

**FISCAL YEAR 2020 ANNUAL REPORT
OF THE**



As required by Economic Development Article §3-109

Respectfully submitted to the General Assembly of Maryland by

Secretary Kelly Schulz, Commerce

401 East Pratt Street

Baltimore, MD 21202

December 2020



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 2020 Board Composition

The FY2020 MMAB consisted of the following members:

Ex Officio

Kelly M. Schulz, Secretary, Maryland Department of Commerce

Manufacturing Representatives (10)¹

1. Brian Briggs, **TIC Gums** (Chairman) – resigned in April 2020
2. Scott Simmons, VP NA Supply Chain, **McCormick & Co.**
3. Bobby Patton, CEO, **Patton Electronics**
4. Tom Sanders, Owner & Managing Director, **Coherent Technical Services (CTSI)**
5. Phil Tulkoff, President, **Tulkoff Food Products**
6. Suzy Ganz, CEO, **Lion Brothers**
7. Saundra Lamb, President, **Semforex**
8. Vacant
9. Vacant
10. Vacant

Legislators (2)

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

Business Community Representative (1)

1. Christine Ross, CEO, **Maryland Chamber of Commerce**

Labor Representatives (2)

1. Open
2. Jim Strong, Sub-District Director, United Steelworkers District 8

¹ Commerce expects many of these vacancies to be filled in early 2021.

Education Representative (1)

1. Dr. Willie E. May, Vice President for Research and Economic Development, **Morgan State University**

Commerce Staff Support:

Heather Gramm, Senior Director, Office of Strategic Industries and Entrepreneurship
Todd Sabin, Manufacturing Program Manager

2020 Meetings

During 2020, the Board held a series of meetings with the first at the Maryland Department of Commerce, and the remaining three being held virtually due to the COVID-19 pandemic. The 2020 meetings were held at the following days and locations:

January 6, 2020 – Maryland Department of Commerce

March 30, 2020 – Virtual meeting

June 22, 2020 – Virtual meeting

September 14, 2020 – Virtual meeting

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

(1) Image of Manufacturing and Apprenticeships

Workforce has remained a constraint by manufacturers as an obstacle to further growth in the state. As a result, the Board continued to identify areas where it may support the interests of students in pursuing careers in manufacturing. The Board invited Jeff Smith of the Department of Labor and Marquita Friday of the Maryland State Department of Education to present information on the Maryland Apprenticeship and Training Program (MATP) as it relates to manufacturing.

(2) Maryland COVID-19 Response

The Board discussed and reviewed the state's response to the COVID-19 pandemic including the Maryland COVID-19 Emergency Relief Manufacturing Fund, as well as invited Mike Kelleher from the Maryland Manufacturing Extension Partnership to present to the Board their work on the Maryland Manufacturing Network. This platform is for suppliers to share their current resources and capabilities and for buyers to identify these suppliers and share their current and upcoming needs. The Board was advised that this portal will enable the network to make the connections necessary to quickly address some of our most crucial supply chain needs.

(3) Diversity Equity and Inclusion (DEI)

The Board continued with its work on workforce development by addressing the need to incorporate diversity, equity, and inclusion (DEI) practices as they relate to the goals of

the Board. The Board invited The Urban Manufacturing Alliance and The Century Foundation to present on *Industry and Inclusion 4.0: Linking Manufacturing to and Equity Imperative*.

Closing Statement

In its fourth year, the Maryland Manufacturing Advisory Board primarily focused on the workforce development needs facing Maryland manufacturers. The image of the industry's ability to attract manufacturing employment has been identified as a long-term constraint for the state and an established goal for the Board. During meeting discussions in 2020, it was also determined that discussions surrounding workforce development should include incorporating diversity, equity, and inclusion practices. Looking forward to 2020, the Board expects to continue its deliberations on these matters and will present additional recommendations to promote and expand Maryland's manufacturing base.

