail; Conner Poe, Norfolk Southern’s VP of Government Affairs and Mark Middleton, Georgia Railroad Association. Georgia has a great asset and ranks seventh in the nation in the number of miles of rail: 1,100 short line, 1,600 CSX and 1,700 Norfolk Southern. The state consistently ranks in the top ten nationally for the number of jobs and amount of cargo moved, and rail provides a vital economic connection for rural areas. Certain products, such as chemicals, may be safer to move by rail than road, which further adds public value.

Nancy Cobb noted that the state has a five-year rail plan, written in 2015, that outlines a $42 million a year need for its 535 miles of state-owned rail improvements and repairs, including funds for a study to identify needs and ensure rail capacity up to a 25 mile per hour speed capable of handling 286,000 pounds of freight. Because the state uses bonds and does not have a dedicated funding source for rail, the state is currently only funding 25 percent of the need and matching funds are not enough to make these improvements at a rate needed to ensure the capacity increases. Rail is capital intensive, with 18 cents of every dollar reinvested in infrastructure. Most state-owned rail has a landlord/tenant relationship with six operators that share in investments, as well as the returns on the investments. Lease payments (about $250,000 year) are put into a segregated account and held for the operators to use for emergency repairs. Craig Camuso noted that North Carolina, Florida and Virginia have significant staff, 50 to 60, to manage state freight rail programs. There are also privately-owned short lines, which account for about 50 percent of all short lines, many of which were originally Class I-owned spurs but became cost-ineffective to maintain. Funding for these lines would be additional, but they are also critical for first/last mile access for companies, jobs at those companies, and road congestion relief. Ultimately, abandonment of rail lines that do not meet the speed and standards for the future are not likely to be a resource again.

Panel members noted that a potential funding source could be dedicating the tax from the sale of locomotive diesel back to rail because Georgia is one of only four states that taxes locomotive diesel. Any funding enhancements that allow for a 20 percent or greater match in the budget will also enhance the state’s competitiveness regarding federal funds.

Ryan Pidde, Mickelson & Co., shared that Georgia rail is responsible for over 7,000 jobs and a $2.4 billion direct economic impact for the state. Rail is value. It is fuel efficient at 473 miles
per gallon of diesel, which means one gallon can go from South Georgia to Tampa. The annual state rail volume is over 3.9 million carloads containing 187.4 million tons of freight, the equivalent of 7.7 million truckloads of cargo which would add congestion and cost an estimated $300 million in paved road maintenance; rail maintenance costs roughly $10,000 to $15,000 per mile; and $100,000 per bridge. By 2050, rail freight demand is expected to double, and infrastructure presents the biggest challenge, with the goal to reach the industry standard of 286,000 pounds to move bulk commodities. Georgia’s freight rail needs assessment in the five-year plan estimated the need for over $1.36 billion by 2045.

A potential solution is creating a state-based tax credit program modeled after the expired, 45G federal credit. The credit is equal to 50 percent of eligible expenditures capped at $3,500 per track mile. The credit can be retained by the rail owner or assigned to the customer (shipper or vendor). Kentucky passed this as a state program in 2009, as did Oklahoma with slightly adjusted values in 2006. Georgia’s cost to implement the program would be about $5.6 million coupled with the requisite private reinvestment from the industry of $11.2 million. The ‘Building Rail Access for Customers (BRACE) Act’ would make the federal program permanent and eight of Georgia’s congressional members have signed the legislation; however, the legislation is still pending.

Meeting Six Highlights – Day Two, Waycross

October 25, 2017 – Forestry

Day two of the meeting centered on Georgia’s forestry industry. Andres Villegas, CEO of the Georgia Forestry Association gave the first presentation of the day. Mr. Villegas reminded members that Georgia leads the nation for forestry products and industrial outputs, the outcome of decades of effort. The association advocates for private property rights, sensible tax and regulation, and healthy markets to maintain Georgia as a global producer and manufacturer. The $32 billion forestry industry: covers two-thirds of the state (38 million acres); has over 450,000 woodland owners; supports 133,000 jobs; and operates 209 industrial facilities with $16.2 billion in outputs. Challenges are staying competitive with tax rates in surrounding states; logistics for roads, routing and weight; workforce demands for drivers and high tech mill workers; and narrow market policies. Policies from within the state, such as lumber bans by Georgia cities, are having a negative, $10 million impact to Georgia’s tax base and legislation favoring the state’s timber in lieu of other imported products would protect and grow that base.

Chuck Williams, Director of the Georgia Forestry Commission, has the responsibility of protecting the state’s forests, and noted the growth of the ports also creates a challenge for forestry with an increase of imported, invasive species. He added that the evolution of the forestry industry through technology has changed the type and number of the state’s mills, but the commission continues to work with landowners and other producers to sustain product growth at or above demand levels.
To discuss forestry market trends, the committee heard from Bob Izlar, Director of the University of Georgia Harley Langdale, Jr. Center for Forest Business. He noted that the recession resulted in a 78 percent drop in national housing starts that rippled deeply into the industry because it also provides cabinetry, millwork, panels and all the packaging for new household consumables, like appliances. The slide graphics demonstrate the relationship. Currently, housing starts have recovered to about 1.2 million; however, this is still less than half the number of new homes than the 2006 peak. The ideal threshold to sustain the industry is 1.7 million starts per year.

With the shift to digital media since the late 1990s, the need for paper products has also declined by 12 percent. In addition, he reiterated that there are fewer mills, but technology and modernization are keeping up with the need for production. Market rates for timber also vary around the state.

Dr. Russell Gentry, Associate Professor of Architecture and Civil Engineering at Georgia Institute of Technology, educated the members on cross-laminated or “mass” timber, an emerging technology of 8’x40’x9” plywood beams designed to be a cost-effective means for densifying construction and curtailing labor needs in a shrinking workforce. With greater fire-resistance, the cross-laminated timber (CLT) gets wood constructed buildings higher than the traditional five stories embedded in building codes. Utilizing the CLT framing package has ten times the value added because all of the front end work is included (design, engineering, millwork, adhesives, transportation) and the speed of assembly construction is maximized. College dorms are ideal projects for the state. Although the first plant for CLT has been awarded to Alabama, Georgia has the opportunity to become a leader. The emerging CLT industry presents a $3.2 billion opportunity in the near term, according to Tim Lowrimore, the next speaker.

Mr. Lowrimore, representing Georgia’s largest lumber producer with seven mills, Interfor, moved on to discuss Interfor’s move to Georgia, as a business-friendly state, and how the area is ripe for investment, but it needs to keep building the workforce. As a producer, the significant shortage of maintenance and technical employees required the company to look for innovative
ways to either buy talent from other states, as well as build it. To harvest skilled tradesman, the company bought an off-the-shelf, standard curriculum for millwrights and partnered with Central Georgia Technical College for nearby classroom space to create a mentored, on-the-job, three-year “skills” passport. Out of 70 applicants, the program selected 27 apprentices, 16 of whom were already employed as one of the company’s 180-member workforce, who interviewed and passed a physical. Each year, a new cohort will be added. The program is designed to allow two hours a day for study, while being paid starting at $18 an hour, to graduate as a Department of Labor certified millwright. At the end of the third year, a certified millwright has the potential to start at $35 an hour. About $200,000 in Workforce Investment (WIOA) funds, in addition to a $1.3 million company investment financed the training.

The General Manager for Rayonier Advanced Materials plant in Jesup, Clay Bethea, talked about forestry as a legacy industry for rural Georgia that includes packaging, pulp and paper, building products, sawmills, and fiber-based products. The pulp and paper portion of the industry is responsible for 65 percent of the forestry industry’s $32 billion impact, and the mills support the communities and draw a regional workforce where they are housed. The challenges continue to be finding that talented, skilled workforce (electricians, engineers, millwrights), turnover, aging, and gaps in training. Gaps in the ability to run a plant are the greatest cause of concern, so in addition to training, Mr. Bethea recommends streamlining the layers of programs across state agencies designed to help industry train the workforce and marketing them more widely for better consistency. This should be done to the application and compliance processes, as well. Training for incumbent workers, currently around 20 percent of the federal funds for training, should take a higher priority. Finally, apprenticeship programs are key to the forestry industry.

Logistics and transportation continue to be important. The ability to move Georgia product is critical as the market becomes more competitive from global contenders, such as Brazil. Tax credits for manufacturing, and allowing investment taxes to be applied to income or payroll create a level playing ground. Moving forward, partnerships with university researchers to identify value-added products and establishing physical plants to pilot production will continue to keep Georgia on the cutting edge of development.

Echoing the value-added message, Department of Agriculture Commissioner Gary Black greeted the committee and said the best opportunity for agribusiness in the state at this time is for protein processing, primarily hog and cattle. Like peanut and cotton products, protein done with community processing using Georgia products and marketed through the Georgia Grown program is an evolving area and the state should continue to exploit obvious or evidence-based opportunities.

Bob Izler returned to the podium to discuss forestry competition. Georgia has 38 million total acres, of which 24.4 million are timberland; the timberland is owned by: non-industrial, small landowners (56%), corporate (25%), industrial (10%) and the public (9%). In a study comparing Georgia with five other countries, it was found that Georgia is a top competitor because it has the
resources and is a low-cost producer. In addition, enforceable laws and contracts, as well as the environmental regulations by the Forestry Commission and Environmental Protection Division are seen as reasonable for doing business. Another advantage, even if trees can grow faster in another location, is the state’s respect for private property rights and the ability to own timberland. Freight infrastructure/access to world markets are crucial, and this is evidenced by wood and biomass equaling about one-third of all exports from the Georgia’s ports. The logging force and the land ethic of forest owners is a strength; many of the land owners have owned their property for 90 or more years, surviving generational shifts and caring for the land correctly to ensure the ongoing productivity and longevity of the forest in the market. The one disincentive that the study noted is high ad valorem taxes, especially since more than half of the state’s timberland is privately held.

The study also found that if the southern U.S. was a stand-alone country, it would be responsible for seven percent of the world’s planted land, 11 percent of the world’s roundwood and 18 percent of its wood pulp. Growth and removal show sustainable balance through data collected since 1936 by the Georgia Forestry Commission, which inventories number, type, age and other data related to forests.

