The Rebirth of Kannapolis

testimony of

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before

THE COMMITTEE ON SCIENCE AND TECHNOLOGY
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES

Tuesday, June 24, 2008
1:00 p.m. to 4:00 p.m.
2318 Rayburn House Office Building

Testimony

Kannapolis 2003

Pillowtex

Kannapolis was the home of Pillowtex Corporation (formerly Fieldcrest Cannon and Cannon Mills), renowned manufacturer of Cannon towels and sheets. The 116 year old textile operation occupied over 9 million square feet of real estate in the heart of downtown Kannapolis. In 2003, the company was plagued with periodic lay-offs, bankruptcy rumors, and an uncertain future. Over 4,000 area residents were employed by the textile giant.

Unique Nature of the Workforce

- 46% without a high school credential
- Average age 46
- Multi-generational job losses within families
- Limited transportation
- Psychologically and physically immobile
- Social and economic structure of the community in Kannapolis dismantled
- Approximately 500 workers non-English speaking (Hispanic and Southeast Asian)
- As of September 2003, 42.5% behind in rent or house mortgage payments.
    - 10.6% received foreclosure/eviction notices.
- 92.7% indicated they cannot get or afford health insurance.

* Taken from data provided by N.C. Department of Commerce and a Long-term Needs Assessment Report conducted by Research and Training Specialist, Inc. (RTS), September 2003.

Local Community College Challenges

- NEG award was first of its kind directly given to community college (Administrative process was not well-defined)
- Enrollment increases do not generate additional funding until the year after the enrollment occurs
- No funds are available for new program development; these efforts must be absorbed in annual operating budget
- Pillowtex enrollment demand occurred during time when college was already experiencing significant additional growth simultaneous with fall registration
- Capacity building efforts in terms of both facilities and human resources require additional time, energy, and dollars

RCCC Outcomes through Fall Semester 2007

- Provided direct service to 92% of eligible clients
- 52% of eligible population enrolled
- 95% satisfaction level among NEG eligible clients
- Increased enrollment in trade and technical programs
- Created a comprehensive accountability plan with computerized client database and tracking system
- 447 Curriculum certificates, diplomas, degrees awarded
- 460 Continuing Education certificates awarded
- 259 GEDs awarded

Lessons Learned

Concerning clients

- Sound decisions regarding training difficult due to the absence of jobs
- Decisions were made during times of stress; basic life needs of housing, sustenance, and health insurance were priority
- Many enrolled in courses simply to extend unemployment benefits
- Compressed periods of study such as summer term did not work well with this population
- Enrollment in remedial classes simultaneous with course of study limited the opportunity for success
- Displaced workers lacked access and familiarity with technology
- Lack of job seeking skills
- Wage expectations were unrealistic based on skills

Concerning the College

- Adapt attitude – save those you can
- First NEG award directly to community colleges – administrative challenges
- No marketing/orientation materials geared to the needs of this population
- Faculty and staff were not trained on how to deal with the emotional stress of displaced workers

Concerning the Trade Legislation/Partners

- TRA did not support programs of study leading to self-employment even though local economy offered job opportunities (ex. Real Estate/Cosmetology)
- Trade legislation restrictions regarding students enrolled in Basic Skills and ESL – 52 week limit
- Advising difficult as Trade legislation being re-written simultaneous with event
- ESC definition of employment ($1000 within one quarter) does not equal sustainable wages and benefits

- Mechanism needed for sharing confidential information among NEG partners

Kannapolis 2008

North Carolina Research Campus Project

Kannapolis is now the home of the developing North Carolina Research Campus (NCRC). The city witnessed the demolition of the former Pillowtex site simultaneously with the construction of majestic state-of-the art research laboratories and facilities. Within two years, the campus anticipates that there will be over 2,000 research scientists and technicians employed in these early buildings. By 2032, the region is expected to realize over 37,450 jobs related to the NCRC project. (Source; Market Street Report)

Mr. David H. Murdock, former owner of Fieldcrest Cannon, is the visionary behind NCRC. As owner of Dole Foods Company, Inc., Mr. Murdock has a long-standing commitment to the health and welfare of people around the world. After realizing the great potential of biotechnology to cure disease and improve health, he dedicated more than one billion dollars of his personal funds to developing the NCRC. His vision for NCRC is to create a world class research hub where collaborative science will lead the charge for great discoveries in nutrition, health and biotechnology research. The discovery and innovation performed at the NCRC will have a lasting effect on the way that the country, and the world, lives.

