

Manufacturer & Business Association 2023 State Legislative Agenda

PENNSYLVANIA CAN GROW THE ECONOMY BY STRENGTHENING THE WORKFORCE.

The foundation of the economy is people working. To grow the economy Pennsylvania can strengthen the work force by training youth, adults, and untapped populations who are held back by barriers. Lawmakers can focus on policies that are pro-growth, pro-business, and pro-jobs. Pennsylvania has all of the essential ingredients – a prime location, abundant energy, water and natural resources, and excellent institutions of higher learning – to attract and retain young families who can fill the workforce pipeline.

PENNSYLVANIA’S LONG-TERM DEMOGRAPHIC TRENDS

Pennsylvania’s labor pool is shrinking while its population ages.

“Slightly more than one-half of the contraction of the state labor force since the onset of the pandemic is attributable to long-term demographic trends.”

... ***“Where Did the Workers Go?” (update) Independent Fiscal Office, Research Brief, October 2022***

“New data from the Census Bureau reveal that residents are fleeing Pennsylvania at an alarming rate. Pennsylvania lost nearly 40,000 residents to other states from July 2021 to July 2022...”

...With 23,000 more deaths than births Pennsylvania’s total population loss ranks fourth highest in the nation...

...The commonwealth has been losing residents to net outmigration (*more people leave PA than move in*) for years. The Pennsylvania Independent Fiscal Office (IFO) forecast in October 2021 that, due to outmigration and an aging population, the state will lose another 250,000 working-age residents by 2025...”

...***adapted Nathan Benefield and Andrew Holman: “People are fleeing Pennsylvania at an alarming rate,” 2/1/23, Pittsburgh Post-Gazette***

WORKFORCE

“For every ten job openings in the state there are approximately six available job seekers...”

The Executive Director, Pennsylvania Workforce Development Association, recently noted that according to the Center for Workforce Information & Analysis, “For every ten job openings in the state there are approximately six available job seekers. We do not have enough supply of Pennsylvanians to fill this gap.”

MBA membership is composed of small and medium-sized manufacturers, service, and commercial businesses. Workforce was tied with the cost of health insurance as the number one issue in MBA’s 2022 Government Affairs Survey.

Workforce was the number one issue for the past two years at the Business Issues Forum at CNX Resources. Roundtable discussions took place with businesses ranging in size from very large gas and oil corporations to smaller service and manufacturing firms.

While youth are sought after for training, what's needed is to get all potential employees – both young and old – off of the sidelines and into the workforce pipeline.

- Invest more in trade, technical, vo-tech schools and other types of training programs needed to provide current and potential workers with the skills needed by employers.
- Expanding access to advanced industry careers may fill some gaps now and in the future. Technologies are needed for manufacturing.
- Invest more in opportunities to upskill incumbent workers and train older workers for new careers.
- Incentivize those on the sidelines to transition back in by policies that encourage workforce participation, or alternatively, policies that do not discourage it.
- Some people choose to work in the cash-only, underground economy and continue to collect benefits.
- Some people misuse the Unemployment Compensation (UC) system. Increasing the requirements to collect and maintain UC can be addressed.

Comments from testifiers, PA House Republican Policy Hearing, “Developing Our Workforce,” 2/2/23, Cranberry Township

- *A general manager of a restaurant said they have been in business for 40 years and have never seen staffing issues like this. They pay a competitive wage, offer signing bonuses up to \$5,000, and still cannot find staff. At times he has had 50 interviews scheduled over 3-4 weeks and not one person showed up. When someone does show up, often they have no experience, no steady ride, do not want to work the available shifts or want to be paid in cash. The result, he is operating with only 66% of his normal staff level, is closed one day per week and restaurant hours have been reduced. He would like to employ immigrants but often they do not have proper documentation and work visas. Transportation is also a huge problem. Potential employees in Beaver and Allegheny County can't get to Cranberry. There is no public transportation to get them back and forth.*
- *The Executive Director, Builders Guild of Western PA, is also the Executive Director, of Pittsburgh Works Together, a labor-business-workforce alliance focused on economic development and creating a diverse portfolio of jobs in the region. He noted his members face workforce challenges every day. Literally thousands of good paying positions go unfilled in the construction, manufacturing, utility, and energy industries. Lack of transportation was cited as a huge barrier to employment. A worker must have a vehicle because in construction a worker can be in Cranberry for two weeks and Canonsburg for four weeks. When he tries to recruit minorities, many times they have no driver's license and no car.*

HEALTH INSURANCE

Health insurance must be affordable and accessible because it is an important benefit needed to attract and maintain employees.

