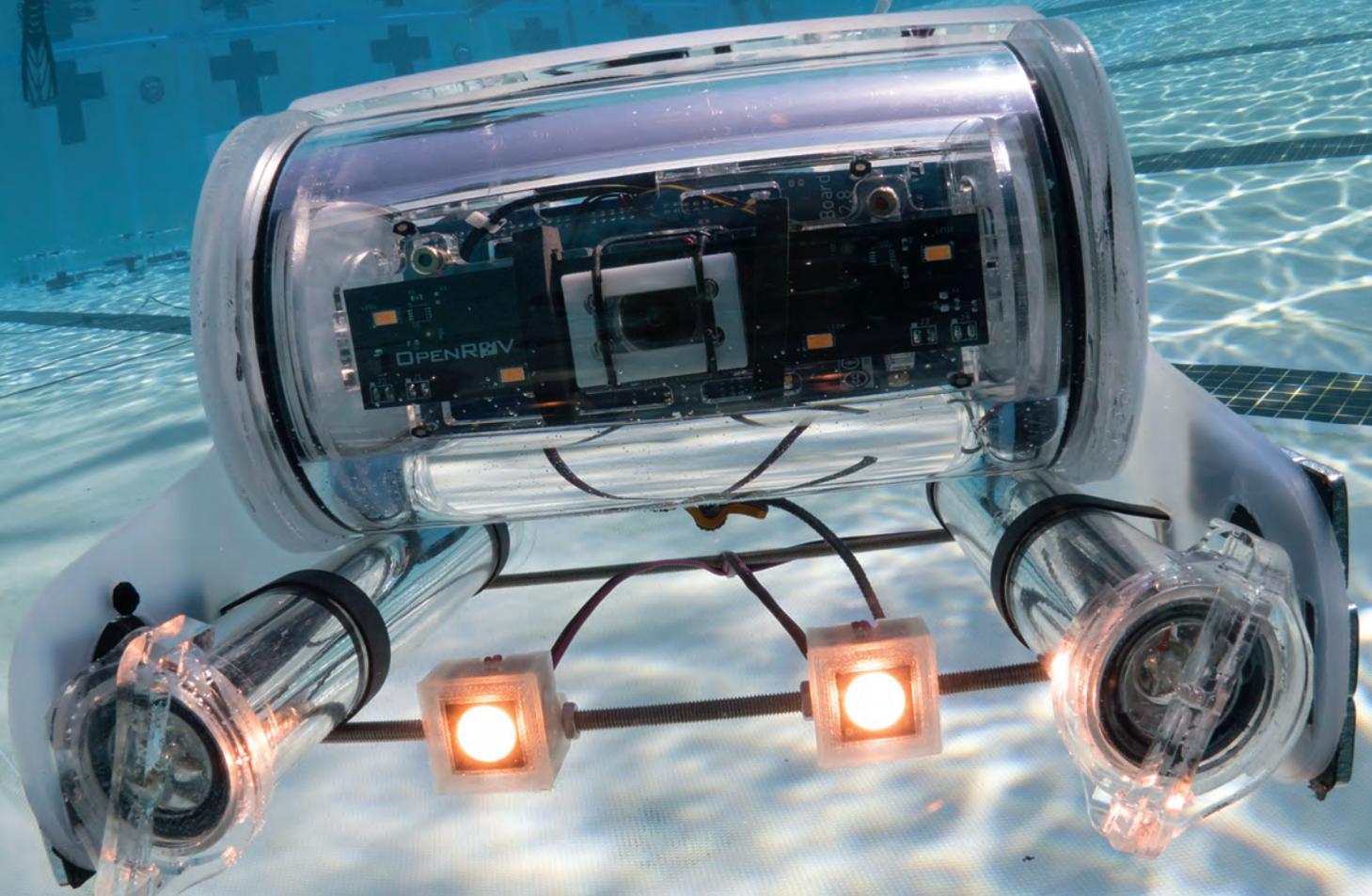


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*Office*  
423.854.0140  
news@bjournal.com

*Publisher*  
William R. Derby  
bderby@bjournal.com  
423.979.1300

*Co-Publisher*  
Jeff Derby  
jderby@bjournal.com  
423.306.0104

*Managing Editor*  
Scott Robertson  
srobertson@bjournal.com  
423.767.4904

*Marketing Coordinators*  
Maggie Cooper  
mcooper@bjournal.com  
423.863.0750

Richard G. Preston  
rgpreston@bjournal.com  
423.262.7760

Robin Williams  
rwilliams@bjournal.com  
423.794.6938

*Creative*  
Derby Publishing, LLC  
Graphics Director / Judd Shaw  
jshaw@bjournal.com  
423.833.2726



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# Teachers signal support for Tennessee's workforce-driven education agenda



The early returns are in on Tennessee Governor Bill Lee's administration, and if you own or operate a business in the Volunteer state, you're probably feeling pretty good. Just as Lee's predecessor Bill Haslam labored to improve workforce development through higher education in Tennessee, so it appears Lee will do through K-12. Both men had a clear understanding that education creates opportunities for Tennessee's

children of today to become its prosperous citizens of tomorrow.

Haslam's Drive to 55 initiative put thousands on the road to a four-year or two-year degree. Thousands more have been directed through the Tennessee Pathways initiative toward certification of a needed skill, such as welding, mechatronics, IT (Microsoft, Adobe, etc), or medical fields (EKG tech, nursing assistant, pharmacy tech, etc.).

Now Governor Lee will face the first wave of political opposition to the details of his plans. How he and his administration work with the legislature will be very instructive for Lee-watchers statewide. As former heavyweight boxing champion Mike Tyson said, "Everybody's got plans until they get hit." Political observers have wondered whether Tennessee's two largest teachers' organizations would deal the first blows, as they have legislators in both parties willing to lace up the figurative gloves on their behalf.

Plans to invest more than \$12 million dollars in financial aid to add nearly 7,000 students to the rolls of those seeking a degree or certification will likely sail through the legislature. Just so, spending \$71 million for a 2.5 percent pay raise for teachers will likely draw little blowback. By now, most taxpayers realize that too many good teachers have fled the state over the years for higher paying jobs in bordering states.

But in Lee's State of the State address March 4, he said, "education must be aligned with the needs of the job creators of today and tomorrow. To accomplish that, our students need more guidance, our teachers and principals need more support, and our parents need more choices..."

The reaction from the Tennessee Education Association (TEA) and Professional Educators of Tennessee (PET) to the word "choices" was swift.

TEA President Beth Brown released a statement saying, "We have concerns about Lee's proposal to increase funding for charter schools and pave the way for rapid charter school expansion. Charter schools are proven to destabilize public school budgets and damage existing classrooms where there is rapid expansion. Charter schools need to be a local decision, because local taxpayers bear a majority of the costs."

PET's Executive Director, JC Bowman was more circumspect, saying, "If a charter school is effective, then facility dollars may be a good investment. However, if a charter school fails to deliver on its promise of a quality education then the investment is a waste."

But even the PET, which often leans to the right of the TEA, was unconvinced that one part of the Lee plan, Education Savings Accounts, isn't a toe in the door for something else. Lee championed the accounts, saying, "ESAs will enable low-income students from the most under-performing school districts to attend an independent school of their choice at no cost to their family. I know there's concern that programs like this will take money away from public schools, but my ESA plan will invest at least \$25 million new dollars in public schools in the first year to fill the gap when a student transfers to another school."

But Bowman said, "By targeting districts that are lower performing, Governor Lee may be able to pass it through the Tennessee General Assembly. Nevertheless, ESAs do not guarantee improved school effectiveness or outcomes, better parental involvement, and certainly no increased systemic investments in public education...we have concerns regarding the implementation of the plan as presented, as well as future expansion."

