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6 BUILT IN AMERICA: JOBS AND GROWTH IN THE

7 MANUFACTURING SECTOR

8 WEDNESDAY, SEPTEMBER 26, 2018

9 House of Representatives,

10 Subcommittee on Digital Commerce and Consumer

11 Protection,

12 Committee on Energy and Commerce

13 Washington, D.C.

14

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16

17 The subcommittee met, pursuant to call, at 10:00 a.m., in

18 Room 2123 Rayburn House Office Building, Hon. Robert Latta

19 [chairman of the subcommittee] presiding.

20 Members present: Representatives Latta, Kinzinger, Burgess,

21 Lance, Guthrie, McKinley, Bilirakis, Bucshon, Mullin, Costello,

22 Duncan, Walden (ex officio), Schakowsky, Cardenas, Welch,

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23 Kennedy, Green, and Pallone (ex officio).

24 Staff present: Melissa Froelich, Chief Counsel, Digital
25 Commerce and Consumer Protection; Ali Fulling, Legislative Clerk,
26 Oversight and Investigations, Digital Commerce and Consumer
27 Protection; Elena Hernandez, Press Secretary; Paul Jackson,
28 Professional Staff, Digital Commerce and Consumer Protection;
29 Bijan Koochmaraie, Counsel, Digital Commerce and Consumer
30 Protection; Tim Kurth, Senior Professional Staff, Communications
31 and Technology; Austin Stonebraker, Press Assistant; Madeline
32 Vey, Policy Coordinator, Digital Commerce and Consumer
33 Protection; Greg Zerzan, Counsel, Digital Commerce and Consumer
34 Protection; Michelle Ash, Minority Chief Counsel, Digital
35 Commerce and Consumer Protection; Lisa Goldman, Minority Counsel;
36 Tiffany Guarascio, Minority Deputy Staff Director and Chief
37 Health Advisor; Carolyn Hann, Minority FTC Detailee; Caroline
38 Paris-Behr, Minority Policy Analyst; Andrew Souvall, Minority
39 Director of Communications, Outreach and Member Services; and
40 C.J. Young, Minority Press Secretary.

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41 Mr. Latta. [presiding] Good morning. I would like to
42 call the Subcommittee on Digital Commerce and Consumer Protection
43 to order this morning.

44 At this time I recognize myself for 5 minutes for an opening
45 statement.

46 Good morning again. I would like to welcome everyone to
47 today's Digital Commerce and Consumer Protection Subcommittee
48 examination of the state of manufacturing in America.

49 Thanks to policies designed to spur manufacturing in our
50 country, we are seeing a revival of the Made in America brand.

51 Factories are expanding, workers are being hired and rehired,
52 and wages are rising. A recent survey of small business owners
53 found optimism at an all-time high.

54 Small businesses are responsible for creating two out of
55 three new jobs. So, when they are raising wages, growing their
56 businesses, and investing in equipment, it is helpful to the
57 entire economy.

58 In my own congressional district, the 5th District of Ohio,
59 we are definitely seeing a resurgence of optimism. My district
60 stretches from densely populated urban centers like downtown
61 Toledo to small villages on the state line of Indiana, and we
62 probably have over 60,000 manufacturing jobs. In the over

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63 900-plus district meetings I have had since August of 2012,
64 overregulation is one of the most mentioned issues. I never hear
65 that regulation isn't necessary, but I always hear people ask
66 for regulations they can live with and comply with. It is
67 burdensome for businesses to navigate regulatory regimes when
68 they are busy improving operations and products for customers
69 or working to grow to reach more people.

70 Through policies this Congress and the administration
71 advanced, we are witnessing the rebirth of a healthy, strong,
72 and growing manufacturing sector. This includes one of our
73 witnesses today who comes to us representing Jerl Machine, Inc.,
74 from Perrysburg. Welcome.

75 And again, we thank you all for being with us today. I look
76 forward to the hearing and hearing from you all.

77 According to the Congressional Research Service, the U.S.
78 is the world's second largest manufacturing nation, having been
79 overtaken by China in 2010. But the competition to regain the
80 crown is very much alive. In recent years, American
81 manufacturing output has risen steadily, this year reaching its
82 highest level in nearly 10 years.

83 Growing production also means growing jobs. Since 2017,
84 over 350,000 manufacturing jobs have been created in America.

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85 This is a sharp reversal over the previous two years when the
86 Bureau of Labor Statistics was regularly reporting job losses.

87 The increasing demand for workers is creating new
88 opportunities across our country. Importantly, for the first
89 time in a long time, prosperity and opportunity are reaching into
90 rural areas that have long been left out of the recovery. As
91 a recent report by Brookings Institute notes, the growth of the
92 employment rate in small and rural communities has outpaced that
93 of large cities and other larger metropolitan areas. A large
94 part of the success is due to the return of manufacturing jobs.

95 Restoring America's manufacturing sector has been a priority
96 of this Congress. Tax reform focused on lowering the burdens
97 for employers which they face in order to spur production and
98 job creation has helped fuel the manufacturing boom. Perhaps
99 that is why the National Association of Manufacturers' Outlook
100 Survey reports an all-time high in manufacturer optimism for the
101 second quarter of this year. They also reported record or
102 near-record highs when it came to their expectations about hiring
103 workers, raising wages, and making investments. Our
104 manufacturers know that opportunity is greater now than it has
105 been in many years.

106 Again, I look forward to hearing more about these trends

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107 from our witnesses, as well as any ideas you have for how
108 policymakers can help remove barriers and further promote
109 manufacturing in America. We are grateful for the time that you
110 are here with us today, and we appreciate your testimony.

111 At this time, I would like to recognize the vice chairman
112 of the subcommittee, the gentleman from Illinois.

113 Mr. Kinzinger. Thank you, Mr. Chairman, for yielding.

114 And I thank all of you for being here today. I especially
115 want to welcome Mr. Anderberg. He is my constituent. He is the
116 vice president and co-owner of Dial Machine, which is a great
117 American manufacturing company located in Rockford, Illinois.

118 Mr. Anderberg helps run this family-owned business that has been
119 around for more than a half a century. He has a wealth of
120 experience in the industry and is a student of the history of
121 manufacturing and trade. It is not his first rodeo, either.
122 He was here back in 2003 in front of the Small Business Committee
123 talking about the state of manufacturing then.

124 Mr. Anderberg, thank you for making the trip to Washington
125 to give us all your unique perspective on the manufacturing
126 sector. It is definitely an honor to represent you in Congress.

127 With that, Mr. Chairman, I yield back.

128 Mr. Latta. Thank you very much. The gentleman yields back.

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129 And I will yield back the balance of my time, and at this
130 time I will recognize the gentleman from New Jersey for an opening
131 statement.

132 Mr. Pallone. Thank you, Mr. Chairman.

133 A strong manufacturing sector is vital to our identity as
134 a nation, is the source of countless scientific and technological
135 breakthroughs, and it is essential to maintaining our national
136 defense capabilities. Manufacturing serves as an important
137 building block for a strong and stable middle class in this
138 country. Manufacturing jobs have historically paid more on
139 average than jobs in other sectors, and they tend to bring with
140 them strong spillover effects for local and regional economies.

141 In my home state of New Jersey, we have nearly 10,000
142 manufacturers from large pharmaceutical firms to small machine
143 shops, and these manufacturers employ almost 250,000 people and
144 contribute more than \$30.1 billion to New Jersey's economy.

145 And I am pleased we are holding a hearing on the state of
146 U.S. manufacturing. Our communities are stronger when we can
147 develop well-paying and stable jobs. But the Republican majority
148 for two years now has repeatedly prioritized the needs of large
149 corporate interests and the wealthiest few. The American people
150 have not been fooled by Republicans' claims about their giant

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151 tax scam. The American people know that the benefits of the tax
152 law overwhelmingly go to the wealthiest few. And congressional
153 Republicans also continue to push harmful regulatory rollbacks
154 that undermine innovation and job growth.

155 Despite all the evidence to the contrary, Republicans are
156 likely to tout the successes of their tax scam today. Yet,
157 repeatedly, we have seen that most companies have not and do not
158 intend to use the money for capital investment. In fact, we
159 remember all too well watching President Trump's former lead
160 economic advisor Gary Cohn's distress when a group of CEOs were
161 asked if they intended to increase their investments when the
162 tax cuts become law, and almost none of them raised their hands.

163 Gary Cohn sent shockwaves asking, and I quote, "Why aren't the
164 other hands up?" Their hands did not go up because they intended
165 for most profits from the tax cuts to go to shareholders, and
166 that is exactly what has happened.

167 Contrary to the majority's claims, deregulation has also
168 caused substantial uncertainty and angst for manufacturers. For
169 example, eight years ago the CAFE standards were put into place
170 to increase fuel economy for cars and light-duty trucks by model
171 year 2025. U.S. manufacturers and their suppliers innovated and
172 invested in advanced technologies. CAFE provided certainty to

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173 these firms, allowing them to invest in a pipeline of jobs for
174 the long term. And all of that investment and innovation was
175 upended in August when the Trump administration announced a
176 proposal to roll back CAFE. This announcement threw into
177 disarray well-laid plans for innovation and job growth.

178 The Trump administration's efforts to dismantle the Clean
179 Power Act have also created even more uncertainty for the
180 manufacturing sector. And this administration's efforts to
181 abuse emergency authorities to subsidize the coal and nuclear
182 industries threaten to hurt national gas-fired electricity
183 producers and the renewables industry while raising costs for
184 U.S. manufacturers at the same time.

185 So, what American manufacturers need is for the federal
186 government to prepare and implement a coordinated long-term
187 strategy for manufacturing success and job growth. Our key
188 competitors have figured this out already. Since 2015, the
189 Chinese government has invested billions of dollars into the Made
190 in China 2025 campaign, which is their 10-year plan for
191 transforming their economy from commodities to advanced
192 manufacturing.

193 And the Obama administration recognized this need and
194 established the National Network for Manufacturing Innovation,

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195 now known as Manufacturing USA. This is a network of industry,
196 academic, and government partners working to increase U.S.
197 manufacturing competitiveness and spur innovation. To date,
198 this network has 14 institutes specializing in a variety of
199 advanced manufacturing sectors such as advanced robotics and
200 lightweight metals. The plan was to open three times as many
201 institutes, and I encourage the current administration to follow
202 through with this initiative.

203 It's time to stop making manufacturing policy on a whim and,
204 instead, to think strategically about the future needs of this
205 country. Mr. Chairman, American manufacturing also needs
206 companies to step up and invest, and not just in their plants,
207 but in their workers as well. Too often, good manufacturing jobs
208 become part-time jobs without benefits, and workers are
209 increasing losing their power to negotiate for better conditions
210 and higher wages. So, the federal government needs the industry
211 to be a partner in creating a vibrant manufacturing economy.
212 And I hope this hearing can explore that partnership.

213 So, I yield back. Thank you, Mr. Chairman.

214 Mr. Latta. Thank you very much. The gentleman yields back.

215 And the Chair now will recognize the chairman of the full
216 Committee of Energy and Commerce, the gentleman from Oregon, for

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217 5 minutes.

218 The Chairman. Thank you very much, Mr. Chairman. I
219 appreciate your leadership on this issue and the hearing that
220 we are having today.

221 As our witnesses will know, we have got a couple of these
222 going on today. So, some of us will have to bounce back and forth.

223 I would just say at the beginning, I am glad to stack the
224 Trump economy up against the Obama economy any day of the week.

225 We actually have provided, as a result of Republican majorities,
226 the biggest tax relief since Ronald Reagan. We have had
227 significant regulatory relief, taking the dead hand of
228 overexcessive government regulation off the throats of America's
229 entrepreneurs, and they have responded at record pace to create
230 jobs in America, and to give us the best economy nearly anybody
231 in the working world has seen in their time. And so, optimism
232 is up. Jobs are up. There are more openings than there are
233 people to fill them, and we are moving forward with a robust
234 economy.

