

**FISCAL YEAR 2022 ANNUAL REPORT
OF THE**



As required by Economic Development Article §3-109

Respectfully submitted to the General Assembly of Maryland by

Secretary R. Michael Gill, Commerce

401 East Pratt Street

Baltimore, MD 21202

December 2022



Larry Hogan, Governor | Boyd Rutherford, Lt. Governor

OPEN *for* **Business**

MMAB Background

The Maryland Manufacturing Advisory Board (MMAB or Board) serves to advise the Secretary of the Maryland Department of Commerce (Commerce) on the best methods to implement the policy directives of the action plan for manufacturing competitiveness in the State, including:

- 1) encouraging the development of new manufacturing enterprises and the expansion and retention of existing manufacturing enterprises;
- 2) encouraging and facilitating training and education of individuals for manufacturing jobs;
- 3) producing a climate conducive to the growth and viability of manufacturing enterprises;
- 4) supporting research necessary to evaluate, plan, and execute effective promotion of manufacturing enterprises; and
- 5) encouraging, assisting, and coordinating the activities of local, regional, and national public or private organizations that promote manufacturing

Fiscal Year 2022 Board Composition

The FY 2022 MMAB consisted of the following members:

Ex Officio

R. Michael Gill, Secretary, Maryland Department of Commerce

Manufacturing Representatives (10)

1. Scott Simmons* (Chairman), VP NA Supply Chain, **McCormick & Co.**
2. Bobby Patton, CEO, **Patton Electronics**
3. Tom Sanders*, Owner & Managing Director, **Coherent Technical Services (CTSI)**
4. Phil Tulkoff*, President, **Tulkoff Food Products**
5. Suzy Ganz, CEO, **Lion Brothers**
6. Saundra Lamb*, President, **Semforex**
7. Sam Griffith, President, National Jet Company, Inc.
8. Greg Maxwell, VP Global Supply Chain, **Northrop Grumman Corporation**
9. Mina Izadjoo, President and CSO, **Integrated Pharma Services, LLC**
10. Katarina Ennerfelt, President, **Arcon Welding**
11. Lynda Hefner*, President and Owner, Clark Machine Corporation
12. April N. Richardson*, Owner, Food Opportunity
13. Luke Chow*, President and CEO, Prime Manufacturing Technologies Inc.
14. Sue Chambers*, President and CEO, The Strouse Corporation

*Members served a partial term in 2022 due to term limits and the addition of new members to those seats

Legislators (2)

1. (Senate Appointee) Senator Katherine Klausmeier
2. (House Appointee) Delegate Ned Carey

Business Community Representative (1)

1. N. Scott Phillips, Director, **Mid-Atlantic Region MBDA Advanced Manufacturing Center**

Labor Representatives (2)

1. William Beckman, Vice President, **Ironworkers Local 5**
2. Jim Strong, Sub-District Director, **United Steelworkers District 8**

Education Representative (1)

1. Kelly Koerner, VP of Continuing Education & Training, **Carroll Community College**

Commerce Staff Support:

Heather Gramm, Assistant Secretary, Business & Industry Sector Development

Patrick Wynn, Senior Director, Office of Strategic Industries and Entrepreneurship

Todd Sabin, Manufacturing Program Manager

2022 Meetings

During 2022, the Board held four meetings. The first three were held virtually due to the COVID-19 pandemic and the last meeting held in-person. The 2022 meetings were held on the following days and locations:

April 4, 2022 – Virtual Meeting

June 27, 2022 – Virtual meeting

September 12, 2022 – Virtual meeting

December 5, 2022 – In-person meeting

Through these meetings, the Board worked on the following programs to advance Maryland's manufacturing industry:

(1) Transforming Manufacturing in a Digital Economy Workgroup

The Board continued to support and have representation on this workgroup. The MMAB has a position on this workgroup which is fulfilled by manufacturing member Suzy Ganz. The group met monthly in 2022 to discuss the challenges manufacturers face in adopting Industry 4.0 technologies, attracting a workforce, and developing policy recommendations for the state to consider overcoming those challenges. The workgroup will vote on its final report during its meeting on December 5th, 2022. Ms. Ganz reported to the MMAB on developments with the Workgroup throughout its meetings in 2022.

