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Tennessee Recycling Creates Regional Job Growth During Down Economy

Recycling is widely thought of as a way to reduce trash. But it's less frequently considered that the recycling industry directly supports Tennessee-based manufacturers by providing recycled feedstock for their manufacturing processes. Tennessee is well positioned to take advantage of the job creating nature of a robust local recycling infrastructure. The state is an integral part of a broader regional recycling framework that supports domestic manufacturing jobs. The plastic that went into yesterday's bottle could be the same plastic that makes tomorrow's carpeting, all without leaving the South.

"The demand for recycled materials is growing because manufacturers understand that it is a dependable, green, affordable material for making new consumer goods," explains Stephanie Baker, Chairman of the Southeast Recycling Development Council (SERDC) Board of Directors. "Many people may not recognize it, but their home and office is full of products made from recycled goods. It just makes good business sense to use recycled feedstock."

Boosting Recycling Rates will Boost Economic Return

Will Sagar, Executive Director for SERDC says that Southeastern political and business leaders are interested in learning more about that business sense and how it can help them create local jobs. "In a 2010 SERDC study of state by state demand for recycled feedstock, SERDC determined that more than 30 Tennessee manufacturers rely on recycled content feedstock to make new consumer goods," says Sagar. The study finds that those companies collectively employ more than 6,500 Tennessee citizens and generate over \$4.3 billion in yearly sales. From a Regional perspective, 206 Southeastern industrial facilities depend on recycled feedstock, employ more than 47,525 persons and see a sales volume exceeding \$29.4 billion per year. Sagar continues, "That's not a revenue stream, that's a revenue river!"

That demand for recycled material is increasing and the resulting jobs are encouraging to local decision makers. What's needed? More recycled cans, bottles, and paper products to help fuel that local need for material. Sagar points out that growing demand may outstrip local supply. "We are eager to support community collection programs to help increase recycling rates."

Landfill Disposal Savings Sweeten the Investment

It's common knowledge that recycling saves in landfill disposal costs. "In 2010, Tennessee's community recycling programs collected 1.9 million tons of material, saving landfill disposal fees of approximately \$69 million," explains Larry

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Christley, Manager in Tennessee’s Department of Environment and Conservation, Division of Solid and Hazardous Waste Management. What investors and community development officials are keying in to, however, is the ability of the recycling industry to support economic recovery and create local jobs.

Tennessee officials are curious to explore ways to support local manufacturers. Christley continues, "The costs associated with virgin material extraction and refining are magnitudes higher than the costs associated with materials reclaimed through recycling and turned back into that same feedstock. Keeping material costs lower often helps manufacturers sustain their business model during troubled economic times, coming out on the other end ahead of where they started. If we could recover 75 percent of the top four commodities in our waste disposal stream, Tennessee's local governments and businesses could realize as much as \$882 million in revenue generation."

Recycling in Tennessee not only generates savings in the form of avoided landfill fees, and sales and tax revenue in the form of material sales; it also supports higher paying jobs when compared to wages in the disposal sector. In 2010, Tennessee solid waste management collection and disposal companies reported an average annual wage of \$36,115, while Tennessee recycling and manufacturing sectors reported an average annual wage of \$45,550.

Job Growth in this Economy?

Even in a down economy, the recycling sector has continued to make significant investments in the Southeast. For example, Tennessee recently benefited from the \$24 million expansion of Alcoa’s Tennessee Operations Can Reclamation facility, which increased recycling capacity by nearly 50 percent and generated more than 100 jobs. In Memphis, Nucor Steel announced in February, 2012 that the company will invest in new equipment and generate approximately 27 new jobs. To help support the growing demand for recovered materials, RockTenn recently announced the opening of a new material recycling facility in Memphis, Tennessee. The new 150,000 square-foot facility will add recycling capacity in Tennessee beyond RockTenn’s established single-stream recycling facilities in Chattanooga and Knoxville.

Recycling, We Can’t Afford Not To

Economics, energy, national defense and the environment are all tied to recycling. Manufacturing produces not just items for retail sales, but jobs, increases the tax base and adds to overall personal income. Recycling provides a low cost and preferred alternative to expensive virgin feedstock. Manufacturers using this recycled feedstock further save vast amounts of energy, relieving added strain in an already tight energy market.

There is a strategic importance to recycling. Recycling plastics impacts oil commodity supplies as plastic comes from oil. The manufacturing of virgin plastics requires oil and energy, both highly volatile markets, susceptible to natural and man-made disasters. By recycling items like electronics, we help keep rare earth metals within the domestic market and at work within our economy, reducing our demand from foreign countries.

Higher Recycling Rates Would Develop Better Returns

Tennessee is fortunate to have access to a diversity of outlets for recovered materials. The state is home to 11 pulp and paper mills, with 16,800 plus employees and delivering an annual payroll totaling more than \$1.4 billion per year. These mills are strong economic drivers within the state, generating more than \$5 billion in sales and infusing \$123 million of tax revenue into the state and its local governments. The metals market is also strong in Tennessee, with 12 facilities around the state relying on recycled steel and aluminum feedstock to produce their goods. These plants add an

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additional 3,100 jobs in the Volunteer State. Recycling in Tennessee facilitates the conversion of beverage cans into new aluminum feedstock, ready to be manufactured into hundreds of commonly used consumer products; supporting good-paying domestic manufacturing jobs.

Economic Answers Found in Bottles, Cans and Paper

With increased collection rates at the curb and convenience center, the potential for growth is uncapped. A diverse network of industrial users of recovered materials call Tennessee home. Unfortunately, many have to look beyond Tennessee and the Southeast to find materials, while these same commodities are disposed in millions of tons in landfills across the Region. By supporting recycling at all levels of municipal, county, and state government, strengthening community recycling programs, and collaborating across state lines, we can build effective recycling collection systems that provide essential feedstock to manufacturers who employ tens of thousands of people in the Southeast, many of whom live right here in Tennessee.

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The Southeast Recycling Development Council is a 501-c-3 dedicated to uniting industry, government and non-government organizations to promote sustainable recycling in the Southeast. SERDC's study on the demand for recycled feedstock can be found at www.serdc.org/regionalresources.

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