235 And this notion from the last President that we should get
236 used to a 1.5 or 2 percent GDP, and that is the new normal, the
237 best America could do, is just garbage. And so, we are seeing
238 it move forward at 4.2 percent GDP growth, and a very, very strong

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239 economy, and it is because of the Republican policies we have
240 passed out of this committee and others, and down to the President
241 for signature.

242 But today we are going to hear about manufacturing. It is
243 essential and it is coming back in America. From car parts to
244 industrial equipment, to semiconductors, America's manufacturing
245 sector keeps us on the cutting edge of technology and world
246 leadership.

247 Thanks to historic achievements in tax and regulatory
248 reform, our country is undergoing a manufacturing revival unlike
249 we have seen in a very long time. The latest manufacturing index
250 from the Institute for Supply Management has reached its highest
251 level in 14 years. This number translates into surging growth
252 and increased production of goods made in America.

253 With the resurgence comes the return of manufacturing jobs.
254 And in fact, The Washington Post recently reported, and I quote,
255 "Jobs in goods-producing industries, mining, construction, and
256 manufacturing, grew 3.3 percent in the year preceding July, the
257 best rate since 1984."

258 And with this increase in manufacturing jobs has come rising
259 wages. According to the August Bureau of Labor Statistics
260 quarterly release, compensation for workers has risen to a nearly

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261 10-year high. These are the facts.

262 The latest GDP report shows that our economy has grown at
263 a rate of 4.2 percent, and we anticipate this week's GDP report
264 will show similarly strong results. Further, earlier this month,
265 the National Federation of Independent Business -- and my wife
266 and I were small business owners for 21 years -- it reported that
267 its small business optimism index has surged to 108.8 percent,
268 the highest level ever recorded in the survey's 45-year history.

269 These are the facts.

270 Of course, all these numbers can seem abstract, but what
271 they represent is not. Our economy is strong and growing. This
272 surge of American manufacturing has come from business, both large
273 and small. Jobs are being created. New products, technologies,
274 and medicines are being invented. And consumers have more money
275 in their pockets to spend, to put away for their children's
276 education, or save toward retirement. Workers are once again
277 able to find solid, dependable jobs with good pay.

278 And it is all the result of this Congress, the Republican
279 Congress, investing in America by reducing the burdens and taxes
280 and unnecessary regulations imposed on job creators. You know
281 America has always been a nation of doers and makers. It has
282 always been a place where anyone with dedication and ambition

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283 can start their own enterprise and take the future into their
284 own hands. By any measure, we are witnessing a reinvigoration
285 of that great and proud tradition as Americans.

286 So, I am proud of this committee's work. Most of it has
287 actually been bipartisan. And we are getting pro-growth,
288 pro-innovation policies and we are helping our entrepreneurs do
289 what they do best.

290 That includes we really appreciate our witnesses here today.
291 Thank you all for the help you are doing to grow jobs in America.
292 We know there is a lot more work to be done. We know there are
293 unsettled parts and challenges in the economy. But we are here
294 to be your partner, to help American workers succeed and American
295 businesses grow, and manufacturing get even stronger.

296 So, with that, Mr. Chairman, I yield back the balance of
297 my time.

298 Mr. Latta. Thank you very much. The gentleman yields back
299 the balance of his time.

300 The Chair now recognizes the ranking member of the
301 subcommittee, the gentlelady from Illinois, for 5 minutes.

302 Ms. Schakowsky. Thank you, Mr. Chairman, and I apologize
303 to you, to our witnesses, and my colleagues for being late.

304 I want to thank you, and Mr. Stettner, Mr. Paradowski, Ms.

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305 Moyers, and Mr. Anderberg for being here today.

306 Manufacturing helped build the American middle class.
307 Strong wages helped build products that Americans were proud of.
308 And unfortunately, too many misguided policies over the last
309 30 years have allowed our manufacturing sector to slowly wither
310 away.

311 I am pleased to see that my colleagues invited as witnesses
312 executives from businesses that used the most recent Republican
313 tax cut to invest in their businesses by increasing wages and
314 better training for their workers. However, closer examination
315 of macro-level data, a very different story than the one that
316 we will be told today can be heard.

317 I would like to submit for the record this blog by Josh Bivens
318 from the Economic Policy Institute for the record. I ask
319 unanimous consent.

320 Mr. Latta. Without objection.

321 [The information follows:]

322

323 ***** COMMITTEE INSERT *****

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324 Ms. Schakowsky. What this will show is that, despite the
325 Republican rhetoric, we haven't seen anything close to an
326 explosion in investment. Examination of the Census Bureau's
327 Manufacturers' Shipments, Inventory, and Orders Data from 1992
328 until today shows current investment levels far below that of
329 even 2009.

330 We shouldn't be surprised. At the end of the last year,
331 Republicans' political consultants connected business with
332 public relations firms before the tax bill was even signed into
333 law. They touted one-time bonuses as evidence that the tax bill
334 would lead to higher wages in the long term for workers. Today
335 is the next step in that well-orchestrated public relations
336 campaign, and I don't mean in any way to denigrate our great
337 witnesses that are here today.

338 So, where have the \$2 trillion gone? Since the tax bill
339 passed, we have seen an explosion of stock buybacks. When
340 companies invest in buybacks, they juice their stock prices in
341 the short term, creating what Senator Warren described as a sugar
342 high, that leads companies to neglect investment in equipment,
343 wages, and worker training.

344 According to a recent report by the Roosevelt Institute and
345 the National Employment Law Center, in the three years prior to

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346 the enactment of the tax law, public companies across the American
347 economy spent roughly three-fifths of their profits on buybacks.

348 So, what happens when Congress and the Trump administration give
349 corporate Americans more cash? Examining the first half of this
350 year, it is clear corporate America likes to spend on buybacks.

351 Share repurchases surged 43 percent in the first half of this
352 year versus a far less inspiring increase of 27 percent for capital
353 expenditures.

354 Consider Walmart, the nation's largest employer. Walmart
355 supported the tax bill and claimed it would help workers, but
356 it is not clear how much of that \$2.2 billion in annual tax cuts
357 actually helped its more than 1.4 million Americans. Shortly
358 after enactment, the Walmart board authorizes \$20 billion in stock
359 buybacks. The Roosevelt Institute released a separate report
360 estimating that, if Walmart had directed half of that toward
361 wages, hours worked compensation could have been increased by
362 more than \$5 per hour, which would transform the lives of many
363 of those workers and help provide a living wage.

364 As Members of Congress, we are -- I am looking at the time
365 -- as Members of Congress, we are approached by employers all
366 the time who say they can't find qualified workers, that there
367 is a skills gap. I would argue that America's skills gap is really

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368 more of a wage gap. The declines in union density and a focus
369 on core competence and executive salaries, instead of training
370 and capital investment, have dried up the private sector's role
371 in workforce development.

372 So, I am going to skip to the end and submit the whole thing
373 for the record.

374 I just want to say that what my Republican friends won't
375 tell you is how the administration's deregulatory agenda, again,
376 makes the wallets of the wealthy fatter while risking health and
377 safety of the middle class and working poor.

378 I hope that we will hear some of the good news today and
379 that what we are going to hear from all of you is that we can
380 do better in this country.

381 Thank you very much, and I yield back.

382 Mr. Latta. Thank you very much. The gentlelady yields
383 back.

384 And that will conclude with our members' opening statements.

385 The Chair would like to remind members that, pursuant to
386 committee rules, all members' opening statements will be made
387 part of the record.

388 And as the gentleman from Oregon stated, the chairman of
389 the full committee, we do have two subcommittees running

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390 simultaneously today. So, members will be coming back and forth
391 during each committee hearing.

392 Once again, I want to thank our witnesses for being with
393 us today. We greatly appreciate your taking the time to testify
394 before our subcommittee today. And today's witnesses will have
395 the opportunity to give a 5-minute opening statement, followed
396 by a round of questions from our members.

397 Our witness panel for today's hearing will include Ms. Nikki
398 Moyers, who is Vice President of Operations at Jerl Machine in
399 Perrysburg, Ohio, right up the road from where I live; Mr. Edward
400 Paradowski, the President of Apache Stainless Equipment
401 Corporation in Beaver Dam, Wisconsin; Mr. Andrew Stettner, the
402 Senior Fellow at the Century Foundation, and Mr. Eric Anderberg,
403 the Vice President of Dial Machine in Rockford, Illinois.

404 Again, we want to thank you all for being with us today.
405 And if you would, pull that microphone up close and just press
406 the button. You will see the little red light go on there.

407 And you are recognized, Ms. Moyers, for your opening 5-minute
408 statement. Thank you very much for being with us.

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409 STATEMENTS OF NIKKI MOYERS, VICE PRESIDENT, OPERATIONS, JERL
410 MACHINE, INC.; EDWARD PARADOWSKI, PRESIDENT, APACHE STAINLESS
411 EQUIPMENT CORPORATION; ANDREW STETTNER, SENIOR FELLOW, CENTURY
412 FOUNDATION, AND ERIC ANDERBERG, VICE PRESIDENT, DIAL MACHINE,
413 INC.

414

415 STATEMENT OF NIKKI MOYERS

416 Ms. Moyers. Thank you. Good morning. Thank you, Chairman
417 Latta, and subcommittee members, for inviting me here on behalf
418 of my company.

419 My name is Nikki Moyers. I am Vice President of Operations
420 at Jerl Machine, Inc., in Perrysburg, Ohio. The company was
421 started by my grandfather, Bob Brossia, out of his garage in 1973.
422 Today, Jerl boasts 67 employees and caters a variety of
423 industries. The state of American manufacturing is, obviously,
424 near and dear to us because it is our jobs, but also because it
425 is our family legacy.

426 In the past year, Jerl has seen a production resurgence
427 unprecedented in its 45-year history. Our core customers are
428 sending in more purchase orders than ever. We are hearing from
429 companies that haven't done work with us for over a decade, and
430 more and more new opportunities are surfacing.

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431 Our suppliers are just as busy, proving that our good fortune
432 is not unique in this industry. And I attribute much of the
433 upswing to the passing of the tax cuts and JOBS Act late last
434 year, specifically its provision to cut corporate taxes.

435 We are on the right track to have our highest sales and
436 highest profit of year on record for 2018. Jerl has been able
437 to give much-deserved wage raises to our employees, has already
438 paid out two separate bonuses to all of our employees, and has
439 another plan for late November. We have also added three machines
440 to our shop floor to keep up with our orders.

441 But our growth is hindered. We are currently running at
442 60 percent capacity, despite the fact that our phones are ringing
443 more than ever. We are forced to turn away work because we do
444 not have the skilled labor to meet our deadlines. We cannot fill
445 our open positions, and the looming retirement of 15 percent of
446 our workforce will only worsen this problem. I am confident that
447 the current manufacturing boom is not a fluke, but unless strides
448 are made to fill the skilled manufacturing jobs that nearly every
449 company like ours has, we cannot sustain the growth.

450 It is no coincidence that I am here today as the lone female
451 up here representing my field. In my time at Jerl, we have
452 employed a single female machinist. Our workforce is over 90

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453 percent Caucasian. Not only are we lacking in skilled workers,
454 we are suffering from a lack of diversity in manufacturing.

455 And I think the answer lies in our schools. It is time to
456 fund the industrial arts and practical life skills as part of
457 a core curriculum. Fine arts education can't be allowed to cease
458 either, as so much of what we do requires the craft of an artist's
459 eye. Trade and technical schools must be touted by counselors,
460 teachers, and parents as options equal to traditional four-year
461 colleges. Students need to know our field and that we offer
462 high-paying careers.

463 We are on the right track. The current administration has
464 shown that it values the manufacturing field and it recognizes
465 its impact on our country as a whole. As long as it continues
466 to facilitate open discussions such as this hearing,
467 manufacturing will endure with continued hard work. We have
468 never feared hard work. Bring on the future.

469 Thank you.

470 [The prepared statement of Ms. Moyers follows:]

471

472 ***** INSERT 1*****

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473

Mr. Latta. Thank you very much for your opening statement.

474

And, Mr. Paradowski, you are recognized for 5 minutes.