APPENDIX A

MMAB MEETING MINUTES – APPROVED

Monday, January 6, 2020
Maryland Department of Commerce
401 E. Pratt St.
Baltimore, MD 21202
2:00 p.m. – 4:00 p.m.

Meeting Minutes

Attendees:

Brian Briggs, Chair
Delegate Ned Carey
Suzy Ganz
Saundra Lamb
Bobby Patton
Christine Ross
Tom Sanders
Scott Simmons
Phil Tulkoff
Craig Wanner

Company

TIC Gums
Maryland General Assembly
Lion Brothers
Semforex
Patton Electronics
Maryland Chamber of Commerce
Coherent Technical Services
McCormick & Company
Tulkoff Food Products
The Whalen Company

Ex-Officio Members:

Kelly Schulz

Secretary, Department of Commerce

Notable Guest(s)

Guest Speakers

Jeffrey Smith
Marquita Friday

Department of Labor
Maryland State Department of Education

Commerce Staff:

Todd Sabin
Heather Gramm
Sarah Sheppard

I. Call to Order

At 2:13 p.m. Chairman Brian Briggs called the meeting to order and welcomed members and guests.

II. Review and Approval of October 11, 2019 Minutes

Upon motion duly made and seconded, the minutes of the October 11, 2019 MMAB meeting were approved.

III. Chairman's Updates

The Chairman commented on meeting with companies and listening to the needs of manufacturers which confirms for him the priorities of the MMAB are on target and addressing the key issues.

IV. Maryland Manufacturing Update

Secretary Schulz gave brief remarks regarding the ongoing importance of workforce for Maryland businesses. Secretary Schulz also shared information regarding the upcoming 2020 Maryland Legislative Session, and a Commerce-sponsored bill requesting changes to the Partnership for Workforce Quality.

Todd Sabin continued by updating the Board on relevant information of the manufacturing industry in the state.

V. Old Business

A. Image of Manufacturing Initiative Update

Scott Simmons opened by discussing how the Board can tie the Baltimore County teachers who were on the bus tour last Spring to the Maryland Chamber Foundation externship program, and he would like to continue with the bus tour. Chairman Briggs and Phil Tulkoff agreed they would continue to support the bus tour. Chairman Briggs stated he would like to include Harford County public schools.

Secretary Schulz stated we should work with schools that have manufacturing CTE programs in place. Marquita Friday said she could provide a list. Scott Simmons asked how do we take manufacturing into the classroom. Marquita Friday added that they would work with the local CTE director. Suzy Ganz asked how often CTE directors meet. Ms. Friday replied they meet quarterly.

Christine Ross updated the Board on the status of this year's upcoming Chamber Foundation Externship program this summer. To date, they had received 135 applications and credits this to a posting in the MSDE newsletter and the video created about last year's program.

B. Small Manufacturing Business Support Initiative

Saundra Lamb began by discussing what groups or clusters of small manufacturers could benefit by this initiative. Suzy Ganz suggested looking at the economic impact by SIC code and then by employment, revenue contribution, and legacy verse new businesses. Ms. Lamb continued by discussing the work release program. Secretary Schulz stated there were about 250 on work release and the state hopes to increase that.

C. Manufacturing Co-Ops in Maryland

Bobby Patton opened by discussing his meeting with MHEC and how it is up to that organization and their rules for bachelor's degree requirements as they relate to Co-Ops. Mr. Patton inquired as to how we can change the rules. Sarah Sheppard expressed that both MHEC and the Maryland University System are in support of Co-Ops, but it is up to businesses to tell MHEC what they want. Mr. Patton expressed the need to ask for changes in the rules as they pertain to engineering degrees. Chairman Briggs suggested having MMAB members meet with MHEC. Secretary Schulz suggested creating a meeting with all relevant parties as to what needs to be done. Christine Ross then asked what degrees, after engineering, should Co-Ops pursue? Ms. Sheppard suggested cyber security. Ms. Ross then asked if letters of support would help. Chairman Briggs and Mr. Patton said they would provide letters of support from their companies. Ms. Sheppard will organize a meeting with MHEC on MMAB's behalf.