Dr. Joe Conrad, Assistant Professor of Forest Operations at the University of Georgia Warnell School of Forestry and Natural Resources, spoke to some of the challenges facing the industry by outlining the average logger, who employs 10 to 11 employees, pays an average $35,000 annual salary to that employee, produces 1,600 loads of wood and makes an intense $1.2 million investment in capital. That logger’s average age is 53, but data shows that one-third are older than that, which indicates an aging workforce.

In response to the school’s survey of loggers, they cited another workforce challenge for finding adequate and qualified truck drivers. Log trucking presents unique challenges because of the vehicles’ high center of gravity and shifting cargo, which in turn increases insurance liabilities and premiums. Premiums have increased 50 percent in Georgia since 2012; these rates are 15 percent and 94 percent higher than Alabama and North Carolina, respectively. Higher premiums are typically indicative of too many accidents, but from 2006 to 2012, logging truck accidents went down by 60 percent, which indicate other factors are inflating rates, such as increased litigation with higher settlement costs that involve medical care and vehicle replacements. This is also the likely reason why fewer commercial insurers are offering the product in the market; it is no longer profitable. Reducing the number of claims, reducing the cost of the claims, maintaining trucking training, enforcing cell phone laws and improving transportation efficiencies are ways to drive down costs. North Carolina addressed the issue by creating a reinsurance program.
Representative Nimmer also added that the Federal Motor Carrier Compliance, Safety, Accountability (CSA) rating system needs to be revised because the scoring magnifies some of the smaller issues. Warnings, for example, are recorded in the same manner as outright violations and citations; Insurers reviewing the data do not see the acuity of the violations, so it disproportionately increases insurance costs that would be better spent on providing more competitive salaries.

Daniel Langdale, Wood Fiber Procurement Manger for Canfor Southern Pine, cited multiple reasons why the Canadian lumber mill came to the U.S., to include: uncertainty of tariff policies; an overall reduction in raw material; and the mountain pine beetle. The southeast was lucrative because of the availability of raw material, a social license to operate, agriculture-based education and tech schools, as well as the strengths noted by previous speakers. Technical schools are vital to training and skill development.

Speaker of the House David Ralston thanked the council for their time away from work and families to address the issues facing Georgia. He emphasized that this coming session we will begin working on the issues from these leaders - healthcare, education, and infrastructure – and harness the energy and expertise the council has generated to move quickly for economic development to grow businesses and jobs in rural Georgia. Building on our state’s strengths, which clearly include transportation and forestry, we will look for solutions, modifications and expansions where business tells us there are needs.

The final presenter of the meeting, Barry Parrish, gave an overview of Georgia Biomass, the world’s largest pellet producer with 750,000 metric tons of product that moves in and out of the Savannah ports for European markets where biomass product is needed in conjunction with or in place of coal as a part of the European Union’s Renewable Energy Directive; the second phase of the Renewable Energy Directive is expected to increase demand by 25 percent. Other countries are moving to biomass energy. Japan, the world’s most energy-dependent country, and South Korea may match the need in the next 10 years. The company also serves domestic residential heating markets. Georgia Biomass supports 600 manufacturing jobs, 350 trucking associated jobs and 500 landowners in the state, and it chooses to operate in Georgia because of the land, tax incentives, workforce, fiber and supply chains.

Meeting Seven Highlights – Day One, Albany

November 8, 2017 – Economic Development

The seventh meeting of the House Rural Development Council focused on economic development and met at Albany Technical College. Chris Cohilas, Chair of the Dougherty
County Commission, welcomed the council to Georgia’s quail country and thanked the speaker of the House for dedicating the intellectual capital through these meetings to address important issues. There are challenges and opportunities in Albany, and economic development is centered on regionalism and partnerships with anchor companies that are titans of industry, the U.S. Department of Defense Marine Corp Logistics Base (one of three in the nation), and education facilities that include a career academy. Mayor Dorothy Hubbard extended the city’s hospitality and noted that while traffic is not an issue, the area has keyed in on working together to address issues, such as workforce training, connectivity to the rest of the state for services, and the transport of goods. Albany extends its partnership to state for moving rural Georgia forward for the future. Also welcoming the committee, Justin Strickland, President of the Albany-Dougherty County Economic Development Commission, shared some of the industry highlights and education-to-workforce alliances happening in the region.

Mr. Strickland joined a panel discussion to discuss different regional development models, which also included insights from: Peggy Jolley, Manager for the Southeast Georgia Alliance (Brantley, Camden, Charlton, Glynn, McIntosh, Wayne); Walton County Commission Chairman Kevin Little and Andrea P. Gray, Esq., representatives for the Joint Development Authority (Walton, Morgan Jasper) Intergovernmental Revenue Sharing model; and Brian Anderson, President and CEO of the Columbus Chamber.

Peggy Jolley gave an overview of the Alliance’s six-county regional efforts to enable port-related commerce efficiencies, particularly to secure the Mercedes Benz partnership in 2004 at the request of the Ports Authority and Norfolk Southern Railroad. The railroad was a willing partner, but needed an authority to offset some of the capital expenditures needed to finance rail improvements to move the cars. The authority infused $3 million, through buy-in payments from the counties, as well as loans and grants from the state to create a funding mechanism, which is repaid by Norfolk Southern’s guaranteed payments of annual management and incentive fees. The success of the authority expanded the original agreement to include an additional line in Wayne County. The results for the original Mercedes Benz project reduced shipping time from 13 to 2.5 days and led to an expanded agreement with Mercedes at the Brunswick port, which is now the nation’s busiest port for the import of new vehicles. Georgia Southern University conducted an impact study for the first 10 years of the authority, and found that the first year’s $28 million state impact increased to $32 million by year 10; the regional economic impact increased from $17 million to $23 million during the same time period. The initial $3 million investment has doubled every year through returns.

Those returns are reinvested in regional growth, to include finances for: events that enhance economic development for the region; memberships for each county in the World Trade Center enabling global markets; a no-interest revolving loan fund for county projects of $50,000 with a 10-year payback period, as well as lump sum $50,000 payments for regional group projects; and a fund for establishing Georgia Ready for Accelerated Development (GRAD) certification sites to encourage every county to have a certified industrial site and/or industrial site clusters. The
Alliance is also looking to develop a futures closing fund to be ready for any needs for closing the deal on new industry. Finally, a reinvestment of funds was used for a study on workforce development skills available or needed for the region, and in partnership with area colleges and technical schools, the authority is working to develop training programs to meet the demands of industries. The study reinforced the need to think regionally for advantages in providing the number of people needed to meet competitive workforce demands of industries. Suggestions for the council to incentivize regional cooperatives include:

- Initiating a competitive regional development fund, modeled on the South Carolina program, that awards up to $250,000 in matching state funds to be used by a regional development authority for public-private partnerships, infrastructure improvements, site acquisition, marketing (consider private matching funds add), branding, and/or staffing; the maximum amount of funds are set aside for each development authority, and any unused or leftover balances may be reapplied for by the successful first-round applicants;
- Reward success by revisiting the Jobs Tax Credit to remove disincentives for growing areas, which could include new credits to companies that pay higher than average area wages; and
- Educate local officials on the benefits of regionalism, as well as the difference between developing leads versus project management.

Kevin Little and Andrea Gray highlighted the challenges and solutions the Joint Development Authority (JDA) for Walton/Newton/Morgan/Jasper experienced since its development in 1999. First, the authority had to be created in a manner that allowed it to withstand political changes for long-term benefits. It did this with equal representation on the board from each county, as well as a proportionate county investment that allowed for the $9 million bond purchase of an industrial park spanning 1,500 acres across three counties. The acquisition of property from multiple sources and the expertise to develop an industrial park presented challenges, so the JDA’s solution was a public-private, 20-year purchase option partnership with Technology Park Atlanta (TPA), which in turn offers marketing, planning, consistent zoning, site certifications and maintenance of the common areas. Through 2015, TPA had already purchased 340 acres. Like the Alliance, the JDA capitalized on pulling workers from an expanded regional workforce and used intergovernmental agreements, as well as state grants and loans to provide assistance in funding roads, landscaping, water and utilities into the park to make it attractive to prospects.

Being GRAD certified is also attractive to companies, but it is a challenge because it is complex and expensive to do the requisite site studies and cultural evaluations. The benefits as a GRAD site are exposure and greater state-assistance with prospective companies. Company interest is gauged through requests for proposals (RFPs), which can also be challenging to navigate because “every deal is not a good deal,” so input from the economic development experts of the area to navigate those RFPs for viability is needed. It is important to keep in mind that in this competitive atmosphere there may be disappointments: some lucrative projects may not come to
fruition; media coverage may be negative; and there may be misunderstandings and a lack of local support; however, transparency in all records with public reporting and strong leadership involving all the counties can overcome these obstacles for ultimate success. The key to landing a large project is patience, as well as cooperation with state leadership and funding support. The Baxter (now Squire) project proved this for the JDA, when it brought together multiple state agencies to locate that company’s $1.2 billion building investment within their park to construct a biologics manufacturing, support and distribution center and house a minimum of 1,463 jobs. The state also provided $150 million in incentives, such as tax credits, QuickStart training and a training facility. Local incentives included expedited permitting, tax abatements and infrastructure, which included company-specific needs.

The tax revenue of the park is shared back to the four participating counties in the same proportion to their investment, with slight revisions made in 2016 to include school districts and JDA administration. It is critical that this be established in advance and be firmly protected, since the property location/address can be a dominant force on the local level, and political and governance changes may occur. For the Baxter project, the local tax abatement period is from 2018 to 2028 with an estimated $60 million returned to the region: $21.2 million to counties; $31.6 million to school districts; and $7.2 million to retire debt and provide operating expenses of the JDA. In total, the upfront JDA funding of $57 million in county funds ($9.5 million of the total), grants, loans and lines of credit will over the course of 30 years have a 425 percent return on investment.