The good news is that both teachers' organizations made it clear in their statements they plan to stand with Lee on his workforce agenda. "TEA supports his commitment to increasing career technical education programs, STEM initiatives and teacher salaries," Brown said. Bowman added, "(the governor's plan) facilitates new partnerships between industry and our schools, and a more concrete connection between labor and education, which is a direction that the federal government has taken the past few years. The state will also expand and improve offerings in STEM, and CTE is a major priority. We applaud those investments in education."

Business, in turn, should applaud that stance. Maybe, just maybe, Tennessee is taking real steps away from "teaching to the tests" in favor of "teaching how to live productive, prosperous lives in our own communities."

# Healthcare The Business Journal HEROES of Tri-Cities Tennessee / Virginia



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Nominations are judged based on the impact nominees make on the community, the difficulty of their accomplishment, innovation of their work, their leadership qualities and the quality of the nominee's documentation.

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**MERITORIOUS SERVICE AWARD:** To an individual who has shown excellence in administration.

**SUPPORT SERVICE AWARD:** To a provider for outstanding assistance in the field of health care.

# Pending home sales see sharp increase

Approved contracts for home sales in the 11-counties monitored by the Northeast Tennessee Association of Realtors (NETAR) saw substantial month-over-month and year-over-year increases in January. At the end of the month, there were 948 active, pending sales in the region.

Pending sales are forward-looking indicators based on new contract signings reported by Realtor Property Resource (RPR).

The number of new pending sales was up by 218 from December and 205 from January last year. Last month's total new contracts - 714 - was the largest monthly increase since 2015.

Active, pending sales were up 234 from December and up by 406 compared to January last year. It was the largest monthly number of active approved contracts since April 2016.

Pending sales usually move to closings in 30 to 45 days.

Some of January's spike in the active category is probably a leftover from the federal government shutdown, which delayed some closings.

The spike in new contracts is likely a reaction to a monthly progression of mortgage rate declines.

"Lower mortgage rates are making homes more affordable in the months before the housing market heats up for the spring buying season," NETAR President Karen Randolph said. The 30-year fixed rate dropped for the third week in a row and stood at 4.35 percent the week ending Feb. 21 "Buyers are looking at this drop as a signal the spring rates will be at one-year lows during the upcoming peak buying and selling season. "The big challenge for buyers will be a tight inventory and higher sales prices," she added.

A sale is listed as pending when a contract has been signed, but the transaction has not closed. It's not uncommon to see as many as 5 percent fall through. Lately, that fall-through rate has been higher due to more sales of a current home and financing contingencies. Pending sales in this report include single-family, townhome and condominium contracts.

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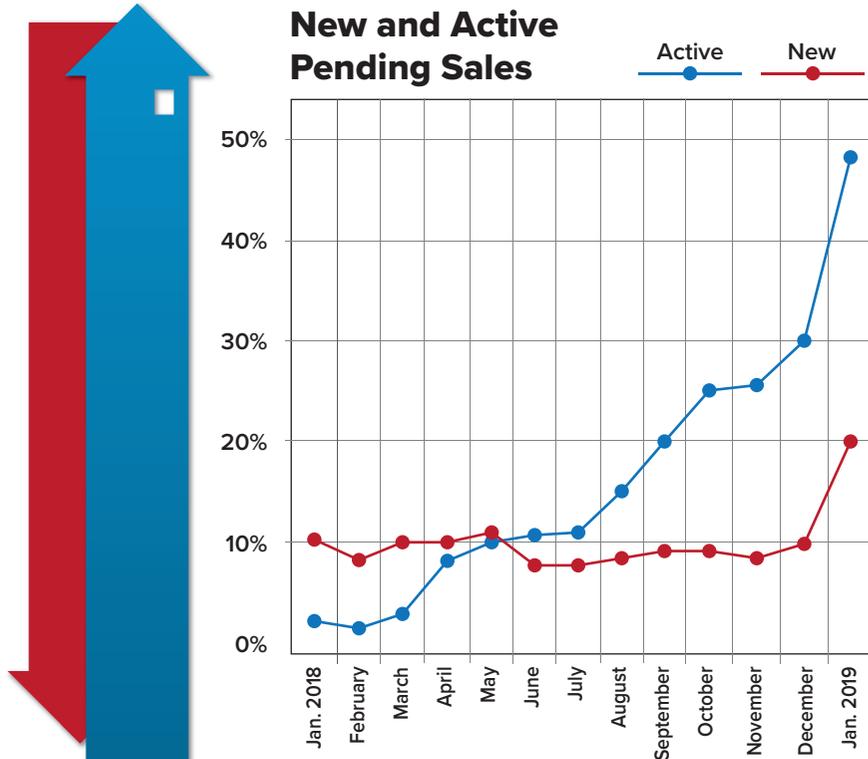


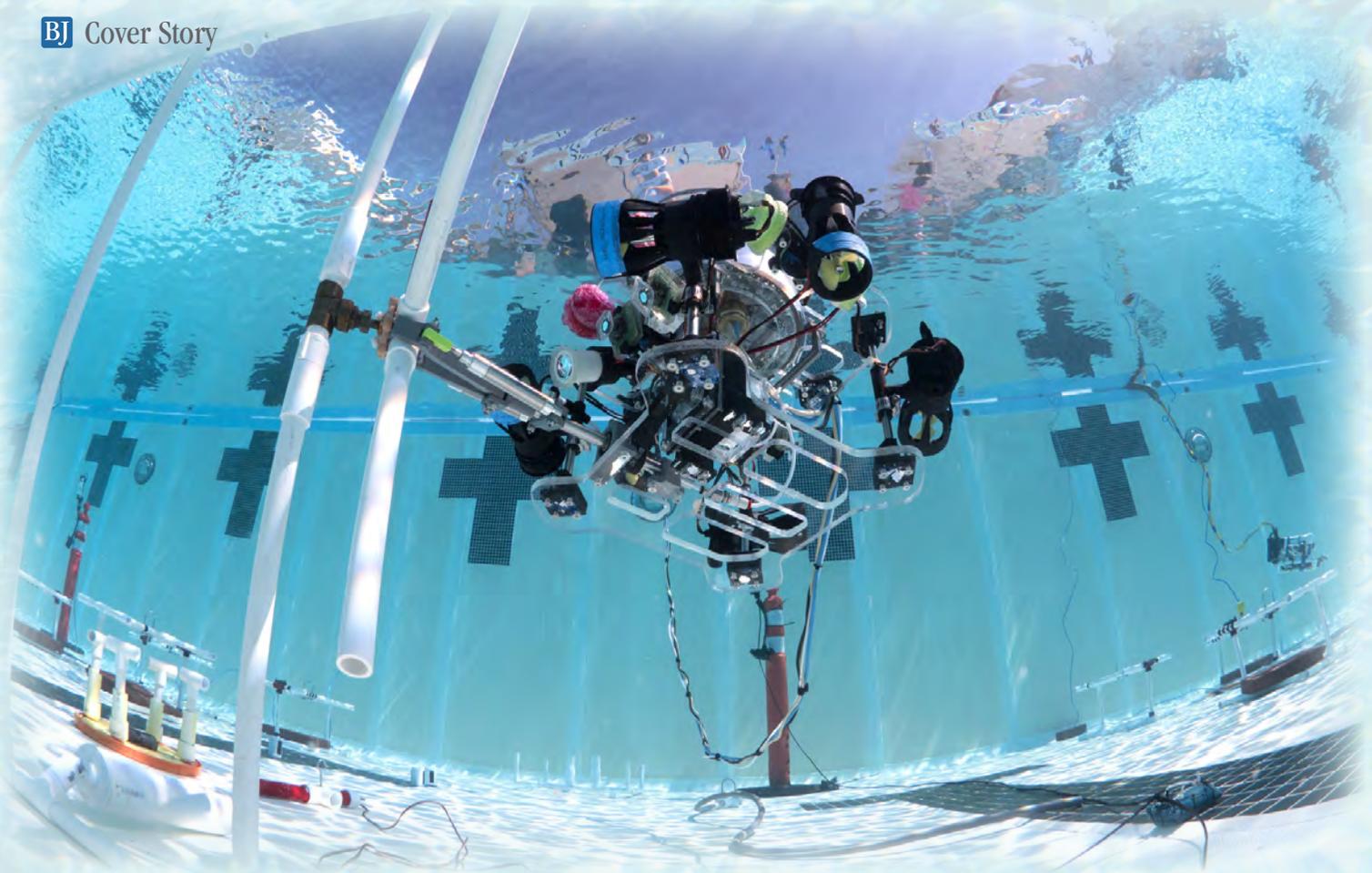
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# The 2019 MATE International ROV Competition

