

---

---

# *Public Meeting*

## LEGISLATIVE MANUFACTURING CAUCUS

*“The Caucus will meet to discuss the minimum wage, Federal tariffs,  
and customized training and apprenticeships”*

---

---

**LOCATION:** SPEX CertiPrep  
Metuchen, New Jersey

**DATE:** August 14, 2018  
10:00 a.m.

**MEMBERS OF CAUCUS PRESENT:**

Senator Vin Gopal, Chair  
Senator Joseph Cryan  
Senator Linda R. Greenstein  
Senator Ronald L. Rice  
Senator Anthony R. Bucco  
Senator Samuel D. Thompson  
Assemblyman Clinton Calabrese  
Assemblyman Roy Freiman  
Assemblyman Eric Houghtaling  
Assemblywoman Nancy J. Pinkin  
Assemblyman Anthony M. Bucco



**ALSO PRESENT:**

Christopher Emigholz  
Wade Homer  
Mark J. Magyar  
*Caucus Aides*

Eric Hansen  
Gregory L. Williams  
*Office of Legislative Services*

***Hearing Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

---

---

## TABLE OF CONTENTS

	<u>Page</u>
Kevin McKeown Vice President Sales SPEX CertiPrep	1
Marcia Frieze Chief Executive Officer Case Medical, Inc.	2
Gail Friedberg, Esq. Vice President and Owner ZaGO Manufacturing Company, Inc.	4
Gary DuBoff Chief Executive Officer Arrow Fastener Company, LLC.	8
James Minadeo President Zero Surge, Inc.	10
Amy Eskilson President and Chief Executive Officer Inrad Optics, Inc.	43
Gary Slawik Manager Apprenticeship and Training Bihler of America, Inc.	46
Elissa Santo Vice President Atlantic Precision Technology	49
Scott Mele President and Owner Tektite Industries, Inc.	78

**TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>
Kenneth McCue Vice President Electro-Miniatures Corporation	78
Steven Holand President Century Service Affiliates, Inc., dba Carry Cases Plus	84
John W. Kennedy, Ph.D. President and Chief Executive Officer New Jersey Manufacturing Extension Program, Inc.	100
Philip Falcone Private Citizen	100
<b>APPENDIX:</b>	
Booklet <i>NJMEP</i> <i>State of New Jersey Manufacturing Industry</i> submitted by New Jersey Manufacturing Extension Program, Inc.	1x
Testimony submitted by Martin K. Behr III, Esq. Private Citizen	33x
pnf: 1-106	

**KEVIN McKEOWN:** Thank you, everyone, for coming.

This is the first New Jersey Manufacturers Caucus actually being held at a manufacturing facility, which I think is -- it's really great.

I'd like to thank all of you for coming; and also to our State Senators for coming and hearing everyone out.

Before I give you a little background on SPEX, I was asked -- if you do have something that you'd like to talk about, fill out this sheet (indicates), and give it to Camilla prior to testifying so that she will get it up here -- and maybe we'll get some pens to help fill them out.

**UNIDENTIFIED MEMBER OF AUDIENCE:** Yes; they're also in the front.

**MR. McKEOWN:** And they're in the back there, too.

So my name is Kevin McKeown; I'm the Vice President of Sales here at SPEX. SPEX has been manufacturing in New Jersey for 65 years, so we're a long-term company here. We have common ownership with a company down the street called SPEX SamplePrep. We don't actually do any manufacturing in this particular building; but we do the chemical manufacturing across the street which, as you all know, is a big industry in New Jersey.

So with that I'd like to hand it over to our State Senators, and I guess we'll get this thing started.

**SENATOR VIN GOPAL (Chair):** Great; thank you, Kevin.

Thank you, everyone, for coming out today; and thank you to the legislators -- the State Senators and Assembly members who are here. I know there are a lot of other places everybody could be in the middle of August. But we have some really important topics to talk about, the least of

them tariffs, apprenticeships, and how the minimum wage is going to affect some of the manufacturing facilities.

As many of you know, New Jersey has a rich history and culture of manufacturing. In my District, the 11th District in Monmouth County, Eatontown Industrial Way has a number of manufacturing facilities. And it's important that this Caucus work with this community to make sure that we protect this industry, and also grow it, in the years ahead.

I want to thank Assemblywoman Pinkin, Senator Diegnan, and Assemblyman Karabinchak for welcoming us into the 18th Legislative District.

We have three panels that are going to start, and then it's going to be an open floor. And as Kevin said, please fill out the card; talk about the topic you want to discuss. And our hope is that, at the end of this Caucus, between the Legislators here, we can come up with some concrete solutions. We need to hear from your personal experiences what you're going through, and that's really what's going to help us.

So if we can start with panel one; it's going to be on tariffs.

I apologize if I butcher any of these names: Marcia Frieze from Case Medical; Gary DuBoff from Arrow Fastener; Gail Friedberg from ZaGO Manufacturing; and Jim Minadeo from Zero Surge.

If the four of you don't mind coming up here.

So if you can each, you know, in whatever order you want, talk about your experiences and how tariffs are affecting you. And then I'm sure some of the members on this side will have some questions.

**M A R C I A F R I E Z E:** My name is Marcia Frieze; I'm CEO of Case Medical.

We're a medical device manufacturer located in South Hackensack, New Jersey. Our company is a vertically integrated manufacturer of products for reprocessing surgical devices, so that the core of our customer base is health care. That means we provide products to healthcare ,s well as to other medical device manufacturers.

Needless to say, over 90 percent of all the materials that we use are made of aluminum and stainless steel. So from that perspective, what we have experienced, to date -- since about, I would say, probably even the beginning of the year -- was a lack of supply materials. For example, we had been, over the years, using two mills that provide aluminum material for our products. And we began to see kind of a slowdown in deliveries; where we were expecting product to come in on a weekly or bi-monthly basis, it would come in very late and in much smaller quantities.

Lately what we've seen, also, is an issue about hoarding, where I'm sure most of you have heard in the news that a majority of the aluminum and steel has been taken up by the aircraft and automotive industries.

As a medical device manufacturer, we also care very much about the quality of the materials that we use, because our products are critical for sterilizing, packaging, and protecting surgical devices which are directly used on patients.

So the issue that impacts us has been twofold: one, financial, which is a concern, but much less of a concern than supply. And what I'm particularly worried about is, in 2019, what I've heard is a type of material that we use will no longer be produced in the U.S. mills.

So what we've created with the tariffs -- not *we*, but what we've been subject to with the tariffs -- is the fact that we have created an issue where costs have gone up almost like an additional tax; but worse than that has been a supply issue. And you know, what we started doing -- like others in the industry -- is we began hoarding material. So that means we need to use whatever available cash we have and our line of credit to buy more material than we need right now, in order to be able to have any assurance that what we need for the next few months will be available.

**GAIL FRIEDBERG, Esq.:** Hi; I'm Gail Friedberg. I'm the co-founder and Vice President of ZaGO Manufacturing Company.

We make self-sealing fasteners and switch boots. The fasteners that we make are mainly made from stainless steel. So the steel tariff is, you know, also the major issue with us.

We sell a lot of our products to distributors who sell to the defense industry and to aerospace. So most of our products fall under the category of *DFARS*, which is the *Defense Federal Acquisition Regulations Supplement*. And the way that works is that if we can't source in the U.S., there are 25 other countries that, under these regulations -- we were always under the understanding that we could source them; you know, EU countries, India. So these have been a critical part of our supply chain, and now they're being subject to tariffs and we're being subject to tariffs.