Valley Partnership Joint Development Authority spokesman, Brian Anderson, noted that the greater Columbus area serves as the anchor for a 20-year regional partnership with neighboring rural counties (Marion, Chattahoochee, Harris, Talbot, and Russell County, AL) to enable economic development projects through people, product and marketing. Valley Partnership is finding that GRAD certified sites need additional promotion and readiness to allow prospects to envision their companies locating there without delays. The area is looking to capitalize on the presence of a large military presence to develop more of the products used by the bases from within the area. The authority also emphasizes a regional workforce approach with the information from a new study that shows a nearly 128,000 civilian workforce in Columbus can be expanded to 500,000 when including laborers within a thirty minute drive. The 40,000 workforce of Fort
Benning also provides an opportunity to recruit and train those 2,500 to 5,000 soldiers leaving service every year to stay and provide talent in Georgia. In the authority’s 2025 plan, an alignment of the area’s educational resources, K-12 through higher education, to employment needs will be a focus. The 300 companies participating in the Partners in Education program have already increased commitments to pipeline with K-12 more effectively. The communities are also served by multiple medical facilities to showcase to investors. In the past five years, Valley Partnership had $908 million in investments and looks to improve that with: the education realignment generating talent, better marketing of the region’s assets; strategically courting companies that fit the area; showcasing the workforce; and inviting entrepreneurs.

Regionalism is increasingly important as rural areas grow at half the rate forecasted for metro areas in order to be competitive. Of particular concern is the slow population growth exacerbated by the 40 percent of the 25- to 64-year old population that is not working and living in the region on non-wage income, which is typically income from subsistence or entitlement programs. This is slightly higher than the state average of 36 percent, which is still indicative of a huge talent divide.

Justin Strickland represented Locate South Georgia, a non-profit collaboration of 21 counties to market their collective 725,000 people as a workforce by blurring borderlines. At only two weeks old, the new marketing effort to rebrand South Georgia will have a new website, as well as updated data to showcase prospective industry. Locate South Georgia prioritized a leadership training program, in partnership with the Fanning Institute of the University of Georgia, to develop spokespersons for the area who will take action by educating them in the region’s assets and engaging them with government and revitalization efforts.

Council members engaged with the panel in a discussion beginning with the existing tier system. Chairman Powell noted that companies are not locating to an area strictly because of a beneficial tier designation, and income measures may distort a tier because income may be earned and largely spent in one county, but counted where a person resides. Key panel and member input points on the tier system included:

- In the past, companies wanted incentives and infrastructure, but today’s companies need a workforce. At the same time, the workers of Georgia are seeking jobs that improve their quality of life through higher wages. Incentivizing a company to offer higher wages by tying the jobs tax credit to some measure of pay above the average earnings in an area would meet all of these goals, as well as level the competition for rural areas.
- The tiers do help compete against a metro area, especially where there is infrastructure and the credits can be used as a value-added incentive; however, that also inverts any incentive to improve a county’s tier status because the credits will no longer be available as a tool to recruit businesses as metrics improve.
- After 20 years, every policy should be reviewed for needed revisions, so it is time for the tier system to be reviewed:
Consider changing the criteria to grab a bigger area;
- Remove negative connotation associated with being a Tier One county by revising the definition and name to “rural” and include the 140 rural counties;
- Jobs Tax Credits are valuable and should be retained;
- Regional partnerships may blur tiers, which can be leveraged from the lowest tier in the partnership; and
- Redefine “project of regional significance” to include weighted scores and incentives for regional statistical areas.

- A state model/calculator evaluating the level of incentives that can be offered in an area could be used to tailor all credits on a case-by-case basis.
- The creation of a regional partnership revenue-sharing incentive in statute, which requires the counties to have “skin in the game” and involves multiple counties centered by a hub or project determined by actual data-supported need, would be valuable.
  - South of Macon and Savannah, there are only a few mid-level cities that can be a hub, so hubs need to be developed or regional statistical areas bolstered to attract the attention of project managers.

The discussion also centered on education as an integral piece of economic development if it provides students with the skills they will actually need as workers. Strategic workforce planning should tie to education offerings by regions for dual-enrollment, career academies and the technical colleges. Chairman Powell noted that the council has heard multiple times that proactive business leaders are having to bring their needs to schools for programmatic changes to support the communities’ workforce needs. Ms. Jolley suggested that every region could be required to document what it has for programming, compare it to the workforce needs, and suggest that they review them together when putting educational programming in place. Chairman Little noted that there is a shift from encouraging everyone to take a college track; industry is asking for a platform in high schools to showcase manufacturing career options.

Finally, when asked about programs that could be enhanced, changed or created for rural economic development, it was noted that regional development commissions exist in the state already, but they vary in the efforts and effectiveness to provide support. For example, some offer services for grant writing to state and federal programs and some do not, so standardization of some RDC responsibilities would level inequities. Moreover, the RDC boundaries do not always reflect the laborshed and split natural partnerships. QuickStart and high demand career incentives through the technical colleges should be continued and technical careers emphasized. Any program to leverage our existing strengths, such as Camden County having the highest per capita number of nuclear engineers in the country, needs to be capitalized on for identifying, protecting and growing them.

Ben Hames, Deputy Commissioner of the Workforce Division of the Department of Economic Development, gave specific information regarding employment in Georgia. The state is at a 17-
year low for unemployment, of which the number varies according to resource from 100,000 to 200,000 real-time jobs, and the challenge is to fill those positions with eligible workers. The division administers the federally-funded ‘Workforce Innovation and Opportunity Act’ (WIOA), which is designed to remove barriers to provide skilled workers and quality employment for qualifying individuals, who are unemployed, underemployed, dislocated or youth with obstacles (behind in school, pregnant). This is done through career training, internships, and transition services. The Governor’s Reserve Funding is an example of a demonstration project that may now be replicated on the local level, in which veterans are assisted with transition from the military to the civilian labor force for skilled-trade industries. The program has resulted in a 97 percent employment for participants with an average $57,000 annual salary.

The division and its area workforce boards partner with education, labor, government, and economic development entities in 19 regions to tailor training to their counties’ needs for capacity and programming for employers. The Trade 5 Program attempts to pipeline people to build and train in these high-demand, skilled-trades: manufacturing, logistics, energy, construction and telecommunications. In addition, the department is focusing on work-based learning, pairing structured education with on-the-job experience, which is one of the most effective strategies for rural area employment.

Funding for WIOA is allocated to adult and youth services by a fixed, federal allotment formula that considers unemployment and disadvantage worker levels within the state, and the division uses data from unemployment insurance claims, declining industry employment rates and high-demand needs to further target funding. Although the state gets a small set-aside for demonstration projects spending (The Governor’s Reserve Fund), WIOA funding is disseminated to the workforce area boards where it must be tied to an eligible individual, who is then matched with a program that ultimately partners with business. That board or participating industry may also offer some supportive employment services or offsets to an eligible participant, such as buying job equipment, transportation and/or child care; however, blanketed group services are not an allowable, discretionary, statewide expense.

Kate Atwood, Metro Chamber of Commerce, discussed the ChooseATL campaign designed to capture the “millennial” workforce. She noted that millennials are those born between 1980-2000 who compose the first workforce generation vested in the technology age, and who have shifted the long-term paradigm for recruitment. The pillars of this new recruitment strategy, which can be replicated by rural communities, includes a new emphasis on a life balance that blends work with the availability of culture/lifestyle, curiosity/continuing education and community involvement/experiences. In addition, 60 percent of millennials perceive themselves as entrepreneurs, a mentality that infers creativity beyond the traditional definition of simply starting a business.

Todd Holt is CEO of ITC Point Broadband, a telecommunications service network that is combining wireless technology (for the last mile) and existing fiber to provide an internet
product. He reminded members that the internet is now very much like electricity and is needed by communities to survive and thrive. Point Broadband is accelerating the deployment of high speed internet by using 97 percent private capital, although one innovative Georgia electric cooperative provided a low-interest loan to the company to create the network and help retain their consumer base. Despite their low-cost, fixed-wireless architectural model, there may continue to be some locations for which the economics of construction simply will not work using private funds (less than 75 to 100 customers per tower). Grants and other subsidies (New York) may provide this gap funding and allow the service area to expand, and as a Georgia company, he stated that it is vital to have an aggressive resource in this state, too. Currently, the company is renting space on existing towers, primarily water towers; however, the equipment is so light that erecting new, smaller towers is an option. Primary offerings start at 10 MG and 20 MG simple plans, although the speed may be customized, and clients pay a capped amount and are not required to sign a contract.

Meeting Seven Highlights – Day Two, Albany

November 9, 2017 – Education

Day two of the meeting centered on Education for career development.

Dr. Jeff Bearden, Superintendent of the fast-growing, high-performing Forsyth County Schools, began the day’s discussion. He noted that while the Forsyth County system is very proud of and focused on their exceptional academic performance, the social and emotional development of their students is also important, so the system is fostering soft skill development with character education. The entire community took a year to evaluate and determine the key five skills it wanted its students to possess and created a “learner profile” as the guideline for each school, which has the opportunity to choose a curriculum, such as the Leader in Me (Covey), the Seven Mindsets or The Voyage. Dr. Bearden shared some of the points of each curriculum, which are all equally successful if they are embedded in all activities, implemented with fidelity and consistency, and have parent and faculty engagement for constant reinforcement. The price varies from about $60,000 to $4,000 per school, because some programs may charge per pupil or include a consultant or intense training; however, the choice of program may not matter as much as the integrity of the implementation. Schools with students participating in character education have an environment more conducive to learning, as evidenced with better attendance (teachers and students), fewer disciplinary issues and in turn, higher achievement. Teachers are more satisfied because they do not have to devote as much time on classroom management (disruptive behavior), which is also the primary reason why teachers leave the profession in the first three years. It is these outcomes that prompted the Bibb County system to raise over $2 million to implement character education in their schools. A suggestion for the council is to find additional benchmark measures for character education that are not captured through the state’s College and Career Ready Performance Index (CCRPI) to provide added focus on the importance of
character education attainments alongside academic achievements as part of graduating prepared with all of the skills necessary to enter the workforce.

Secondly, Dr. Bearden spoke to ‘birth to five” education as a means to address the ongoing gaps in graduation rates, and while those rates are improving, those in that gap have an extremely low chance for employment. Armed with the knowledge that socio-economic status is a main determinant to success, early learning literacy and numeracy provides a proven opportunity to increase success and erode the disadvantage before kindergarten. The Forsyth County community is partnering to address this with public libraries, medical providers and through other outreach efforts to make an impact, but the state needs to create additional pathways for services and outreach for overall student improvement. He suggested a grant program for the poorest Georgia counties to form similar partnerships for the long-term investment for increasing school readiness and decreasing the dropout rate and juvenile incarceration. To incentivize systems, the state could offer flexibility; however, in failing schools that continually underperform, a mandate may be needed.