"The Research Campus will be a thriving scientific community where the best minds will shape the way we understand nutrition and its relationship to disease."—David H. Murdock—NC Research Campus Founder and Visionary

The NCRC is the product of:

- Serendipity (Private benefactor David H. Murdock)
- Extraordinary vision
- Unique public/private partnership with David Murdock, State of North Carolina, NC University System, NC Community College System, and local government
- Commitment to collaboration and innovation by economic development community, local and regional workforce partners, educational providers K-16
- Requirement to embrace change, diversity and change culture
- Recognition that "old economy" is no longer sustainable

Characteristics of the NCRC Project

- Designed around the principles of math, science, research, discovery, and innovation
- State of the art facilities and equipment

- Community that provides infrastructure and amenities to support the concept of "live, work, and play"
- Collaboration among multiple constituencies
- Focus on health, wellness, and nutrition
- Emphasis on embracing change and diversity
- Creation of knowledge-based economy
- Globalization of business
- Entrepreneurship and creativity

North Carolina Strengths

- Positive history of collaboration and partnership of Job Link Career Centers and NC Community Colleges
- Attractive quality of life
- Excellent geographic location – access to transportation
- Business friendly
- "Best funded, best organized" community college system in the country (not necessarily well-funded or well-organized)
- Unique funding through New and Expanding Industry Training, Focused Industry Training, and Customized Industry Training provides venues to support pre-employment training and skill development, as well as customized training for job creation and development in manufacturing sectors
- North Carolina Biotechnology Center
- North Carolina BioNetwork – specialized initiative within NC Community College System designed to establish a competitive advantage for the state in recruiting biotechnology industry
- National Center for Biotechnology Workforce Training (Forsyth Technical Community College)
- Emerging partnerships, collaborations with universities
- Commitment to education and skill development
- Innovation and customization in education and training
- Support of entrepreneurship and small business growth
- Ability to leverage resources and build partnerships among workforce and economic development practitioners
- Increasing numbers of successful Early College programs throughout the state
- Recognition that recovery from mass job losses is not immediate – "There is no quick fix"

Current State of the Region

- Continued challenge of job loss and lay-offs
- Continued unemployment and underemployment
- Basic survival needs of housing, utilities, food, and transportation supersede participation in education

- Worker shortages in health care, advanced technologies, and technical occupations
- Continued efforts to "bridge" local workers to jobs of the future
- Constant strategies to build capacity for advanced technology in the region through partnerships, collaboration, articulation of programs

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Market Street Services, Inc. and Economic Impact Group, LLC. ESTIMATING THE ECONOMIC IMPACT OF THE NORTH CAROLINA RESEARCH CAMPUS. October 16, 2006 <http://www.ci.kannapolis.nc.us/NCRC_16.asp>

Market Street Services, Inc. SWOT ANALYSIS: Preparation for the North Carolina Research Campus. October 16, 2006 <http://www.ci.kannapolis.nc.us/NCRC_16.asp>

Economic Recovery Timeline

April 2003

- Rapid Response meeting with Department of Commerce
- No definite information regarding magnitude of Pillowtex decision
- No foreseeable jobs on the horizon

June 17, 2003

Governor's Task Force

- Participants included NC Dept. of Commerce, NC Dept. of Labor, the NC Community College System, NC Governor's office, the NC Employment Security System, Cabarrus County and Kannapolis City government officials, and Rowan-Cabarrus Community College (RCCC).
- The purpose of the task force was to bring all interested parties together to begin developing a strategy for mass layoffs.
- The task force was "planning for the worst, hoping for the best." At best, Pillowtex would announce a limited number of layoffs. At worse, the company would shut its doors.