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475 STATEMENT OF EDWARD PARADOWSKI

476

477 Mr. Paradowski. Good morning. Thank you, Chairman Latta,
478 Ranking Member Schakowsky, members of the subcommittee, for the
479 opportunity to testify before you today.

480 My name is Ed Paradowski. I am President of Apache Stainless
481 Equipment Corporation in Beaver Dam, Wisconsin. Apache
482 Stainless Equipment is a manufacturer of capital equipment from
483 high alloys, primarily stainless steel, with annual revenues of
484 approximately \$43 million and 171 employees, most of which are
485 skilled trades people.

486 I also have responsibility for a second business, which is
487 a company called Dalton Ag in Lenox, Iowa. We are a manufacturer
488 of agricultural equipment; annual revenues of about \$9 million
489 and 43 employees. Both businesses rely heavily on the skilled
490 trades, and that is the pacing item for both of our businesses
491 to grow.

492 Both Apache Stainless and Dalton Ag are part of a holding
493 company, Dexter Apache Holdings, which we have six companies
494 within our holding company, five of which are manufacturing
495 located in Wisconsin and Iowa. The five manufacturing businesses
496 operate in unrelated business segments. We are a 100 percent

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497 S corp ESOP. On a daily basis, as an S corp ESOP, we are fulfilling
498 the American dream for our current 897 employee/owners. That
499 number would be higher if we could find more skilled trades people.

500 My testimony today will reflect my personal perspective on
501 the effects of current economic policy on the health of the U.S.
502 economy with a specific focus on the manufacturing sector. To
503 provide some backdrop for the testimony, I will give a little
504 bit of my personal background.

505 First, I would like to recognize Mr. Walden for acknowledging
506 entrepreneurs and opportunity.

507 I was born on the south side of Milwaukee, raised the youngest
508 of six kids, and I started a manufacturing company at the age
509 of 28 with no money and no real business experience. So, I love
510 the opportunity that this country provides. And the root of my
511 perspective is really based on the experience I have had since
512 then.

513 In the last 10 years, I have really focused heavily on
514 advocacy activities. I work very closely with local and state
515 government, national politicians, events such as this today.
516 We host politicians and anybody who is willing to come visit our
517 facility to educate them on what manufacturing is all about.

518 Our state chamber of commerce, Wisconsin Manufacturers &

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519 Commerce, I work closely with them. They are an ally/partner
520 to our business. To work, government needs to be an ally/partner
521 to manufacturing and commerce in general. And they are a great
522 leader in the state of Wisconsin.

523 Most of you, I would suspect, are familiar with the MEP
524 Network nationwide. In the state of Wisconsin, our governing
525 overarching body for the MEP Network is the WCMP, Wisconsin Center
526 for Manufacturing & Productivity. I sit on that board and,
527 actually, I'm chairman of that board. So, the public-private
528 partnerships that the MEP Network provides, I am familiar with
529 that as well.

530 We all talk about education, education reform, and the skills
531 gap. The skills gap is definitely not a wage gap. We could speak
532 later to that.

533 Our Wisconsin Department of Public Instruction, which they
534 are the K-12, they are the core of how our children are educated.

535 I have been a member at the very ground level of what we call
536 the Regional Career Pathways Project in the state of Wisconsin.

537 Actually, I was asked by our state superintendent to present
538 for the state of Wisconsin in the grant competition three years
539 ago, which the state of Wisconsin won a \$2 million grant for
540 education reform. So, I am deeply involved in education reform.

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541 It is one thing to talk about the problem; it is another thing
542 to get in there and to also help solve it.

543 And then, the National Association of Manufacturers was
544 mentioned. Actually, I am out here today for a board meeting,
545 which, unless I say something completely wrong, I will be elected
546 to their board tomorrow.

547 In summary, my perspectives are not just of a manufacturer,
548 but a manufacturer that works closely with other manufacturers,
549 with government, and with education. As I am running out of time
550 here, I will hit just a couple of the high points, and really
551 maybe just one philosophical perspective.

552 I use this as an analogy quite often, the role of government
553 in manufacturing. In a manufacturing business, we make our money
554 on the shop floor. We add value to raw materials and we make
555 goods and services. And myself and others in my office, we are
556 corporate overhead. Our corporate overhead needs to do two
557 fundamental things. We need to make our shop floor more
558 productive, maximize output/efficiency, and there are also some
559 compliance issues, safety and things of that nature. And the
560 second thing is there has to be a sustainable economic balance
561 between the cost of corporate overhead and how much activity is
562 going on on the shop floor.

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563 In a soft year where manufacturing might soften a little
564 bit, I don't just put more burden on my shop floor in terms of
565 dollars; I actually have to downsize my corporate overhead. And
566 that is the role of government to the private sector, not just
567 manufacturing.

568 The private sector is really four fundamental things. You
569 mine it; you grow it; you make it; you invent it. And government
570 needs to be an allied partner to that process, so that the private
571 sector can grow. And tax reform is a piece of that, as are
572 tariffs, and there has to be a sustainable economic balance
573 between the cost of government and the size of the private sector.

574 I will make one statement, as I am running out of time here,
575 very quickly. There was a comment that was made -- oh, where
576 did it go? -- there was a comment that was made regarding Mr.
577 Walden said that the government -- no, I'm sorry, I already
578 acknowledged Mr. Walden. There was a statement that was made
579 by Mr. Pallone, actually, that industry needs to be a partner
580 to government. And that exactly is the problem; government needs
581 to be a partner to industry. I think we have got this a little
582 bit reversed.

583 Thank you.

584 [The prepared statement of Mr. Paradowski follows:]

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585

586

***** INSERT 2*****

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587

Mr. Latta. Thank you very much for your testimony.

588

Mr. Stettner, you are recognized for 5 minutes.

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589 STATEMENT OF ANDREW STETTNER

590

591 Mr. Stettner. Good morning, Chairman Latta and Ranking
592 Member Schakowsky. First, let me commend the committee for
593 holding this hearing.

594 Over the past year, the Century Foundation and its Bernard
595 L. Schwartz Rediscovering Government Initiative sponsored the
596 High Wage American Project, researching and touring the
597 industrial Midwest to understand the future of manufacturing as
598 a provider of good jobs and economic growth. Representative
599 Schakowsky, several of the community leaders involved in the tour
600 had a chance to meet you two weeks ago today when they came to
601 Washington to present our findings, which I have submitted for
602 the record.

603 While no one in the Midwest has such rose-colored glass as
604 to believe manufacturing will ever provide 30 percent of the jobs,
605 like it used to, the message was loud and clear. Manufacturing
606 matters to communities. Our research finds that in small towns
607 in industrial states from Michigan to Mississippi, manufacturing
608 still accounts for one in four private sector jobs.
609 Manufacturing brings high-tech jobs to these firms into small
610 towns like Phillips, Wisconsin, where Phillips Medisize has

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611 developed from a manufacturer of action figures to a worldwide
612 provider of advanced molding and engineering services.

613 The time is right for Congress to take action to build a
614 proactive national manufacturing strategy. Resilient
615 manufacturers have added back 1.26 million of the 5.7 million
616 jobs lost from 2000 to 2010. But there are serious concerns.

617 Our diminished production capacity has kneecapped our ability
618 to innovate, as America had ceded its edge in high-tech
619 manufacturing to advanced East Asian nations and Germany. And
620 while manufacturing still pays 10 percent more than other jobs,
621 that wage advantage has eroded. Low-paid, temporary help workers
622 represent 11 percent of the manufacturing workforce today, up
623 from just 2.3 percent in 1989.

624 But a national manufacturing strategy must go beyond
625 international trade and tax issues. Rather, federal policies
626 should focus on investments to create the conditions for
627 manufacturers to compete and thrive in a global marketplace and
628 for the manufacturing workforce to prosper.

629 Communities are taking action. The federal government can
630 help by helping them build public-private partnerships and spur
631 high-tech manufacturing, reinvest in the workforce, retain and
632 restore good jobs, and mobilize capital.

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633 The future of U.S. manufacturing lies in being the most
634 high-tech, not the lowest cost. In Cleveland, we visited the
635 ArcelorMittal steel mill, the first in the world to create a ton
636 of steel with a single hour of labor, which sees a strategic
637 advantage in environmental regulations that increase demand for
638 high-grade, lightweight steel. Indeed, our ability to be a
639 global leader in the clean economy depends on a robust
640 manufacturing sector to create the next generation of green
641 products.

642 Look at our competitors. The Made in China 2025 campaign
643 is a multibillion dollar effort to take China from a commodity
644 producer to a leader in major advanced manufacturing exports from
645 alternative energy to rail equipment.

646 Manufacturing USA is our response. There are 14 applied
647 research institutes targeting technologies like 3D printing in
648 Youngstown, robotics in Pittsburgh, and super-strong,
649 lightweight metals in Detroit. But, to truly compete, we have
650 to step up Manufacturing USA into its full plan of 45 institutes
651 and provide permanent federal funding matched by the private
652 sector.

653 Now manufacturing can only grow if it has a workforce for
654 the future. In Chicago, our research found there are nearly twice

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655 as many jobs open as workers hired. But manufacturing workforce
656 pipelines, apprenticeship, and vocational education have
657 withered. And a generation who experienced industrial decline
658 tell their children to shun factory jobs.

659 Congress can help by devoting resources that incentivize
660 employers to double the number of apprenticeships in
661 manufacturing in five years and provide new, focused resources
662 at the K-12 level. These programs need resources for mentoring
663 and support services to help women and people of color to break
664 into the trades.

665 That is the approach of Manufacturing Renaissance in Chicago
666 to help some of the young people in some of the most violence-prone
667 neighborhoods in the nation to get industry-recognized
668 credentials they need for high-paying jobs. And surely
669 manufacturers will have more success recruiting when they pay
670 decent wages, respect collective bargaining, and provide safe
671 workplaces.

672 Communities are developing innovative ways to work with
673 local manufacturers to save and grow jobs, relying on smart, more
674 sustainable approaches than simply offering tax giveaways.
675 Pennsylvania Strategic Early Warning Network saves thousands of
676 jobs by providing targeted business turnaround assistance to

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677 small and medium-sized companies at risk of closure.

678 Federal policies should give these communities stronger
679 tools by strengthening bedrock programs like the MEP, new
680 initiatives like layoff aversion in WIOA, and the
681 recently-authorized Defense Manufacturing Community Partnership
682 Support Program.

683 Lastly, the federal government should incentivize further
684 private investment in manufacturing through an industrial bank
685 focused on national needs and a clearinghouse that mobilizes
686 impact investors to bring sustainable manufacturing jobs back
687 into distressed communities.

688 In conclusion, manufacturing is regaining its footing, but
689 there is much more to be done. I urge the committee to continue
690 its focus on boosting the manufacturing sector, and I welcome
691 the opportunity to work with you in the future.

692 [The prepared statement of Mr. Stettner follows:]

693

694 ***** INSERT 3*****

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695 Mr. Latta. Thank you, Mr. Stettner, for your testimony.

696 Mr. Anderberg, you are recognized for 5 minutes for your
697 opening statement.

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698 STATEMENT OF ERIC ANDERBERG

699

700 Mr. Anderberg. Thank you, Mr. Chairman, and thank you,
701 Ranking Member Schakowsky, and thank you, Congressman Kinzinger,
702 for allowing me the opportunity to be here today.

703 Dial Machine, we are family-owned for 52 years, a precision
704 contract manufacturer. We make parts for various industries,
705 mining, oil and gas, a lot of fossil fuel. We do work for the
706 government, defense, the national laboratories.

707 And I can tell you today, I don't want to sound like a broken
708 record, but our backlogs are way out and the work is tremendous
709 today. In my 25 years, I have never seen such optimism. My
710 father has been in this industry for 61 years and never seen the
711 optimism and the rate at which we are growing here today.

712 Currently, to give you an idea, our sales, as of the third
713 week of September, we are 30 percent over all of last year, over
714 50 percent over all of 2016. So, things are on the right track.

715 I think three things have happened in Washington that have
716 helped the manufacturing sector. That is the tax, the
717 regulatory, and the trade policy changes that have been coming
718 forward.