VI. New Business

A. Tech Transfer in Maryland

Mr. Patton started by stating the technology developed by NSA, NIH, and other labs located in the state should be better transferred to companies within the state. Secretary Schulz stated that this has been recognized by the state as an opportunity and the upcoming year will have a focus on entrepreneurialism. Mr. Patton then stated the importance of tech commercialization and how SBIR and STTR are training small businesses on winning these grants. Ms. Ross stated there should be incentives for retirees to invest in next generation technology. Secretary Schulz said the state has two tax credits for biotechnology and cybersecurity. Heather Gramm stated Commerce will look at the benefit of these programs for businesses moving forward.

B. MMAB Priorities

Ms. Lamb began the conversation by stating that there are a number of initiatives of the MMAB. The question is what can be accomplished and what are the MMAB priorities. Chairman Briggs suggested he meet with Heather Gramm and Todd Sabin to determine 2-3 priorities to present to the Board at the next meeting to work on in 2020.

C. Maryland Manufacturing Apprenticeships

Jeff Smith began by reviewing what apprenticeships are, their components, and benefits. Secretary Schulz continued by stating companies can create their own apprenticeship programs by creating a hybrid of the three standard models of apprenticeships. Mr. Smith addressed the ability of a student under the age of 18 working at a manufacturing facility. He reviewed how a company can get an exemption and can provide information on the process. Scott Simmons asked Todd Sabin to get this information and distribute to the Board.

D. Manufacturing Policy Academy

Todd Sabin reviewed the status of the Manufacturing Policy Academy by reviewing the three Goals established by its participants and next steps.

VII. Discussion of Agenda Items for Next Meeting

Chairman Briggs to meet with Heather Gramm and Todd Sabin to create a strategic plan for the upcoming year. The next meeting is scheduled for March 30th.

VIII. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was adjourned at 3:55 p.m. by Chairman Briggs.

Monday, March 30, 2020
Maryland Department of Commerce
CALL-IN ONLY
2:00 p.m. – 3:00 p.m.

Meeting Minutes

Attendees:

Brian Briggs, Chair
Suzy Ganz
Bobby Patton
Christine Ross
Tom Sanders
Scott Simmons
Phil Tulkoff

Company

TIC Gums
Lion Brothers
Patton Electronics
Maryland Chamber of Commerce
Coherent Technical Services
McCormick & Company
Tulkoff Food Products

Ex-Officio Members:

Secretary Kelly Schulz, Maryland Department of Commerce

Guest(s)

Jane Krinege, Maryland Hospital Association

Commerce Staff:

Todd Sabin
Heather Gramm
Sarah Sheppard
Connie Page

I. Call to Order

Meeting called to order at 2:06 p.m, Chairman Brian Briggs welcomed members and guests. A quorum was present.

II. Review and Approval of January 20, 2020 Minutes

January 20, 2020 MMAB meeting minutes were approved unanimously. 1st Pat Nolan 2nd Suzy Ganz.

III. Chairman's Updates

The Chairman informed the Board that this will be his last meeting as Chairman of the Board. He submitted his resignation to Secretary Schulz. He will be leaving TIC and joining a private equity firm. He thanked the Secretary, her team and board for their support. Chairman stated this meeting will be focused on Covid-19 updates by Secretary Schulz.

IV. Maryland Manufacturing Update – Kelly Schulz

Secretary Schulz congratulated and thanked Chairman Briggs for all his time and effort to this Board. She updated the Board on the Governor's Covid-19 efforts.

Secretary Schulz discussed the Press Conference the Governor made this morning. The most frequently asked question she received immediately following the press conference announcement was, "Can I leave my house to go out for a walk?". The answer is "Yes." It is considered in the executive order as essential. The reason the Governor made such a strong statement about staying inside is because over the weekend it became clear people were not taking it seriously by not following the order of groups of 10 or less. They were still gathering in places that were prohibited. To that extent, the dramatic increase in cases continues to grow. The Governor wanted Marylanders to know the seriousness of this pandemic. He is getting a good deal of counsel from experts from Johns Hopkins, University of Maryland and Epidemiologists.