Direct economic impact and long-term workforce development promise make upcoming event a win for all involved

by Scott Robertson

This summer, around 1,500 of the brightest young minds in the world will congregate at the Kingsport Aquatic Center for an international robotics competition. They will have designed and built underwater remote operated vehicles (ROVs). They will have mastered the mechanics, physics and marketing skills necessary to build a successful company. And, they will bring with them the ambition to prove they are the best in the world at what they do. They will come from Asia, Australia, Europe, the Middle East, Africa and the Americas – and, if all goes well at a regional competition in April, from Johnson City and Kingsport, Tennessee.

The Marine Advanced Technology Education (MATE) International Competition, scheduled for June 20-22, will challenge teams of students in age categories from kindergarten through college to prepare underwater robots for missions set in rivers, in lakes and at dams. It's actually a far cry from the first MATE competitions, which were designed to teach students the skills needed to operate the ROVs that service oil rigs in the Gulf of Mexico. Over the years, the competition has moved its headquarters to California and broadened its scope to teach the skills

necessary for the ocean-based workforce.

Still, how did the 2019 competition end up 400 miles inland?

To trace this stream to its source, one must look back to a meeting of two old friends in Georgia a few years ago. Dennis Courtney was playing host to his former schoolmate David Golden. Courtney was running a robotics program that helped disadvantaged minority students develop skills that would take them into college and beyond. Golden was a vice president at Eastman.

After a pleasant conversation turned into a seven-hour discussion, Golden convinced Courtney to come to Kingsport, bringing his robotics programs with him under the auspices of an organization called Streamworks, powered by Eastman in Education.

"I have to give credit to Eastman because we wouldn't have underwater robotics if it hadn't been for their interest in the ocean sciences," Courtney says. Eastman had a close relationship with the Woods Hole Oceanographic Institute. At Golden's urging, Courtney visited Woods Hole, where he observed the institute using ROVs to study how microplastics were being introduced into the food chain.

As Eastman worked on ways to address the problem of waste plastic as part of its global sustainability initiatives, Courtney became fascinated by the underwater ROVs and how they could benefit students in the Appalachian highlands. His research led him to the MATE Center.

Courtney cold-called the MATE Center, asking if they would be interested in working with entities in Tennessee. It seemed a stretch, since MATE was created to help develop the ocean-related workforce and Kingsport is 400 miles inland, but MATE Inspiration for Innovation President Jill Zande was open to the idea.

Kingsport hosted a regional competition last year, and teams from Kingsport's Dobyns Bennett High School and D-B Excel, a Tennessee STEM school, advanced to the International Competition in Tacoma, Wash.

Then a funny thing happened. The Massachusetts Institute of Technology (MIT) has been penciled in to host the 2019 competition, but decided that 2021 would be a better fit. That left the door open for Kingsport.

So, instead of having the teams' ROVs perform ocean-related tasks this year, the competition will involve simulated dam repair, the observation of a river-based ecosystem and the salvaging of a Civil War era cannon from the bottom of a river. One remarkable feature of the MATE competition is its real-life feel. Zande says the teams form companies with corporate hierarchies and separate responsibilities, from engineering to piloting to marketing. "You could build an underwater robot and it could perform well and you could be an awesome pilot. But if you can't communicate your work and explain what you did to show that you actually learned something and understood it, I mean that's a big piece of it for us. It's not just about winning, it's just not about building the robot. We really want the students to have learned and gained something, gain some skills along the way." So, for instance, instead of just being handed a list of rules and objectives, teams will be given a request for proposals from Eastman.

Makaila Freeman, CEO of Dobyns-Bennett's team last year is now on staff working for Courtney at Streamworks. "We not only had to create the robot and prove we could do the tasks with it," Freeman says, "we also had to make a 25-page technical document showing the features of the robot and a marketing presentation just like a business."

Freeman recently met with the Science Hill High School team from Johnson City at Streamworks' STEM Gym facility in Kingsport. A Dobyns-Bennett student helping a Science Hill team would have been anathema not too long ago, but in MATE competition, professional courtesy is encouraged, just as it is in the business world. It's a nice display of regionalism at the very least.

That's appropriate, Golden says, because the entire region stands to benefit from the MATE International Competition coming to the Appalachian Highlands, and not just from the short-term direct economic impact. "We don't want this to be an Eastman event. We want this to be a regional event. If the Chambers and the business community roll out the red carpet and make the best and brightest young people in the world feel welcome here, there's only going to be continued growth in the demand for this sort of thing."

The competition will be livestreamed worldwide, Golden says. "It's a great way to showcase our region." 



Gavin Bentley, Makaila Freeman and Quintin Folkner of Dobyns-Bennett and DB Excel PHOTO BY TARA HODGES, SWEET SNAPS



The Science Hill team listens to Freeman at the STEM Gym PHOTO BY EARL NEIKIRK



Freeman explains details of an ROV's construction to Science Hill CEO Thao Pham. PHOTO BY EARL NEIKIRK

# Cossey eager to leverage regionalism in airport's business development plan



Gene Cossey shows off the freshly minted TSA badge confirming his status as airport director. PHOTO BY SCOTT ROBERTSON

by Scott Robertson

Gene Cossey, who began work as director of Tri-Cities Airport in late February, says the regionally unified mindset that made funding Aerospace Park possible can work for the airport in other ways as well. He's eager to prove the point.

"I saw in my research and heard from the board, a strength (of the TRI) is the way the community has embraced this airport," Cossey told *The Business Journal* a week into his tenure in Blountville.

The three cities and two counties that own the airport came together to back the bond issue that allowed the state of Tennessee to grant the rest of the funds for Aerospace Park construction. At the time it was hailed as a triumph of regional spirit. That coming together of cities and counties as a united community for the benefit of the airport's economic development effort caught Cossey's eye.

"One of the things I like about this region is that there's just a ton of potential here," Cossey said. "You don't see this very often. This is very challenging to do and getting two counties and three major cities plus all the other towns and areas in the region behind something like that is just phenomenal.

"I think one of my first things I need to do is jump into the air service development and get more community involvement, more interaction from the community on that," Cossey said. "I haven't seen that there's the same huge backing towards driving and building and developing the air service," Cossey said. "To that, I'm not saying that people wouldn't be willing to do that, I just haven't seen it yet."

Were the airline industry not suffering from a pilot shortage

right now, Cossey said, he would expect the TRI to have more flights and more carriers. The key to getting those additional carriers as soon as possible is to be ready when the economy shifts, and that's where Cossey said the regional effort comes into play.