719 Tax, you know, the C corp and the last tax legislation, the

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720 C corps got an income tax reduction to 21 percent. That has
721 created incentive for the large corporations to bring work back.
722 And I can tell you personally it has happened; we are benefitting
723 from it. I have been told from companies like Caterpillar that
724 more is coming. Large corporations are also investing in their
725 plant and equipment with that money.

726 S corps, such as ourselves, we didn't get the tax cut that
727 the C corps got. Hopefully, that could be changed. But that
728 extra cash and capital is being put to use. We are putting it
729 to use.

730 And also, along with that is the increase in the expensing
731 in the 179. And, then, increasing the accelerated depreciation
732 back to 100 percent has been a big boost, and it is an extremely
733 useful and important tool for manufacturers such as ourselves
734 to be able to afford to invest in capital equipment.

735 Because of all the increased activity, there is a scarcity
736 of labor. And because of tax -- I credit the tax policy -- the
737 wages have increased. We have been increasing the wages of our
738 people, in part, because it is a defensive mechanism to keep other
739 people from stealing our people. And also, we are offering higher
740 wages for people to start as applicants at our place.

741 The regulatory environment. Rolling back regulations that

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742 were hurting the fossil fuel industry, I will give you an example,
743 coal. We do a lot of work for Caterpillar, and all the large
744 mining bulldozers, we have parts in each machine. Starting in
745 2013, we went from 2011-2012 we were making about six to eight
746 sets of bulldozers a day. In 2013, one model dropped from 400
747 a year to 56 per year, and by 2016, we were down to about a half
748 bulldozer shipping a day. We are back to five or six, but we
749 are constrained because of capacity or people.

750 So, the regulatory pushback has been terrific. My family,
751 we also farm. And so, you cannot have a regulatory environment
752 out here that is suggesting we are going to regulate puddles of
753 water on your farm or we are going to tax every head of cattle
754 for flatulence. That sends a terrible message to industry,
755 farming, and ranchers; we are not going to invest. You can't
756 do it.

757 And then, trade. This is probably the most important part
758 and probably the most significant change in 40 to 50 years. It
759 is the first time an administration has acknowledge the problem
760 we have with trade, international subsidized work coming into
761 this country or subsidized product. The Chinese steel industry,
762 the Chinese have been huge offenders, and we just cannot compete.
763 That change and the talk of subsidy, if you come to Rockford,

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764 for example, I can point out many industries we have lost over
765 the past several decades. When people talk about we are starting
766 a trade war, well, I am here to tell you we have been in a trade
767 war in this country for over 40 years, and it is the first time
768 it has been acknowledged. It is the first time we are doing
769 something about it. And this has created a level of confidence,
770 too, that has helped to invest in your plant and equipment.

771 The most significant challenge that manufacturing has, you
772 have already heard it, people. We can't get them. We need to
773 10 to 15 more skilled individuals on our floor right now. And
774 I am here to tell you that we are turning work away. If I had
775 the capability, I could double the size of my plant if I had the
776 capacity of people, and we just can't get them.

777 Fingers can be pointed every direction. I think industry
778 didn't do a good enough job marketing ourselves to the students,
779 to parents, to educators, and the vo-tech schools closed years
780 ago, but they are reopening again, and that is promising.

781 Apprenticeship programs. The small guys are training; the
782 large companies are not. And I think we need to enlarge the pool
783 of labor that everybody can work from, and we need to do something
784 to incentivize the large corporations to do so again, because
785 they just won't because it doesn't look good on quarterly numbers,

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786 quite frankly. So, anything that could be done with that would
787 be tremendous.

788 There is just too much to talk about to do it in 5 minutes.

789 I hope I get some good questions, that we have good conversation
790 today.

791 Thank you.

792 [The prepared statement of Mr. Anderberg follows:]

793

794 ***** INSERT 4*****

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795 Mr. Latta. Thank you very much for your testimony and what
796 you say about can't find workers and other folks. I have heard
797 across my district it is the No. 1 issue out there.

798 This is going to conclude our opening statements from our
799 witnesses. And again, we appreciate you all being with us today.

800 We will start the questions from our members, and I will start
801 with my questions for 5 minutes.

802 Ms. Moyers, if I could start with you, Jerl Machine provides
803 precision metalworking products and services in Perrysburg, Ohio.

804 Could you tell the subcommittee what trends you have seen in
805 the marketplace for your products and services, and how that has
806 changed over the last couple of years?

807 Ms. Moyers. Yes. Thank you very much.

808 Up is what we are seeing. In the last two years, we have
809 been steadily growing. We actually had, in 2016, one of our lower
810 sales, lower profit margins. It was a little bit, I think, of
811 a trend from the recession. We had gone up a little bit, and
812 then, it went back down. But, since the end of 2017, we have
813 seen nothing but up. We have grown our sales. We have grown
814 our profits. Our profits are nearly 20 percent so far for this
815 year, when we were seeing only single digits back into 2014.
816 And we have also increased our staff as much as we can. Of course,

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817 we need to increase it more. But we have our phones ringing off
818 the hook and we are turning down work.

819 Mr. Latta. One of the things I know that has been mentioned
820 already -- and I just brought up again -- as I have seen across
821 my district, people just can't find folks to work. That is a
822 big issue out there, and it is a very competitive job market out
823 there.

824 What has been your experience with the wage competition in
825 the last couple of years?

826 Ms. Moyers. Well, I think there are two issues. We can't
827 find people to work and we can't find people that are skilled.

828 What we are finding are unskilled who don't necessarily want
829 to come to work every day, who don't want to work as hard as we
830 need them to work.

831 And the other issue is our skilled workers, there are so
832 few workers for the jobs that we need to fill that our competitors,
833 and also our manufacturing that we are friendly with, are stealing
834 our workers, or attempting to. We have had, I believe, three
835 or four in the past year that have said they have gotten offers
836 from companies that we are actually friendly with and do business
837 back and forth, because no one can find the workers. So, they
838 have had to resort to poaching them from other manufacturers.

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839 We have raised wages because we have to. So, talk that
840 corporations are not using the tax cuts and the money to raise
841 wages is just simply not true, because we have to. If we don't,
842 someone else is going to and we will lose our workers.

843 Mr. Latta. You bring up the point about finding folks that
844 are skilled out there and bringing them in. I know in some
845 companies they have said, look, if you are willing to work, we
846 will train you. With the legislation that was recently passed
847 on career and technical education here, do you see that is going
848 to be a help? I know in our area, and across Ohio with our high
849 school career centers, and also working with our two-year
850 institutions out there -- are you seeing something we should be
851 doing or do you see something that is bright on the horizon?

852 Ms. Moyers. It is a start. I think that investing in the
853 vocational schools and the trade schools, we are very fortunate
854 to have one in our backyard in Perrysburg, Penta Community
855 College, and they cater to kids for everything from manufacturing
856 to veterinary programs and culinary arts. They do a little bit
857 of everything and it is wonderful, and we get a lot of our young
858 employees from Penta. But it is a single facility and they can
859 only cater to so many people, and we need more.

860 We also need the vocational skills and trade skills exposed

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861 to students in regular K-through-12 schools. I think that we
862 need to divert funding to bring back the industrial arts, to keep
863 up fine arts. Even practical life skills, job interviews,
864 balancing budgets, financial things, they need this. We have
865 students who come in to job shadow and some of them we have hired.

866 And our young employees don't know how to fill out forms for
867 health insurance, don't know how to fill out the tax forms. These
868 are vital life skills that they need to have and we need to be
869 teaching them.

870 Mr. Latta. Also, you reference in your testimony the
871 innovation. What is the climate out there and the regulatory
872 changes that could help drive innovations for companies like
873 yours?

874 Ms. Moyers. You know, my grandfather has taught me a lot
875 of things. And one of the things that he told me in the past
876 couple of years, when we were scaling back some of those overhead
877 costs that my colleague here was talking here, one thing he told
878 me we are never able to cut is going to trade shows, going to
879 machine shows, to learn about what they are doing, to see what
880 the new technology is, because that is what is going to keep us
881 in business. He has never been afraid to do that.

882 He started his business with some hand tools and a drill

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883 press, and now we are mostly CNC machining. We are breaking into
884 new industries all the time, and I think that is so important.
885 And that is the way that manufacturing is going to survive.
886 We can't be stuck in our old ways. We can't be stuck with old
887 technology. That is why we need new, young blood into the
888 manufacturing, to encourage it.

889 Mr. Latta. Thank you very much.

890 My time has expired. At this time, I will recognize the
891 gentlelady from Illinois, the ranking member of the subcommittee,
892 for 5 minutes.

893 Ms. Schakowsky. Thank you. Thank you very much.

894 So, how many employees do you have, Mr. Anderberg?

895 Mr. Anderberg. We have about 60 right now.

896 Ms. Schakowsky. So, the three of you are small businesses.

897 And so, I think this is a problem, some of the issues of the
898 failure to close the wage gap or to invest in employees. It is
899 probably different, and I think that you referred to that, that
900 the private sector, large businesses, could do more to get
901 involved in training, in being a public-private partnership.

902 And you said, Mr. Paradowski, that your effort was to go
903 to the government and say that there had to be improvements in
904 education, and that it is really about government helping

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905 businesses rather than the other way around. I would suggest
906 that your going and saying more tax dollars should be spent in
907 some ways is a copout in what industry ought to do in order to
908 help. Like we have in Germany, there are programs,
909 public-private partnerships with business to invest in the
910 training of workers. I am not really asking a question here.
911 That is my take and you can answer that. You can talk about
912 that later.

913 But I wanted to ask Mr. Stettner on the research that has
914 been done. We have heard promises that the Trump tax cut would
915 lead to increased worker pay and investment in manufacturing.

916 However, we know that in the vast majority cases -- and I think
917 this refers mostly to the larger corporations -- that did not
918 happen. In fact, economists analyzing the effect of the tax cuts
919 found no significant sign of boosting investment or increasing
920 wages.

921 So, Mr. Stettner, was there a boom in manufacturing
922 investment after the tax cut went into effect?

923 Mr. Stettner. Manufacturing has been on a rebound, I would
924 say a consistent rebound for the last six or seven years. And
925 the challenge going forward is to increase those investments and
926 for companies to look at the workers as partners.

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927 I think a great example that comes to mind is at the
928 ArcelorMittal steel mill they have authorized a strike because
929 the company is doing very well and workers are just asking for
930 their fair share of those profits in terms of wages and healthcare
931 benefits. And so, the move is going to have to be to make sure
932 that workers are treated as partners, so we keep our skilled
933 manufacturing workforce.

934 Ms. Schakowsky. So, is there some way that the tax breaks
935 could have been drafted in a way that would incentivize investment
936 and what might that look like?

937 Mr. Stettner. I am not going to say that I am a tax expert.
938 So, I don't want to get into the details. I do think there are
939 ways in which, in fact, the tax bill made it cheaper for companies
940 to outsource jobs overseas, and we need to really close those
941 gaps, so it is not cheaper to put production and corporate
942 headquarters overseas.

943 Ms. Schakowsky. Thank you.

944 I just want to go back to Mr. Paradowski. Other countries
945 have invested in long-term strategies for their manufacturers.
946 China has been mentioned, the Made in China 2025 campaign. But
947 Germany has what is called the Fraunhofer Society. And both of
948 these countries have retained more production and more jobs than

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949 we have. The German plan is a public-private effort.

950 And I am just wondering what you think the private sector
951 could do, the manufacturing sector? Because everyone is talking
952 about we can't find the skilled workers. And if you want to
953 comment on this, and there is time, Ms. Moyers, I would be happy
954 to hear that.

955 Mr. Paradowski. I would love to comment. The way I look
956 at education, and I have stated this many times within the state
957 of Wisconsin, education is the supply chain, the commerce. I
958 don't know of anybody who goes to school to get an accreditation
959 just to have it hang on their wall. They are doing it to ideally
960 get a job.

961 So, within the K-12 space in Wisconsin, I think there is
962 a variety of things that need to happen. Awareness, nobody
963 aspires to --

964 Ms. Schakowsky. Yes, but I am not asking about what the
965 state of Wisconsin can do. I am asking what the employers can
966 do.