July 30, 2003

- Pillowtex Corporation closed
- Displaced 7,650 employees company wide
- 4,790 in North Carolina
- 4,340 plant workers in Cabarrus and Rowan Counties
- Number of residents in RCCC service area – 3990
- Largest single layoff in the southeast United States

August 4, 2003

Rapid Response meetings commence at Pillowtex Plant 4

August 14, 2003

Job Link Resource Center opened at Plant 4 (Rowan and Cabarrus Job Link Career Centers, Rowan-Cabarrus Community College)

August 15, 2003

$20.6 million National Emergency Grant awarded to assist Pillowtex workers

August 20, 2003

RCCC Fall Semester began (record 20% enrollment growth)

December 2004

David Murdock purchases Kannapolis Pillowtex properties in US Bankruptcy Court

July 2005

RCCC receives Workforce Innovations Award from US Department of Labor for "Serving Special Populations in the Workplace"

November 2005

Groundbreaking ceremony for Core laboratory facility of North Carolina Research Campus

December 2005

Pillowtex training project officially ended

January 2007

R^3 Center opens on perimeter of North Carolina Research Campus. To date, over 2,100 clients have been served

September 24, 2007

M.U.R.D.O.C.K. Study (Measurement to Understand Reclassification of Disease of Cabarrus and Kannapolis) announcement

August 2008

Opening of Core Laboratory facility of North Carolina Research Campus
Opening of Rowan County Early College

Fall 2008

Opening of N.C. State University and University of North Carolina buildings at the North Carolina Research Campus

August 2009

North Carolina Research Campus Early College opening

Best Industry Practices in Rapid Response

Example: Philip Morris USA

- History of sound hiring practices to accumulate an educated and technically competent workforce
- Advance notice to employees and community regarding relocation decision (3 years)
- Carefully constructed business plan to review relocation impact on employees, primary stakeholders, and community
- Transparent process of communication regarding company's timeline and activities related to relocation
- Availability of severance options and relocation assistance
- Commitment to skill development and education through tuition reimbursement and "in-house" Employee Development Center (both pre-and post-relocation announcement)
- Continuous engagement in local, regional, and state economic and workforce development initiatives
- Well-established endowed scholarship fund available to provide on-going support for community college scholarship awards
- Strategic grant contributions to stakeholders that enhance and create opportunities to build capacity for workforce development within the region

Philip Morris USA plans to close its Cabarrus County, NC plant by 2010. The company has implemented the Best Practices described above in its relocation strategy.

This information is offered in contrast to the scenario that occurred when Pillowtex Corporation closed in 2003.

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Mrs. Moore earned her Bachelor's Degree in Special Education from Greensboro College; her Master's Degree in Adult Education from Appalachian State University; and has completed additional studies at UNC-Greensboro. She has been employed at college since 1977, and is a native of Rowan County