Representing ADDO, Kevin Scott, Co-Founder, and Elizabeth Jay, Senior Associate of Partnerships and Programs, gave detail on The Voyage character education curriculum, which started in Georgia as a partnership with Chic-fil-A and three schools in Fayette County; it has expanded to 700 schools in 35 states. It began as an outcropping of Mr. Scott’s volunteer experience working with UGA Miracle, where he learned that Georgia ranks second in the nation for the highest rate of pediatric AIDS, and within that group, 90 percent have a family income under $10,000. Miracle provided mentors and special, one-day events as a way to help the children through the physical challenges and social stigma exacerbated by poverty. From that experience, leveraging the resources you have and providing leadership to provide opportunities from cradle to career was founded. This continuum begins with character building in elementary school to leader development in the workforce. The elementary curriculum, The Voyage, is designed to be an affordable option for engaging the students, allowing learning by doing, and teaching timeless truths and practical principles for life in a meaningful way (animated storylines). It also develops the educator’s skill set for teaching with professional development, curriculum platform and classroom activities. When not sponsored by Chic-fil-A, the program is $7 per student.

For the councils’ consideration, Mr. Scott shared common themes heard through their engagement with education partners. The first is to reduce regulation for local systems to incentivize new and relevant programming; unlike business, which encourages the latest innovation, education tends to favor the “old, tried and true” but no longer relevant programs. The other themes include incentivizing the investment in schools and education initiatives; connect education to economic development in the same degree as transportation and other issues; and for rural systems, raise awareness and ensure they have notification of all available program and funding opportunities.
Dwayne Hobbs, Work-based Learning (WBL) Specialist for the Georgia Department of Education, gave members basic information regarding the state’s program. Just under one-third of the state Career Technical and Agricultural Education students are in a youth apprenticeship program; 16 percent are considered at-risk; and participating students have a 99.5 percent graduation rate. WBL, funded with additional weight through the QBE funding formula, has more students than any other national work-based learning effort. It has expanded through an MOU with the Great Partnership Program, as well as the German Apprenticeship model through career academies and is the combined effort of many programmatic pieces under the CTAE umbrella. The most recent effort to expand the program has been through a federal waiver to allow 15-year olds to participate at certain work sites. The program partners with 12,000 businesses and has 388 coordinators at nearly every school statewide for youth apprenticeships, internships, co-ops, the Great Promise Partnership and employment skill development. For businesses, the Georgia Career Pipeline is an online tool for identifying the work-based learning coordinators and associated contacts, as well as where certain classes are being taught and how many students are participating in those classes. The program has challenges.

- Some employers are reluctant to hire students under age 18 or fully understand the ‘Fair Labor Standards Act’ and its implications on the program.
- Many of the coordinators are part-time and should be full-time to fully develop job opportunities and more appropriately match the student with a position; 72 percent of WBL students have to identify their own job opportunity because of the coordinators’ time constraints;
- Employability (soft) skills must be developed for the career of the student, but also to keep the employer partners engaged with students who can perform;
- Identifying adequate placements for the number of pathways in the school is important;
- There is a need to improve the connections between the coordinators and businesses to ensure that the coordinators are the first ones to know about placement opportunities; and
- A new focus and emphasis on matching students with small business and entrepreneurs, especially in rural counties, needs to be exploited for placements.

Dr. Matt Bishop (Director) and Lauren Healy, from the University of Georgia’s J. W. Fanning Institute for Leadership, shared the mission to prepare individuals for community and civic engagement through leadership for children and adults. The Institute developed the research-based, best practices curriculum for the Youth Leadership in Action (YLA) program in 1996 as
an outcropping of the 4-H Program to specifically involve young people in community affairs. A recent study found that rural students fall into four categories: the Achievers, who leave and rarely return; the Stayers, who may not be the star students but remain in the community and work; the Seekers, who go outside the community to find opportunity in the military or smaller college setting; and the Returners, those who leave and come back. The research found that the overwhelming amount of traditional resources for engagement, involvement and development are invested on the Achievers, typically five to 10 percent, who leave rather than the Stayers and Returners, who form the future of rural communities. The YLA program is designed to be a full pipeline from kindergarten to adulthood and integrates technology, unique community considerations, as well as input from youth. It is a “train the trainer” framework to be replicated within an area to give the greatest amount of exposure to students who might not have accessed leadership training under other traditional programs (chambers of commerce, 4-H). With a framework for learning how to lead self, understand others, and take action using the seven principles of leadership as developed by Dr. Fanning, age appropriate guides for schools were developed and piloted in Colquitt County elementary schools. Development of a middle school curriculum is being piloted in Barrow County schools. Finally, the high school curriculum is being used in 89 sites around the state, and the college immersion program is active on the campus at UGA. The curriculum is being used in conjunction with Positive Behavioral Interventions & Supports (PBIS) and measured for the impact on improving school climate and achievement. The institute is also piloting a workforce preparation leadership development curriculum in collaboration with TCSG and two career academies, which is designed to be used by any entity developing workforce skills.

The Fanning Institute has been working with Sean Callahan, Principal of the Walnut Grove High School (Walton County) to implement programming. He shared that the school was performing fairly well; however, faculty and student feedback noted that the school needed to be more student-focused with a voice and ownership to improve the culture of the school, so they engaged the leadership training expertise of the Fanning Institute’s programming. They created semester-long student boards to give students exposure to identifying ideas and putting solutions into action. The school has seen intangible improvements in the school culture, as well as measurable results within the community, graduation rates and CCRPI scores.

Amy Jacobson, Director of the Department of Early Care and Learning (DECAL), is responsible for administering the state’s efforts for birth to five education, as well as subsidies and licensing for the 5,000 homes and centers providing those services. The most widely known program is Georgia Pre-K, which utilizes lottery funds to partner with public and private education providers in every county of Georgia to provide pre-kindergarten classes for four-year olds. It currently serves 60 percent of the four-year old population within 75 counties. Children with readiness for kindergarten are much more likely to achieve benchmarks, specifically reading at grade-level by Grade Three. About two-thirds of students do not currently meet that benchmark; however, a random sampling of data compiled in the Georgia Awards system shows that those
third graders who attended a Georgia pre-k program had significantly higher attainment for the reading, as well as every milestone tested. The data also showed that pre-k students are nine to 18-times more likely to be proficient or distinguished in those subjects (English Language Arts, Math, Science and Social Studies). Exposure to a quality program, especially for children from a lower socio-economic background or speakers of other languages, can impact the achievement gap, which can be detected as early as 18 months old. The state must start earlier to make an even greater impact on the foundation for learning to recognize that 90 percent of the brain is developed by age five. With over 300,000 children in state-licensed centers, there is opportunity to increase early exposure with quality and trained providers. Moreover, there needs to be better community alignment between the local early learning providers and their elementary schools since they serve the children and strive for the same outcomes. Barriers and solutions to child care, which may be heightened in a rural setting, may include:

- **Cost** – average market rate is $160 week or $8,000 a year, which is more than matriculating at some universities, but an equally important long-term investment in the child; solution is to continue to provide, and increase when possible, subsidies for attending a quality program and market the benefits;
- **Access** – improving the number of quality-programs (1/3 are currently rated) and transportation to available care; solution is to target state budget increases to reward quality programs and incentivize new ones; and
- **Workforce** – certified teachers are not paid the same rates as those in K-12, which creates a disincentive for choosing an early learning career; solution is to provide scholarships to get certified and professional development to retain them.

Finally, the department is investing in programmatic changes to support the birth to five movement in partnership with the new Center for Early Language and Literacy at Georgia College and State University for professional development. In addition, DECAL is working with the Governor’s Office of Student Achievement to provide 50 grants for literacy and language in infant and toddler classrooms in areas with the greatest needs.

Dr. Bubba Longgrear, Candler County School Superintendent, identified challenges to smaller systems. His system has under 3,000 students, but 80 percent of those students are eligible for free and reduced lunch. Most of the community’s industry is centered on agriculture, but unlike the past, the agricultural drivers are industrial, so students do not get the soft skills and work ethic once delivered through chores done on the family farm. The changing rural family unit is obvious in the declining level of parental involvement in the schools, which in many cases is also the direct result of increased drug use where the priority becomes the “high” and not the child. There are an increasing number of students with emotional issues that impact their ability to learn and require significant resources. Finally, he noted that using the same accountability standards for every system without acknowledging unique or significant challenges of a system
has the unintended impact of teaching to the scores rather than teaching for student success and career readiness. Reinstating flexible diploma types could recognize career readiness.

To that end, their system is focusing on teaching for immediate needs and what can be done on a daily basis to improve a child’s skills, which unlike a CCRPI score, are within the system’s control. He also echoed the need for literacy and refocused a portion of the school day back to reading for enjoyment, as well as engaging community partners in the effort. The drivers for the system are centered on what students need to know, how to involve them, and how to measure attainment. Candler County schools have soft skills curriculum in K-12, as well as the Archway Program to engage the community. The graduation rate is nearly 92 percent which shows the success of the relationships across the system, but the goal is to look beyond graduation to get students to use that education for employment.

Dr. Longgrear shared that teacher recruitment is a significant challenge, especially when classroom management issues, the media, and others portray a negative perception of teaching as a career. He emphasized the need to retain the benefits of the Teacher Retirement System as one of the last remaining tools that rural systems have for attracting teachers.

Public education is the pivotal tool we have for ensuring access to the “American Dream” and students are entitled to the opportunity. He urged members to share the message that public education is more focused that it ever has been for increasing student achievement.

Dr. Michelle Zeanah, a physician focused on behavioral pediatrics and a member of the State Department of Family and Children Services Advisory Board, shared her perspective on problems and potential solutions for education in rural Georgia. Her practice treats clients from over 30 primarily rural counties, and a majority of the practice is focused on diagnosing and managing autism spectrum disorders; 80 percent of the patients have some form of Medicaid as the payer. Children with autism disorders are often labeled as misbehaved in the classroom because autistic children use certain behaviors to communicate, and often those behaviors are misunderstood and punished rather than understood and modified. Utilizing applied behavioral analysis (ABA) is proven to effectively identify autistic behaviors and motivate more appropriate communication techniques, which improves academic success and allows teacher to focus on teaching, which also improved teacher satisfaction.