"If we drive that community support, we make things easier for the airlines to invest here and recoup their investment faster. I haven't looked into enough yet whether or not this is ideal for here or if it's not ideal for here, but you can get groups together to build revenue, guarantee packages. You can get groups together to build marketing packages. There are different things you can do to make yourself more attractive to the airlines.

"Just like any other business," Cossey said, "(the airlines) want to know, 'When I go into this new airport or I expand service in an airport, I'm already at that level where my investment is going to be returned and it's going to be returned quickly and that I'm going to be more profitable there and then I am going to be in the airport 200 miles down the road.'"

"One of things I always tell people is, 'this is your local airport. This is your hometown airport,'" Cossey said. "The reason I use that wording is because it is a regional asset and is something that is yours. So, getting involved with the community, getting people to understand they have to use this asset and they have to take care of this asset is vital. The more people are using this airport and trying to make this their first choice, the airlines will eventually see that, and they will start adding (flights), to keep up with that demand." ■

# *the* Business *of* Aging



More than one in five residents of the Tri-Cities region is over the age of 64. That makes this region a leading economic indicator for America, which is projected to reach that same “super-aged” status in around eight years.

The early graying of the region presents challenges for business, but it also creates opportunities. In this special section, you’ll meet a retired banker who has entered the gig economy as an Uber driver and artist. You’ll hear from legal and insurance professions about the fiscal ramifications of hitting what used to be considered mandatory retirement age. You’ll hear from geriatric care experts about communicating with seniors in a business setting, about keeping the senior workforce (and customer base) active, and about the one preventive measure that could cut the region’s trauma care bill considerably.

The region walks a demographic tightrope. It must attract young talent for the sake of its future. At the same time, this region, more than most of the nation, is dominated by the economic reality of today: The Baby Boomers have 70 percent of the disposable income. This is the business of aging.

Photo by Earl Neikirk



# Oil on canvas, Oil in the Uber:

Scott MacMorran's third act mixes entrepreneurial spirit, artistic freedom

by Dave Ongie

**T**o hear Scott MacMorran tell it, he's had a rewarding career in the arts interrupted by a 27-year stint in the banking business.

As a young man, the Spencer, Ind., native was a talented musician who picked up a pair of music performance degrees from Ball State and Ohio State. Upon graduation, he was selected to participate in the highly selective Aspen Music Festival and also performed for two seasons with Colorado Philharmonic. But, after seven years of teaching music at Southern Mississippi and Ohio State, MacMorran switched gears.

"I found it kind of a hard way to make a living," MacMorran says.

So, he landed at East Tennessee State University, where he earned his MBA, and in the process, forged a path into the banking industry thanks in part to his assistantship to the chair of banking at ETSU.

As MacMorran looks back at his career in the financial services sector, he says he was fortunate to rise through the ranks the way he did. Prior to his retirement in 2012, the Bristol, Tenn., resident was the Tennessee consumer banking executive for Capitol Bank, making him responsible for more than 60 branches in three states.

The concept of retirement is different for everyone, and in MacMorran's case, his third act has turned out to be a harmonious blend of the first two acts of his life. To feed his artistic side, MacMorran spends much of the day in his studio painting.

"I knew I wanted to do something meaningful when I retired," MacMorran says. "So, I started painting a couple of years before I retired and I concentrated on black-and-white oil on canvas portraits."

MacMorran never seriously considered becoming a painter until a chance meeting with an Icelandic artist named Bergny in Asheville about two years before his retirement. MacMorran struck up a friendship with the artist after buying a couple of her paintings, and she suggested the former musician give painting a try. Thus began a journey of trial and error that led MacMorran down a fulfilling and unexpected path.

"I just started splashing around a little bit, and I liked the feel of it," MacMorran says. "I was just doing kind of abstract things at the time. I've got a closet upstairs full of awful stuff."

It was a documentary on the New York artist Chuck Close that pointed MacMorran in the right direction. Close's portraits refocused MacMorran and allowed him to find his niche in the world of art. "I came up really with my own technique," he says.



PHOTOS BY EARL NEIKIRK

“I don’t see anybody else doing quite what I’m doing.”

MacMorran’s work caught the eye of his friend Steve Johnson, who commissioned portraits of Dan Marino and Darius Rucker to be presented to each as gifts. All told, MacMorran estimates that he has done around 130 portraits, most of them of friends and family.

But, when the solitude of his studio starts to make him yearn for a connection with the outside world, MacMorran flips a switch on his smartphone and waits for an Uber or Lyft client to request a ride.

“The banking business was very much a people business, and what I’ve elected to do in retirement is really a solo venture,” he says. “It’s just the canvas, the paint brush and me, so Uber and Lyft has been really neat to get me out and be sociable still.”

MacMorran says he got the idea to start driving people around after hearing Tennessee State Senator Jon Lundburg had begun driving for Uber on the side as a way to connect with his constituents. MacMorran says driving for Uber and Lyft allows him to meet a wide variety of people.

“I’ve been really surprised how many people, local people, need transportation for whatever reason,” he says. “Older folks needing to go to doctor’s appointments, people having car trouble temporarily... It’s been really fulfilling to be able to get out of the house, meet new people and make a little extra money in retirement that I hadn’t planned on.”

The reality of MacMorran’s retirement is one he could not have possibly imagined when he embarked upon his banking career over three decades ago, but he is thrilled with the fulfillment he is finding on a daily basis.

“The driving thing kind of evolved by chance really, and it’s just turned out great,” he says. “I had a short and fairly successful career in music, and now that I’m painting, I feel like I’ve come back to the arts.” 



# Doing business in a super-aged region: challenge, opportunity or both?

by Don Fenley

By the end of this year, all Baby Boomers will be 55 or older. Boomers were born between 1946 and 1964, and there are about 74 million of them. That was 23 percent of the U.S. population in the 2017 Census count. In the counties that make up the Business Journal’s Northeast Tennessee and Southwest Virginia circulation zone, they number just under 200,000 – a little more than 26 percent of the population.

Comparing the local population by age to the U.S. shows the region’s seniority begins showing up with those 45 to 55. The largest population share difference is in the 60 to 64 years-old and 65 to 74-year old groups. The median U.S. age is 37.8 years. Locally it ranges from 46.3 years in Buchanan, Scott and Russell counties to a spry 39.8 in Washington County, Tenn. Most counties have a median between 44 and 45. That puts the region about eight years ahead of the nation in the generational tilt toward old age. And, that’s where the challenges of defining old age or how it will redefine the region is a gray area.

If this region were a country, it would be what the rating agency Moody’s called “super-aged” in a recent report\*. Currently, three nations have the dubious distinction of being super-aged: Japan, Germany, and Italy. By 2020 there will be 13. This tidbit is in Moody’s wheelhouse because it benchmarks a demographic transition already at play in the local economy. Elena Duggar, Moody’s vice president and one of the report’s authors, said yesteryear’s “demographic dividend” that fueled growth has mutated into a “demographic tax” that will significantly lower economic growth.

## A boon to the economy?

Moody’s gloomy conclusion isn’t universally accepted. And, the report does say policy reforms to improve labor participation rates, streamline migrations and improve financial flows can mitigate the impact of an aging population on economic growth. It also points out innovation, and improved technologies can blunt the negative effects of fewer workers.

A contrarian opinion comes from Joseph Coughlin. He’s the director of the Massachusetts Institute of Technology’s Aging Lab and author of “The Longevity Economy: Unlocking the World’s Fastest-Growing, Most Misunderstood Market.” Coughlin’s research and insights warrant equal consideration in areas like

Northeast Tennessee and Southwest Virginia. The region is already ahead of the aging curve that has yet to crest over the U.S. But, adapting an economy and culture that accommodates both aging residents with the even-greater rising number of Millennials and Generation Z residents isn’t widespread. In fact, many political, civic and business leaders continue to look at elder-increase as a problem to be solved instead of a new opportunity.