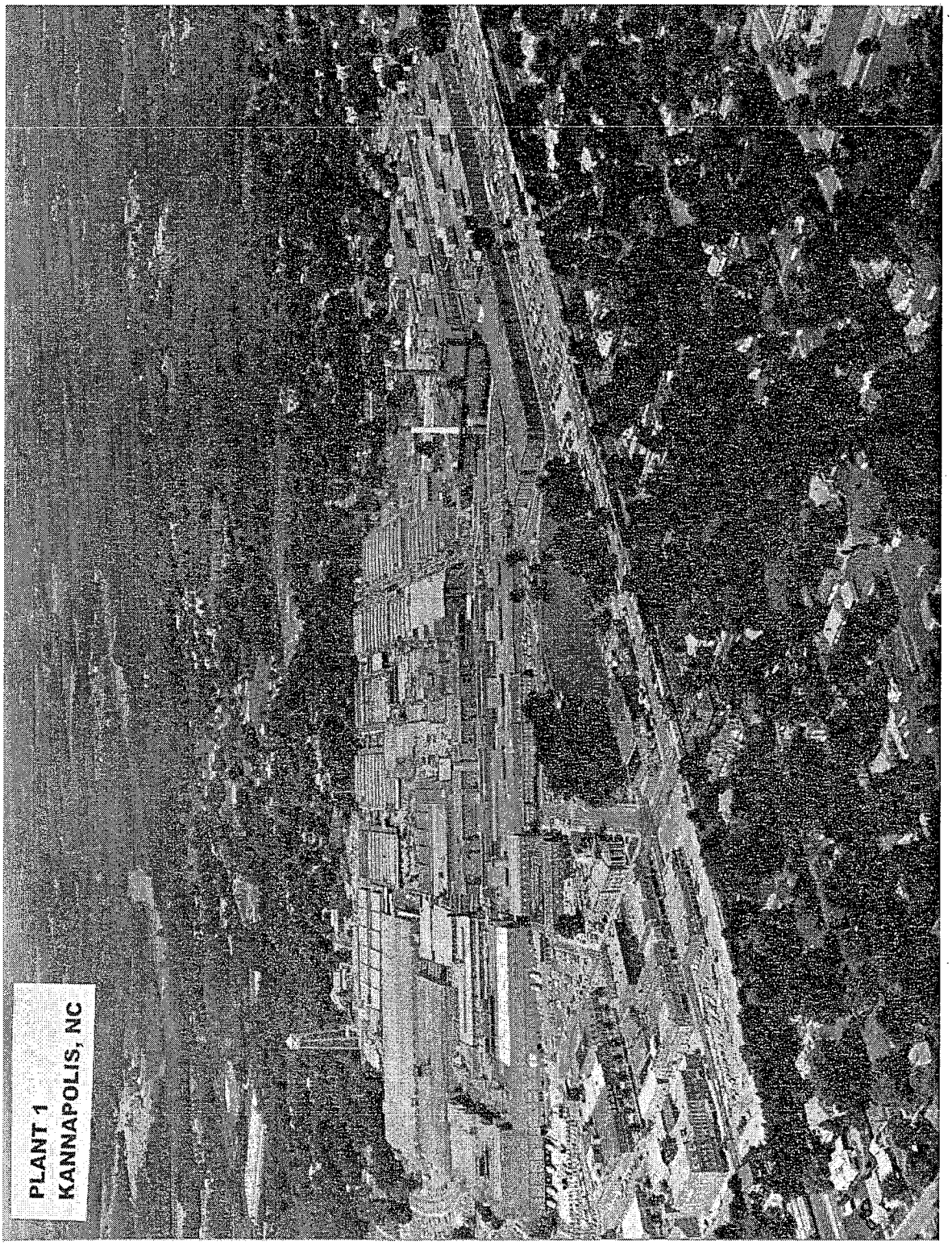
Currently, Jeanie oversees the continuing education programs of Rowan-Cabarrus Community College (RCCC) that range from basic skills (literacy) to customized training programs in Focused Industry Training and New & Expanding Industry. In addition to her Continuing Education responsibilities, she is the liaison for the college for the North Carolina Research Campus project and oversees the R^3 Career Center. She has been a member of the Senior Leadership Team since 1996, participating in strategic planning, budgeting, facilities planning and design, and program development.

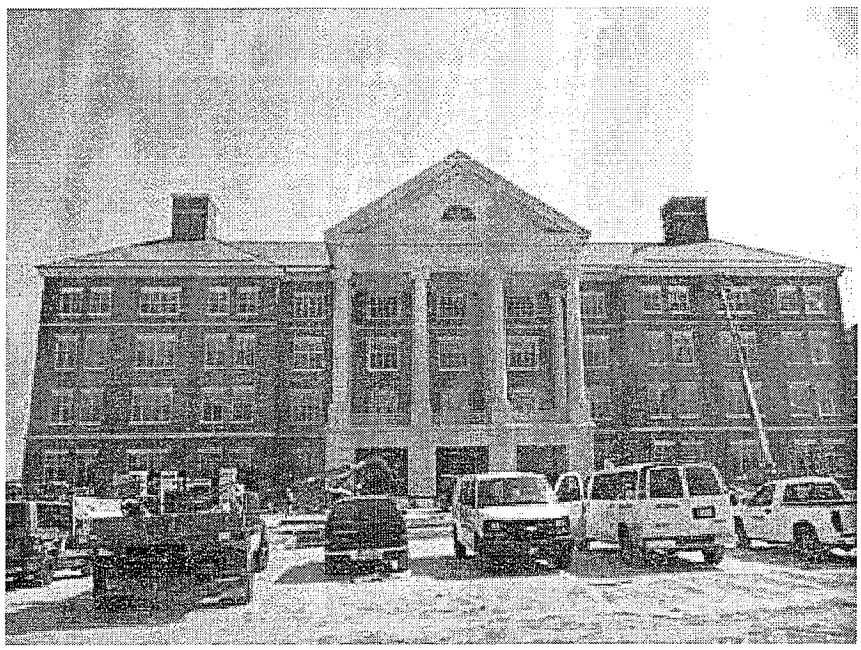
Jeanie is a former member of the North Carolina Community College Economic Workforce Development Leadership Committee and was president of the NC Community College Adult Educators' Association from 1999 to 2000. She served as Co-Director of the NC Community College Leadership Program from 1990-1992.