Secretary Schulz discussed the list of essential vs. non-essential employees. At this time, there are a series of executive orders. Today there was another Executive Order that just clarified for

the last executive orders issued; a new interpretation of guidance from the Governor's legal team. Secretary Schulz advised if anyone needed an updated copy to let her know.

Another question people were asking was regarding curfew. The Governor started out by stating that effective 8:00 p.m. tonight he is asking people to stay at home in the house. Some people have been interpreting that as there is a curfew. There is not a curfew in the State of Maryland.

To help with the small businesses, it's been approximately two weeks since Maryland received their designation from the SBA designating Maryland as an economic disaster state which allows each business to apply for SBA Disaster Fund. The SBA website crashed with the overwhelming volume of applications and they are still having difficulties, but everyone is being patient and understands there is an overload happening.

With the federal support Maryland received the Governor immediately decided it was crucial to provide additional assistance to businesses from the State as well. He put \$175 million into business relief. The Maryland Department of Commerce will administer 3 programs:

Business Relief Loan Fund – \$75 million allotted - Businesses that have under 50 employees can apply up to \$50,000. Business must be in good standing and be able to show proof of financial loss due to COVID-19. It has a zero interest rate for the first 12 months.

Business Relief Grant Fund – \$50 million allotted for-profit businesses and nonprofit who are in good standing with the state; 50 or fewer employees; cannot have annual revenues of more than \$5 million, and must be able to show financial loss as a result of COVID-19.

Manufacturing Innovation Funds - This is a grant fund that the Governor has put \$5 million into to see if we can incentivize manufactures to retrofit or expand their operation in order to satisfy the critical needs items list. Those critical items are determined by the healthcare industry, Maryland Emergency Management Agency (MEMA), Department of Health, and the Department of General Services. That list is being set up and if there is a manufacturer that thinks they can help with the production of those resources; Commerce could provide them up to \$100,000 in grant money to either purchase equipment, train or hire new employees. Applications went live this past Friday on the Commerce website. This program is a little different than approving grants and loans. Several different steps have to be taken to ensure the company is liable and that if provided grant funds that the funds are actually going to be used for the production of these critical needs. We have decided to put together an advisory board to review these applications. Todd Sabin and Heather Gramm are working on this process. Making sure the process is clearly defined.

In Washington D.C. last week, the Governor was very vocal that the state needs assistance from the federal government. Congress passed the CARES ACT which is a \$2.2 trillion stimulus package. What does that mean for the state and the business community? It will create a federal program paycheck protection program, PPP. They are putting \$350 billion in this new program to assist small businesses, sole proprietors, self-employed, and independent contractors. The bill also includes a \$150 billion grant to be distributed to the states and local jurisdictions. Maryland's share is appx. \$2.3 billion dollars and the state's share is approximately \$1.3 billion. The Governor and his cabinet members are looking for ways to distribute that money. As soon as we get more information, they will share that with the Board.

The Secretary opened the floor for questions:

Phil Tulkoff wanted to know if hand soap is on the critical need item list at this point. Hand soap is not on this list. The critical needs list will be updated periodically by DGS and the Department of Health. Secretary Schulz responded that he could check back, but she suspected that the list would be consistent over a period of time.

Suzy Ganz asked if there is a connection within the hospital systems needs and wants. Is there a centralized conversation of the manufacturing community that would support local hospitals?

The Secretary responded that MEMA has staff members from the DGS, Department of Health, Commerce and others. They go through a database where they are collecting all resources that people are sending into them. If you have those types or resource that can be utilized you can email Resource.mema@maryland.gov

Todd Sabin added that he was at MEMA last week and there is not a centralized agency. He learned that every county has their own emergency response help person, where you can assist your local hospital.

