



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

**Transforming Manufacturing Workgroup
May 16, 2022, 10:00-12:00pm
Meeting Minutes**

Workgroup Members in Attendance:

- Delegate Lily Qi, Chair
- Senator Rosapepe
- Todd Sabin, Maryland Commerce
- Erin Roth, Maryland Labor
- Lance Schine, Maryland DOIT
- Mike Galiazzo, RMI
- Lindsay Ryan, USM
- Wynne Briscoe, SBDC
- Suzy Ganz, MMAB
- Kelly Koermer, MACC
- Chris Cosgrove, RAMP MD
- Mike Kelleher, Maryland MEP
- Ken Sanchez, Chesapeake Specialty Products
- April Richardson, Food Opportunity
- Irnande Altema, MICUA
- Bob Mather, Stanley Black & Decker
- Thomas Vancott, Catalent Pharma Solutions
- Sarah Kilmon on behalf of Delegate Johnny Mautz

Staff:

- Michael Siers, Maryland Department of Commerce
- Richard Clinch, Jacob France Institute

Public:

- Christine Krone
- Pamela Kasemayer
- Katie Hardy, Office of Delegate Qi
- Jen LaHatte, Maryland Department of Commerce

Welcome and Approval of Minutes

Delegate Qi welcomed all members to the meeting. The meeting minutes were approved unanimously.

Regulatory, Tax, and Workforce Demand Issues for Maryland Manufacturers – Richard Clinch

Richard Clinch gave a presentation on regulatory, tax, and workforce demand issues facing Maryland manufacturers. Delegate Qi asked Richard to focus first on workforce before moving on to regulation and taxes. Richard Clinch first presented a revised calendar and work plan for the group's upcoming meetings. Delegate Qi verified that no work group members present had any issues with the plan as presented.

Richard Clinch began his presentation on workforce demand by noting that the high level of job openings in the manufacturing industry. As of May 9th, there were over 190,000 job openings in the state according to data from the Maryland Department of Labor's Maryland Workforce Exchange. Manufacturing had over 18,000 openings, representing the industry with the third most openings. Senator Rosapepe asked how the data is collected and how representative data on the Maryland Workforce Exchange is. Erin Roth responded that the data is collected by scraping job posting sites such as Indeed or Monster. Michael Siers said the data is fairly representative for industries that post positions online but that industries (such as agriculture or restaurants) that rely more on word of mouth or walk-in applications tend to be less represented in the data. Richard Clinch agreed and noted that small manufacturers may be undercounted in the data. Ken Sanchez asked if any manufacturing jobs were counted in Professional, Scientific, and Technical Services. Richard Clinch responded that the jobs are counted based on the business' industry classification rather than the occupational classification. Michael Siers noted that some life sciences and biohealth is represented in Professional, Scientific, and Technical Services employment. Chris Cosgrove asked why the government positions were so low. Richard Clinch suggested they could be showing up in Public Administration and Michael Siers noted that they could also be included as 'Unclassified establishments.' Delegate Qi noted that if this data ends up in the final report the workgroup should be sure of its reliability. Mike Galiazzo noted that the slide underscored what manufacturers are aware of. Additionally, Mr. Galiazzo said that the strong demand for, and subsequent challenge in finding, workers may accelerate businesses turning to new technologies.

Richard Clinch then showed time series data from EMSI on job openings. Mr. Clinch noted that job openings are above pre-pandemic rates and that manufacturing demand is stronger than the Maryland average relative to pre-pandemic. Richard Clinch then showed data on job openings by occupation. Job openings in Maryland for 'production'-related occupations was much lower than the number of openings in the industry as a whole. This implies, Richard Clinch said, that the industry is demanding a lot of high skilled jobs.

The presentation covered data on the 20 companies advertising the most for Maryland manufacturing jobs, how the job mix in the industry varies from overall employment patterns, and what segments of the manufacturing industry can expect the most growth through 2025. Senator Rosapepe asked how reliable the projections data is. Richard Clinch said the data is fairly reliable because it is based on state estimates. Michael Siers said that state data is often based on BLS OES forecasts and BLS studies estimate that the data is generally reliable. However, Michael Siers noted the data is likely best used for directionality and magnitude rather than relying on specifics.