967 Mr. Paradowski. The employers can certainly provide the
968 data as to what jobs are out there, what the makeup of commerce
969 is. There is a lot of kids going through school to get
970 accreditations where there is not a job, and there are a lot of

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971 jobs where we don't have workers. Thus, we call that the "skills
972 gap".

973 I don't refer to what we offer at Apache Stainless Equipment
974 as jobs. I refer to them as careers. We want people to come
975 in, and it is market-based wages. We will take unskilled people
976 who we offer what we call the welding bootcamp. If you have never
977 welded in your life, if you can come in and meet some basic
978 requirements, passing a drug test, have some work ethic, we will
979 teach you how to weld and we will pay you a market-based wage,
980 which is far north of the minimum wage. We have a hard time
981 finding people to do that.

982 Ms. Schakowsky. Okay. Do you mind if I continue for a
983 while?

984 Mr. Latta. Go ahead.

985 Ms. Schakowsky. Thank you.

986 Before I go to Ms. Moyers, I wanted to ask Mr. Anderberg,
987 you mentioned that large corporations could be doing more. What
988 did you have in mind?

989 Mr. Anderberg. Well, I think there is a lot of short-term
990 thinking. And unfortunately for them, I think it is catching
991 up to them; they are realizing it.

992 I go back in the past. Thirty years ago, a lot of large

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993 corporations and large manufacturers shuttered their credential
994 programs. They got rid of them. And now, a lot of those people
995 are retiring that went through those programs and there is a big
996 gap. And shame on them, I think.

997 Today, for example, in Rockford, we are fortunate; we have
998 the Rock Valley College, and we have an apprenticeship program
999 through our local Tooling and Machining Association that I am
1000 on the board of. We have a very successful apprenticeship
1001 program. It wasn't so some years back, but now we have over 120
1002 apprentices for skilled machinists, tool and die trade in the
1003 program just in Rockford today.

1004 And we are the only ones training. The small manufacturers
1005 are really the only ones training. And I think at some point
1006 the larger manufacturers will have to train again. It might take
1007 some time. But I think if there is something that could be
1008 incentivized for them to start apprenticeship programs again --
1009 I don't know if it is a tax credit. We talked about this.
1010 Actually, I talked about this last week, and we had a board meeting
1011 of our Tooling and Machining Association. Maybe a tax credit
1012 or something like that.

1013 I don't think we need to have taxpayer dollars going to the
1014 benefit of companies, but maybe let them keep some of their capital

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1015 in the form of a tax credit, or something like that, if they have
1016 an apprenticeship that is an accredited program. Our
1017 apprenticeship program, it is accredited by the Department of
1018 Labor. Everyone gets a Department of Labor certificate at the
1019 end of their training. And so, maybe something like that could
1020 be done, but I just think the only way you are going to get them
1021 off the porch now is to incentivize them some way or another.

1022 Ms. Schakowsky. If I could? There is hardly anyone here
1023 today. So, I wonder if Ms. Moyers could just say a few words?

1024 Mr. Latta. Yes.

1025 Ms. Schakowsky. Thank you.

1026 Ms. Moyers. Thank you.

1027 To speak to your question to Mr. Paradowski, I think that
1028 what corporations can do is we need to make ourselves seen. One
1029 of the things that we are doing at our corporation is, with part
1030 of our charitable contributions, we donate to a place called
1031 Imagination Station in Toledo, Ohio, which is a science-based
1032 museum and activity center that is geared toward children. We
1033 have done several activities with them. We have donated for the
1034 past five years, and we have also been a part of their outreach
1035 programs. They do a great STEM for girls program, and we have
1036 done that.

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1037 I was lucky enough to be a participant one year. And so
1038 many girls -- and I think the ages were 8 to 13 -- so many girls
1039 came up and said, "I didn't realize a girl could be a scientist.

1040 I didn't know I could do this. I didn't know that there were
1041 these jobs." And that is one of the important things, is we need
1042 to just get ourselves out in front of people, so that they can
1043 see us and see what we do.

1044 Ms. Schakowsky. Thank you.

1045 I yield back.

1046 Mr. Latta. The gentlelady's time has expired.

1047 And just to follow up on Mr. Paradowski, what you said about
1048 welders, that is the No. 1 job out in my district, that if you
1049 have got that skill coming out of high school, you are hired
1050 immediately.

1051 The Chair now recognizes the gentleman, the vice chairman
1052 of the subcommittee, from Illinois, for 5 minutes.

1053 Mr. Kinzinger. Thank you, Mr. Chairman.

1054 Again, thank you all for being here today.

1055 Mr. Anderberg, should the government mandate wages that you
1056 pay?

1057 Mr. Anderberg. No. No.

1058 Mr. Kinzinger. Give me, if you can, like generally, what

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1059 is kind of the average, if you kind of put all your employees
1060 together, what is kind of an average hourly wage?

1061 Mr. Anderberg. I would say the average hourly wage is up
1062 into the mid-twenties.

1063 Mr. Kinzinger. And has that, you said that is --

1064 Mr. Anderberg. Not including benefits. Not including
1065 benefits.

1066 Mr. Kinzinger. And you said that has increased over the
1067 last few years?

1068 Mr. Anderberg. It is increasing, yes.

1069 Mr. Kinzinger. And that is because of?

1070 Mr. Anderberg. Scarcity.

1071 Mr. Kinzinger. What would have happened if, say, three
1072 years ago, Washington would have mandated the wage you are paying
1073 now back when the economy was hurting?

1074 Mr. Anderberg. Well, I will tell you, Congressman, as a
1075 small manufacturer, we made the decision in the four-year slump
1076 we had between 2013 and 2017 to hold onto our people. We had
1077 built enough cash reserves up that we held onto them, gave them
1078 40-hour weeks. And we made it; we ate up all our cash reserves
1079 in those years. If we would have come out of that or had that
1080 come down, I would have laid off more people. It is just you

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1081 can't do that.

1082 Mr. Kinzinger. And can you think of --

1083 Mr. Anderberg. Go ahead. Go ahead.

1084 Mr. Kinzinger. Oh, no, please.

1085 Mr. Anderberg. We talked about Germany. I have been in
1086 German machine tool plants. I have been in German manufacturing
1087 companies, and I don't want any mandates from the government.

1088 I mean, one thing the Germans have done is they have mandated
1089 that, if you are a manufacturing company, you have to have 10
1090 percent of your workforce in an apprenticeship program. That
1091 is pretty good, but I think that is incumbent upon the manufacturer
1092 to make that decision, not government.

1093 Mr. Kinzinger. Yes, and I think there are some things to
1094 learn from the German system. I like, in fact, they introduce
1095 kids in high school, put them on different tracks, career tracks,
1096 past opportunities, show them options. And I think that is
1097 something, frankly, we can learn from. Germany has actually been
1098 criticized significantly in the EU for what they call keeping
1099 wages low. And so, I think to kind of look at the German system
1100 and say that is the answer, I don't think it is, even though,
1101 again, there are some things we can learn from them. They are
1102 very obviously technologically advanced and everything else.

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1103 But I do think it is important that, since the enactment
1104 of the tax cut and the repealing of a lot of the regulations that
1105 you talked about that have been stifling, 1.7 million jobs have
1106 been created. Wages are up 2.7 percent. More than \$4 billion
1107 has been paid to employees in terms of bonuses.

1108 Just two short years ago, three-quarters of manufacturers
1109 were saying that the biggest business challenges were our tax
1110 and regulatory environment. But, as of June this year, less than
1111 20 percent say that that is a top concern.

1112 I mean, you look at it, and we should have these good
1113 arguments in D.C. That is the point of this place. But, if you
1114 look at it and you say, who are we asking, when you ask the people
1115 that are actually making the jobs, that are manufacturing, what
1116 is it you need and what is it you have seen, and they are telling
1117 us I think, by and large, that we are creating a better
1118 environment, and you look at the economic numbers, it becomes
1119 pretty obvious that it is working. Unemployment is at an 18-year
1120 low. It is not perfect. We still have a lot of work to do.
1121 We have a lot of issues with training.

1122 You said you employ about 60 people, 45 of whom are skilled
1123 tradesmen, machinists, and assemblers, but you have a need for
1124 another 10 or 15, and you can't fill it. You also mentioned that

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1125 this is a pervasive problem, not only in the manufacturing sector,
1126 but everywhere. Can you give us a couple of examples of other
1127 industries? And also, do you attribute the shortfalls to the
1128 same factors that have led to the shortfalls in manufacturing?

1129 Mr. Anderberg. Yes, I could talk about the construction
1130 industry. I know people who are building contractors,
1131 excavators; their people are retiring, too, in the next couple
1132 of years. I talked to one owner, Northern Illinois Service in
1133 Rockford. They can't get anybody. He is really concerned about
1134 his business.

1135 There are other service industries, everybody, everybody
1136 you talk to is having a problem getting people, specifically young
1137 people. And this is something I want to speak to. I touched
1138 on it a little bit in my writeup. This is a societal issue we
1139 are facing. We just can't seem to get young people into the
1140 trades.

1141 And what I have also found, it is a global issue. Just
1142 recently, we had a serviceman over from Germany to work on one
1143 of our machines. We have gotten to know these people pretty well.

1144 And we had another gentleman in earlier this year. We get into
1145 this conversation, and they say -- you know, these guys fly all
1146 over the world. They are in plants in Russia, China, India,

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1147 everywhere. And they have told me, both of them, that you go
1148 to a plant in China or India, they tell us the same thing; they
1149 can't get young people into this trade, into this type of work.
1150 You walk into the plants; they are all older people.

1151 So, it is a unique situation. It is a unique challenge.
1152 I don't know if it is because manufacturing is not seen as a
1153 technological industry. It is. And maybe it is more of a
1154 marketing effort towards, like I said, the students, the parents,
1155 the educators.

1156 If you were at the IMTS show last week, there was a display
1157 where they showed voice-activated commands for making machine
1158 tools move. It is fascinating. My father and I were there, and
1159 we happened to see a lot of students there that day, and they
1160 had like lounge couches there; you could sit and watch. It was
1161 the only booth that I saw where students sat and were extremely
1162 attentive to watching the demonstration. Maybe that is part of
1163 the answer. Maybe it is increasing the technology, making it
1164 more work like an app on your iPhone or your iPad. I think that
1165 has something to do with it.

1166 But I don't know. It is strange. I think everybody is
1167 experiencing the same thing. You can't get young people in.
1168 They last maybe a day and they don't come back.

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1169 Mr. Kinzinger. Thank you. I have a thousand more
1170 questions, but I will just leave it by saying I think this is
1171 an area where, frankly, there can be a lot of bipartisan
1172 cooperation. We have these deep debates, but, ultimately, how
1173 can the government restructure our programs that exist, not new
1174 programs, but restructure them to make sure we are turning people
1175 onto these opportunities?

1176 So, thank you again for being here, all four of you.

1177 And I yield back.

1178 Mr. Latta. Thank you very much.

1179 The Chair now recognizes the gentleman from Texas for 5
1180 minutes.

1181 Mr. Green. Thank you, Mr. Chairman. Thank you and the
1182 ranking member for having this hearing.

1183 And I want to welcome our witnesses.

1184 Manufacturing -- I come from the Houston area, the industrial
1185 part -- my companies that are hiring are refiners, chemical
1186 plants, service industry, and the oil industry. What we have
1187 seen, and I have worked for a number of years because the way
1188 I got into college was I also was an apprentice at a newspaper.

1189 I learned to print a newspaper in the 1960s. And I asked the
1190 owner of the newspaper, I said, "You hired me as an apprentice.

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1191 Why didn't you go to the high school we had in the Houston area
1192 that had a printing vocational program?" And he said, "Their
1193 technology is so far behind, we couldn't do it."

1194 So, over the last decades, we have taken vocational ed out
1195 of high schools. And our community colleges have been the one
1196 that should be taking it up. I have had a really good community
1197 college in my area where we have refineries, chemical plants,
1198 essentially, in a college who actually partners with the human
1199 resources of these, Shell, LyondellBasell, you name it, and say,
1200 what do we need to teach and get these students to have also a
1201 two-year degree? But, then, they can walk onto your plant and
1202 work.