Training and certification for applied behavioral analysis is required to develop a treatment plan for paraprofessionals, or others with lesser degree of training, to implement; however, Georgia only has 333 (masters and doctorate level) Board Certified Behavior Analysts (BCBAs) and that includes faculty who are not accepting clients. According to the multi-agency state autism collaborative, there are at least 17,000 children diagnosed with autism under Medicaid coverage, alone. To provide ABA therapy in rural Georgia, as well as address the BCBA workforce shortage, special education teachers who hold a Master’s degree are qualified to be trained and can add to the other therapies offered in a school system, i.e. speech, occupational, physical.
rural settings, schools are often the only point of access to any children’s therapy. ABA minimizes class disruptions, modifies those “bad behaviors” that take autistic children out of the classroom for time-outs to suspensions, and enables greater learning achievement.

The Department of Community Health is seeking providers. There is $71 million in the DCH Medicaid budget to treat autism, which could pay for the services in the schools and improve education benchmarks. To develop the workforce, Dr. Zeanah suggested starting two-year BCBA certification programs at rural colleges and universities, which is likely to attract masters-level professionals to engage since graduates typically settle within 100 miles of where they train. This creates access to services, grows jobs (families will relocate to find services in schools) and stimulates the economy.

Ori Yardeni, Founder of Life Changing Experiences, and Kenneth Bayne demonstrated the company’s multi-sensory product that targets the high-tech learning style of today’s youth to deliver curriculum on six difficult topics, such as bullying and substance abuse, for Grades 6 to 12. The group has a presence in 12 states, and is currently working in Georgia through the Governor’s Office of Highway Safety to provide their safe driving program in school systems for one year. The benefit of the program is that it can easily bring curricula to rural systems and deliver the content to large groups in assembly space via a 3-D movie.

Meeting Eight Highlights – Day One, Warm Springs

November 28, 2017 – Economic Development

The eighth meeting of the House Rural Development Council focused on public benefit programs to gain a better understanding of programmatic changes the state can make to remove barriers or disincentives for employment and/or career advancement. The council was welcomed by the Mayor of Warm Springs, Robert Prater, who shared that their community is the proud host to three state facilities: the Little White House, which is the most visited historic site in Georgia; F. D. Roosevelt State Park and Roosevelt Warm Springs, as well as Augusta University’s specialty hospitals. He noted that their greatest need is state assistance with infrastructure, especially water and sewer. Meriwether County Board of Commissioners’ Chair, Beth Hadley, also welcomed members to the area, known for its 500 square miles of rural and peaceful woodlands and rolling hills; she echoed the greatest need for rural areas is financing infrastructure to include broadband. Jane Fryer, Meriwether County Industrial Development Authority Executive Director also noted that the local industry needs a good qualified work force and assistance for closing the gaps in broadband service plaguing pockets of the community.

The final greeter, Carolyn McKinley, President of the Meriwether Chamber of Commerce and Tourism, expressed the community’s appreciation for the hard work of the members to address rural challenges. Meriwether County has an industrial park ideally located near an interstate and two major manufacturers, but the region needs a larger pipeline for skilled workers, technical as well as soft skills. To address the gap, the community partnered with education entities, the
Department of Labor (DOL), technical colleges and others to begin shifting resources, and now there is Junior Achievement in elementary schools and an increased number of dual-enrollment pathways; however, students are not familiar with manufacturing careers or pay scales attached to them. The Governor’s high demand career initiative, highlighting the advanced manufacturing sector, is essential to supplying the workforce for their 10-county region, which is taking the regional approach across county lines to provide a collective pool of employees with these skills. Additionally, the county’s 700 square miles includes seven small cities that are affected by the challenge of declining downtowns. It is important that cities understand the urgent need to revitalize downtowns, to include the development of affordable housing, broadband and retail, to combat outmigration. This further presents an opportunity to teach entrepreneurial skills in schools and embrace entrepreneurial local talent to set up small businesses.

Chairman Powell noted that the purpose of the day’s meeting was derived from recurring testimony about career promotions being rejected because the increase in salary triggers an elimination of public benefits that are needed to support the worker and worker’s family. This disincentive for career advancement struck the committee as needing a review, because when the safety net becomes a ceiling, it prevents the American dream. The council is interested in understanding the various programs that are available, even though many of the programs are federal with limitations, and identifying ways the state can encourage work without penalizing employees and their families with the loss of benefits. In addition, recurring testimony was given that while the unemployment rate in the state is low, there are pockets where 40 percent of the 25- to 65-year old population have chosen not to be in the workforce and live on non-wage earnings. The council is also interested in the presenters’ suggestions for how we can incentivize workers.

Jon Anderson, Chief Deputy Division Director of the Office of Family Independence in the Division of Family and Children Services (DFCS), made it clear that an immediate loss of benefits is not always the case. Food stamps and Temporary Assistance for Needy Families (TANF) are allowed for a six month transition period, and Medicaid coverage may continue up to 12 months to ease the transition. Most programs have safety nets built into them, but he noted that we may need to better inform transitional clients that there is time to get bills paid and establish better financial independence.

DFCS offers several programs designed to promote family independence: Supplemental Nutrition Assistance Program (SNAP); TANF; Low-income Home Energy Assistance Program (LIHEAP), and Community Services Block Grant (CSBG). The department also partners with the Department of Community Health for medical assistance eligibility and the Department of Early Care and Learning for child care. The state cannot affect SNAP or afterschool care, but it does have some flexibility on legislating income limits and benefit on TANF, as well as LIHEAP and CSBG, which also require public comment and federal approval.
SNAP has a component called “education and training” within the program that the state uses for able-bodied adults without children to enable employment. For example, the department partners with Goodwill Industries for training, certification and job placement matching Goodwill’s funds as the state’s match to draw the federal funds. The department could expand with state dollars, but in the absence of those funds is continuing to pursue private partners. There are challenges with the able-bodied population, such as a high no-show rate, so the department is piloting an expansion to serve other SNAP beneficiaries who may be interested in job training or certification, such as young mothers who need to finish a degree. Based on the results, the pilot could expand in March 2018 and provide an excellent opportunity for rural communities to fill workforce shortages.

TANF is the most flexible program with the goals designed to get people into employment. The state must connect to one of the four goals of the program: provide assistance to needy families so that children can be cared for in their own homes; reduce dependency on public assistance by promoting job preparation, work and marriage; prevent and reduce the incidence of out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families. In 1996, Georgia had about 32,000 families in the program, and as of this year’s most recent data, that number is about 3,200, so the state has been very successful in promoting work. There is also some funding for case management for the harder to serve families (drug addiction) to provide for work supports, such as Wheels to Work for transportation, income subsidies for the employers to offset training costs, and mini-grants for starting an new business or paying work-related expenses. TANF transition funds are capped at the level being received when the employment income increases; the state has no mechanism for tapering the amount down over time. An individual may choose work support in lieu of cash supports, which a reimbursable expenses. The state does have flexibility on the length of time cash benefits may be awarded up to a five year period; Georgia allows 48 months of assistance.

Other opportunities exist. Rural areas that establish a farmers’ cooperative market can work with the department to provide fresh foods to be purchased with SNAP EBT cards, which supports many sectors of a community. The state can provide nutritional options, but cannot mandate them because nutritional values for SNAP are set in the federal Farm Bill, which is reauthorized every five years.

Subsidized afterschool programs may be available to certain areas to support working families. There are 57 counties without an afterschool program at this time. Quality providers, typically a group or organization, can contract with the department.

Community Service Block Grants are designed to respond to a community need for employment, so a community can submit an action plan for additional support to improve local employment opportunities. While there is flexibility with the funds, the federal government requires some oversight, and the state defines rules and allowable expenses that are defined in contracts which are subject to audits.
Carmen Chubb is the Deputy Commissioner for Housing at the Department of Community Affairs, which is the state’s administrator for affordable state and federal housing programs that include three categories: rental, ownership or homelessness and special housing needs. Funding for housing is 76 percent federal, 20 percent other (Georgia Housing and Finance Authority), and four percent state. As a heavily funded federal program, there are eligibility requirements.

The largest and most successful program in the nation for producing and providing affordable workforce rental housing is the 2001 Housing Tax Credit which serves over 100,000 households in the state. The Housing Tax Credit leverages the federal tax credit program dollar for dollar. Eligibility is determined by the federal government, but the state has some leverage in the direction of funding through competitive scoring in the Qualified Allocation Plan that is submitted every year. With the implementation of the state credit, Georgia is able to target funding to areas in need with special populations (seniors, special needs), and there is a state requirement for a minimum 35 percent rural set-aside. The funding is public and the risk is assumed by the private sector entity that earns the credit after the units are built and occupied by eligible persons. There is oversight and compliance to ensure the leases are used correctly and the property is maintained as an asset to the community. The developments are targeted to workforce housing with rents set at 60 percent of the area’s median income; ultimately, affordable means a person can pay rent with 30 percent of their income. After qualifying, modest increases in income up to 140 percent of the median income are allowed without displacing a tenant, increasing the rent or affecting the owner’s decision to make the unit a market rate rental.

The department also operates the housing choice voucher program, commonly known as Section 8, which is administered in all but 10 counties in Georgia. Section 8 is a housing subsidy for an individual who may choose their housing, as long as it is in a fair market rate limit. The affordability level is also set at 30 percent of income as rent, and the program subsidy pays difference; as a person’s income increases, that person pays a commensurate increase in rent. Within Section 8 is a limited number of voluntary slots for the Family Self-Sufficiency Program, a five-year agreement through which the renter moves toward financial independence by participating in workforce training, education, and/or financial literacy. As income increases and rent increases, the difference in the rent is paid into an escrow account for the renter to use at the end of the contract period for home purchases or ongoing education. For the final year of the contract, the participant must be independent of other public assistance supports, such as food stamps. The program presents a great opportunity to increase income and become financially independent. A focused pilot of the program is being conducted in Valdosta. Also in rental housing are the Home Investment Partnership Program and the National Housing Trust Fund, which are development financing programs that also allow renters to live in a unit with modest income increases.