Richard Clinch then presented data on how bifurcated education demand was for Maryland manufacturers with jobs either requiring a high school diploma or a bachelor's degree, while other education levels were not in demand. However, data shows that while education may not be as important for many roles, those roles still require substantial training. Senator Rosapepe asked Richard Clinch how the skill classifications were developed. Richard Clinch replied that skill categories were

done by Jacob France based on data from BLS. Delegate Qi asked about the wages for these jobs. Ken Sanchez said that some of the wage estimates are likely low and that he wasn't aware of many workers hiring for less than \$18/hour. Delegate Qi said the data in the presentation reinforces the need for the workgroup as it shows a lot of demand for technology skills and highly skilled workers.

On a slide showing skills demand, Richard Clinch noted that many of the top skills and certifications are technology-related. Senator Rosapepe asked manufacturers present what certifications of those listed made a difference. Suzy Ganz said that certifications, especially those listed, do not make a big difference for her company and that it is more important to look at skills. Ken Sanchez agreed and said a lot of manufacturers are happy to train workers because their software is often not common. Mike Galiazzo said it was important to start with the technologies rather than certificates. Senator Rosapepe said it sounded like focusing on certifications would not necessarily be helpful. Suzy Ganz agreed and reiterated that unless a certification was highly relevant it would have less bearing on hiring decisions than other aspects of the candidate's resume. Ken Sanchez said the labor needs were urgent and necessitated more near-term solutions rather than longer term solutions such as overhauling STEM education. Mike Galiazzo noted that one challenge is often how businesses write their job openings by having their HR team handle things. Lindsay Ryan asked about where biotech would show up in the skills data and Richard Clinch noted that he would be sure to call biotech out in the final report.

Richard Clinch concluded the section on workforce demand by recapping the key points of the presentation. Richard Clinch asked if it would be helpful to look at best practices in other states and Delegate Qi indicated that it would be. Richard Clinch asked if there were any volunteers to work on the sub-group of members interested in working on workforce issues in August. Senator Rosapepe, Ken Sanchez, Lindsay Ryan, Kelly Koermer, and Irnande Altema volunteered. Erin Roth volunteered a representative from the Department of Labor, likely Jim Rzepkowski.

Next, Richard Clinch began presenting on regulation and tax issues. Richard Clinch said no regulation issues seemed to jump out as 'mission critical' but that tax issues seemed to be an area of more concern. Richard noted that business climate rankings tend to be wide ranging, with some, such as CNBC, ranking Maryland high while others rank Maryland very low. Ken Sanchez said he believed that the rankings were generally fairly low. Richard next presented data from prior iterations of a business climate survey and noted that concern about regulations was not generally pointed at any one regulation but rather at all regulations as a whole. Richard Clinch noted that this finding appears in the 2016 Augustine Commission's report as well. Ken Sanchez said that while unemployment insurance and worker's compensation are classified as tax issues he would consider them as regulation issues given that Maryland has a more permissive structure than other states. Richard Clinch noted that on taxes, Maryland ranks fairly poorly. However, if you look at the taxes paid by manufacturers in the state, Maryland is actually fairly competitive. Suzy Ganz noted that the tax structure often benefits larger businesses rather than smaller manufacturers.

Richard concluded the presentation by asking the workgroup members to help direct next steps on regulation and tax issues. Ken Sanchez requested a greater focus on technology. Richard Clinch asked if he should focus more on programs in neighboring states. Mike Galiazzo agreed with Ken Sanchez, saying the objective of the group is to try to encourage adoption of industry 4.0.

Open Discussion

Delegate Qi reviewed the schedule for the coming months. Ken Sanchez asked Richard Clinch if, when reviewing manufacturers' utilization of existing incentive programs, he could show that there aren't

many programs currently focused on industry 4.0. Michael Siers asked members if they could identify businesses who could either speak before the workgroup or speak to Richard Clinch one-on-one. Richard Clinch asked Suzy Ganz if he could speak with her about tax issues and asked Mike Galiazzo and Mike Kelleher if they could talk about business outreach. Suzy said that, regarding next steps, the team needs to remember to bring it back to technology adoption and industry 4.0.

Future Meeting Dates:

- Monday, June 6th – 10:00-12:00
Delegate Qi suggested that this date be changed to June 13th to align with the pattern of previous meetings. All present members agreed.