1203 That has been really successful, and I have been trying to
1204 get our other urban areas in Houston, community colleges, to talk
1205 with the people who hire the folks. And I have been to the
1206 locations and seen the training, and with these manufacturers
1207 who are doing that. Is that commonplace, that community colleges
1208 have taken over most of the vocational public?

1209 The apprenticeship I went through just was not a public one.
1210 It was a union, but I ended up being able to manage that newspaper
1211 after I got my apprenticeship because I had also gotten my
1212 undergraduate degree in business. I was just lucky to be able

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1213 to have that kind of situation; whereas, so many of our young
1214 people coming out of high school, they may want to go to college
1215 because that is where everybody says they should, but they don't
1216 know how they can afford to get there. And that is why an
1217 apprentice program in a community college, where you can earn
1218 living and you can also still go back and get you a four-year
1219 degree in whatever you want to do.

1220 Each of you stated you don't have enough younger employees
1221 to replace older employees who plan to retire. I have heard that
1222 for a number of years. As you said, even nationally,
1223 internationally, it is a problem.

1224 How can individuals enter the manufacturing industry right
1225 now if they don't have access to the educational programs like
1226 a community college or Manufacturing USA, or in my case just
1227 because the company wanted to hire me, and lightning strikes?

1228 What kind of program could do it? And I am real familiar with
1229 the German program. I have been to BMW and seen that. I don't
1230 know if that structure would fit in our country, but I do know
1231 we need to have an apprentice program that is viable, so employers
1232 could count on the skills that they are learning there, that they
1233 can come on the job and work.

1234 Mr. Paradowski?

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1235 Mr. Paradowski. I would say that it is the awareness.
1236 There is certainly a stigma around manufacturing. I know when
1237 I was in high school in the early eighties, I went through a
1238 technical high school, market trade and technical high school,
1239 learned the trade. In school, we were all being told that, if
1240 you don't have a four-year degree, at some point soon you are
1241 not going to have a job. So, I think maybe kids have been
1242 brainwashed into thinking that they have to go to a four-year
1243 institution.

1244 It is the awareness of what manufacturing is about. Our
1245 facilities have become very technology-driven. It is not dark,
1246 dirty, and dangerous like maybe some people believe.

1247 Every single school teacher at the Beaver Dam High School
1248 in our community has been through our facility, and most of them
1249 have never been through a manufacturing facility prior to coming
1250 through. That is our role as the private sector, is we need to
1251 really drive the awareness that these careers; they are not just
1252 jobs. It is very technology-driven. It is the future. There
1253 will always be a sizable place in the economy for manufacturing.

1254 It is not going away in its entirety. Anybody who believes that
1255 is somewhat naive, I believe, and no disrespect to anybody who
1256 might believe that.

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1257 But we certainly have a role to work as partners with
1258 education and K-12 and the tech college system, and any of the
1259 institutions out there that are educating our kids. Wisconsin
1260 Tech College System is one of the best tech college systems in
1261 the country. The average age of a tech college student in
1262 Wisconsin is 27 years of age, which would lead me to believe that
1263 they were out figuring out other things first before they realized
1264 maybe I want to go down the path of a tech school. I would rather
1265 that the average age be 18 or 19. That means that the supply
1266 chain speeds to the workforce.

1267 Mr. Green. Any other response? I thought I had 4 seconds.

1268 Mr. Stettner. I just wanted to, when we talked about
1269 existing programs, what it made me think of is community colleges
1270 don't have an incentive to do technical training. A lot of the
1271 federal student aid programs will not pay for that training, and
1272 the companies have to cover all the tuition. So, we have to kind
1273 of level that playing field. I think it is one kind of thing
1274 that we could do and I certainly support.

1275 Mr. Green. Thank you, Mr. Chairman. I know because my
1276 first two terms I was on Education and the Workforce, and that
1277 committee has prime jurisdiction. But I would sure like to see
1278 programs in our Department of Labor that would actually look for

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1279 those skills training that they can go out and walk onto that
1280 job. So, thank you, Mr. Chairman.

1281 Mr. Latta. Thank you very much. The gentleman's time has
1282 expired.

1283 And the Chair now recognizes the gentleman from West Virginia
1284 for 5 minutes.

1285 Mr. McKinley. Yes, thank you, Mr. Chairman.

1286 And you on the panel, you saw an opportunity or you saw
1287 earlier today in this hearing why Congress is considered to be
1288 so dysfunctional when you saw the attacks that went underway over
1289 the tax cut. When we are talking about manufacturing, people
1290 want to go back on the other side and talk about the tax cuts
1291 and that they haven't been productive. And the fact that one
1292 person referenced the fact that they were all used for buybacks,
1293 and I am sure there were some. I am sure there were some. But
1294 just keep in mind that, according to Fortune magazine, of the
1295 Fortune 500, the top S&P 500, they only represent 17 -- and I
1296 shouldn't say "only" -- but they represent just 17 percent of
1297 the workforce, the publicly-traded companies.

1298 So, we are dealing with 117 million jobs that are in these
1299 small and medium-sized companies. They are not doing buybacks.

1300 It is just a distraction of what this fight is about.

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1301 Because we have seen in West Virginia, as a result of the
1302 tax cut, what it has done is strengthened our manufacturing.
1303 We have had manufacturers that make truck parts, truck bodies,
1304 are now going to triple the size of their operation in West
1305 Virginia. Toyota that makes engine blocks is going to put \$120
1306 million more into it, thanks to the tax cuts, down in Buffalo,
1307 West Virginia. ATK was bought by Northrop Grumman, and they are
1308 going to expand their operation in manufacturing in West Virginia.

1309 Boeing just bought Aurora Space Flight, making aerospace parts,
1310 as a result of the tax cuts.

1311 So, I am seeing some positive. It is larger companies, but
1312 also I just had an opportunity this last weekend to talk with
1313 a small manufacturing company, Panhandle, with Bob Contraguerro,
1314 out of Wheeling. The tax cuts gave him -- he didn't use it for
1315 buybacks or increased dividends. He hired more people. He has
1316 expanded his operation. He is buying more trucks. He is doing
1317 all the things he can, but he is facing the same problem that
1318 you all have talked about; he can't find people, qualified people
1319 for that.

1320 So, my question has to do with the workforce. I think across
1321 the country we have gone away from vocational education. We are
1322 not making the incentives anymore for apprenticeship programs

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1323 in our trades.

1324 I am chairman of the Building Trades Caucus, and we know
1325 desperately we need plumbers, pipefitters, carpenters, and
1326 electricians to be able to that. We have got to be able to get
1327 that base back again.

1328 So, I am curious to see, from your incentives or what you
1329 are seeing, how would you suggest that we renew our interest in
1330 vocational training and apprenticeship programs? What can we
1331 do from Congress to make sure that we have a workforce? What
1332 would you suggest, please? Any of you?

1333 Mr. Anderberg. I think, for example, in Rockford, I think
1334 every district or every area that has manufacturing recognizes
1335 that shutting down the vo-tech schools was a big mistake. In
1336 Rockford alone, we have had one high school, Jefferson High
1337 School, start up their vo-tech training programs; it has been
1338 over 5 years ago now. And it has been very successful. There
1339 is another high school in Rockford that is starting their vo-tech
1340 program again. Across the border in Beloit, Wisconsin, in fact
1341 --

1342 Mr. McKinley. We have to overcome a stigma.

1343 Mr. Anderberg. Right.

1344 Mr. McKinley. Someplace back in the seventies or eighties,

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1345 there was a stigma about, well, they are in a shop; they are
1346 autobodies. How do we get that back and remove that stigma with
1347 that?

1348 Mr. Anderberg. I think we have to show that, if you are
1349 going -- you know, I went to college and I have a master's degree
1350 -- but I think you have to show, if you go to a four-year school
1351 and you come out with a bachelor's degree, you are in debt, and
1352 that the wages you are going to make aren't as much as somebody
1353 that comes out of high school with math and an aptitude and goes
1354 to work in a manufacturing operation, the amount of money they
1355 are going to make.

1356 The wages that we have in our manufacturing companies today
1357 just in Rockford are tremendous. And then, because of the
1358 scarcity, they have risen, and it is an attractive wage and it
1359 is more than a living wage. The people that work in manufacturing
1360 make more than the majority of the middle-class, working
1361 individuals.

1362 I can't put it all on manufacturing. You can point fingers
1363 at everybody. We have to do a better job of marketing and
1364 educating the public of what manufacturing is today. I don't
1365 know how; maybe that is something Congress can step in and do.

1366 Mr. McKinley. I am sensitive to it because my first job

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1367 was in manufacturing. I was on an assembly line in an ice plant,
1368 in a neighborhood ice plant. So, I understand that we worked
1369 seven days a week.

1370 But, nevertheless, I appreciate your effort with it. I am
1371 sorry that some people got distracted in trying to make this an
1372 issue over the tax cut program. But, you see, there is a reason
1373 they are doing that, and I am sorry.

1374 And I yield back.

1375 Mr. Latta. Thank you very much. The gentleman yields back.

1376 And the Chair now recognizes the gentleman from Kentucky
1377 for 5 minutes.

1378 Mr. Guthrie. Thank you very much. It is nice to be here.
1379 Sorry, there are a couple of other hearings going on, so I have
1380 been in and out. I apologize.

1381 But this first question is for Mr. Anderberg and Ms. Moyers.
1382 As nearly everyone has mentioned this morning, the workforce
1383 challenges you are facing are significant. This issue is
1384 important to all of us and our districts.

1385 Mr. Anderberg, one issue, in particular, you mentioned was
1386 the need for increasing apprenticeship opportunities. And some
1387 may not be focused on that. I recently started the Congressional
1388 Apprenticeship Caucus with my colleague, Susan Davis of

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1389 California, and we introduced legislation to expand awareness
1390 of apprenticeship opportunities by providing funds for the states
1391 and the Department of Labor to get the word out about
1392 opportunities.

1393 There are a lot of challenges, but could you tell us what
1394 are some of the biggest challenges that are specific to your
1395 apprenticeships or earn-and-learn opportunities?

1396 Mr. Anderberg. I think for us, and what we have experienced,
1397 what I know my fellow colleagues back in Rockford have
1398 experienced, it is simply finding a young individual that wants
1399 to come to work every day, wants to do the work. And in our
1400 instance, when we have someone come to the door that is interested
1401 in a manufacturing job, what we do is we put them into our
1402 apprenticeship program. And if they exhibit good attendance,
1403 an aptitude, they are a good worker, if ask them, "Do you want
1404 to become a machinist? Do you want to make a career here?" If
1405 they say yes, we pay for their apprenticeship 100 percent. We
1406 pay for all their books, all their costs.

1407 And even if they are on a night shift, for instance, while
1408 they are at school, because there is some night school and night
1409 classes, we pay their wage while they are at school. I don't
1410 want to penalize them. So, we bend over backwards to get somebody

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1411 into our apprenticeship program. The problem is finding
1412 individuals to come in that want to do it. That is the biggest
1413 problem.

1414 Mr. Guthrie. Ms. Moyers, do you have any followup?

1415 Ms. Moyers. Yes. We actually at Jerl also offer an
1416 apprenticeship through the state of Ohio. We have not completed
1417 an apprentice since 2014. We have had a lot of people enrolled.
1418 We have put people through programs. And like Mr. Anderberg
1419 has said, the young people are either not focused enough to want
1420 to continue it -- it is a four-year program with us. And after
1421 a year, they drop off, they start missing classes, failing
1422 classes.

1423 The other issue, I think, that is hindering people from
1424 offering apprenticeship programs is no one wants to train an
1425 employee that another company is going to poach. So, because
1426 the workforce, we have this skilled wage gap, it is really hard
1427 to commit to putting the investment into those employees if you
1428 are fearful they are going to jump ship and go somewhere else,
1429 because, then, you have no return on your investment.