Community and state-wide involvement includes; Salisbury-Rowan Economic Development Board (current Chair); Centralina Council of Governments Economic Development Board; NC BioNetwork BioBusiness Advisory Committee; Advisory Committee for Biotechnology in the Charlotte Region (North Carolina Biotechnology Center); Charlotte Regional Workforce Development Partnership; N.C. Community College Adult Educators' Association; numerous Chamber of Commerce committees in both Rowan and Cabarrus counties.

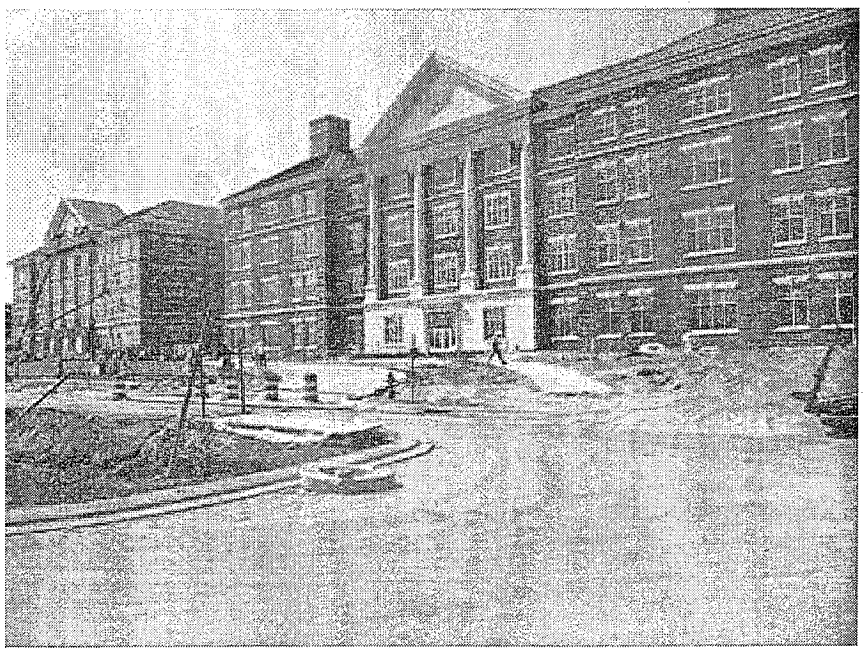
Jeanie has presented at a variety of state and national conferences covering topics such as Leadership, Continuing Education Supervision, Rapid Response to Dislocated Workers, and Biotechnology. In July 2005, Jeanie traveled to Philadelphia to receive the United States Department of Labor Workforce Innovations Award for "Serving Special Populations in the Workplace" for the Pillowtex Project.

Addendum 5





David H. Murdock Core Laboratory



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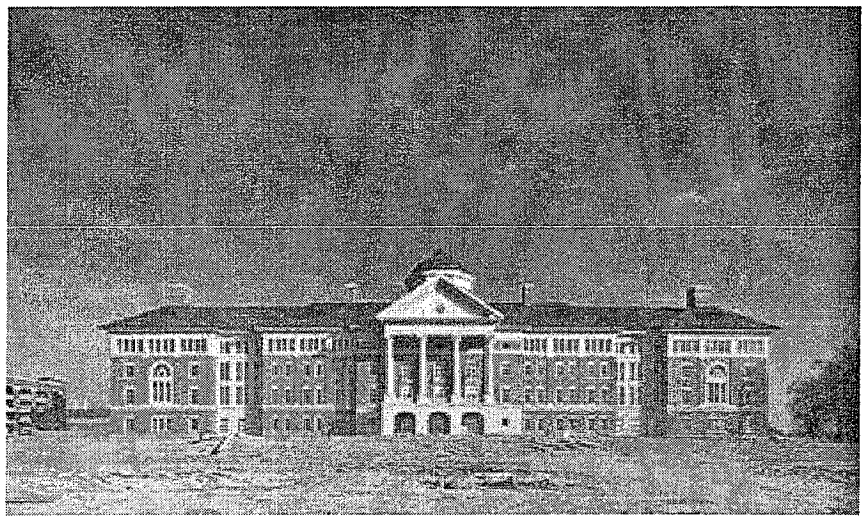

