

**“Unintended Consequences: Is Government
Effectively Addressing the Unemployment
Crisis?”**

Testimony of

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February 14, 2013

Before the

**Committee on Oversight and Government Reform
United States House of Representatives**

**Subcommittee on Economic
Growth, Job Creation and Regulatory
Affairs**

The Honorable Jim Jordan, Chairman

**The Honorable Matt Cartwright, Ranking
Member**

Thank you for inviting me to testify today. My name is Annie Carter. I am the president and co-owner of Carter Machine Company located in Galion, Ohio. My grandparents started the privately held company in 1941. This year will be our 72nd anniversary. I am the third generation to operate the company. My mother and I joined the company after my father's untimely death in 1995. I have been in a leadership role within the company since 1997. We are the designers and manufacturers of Hydranamics' brand hydraulic and pneumatic cylinders. Our products are used mainly in the steel industry to operate steel making equipment, material movement equipment, etc. We also provide custom designed cylinders for industries producing baling/recycling, material movement, packaging, press, and various other types of equipment. We currently employ 57 individuals, but could benefit in many ways with an effective employee level of 70-75.

Manufacturing was the foundation and backbone of this country. It is now considered something people will do if they have no other options.

Our company is comprised of 50% administrative staff such as engineers, accounting, production control, sales, purchasing, cost estimators, programmers, human resources, and support and 50% skilled labor. Our business is a custom build situation. We generally produce one cylinder at a time, designed and manufactured to each customer's specific design criterion. In order to produce cylinders in this manner, we require a mix of operators trained to run older "manual" style equipment as well as sophisticated, CNC (computer numerically controlled) equipment. The level of skill we require is significant due to the nature of our product. Cylinders designed or manufactured incorrectly can be dangerous. We require top level craftsman to perform our machining and produce our parts. The individuals in our facility are proud of the product that we make because they take their professions very seriously and consider themselves something more than just a machinist or a blue-collar worker.

We have reached a point in society where it is no longer honorable or desirable to learn and perfect a trade skill. I have spoken to high school students many times who have no idea what a trade job is or more importantly that a person can make a comfortable living working a trade job and not attending college. They no longer have exposure to the trades in school through wood or metal shop and they really don't know what it means to work in manufacturing. Continually we receive comments that it will be hot and dirty and "I'm not doing that".

Working has become an option instead of a necessity for some people. Programs intended to be a bridge from one employment situation to another have morphed into a lifestyle choice. Our experience would say that 8 out of 10 people on unemployment or other benefit programs will utilize those benefits as much as possible to avoid working. We have interviewed and offered people jobs on various benefits and we often hear:

“I have x number of weeks left on unemployment, I’m going to ride it out then look for a job.”

“I think there will be an extension to unemployment and I won’t need to look for a job.”

“I’ve been on unemployment for 2 years and it runs out in a couple of weeks. Do you have any openings?”

“The starting/training wage for this job is less than what I make on unemployment. I’ll stick with unemployment until it runs out.”

“I made more in my last job than your starting/training wage. I’ll need to make that same amount. I’ll just stay on unemployment and do nothing and get paid. (often skilled labor from closed facility such as GM or facility that moved processes overseas or out of the area for cheaper labor).”

Crawford County’s most recent statistics from Job and Family Services:

Here are some average **monthly** statistics for Crawford County:

Food Assistance recipients: 8147
Amount of Food Assistance distributed: \$994,770.10
Cash assistance recipients: 529
Cash assistance distributed: \$91,478.30
Medicaid recipients: 10,468
Medicaid expenditures: \$5,064,050.70
Unemployment rate for December 2012: 7.8%

The condition of Crawford County is not uncommon. We are in the rust belt and continue to lose companies and jobs to various economic factors,

but we continue to have a vibrant manufacturing culture in this county. I have often said that our major competitor for jobs in this county is the Government. It is far too easy to receive benefits and to stay on benefits versus qualifying for job and maintaining employment. We have hundreds of job openings in this county at all experience levels and we do not have enough people willing to fill the jobs. The options for not working are too attractive and easier than working.

Many citizens of this county have taken our condition very seriously. We have formed a public private partnership to attempt to combat and correct our many issues including employment issues. Our effort is called the Crawford County Economic and Educational Partnership. It is comprised of county-wide Government entities and businesses working to improve the condition of our cities and county. You can learn more about our efforts at: www.growcrawford.org and www.growcrawford.org/Vision-Book-2011-REDUCED.pdf

Through this group and our local Chambers, we consistently hear the growing frustrations of our business leaders regarding their inability to staff properly. Most of the manufacturing plants in this area desperately need people to work right now. Most of these plants will provide access to training programs or train on site. No experience required.

In this area we have a trade school, and many training programs currently exist but go unfilled. We do not need more programs for training. We need interested people to take the training and fill a job opening.

Another significant issue we have in this county is drug and alcohol abuse. An unintended consequence of benefits is substance abuse. Most employers require prescreening for drugs and alcohol. We have a higher than average percentage of failed tests as well as people who simply refuse to test. Crawford County has requested inclusion in a pilot program within the state of Ohio to test benefit recipients for drugs in order to receive benefits. Although controversial, this type of program could curtail drug abuse with government dollars.

As I have already mentioned, our local employers are exceedingly frustrated. We struggle to successfully run our companies continually short-handed. Our growth is smothered by our lack of employees. Inability to grow

directly impacts our sales revenue and tax revenue, jeopardizes our ability to serve our customer base. If we cannot provide necessary services, our long-term survival is threatened.

Tax revenues are used to support our deteriorating communities. This is circular problem that desperately requires solutions. We do not have a lack of jobs in Crawford County and most likely many other counties and states, but a lack of willing workers. The deteriorating moral fiber of this country does not support philosophy of the trades. Machinists, in particular, are a self-motivated, mechanically gifted group that continue to learn and grow and continue to enhance the businesses that they work for. The youth leaving high schools and entering the work force aren't motivated to learn and grow. A growing number of eligible workers today are more interested in what they are entitled to, not what they can earn or will earn if they work hard. What can I get today and if I don't get it, I'll move on. Employee, employer relationships are 50/50. Fair days work for a fair day's pay and benefits. This relationship builds companies and their employees who then contribute to their communities with tax base, and involvement in the schools, churches, volunteer programs, etc. These are dying ideas that are being supported by continual government handouts without accountability by the recipients or consideration to the long-term negative impact to communities.

Annie Carter

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Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

N/A

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

N/A

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

N/A

I certify that the above information is true and correct.

Signature:

Andrew L Carter

Date:

2/8/2013