1430 Mr. Guthrie. Right.

1431 Ms. Moyers. I don't know what the solution is that,
1432 unfortunately.

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1433 Mr. Guthrie. Well, thanks. And, you know, we are looking
1434 at other things and other bills and other issues about getting
1435 people into the workforce, and so forth. My argument is that
1436 these people are wanted, they are needed, and what you just said,
1437 wanted. In particularly the farm bill we are debating that.
1438 And I really believe this. If somebody is on some kind of benefit
1439 and they don't get back into the workforce, then five years from
1440 now they are going to be in the exact same spot.

1441 But what you just described is what my experience is. I
1442 am from a manufacturing background. If somebody will come to
1443 work and show up every day and do their job, they are going to
1444 move up and improve. And I will tell you the difference. If
1445 somebody doesn't get back into the workforce, they are going to
1446 be in the exact same shape five years from now. If they just
1447 show up for work with even low skills or no skills, they are going
1448 to be where you are talking about five years from now through
1449 an apprenticeship or some kind of program, and be better off.

1450 But I want to get to one other thing. I am changing the
1451 subject. So, Mr. Anderberg, this is for you. I am prepared today
1452 -- my colleague Doris Matsui and I are looking to drop a bill
1453 to direct the Department of Commerce to establish a working group
1454 of federal and private stakeholders to define blockchain. That

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1455 is one thing, until we can even deal with policy, get the
1456 definition of blockchain and study some of the implications for
1457 spectrum policy in potential applications. We have a lot to learn
1458 and hope this is a good first step in kicking off significant
1459 conversations across the federal government.

1460 Do you believe innovations in blockchain could be important
1461 to your company and the manufacturing sector generally?

1462 Mr. Anderberg. Yes. I think anytime Washington wants to
1463 talk about manufacturing, it is a benefit. I came out here, I
1464 remember coming out here in the late nineties when it was discussed
1465 talking about PNTR and some of the trade agreements. And I came
1466 out in small manufacturing groups. They didn't want to hear us.
1467 They didn't want to hear what we had to say of what was going
1468 to happen. And I think the reality has become reality.

1469 Anytime Washington has talked about manufacturing, I think
1470 that is important. And we have talked here on the panel before
1471 we started. You know, there is the Digital Commerce and Consumer
1472 Protection Subcommittee. Yet, we have a USDA. I am not opining
1473 for another bureaucracy. But where is there a manufacturing --
1474 you know, how important manufacturing is to our national defense,
1475 our economy. Shouldn't there be like some type of subcommittee
1476 or committee on manufacturing to keep watch of some of these

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1477 things? Maybe that is something. But I fully appreciate anytime
1478 Washington wants to discuss, to talk about manufacturing, because
1479 it is extremely important to our country.

1480 Mr. Guthrie. Thank you. I appreciate that.

1481 My time is expired and I yield back.

1482 Mr. Latta. Thank you very much. The gentleman's time has
1483 expired and he yields back.

1484 And the Chair now recognizes the gentleman from California
1485 for 5 minutes.

1486 Mr. Cardenas. Thank you very much.

1487 I appreciate the opportunity to talk to some of the
1488 practitioners out there in the real world. So, thank you very
1489 much for being here.

1490 Ms. Moyers, thank you for pointing out in your opening
1491 statement about the lack of diversity, even in your own company.

1492 And it is good to hear that it sounds like you would love to
1493 welcome more diversity.

1494 Is diversity good for business, for your business, for your
1495 bottom line?

1496 Ms. Moyers. Absolutely. It is good for every business.

1497 I can't tell you how many times just myself, as a family member,
1498 completely accepted in my business, walking in and I can present

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1499 an idea that I can tell no one at the table has thought of before.

1500 And I don't know if it is because I am a woman. I don't know
1501 if it is because I didn't stay in my industry; I didn't start
1502 there. I have previous experience in other industries.

1503 But anytime you get someone who is different, they offer
1504 a unique perspective. If they have grown up in a different place,
1505 if they have experienced different prejudices, experienced
1506 different benefits from their race, their religion, their sexual
1507 orientation, their gender, it is important because we cannot
1508 continue -- we have talked about manufacturing as needing to be
1509 innovative and needing to progress, and we can't progress if we
1510 have the same people making the decisions and deciding to -- excuse
1511 me; I lost my train of thought -- making the same decisions.

1512 Mr. Cardenas. Well, Ms. Moyers, you just mentioned
1513 something very interesting. That is, you mentioned a whole
1514 breadth of different communities. Your product, is it consumed
1515 -- or who participates in that product? Is it across the board
1516 or it is only one kind of community?

1517 Ms. Moyers. No, we have a --

1518 Mr. Cardenas. The ones that you just described?

1519 Ms. Moyers. Our business is metalworking. Basically, we
1520 are not an end product. We provide for other companies that

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1521 produce other things.

1522 Mr. Cardenas. So, all communities that you just described
1523 benefit from your product in some way or another?

1524 Ms. Moyers. Absolutely. Absolutely. We work in multiple
1525 industries, food packaging, automotive, elevator, energy. It
1526 is nationwide.

1527 Mr. Cardenas. There is another form of diversity --

1528 Ms. Moyers. Right.

1529 Mr. Cardenas. -- diversity of consumers, right?

1530 Ms. Moyers. Yes.

1531 Mr. Cardenas. Okay. In some of the testimony, some of you
1532 were talking about how young folks, it is hard to attract them
1533 and get them involved in manufacturing, or what have you. My
1534 office, my district office, we participate in manufacturing day.
1535 We really kind of like make it a manufacturing week.

1536 And one of the things that I came up with, and we are still
1537 trying to tackle this issue -- I happen to represent part of Los
1538 Angeles. So, it is not uncommon to see an A-list star walking
1539 down the street or somewhere in town, and you are like, whoa,
1540 that is so-and-so. On that point, I think it is important for
1541 everybody, whether it is you, the practitioners, us as
1542 policymakers, or what have you, we have got to try to get really

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1543 cool spokespeople to encourage that manufacturing is cool.

1544 Another thing as well that I think is important, I think
1545 that, on balance, manufacturing actually pays more on
1546 quasi-entry-level skill set jobs than does other
1547 quasi-entry-level, not-so-much-skill required jobs, like, say,
1548 working at a fast food restaurant, or what have you, where many
1549 of our young people end up, if they are determined to actually
1550 work, and say, well, that is the only thing I have got. So, I
1551 have got to put on this funny, little hat and I have got to punch
1552 that cash register.

1553 I think it is really important that your industry pay
1554 attention to that. I think that you have a higher likelihood
1555 of attracting a young person who already went out in the workforce
1556 and got tired of working for minimum wage and tired working for
1557 a job that requires almost no skills other than showing up for
1558 work. I think that you have a higher likelihood that they will
1559 actually be more attracted to trying to apply themselves for one
1560 of your businesses and in manufacturing in general. That is my
1561 take.

1562 Since I was 13, I had one, two, three jobs at a time, or
1563 what have you. That was my immigrant parent inculcation into
1564 my life. So, I think I was a little lucky. So, by the time I

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1565 got out of high school, I was like it is just natural; I have
1566 one, two, or three jobs at any given time. Today's younger folk,
1567 they don't seem to have that kind of want for that kind of effort.

1568 So, I am just saying that I think that it is important,
1569 especially for you practitioners, to just pay attention to what
1570 is going on out there in the community. And instead of,
1571 unfortunately, seeing them be not attracted for you, maybe after
1572 they have already been in the workforce and realize that you do
1573 have a better paying, better opportunity, career type of
1574 opportunity for them, then maybe you will have a little bit more
1575 stick to it from some of these younger folk.

1576 But one thing I want to -- I am looking at the clock; I am
1577 running out of time -- but one thing I definitely want to ask
1578 Mr. Stettner is, how can manufacturers better attract and retain
1579 their next generations of diverse employees and leaders?

1580 Mr. Stettner. One thing I would say in interviewing
1581 workforce practitioners who place people in manufacturing, many
1582 of the programs only focus on getting the person the first day
1583 of the job. They need more resources to help with concrete things
1584 like child care and transportation, but also just mentoring and
1585 coaching, especially if you have a first Latino kid or the first
1586 Black kid going into an all-white workforce.

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1587 And it is also an educational piece on the manufacturers
1588 to learn how are we going to make that person comfortable, how
1589 are things people are saying on the floor making that person
1590 uncomfortable, how do we change our culture to be more welcoming
1591 to women and people of color? And what I have seen is
1592 manufacturers are listening and they are working, and look at
1593 those programs as a way to learn how to do that a little bit better.

1594 Mr. Cardenas. Thank you. I yield back.

1595 Mr. Latta. Thank you very much. The gentleman's time has
1596 expired.

1597 And the Chair now recognizes the gentleman from Pennsylvania
1598 for 5 minutes.

1599 Mr. Costello. Thank you, Mr. Chair.

1600 I would like to point to an example in my home district,
1601 in Berks County, in fact, that highlights the success resulting
1602 from many of the pro-growth policies such as the tax cuts and
1603 JOBS Act. Carpenter Technologies, founded in Redding in 1889,
1604 employing 2,000 people at its Berks County facility, produces
1605 special alloy-based materials for aerospace, energy,
1606 transportation, defense, and consumer electronics markets.
1607 Carpenter Technologies recently announced a \$100 million
1608 investment in its mill in Redding because of the tax savings they

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1609 recently have found themselves having as a result of the tax bill.

1610 Capital investment is a strong signal of entrepreneurs'
1611 confidence about the future. We need to focus on marrying those
1612 free-market policies with workforce development, training to help
1613 minimize the skills gap through apprenticeships, on-the-job
1614 training for job seekers, and emphasizing curriculum in schools
1615 that can be translated to the 21st century economy.

1616 Can all of you talk about some of the training options your
1617 potential employees need to be certified and if there are any
1618 barriers for them to receive the proper training? The second
1619 question, how can the federal government be a better partner in
1620 fostering more workforce development opportunities to get folks
1621 off the sidelines and into good-paying jobs in the manufacturing
1622 sector?

1623 Ms. Moyers. I think that, with my company specifically,
1624 we are offering quite a bit. We offer tuition assistance for
1625 anyone that is continuing education. Our apprenticeship is fully
1626 paid. And basically, if you are willing to come to work and work
1627 hard, we will invest in you and we will make sure that you move
1628 up. Just like it has already been said, if you can find someone
1629 who is unskilled who will show up to work every day, we are going
1630 to train you and we are going to move you up in our fields.

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1631 I am sorry, what was the second part?

1632 Mr. Costello. Federal government partnering.

1633 Ms. Moyers. Yes.

1634 Mr. Costello. How do they? How might they do it better?

1635 Ms. Moyers. I think we have already covered it a little
1636 bit.

1637 Mr. Costello. I think so, but --

1638 Ms. Moyers. I think education funding into vocational
1639 schools and trade skills and life skills is vital. I think that
1640 is the way that the government can help us.

1641 Mr. Costello. That second part, maybe add where you may
1642 be working with your local or regional workforce development
1643 organization and how the federal government's role is or is not
1644 involved in that, for the next folks. And we can go back to it
1645 in a second.

1646 Mr. Paradowski. I think the role of government, I think
1647 the K-12 space, we put too much incentive on SAT scores and
1648 truancy. I think the primary path -- I have got four daughters,
1649 three in college, one in high school. The mindset is, if you
1650 do well on the ACT, there is kind of the center lane that, if
1651 you are in it, you are a winner and everything else is kind of
1652 a fallback. So, if you find yourself in a skilled trade, it is

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1653 because you couldn't make it on the main lane. I think that is
1654 a challenge where it creates the stigma.

1655 I think the things that will help is the awareness of what
1656 is out there. I said it earlier; nobody aspires to be that which
1657 they don't know exists. So, data in the K-12 space, here is the
1658 opportunities that lay out there in the workforce. And they are
1659 all equal valued. So that kids aren't conditioned to think I
1660 have got to go to a four-year school and take on that debt, just
1661 to find out that what I got trained in isn't something that either
1662 (a) has any market demand or (b) is anything I enjoy doing.