(2) Maryland Manufacturing 4.0 Grant Program

The Maryland Department of Commerce released its Maryland Manufacturing 4.0 grant program in 2022 which provides grants to small and mid-sized Maryland manufacturers to invest in Industry 4.0-related technologies, machinery and robotics, and digital

business practices in order to remain competitive and drive growth. This pilot program is funded by \$1 million in the state's fiscal year 2023 budget. The MMAB was asked for input and updated by Manufacturing Program Manager, Todd Sabin, during its meetings in 2022.

(3) Manufacturing Business Support

The Board continued its work in supporting the manufacturing industry by inviting speakers in to advise the Board on relevant issues and garner its input. The Board invited Mike Kelleher, Director of the Maryland Manufacturing Extension Partnership, to share a study by consulting firm TEConomy on the impact of manufacturing on Maryland's economy. This centered around four strategic priorities: establishing resources for starting the Industry 4.0 journey for Maryland manufacturers, addressing the barriers and challenges to Industry 4.0 technology adoption and integration, strengthening intra-state supply chain connections, and seizing emerging manufacturing industry and market opportunities. The Board invited Sam Salustro of the Business Network for Offshore Wind to speak. Mr. Salustro gave a presentation on the offshore wind industry and supply chain development within the US and Maryland. The Board invited James Rzepkowski, Assistant Secretary, Maryland Department of Labor, to present on the Department of Labor's award of over \$22 million from EDA's Good Jobs Challenge for their Maryland Works for Wind application to invest in workforce development to support the emerging offshore wind industry. These were interactive meetings with the MMAB having the opportunity for discussion and questions.

Closing Statement

In its sixth year, the Maryland Manufacturing Advisory Board worked on several current issues facing the industry and initiatives to overcome them. Looking forward to 2023 and the new administration, the Board will look to continue supporting these initiatives, along with identifying others, where the Board may have an impact in strengthening the growth and viability of the Maryland manufacturing industry.

APPENDIX A

MMAB MEETING MINUTES – APPROVED

Monday, April 4, 2022

10:30am – 12:00pm

Meeting Minutes

Attendees:

Scott Simmons, Chair

Secretary Mike Gill

Suzy Ganz

Linda Heffner

Mina Izadjoo

Kelly Koerner

Saundra Lamb

Scott Phillips

Tom Saunders

Greg Maxwell

McCormick & Co.

Maryland Department of Commerce

Lion Brothers

Clark Machine

Integrated Pharma Services, LLC

Carroll Community College

Semforex

Baltimore MDBA

Coherent Technical Services (CTSI)

Northrop Grumman Corporation

Notable Guest(s)

Mike Kelleher

MD MEP

Commerce Staff:

Heather Gramm

I. Call to Order

At 10:35 a.m. Chairman Scott Simmons called the meeting to order and welcomed members and guests. New MMAB members Kelly Koerner, Lynda Hefner and Scott Phillips introduced themselves to the Board.

II. Secretary of Commerce remarks

Secretary Gill re-introduced himself to the MMAB Board, as this was his first MMAB meeting since being re-appointed as Commerce Secretary in January 2022. He provided remarks about the accomplishments of the Hogan Administration over the past 7 years, the importance of the manufacturing sector to Maryland's economy, and highlights of the 2022 Legislative Session.

Secretary Gill then opened the floor for comments and feedback from the MMAB members. Several members provided thoughts on the key factors facing manufacturing, including supporting the move from ideation to producing those new products in Maryland, redefining small business and ensuring there is support to move those small businesses from startup through the growth phase, and the workforce challenges facing the industry.

Secretary Gill thanks the members for their feedback, and for their continued commitment to the efforts of the MMAB.