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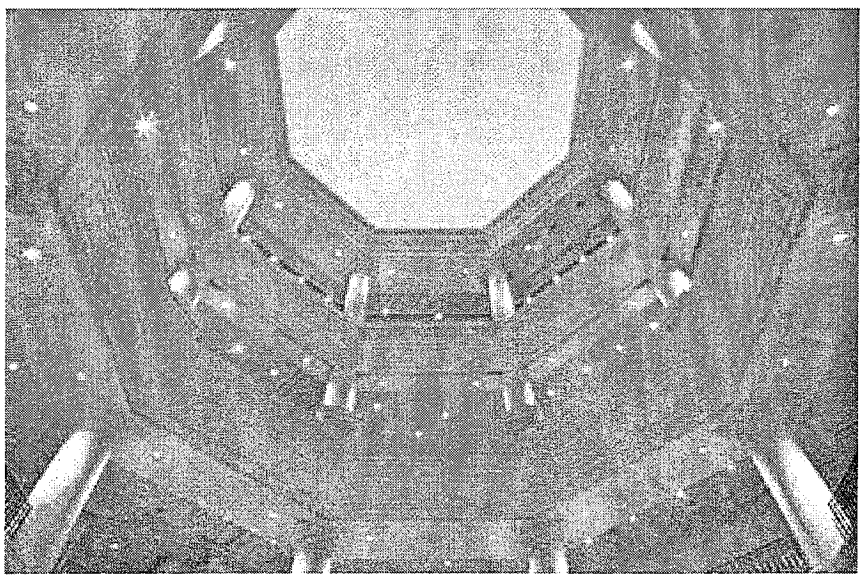
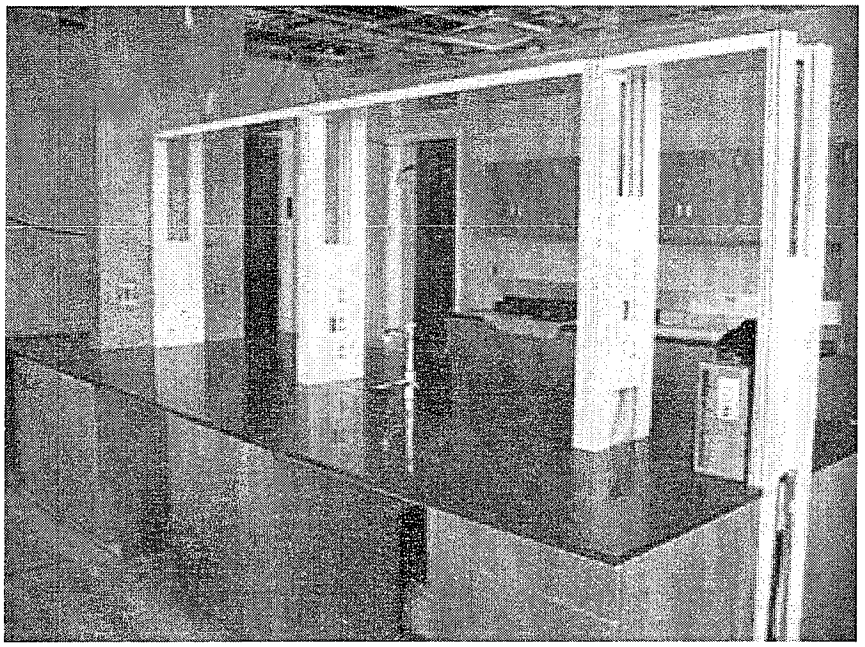
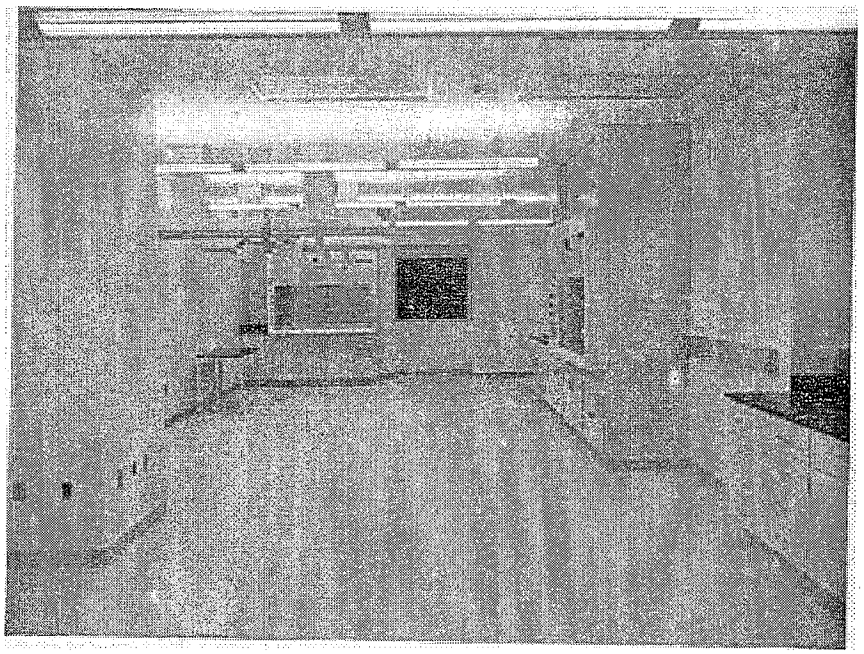