Most economists will tell you that the result of workers aging out of the labor force results in a proportional economic decline. It’s simple, fewer workers less output – unless there’s a new technology that boosts productivity.

But there’s another option. Winnowing labor cost by offering early retirement buyouts – or middle management staff reductions – was popular during the recession. Combined with the natural forces of a demographic where 30 Tri-Cities residents a day are turning 65 has resulted in a labor force participation rate quite a bit lower than the U.S. norm of 63 percent. Precisely how much lower is problematic. Census Bureau data necessary to calculate it on a county level is available on an annual – not monthly basis. But the most current reports offer a glimpse of the landscape. It shows the annual rate ranges from a high of 59.8 percent in Washington County TN to a low of 40.1 percent in Buchanan County.

A low labor force participation rate isn’t the only issue. Data show that almost one-in-four local people is working part-time.

Last year unemployment rates dipped to record lows and employers had a tough time filling empty slots. It focused the labor market supply and demand on older workers. That trend is not a short-term reaction to low unemployment.

The Bureau of Labor Statistics projects the labor force growth rate of Baby Boomers will be faster than any other age group. Restaurants that are recruiting are placing want ads in the American Association of Retired People (AARP) publications and at senior centers. These businesses want older workers because they’re available in large numbers, because they are punctual and because they generally have a friendly demeanor – soft skills many younger workers often lack.

An analysis by Liscio, an investors research publication, found Americans 55 and over made up about half of all 2018 employment gains. Locally, Census data show 43 percent of the local population in the prime labor force age range is 55 or older and the trend for

AGE	REGION	U.S.
under 5	4.8%	6.2%
5-9	5.3%	6.4%
10-14	5.8%	6.5%
15-19	5.9%	6.6%
20-24	6.2%	7.0%
25-34	11.4%	13.7%
35-44	12.2%	12.7%
45-54	14.1%	13.4%
55-59	7.4%	6.7%
60-64	7.2%	6.0%
65-74	11.5%	8.6%
75-84	6.0%	4.4%
85+	2.1%	1.9%

*Compiled from U.S. Census Bureau American Community Survey 2013-2017*

*Business Journal circulation area compared to U.S. population shares by age group.*

workers that age is pacing the national trend.

Some of the older workers are in it to supplement retirement incomes. But another segment is entrepreneurs. A Guidant Financial survey of more than 2,600 small business owners and entrepreneurs found that elders were using their work experience, professional networks, and stable financial positions to become business owners. Entrepreneurs over 50 make up better than half of America's small business owners, and a third of them are between 50 and 59. The survey reported that almost half of the respondents were starting new businesses to pursue a passion. Other notable findings were 32 percent said they saw an opportunity current business was not filling, and 22 percent were entrepreneurs because they were fed up with corporate America. It's this group who are prime relocation targets for cities and counties scrambling to boost their population and new small businesses.

### The aging consumer pool

According to one survey, Baby Boomers are projected to have 70 percent of all U.S. disposable income over the next five years. And women will control much – if not most – of it. One of the premises of Coughlin's book is the elderly population is a vastly overlooked market. An AARP study backs that up. Its research found that despite their wealth elders are targeted by just 5 to 10 percent of all marketing.

The flow of Social Security payments into the local area is one indication of that wealth. Census data show almost half of the local

households receive a Social Security check every month. And Social Security reports put the monthly average of those checks \$250 million.

Despite the lack of marketing to elders and their sometimes-underestimated value as a labor force component, some firms are adapting to marketplace evolution toward what elders need and want. For example, CVS has a project to remodel stores to accommodate elders. The firm, which spent \$70 billion to buy Aetna, has a project to convert some stores into health care destinations. It envisions CVS hubs that offer both health care products and services. The target audience is people with chronic illnesses like diabetes or heart disease. The goal is a venue to manage those conditions in a way that's more convenient – and less expensive – than traditional medical services.

There's also a growing demand for transportation services that will likely outstrip the ability of local public transportation systems' resources. Think about a modified Uber or Lyft modeled to elders who don't or can't drive, but still have transportation needs.

Financial advisors – a labor market sector that's seeing local growth – are also paying attention. Coughlin was the keynote speaker at a recent Health and Wealth Leadership forum, hosted by Investment News to help the group map strategies to fit the paradigm shift. He advised them to become advisors with lifestyle solutions, not just financial and investment information. A financial

SEE REGION, 16

“(This region is) about eight years ahead of the nation in the generational tilt toward old age.”

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## **BJ** The Business of Aging

### **REGION, CONTINUED**

services panel agreed and pointed out their firms are already doing things like helping clients plan for Medicare and other healthcare needs. Coughlin suggested firms single out local experts in transportation, senior housing and housing modification as a new segment for their services.

The housing industry is also a big disruption target. There are some very visible local examples, but they are the exception. Examples include The Blake in Kingsport. Its business model is the resort approach to a senior living center. It's expensive, but it was at capacity before construction was finished.

Current estimates show an average of 26 area residents moving into their mid-70s every day. That will continue for another 15 years. It's projected that the 75+ group will increase by 36 percent in the coming decade. That makes elder care a growth industry. And it comes with sticker shock. Genworth Financial's update on the local costs and projections illustrates the demand. The study found elders in semi-private nursing homes in the three-county Johnson City Metropolitan Statistical Area (MSA) currently pay a median cost of almost \$77,000 a year. When the aging tidal wave crests, the cost is projected at \$103,257. In the four-county Kingsport-Bristol MSA, the current median semi-private cost is \$73,000. By 2028 it's expected to be \$98,106.

Of course, nursing home care is the pinnacle of the cost pyramid. Some elders live at home with family caregivers. Others contract for homemaker services and home health aides. And the demand for adult day care is growing just as fast as the aging population.

Homemaker and home health aides that allow elders to continue living at home – with help – currently cost about \$119 a day. Adult Day Care is available for an average of \$50 a day in the Johnson City MSA and \$96 a day in Kingsport-Bristol. Assisted living – and intermediate level long-term care – comes with a median cost of \$137 a day in Kingsport-Bristol and \$127 a day in the Johnson City MSA.

### **Boomers still rule**

This region is already super-aged and the trend will continue playing out years to come. The region's death rate is higher than its birth rate, so there is no natural population growth. Many new residents attracted to the area fit into - or are nearing - the older population profile. There are signs that the region is beginning to adapt, but progress is slow even though the trend will touch – or disrupt – almost every form of business and civic and political life in the region.

A profitable future is on the horizon for the broad spectrum of businesses. Enterprises that figure out what elders need and want instead of just providing base-level needs stand to profit. Those who don't adapt should remember that Boomers have changed the culture and economy ever since their parents began diapering them. They have a history of rewarding businesses and institutions that accommodate them and punishing those who take them for granted. MIT's Coughlin says that shouldn't be expected to change. **BJ**

*\*Super-aged is defined as an area where more than 20 percent of the population is 65 or older.*



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# The graying population's effects on non-medical professions

Insurance industry dealing with aging driving population; attorneys helping seniors avoid surprises

by Scott Robertson

**N**on-medical professionals like insurers and attorneys are seeing the effects of the graying of the population just as much as their medical field counterparts. Some of those effects are surprising, others are rooted in keeping seniors from encountering unwelcome surprises of their own.

## Insurance

One might think the insurance industry would be bracing for the effects of the Baby Boomer generation's impact on the life insurance marketplace. In truth, the industry has done a relatively good job of anticipating that impact. Unfortunately, the auto insurance industry has been a bit slower. Slower as in, man with a hat driving 10 miles an hour below the speed limit in the passing lane slower.

