

Testimony for the Committee on Agriculture, Nutrition & Forestry of the United States Senate, October 23, 2008 field hearing, Chillicothe, Ohio

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My name is Katy Farber and I am the president of the Highland County Chamber of Commerce-an investor driven organization representing some 350 members of the Highland county business community.

I appreciate the invitation and opportunity to present this information at today's field hearing. The USDA Rural Development programs have provided support to Highland county in the past, and for that we are grateful. We are, however, in need of increased assistance in light of the economic realities of today, and the looming economic devastation of the pending DHL decision to close its Wilmington, Ohio hub operation.

Current Economic Situation

The current economic downturn is affecting each sector of this country, but it is having what many believe is a disproportionately negative effect on rural southwest Ohio, and in particular, Highland county. The issues are many, and cut through each sector that makes up our local economy:

1. Local tax revenues and fees collected for the general fund are down, limiting the ability to meet the increasing demands on county and local government to provide services. This severely affects the day-to-day operations of law enforcement, the courts and all departments dependent upon both county and municipality revenues.
2. From the first quarter of 2007 to the first quarter of 2008, Highland county had the Highest percentage of jobs lost (772 or 6.2%) of any county in the state, according to ODJFS statistics. The decline in employment opportunities (and the thousands of pending job losses) is forcing families to choose what bills can be paid, and what available cash must be used to take care of the family's basic needs. Foreclosure rates continue to increase, climbing some 300% over the last eight to ten years. Many people are becoming desperate.
3. Local agencies, a last resort rescue resource for many citizens in our area are seeing increased demands for goods and services, while being faced with lower contributions from both federal funding streams and the private sector. The result is straining the resources and limiting the ability to help our neediest in the county. For example, Highland County Community Action Organization served 27% of the Highland county population in 2007, and has seen a significant increase in new families served in 2008.
4. The impact on small, local businesses-those employing 5-15 people is marked in Highland county. Within the last two months, we have lost at least seven storefront, retail operations because of the slow economy. Bankruptcy has closed

the door of a small manufacturer and threatens others. A long established restaurant shuttered its windows, unwilling to risk reinvestment in upgrades when patronage continues to decline due to the economy. An upstart manufacturing operation, eager to open its new facility and add jobs continues to be caught in a battle with EPA regulations and requirements that keep it from opening for operation. The ongoing struggle for many small businesses to borrow funds for operation due to the tight credit market is significantly affecting commercial confidence and growth. Highland county has a large agriculture industry. Grain producers faced a 100% increase in crop input cost for 2008, and now face a 50% drop in grain prices. This will devastate a significant number of family farms. The impact will compound the current financial problems for local business.

DHL Impact

Beyond the economic recession that is affecting all of this country, and beyond the struggles we face as a rural America county, Highland county is bracing for the significant impact of an additional job loss for 20% of our total county workforce should DHL realign its Wilmington operation as announced in May of 2008. Over 1800 Highland county residents work at the Wilmington Air Park, directly employed by DHL/ABX Air/ASTAR. Add to that the additional job losses directly (or indirectly) related to the \$54 million loss to our local economy and situation becomes grim. Our hospitals, already taxed with a 9.5% increase in uncompensated care may be pushed beyond their means to stay in operation when additional residents no longer have health insurance. There will not be a social service agency or municipality/county operation that will not be affected by this financial catastrophe.

Economic Development Needs

When we examine the greatest areas of need within Highland county, they all certainly lead to the all encompassing category of economic development-the ability to attract and retain business and industry to provide good paying jobs to our citizens, stabilize the local housing market, support the education systems throughout the county, and contribute to the overall tax base of our local communities and Highland county. To compete for business and industry opportunities, we need to be able to "level the playing field." Rural Highland county, like its neighbors, needs assistance with:

1. Community Infrastructure- Our communities, like many in America, are faced with an aging infrastructure, often inadequate to serve the needs of existing business/industry and residents, and subject to strict, mandated-yet unfunded-EPA regulations. The outcome is often a significant gap in available funding, resulting in exorbitant increases in rates charged to consumers-both residential and business. This severely limits growth opportunities in the industrial base, further oppressing our tax and employment base.
2. Broadband Availability- Only a very small percentage of Highland county residents have reliable and affordable access to broadband, severely limiting the ability for internet based business opportunities and effective on-line education, both vital for our region. The hilly terrain and highly rural nature of our area make

traditional business models unprofitable for service providers. We need a creative technological approach, coupled with significant investment on the part of both service providers and our federal and state partners. This will help open the doors of opportunity and expand our ability to access the global marketplace.

3. Health Care Access- We feel fortunate to have two hospitals serving our county, meeting the emergent and rehabilitative needs of our residents. We still lack enough primary care physicians- especially those who are will still accept new patients- to meet the needs of residents. This shortage effectively turns our emergency rooms into primary care units, often serving both the uninsured and the underinsured. Local businesses are also put at a competitive disadvantage with those in metropolitan areas because the lack of healthcare “competition” in rural areas results in higher health insurance premiums and out-of-pocket costs for both businesses and individuals.
4. Education-While we have access to higher education through Southern State Community College and its articulation partners and Great Oaks Career Development Centers, we need assistance in two major areas: getting our local population to understand the importance of education as a means to self-sufficiency and taking advantage of the opportunities to improve their marketability as workers; we also need assistance in developing and implementing workforce development programs that are correctly aligned with the workplace needs of employers both now and in the future. The financial resources required to build new education and training programs which would assist in local economic development efforts are often beyond the means of our higher education partners.
5. Transportation- Highland County has no direct access to the major modes of industrial transportation-four lane highways, rail and air-severely limiting the opportunities to recruit industry to the area. For over 20 years there has been talk of the need to have a north-south corridor from Columbus to Lexington, KY, easing the congestion through Cincinnati and opening opportunities to the rural southern Ohio area, yet no progress has been made to date.
6. Marketing – Highland county has a bounty of resources including human, cultural, natural, historic along with economic opportunities that need to be marketed to the world, promoting growth in both our industrial and tourism base. We need assistance in packaging and sharing this story to build on our assets and promote overall economic development.

Without the continued support of the USDA Rural Development programs, Highland county will not be able to weather the storm that we currently face. In Highland county, as in many parts of rural America, economic development is the difference between the hope of prosperity or continued decline. I urge this committee to work to increase the investment in rural initiatives that support infrastructure upgrades, health care access, educational support, broadband capabilities and specific economic development

programs, including market, that connect rural entities to opportunities for commercial and industrial development.