Home ownership programs are geared to working families as a first-time, affordable home mortgage financing and purchase option. Using a 100 percent of median income threshold, the
state provides the down payment and arranges an affordable payment with a private local lender. The department acts as secondary market guarantor to the community bank, which allows the additional benefit to the bank to fill additional mortgages. Income increases have no clawback provision, and once a person is eligible and retains the home as a primary residence, there are no additional costs. CHIP (Community Home Investment Program) provides homeowner assistance grants through local governments and non-profits to rehabilitate or build single family housing; the program primarily serves senior home improvements to bring a residence up to code or for other safety needs. Finally, the department offers practical homeowner education programs and a time-limited federal housing crisis program for foreclosure avoidance.

For those citizens who are homeless or with special needs, there are federal funds from a number of programs in the U.S. Department of Housing and Urban Development (HUD) used by the state through local agencies to provide homeless prevention or services. Georgia homelessness has steadily declined by 25 percent since 2015, some of which may be attributed to the economy and some to the programs designed to house or rehouse people rapidly. Special housing needs, such as Housing Opportunities for Persons with AIDS, Section 811 and Re-entry are geared to help those populations prone to homelessness. Section 811 is housing for those with severe and persistent mental illnesses covered under the Department of Justice settlement and Re-entry allows short-term assistance for those leaving the prison system and integrating back into the community. Halfway houses are not within the department’s purview. Ms. Chubb noted that the department also has an annually-awarded Emergency Solutions Grant for sheltered housing programs.

Ray Higgins, Deputy Commissioner for Finance and Administration for the Department of Early Care and Learning (DECAL) discussed subsidized child care programs in state. DECAL is one of three stand-alone child care departments in the country and is charged with aligning all early learning and child care programs. The department operates with an $816 million budget, most of which flows through the department to outside partners in field. Those funding streams are primarily composed of the federal Child Care and Development Fund (CCDF) and state lottery dollars. CCDF funds, 48 percent of the budget, provide for the state’s subsidized child care program, Child Care and Parent Services Program (CAPS), for assistance and access to low-income working families while training or certifying for a job. Lottery funds, 44 percent of the budget, provide for Georgia’s Pre-k program. Last year, CAPS served 47,000 families and 84,000 children, about the same number of budgeted slots for Pre-k.

The department’s goal is to provide opportunities for a child from birth to age five to be prepared for school through quality care and licensing for the state’s 3,000 centers, 1,600 family child care learning homes and 250 informal care providers (friend, family, neighbor) where traditional child care is not available. The department has a Quality rating system to ensure programmatic value, community safety and licensing standards. Rural communities are challenged by limited access to quality programs, which are fewer in number and may require transportation, as well as teaching shortages exacerbated by low compensation for qualifications.
CAPS has been transitioning to DECAL from DHS and will be completed this year. It requires: the applicant to be a Georgia resident, earn less than 50 percent of the state median income, and must be enrolled full-time in school or working 24 or more hours each week; and the child to be a U.S. citizen age 0 to 13 (or 18 if court-ordered or special needs) and immunized or opted out. Certain groups get priority: active or transitioning TANF, child in protective services/DFCS, special needs, grandparents raising grandchildren, minor parents, homeless, sufferers of natural disaster, Pre-k aftercare, and income under 50 percent of the federal poverty level ($12,300 for a family of four). To encourage quality improvements, DECAL has instituted tiered reimbursements with add-on payments of 5, 10 and 25 percent for CAPS providers. For the most part, eligibility is set for 12 months. The low-income category is a stand-alone priority group, and applicants may remain in the program until income exceeds 85 percent of the state median income ($60,060); therefore, a worker who enters at the low federal poverty level will not lose benefits until their income increases by 388 percent or an increase of $47,760 in new earnings.

Head Start is a federal program with no state flexibility or input; however, the council is interested in options for working with changes in that program.

Blake Fulenwider, Deputy Commissioner Department of Community Health, reminded members that Medicare is completely prescribed by the federal government with no state input, and Medicaid is an optional state program with significant federal control and about two-thirds of the funding. Medicaid primarily covers children and pregnant women, but is also serves the population of aged, blind and disabled (ABD), as well as those who are disabled and receive Social Security Income.

Low-income consumers constitute the bulk of enrollment and are qualified by income within an age cohort; a younger child is allowed a higher income threshold for coverage which is phased down as age increases. In addition to income, asset resources are reviewed looking back over a five-year period and citizenship is documented before becoming eligible. Medicaid covers a broad package of services, including those deemed “medically necessary” as a requirement. Georgia Families is the state’s managed Medicaid care program with four Care Management Operators (CMOs) covering 1.5 million consumers and includes PeachCare for Kids, which covers ages 0 to 6 with no cost share, and from ages 6 to 19 covers with nominal premiums for older children from $20 to a maximum $72 per household per month with enforceable deductibles and co-pays. Eligibility in PeachCare is from 100 to 248 percent of the federal poverty level (FPL) gross adjusted income, which is a starting point from the mid $17,000 range for an individual and mid to upper $30,000 range for a family.

The department also offers a number of 1115 waiver programs. Planning for Healthy Babies is a waiver targeted for mothers at-risk of, or who have already delivered, a low birth weight baby under 5 lbs. 8 oz. by providing family planning services, prenatal care, nutrition and other reproductive issues. Eligible women are ages 18 to 44 who are not eligible for Medicaid or any other program with an income cap at 211 percent of the FPL. The Elderly and Disabled waiver,
which was recently reapproved by the Centers for Medicare and Medicaid (CMS), includes the Community Care Services Program (CCSP) and Service Options Using Resources in a Community Environment (SOURCE). In addition, there are waivers for those with intellectual disabilities (Comprehensive Supports (COMP)/New Options (NOW), physically handicapped (Independent Care (ICWP)), and medically-fragile children (Georgia Pediatric Program (GAPP)).

Long-term care plays the safety net role for the state and is one-quarter of the Medicaid’s enrollment but accounts for over 60 percent of the cost. Services are provided through many outlets: waiver programs (CCSP/SOURCE), which allow nursing home eligible consumers to receive services in the community; nursing home facilities; hospice; home health agencies; and community mental health. These waivers provide the core Medicaid benefit on a fee-for-service basis with care coordination to align social and health care needs.

Finally, the department offers the Katie Beckett Waiver, which allows services for a child up to age 19 for a family that would not ordinarily qualify for SSI, but the child has a complex level of care needs that would qualify for an institutionalized, skilled-care setting. Two new things DCH has implemented to assist these families is resetting eligibility from an annual basis to every two years, as well as and revamped medical review forms to better clarify documentation needs.

The department is working to improve the breadth of oversight provided through the Quality and Oversight Division to include supervising care provided through waiver and non-waivers programs, in addition to the already existing oversight required of the CMOs.

Abby Cox, Director of the Division of Aging Services, outlined Title III programs authorized through the ‘1965 Older Americans Act’ that allows services for the elderly, their families and their caregivers, as well as Money Follows the Person and nursing home transitions. The ‘Older Americans Act’ has key definitions with potential services for those age 60 and older, or who have a physical, mental or Alzheimer’s Disease, to enable them to stay in their homes as long as possible with daily living supports such as: Meals on Wheels, transportation, legal, abuse prevention and caregiver support.

The Act further targets those most in need by using a rating tool and evidence-based assessments to emphasize factors that include: rural, economic need, social need, severely disabled, limited-English, Alzheimer’s or related disorder or at-risk for institutional placement. Greater economic need is defined by the Act as an income level at or below the FPL ($12,060 individual), but in Georgia there is no requirement for cost-sharing so the definition expands to 150 percent of FPL (mid $18,000 for an individual). Social need includes those proven factors that complicate physical health, such as isolation (rural, access to care), mental and physical disabilities, as well as language barriers. Finally, at-risk of institutionalization is determined if an individual is unable to perform at least two activities of daily living without substantial assistance.
Title III funding ($24 million) comes to the division, which contracts those funds out to the 12 Area Agencies on Aging (AAAs) based on an allocation formula that is most heavily weighted by the number of individuals in an area, which results in those rural AAAs to be more entrepreneurial to stretch their dollars. The AAAs are allowed to keep a total of ten percent for administrative costs, which often covers the salary of the director, as well as indirect costs allowed by federal law. Ten of the 12 AAAs are under a regional commission, and two are private, non-profit. For all Title III programs, there is a waitlist of 7,659 individuals waiting for 9,109 services. The division has implemented a tiered approach to add predictability of when a service might be available, as well as prioritized access by acuity. Title III funding sections for FY 17 include:

- III-B - $5 million - the broadest and most permissible funds are for self-efficiency and promoting independence through support services and senior centers; over 30,000 Georgians received at least one service and 16,599 received more than one service. These services saved taxpayer dollars by avoiding higher cost care and enabling an average 50 month longer stay in the home;
- III-C - $13.5 million - home-delivered and congregate meals (senior community centers) provided 3.9 million meals; the cost for congregate services includes meals, as well as other center activities;
- III-D - $4 million - health prevention and disease through evidence-based programming that may include: chronic disease management; falls prevention; hospital transitions to prevent readmissions; and caregiver supports;
- III-E - $2.3 million - caregiver supports to assist with home care for adult family or informal caregivers age 18 or older who are providing care for those 60 or older, as well as those caring for disabled adults; last year provided 37,000 hours of daycare, 112,000 hours of respite for over 1,600 caregivers; 20,000 homemaker/personal; 839 hours of case management/counseling and 31,500 home modifications. In addition, six of the AAAs provide kinship care for grandparents raising grandchildren.

Title V, funded with $1.8 million and serving 887 positions, is the Senior Community Service Employment Program, which works with unemployed persons age 55 and older with income at or below 125 percent of the FPL to rejoin the workforce. Funds provide employer subsidies to offset any training costs with the goal of full employment with improved skills.

The division has a significant role in administering the Money Follows the Person (MFP) program in conjunction with AAAs and centers for independent living as part of a 2008 CMS grant to rebalance long-term care. As the federal fiscal agent, DCH contracts with them for $3.8 million to provide options counselors and transition services assistance to those who want to get back into the community. In FY 2017, 3,000 nursing home residents sought transition, but 218 were actually able to make the move. MFP is all federal dollars, but in FY 17, the state created its own Nursing Home Transitions program with $1 million in state dollars and was able to serve
another 165 people in this baseline year. Housing becomes a problem in rural areas, especially if a house is sold while the individual is in a facility, and a safe placement must be available in the community.