1663 Getting people off the sidelines is a tricky thing. I have
1664 some data. It is a little bit dated. In the state of Wisconsin
1665 -- this was late last year actually -- are unemployment rate at
1666 the time was a little bit over 3 percent, which equated to 109,000
1667 people. Right now, the unemployment rate is below is 3 percent.

1668 At that same point in time -- and as everybody would know,
1669 unemployment is those out of work looking for work -- at that
1670 same point in time, there was 1.4 million people in the state
1671 of Wisconsin that were out of work not looking for work. Some
1672 of those, in all fairness, might be people who don't need to work.

1673 But I think it would be naive for us to think that that is all
1674 of them.

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1675 There are a lot of people who are able-bodied that could
1676 be additive to the workforce that aren't. Some of that might
1677 be a fact that the K-12 system. Current gradation rate of
1678 Milwaukee public schools is about 60 percent. So, four out of
1679 ten kids, where are they going? I am a graduate of Milwaukee
1680 public schools.

1681 So, those things concern me deeply because, if they are not
1682 going into the workforce, how do we get them into the workforce?

1683 Maybe if there are more pathways equal valued, that a four-year
1684 degree is great; trade is great; military is great. They are
1685 all equally great. Maybe less people opt out at an early age.

1686 There is, obviously, a lot of other complicated parts with opioid
1687 addictions and things of that nature. But that is our opportunity
1688 to me, the people that are on the sidelines. We have got to find
1689 a way to keep them in the game, keep them on a pathway to be added
1690 up to the economy.

1691 Mr. Stettner. There is obviously formula funding for career
1692 technical programs, but they kind of fund the same programs year
1693 after year. In the same way some of the programs like the TAACCCT
1694 grants incentivize some really innovative activities that led
1695 to the current boom in apprenticeship, I think we need a focused
1696 program that would spur school districts to do something

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1697 innovative about the trades, not a big program, but something,
1698 a competitive grant program that really got the juices going and
1699 kind of show the nation we can do more.

1700 Mr. Anderberg. As far as barriers to training, again, I
1701 think it has to do with an educational effort of the educators,
1702 the parents, the students, and, obviously, opening the vo-tech
1703 schools, which we are seeing in Rockford. In one instance, I
1704 have talked to the program administrator in Rockford, and they
1705 are looking at, for juniors and seniors that are going through
1706 the program. This used to happen years ago, where you have a
1707 half-day at a workplace and half-day in class. And so, then,
1708 when they are ready to graduate from high school, they are in.
1709 And then, from there on, there could be training.

1710 As far as what can the federal government do, I guess maybe
1711 helping create awareness. I don't want to repeat what they said,
1712 but it is just helping the community colleges. If there are
1713 vo-tech programs -- I will step back. Years ago, I was told that
1714 part of the problem with Congress is, of the 435 districts, only
1715 35 districts have manufacturing in them of any significance.
1716 I think that has been an issue over the years. That is why things
1717 have fell through.

1718 So, the recognition here today, having us here today and

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1719 talking about this is a start, but I think there has to be more
1720 awareness. If funding for some of the tech schools or for some
1721 of the community colleges, like we have in Rockford, could help,
1722 that would be terrific.

1723 Mr. Costello. Thank you all very much. I yield back.

1724 Mr. Latta. Thank you very much. The gentleman's time has
1725 expired.

1726 And the Chair recognizes the gentleman from Florida for 5
1727 minutes.

1728 Mr. Bilirakis. Thank you, Mr. Chairman. I appreciate it.

1729 For Mr. Anderberg, Mr. Paradowski, and Ms. Moyers, I heard
1730 from my local manufacturers, the stakeholders in Tampa and the
1731 Tampa Bay area, that workforce development is one of the biggest
1732 problems in this sector. I know many of my colleagues have
1733 already highlighted this. And we have the vocational training,
1734 the schools there. We have career academies, which I worked on
1735 in the legislature. So, in other words, if there's an area of
1736 need in the community, we focus on that particular area of need
1737 through the career academies and the high schools. And, of
1738 course, we have AMSKILLS. We have P-TECH, and we have Marchman,
1739 and all the community colleges. They do an outstanding job, but
1740 we need more. This is everywhere I go I hear this.

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1741 But can you tell me about some of the other impediments,
1742 because we did cover this, to growth in the manufacturing sector?

1743 So, this is for Mr. Anderberg; you can go first, please.

1744 Mr. Anderberg. You said impediments to growth in the
1745 manufacturing sector?

1746 Mr. Bilirakis. Yes, yes. Well, besides the workforce.

1747 Mr. Anderberg. Well, that is our biggest impediment at the
1748 moment.

1749 Mr. Bilirakis. Yes.

1750 Mr. Anderberg. But I think right now it is tough to say
1751 there are impediments because of what is taking place the last
1752 year and a half, quite frankly, the change in tax policy, the
1753 change in regulatory, the trade situation. We are going full
1754 blast right now, and I don't see where there is an impediment
1755 for manufacturing now solely, except for the lack of people.

1756 Mr. Bilirakis. Good. So, you recommend we focus on the
1757 workforce issue?

1758 Mr. Anderberg. I think the workforce is probably the most
1759 important thing that Congress could work on to help us. Again,
1760 allowing us to keep our capital, the money we earn -- you know,
1761 I don't wake up in the morning and think how I am going to spend
1762 my money on a boat or something else. I think about how I am

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1763 going to improve my operation, what I am going to do to help my
1764 people, grow my business. That is what we do with our money.

1765 And I just want to thank you, thank Congress and this
1766 administration for allowing that to happen. Everyone is
1767 investing again. It is incredible.

1768 Mr. Bilirakis. Very good.

1769 Mr. Paradowski, any more besides the workforce issue? Any
1770 other impediments?

1771 Mr. Paradowski. Absolutely. I often give my four legs of
1772 the stool that drive private sector growth speech. So, maybe
1773 I will inject it right now. Logistics, energy, workforce,
1774 although I wasn't supposed to say that word, and commerce-friendly
1775 government. So, it is really the economic, how friendly an
1776 environment as far as the government.

1777 So, I will use a real-life, real-time example, Foxconn making
1778 its investment in the southeastern part of Wisconsin. Their
1779 focal points were those three things: logistics, being in
1780 proximity to Milwaukee and Chicago, two international airports;
1781 energy; workforce is certainly a thing, but the economic
1782 environment that the government created in the state of Wisconsin
1783 specifically for them to come there and compete.

1784 Really, the argument, or maybe the fundamental difference

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1785 in a lot of the folks in this room is, you know, the sun rises
1786 in the East and free markets do what they do. If you can't compete
1787 -- I will cite something that Mr. Stettner said -- highest tech,
1788 not the lowest cost. Maybe there are some markets where you can
1789 be that, but I know that if I wanted to go into the 4K LED TV
1790 market, if I can't find a way to make one for \$350 for a 50-inch,
1791 I don't have a product. Markets do what markets do.

1792 And as a global economy and the U.S. role in that, we have
1793 to compete on a cost and performance basis or else we go out of
1794 business. Companies go out of business every day. And those
1795 are the four key things.

1796 The impact of tax reform is a real impact. Look at GDP
1797 growth. Anybody who says that tax reform didn't have an impact
1798 is denying a key factor of GDP growth.

1799 But one of the things that is a parachute on the car right
1800 now is certainly workforce, but you asked me not to talk about
1801 that. The regulatory environment, government needs to be an
1802 allied partner. If government is really focused on helping the
1803 private sector, changing the educational system in K-12, so that
1804 many pathways are equally valued, that will go a long way. I
1805 don't want to go down this rabbit hole, but legalized immigration
1806 I think is a big piece. Half of our workforce is in the last

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1807 trimester of their career, between 50 and 65. And we need to
1808 add bodies. GDP is a function of output and efficiency, GDP
1809 growth, and we need to add workforce. We need to add efficiency.

1810 Mr. Bilirakis. Very good.

1811 Ms. Moyers?

1812 Ms. Moyers. I think I am going to sound like a broken record,
1813 but I think that the bottom line is just that the workforce is
1814 our biggest issue. Of course, personally, in our company we have
1815 had cash flow issues in the past. We are not having them right
1816 now because of the current climate, because of the tax reform,
1817 because of deregulation. And I think more of that is going to
1818 be helpful.

1819 I guess the only thing that I can think of is making it cheaper
1820 for businesses to run and do the things they do, so anything that
1821 is cost saving to us. One of the biggest expenses we have had
1822 in the past few years has been healthcare costs. We cover
1823 healthcare for our employees. They pay a very small percentage,
1824 and we don't want to make them pay more. And we have no intention
1825 of taking it away, no matter what it costs us, because we feel
1826 it is very value-added to our employees and it is part of the
1827 reason they stay with us. So, that is one of the things, that
1828 that rising cost is a big burden for small business owners.

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1829 Mr. Bilirakis. All right. Thank you.

1830 I have a couple more questions, but I will yield back. But
1831 thank you very much for that information. Thank you.

1832 Mr. Latta. Thank you very much. The gentleman yields back.

1833 And looking down the dias here, there are no other members
1834 wishing to ask questions.

1835 First of all, I want to thank all of the witnesses for being
1836 with us today, for giving your testimony, taking your time away
1837 from your businesses to be with us. And it is great to know that
1838 it is not just an issue in northwest Ohio or Ohio; that the No.
1839 1 issue out there is employees. And all the work that you all
1840 are trying to do, you know, from benefits to making sure that
1841 you are investing in people out there for two to three months
1842 to get them out there. So, I really appreciate you all being
1843 here.

1844 Before we do conclude, I want to make sure that the following
1845 documents are submitted for the record by unanimous consent:
1846 the report by Mr. Stettner; also, the earlier document that the
1847 gentlelady from Illinois submitted that was accepted.

1848 [The information follows:]

1849

1850 ***** COMMITTEE INSERT 5*****

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1851 Mr. Latta. And pursuant to committee rules, I remind
1852 members that they have 10 business days to submit additional
1853 questions for the record. And I ask that witnesses submit those
1854 responses within 10 business days from the receipt of the
1855 questions.

1856 And so, without objection --

1857 Ms. Schakowsky. Mr. Chairman, if I could say just
1858 something?

1859 Mr. Latta. Oh, the gentlelady.

1860 Ms. Schakowsky. So, Mr. Stettner, in your written statement
1861 you talked about apprenticeship and vocational training and how
1862 that has dwindled a bit. But you also said -- and I think this
1863 came up -- that there is a generation who experienced industrial
1864 decline, who are telling their children to shun factory work.

1865 And I agree that, in part, it is a marketing approach to young
1866 people.

1867 Mr. Paradowski, you talked about careers, that these really
1868 are careers. And I also think that we need to encourage women
1869 to understand that this is a great opportunity for women to
1870 participate and get more money; that more diversity in every way
1871 is important. And so, I think that we need to help with the
1872 marketing.

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1873 And maybe, Mr. Stettner, this is part of a manufacturing
1874 strategy, that the federal government, along with the private
1875 sector, can participate in, to make sure. I think some people
1876 of a generation ago think about dirty factory floors and kind
1877 of nasty work, and we have to help change that image, so people
1878 see this as a lifelong career choice.

1879 So, I just wanted to add that.

1880 Mr. Latta. And again, as we have been hearing from all the
1881 members here on the committee and from our witnesses,
1882 manufacturing has changed out there. And I know that I was in
1883 a plant not too long ago and asked a gentleman running a CNC machine
1884 how long it took him to learn it. He said, "I'm still learning
1885 it." He had been there a year. A lot of folks don't realize
1886 how much computerization is in plants today, and it is. It is
1887 looking at everything from guidance counselors to principals --

1888 Ms. Schakowsky. Right.

1889 Mr. Latta. -- to making sure that economic development
1890 directors, going right down the entire line, right down to the
1891 student, getting them out there to see what is there and making
1892 that investment.

1893 So, again, we really appreciate you all being here today
1894 because this is really important to this economy. It is vital

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1895 to this nation. So, we appreciate you being here today, and thank
1896 you for your testimony.

1897 And with that, this subcommittee will stand adjourned.

1898 [Whereupon, at 11:45 a.m., the subcommittee was adjourned.]