And from our perspective, tariffs are just taxes by another name. This is money that goes directly to the Federal government, and it becomes part of our expenses.

So we either have to decide: Do we raise the prices to our customers, or do we take a hit in profits? And if we're going to take a hit, then, do we pull back on our investment here?

We are-- Steel is one manufacturing industry. I think, you know, the numbers are -- there's about 200,000 steel jobs, but the industries that use steel are many, many more times that. So this may help one industry; you know, we may be picking one winner. But we're picking an awful lot of losers. And as far as I know, New Jersey isn't a big steel manufacturing state, but it is a big steel using state. So it's going to have -- like a lot of the tax programs, it's going to have a bad effect on New Jersey.

The three scariest words for a business owner, in my opinion, are, "I don't know." And what we're coming up with -- is a lot of "I don't know." These tariffs are creating a lot of uncertainty in our industry. Customers are trying to nail us down. "Okay, how are the tariffs going to affect us?" I don't know; not in a good way. You know, we can't say right now. You know, we're starting to see increased prices from our suppliers. The lead times are starting to stretch out; you know, what used to be weeks are now months. You know, it's creating a lot of uncertainty and it's going to have negative overall economic impact. And we're really worried, we're really concerned; and we really need your help and advocacy on our behalf.

SENATOR GOPAL: For context purposes, can you just tell us exactly where your companies are located and how many people they roughly employ?

MS. FRIEDBERG: Our company is in Newark; we've been in Newark for over 25 years and we have 25 employees.

MS. FRIEZE: Our company is located in South Hackensack, New Jersey, just north of the Meadowlands, and we employ 140 people. But we are thinking seriously about what we're going to be -- what we're going to need to do, you know, given the amount of uncertainty.

As you know, New Jersey -- we're faced with so many issues when it comes to property taxes, taxes in general, cost of living for our employees. We do support a minimum of \$15 minimum wage as well. We don't want to have to lay people off; we don't want to have to have any adjustments in the salaries that we pay people. This is the time of year when we normally give raises, but we're being very cautious. You know, we may do a very small cost of living, and then give people a bonus at the end of the year. We're sort of playing with what we can basically do at this point.

I think the other part that I failed to mentioned -- is you brought up military, supporting the government -- is that our biggest customer is DOD and VA. So from that perspective my concern, in terms of supply, is not solely for the hospitals that we serve, but also for our military personnel that we supply a lot of our product to.

I don't think anybody really thought how serious these consequences were. You know, the thought was to make America great again and to build the manufacturing and industrial society back to what it was. And some of us on this panel have worked very hard with NJMEP, with NJIT, with Bergen Community's Advanced Manufacturing, and so on. But yet we're in a situation now where we really need to pull back, pull back our development, and be very careful about hiring; be much more strategic about how we're going to function.

And I do agree very much with you -- that it really is a tax. And I was kind of blown away last night because I did a little bit of research. And what I saw is that, in the last five months -- this was from Secretary Mnuchin -- that \$1.4 billion has been raised from the tariffs. So on the one hand we had tax cuts; and on the other hand, we have the tariffs, which is putting an amazing drain on U.S. manufacturers. And that, again, translates into consumers, and workers, and everything else that all of us are trying to do who care about our country and our community.

SENATOR GOPAL: Right.

SENATOR RICE: Excuse me.

SENATOR THOMPSON: A question, Mr. Chair.

SENATOR RICE: Could she give the name of the Newark company?

SENATOR GOPAL: Yes; I'm sorry, one second.

Gail, your Newark company -- for Senator Rice; and exactly how many employees, if you can?

MS. FRIEDBERG: So we're in the South Ward of Newark; we're on East Runyon Street, and we have 25 employees.

SENATOR RICE: So you're in the old industrial complex that we did when I was on Council, right?

MS. FRIEDBERG: Excuse me?

SENATOR RICE: Near Bergen Street, Avon? You're on Hawthorne Avenue, right?

MS. FRIEDBERG: No, no; we're on East Runyon Street.

SENATOR RICE: East Runyon Street? Okay.

MS. FRIEDBERG: Yes, yes. We own a building on East Runyon Street.

SENATOR RICE: What's the name of your company?

MS. FRIEDBERG: ZaGO, Z-A-G-O, Manufacturing Company.

SENATOR RICE: Z--

MS. FRIEDBERG: Z-A-G-O. We started at the NJIT Business Development Center.

SENATOR RICE: The Development Center.

MS. FRIEDBERG: We've been in Newark since day one.

SENATOR GOPAL: So if it's all right, Senator Thompson, let's just do the last two, and then we'll open it up and start with you.

Go ahead.

**G A R Y D u B O F F:** Good morning; my name is Gary DuBoff. I'm the President and CEO of Arrow Fastener.

Some of you may know our products; we're a manufacturer of hand tools. Most notably, we make the big T50 staple gun, as well as we manufacture staples. We're located in Saddle Brook, in Bergen County. We have approximately 350 employees.

So the tariff, for us, has been pretty much a nightmare. The issue, actually, is this. We manufacture staples in our Saddle Brook facility. Staples, as you can imagine -- it's a process that's completely been automated. However, the wire that we use to manufacture staples is no longer manufactured in the United States; it's manufactured primarily in China. In fact, other than a couple of manufacturers in Europe, we have not been able to find anyone else who manufactures the banded wire that we need for our process.

So we're subject to the Section 232 tariffs, which began in March, March 23. And we have applied for exclusions; we had six exclusion requests. We bring in six different types of wire; most of it is galvanized steel. However, we also bring in stainless steel wire.

Those requests-- We were actually one of the early requestors. Most of those requests have now been answered; we were denied last -- actually, about a month ago. All six requests were denied; there was no reason for a denial. However, we did find out later that the claim was that we used the wrong, or an incorrect, Harmonized Tariff code, which we're positive we did not.

So we have now resubmitted all of our requests. My biggest concern -- aside from the tariff itself -- is whether that means we now go to the back of the line. Because there are now -- probably 20,000 requests when we applied; originally there were probably 1,000. So we were pretty much in the front of the line and were able to get an answer within 90 days; 20,000 requests could, quite literally, take a year to find out whether -- now that we, maybe, used the correct Harmonized Tariff code -- whether we get an exclusion or not.

So this is-- By the end of the this year, we will-- If this continues, we will have paid well in excess of seven figures for a product that, as you can imagine, is \$2 and some cents a box at retail. It makes no sense.

What makes this worse for us is, it puts us at a competitive disadvantage. We are, as far as we know, the only manufacturer in the United States left that manufacturers staple here.

What's been disconcerting is our competition most notably would be -- Stanley Black and Decker is our largest competitor. They purchase staples in China, finished in a box; and those staples are not subject to tariffs.

MS. FRIEZE: That's right, that's right.

MR. DuBOFF: So we could go overseas, buy staples complete, ship them in and pay no tariff, and lay off the 350 people we have in our plant. Someone needs to explain to me how that makes any sense at all. We're doing everything we can to try and keep jobs in New Jersey, and it's becoming more difficult every day. And this, hopefully, isn't the icing on the cake, or the straw that broke the camel's back, but it's certainly close. We're, at this point, really not quite sure what to do.

**JAMES MINADEO:** Good morning.

My name is James Minadeo. I'm the President of Zero Surge. We're a manufacturer of surge protection. Our product line is one of the -- we're considered a premier brand in the market. It's not something you buy at Staples or Best Buy. So our product is built to last, so our product incorporates steel, aluminum, copper.