Jane Krinege, Maryland Hospital Association stated she is willing to help. They are connecting manufacturing to hospitals. She will be connecting with Todd Sabin.

V. Discussion of Agenda Items for Next Meeting

Chairman Briggs suggested the next meeting agenda include manufacturing top priorities for the remainder of 2020. Also, the Board should discuss how the programs are helping and what the Board could do to help look towards the future for getting businesses up and running. Heather Gramm would also update the Board on the Manufacturing Policy Academy.

Suzy Ganz stated that her human resource person visited the website to get information regarding furloughed employees and could not find information on how the state and federal mechanics. How will Federal Cares Act funds be administered? Looking at head counts can help make decisions and if there was information that could be pushed out to the manufacturing community that would be helpful.

Christine Ross added that she will be talking with Regional Manufacturing Institute (RMI) and Maryland Tech Center (MTC) to address some of those issues. Christine offered to facilitate a call.

The Secretary responded that all the state unemployment insurance will flow to the Maryland Department of Labor. Additional benefits will be received from the federal government, however we have not yet received guidance. The best way to stay updated is through the multi-

agency Maryland Business Express portal. This is where all the information can be found. The Secretary asked Heather and Todd to send the link and executive orders to the board.

VI. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was motioned adjourned at 2:46 p.m. by Chairman Briggs. 1st Christine Ross, 2nd Phil Tulkoff.

Monday, June 22, 2020
Maryland Department of Commerce
CALL-IN ONLY
2:00 p.m. – 4:00 p.m.

Meeting Minutes

Attendees:

Delegate Ned Carey
Suzy Ganz
Saundra Lamb
Bobby Patton
Christine Ross
Tom Sanders
Scott Simmons
Phil Tulkoff
Senator Katherine Klausmeier
Dr. Willie E. May
Jim Strong
Patrick Nolan

Company

Maryland General Assembly
Lion Brothers Absent
Semforex
Patton Electronics
Maryland Chamber of Commerce
Coherent Technical Services
McCormick & Company
Tulkoff Food Products
Maryland General Assembly
Morgan State University
United Steelworkers District 8
Northrop Grumman

Ex-Officio Members:

Kelly Schulz

Secretary, Department of Commerce

Guest(s)

Mike Kelleher, Maryland MEP

Commerce Staff:

Todd Sabin
Heather Gramm
Sarah Sheppard
Connie Page

IX. Call to Order

At 2:01 p.m. Heather Gramm called the meeting to order and welcomed members and guests. A quorum was present.

X. Roll Call

Attendance taken by Heather Gramm.

XI. Review and Approval of March 30, 2020 Minutes

Upon motion duly made and seconded, the minutes of the March 30, 2020 MMAB meeting were approved unanimously. 1st Pat Nolan 2nd Scott Simmons.

XII. Secretary's Schulz Updates

The Secretary thanked the Board Members, Commerce staff, and the manufacturing community for the partnerships that have been created the past three months during the COVID-19 response. She provided comments about the State's COVID response and thanks the manufacturing community that responded to the call for PPE production and applied for the COVID-19 Manufacturing Innovation Grant program. The Secretary is looking forward to getting out in the field and thanking people in person and understanding the continued need for innovation at lots of difference level. She commented on the importance of Maryland's supply chain to the state's economic recovery. Small manufacturers are critical in being able to supply large manufacturers and being to maintain partnership and increasing manufacturing output in general in Maryland is critical to the overall success and recovery.

XIII. Maryland Manufacturing Update – Todd Sabin

Todd updated the board on Manufacturing Policy Academy project. He went over two documents that will be used to utilize the promoting these strategies. The first is the manufacturing survey, and asked the Board to review the 25 questions to make sure they are realistic, achievable and people would want to report on. The second attachment was a report developed by the Commerce Research Team on the impact of the manufacturing sector on the state's economy. Heather reminded the board members that the survey they put together for the Manufacturing Policy Academy, includes the MMAB Survey that was to go out last summer. This survey is our attempt to combine the two efforts. If the Board feels like there is anything you would like to add feel free to email Heather or Todd. Distribution of the survey is still on hold until the timing is more appropriate, and Commerce welcomes the MMAB's feedback on timing.

