NATIONAL ASSOCIATION OF
Manufacturers

Leading Innovation. Creating Opportunity. Pursuing Progress.

Testimony

of Chuck Wetherington
President
BTE Technologies
on behalf of National Association of Manufacturers

before the Joint Economic Committee

on Manufacturing in the USA: Training America's Workforce

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COMMENTS OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

BEFORE THE

JOINT ECONOMIC COMMITTEE

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Chairman Casey, Vice Chairman Brady and members of the Committee, thank you for the opportunity to testify on behalf of the National Association of Manufacturers (NAM) at this Joint Economic Committee hearing on labor and job training.

My name is Chuck Wetherington, and I am the president of BTE Technologies, based in Hanover, Maryland. BTE Technologies is widely regarded as the leading provider of advanced solutions for physical testing and rehabilitation. My company's advanced physical therapy, occupational therapy and athletic training equipment improves clinical decision-making, generates measurable outcomes and enhances the success of the modern orthopaedic hospital, physiotherapy clinic, occupational therapy practice and athletic training facility.

We proudly manufacture our products in Maryland, and export them to 40 countries worldwide, including 9 of the 10 countries where the U.S. has the largest negative trade balance. In addition, BTE Technologies' Employer Payer Services provide large employers and insurers with programmatic solutions that drive down the cost of injury and disability in the workplace. With pre-hire testing programs and functional capacity evaluation, we help prevent injuries in the workplace, which saves our clients millions of dollars a year and keeps workers on the job. If an injury does occur, BTE's post-injury evaluation and expert management of functional recovery expedite employees' safe and cost effective return to function and the workforce.

I am pleased to testify on behalf of the NAM today. The NAM is the nation's largest manufacturing trade association, representing manufacturers in every industrial sector and in all 50 states. Manufacturing has a presence in every single congressional district providing good, high-paying jobs.

The NAM appreciates Congress and the Administration's bicameral, bipartisan recent discussions on manufacturing policy. To assist policymakers in understanding what manufacturers need to remain competitive in the global marketplace and create jobs, the NAM developed its "Manufacturing Strategy for Jobs and a Competitive America." The Strategy makes the case for a broader, more far-reaching and strategic approach toward manufacturing to help ensure that the United States will be:

- The best country in the world to headquarter a company and attract foreign investment;

- The best country in the world to innovate and perform the bulk of a company's global research and development; and
- A great place to manufacture, both to meet the needs of the American market and to serve as an export platform for the world.

This strategy also lays out specific policies to encourage the dynamic labor market that is one of America's great competitive advantages. Companies must move quickly to meet the demands of a rapidly changing marketplace, and the continuing expansion and shifting sands of federal mandates and labor regulations undermines employer flexibility. In addition, increasing costs discourage investment in our businesses, including the hiring of new employees.

I strongly urge the Committee to support the NAM's Strategy to address many of the challenges faced by manufacturers and the broader U.S. economy.

Job Training

The NAM is encouraged by the Senate Health, Education, Labor and Policy Committee's recent release of a draft version of a reauthorization of the Workforce Investment Act (WIA). The draft is the result of over two years of bipartisan negotiations to update programs contained under the WIA, which have not been updated since 1998. With advancements in technology and the current state of our economy, the WIA is overdue for reauthorization, and the Committee's work represents an important first step in improving and strengthening employment, education, training and vocational rehabilitation services in our country.

One of the key issues for manufacturers is the need for a skilled workforce. Manufacturers have applauded President Obama for his support of partnerships between manufacturers and community colleges to make manufacturing credentials available nationwide and help close the skills gap. The NAM encourages the Senate to refine the draft WIA reauthorization to promote and emphasize the adoption of portable, industry-recognized skills credentials within the legislation as well as other workforce development programs. Manufacturers need access to the right workers with the right skills. Efficient training programs that are responsive to the needs of employers are critical improvements to programs such as the WIA and will help create a skilled workforce ready for the future.

However, the economy as a whole needs to grow in order for manufacturers to create new jobs and fill those currently available. We need to look more broadly at the factors impeding job growth.

Regulations

Manufacturers across the United States face considerable uncertainty that stifles economic growth and discourages hiring. In addition to laws, there are often scores of burdensome regulations that impose substantial compliance costs – burdens often never anticipated by the lawmakers who passed the legislation.

Recent actions by the National Labor Relations Board (NLRB), the Department of Labor and the Occupational Safety and Health Administration (OSHA) are of particular concern to employers and will impact their willingness to make capital investments and create jobs here in America.