III. Maryland Manufacturing Modernization (M3) Pilot program (Heather Gramm)

Assistant Secretary Gramm presented a new program to the MMAB, called the M3 Pilot Program. Governor Hogan provided \$1m in the FY23 budget to provide matching grants to small and mid-sized Maryland manufacturers for the purpose of implementing Industry 4.0 projects. Commerce is in the process of establishing the eligible use of funds, eligibility requirements for manufacturers, and the scoring/evaluation criteria for the grant review process. The MMAB members were asked for feedback on these aspects of the program, specifically the eligibility criteria for manufacturers, such as how to define small and mid-size companies.

MMAB members provided the following feedback:

- Important to include training costs as an eligible expense, so that companies can train their employees on the new technologies/equipment.
- Revenue is not a good measure of determining if a company qualifies as a “manufacturer.”
- As part of the review process, the impact of the project on the company’s operations and profitability should be considered.

IV. Transforming Maryland Manufacturing Workgroup (Suzy Ganz)

Suzy Ganz updated the Board on the Transforming Manufacturing Workgroup. It’s a bipartisan group, supported by legislators that will be looking at the impact of new technology, what it will mean for Maryland’s workforce, and opportunities for Maryland. The group continues to meet monthly to discuss the challenges manufacturers face in adopting Industry 4.0 technologies and developing policy recommendations for the state to consider to overcome those challenges. Delegate Qi introduced a bill in the 2022 Legislative Session to create an Industry 4.0 grant program, similar to the M3 Pilot Program. Commerce is working closely with Delegate Qi to ensure a strong alignment between the 2 programs. In the coming months the Workgroup will transition to discussions on new workforce needs related to greater utilization of technology in manufacturing, as well as regulatory challenges.

V. MD MEP Manufacturing Strategy Study (Mike Kelleher)

Mike Kelleher, MD MEP gave an update on the study being completed by TEConomy for the MD MEP. This included a PowerPoint presentation on TEConomy’s situational analysis, and the draft findings and recommendations from their work. Four Strategic Priorities Identified Based on Baseline Quantitative and Situational Assessments:

1. Establishing resources for starting the Industry 4.0 journey for Maryland manufacturers.
2. Addressing the barriers and challenges to Industry 4.0 technology adoption and integration.
3. Strengthening intra-state supply chain connections.
4. Seizing emerging manufacturing industry and market opportunities.

VI. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was adjourned at 12:00 p.m. by Chairman Simmons.

The next meeting of the MMAB will be Monday June 27th at 3:00pm.

Monday, June 27, 2022
3:00-4:00pm
Meeting Minutes

Attendees:

Scott Simmons, Chair
Secretary Mike Gill
Katarina Ennerfelt
Suzy Ganz
Mina Izadjoo
Senator Klausmeier
Kelly Koerner
Greg Maxwell
Tom Saunders
Jim Strong

McCormick & Co.
Maryland Department of Commerce
Toroid Corporation
Lion Brothers
Integrated Pharma Services, LLC
Maryland Senate
Carroll Community College
Northrop Grumman Corporation
Coherent Technical Services (CTSI)
United Steelworkers, District 8

Notable Guest(s)

Mike Kelleher
Sam Salustro

MD MEP
Business Network for Offshore Wind

Commerce Staff:

Heather Gramm, Assistant Secretary BISD
Todd Sabin, Manufacturing Program Manager

I. Call to Order & Chairman Remarks

At 3:00 p.m. Chairman Scott Simmons called the meeting to order and welcomed members and guests. Chairman Simmons noted that this would be his last meeting with the MMAB, as his term is ending. He stated that his time on the MMAB has been a great experience, with many accomplishments early on and, despite an interruption in activities due to the COVID pandemic, the group is back on track. He thanked the members for their time and stated his appreciation for the great partnership with Commerce. Secretary Gill thanked Scott for his service to and leadership of the MMAB.

II. Approval of Minutes

The minutes of both the November 2021 and April 2022 MMAB meetings were emailed to the members in advance of the meeting. The members reviewed the minutes and with no revisions, the minutes were approved (Motion by Katarina Ennerfelt, 2nd by Mina Izadjoo).