The ability to for smaller employers to hire workers is inextricably intertwined with good benefits including health insurance coverage. Smaller employers need access to affordable health insurance and in many cases, they do not have it. The cost of health care services continues to rise and drives the cost of health insurance premiums higher. Anything that can reduce the cost of health care for

employers and employees helps around the periphery, but innovation is needed. Association Health Plans will help level the playing field with larger businesses.

TRANSPORTATION and INFRASTRUCTURE

Transportation and workforce are tightly intertwined.

It is important to have efficient transportation and infrastructure to attract and maintain employers and facilitate the movement of goods and people. Investment is needed to maintain and repair older roads and infrastructure and to build new infrastructure and roads.

Lack of transportation can be a barrier for potential workers to enter the workforce. Currently there are no statistics regarding the number of potential workers who are sidelined by inadequate transportation to the workplace. If we don't measure it then we have no way of knowing the impact.

- Drivers' licenses are very important for workers. They can be lost and expensive to recover. A simple DUI can be \$3,200 which creates a vicious circle. Without a driver's license it can be difficult or impossible to get a job to pay off the DUI charges.
- A flexible transportation system that can accommodate mass transit in cities and transportation for those in rural areas is needed.

The Gas Tax

- PA's gas tax at \$.59 per gallon is the second highest in the U.S.
- The gas tax should be reviewed and updated for several reasons one of which is making sure electric vehicles pay their fair share. A second is the need to figure out how to replace PA's high gas tax with other revenue, understanding tolling is not acceptable.
- Transparency and accountability are required for gas tax collection. That can be aided by removing the Pennsylvania State Police from the Motor License Fund.

TAXES

Lower business taxes make Pennsylvania competitive.

PA's Corporate Net Income Tax rate reduction shows PA is open for business. The phase-down should be accelerated to 4% by 2025. Such a move helps attract investment in the state.

"High taxes make for a slow-growing economy. And communities feel the pinch of high taxes as more and more native Pennsylvanians leave the Keystone State to prosper elsewhere. To remain economically competitive, Pennsylvania must lower state taxes and ensure businesses have the opportunity to succeed. Lower taxes will incentivize more individuals to call Pennsylvania their home, ultimately spurring our statewide economy forward."

...The Commonwealth Foundation

REGULATION

Regulation is needed but unnecessary regulations must be eliminated or stopped before they are enacted.

To increase the size of the workforce and overcome barriers to employment, it is important to create simpler "paperwork" pathways for immigrants, minorities, women and for those with a record.

“Pennsylvania’s notoriously high level of regulation is a burden on our state economy. To make the Keystone State a competitive place to live, work, or grow a business, reforms are needed to rein in the regulatory process. Taxpayers deserve a streamlined regulatory process that scrutinizes proposed regulations to ensure frivolous reforms do not overburden the state economy and do not prevent job-seekers from accessing employment.”

...The Commonwealth Foundation

ENERGY and PERMITTING

Abundant, affordable, and reliable energy is the keystone of Pennsylvania’s economy.

An all-of-the-above energy strategy is ideal. Two elements are hurting PA’s energy. One is a lack of energy infrastructure such as pipelines and other supporting infrastructure to move energy supplies to meet demand. The second is PA’s entrance to the Regional Green House Gas Initiative (RGGI). The Power PA Jobs Alliance, citing the state’s Independent Fiscal Office (IFO), says RGGI would not reduce carbon emissions and would cost residential consumers an estimated \$800 million a year.

“Pennsylvania is the ‘Largest exporter of gas and electricity, the second largest exporter of coal to international markets and the second largest producer of electricity from nuclear power,” as well as an internationally recognized producer of energy’ ... we need pro-growth policies at the state.... to encourage investment because high energy prices will impact everything from the manufacturing sector to the operations of schools and healthcare systems...

...in order to increase productivity and revenue, expanding and repairing the existing infrastructure is crucial and that streamlining the permit process is necessary to allow these expansions ...”

...adapted PA House Republican Policy Hearing, “Rising Cost of Energy,” Testifier, 2/6/23, Harrisburg

Permitting can be made a positive by streamlining, improving, and shortening the permitting process. Certainty and consistency are required when starting a building project. Instances have been cited in other states such as West Virginia and Ohio where investors can get a permit in 60 days opposed to the two years it can take in Pennsylvania. In order to keep current and attract new employers, our permitting process should be transparent and easily accessible. This will help grow the economy and provide opportunities for the next generation.

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The Manufacturer & Business Association (MBA) founded in 1905, has over 3,000 members representing around 120,000 employees in 57 counties. The MBA is dedicated to helping employers face challenges by delivering services that lower the cost of doing business, ease the burden of compliance and increase productivity for its members. The MBA is recognized as a trusted resource for employers across Pennsylvania, northeastern Ohio, and southwestern New York. www.mbausa.org