"You ask how our industry is reacting to the graying," says Rush Powers of Burke, Powers & Harty. "We don't react that quickly because my industry is heavily dependent upon statistics. So, when we see the trends coming, every underwriter you talk to will tell you that auto rates are still depressed and not where they need to be across the board. Every company will tell you that. But, there's a lag time between what starts trending in 2017 to rate changes in 2019."

There are a couple of reasons for that lag, Powers says. "First of all, we've got to get the statistics in to see what claims are being paid. Then we have to file rates with the state of Tennessee for any adjustments. And that all takes time."

So, as the number of claims related to distracted driving among seniors (and among younger cell-phone addicted drivers) increases – and even though there's ample research indicating left turns at intersections and entering and exiting interstate highways are particularly dangerous for seniors – the industry is having to fight its way through living up to its own standards while also dealing with government regulation before it can adequately react.

## Legal

Many entrepreneurs, especially small business owners, leave their families an unwanted surprise because they haven't adequately planned for their own demise during the golden years when they had that opportunity, says Art Fowler III of the law firm of Fowler & Fowler. As they age, some entrepreneurs become more convinced they need to be the biggest cog in their business. In fact, Fowler says, just the opposite is true if there is no plan to sell the business before

the entrepreneur passes. "What you need to understand," Fowler says, "if the biggest assets that you're passing on to your spouse or your kids is your business and you're the sole reason why the business operates, it's worthless when you die."

That's hard for many senior entrepreneurs to accept, Fowler says. Still, he adds, "You've got to be able to let go of your baby."

Even if seniors have set up devices such as trusts to help transfer funds in an orderly fashion, Fowler says, unwanted surprises may still await if the senior hasn't kept current on how the trust works. "A lot of times I see these people who have trusts but when I'm trying to probate their estate, it's not what they – the laws changed – it's not what they needed."

Fowler worked with an estate in which \$2 million was put into a trust with the rest going to the wife. The documents had been drawn up in the 1980s with the idea of keeping the farm in the family. But by the time the husband passed, the bulk of the estate was wrapped up in the farm. "So, a trustee is going to sell that."

The bottom line for seniors is to keep abreast of their own insurance and legal status, and to arrange for capable assistance as time goes on. **BJ**



Rush Powers



Art Fowler III

20

19

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Falls account for half of all trauma cases in the Tri-Cities.



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# To keep your business on its feet, keep your employees on theirs

by Maggie Cooper and Scott Robertson

It's something so simple. Yet it can have massive effects on the life of an individual, the quality of life of his or her family, and, when taken in larger context, the economy of the region. It is the act of falling down.

"Of the 5,200 trauma cases Ballad facilities handled last year, more than 2,000 were geriatric falls," Alan Levine said when announcing Ballad's new trauma plan late last year. The numbers seem stunning, but they are not out of line when compared to other regions. According to the National Safety Council, falls cost approximately 70 billion annually in the United States. Falls are the second leading cause of death in the workplace.

The good news is that although we tend to associate falls with elders, falling is not an inevitable part of the aging process. Yes, aging can increase risk, but lifestyle contributes more. For businesses, falls contribute to lost productivity, increased absenteeism and increased workers compensation insurance claims. It stands to reason then that with an aging workforce, healthy lifestyle promotion becomes even more important for employers.

On a macro level, Levine said when Ballad rolled out its trauma plan that he was planning for Ballad to, "do research on contributing factors to falls and hopefully reduce the incidence of preventable trauma."

On a micro level, though, there's no need to wait for studies, says Dr. Ronna New of Holston Medical Group. New is currently the region's only board-certified geriatrician. Every elder needs



Ronna New, MD



Maggie Cooper, LMT, HTPA

to be aware of fall prevention now (see page 21). The danger from falls isn't only from injuries sustained from impact, New says. There's also a negative psychological cycle that can begin after a fall.

"There's this fear of falling again that sometimes develops after a patient falls – and rightfully so," New says. "If any of us had had a fall, especially at that age, I'm sure we would be terrified of ambulating after that because of the risk of falling. But what we know is that patients who have a great fear of falling do not ambulate as much. And, of course, the less that we move, the less healthy we are."

So, if a patient falls and decides, consciously or not, "I'm not going to move," they increase multiple other health risk factors. "Everything from wounds to musculoskeletal problems to just overall decline in their health happens when they stop moving," New says.

The best way to prevent falls in the workplace is to stress to elder employees to be mindful about every step and to make sure that walkways are clear of clutter or any hazards.

"I always tell my patients, don't run to get to the phone," New says. "You can call back. Simple things like that in the whole make a big difference." **BJ**

*Maggie Cooper is an ACE certified personal trainer trained in functional fitness, brain fitness and FallProof Fall Prevention Program. She has worked with clients from age 9 – 100 and has specialized in working with elders.*

# Preventing falls at any age

1. Enroll in a balance and fall prevention program with a personal trainer to gain strength and stability. If you are 55+ choose a trainer who knows how to work with aging bodies.

2. Less sitting, more activity! We lose our abilities when we stop doing them. Always practice safely, but challenge your balance by stepping on and off curbs or walking on uneven surfaces. Enlist the help of a friend or family member.

3. Know your medications and their side effects by discussing with your pharmacist. Be completely open with your healthcare providers about all medications you are taking.

4 Get regular vision and hearing exams – both senses play a strong role in balance and staying upright.

5. Complete a home safety inspection – remove clutter, throw rugs, etc. Make sure cords are out of traffic areas. This is extremely important for assistive devices. Increase lighting – especially night lights.

6 Watch out for pets – provide training if needed to keep them calm and away from your feet.

7. Wear sensible shoes designed for the activity you are doing. A good orthotic insole can support your feet which are the founda-

tion for your body and this foundation needs to be stable. Also a properly fitting supportive sock makes a huge difference in comfort – especially if diabetic.

8. Use assistive devices if they have been recommended for you. Make sure they have been properly adjusted to fit your body and height by a professional. Pride should never get in the way of safety!

9. Don't be shy about asking your physician for physical therapy for balance and strength. Once you are released from therapy – you must continue the exercises given to you as an ongoing lifestyle. Many people make the mistake of thinking they are "fixed" and do not continue their prescribed exercise routine.

10. Healthy eating and proper nutrition fuel the body and create energy. Poor diet choices deplete energy. Dehydration causes dizziness – drink half your body weight in ounces every day!

11. Try yoga and Tai chi – both reduce stress and increase focus and concentration while building strength in the core, glutes and leg muscles.

12. Maintain arm swing and opposite hand/opposite foot movements when walking. We tend to develop a shuffle as we age and the body as a machine is meant to move with a reciprocating motion.

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# How well does your business communicate with elders?

by Maggie Cooper LMT, HTPA

**F**or most employees, communicating with elders in a work environment can be daunting. That's because most of us are untrained to do so effectively, and thus fail to realize when we are making ageist mistakes. That's unfortunate because an aging population brings with it both an aging customer base and a multi-generational workforce. The latter is truer today than ever before, as many elders lack the means to retire.

## Eliminating ageist mistakes

Ageism brings with it many unsavory practices such as patronizing language, simplified words, voice modulations and inattention – as if elders are not present. Here in the South, many a well-meaning person using terms of endearment such as “sweetie”, “dear” or “hon” over a tall glass of sweet tea can unintentionally offend – especially when it comes to elders. This way of communicating is called elderspeak and can be very insulting.

Elderspeak is defined as an intergenerational communication style that uses simplistic vocabulary, childlike tones and inappropriate terms of endearment. Elderspeak generally happens without the speaker realizing it. It is also easy to decide for someone what they can or can't do – discounting their own knowledge, opinions and self-image. You may be robbing your business of rich resources by using these practices.