Core Laboratory Rotunda



Laboratory Area



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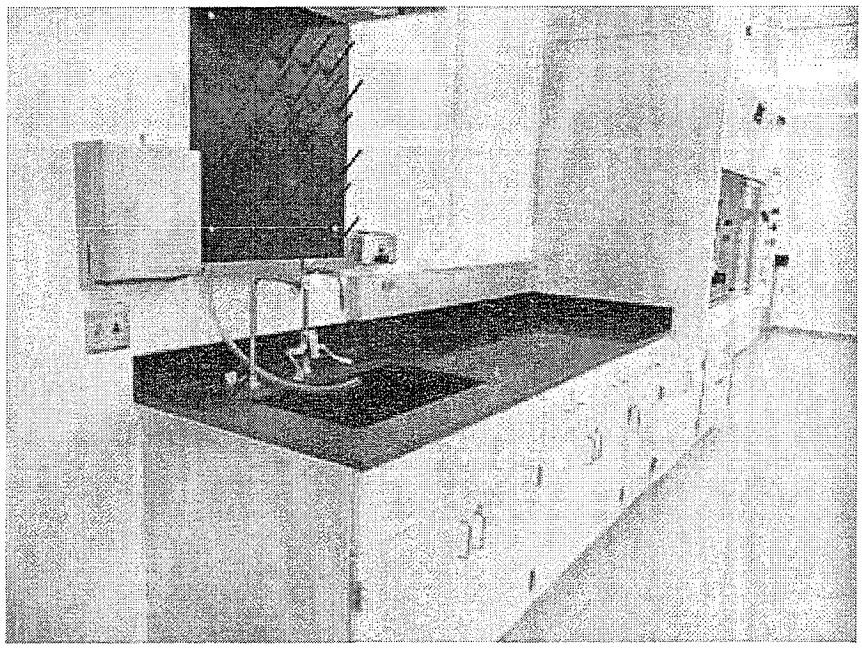