XIV. Mike Kelleher – Overview of the Maryland Manufacturing Network Portal

Mike Kelleher with Maryland MEP gave overview to the Board on the Maryland Manufacturing Network portal, which launched a few months ago in partnership with Commerce. As the

coronavirus pandemic (COVID-19) unfolded, health care providers, first responders and the State of Maryland sought help to source Personal Protective Equipment (PPE) to enable health care workers and essential employees to safely care for patients and perform their duties. At the same time, manufacturers have reached out to seek guidance on how they can contribute to the cause.

In support of this, the Maryland Manufacturing Network was created as a platform for suppliers to share their current resources and capabilities and for buyers to identify these suppliers and share their current and upcoming needs. To date they have nearly 500 supplier manufacturers in the systems and over 5,000 introduction connections that have been made. The platform is not to be a procurement platform but to be a match making platform. They track the interaction and engagements as they go through the process. There are 400 supplier buyer connections that have actually come to fruition. They are at the point now where we are starting to track and receive information on how big and what the purchases were. Mike is willing to give a demo to anyone interested. The portal can be found at marylandmanufacturingnetwork.com.

Board Open Panel Discuss: COVID-19 Response Q&A – Heather Gramm

Heather opened the floor for discussion to Board Members to see what their companies are experiencing as a result of COVID, and what MMAB should be focused on over the next 12 months. The Board came up with the following suggestions:

- Advocate with the Federal Government on future stimulus and recovery policy issues. For example, some of the changes that the federal government made to the PPP program were harmful to small businesses.
- Adjusting the work environment to accommodate the wearing of masks, social distancing and keeping workers safe has been a significant challenge in the manufacturing operations. There have also been shifts in people's buying habits that companies have needed to adapt to, such as purchasing food more online.
- Large inventory is very limited in retail. The level of manufacturing demand is very limited. People are working with old inventory. It's a continuing balancing game. Unemployment benefit supplement end in July people are hurting and it's a challenge getting people to come back to work. After PPP runs out it will cause businesses to pivot to short time business reduction. Manufacturing is in a transitional situation right now. There is a need to rethinking manufacturing strategies based upon digital manufacturing and having it as a larger inclusive base effort.
- Distributors are sitting on stock and most customers are not buying anything, and not placing new orders. Export is hurt more than domestic. New orders in Europe are down 65% compared to this time last year. Same complication with PPP we were early in and followed all the rules we spent all the money basically acting as a proxy for unemployment benefits because we really didn't have the work to do. So that money is

basically exhausted, which will cause furloughing a lot of people we hired back. Which will be another problem for the state's unemployment.

- The capital market is a little bit reluctant to issue loans, particular with medium size or smaller vendors. Anything the state can do to help stand behind the smaller organizations to help them with financing on any capital equipment help other companies like mine would be great. Even companies that are doing well are having a hard time excessing capitol because everyone is nervous. The big companies don't have any problems, it's the smaller and medium companies their demands are higher because the effects of Covid-19.
- Maryland Work Share program was very effective for some manufacturers. There was mixed success with this program.
- There has been a paradigm shift that they have seen when they look at the capability of working from home. They see it is something that will be here for a while and looking for a long term strategy. Bricks and mortar for office buildings are going to start to be questioned about do we really need the entire workforce in a building together or can it be connected virtually using sharing tools like skype and zoom.
- We will see the trend with the consolidation of the assembly manufacturing operations with some of the office space in order to cut down on real estate. This will have implications on zoning for city and state levels.
- Digital media

XV. Discussion of Agenda Items for Next Meeting

The next meeting is scheduled for September 14, 2020.

XVI. Adjournment of MMAB Business Meeting

There being no further discussion, the meeting was adjourned at 3:10 p.m. by Heather Gramm.