And what I found-- We're in Frenchtown, New Jersey, in Hunterdon County. And we employ, right now, about 10 people; but, hopefully, I was looking at hiring more. But now I don't know what to do.

All of our suppliers that we buy from are located in the United States, okay? I would say-- You know, we're a New Jersey company; probably 50 percent of the checks I write to suppliers are in New Jersey, New York, or Pennsylvania. The other half are in the United States.

So I figure, “Okay, I’m doing the best I can for our country, where all of our money is trying to stay -- as best we can.” Now, obviously, you go down the supply chain -- we’re at the end of the supply chain. So, like-- My colleagues here are closer to the beginning of the supply chain, buying more raw stuff.

So I can’t even control where my raw material comes from, because I’m buying from someone who makes the cabinet. So he’s making the cabinet for me, he’s getting it from another supplier, who’s then getting it from another source; and so all these tariffs are getting passed down the line. So a 10 percent tariff at the supplier then gets another 1 or 2 percent to cover their costs to his supplier, then another 2 percent to cover his costs. By the time it gets to me, that 10 percent tariff is now 15 or 20 percent. And I have three suppliers that are saying when they are a 25 percent tariff, it could be almost 50 percent by the time it gets to me.

So even though we’re not a huge manufacturer like some of my colleagues, the effect on us is a multiplier because we’re further on the end of the chain. And we’re trying to do the best we can to buy American as it is, and we’re an American manufacturer.

So far, in June, I can compare, pretty good, our costs. And right now, we’ve already increased our costs by 10 percent; it’s, like, 9.8 percent over last summer’s costs, because this is kind of our busy season. As people get affected by thunderstorms and things like that they tend to think about surge protection. So this is a good time of year for us normally, but it’s also-- I’m now doing like they are; I’m either doing hoarding on the one end, of trying to get stuff now before the prices go up. And some stuff

I'm just pushing back, hoping that we can ride the wave and maybe everybody will come to their senses.

So a lot of it-- And this is not just me; I network with a lot of other manufacturers, especially in Hunterdon County. I'm involved in some county-level stuff. And I'm not the only one, so I'm carrying their message too -- is that, they have the same issue. There are companies like Magna-Power that won awards from the NJMEP for Manufacturer of the Year. They're having the same issue. You know, their product uses a lot of metal, and they're having issues like that. There are bigger companies like -- ExxonMobil has a big facility in Hunterdon County, and they're going to have issues when they have to build their new-- They're trying to add 200 jobs to their facility; they have to build these tanks, and their costs are going to go up. You know, things like that.

So from the big companies down to the little guys, we're all getting hit. And the further you are away from it, the less control we have. I don't even know if I could apply for an exemption, because I don't even know who to say where I'm getting the metal from to begin with, because I'm further down the end of the chain. So I have absolutely no options, so that's where I'm at.

MR. DuBOFF: If you buy in the U.S., you can't.

MR. MINADEO: What?

MR. DuBOFF: If you buy in the U.S., you can't apply.

MR. MINADEO: Yes; so, exactly.

SENATOR CRYAN: Could you just have him explain his product again?

SENATOR GOPAL: Sure.

So the legislators here know, we are going to put a list together of all the speakers -- their contact information, towns -- to make sure you all have it.

Jim, if you don't mind just explaining your product one more time?

MR. MINADEO: Okay. We manufacture surge protection.

Basically, like a -- you know, you have your power strip that you protect your computers with. The difference is our product actually will last forever, literally. Most surge protectors only last two to three years. Our product uses a filter technology. We have a few standard--

SENATOR CRYAN: It's a power strip?

MR. MINADEO: Well, it comes in both like the strip form; it also comes hardwired, so if you have like alarm systems and those kinds of things.

The DEP buys from us; they protect all their network equipment. And a few other -- the State Police uses us. So, I mean, we are -- we do sell to the State.

SENATOR GOPAL: Great.

So before we start, just so everyone knows: Jim, Frenchtown, Zero Surge; Gail, ZaGO Manufacturing, based in Newark; Gary, Arrow Fastener, based in Saddle Brook; and Marcia, Case Medical, based in Hackensack.

MS. FRIEZE: South Hackensack.

SENATOR GOPAL: Where?

MS. FRIEZE: South.

SENATOR GOPAL: South Hackensack; I'm sorry.

And I'll start with -- Senator Thompson, I think, had a question.

SENATOR THOMPSON: Basically, my question was -- thus you're buying imported steel products and so on. And the question is -- is it a case of there's an inadequate supply in the U.S., or is it a case of whether it's cheaper to buy it?

MS. FRIEDBERG: I'm not sure who you're asking, but speaking for us it's the supply chain-- There's always been an understanding; that's why they have this Defense Federal Acquisition Regulation that allows us to buy from 25 other countries with which the United States has defense agreements. There's always been an understanding that there is an inadequate supply of steel in the United States. This isn't a new regulation; this regulation goes back decades. So this has just been an understood part of the supply chain.

So we buy -- we get raw material; we get steel wire from companies that import from outside the U.S. because that's where the product is coming from; that's where the supply is. You know, we have global supply chain here, so that's where the supply is.

MR. DuBOFF: In the case of Arrow Fastener, we can't find suppliers in the U.S. There is no one left who makes banded wire in the States. So it's not a question of price or-- In fact, what was--

SENATOR THOMPSON: That one's been covered on TV already -- the staple problem. (laughter)

MS. FRIEZE: In our situation, it's different. We're a U.S. manufacturer, making products from raw materials. And all of our raw materials -- our aluminum and stainless steel -- is all manufactured in the

U.S., or has been. Obviously, we're in a situation now where we're going to have to go outside of the borders of the U.S. to get raw material because it is simply not available here anymore.

SENATOR GOPAL: Senator Bucco.

SENATOR BUCCO: Thank you, Mr. Chairman.

And good morning to our panelists.

You know, as the owner of a manufacturing company in Paterson, New Jersey, I could probably be sitting on that side of the table also, because it's affecting my business with the tariffs.

I was working with John Kennedy from NJMEP in regards to the aluminum and steel; and I've talked to Gary, also, over the past couple of months.

I have a Bill in that addresses it somewhat; and I am trying to get some type of tax credit for the materials that you're buying, okay? Is it the complete answer? No. But will it help? Yes. I mean, maybe I should put a bill in for myself, for my company too (laughter), to help me with my imports from China.

And I think the bookend -- my son over there -- has the same Bill over in the Assembly; I think he's picked that up. So we are trying to do something about it. It is a problem, and it is jobs.

MR. DuBOFF: It is.

SENATOR BUCCO: And the Legislature has to understand that you cannot continue to be a manufacturer and absorb costs and not been able to pass them on. Because what happens eventually -- that black line at the end of the year turns to red. And when it turns to red, you're no longer in business.

So I appreciate your coming out here this morning and letting all of the legislators know the severity of the problem. And we have to address it.

So hopefully I will be able to get some of my colleagues from the other side of the aisle on my Bill; and hopefully, we can start moving it to see what we can do to try and alleviate some of the problems.

So thank you, Mr. Chairman; I appreciate it.

SENATOR GOPAL: Okay. We're just going to go to Assemblyman Freiman, Senator Rice, and Senator Cryan.

Assemblyman.

ASSEMBLYMAN FREIMAN: So let me just follow up on Senator Bucco's question, because I think he brings up a very good point.