III. Secretary of Commerce remarks

Secretary Gill recognized two other MMAB members who are stepping down, Tom Saunders and Sandra Lamb. He thanked Tom, Sandra, and Scott for their support of the state's manufacturing industry and providing important guidance and input on the needs of the

manufacturing sector in Maryland. Tom thanked Secretary Gill for the opportunity to serve on the MMAB and stated he had gotten so much out of his participation and hoped he was able to have contributed value as well.

Secretary Gill provided an update on several programs following the conclusion of the 2022 Maryland General Assembly session. He noted the successful extension of the More Jobs for Marylanders tax credit program. The legislature did make some changes to the program, however Commerce is pleased to see this important program continue. He also stated that Governor Hogan announced a one-time \$50 million investment in Rural Maryland through the Rural Maryland Economic Development fund. Commerce is administering this funding and working closely with the 15 counties and 5 regional councils who are eligible to receive these funds to support significant economic development opportunities in their regions. In addition, the legislature passed a new program, the Senator George C. Edwards Fund, which provides dedicated funding for Western Maryland economic development projects.

Secretary Gill stated that in January the State of Maryland will have a new Governor and new administration. He's proud of the accomplishments of the Hogan Administration over the last 8 years. He stated that the MMAB is very important to the State of Maryland, and he'd like to take the opportunity during the last 2 MMAB meetings of this year to discuss ideas about how the state can continue to improve and develop feedback for the new administration from the MMAB.

IV. State of Maryland Manufacturing Update

Todd Sabin, Manufacturing Program Manager at Commerce, provided an update on the state of manufacturing in Maryland. The Bureau of Labor Statistics (BLS) released state jobs and unemployment data today. According to the preliminary survey data, Maryland gained 10,500 jobs and the unemployment rate decreased to 4.0% in May. This is the lowest unemployment rate since the beginning of the COVID-19 pandemic.

He also noted recent announcements including Niagara Bottling, IKO, Aquafin, and Chesapeake Shipbuilding. Finally, MEA and BNOW recently launched a new website focused on Offshore Wind and the advancement of the supply chain in the US - <https://offshorewindmaryland.org/>.

V. Transforming Maryland Manufacturing Workgroup (Suzy Ganz/Todd Sabin)

Todd Sabin continued by recapping the information provided by Richard Clinch at the last meeting. A review of Maryland programs to support manufacturing noted that while utilization of the programs was high, the awareness of existing programs may be more important than the introduction of new programs. A Maryland manufacturing workforce analysis highlighted CTE as a viable talent pipeline for many but needs more diversity.

VI. Presentation on Offshore Wind (Sam Salustro, Business Network for Offshore Wind)

Sam Salustro with BNOW gave a presentation on the offshore wind industry, and supply chain development within the US and Maryland. Following the presentation, the MMAB members had an opportunity for discussion and questions.

Scott asked about education and training efforts in support of manufacturing opportunities in this sector. Katarina shared information about a partnership with Junior Achievement, US Wind and Orsted to develop strong training programs. Todd added that several community colleges have also received grant funding from MEA in support of OSW training programs.

Suzy asked if there were any specific gaps in the supply chain where Maryland could focus its efforts. Sam responded that they received a DoE grant to map the national supply chain and, in general, there is a large need for secondary steel components and heavy shipbuilding. In addition, there is a strong need for issues related to cybersecurity and national security issues that need to be addressed within the industry, as well as unmanned systems and robotics for things such as monitoring, inspections, etc. He noted that Maryland is very well positioned in both of those areas.

Mina asked if BNOW was collaborating with 2-year schools on workforce development. Sam responded that the 2 wind farm developers – US Wind and Orsted – were taking the lead in that area to develop those partnerships. Kelly noted that there will be a need for workforce development beyond what the community colleges could provide. She invited Sam to present at a future meeting of the Maryland Association of Community Colleges.

VII. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was adjourned at 4:00 p.m. by Chairman Simmons.

Monday, September 12, 2022

This was a virtual meeting

Meeting ID meet.google.com/jeb-duaq-wze

Phone Numbers (US)+1 414-882-6578 PIN: 382 219 940#

3:00 p.m. – 4:00 p.m.