Most older generations, especially baby boomers tend to think of themselves as 10-15 years younger than they really are. Elders then, want to be spoken to just as they were during their working years. They also want to be heard. They want to be productive. They want to be useful.

Older workers bring experience, strong work ethic, loyalty and dedication. What business can't benefit from that?

## Recognizing cognitive impairment

While an aging population brings with it a rich pool of wisdom, experiences and resources, for some, it also brings problems in cognition.

Businesses deal with the public every day and will experience interacting with people who have cognitive impairment. It is sometimes easy to recognize and other times, the person has learned to mask it well. It is important for businesses to train employees how to recognize cognitive impairment and how to effectively communicate with those individuals.

The person with dementia is dealing with confusion, anxiety, depression, irritability and decreased self-esteem with the intensity based on what stage of progression they may be experiencing. Short-term memory is impaired, so forgetfulness



of things that just happened is common. Repeating conversations or behaviors is also a clear sign. Change in behavior or activity level is also common.

If your customer or client forgets where his car keys are – that's distraction. If they pick up their car keys and don't know what they are for – that's cognitive impairment.

Communication that is done well from the start forms the foundation for a great relationship. When you think about it, no matter what your age or cognitive status, everyone wants to be addressed with respect. Any type of patronizing communication will cause resistive behavior. Aggression can also come without warning and again, can be attributed to the disease.

A great way to start a great communicative relationship with someone who has dementia is to offer simple choices and grant personhood to them by providing opportunities to them in a life that can feel out of control. This greatly aids in establishing trust. A genuine smile goes a long way too.

While always striving to treat them with dignity and respect, you also must be a good steward for your business. Being able to recognize warning signs and having the discernment to know when it is appropriate to back away from a situation is a fine line, but one that must be walked.

It can only impact our businesses in a positive way to recreate our image of aging and embrace the senior tsunami that is beginning to occur. By taking a positive attitude toward aging we can mine this phenomenon for all the riches it holds. **BJ**



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# CareerQuest USA Tennessee:

## It's All About Business preps high school upper classmen for white collar workplace

by Scott Robertson

Around 300 high school juniors and seniors from each of Northeast Tennessee's eight counties gathered at Northeast State Community College March 1 to learn interview skills, get tips on dressing for success, and in some cases, take part in a \$1,000 shark tank entrepreneurial competition. More than 100 volunteers from the business community also gave students 10-minute mock job interviews, followed by five-minute feedback sessions.



Maria Howard and Leslie Bradley of Cherokee high school gave the winning pitch in the \$1,000 shark tank competition. PHOTO BY SCOTT ROBERTSON

CareerQuest USA Tennessee:

It's All About

Business gave students who have an interest in either starting their own business or building careers in the fields of human resources, marketing or financial services the chance to meet with professionals on a one-on-one environment and in group settings.

The idea was for students to walk away with a much deeper understanding of what

awaits them in the professional workplace, said Lottie Ryans, director of Workforce & Literacy Initiatives for the First Tennessee Development District (FTDD). "We were trying to get across the message that you have to be sensitive to what the business culture and expectations are."

In addition, this year a teachers' track was offered so educators could spend time learning about the human resources needs of the regional professional community while students went about their business. Students Maria Howard and Leslie Bradley of Cherokee High School impressed a five-judge panel of professionals from across the region to win the \$1,000 shark tank entrepreneurial pitch competition. Smarty Pants CEO Wynne Tyree was one of those judges. "They had a very compelling business idea that connected local farmers with restaurants and grocers. Their business plan was very well written and very well thought through. Their in-person pitch was very professional and thorough. They had a vision that included delivery times and freshness guarantees. They were very buttoned-up. Their writing was great. Their financials were great. They had a code of ethics. They had a company mission. And again, they had real financials that weren't like, 'I'm gonna make \$50 million once it explodes on social media.' I mean, these women were on it."

The event, hosted at Northeast State by the FTDD, was sponsored by Bank of Tennessee; Blackburn, Childers and Steagall; Smarty Pants and *The Business Journal*.



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The leadership council of the newly formed accountable care community met at Bristol Regional Medical Center in February.  
PHOTO BY SCOTT ROBERTSON

## Two-state Accountable Care Community founded

150 organizations to take part

by Scott Robertson

Representatives from Ballad Health, the United Way of Southwest Virginia and Healthy Kingsport led a meeting at Bristol Regional Medical Center Feb. 19, including the 24-member leadership council of a new accountable care community in Northeast Tennessee and Southwest Virginia. The Appalachian Highlands region will be the first accountable care community in the U.S. to encompass areas of two states.

“This is a huge step in improving the health of our region,” said Paula Masters, vice president of Health Programs at Ballad Health. “This battle has so many fronts. That is why it requires such a large, region-wide effort. There are as few as 31 accountable care communities in the entire nation, so we truly are breaking new ground here.”

The collaboration of more than 150 multi-sector groups, including school systems, not-for-profit organizations and healthcare providers will have a four-point strategic plan, according to Kandy Childress, executive director of Healthy Kingsport. It will focus on, “strong starts, strong youth, strong teens and strong families.” That strategic plan will target tobacco use, substance abuse, obesity and a drastic reduction in adverse childhood experiences.

The organizations involved have been meeting, in some cases since last summer, to bring together and analyze data from across the region. That aggregation of knowledge and effort, said Travis Staton, CEO of the United Way of Southwest Virginia, will lead to the ability to, “not just tweak the status quo, but to improve conditions and outcomes for children, youth and families.”

The leadership council members are: Patrick Brunty of the Russell County Department of Social Services, Claudia Byrd of Speedway Children’s Charities, Dr. Dennis Carter of Smyth County

Public Schools, Laura Davis of Mount Rogers Community Services Board, Josh Davis of Eastman, Rebekah English of the Northeast Tennessee Regional Health Office, Lori Hamilton of K-VA-T Food City, Kristie Hammonds of Frontier Health, Marty Holliday of New River/Mount Rogers Workforce Development Board, Jim Lancaster of Cigna, Dr. Jeff Moorhouse of Kingsport City Schools, Dr. Linda Nelms of Walters State Community College, Erika Phillips of Hawkins County School District, Sandy Ratliff of Virginia Community Capital, Beth Rhinehart of the Bristol Chamber of Commerce, Dr. Karen Schetzina of East Tennessee State University Pediatrics, Dr. Sarah Seely-Dick of Highlands Pediatrics, Dr. Karen Shelton of Mount Rogers Health District, William Shepley of Grayson County, Dr. Joe Smiddy of the Health Wagon, Barry Staubus of Sullivan County, Mary Trigiani of New Peoples Bank, Kathy Waugh of YWCA of Northeast Tennessee and Southwest Virginia, and Dr. Kris Westover of Mountain Empire Community College.

Healthy Kingsport and the United Way of Southwest Virginia will facilitate the Accountable Care Community’s efforts and help to spearhead its work. Ballad Health and its department of population health will co-lead and support the Accountable Care Community through technical support, evaluation, community engagement, resources and programming. The leadership council will help to set direction and align focus overall and within sectors – such as education, business and community organizations – with every member organization having a unique role to play.

“There are simply issues in our region that require all of our focus,” Masters said. “None of us can do this alone. It takes a group effort with shared vision and accountable communities emphasize a shared vision for the health of an entire community.” **BJ**



Mark Costa talks with Andy Dietrich and Steve Darden. PHOTO BY SCOTT ROBERTSON

# Costa shares \$500 million goal at Eastman Leaders' Breakfast

by Scott Robertson

Despite a challenging fourth quarter of 2018, Eastman Chairman and CEO Mark Costa has doubled down on a year-old statement that the company plans to have \$500 million in new revenue growth from innovation in 2020. The 2018 figure was \$360 million.