So if we were able to be successful in pushing that through, and-- Because you talked about the fact that these tariffs are acting as a tax. And they started off with the intention of trying to protect and support manufacturing; and, in fact, they have unintended consequences of hurting. And in fact, now if you were available to get some sort of a credit back to those who are actually hurting you, how would you feel about that? And would it change how -- where you're sitting right now; and would you say, "Oh, okay, I'm good with this," or would you still say, "No, I'm not good with it at all."

MR. DuBOFF: I can tell you, from our perspective, we still would not be good with it.

First of all, our situation is a little bit different than the other people on the panel, in that we're still at a competitive disadvantage. So regardless, our prices would need to be higher unless we completely offset

the entire tariff, which something tells me would be difficult to do. Because of the nature of what I explained before -- where our competitors buy product finished in China and don't pay a tax. So this has had unintended consequences that I don't think anyone ever really thought about, and didn't take the time to really think through. And if they did, I would imagine they would have framed this a little bit differently.

MS. FRIEZE: I would also like to endorse what Gary said, because we also are at a competitive disadvantage. Our main product lines are sterilization containers; our competitor is based out of Germany and makes product in Pakistan or in Poland. And we are definitely in a competitive disadvantage. We have a product that is very high quality; that is totally compatible with every method of sterilization. And it's a reusable product; and mine's just like yours (indicates) -- it lasts a very long time.

But at the same point, other product can come in here in a finished state, not subject to the tariffs and restrictions that we currently have. And we're going to be forced to have to look outside of the United States for raw materials or, perhaps, for manufacturing. So it has put us in exactly the opposite position where we would have wanted to be as U.S. manufacturers, supporting our industrial base here.

SENATOR GOPAL: Senator Rice.

MS. FRIEDBERG: I just wanted--

SENATOR GOPAL: Oh, sorry.

MS. FRIEDBERG: I just wanted to speak on that.

You know, it's been said that government shouldn't be picking winners and losers. And in this instance, with the tariffs, you know, we're the losers.

We really appreciate the thought of coming up with a tax break to help us so that then we're the winners. But what we really want to do is just do business. You know, a tax break -- so then we have to apply for it, then we have to put, you know, manpower into applying for it. You know, it's like you said, you apply for exemptions; they're very difficult to get. You know, there are tens of thousands of companies looking for them, and very few are getting them. It's not just where we want our focus to be. We want to focus on productivity, and creativity, and competition.

But I think we all appreciate the thought.

ASSEMBLYMAN FREIMAN: Thank you.

SENATOR RICE: Yes, I think we should take a look at Senator Bucco's Bill and give it consideration.

I also think -- even though we don't, at this level, dictate the process, I think that the members of this Committee should agree that we're going to put together a resolution to try and get both houses to put a resolution to the Congress and to the President, to let them know that there are unintended consequences. It's impacting New Jersey very much so, and the President should understand this, since he's from the area. Not that he would care, but he should at least understand it.

And if we do that -- for those who may not know it -- I'm the Chair of the National Black Caucus of State Legislators' Labor and Workforce Development Committee. I will try to move that same resolution at our upcoming meeting in Washington at our annual conference.

So I think that the Congress has to hear from us.

I do know that Senator Cory Booker has a rep here -- I always call him *my son, Gary* -- so hopefully he will take it back also. If the Senators do not understand the consequences on the manufacturing side -- that they do understand that, in New Jersey, we're being impacted in a negative way.

So that would be my suggestion, Mr. Chairman.

SENATOR GOPAL: Thank you.

To Senator Rice's point -- as most of you know, for those of you who don't, this happened with the recent tax plan -- Federal government tax plan. This is a Federal issue, but New Jersey does have a responsibility, obviously, to protect our manufacturers against the Federal government. So we have to come up with everything.

Senator Cryan.

SENATOR CRYAN: Thank you.

Although I wish I was going to get my Mercedes now.  
(laughter)

I wanted to ask a couple of questions, and follow up on this Harmonized Tariff Schedule and the complexities with it, if we can.

First off, the gentleman on the left -- you mentioned that you've passed along a price increase; 9.8 percent. Is that correct?

MR. MINADEO: No, I was saying that my costs have gone up 9.8 percent.

SENATOR CRYAN: But you have not--

MR. MINADEO: I have not yet to do it, but I have to make that decision soon because--

SENATOR CRYAN: Just being really super nosy here, have any of you actually passed along a price increase yet?

ALL: No.

SENATOR CRYAN: No; okay. And have all of you been affected at the same date, the March 23 tariff?

ALL: Yes.

SENATOR CRYAN: Okay.

So--

MR. DuBOFF: Can I just make one comment about that?

SENATOR CRYAN: Yes, yes.

MR. DuBOFF: We can't pass along one, because our competition isn't subject to the tariff.

SENATOR CRYAN: Right; so you're--

MR. DuBOFF: So we're--

SENATOR CRYAN: So you're on level twice, right?

MR. DuBOFF: We're stuck.

SENATOR CRYAN: And what are you eating, about a hundred and a quarter a month, in terms of actual costs on this thing?

MR. DuBOFF: Yes.

SENATOR CRYAN: Right? So do you have any idea that if a tax credit came on in the State, how much of that 125 you would actually be able to recover?

MR. DuBOFF: No. We'd have to take a look at it; no.

SENATOR CRYAN: Okay.

And I want to follow up on one comment you made, and then ask about the harmonized tariffs.

Gail, right? Is it Gail?

MS. FRIEDBERG: Yes.

SENATOR CRYAN: Gail, is the steel industry total, around the country -- total protection around 200,000 jobs?

MS. FRIEDBERG: That's what I read. I mean, I have a magazine article from the *American Fastener Journal* that -- that's the number that they came up with.

SENATOR CRYAN: So I'm just going to ask you. Does the article happen to say how many jobs it has actually impacted so far? Because at this table, it's over a thousand, if my math-- Sounds like it's about right -- about in that neighborhood. You're 350 alone, right?

MR. DuBOFF: We're 350.

SENATOR CRYAN: So 360; how many--

MS. FRIEZE: We're at 140.

SENATOR CRYAN: You are 140; that's 500.

MS. FRIEDBERG: We're only 25.

SENATOR CRYAN: You're 25; like I said, 525. Okay. So does anybody know that number, by chance, exponentially?

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) Yes; it's about 200 jobs that -- manufacturing jobs that utilize aluminum and steel for every steel and aluminum job (indiscernible)

SENATOR CRYAN: So it's 200 times 2,000.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike)  
(Indiscernible).

SENATOR CRYAN: It's 400; okay.

One other piece -- you mentioned you did DOD work, right?

MS. FRIEZE: Yes.

MS. FRIEDBERG: Yes.

SENATOR CRYAN: Both of you?

MS. FRIEZE: Yes.

MS. FRIEDBERG: Yes.

SENATOR CRYAN: Are there any exclusions? You talked about the DOD experience; and do you have any idea of what's out there, in terms of previous agreements? Has there been any exclusions under these tariffs for the idea that DOD is actually paying for it?

MS. FRIEZE: No.

SENATOR CRYAN: No. So we're paying more, less lead time--

MS. FRIEDBERG: Longer -- longer lead times.

MS. FRIEZE: Longer lead time.

SENATOR CRYAN: --and yet the bottom line, at the end of the day, everybody in this room is paying for the Department of Defense, correct?

MS. FRIEZE: That's right.

MS. FRIEDBERG: Yes.