Dr. Lara Jacobson, Director of Health Promotion of the Department of Public Health, shared programmatic features of the Babies Can’t Wait (BCW) and Women, Infants and Children (WIC) federally-mandated programs. BCW began in 1986 as mandated by the ‘Individuals with Disabilities Education Act’ (IDEA) Part C, which says that every child age zero to reaching age three with a medical condition or a demonstrated developmental disability has access to services regardless of income. The program allows for early interventions during an age with the most impact on outcomes, as well as the lowest level of costs, especially over the long term. BCW serves about 9,000 children at any given time, and 17,000 children per year. Although eligibility for the program is medical and not financial, there is a family cost participation based on a sliding scale that also consider the number of children, total income and other qualifiers, such as additional medical expenses. Georgia’s population increases, adding autism services, and the optional use of family insurance to offset costs are stretching the program’s resources.

Women, Infants and Children was started in 1974 for pregnant women, post-partum mothers up to 6 months, nursing mothers up to one year, children up to age five who have a nutritional risk (dietary need, anemia) and an income at or below 185 percent of the FPL. It provides highly nutritious food benefits, important nutrition education and referrals to primary care. There is no cost share, and once eligibility is established participation is strictly based on medical risk.

CareSource is one of Georgia’s care management organizations, which provides a variety of services to its enrollees, including matching Medicaid recipients with training and job opportunities. Director of State Development and Advocacy, Jason Anavitarte, introduced their community partner Wesley Newcomb, who represented Onshore Outsourcing, a mission-based company located in Tattnall County to keep jobs in rural areas by tapping into local talent and providing skill opportunities to compete with off-shore companies. The business model locates in a community of five to 10,000 people at least 100 miles away from a big city and recruits applicants at job fairs and through local entities to train for desirable skills in software development. The tech support requires access to a high speed internet connections, and while it may not immediately cheaper, the company provides a better service than off-shore companies because of the common language, common time zones, cultural familiarity of products, and an accessible team. The company specializes tech support, as well as maintaining a company’s legacy platform while a new software program is being implemented. The model provides opportunities for individuals to stay in a rural community and learn transferable skills, as well as revitalize a community with property acquisition.
Karin VanZant, Vice-president of Life Services for CareSource further explained Job Connect, which is designed to expand the safety net to achieve greater stability and better outcomes of well-being that includes socio-economic health, in addition to physical and behavioral health. Job Connect is in direct response to their participants’ biggest concern, which was not related to traditional healthcare but to employment. Notably, employment has a direct impact on improving many healthcare outcomes. In addition, the federal government provides 80 means-tested programs funded at $1.3 trillion, but none of these are specifically designed to move people out of poverty, nor is there a single entity to coordinate for that outcome. The average Medicaid recipient is also receiving an average of seven to 10 other benefits to maintain – not improve - their current situation. Of the 73 million citizens who receive Medicaid services, a portion of them are young and healthy enough to move into the workforce and pay insurance. CareSource’s Job Connect is working to provide the necessary coordination and provide a transition path to employer-sponsored insurance through a unique approach that capitalizes on its chronically unemployed member data. Using information regarding that individual, a comprehensive picture of the individual’s needs are matched to the correct resources in the community can propel them forward.

In Georgia’s market, CareSource began this July with 215,000 members, of which 60 percent live in rural Georgia. The company can integrate the physical, behavioral and socio-economic information for their members to determine if they can provide access to a skill, GED class or other training in the community to enable the individual’s employment, as well as spur economic development. Data is collected from the individual, health outcomes and state outcomes to measure success. The nine county pilot in Ohio has shown that members who opted in to the program and worked with a life coach were employed within an
average 57 days, have an 85 percent retention rate at 90 days, and an 82 percent retention rate at six months. Identifying the needs and addressing them before securing employment increases the individual’s success, reduces employee churn and reduces employer friction caused by unprepared employees. Healthcare impacts, comparing the client’s stats at six months prior to enrollment in Job Connect to six months after are showing reductions in ER visits and expenses, better prescription compliance and a reduction in outpatient spending for a savings trajectory which becomes greater over the long term. State savings, if done on a larger scale, has the potential to save $25,000 per every person who moves to employer-sponsored insurance.

Linda Mannis, Director of the Business Services Unit in the Georgia Department of Labor, returned to the council to discuss drug screening information and employment. In March 2017, Congress passed a resolution for unemployment compensation application drug testing, which if initiated by a state must be done for every applicant (cost-prohibitive at around $25 per test). A seven state survey by Think Progress found very little return on the $850,000 investment for mandatory screenings that yielded only found 321 users. Twenty states have proposed legislation to drug screen public assistance recipients, although the national drug use rate is 9.4 percent and welfare applicants tested much lower than the general population. States may not pass the costs of drug testing to the applicant, nor can a second test be required after an applicant is approved for benefits. This is problematic because time gaps can be exploited between testing and placements. Moreover, there is no feedback or requirement that the companies hiring DOL placed workers report back on individuals who do test positive for drugs so the department can act accordingly.

Matt Hicks, Senior Vice President of Government Relations, and Shannon Sale, Chief Strategy Officer, presented information on the Grady Health System’s pilot project to the council. Although Grady is centered in an urban area, its broad reach serves patients from all of the state’s 159 counties, trains 25 percent of the state’s physicians, runs the statewide Poison Control Center, provides specialized burn and stroke care, and serves as the second largest behavioral health provider in Georgia. Grady shares a similar payer mix with rural hospitals, dominated by Medicaid and uninsured populations that align the systems’ policy interests in transforming delivery and payment systems. Based on the success of the Rural Hospital Stabilization (RHS) findings, controlling costs and federal health reform strategies, Grady has a proposal to address some of the identified challenges the council has heard: payer mix imbalance, lack of reliable data to design care, need for telehealth innovation, integration of the current networks’ providers and the growing demand for patient and family involvement. The goals are to improve health outcomes to be cost-effective; increase access; maximize efficiencies and capacity of the infrastructure; ensure the sustainability of hospitals in rural and safety net settings; replicate and adjust for community needs; show demonstrated cost savings; and control costs.
The proposal is for a hub and spoke model, with the hub being the provider of highest level of care that connects by technology for data sharing and telehealth to multiple resources in the community with the same goals and payments to support them. Proof of this concept for transforming payment and delivery systems has come from the RHS Committee, where care coordination produced results such as an ED utilization decrease of 51 percent in Emmanuel County and a 33 percent reduction in hospital readmissions in Union County. Grady has seen dramatic results from its pilot to coordinate care in the community using a community team to meet with the patient on clinical and social service connections that result in cost and utilization reductions (185 ER encounters reduced to 85). The proposal is to replicate care coordination in five communities with the flexibility allowed through an 1115 waiver to transform how to deliver and pay for care. The General Assembly would direct DCH to improve health outcomes while reducing the cost of care while supporting the provider in demonstration sites. Parameters for the five communities are listed in the featured slide.

During committee questions, the proposal was described as similar to a block grant, which shifts the risk to the participants in a capitated rate within two years, as well as quality bonus payments for results. Using safety net hospital data from Atlanta and Savannah, the cost to Medicaid providers is currently about $3,900 per beneficiary, and projected savings in cost avoidance in the demonstration project brings that amount to as low as $3,100 per beneficiary. It was also noted that this is not a waiver for Medicaid expansion. CMS’s recent announcement that it is seeking “pioneering local solutions” is promising for approval of a waiver. The success of the pilots could help the state prepare for a potential federal block grant, as well as enable statewide adoption of the successful elements at a later time. Finally, Chairman Powell noted that this proposal, reinvesting savings back into the system, is very similar to the format the state took to successfully reform criminal justice.

Meeting Eight Highlights – Day Two, Warm Springs

November 29, 2017 – Employment Enhancement

Premium Peanut CEO, Karl Zimmer, shared some of their experiences building a company in South Georgia. Premium Peanut started as a collaborative effort of local businessmen and farmers who wanted to create a value-added pipeline for their products that improved
profitability and access to the market. Over a quick 15-month start-up, the company went from being an idea to operating with over $75 million in revenue and more than 350 stockholders in 30 Georgia counties; however, there were significant challenges that the community overcame through forging partnerships to become the single largest peanut sheller in the world that now handles 15 to 20 percent of the nation’s peanut crop and will pay dividends in early 2018.

A big challenge is infrastructure, which if the company was built in the metro Atlanta region would have already been there, so while state programs are appreciated, it should also be remembered that there are unique challenges to rural areas. The company’s biggest expense is moving the product from the buying point to the shelling location, and often the roads are not big enough, wide enough, paved or go easily to the right places. Rail, sewer and water are also an issue, and expansions may not be in South Georgia unless there is easy access to customers, highways and ports. In addition, tax incentives, which are based where the company is located, should take into account any revenue-sharing or regional impact of the value across the entire enterprise, which is much bigger and growing for Premium Peanut. Seasonal labor shortages are also difficult to work through; there is little incentive to work for six weeks during harvest at a buying point, so a lack of manpower creates gaps in productivity. In addition to seasonal labor, qualified labor is an issue. The company held a job fair and 500 people attended, but less than 50 qualified because of a lack of education, drug use, or a general lack of interest in work. In both scenarios, he noted that there seems to be little incentive to move from public assistance to work. Regulation can also stall progress, as evidenced by International Labor Organization’s Standard 138, a random regulation that has not been ratified by the United States but requires a higher age to work and is being held as a standard for compliance to do business. Broadband is a need; some of the buying points have to leave their businesses to get access. He stated that he can get better cell phone service in South Africa than South Georgia, and regardless of who the provider is, access should be available to residents, visitors and business visitors. Finally, there is a cultural challenge for rural areas. The availability of restaurants, for example, to entertain urban or global visitors or the proximity of a grocery store when recruiting workers to the area. There are many challenges, but overcoming them and breaking the mold by returning value to the community should be recognized where a business’s investments stay local.