In April, the NLRB filed a complaint against the Boeing Company for expanding operations to South Carolina, where the company has invested $1 billion and created over 1,000 jobs. The NLRB's effort to dictate where companies can locate new facilities and create jobs will have a chilling effect on decision-making.

The NAM recently sent an e-mail poll to its members about the impact the NLRB's complaint and other actions by the Board will have on their capital expenditures and hiring. The survey asked, "Would this complaint and other recent NLRB actions negatively impact your ability to grow jobs?" The results of the survey should get everyone's attention. Of the more than 1,000 members who responded, nearly 69 percent responded yes, 18 percent responded no and 13 percent were not sure. Clearly, manufacturers are watching what the NLRB is doing and waiting to make decisions based on the outcome of proposed regulations, case decisions and legal actions.

On June 20, the Department of Labor announced it is proposing new regulations on the disclosure of so-called "persuader activity of employers," which will cause employers to second-guess whether they should contact a lawyer or labor relations consultant when faced with a unionization effort. This would be particularly concerning to smaller-sized manufacturers who often rely on the counsel of outside attorneys to comply with current law. The very next day, the NLRB announced its intent to speed up the process of union certification elections to as little as 10-14 days from the time an election petition is filed. Equally as troubling, the Board is proposing to severely restrict, delay or take away certain due process rights of employers undergoing certification elections. These two actions, while supposedly independent of each other, constitute the most radical change in union certification elections in 75 years.

Businesses also are concerned about some of the cases the NLRB is considering. One case, *Specialty Healthcare*, will significantly alter the long-established concept of "community of interest" as it relates to the bargaining unit. To put it succinctly, by changing the community of interest doctrine, organizers will be able to cherry-pick small groups of employees for certification and subject employers to the prospect of negotiating with a multitude of unions, all of which would have the capability of making operations nearly impossible.

OSHA has also taken an aggressive posture in recent years by essentially gutting compliance assistance programs and engaging in enforcement tactics which only serve to penalize employers rather than create safer workplaces. In addition, OSHA has proposed regulations and sub-regulatory actions that add costs to employers while achieving little to no benefit in workplace safety. We are pleased that OSHA announced the withdrawal of some of its proposed actions, but we remain concerned that significant, costly regulations are just around the corner.

Another issue of great importance to my company is the 510(k) process, which is an abbreviated approval method used by the Food and Drug Administration (FDA) to approve devices based on previously approved devices. Last year, the FDA suggested potential changes to the 510(k) process that would have devastated companies like mine by forcing us to go through a lengthy and costly pre-market application process that would stifle innovation and limit the availability of the best technologies for U.S.

patients. While the FDA has withdrawn some of the suggested changes, there is significant concern among the device manufacturing community that it was a temporary reprieve, and we wait for a report from the Institute of Medicine sometime this fall on the changes that were withdrawn.

The current 510(k) process has an exemplary safety record that does not demonstrate a need for sweeping reforms that would add to manufacturers' burdens in developing products and securing FDA approval. Again, proposals like these hang over the heads of manufacturers and other companies and create a sense of uncertainty about capital investment and hiring additional employees.

Finally, I would like to mention the health care law Congress passed a year and a half ago. Because of its complexity and far-reaching effect, employers continue to be concerned about making significant changes in their staffing and compensation packages with so much of the law subject to regulatory action.

Conclusion

Mr. Chairman, the United States remains the world's largest manufacturing economy, producing 21 percent of global manufactured products. U.S. manufacturing alone makes up 11.2 percent of our nation's GDP. More importantly, manufacturing supports an estimated 18.6 million jobs in the U.S. – about one in six private-sector jobs. This is roughly the equivalent of the populations of the five largest cities in the country: New York, Los Angeles, Chicago, Houston and Phoenix combined. Nearly 12 million Americans, or nine percent of the workforce, are employed directly in manufacturing. Manufacturing jobs also are high-paying jobs. In 2009, the average U.S. manufacturing worker earned $74,447 annually, including pay and benefits – 22 percent more than the rest of the workforce.

Congress is right to focus its attention on manufacturing because manufacturing means jobs. Proposals that increase taxes and impose costly and burdensome new regulations will make businesses in the United States less competitive. Manufacturers face many challenges to our competitiveness and job creation efforts – many of these challenges are from intense global competition. We would do well to make sure our own government is not one of the challenges manufacturers have to overcome in order to be successful and create good, well-paying jobs for Americans. Thank you.