SENATOR CRYAN: My last area would be on the Harmonized Tariff. I have to ask you about this experience, sir, okay?

So you get hit; you have six individual line items. Some of us received this thing on honey, which we'll look at here for a little background -- which is fascinating; this idea that there are multiple line items under the Harmonized Tariff. It could go anything from the length, to the size, to the

manufacturer. Is that correct, in terms of-- If you could explain a little more about what your six line items were, your six separate entries.

MR. DuBOFF: Yes. Unfortunately, for every specific size, you need to have a separate exclusion request.

SENATOR CRYAN: So there are different sizes of staples, for example?

MR. DuBOFF: So there are different sizes; there are different thicknesses of wire, and there are different wire materials. We use both stainless and galvanized; so each one of those gets a separate exclusion request. And they are very specific in the application as to what the dimensions are, what the thicknesses are, what the makeup is of the steel itself. There's quite a bit of work that goes into actually just filing the paperwork.

SENATOR CRYAN: Okay; I'm assuming it's more than one page?

MR. DuBOFF: Oh, yes. It's many pages; it's about six pages.

SENATOR CRYAN: All right.

MR. DuBOFF: Each request.

SENATOR CRYAN: Because I have seen a couple of these pitches, where you can -- you guys have seen these, right? Where you can apply for the exclusion?

So you applied in April-ish?

MR. DuBOFF: Yes, we applied in April; late April.

SENATOR CRYAN: Okay; and when did you get denied?

MR. DuBOFF: The comment period ended May 27, by the way, with no comments. So we had no objections to our request. And we got denied in early August.

SENATOR CRYAN: Okay. Comment period being from the other folks--

MR. DuBOFF: Anyone.

SENATOR CRYAN: Anybody?

MR. DuBOFF: Anyone can make a comment. It's open for public comment.

SENATOR CRYAN: Okay. So no one objected. Was there any feedback from-- This is with the Commerce Department, right?

MR. DuBOFF: It's through the Commerce Department. This goes through Customs and Border Protection.

SENATOR CRYAN: Customs and Border Protection?

MR. DuBOFF: Yes; they do the tariffs.

SENATOR CRYAN: Really?

Okay.

MR. DuBOFF: But it's through the Commerce Department; yes.

SENATOR CRYAN: Okay, so now the Department has your six separate applications; your 36 or so pages.

MR. DuBOFF: Yes.

SENATOR CRYAN: And you wait; your comment period ends and you wait, literally, six, seven weeks with no feedback. And then you're just denied, with a letter saying "tough luck."

MR. DuBOFF: Correct.

SENATOR CRYAN: And that's it?

MR. DuBOFF: No reason.

SENATOR CRYAN: No reason, no--

MR. DuBOFF: Our attorney needed to find out what the reason was. They gave no reason whatsoever; they just said, "You're denied."

SENATOR CRYAN: And just so I'm clear -- you had to go through-- You felt it necessary to retain counsel to do the application?

MR. DuBOFF: We did.

SENATOR CRYAN: Okay.

MR. DuBOFF: They're complex.

SENATOR CRYAN: So Cryan and Rice couldn't just fill it out, for a lack of a better way to put it? No?

MR. DuBOFF: No.

SENATOR CRYAN: Probably not, probably not? Okay.

So you go through that additional cost to your business as well, and you wait for the timeframe. So in your, for lack of a better way to put it, *reapplication process*, how do you know that you're looking at a different Harmonized Tax Schedule -- tariff schedule item?

MR. DuBOFF: Well, we firmly believe the original was correct. So we're -- there are only so many tariff codes that deal with banded wire like ours. We're just hoping that-- And there are subtle differences.

SENATOR CRYAN: Okay.

MR. DuBOFF: We're hoping that this is the tariff code that they're looking for, but there is no way to know.

SENATOR CRYAN: So maybe, through the Chair, one of the things we could ask is for the Feds to review this process. Maybe not even for more streamline, but for things like feedback before denial.

MR. DuBOFF: We actually got a call from the Commerce Department before we got denied, explaining that it's now left the first review successfully and went to the next level. I actually asked what that really means to us, and they said, "We don't know exactly, but it's a good sign." And then, weeks later, we were denied.

SENATOR CRYAN: Man, that sucks. (laughter)

All right, last comment. So none of you have passed along price increases yet, but you're all in the conversation stage, at a minimum, correct? For those who do DOD work, there will be price increases that everybody -- every taxpayer in New Jersey and around this country will pay for; that the risk of jobs is 200 times the potential -- for a lack for a better way to put it -- the protection of jobs, all right?

And this Committee is considering tax credits, as well, as a potential somewhat alleviation. But it doesn't solve the problem. Is that what we kind of agree on?

Okay; thank you. I appreciate your info. Thank you very much.

ALL: Thank you.

SENATOR GOPAL: Senator Rice.

SENATOR RICE: Yes, just quickly.

Is there an appeal process for you?

MR. DuBOFF: No; the appeal process is, you resubmit your application.

SENATOR CRYAN: Oh, man.

MR. DuBOFF: There is no real appeal.

And there now-- I was incorrect. I thought there were 20,000 applications; there are actually 33,000 exclusion requests at this point.

SENATOR GOPAL: Sounds like a pretty ridiculous process.

MR. DuBOFF: It is.

SENATOR CRYAN: Do you have any idea how many folks are assigned to review those, or how-- They're scientific, correct? These are complex things -- right? -- that you mentioned.

MR. DuBOFF: We don't know the number, but we do know that there were no additional staffers hired once this tariff hit. So it's the same number of staffers they had before.

SENATOR GOPAL: Senator Bucco.

SENATOR BUCCO: Yes, thank you, Chairman.

Gary, one thing that you said -- and I have to question you on it -- is that your competitor is buying the staples from China and bringing them in and not paying a tariff.

MR. DuBOFF: Correct.

SENATOR BUCCO: Are you sure about that? Because I'll tell you why. I know in my product that I buy from China -- all right? -- that's going to have a tariff on it, even if I have them convert it-- I make adhesives, water-based adhesives. If I have them make the water-based adhesive in China and bring it in, because it's that raw material, I still have a tariff on it.

MR. DuBOFF: No, I'm positive. We can bring staples in without tariff.

SENATOR BUCCO: I'm going to have to look and see if I can bring alcohol in from over there. (laughter)

SENATOR GOPAL: Assemblyman Bucco.

ASSEMBLYMAN BUCCO: Thank you, Chairman.

You know, here in New Jersey we face a tough climate, and our manufacturers face a tough climate. And when the Federal government goes down a path like they have, in terms of these tariffs, it makes it tougher. And there are unintended consequences in most legislation that the Federal government enacts, and that the State enacts. We see it all the time.

But it seems to me, like in this particular case, in New Jersey these tariffs are having an even greater impact because these manufacturers already face high property taxes, increased corporate business taxes. And we continue to lump on, pile on, from the State level -- which we have control over, you know? We don't have control over what happens at the Federal level. We can attempt to put a Band-Aid on it; we can attempt to urge our colleagues at the Federal level to correct it. That we can do; but we don't have the ability to change it.

But what we do have the ability to do, as legislators, is to make it more affordable to manufacture here. And if that was the case, maybe these unintended consequences wouldn't hurt so bad. They'd hurt, but not so bad. And it wouldn't be another straw on the camel's back that are causing our manufacturers to leave. And we, as legislators, need to recognize that; we need to recognize that when we're on the floor. And the additional burdens that we put on are being debated, because while we may not be able to control what happens in Washington, we can certainly

control what happens on our side. And it doesn't seem to me like we have recognized that yet. Instead, we continue to see these problems, and we're like the little boy trying to put his finger in the holes in the dike. Sooner or later you run out of fingers, and the water runs out.