Meeting Minutes

Attendees:

Mike Gill
William Beckman
Suzy Ganz
Bobby Patton
Katarina Ennerfelt
Greg Maxwell
Jim Strong
Kelly Koermer

Maryland Department of Commerce
Iron Workers #5
Lion Brothers
Patton Electronics
Arcon Welding
Northrop Grumman Corporation
United Steelworkers District 8
Carroll Community College

Notable Guest(s)

Jim Rzepkowski
Mike Kelleher

Maryland Department of Labor
MD MEP

Commerce Staff:

Heather Gramm

Todd Sabin

Julie Woepke

Patrick Wynn

VII. Call to Order

At 3:00 p.m. Heather Gramm, in the absence of a Chair, called the meeting to order and welcomed members and guests.

VIII. Secretary of Commerce Remarks

Secretary Gill gave opening remarks and welcomed members and guests.

IX. Review and Approval of June 27, 2022 Minutes

Upon a motion made by Suzy Ganz and seconded by Will Beckman, the minutes of the June 27, 2022 MMAB meeting were approved.

X. Maryland Manufacturing Updates – Todd Sabin

Todd Sabin provided an update on the state of manufacturing in Maryland. The U.S. Department of Labor's Bureau of Labor Statistics (BLS) released state jobs and unemployment data today. According to the preliminary survey data, Maryland added 12,000 jobs and the unemployment rate decreased to 3.9% in July. This is the lowest unemployment rate since the beginning of the COVID-19 pandemic. Manufacturing added 1,000 jobs.

He also noted recent announcements in manufacturing attraction and business expansion including Nordic Unmanned (attraction) and Hughes Network Systems (expansion), and the recent announcement of Xometry donating to CCBC to fund 57 scholarships for CCBC students.

XI. Transforming Maryland Manufacturing Workgroup (Suzy Ganz/Todd Sabin)

Suzy Ganz summarized the September meeting which focused on providing recommendations on capital, workforce, and regulations. Todd Sabin gave an overview of possible recommendations from the workgroup which may include financial support for manufacturers, improving the perception of manufacturing, statewide training programs to address skill gaps, other regulatory and statutory changes, and developing public-private partnerships to fund curriculum development.

Todd Sabin continued with an update on the Maryland Manufacturing 4.0 Grant Program. The program was launched in late August and several applications have been received. The window for applications closes on October 7th. A review team is being assembled for the review process.

XII. Maryland Department of Labor and The American Rescue Plan Good Jobs Challenge (James Rzepkowski)

James Rzepkowski, Assistant Secretary, Maryland Department of Labor, presented on the Department of Labor's award of over \$22 million from EDA's Good Jobs Challenge for their Maryland Works for Wind application to invest in workforce development to support the emerging offshore wind industry. The application included 22 subrecipients, more than 50 letters of support, will impact 18 of Maryland's 24 jurisdictions, and will strategically leverage more than \$30 million. EDA received over 509 applications with 32 awardees being selected with the anticipation of \$500 million being awarded to result in 50,000 job placements. The grant period for Labor is September 1, 2022 through December 31, 2025. More than 4,300 individuals are expected to benefit from training opportunities.

XIII. Discussion on the role of the MMAB for the New Administration (Heather Gramm)

Heather Gramm began a discussion asking members for recommendations on transitioning the MMAB over to the new administration. Secretary Gill suggested looking at manufacturing progress in other states like Tennessee and South Carolina. Suzy Ganz mentioned how the Maryland Economic Development Corporation referenced that the MMAB was highlighted in their annual report, and we may want to create an Executive Summary on manufacturing for the new administration, including contribution by revenue. Julie Woepke noted that the MEDC recommended the creation of the MMAB in 2016 and suggested we could look back to 2016 to see where we came from regarding economic impact. Bobby Patton suggested leveraging first generations for the manufacturing workforce. James Rzepkowski stated Labor had a New Americans Coordinator. Suzy suggested we reference the RMI Champions event and letting the new administration know who the champions are. Secretary Gill asked what our potential is and what agreed upon set of measurements we can measure against other states. Katarina Ennerfelt asked if there was a way to make it favorable to buy from other Maryland businesses.

XIV. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was adjourned at 4:00 p.m. by Heather.