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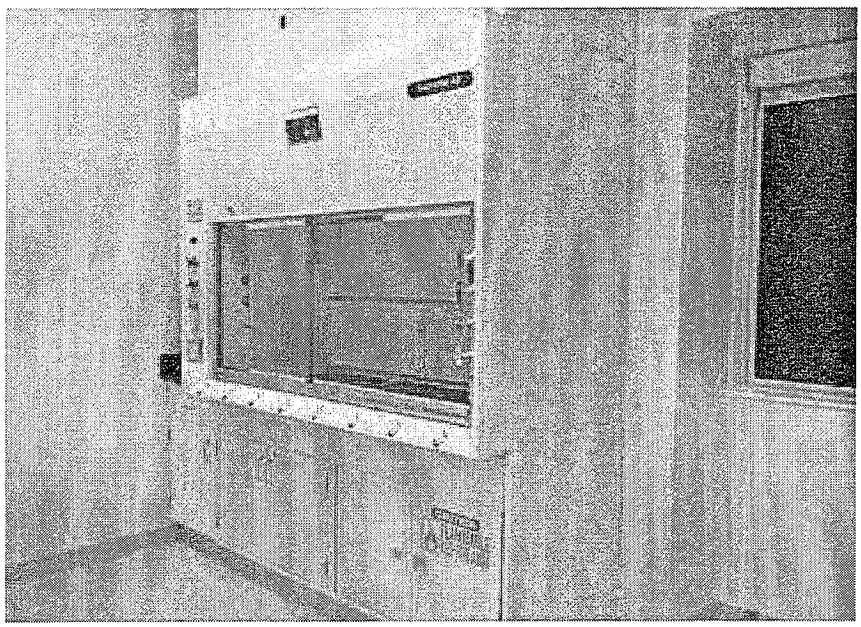

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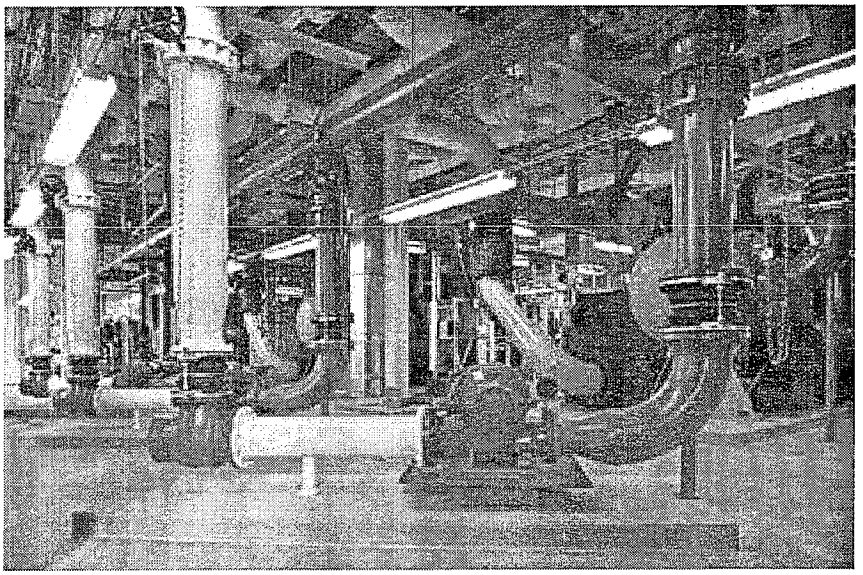

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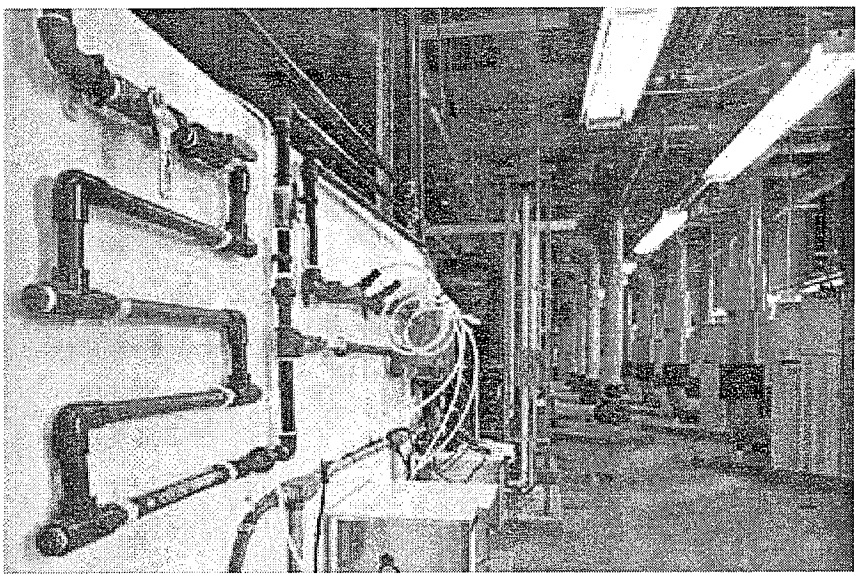

Core Laboratory