So I am all in favor of trying to find a solution to help keep our manufacturers here. But the bigger picture that we all have to look at, as we continue to go forward, is what do we do to make it more affordable for these manufacturers to want to stay here, to grow here, and to continue to hire people, and make New Jersey the manufacturing state that it used to be.

So I recognize your problem, and I think we, as a Legislature, have an obligation to bring your concerns to the representatives at the Federal level, and to try to address your concerns within the areas that we have control over. But I also think that the bigger picture we lose sight of; we lose sight of that. We lose sight of the forest, sometimes, for the trees.

So that's just my point.

SENATOR GOPAL: Thank you, Assemblyman.

I'd say to that point, recently the Senate President, along with Senator Oroho and Senator Sarlo, came out with an economic and fiscal policy. I don't agree with everything that's in there, but there are a lot of good, positive things that the Legislature can do. And I think that's a good, positive step to try to make the State more affordable.

Yes.

MR. MINADEO: Yes, I think the one issue too is--

SENATOR GOPAL: Oh, I'm sorry. Senator Bucco also was on there. Sorry.

MR. MINADEO: Yes, sort of based on what Assemblyman Bucco was saying -- this isn't really a New Jersey problem, in my eyes. I mean, I think in his case -- if he had his factory in Florida, he'd have the same issue. I mean, he's competing against somebody who is bringing in-- And I think that the problem is a national issue; it's not a New Jersey problem.

Yes, we have issues with -- all these other issues that I'm sure other people will be bringing up later; you know, the cost of living and all these things. But I think we haven't, all of a sudden, had companies show up here. We've been here for a long time. My company has been here 30 years; you know, they've (indicates) been here 60 years. So all these costs have been built in over the years; and I think, all of a sudden, you just threw in this major cost, dropped it right out of the sky. And I think since I'm already competing with somebody in California, he's competing with people in Maryland, she's competing with other companies across the country -- I bet you they are all having the exact same issue, because they all have to get from the same suppliers; it's all coming from other-- If he had the same company in another state, he would still be at their state panel doing the same thing.

ASSEMBLYMAN BUCCO: Except in most states it's cheaper to do business.

MR. DuBOFF: Exactly; that's exactly right.

ASSEMBLYMAN BUCCO: In most states, it's cheaper to do business, and that's why we lose companies when things like this happen.

MR. DuBOFF: I agree.

MR. MINADEO: Well, right. I mean, we're the first -- we're the canary in the coal mine, yes. But I think the coal mine is full of toxic air, so it doesn't matter -- we're all going to get hit.

MR. DuBOFF: New Jersey is not an inexpensive state to do business in.

SENATOR GOPAL: Assemblyman Houghtaling, did you have something?

ASSEMBLYMAN HOUGHTALING: Thank you, Chairman.  
I'd just like to make a statement.

And first of all, I'd like to thank everybody for coming in here.

And Gary -- I've had an Arrow stapler in my work chest for 20 years now; I use only Arrow staples. So I really sympathize with what's going on with that, because I'm doing a project now and I need more staples and--

MR. DuBOFF: Well, they're worth more money now because the taxes are higher. (laughter)

ASSEMBLYMAN HOUGHTALING: But I think it's-- What we're talking about is a Federal problem; and we talked about a tariff is a tax that the Federal government collects, and now the State is picking up the burden with that. And, you know, we're financially strapped as it is.

And one of the things that we're talking about -- we definitely do not want to make any of those manufacturers leave the State of New Jersey. So we're going to do all that we can; but, you know, we need to go after the Federal government too, and rattle that cage there. And we need to get some of that money back here in the state so we can support all of our businesses that are struggling with imports.

And especially with what you're saying -- you need a specialty wire that you can only get overseas. It's not manufactured in the states, and you have to go through this huge process. It's very unfair, and we're going to do all that we can to help.

MR. DuBOFF: We appreciate that.

MS. FRIEZE: Thank you.

SENATOR GOPAL: Senator Greenstein.

SENATOR GREENSTEIN: Thank you.

I just wanted to ask -- I know you've all been focusing on the tariffs. But prior to the tariff situation happening -- which was really quite recent -- how would you all describe what your biggest problems were at that point? And also, would you describe the tariff situation as your biggest issue right now?

MR. DuBOFF: For us, it's absolutely our biggest issue.

Prior to the tariffs -- I won't say it was an issue yet, because it hasn't come up -- but our biggest concern is raising the minimum wage. We have 350 people there that, if you talk about a \$15 minimum wage, would have a dramatic impact on our business. I'm not sure exactly what we can do about it, but it would have a more than-- It would be a major impact.

MS. FRIEZE: Last year, or the year before, I was very much focused on issues in the state regarding restraint of trade. Because we're a medical device manufacturer, and there were independent agencies that now have grown into the millions and billions of dollars that control access to companies like ourselves with innovative products.

So I was very much focused on the Bill that Senator Gordon and Assemblyman Gary Schaer were sponsoring. And to me, that was our

biggest focus and concern, because it inhibited and limited our ability to actually provide our customers with the products that we make here in New Jersey that are FDA registered, and ISO certified, and for which we're a safer choice; Partner of the Year. So we make innovative products, but yet we were being curtailed by the ability to actually sell our products without being subject to all kinds of restrictions. And I hope somebody, please, will still support those bills that are still pending.

So that pales this year when compared to the tariffs. The tariffs, for us, are a major concern. But I care -- and I'm a very strange business owner -- because I care more about my customers who are patients than I care about profit. So I was willing to swallow some of the increased charges, but my concern now is simply supply. I cannot get the material that we need manufactured here in the United States, where we are a committed U.S.-based manufacturer purchasing U.S. materials. We are going to have to go overseas somewhere to get our basic materials.

So as I said, I think that-- Please support the vendor credentialing bill as well; but most important is we really need to put our heads together and figure out what to do about these tariffs. Because it's not just total price; it's actually supply, which is even worse.

SENATOR GREENSTEIN: I hope we'll be able to do something on the State level; and of course, we'll be pushing the Federal. But I think on the State level is where we can have an impact, so we will try.

MS. FRIEDBERG: I mean, the main problem that we were dealing with before this was figuring out where to put another coal heading

machine, which is the machine that we use to make the fasteners. Now that's not our first priority, unfortunately.

MR. MINADEO: Yes, I would say similar, in that our biggest concern before we worried about tariffs was how you were going to grow your business. I mean, we were doing things with NJMEP, and things like that, to try to help that. Now it's like, "Well, do I spend money on that or is it going to get eaten away right away?"

MS. FRIEZE: I forgot to mention one other one that we really focused on a few months ago before the tariffs, and that was that we're busting at the seams in our manufacturing facility. We need to get more space; we need to move, we need to find a location to go to.

We survived Hurricane Sandy in two manufacturing facilities on our street. We had to replace \$1.5 million to \$2 million worth of equipment. That's -- in fact, you survive all these catastrophes and you go forward, because that was in 2012. But now, here we are in 2018, facing a much bigger issue. Because it's not just in our neighborhood; it's not just in our state. This is a national issue that's going to affect business and consumers throughout our country.

MR. DuBOFF: Yes, I have one other thing.