It is important to frame our economics in context of a global market, and if we are unable to meet their needs the market will go elsewhere. To solve our challenges, we must stop accepting some difficult circumstances and become more innovative and raise our expectations to grow. The company, for example, noticed that health issues exacerbated by language barriers were impeding their workforce, so to solve the problem they partnered with the local hospital to staff an onsite mobile clinic open two hours a day to workers and their families, who for a $10 flat fee have access to care with all fixed costs covered by the company. The hospital benefits with the $10 fee and reduced ER visits, and the company benefits by avoiding lost time. In education, the state should also raise standards and expectations to innovate. South Georgia is agriculture and we must support the industry and those communities for the future.
Bob Shinn, President and CEO of Candor, shared that his tech company provides a market space for health care insurance access as a health “companion” app. In eight months, the company has moved from a concept to a business plan to a company that employs 40 people in Rome, Georgia and is licensed in every state to provide this app that gives access to insurance plans not available elsewhere. The company posted 20 vacancies and had over 700 applicants within hours who met the needs. Candor located in Rome, despite pressure to move to other high tech places from investors, because the labor costs are lower than the nation (but 1.7 times higher than the Georgia average), the overhead is less, and there is ready talent growing from the nearby colleges. Recruiting talent for the tech industry is easy because the cost of living in Rome is low and broadband is available, both of which further support a job market for millennials and keeps them in the community.

The product is software to match a user with a private health insurance plan by acting as a broker. Because ACA sites are not working and 97 percent of Americans don’t know what their insurance covers and have expressed dissatisfaction with it, this app pulls information from social media files and a questionnaire to find model plans that fits the user’s needs. It can also provide information on where to go for services to channel the traffic to effectively use the health care resources and provider. Insurers are not displaced but actually assisted, since the app pools individuals and small groups that are brought into the market.

The company has momentum and tax credits from all levels of government may be available to the company, but building out the company is not capital intensive, so tax credits may not be modern enough to respond to this type of industry. Their company’s challenges are ensuring a fiber connection, which is their equivalent of the road for infrastructure. Promoting other incubators by providing office space, wifi access and a small critical mass start-ups in a rural setting will begin expansions.

Karen Fite, Director of the Georgia Manufacturing Extension Partnership at the Georgia Institute of Technology (GT) discussed their rural initiatives, which are housed in the federally and state-funded Enterprise Innovation Institute, the economic development arm of GT. The institute has a statewide presence with 23 locations focused on economic development through workforce development, high-tech entrepreneurial support and advanced manufacturing initiatives.

GT supports several activities to develop workforce. The Center for Education, Integrating Science, Mathematics and Computing (CEISMIC) conducts multiple K-12 science, technology, engineering and math (STEM) activities in communities to start entrepreneurial experiences. GT supports co-op and internships at smaller companies and in conjunction with other school’s programs. The VET2 Program transitions military personnel transitioning out of service into local internships that encourage these workers to stay in the area.

High-tech entrepreneurs are supported through the Advance Technology Development Center (ATDC) centered in Atlanta with three levels: Signature members who are located and incubate
their companies there; Educate members (individual or group) who reside or are headquartered in the state and pay $50 a year to have access to the ATDC resources for developing a high-tech project; and Accelerate members who refining or building their concept. ATDC@ is also partnering and expanding in locations where a community has activity.

Finally, economic development is also promoted through advanced manufacturing with minority businesses, businesses with declining revenues due to exports, and safety concerns. The Agricultural Technology Research Program (GTRI) supports food processing, food business and agribusiness innovations, to include robotics. In addition, the group provides content for a lunch seminar to promote manufacturing growth through meetings in 11 locations, four times a year.

Last year, the Georgia manufacturing Extension Partnership worked with companies that reported 1,542 created or retained jobs with $303 million in sales and $41 million in costs savings.

Dr. Laura Meadows, Director of the Carl Vinson Institute of Government and Interim Vice President of Public Service and Outreach at the University of Georgia (UGA), discussed their rural initiatives and how the institution helps businesses directly, as well as creating an environment to grow jobs. Since 1872, the university’s land-grant status has dictated that the school make education impactful through applied practices, and this has been the on-going tradition. The Cooperative Extension Service is an important part of the outreach for agriculture and natural resources with information and training for families and consumers, as well as education for youth through the 4-H Program. Also supporting rural development are the crop research discoveries and activities performed through the university. The land grant mission has been modernized to include assistance for governments, non-profits and other community groups through eight units at UGA, and she emphasized that everything they do at the university is designed to create jobs across the state. UGA has a presence within 38 miles of any place in Georgia where they provide building blocks through partnerships for small business development, leadership training, community strategies that include revitalizing downtowns, and tools for decision-making.

In rural Georgia, small business is where many jobs are created. The Small Business Development Center offers consulting services to small business to include planning, marketing and branding, as well as access global markets. The Journeyman Farmer Program assist first-time farmers with planning. In addition to working directly with business, UGA works to develop capacity for engaged leadership development at all levels, including government officials through the Carl Vinson Institute and community and regional non-profits, youth and adults through the J. W. Fanning Institute. All these efforts are to engage people to move their areas forward for progress.

The school is working to directly impact rural economic development through a new training program to certify economic developers. The Georgia-centric training goes to immediate use in
the community. In addition, the institute worked with the Department of Community Affairs to create the 2017 Economic Development Handbook for Georgia’s Rural Communities that provides basic to complex information and assistance on issues related to economic development. Also on the local level, Dr. Meadows noted the importance of workforce planning which is becoming increasingly high in demand. Planning may include assessment of workforce need and facilitate to secure training providers. Finally, the institute continues the tradition of working to maintain economically healthy and vibrant downtowns through revitalization projects and partnered with ten cities last year. With all of this training, technical assistance, consulting and data, the institute helps to put information into context with analysis for the economic impact to promote informed decisions. Sean McMillian, Director of Economic Development, works for the rural workforce to ensure all resources from UGA, as well as the Department of Economic Development, are brought to a project.

Finally, 700 students a year, close to 3000 over the past five years, are being given workforce experience in real world and applied experiences through the experiential learning requirement at UGA. In addition to the students giving relevant feedback to the university, the exposure is familiarizing more students with rural communities.

Rob Gordon is the Director of the University of Georgia Archway Partnership. He shared with the council that “Archway” is named for the literal and figurative entry to resources of the UGA campus. In 2005, UGA inventoried their public service efforts and pulled them together in a comprehensive way within Archway for better community engagement on identified needs, which are completely determined by the communities. As designed, Archway also fulfills the university’s mission to provide community-based service experiential learning opportunities for students and support for faculty research. Currently, Archway is actively working in eight communities and retains contact in “alumni” communities. As an active community, the locals fund a portion of the program and have an embedded faculty member dedicated to the community on a daily basis who works with a core group of stakeholders from entities in the community who set the priorities and goals. That faculty member serve as a bridge between the community and university resources, as well as technical schools and others when it furthers the local goal. The ultimate priorities are economic development, healthy workforce, leadership development and quality of life.

Keith Kelly, CEO of Kelly Products, discussed an innovative, added-value proposal, not unlike the Premium Peanut cooperative, but using animal protein products to create more jobs, generate commerce kept in the state, promote better food choices and provide an educational pathway for young people. There is a growing consumer demand for local meats, but Georgia is a beef, pork and lamb deficit state. Beef is raised year-round in all 159 counties and is the sixth largest cash crop generating $2 billion. Focusing on beef, Georgia stockers birth 240,000 cattle per year which could provide for 20 percent of the beef Georgians consume, but the overwhelming majority (230,000) of that stock are sent out of state. If rural Georgia farmers could keep their animals and process them in the state, the economic multiplier would generate an additional $1.3
billion in new revenue. Farmers make a 5.5 percent maximum profit on beef, but by creating a supply chain, that includes adding accessible abattoirs, creating grower cooperatives or shared revenue business models, and marketing could add a potential 45 percent to the profit margin to run the business. According to the U.S Department of Agriculture, the cost of a new abattoir, able to process a minimum 8,800 animals and constructed for future additions, is about $4.4 million for which there are financing and credit programs available. In addition to the specific benefits associated with developing a new protein processing supply chain, the proposal has added development benefits, such as construction, affordable housing and retail/feed stores. In addition, the system would provide sustainable income streams with an estimated 10,000 jobs, internships and education opportunities. Ultimately, the state would produce better food and likely better health, especially if there is a purchasing partnership with hospitals, schools and programs providing nutritional assistance. The cost for a statewide plan is significant and there is more work to be done regarding feasibility, marketing, infrastructure research and potential public/private partnerships. Supplying farmers also need to engage in opportunities to produce high quality stock.

The day concluded with a roundtable discussion with Karen Fite, Laura Meadows, Sean McMillan, and Burt Brantley, Chief Operating Officer for DEcD. Mr. Brantley gave an overview of the department’s integrated approach to economic development to support the ways communities choose to grow using their 12 regional service programs to working with existing and prospective businesses. There are also trade representatives that work throughout the state to give expertise and identify global markets. For this fiscal year, areas outside of the metro Atlanta region have located 137 new projects with a $2.14 billion impact and over 6,500 new jobs. The department’s Centers of Innovation provide research to help companies to grow, primarily focusing on rural industries. Mr. Brantley shared a video on a Centers of Innovation success story, Thrush Aircraft, which developed a lightweight aircraft through which 40 jobs were created, skills training was offered at Middle Georgia College and over 50 percent of the product is exported.

The panel was asked how we could better align or reallocate our significant resources to be more effective and proactive to include identifying and creating our own job opportunities vs. locating a company to give us jobs. Rather than waiting to be asked, or even incubating an industry, the panel requested ways the state could identify added-value potential industry, especially in the rural agricultural sector, and then apply resources in the same wraparound manner to develop it. Mr. Brantley offered that they might work better with the community to further develop concepts. Ms. Fite added that community “asset mapping” could assist with identifying opportunities, but there has to be local interest to bring any project to fruition.

Representative Pirkle, noted that we have tremendous services and resources, but the communities do not seem to know about them. Chairman England further noted that the state needs to add emphasis toward its local gems for generating and assisting the small, local opportunities. In response, Ms. Fite said the Centers of Innovation are mapping the entrepreneur
resources throughout the state, which may be a significant resource, as well as aligned with creative job development. In the entrepreneurial spirit of growing blueberries and olive oil, the panel suggested flipping the way we do things to get the experts to generate a unique concept and take it to the next level by giving locals an innovative product package with all the state supports included. Finally, the panel discussed the establishment of an umbrella rural development center that connects and coordinates everyone together to perform an assessment, create a team, and provide the unique supports to buildout new industries.