“Three-hundred-sixty million dollars in new revenue growth from innovation for our portfolio is actually pretty good,” Costa told business, government and community leaders from throughout the Tri-Cities at the company’s annual leaders’ breakfast at MeadowView Conference Resort and Convention Center March 6. “Our

goal is, it gets to about 500. That’s the guidance we gave investors last February. And so, we’re aiming to do about 400 this year and get to 500 in 2020. That is a good number. If we can sustain that number and keep incrementally improving it, that’s what we need to actually drive growth for the company.

“Not only is it adding new growth, but almost always the project we’re launching in that growth has margins that are higher than something average. So, you’re getting a lift in cash and earnings generation to your weight average just moving up with that growth on what you’re

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selling. That's a big part of what we call the mix upgrade that drives through the future of the company."

During the first three quarters of 2018, Eastman was humming along. During last year's leaders breakfast, for instance, EMN shares were trading above \$100. The fourth quarter, however, erased the gains realized from January through September. Materials costs had been pushing higher even as the company flourished during the first three quarters. So when demand decreased dramatically in the fourth quarter, the company was left with a large inventory of expensive product.

Costa confirmed the company's dedication to its innovation strategy, saying he was hopeful that within a month the U.S. and China would end the trade war that has affected the company's bottom line. Costa did, however, make it clear that he supported the trade war's goals of leveling the playing field and making China more "mature" in its trade practices.

"Right now, their economy certainly hurting much more than ours. We know that and see it in our demand every day. So, they need to do a deal," Costa said. "I think (President) Trump is highly incited to do something because he wants to get reelected and that does matter, in that declining economies don't work out well for incumbents."

Costa also took a moment to thank regional leaders for the progress made in promoting regional economic development in 2018. He hinted at more Eastman support for such efforts in the future, but declined to delve into specifics. **B**



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## On the Move

Jeff Burgess has joined BCS Wealth Management as a financial advisor. Burgess has more than 20 years of experience as a financial advisor. He previously worked with several teams in the banking industry.

Burgess started his career at First Union National Bank in Virginia. After leaving First Union, he worked for several large national banks in wealth management.

Burgess attended ETSU and Milligan College. He is a lifelong citizen of Johnson City. In his free time, Burgess enjoys spending time with Jennifer, his wife of 24 years; Carly, his adult daughter; and his five dogs. He is an avid fitness participant. Jeff and Jennifer also advocate for homeless animals and enjoy working with the local Humane Society.



Jeff Burgess

## Awards & Achievements

### Eastman named One of the World's Most Ethical Companies by the Ethisphere Institute for the fifth time

Eastman announced Feb. 12 it has been recognized by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, as one of the

World's Most Ethical Companies for the fifth consecutive year. The honor underscores Eastman's commitment to leading with the highest ethical business standards and practices.

"We are honored to be recognized among the World's Most Ethical Companies again this year," said Chairman and CEO Mark Costa. "At Eastman, we understand that, to be successful and fulfill our purpose of enhancing the quality of life in a material way, we must build trust and confidence with all of our stakeholders – employees, customers, communities, investors, and suppliers. As we continuously look for innovative ways to create value for these stakeholders, our global team is committed to conducting business with honesty and integrity every day. This award is a testament to that commitment."

Eastman has a number of policies and initiatives in place that allow its team members to cultivate a culture of integrity and ethical standards. The company has an Office of Global Business Conduct, led by Eastman's chief legal and sustainability officer, which establishes the Code of Business Conduct. The Code outlines the laws, principles and guidelines all employees follow regarding honesty, integrity and responsible corporate behavior. Regular training on the Code of Business Conduct is required for all employees. **BJ**



Mark Costa

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\*Source: Dec. 2018 CVC Publication Audit Report.

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EOE

# “New Green Deal” is a Green Nightmare

by Phil Roe

**E**lections have consequences. Under the House Republican majority in the previous Congress, we focused on creating jobs, growing the economy, improving our security, taking care of our veterans, and making America energy independent. Now that House Democrats have the majority, they have replaced our agenda



with an agenda much more closely aligned with socialist principles and government control over all aspects of life. As President Trump pointed out in his State of the Union speech, history is littered with examples of the destruction caused by socialism, with Venezuela being the most recent. No document better lays out Democrats’ embrace of socialism than their recently-introduced “Green New Deal.”

The resolution, H.Res. 109, has the support of 68 House Democrats and 12 Democrats in the Senate on their version. Senate Democrats supporting this resolution include Sen. Elizabeth Warren (D-MA), Sen. Kamala Harris (D-CA), Sen. Bernie Sanders (I-VT), Sen. Kirsten Gillibrand (D-NY), and Sen. Cory Booker (D-NJ), among others. The resolution puts forth a goal for the United States to meet 100 percent of the U.S. power demand using zero-emission energy sources. This would require stopping the production of oil, natural gas, and coal – three of our most abundant energy sources and the energy sources that power 80% of our economy. The resolution also calls for updating or replacing ALL U.S. buildings, and calls for “guaranteeing a job . . . for all people of the United States.”

Some of their proposals are far too extreme and unrealistic to achieve in their 10-year goal. For instance, the resolution calls for “overhauling transportation systems in the United States to remove pollution and greenhouse gas emissions” and “working collaboratively with farmers and ranchers in the United States to remove pollution and greenhouse gas emissions from the agricultural sector.” The bill’s sponsor, Rep. Alexandria Ocasio-Cortez (D-NY), put out a FAQ along with the resolution to illustrate some of the policies the resolution calls for. The FAQ states they

“aren’t sure that we’ll be able to fully get rid of farting cows and airplanes that fast,” - you can’t make this stuff up! Why on earth would anyone want to eliminate air travel or livestock from our agricultural system?

Here’s the most troubling part of the Green New Deal: it’s not about climate change, it’s about centralizing control of our economy with the government. Within the FAQ, the bill’s sponsors indicate the goals of the new deal include: providing “economic security for all who are...unwilling to work;” to “create millions of family supporting-wage, union jobs;” “guaranteeing...higher education;” and to “ensure a just transition for all communities and workers... that have historically relied on fossil fuel industries.” Their plan to pay for this legislation is through credit extended by the Federal Reserve or by new public banks, or a carbon tax. California’s failed plan to build a high-speed rail is a prime example of how this “deal” would bring devastation to our country. The rail was estimated to exceed \$77 billion in costs by the time of completion, and since abandoning the project, California has to return \$3.5 billion to the federal government. The Democratic resolution isn’t a “green dream”, as Nancy Pelosi called it – it’s a green nightmare and a socialist fantasy.

If we are interested in reducing emissions, local communities are already leading the way with commonsense changes that can reduce greenhouse gas emissions and are good for the economy and taxpayers at the same time. While I served on the Johnson City Commission, including my time as Mayor, we worked to cap the gas coming out of our landfill – which is made up of methane – and used it to heat and cool the Mountain Home VA Medical Center instead of burning the methane off into the atmosphere. For that, we received a national award from the EPA. We also audited all our public buildings for energy efficiency and established a ‘Green Team’ that could work with entities to find ways to help them be more environmentally friendly. Johnson City was the first municipality in Tennessee to offer curbside recycling, and we replaced stoplight and streetlight bulbs with energy efficient bulbs that save energy and taxpayer dollars.

I’m all for solutions that will leave our children and grandchildren a healthier planet, but the extreme Green New Deal is not the answer.

*Phil Roe is the United States Congressman representing Tennessee’s First Congressional District.*

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