The issue that we did wrestle with prior to the tariffs -- and we still are -- is finding labor. And that has still become a problem.

SENATOR GOPAL: We're going to get to both minimum wage and apprenticeships later.

SENATOR GREENSTEIN: Thank you.

SENATOR GOPAL: Senator Rice and Senator Cryan.

SENATOR RICE: So first of all, just listening and bouncing off the question that the Senator raised, is that it is even more important to me to have Greg, OLS, and staff put together a resolution of all these comments, etc., because that's the impact that has to be shown. And I'm sure that if we show it, those of us who are involved at the national level on various Committees -- whether it's the Governor's Committee you got to, or the NCSL, or something -- at least we can have a voice of a majority.

But getting back to you -- you mentioned the minimum wage was one of the issues. Are you talking about minimum wage as it relates to how it is implemented, or minimum wage up to \$15, period? And the reason I raise that is because, unfortunately, people don't want to have the real discussion in New Jersey. I think you said your labor issue is getting workers. Well, to live in these slumlord apartments in cities like mine it costs -- and we're subsidized in a lot of them --- but it costs \$1,200 or \$1,300 a month. You have to make approximately \$23 an hour just to afford that kind of rent. And so when we talk minimum wage at \$15, it means that we still have to subsidize rent of working people. And if not, they're not going to work; we have to subsidize them living. That's why they're on the streets. So some kind of way we have to balance that.

So the question is, when you're talking about getting to \$15, how we get there? Or you're talking about, if you went and you hired, it will hurt you, period?

MR. DuBOFF: Both are important to us; and let me explain why.

One, is we compete with-- As I said, we're basically the only manufacturer left in the United States that manufactures our products.

Everything else is brought in from, primarily, China, and some from India. So we're competing against labor forces that are paying \$1 an hour. And a \$15-an-hour minimum wage, for us -- I'm not exactly sure how we would handle it, because we can only do so much. Our product -- actually, our tools are very labor-intensive. We still manufacture those by hand. The staples are automated, so it's not as big an issue. But the tools themselves -- we have, you know, hundreds of people manufacturing that T50 every single day. So, yes, a \$15-an-hour minimum wage, in general, would be a problem for us. But how it gets implemented-- I mean, moving from, I think, it's \$8.65 now, or whatever -- \$8.75 -- moving from there to \$15 immediately would be a disaster for us.

SENATOR RICE: How many employees do you have?

MR. DuBOFF: We have 350.

SENATOR RICE: How many?

MR. DuBOFF: We have 350.

SENATOR RICE: So are they full-time employees?

MR. DuBOFF: We have-- Yes.

SENATOR RICE: So that means that most of them are probably working part-time jobs, if in fact they don't have spouses or family supplementing them. So some concern I have-- Because you may not be the only (indiscernible) in New Jersey situated that way; but the concern is, how do we keep a manufacturer from going -- of your type; not the others, okay? -- and then how do people live without being homeless? Because if I listen to you, based on what I know, it means that most of your workers -- if they were just working for you and had no other income -- would be on the streets right now.

And so we have to really have some real conversations about this wage thing. Because there is no way -- I don't believe Democrats or Republicans, if they're being honest, can get around increasing wages over a period of time. How we do that is a whole different story, and then how we offset that by making sure we don't do harm to the business community -- you know, any substantial harm -- etc.

And that's why I think that the tariffs need to be addressed, because that has put all of us in a very precarious situation as to how we move forward with the kinds of things we need to do to help your workers and people. At the same time, how do we maintain businesses and actually bring new businesses in?

SENATOR GOPAL: Just in the interest of time, if we can just stay on tariffs for a little bit, because we're going to come back to minimum wage; we have speakers on that. I know some of us have other engagements.

Senator Cryan.

SENATOR CRYAN: I just want to come back to the tariffs a minute.

I made the statement to you: Business was strong before the tariffs. Is that -- do we all agree on that, because it seems to be a general comment.

ALL: Yes.

SENATOR CRYAN: So -- and you're talking about business expansion, opportunities, spacing, and labor markets as your problems. Is that correct?

ALL: Yes.

SENATOR CRYAN: Okay. I just want to make sure we have it. So the tariffs are the true focal point of what's happening today.

ALL: Yes.

SENATOR CRYAN: Okay.

My second question to you is -- we just didn't talk about it at all, and I don't want to lose sight of it -- is lead times; lead times and availability. I feel like it's a subject that deserves another moment or two.

A couple of you have mentioned that your lead times have -- well, even feel free -- but your lead times have expanded and, frankly, now they're unreliable -- right? -- in terms of being able to get your product. I was wondering if you could define that a little bit more for the Committee, and what we would need to understand about that.

MS. FRIEZE: There was a four-week period in July where no aluminum came in whatsoever.

SENATOR CRYAN: Okay; so like most--

MS. FRIEZE: And--

SENATOR CRYAN: I apologize -- most folks know, like, hey, the cost of a can of Coke is up a little bit, right? Coke decided to up the cost. Why would there be an availability issue with the tariff? Could you, maybe, talk to us about that?

MS. FRIEZE: Well, I think the tariffs -- I think there was an assumption made that when it came to the raw materials, that they are being under -- the mills were being underutilized. I think that was a very big assumption. The truth was the mills here in the U.S. didn't have enough time to respond to the necessity of utilizing American-made materials. So what happened -- it created a supply problem. And as I

mentioned before, with aircraft and automotive hoarding the steel and the aluminum--

SENATOR CRYAN: So they're buying ahead, for lack of a better way to put it.

MS. FRIEZE: Yes, yes.

SENATOR CRYAN: Okay. Is that an issue that's going on for all of you -- that folks are, for lack of a better way to put it -- the big boys are buying ahead? Is that what's happening? Is that fair or unfair as a comment?

MR. DuBOFF: For me, probably not as much as them, because I don't buy from an American source. Then I'm hoping, they're hoarding.  
(laughter)

SENATOR CRYAN: Okay; all right. So you run into that situation.

Have any of you shut down your lines because of availability or lack of product?

MR. DuBOFF: We have not.

MS. FRIEDBERG: We haven't shut down any lines; but when you have to talk about lead time -- what was 8 or 9 weeks is now 18 or 19 weeks. So, you know, it's requiring us to think out ahead more. Less of the *just in time* kind of manufacturing that we were all starting to do to become leaner manufacturers. You can't really think that way.

SENATOR CRYAN: Everybody is trying to do JIT, right?

MR. DuBOFF: Yes, we're a fairly large purchaser of the wire that we're talking about. So we don't have a problem being supplied from China. Where we ran into a problem was there are manufacturers in

Europe prior to -- right after the tariffs became effective, and Europe was not subject to the tariffs at that point. There, we couldn't get supplied. They said the lead time was-- I mean, I don't remember the date, but it was six or seven months because they were so busy at that point.

SENATOR CRYAN: Wow.

ASSEMBLYWOMAN PINKIN: Chairman.

SENATOR GOPAL: I'm sorry--

SENATOR CRYAN: Thank you for--

SENATOR GOPAL: No problem.

SENATOR CRYAN: Go ahead.

SENATOR GOPAL: Assemblywoman Pinkin, then Assemblyman Bucco.

ASSEMBLYWOMAN PINKIN: Well, tariffs is one issue. But the issue of the natural resources -- is there something that we need to be refocusing on more to address that issue? I was dealing with a company from another country recently, and they make very large turbines out of steel. And the steel unions themselves actually got together to subsidize the industry. So are there things that we could be doing that would address the U.S. being the supplier of those products in a relatively-- I mean, I know the turnaround time for that would be very lengthy, but maybe that's where we need to be headed.

MR. DuBOFF: Yes; in our case, because the product is so niche-- It's a small market.

ASSEMBLYWOMAN PINKIN: I understand.

MR. DuBOFF: I mean, staples-- There was manufacturing in the U.S. decades ago, but that's all moved offshore now. So I just don't

think there's enough demand for our product line -- for actually the large steel makers to go back in and get involved in it again. It just wouldn't make sense for them financially.

ASSEMBLYWOMAN PINKIN: Maybe we need to look at ways to make that more cost-effective. I mean, I know it's a long issue, but--

MR. DuBOFF: Hey, look, we have-- I mean, our fastener manufacture is 70 percent of everything we do in Saddle Brook. So we're all for manufacturing in the U.S. We would love to buy wire in the United States; we just can't find it.

SENATOR GOPAL: Assemblyman Bucco.

ASSEMBLYMAN BUCCO: It seems to me that a number of the manufacturers got caught off-guard through the unintended consequences of these tariffs. Have you heard from any of the suppliers -- whether or not it's U.S. Steel or, Gary, the European suppliers -- are they beginning to ramp up to be able to meet the demand? I mean, has anybody said, "You know, look, in America, when there's a demand for something, people step up," and that's what happens. It may take a while to gear up the manufacturing of some of this stuff, but is that happening? That's my question.

MS. FRIEZE: There's no capacity to gear up, at least on the aluminum side. They're completely maxed out. That's what we've heard from the mills directly.

We can contact Alcoa; they're going to tell you the same thing. And this is why 2019 is very, very questionable. They were not prepared for it; they have no capacity. As I said, automotive and aircraft are sucking

up all of the material. And this is why the quality of the material they're willing to produce is no longer guaranteed either.

ASSEMBLYMAN BUCCO: Gary, do you know -- I mean, is the European market beginning to increase? I mean--

MR. DuBOFF: In our area it has, because they've been flooded with requests for wire. But I don't believe-- Again, it's a rather niche product line. I don't believe that they're adding any additional capacity into the marketplace.

SENATOR GOPAL: Anyone else on tariffs? (no response)

All right; well, thank you to the four of you for coming. I think we have a lot of material to work with from Senator Rice and Senator Cryan. We should look at Senator Bucco's Bill.

I want to recognize John Kennedy at NJMEP, and Mike Wallace, NJBIA; as well as Mark Magyar, of the Majority Office, for helping with us today. So we're going to be working with them over the next couple of weeks, when we get back in session, to try to put a package together of many of the things we discussed. I'm sure many legislators up here will be in touch with you.

So thank you all for coming.

MR. DuBOFF: Senator Bucco, thank you for the bill.

ALL: Thank you. (applause)

SENATOR GOPAL: The next panel is going to be on apprenticeships.

If I can ask the following three individuals to come up: Amy Eskilson from Inrad Optics; Elissa Santo from Atlantic Precision Technologies; and Gary Slawik from Bihler of America.

If each of you could just say the name of your company and exactly where it's based, and roughly how many people there are; and then talk about some of your concerns relating to apprenticeships.

**A M Y E S K I L S O N:** My name is Amy Eskilson; I run a business called Inrad Optics. We are in Northvale, New Jersey; we employ 65 people. We occupy about 42,000 square feet of manufacturing and lab space. We manufacture exceptional quality laser crystal materials, and fabricated precision and glass optical components, and devices used in lasers and light-based systems.

We serve the defense, aerospace, medical, process control, and metrology markets, including the semi-conductor market.

Part of our value proposition is our optical materials expertise and what I call our *production floor technical craftspeople*. This is where we see the skills gap being an issue. We have -- 48 of 65 people are technical; 34 of those people are production level. The average salary of a production-level employee in my business is \$50,000; the high is \$90,000. The lowest salary for a production-level employee at Inrad Optics is \$30,000.

So there is a severe skills gap, and I want to talk about apprenticeships. But I want to talk a little bit about the community college program as well.

So in 2012 there was a study done that looked at the demand for photonics technicians, and a significant gap was revealed. So there are 300 graduates per year, but the demand is 800 nationwide. Yes, it's a niche market; however, anything that I talk about I think you probably can translate to other small niche markets.

The retirement issue is -- also applies to Inrad Optics; but it applies to lots of small businesses with high technology manufacturing.

There are several optics and photonic training programs in New Jersey. The interesting this is, I've never interviewed a graduate from any of those programs. I've actually never even met one, and I'm not quite sure why. We don't-- There are programs in other states; they are producing graduates, but they're not graduates that can generally afford to come to the New York-New Jersey area, so we don't have access to those folks. One of the thoughts that we talked about is a way for New Jersey manufacturers to gain access to individuals who have these very specific skills -- whether they're in automotive, or photonics -- by having the State assist residents who are interested in that kind of a career track; have them go off, learn their skill -- with some assistance from the State -- with the proviso that they come back and work for the State of New Jersey for some period of time. I think that manufacturers who are in New Jersey generally want to stay here; and if we have a stream of qualified employees it makes it easier for us.

As a high-tech manufacturer, we've always had to do in-house training. We have in-house informal apprenticeship programs; that's always been our model. It's the model for our industry. However, for individuals to be really successful, we found that they need a set of basic skills that they have to come equipped with coming out of secondary school.

And this, again, I think applies to lots of different niche, high-technology manufacturers. If an individual comes to us with good, basic math skills and an ability to do mechanical work, the results are twice as successful. But that basic math skill and that ability to -- what we used to

call *work with your hands* -- it really has to be there. And I think every manufacturer in the U.S. is -- they want that candidate right now; every single one.

I know, in New Jersey, there are dollars available for formal apprenticeship programs. Frankly, we've not taken the time to understand whether the training we do in-house, or we could do better, would qualify under those programs.

One quick note about the German model; we hear a lot lately about the German model of apprenticeships. I've experienced it; the optics business really grew out of that German model. However, in the U.S., I'm a little worried that the way our educational system is kind of siloed, and a hesitation to fully engage in public-private partnerships, may actually make that a tough hill for the U.S. to climb, in terms of that German model

There are, however, public-private programs that are working. I think NJMEP is doing a great job leveraging this understanding of what's happening in businesses with their network of educational and government leaders. We, personally, just added a technical sales person who was a graduate of NJMEP's first Technical Sales Retraining program. And I think that was done through a New Jersey Department of Labor grant. I think they may be applying for a second one at this point.

We also have been-- So there's the big picture on the skills gap. On a very, sort of, micro level, we also have been trying to work with NJMEP for some number of years to leverage the New Jersey Customized Training Grants. The single biggest limitation for us, in using that grant, is every course requires 10 people. So if I have 34 employees where they could use training, taking 10 off the production floor for a multi-day event

-- it's really difficult to do. And that's a State requirement of the structure that so far has prevented us from engaging in that.

So from our perspective, we need people to replace the people who are retiring and to address the growing demand; and we need, sort of, logical programs with low administrative overhead. You know, that often makes us just do it ourselves instead of engaging, because some of the programs have a lot of administrative overhead.

But there are jobs; there are good jobs. And New Jersey manufacturers who can fill those good jobs will stay in New Jersey.

SENATOR GOPAL: Thank you.

Gary.

**GARY SLAWIK:** Hi, my name is Gary Slawik; I'm the Manager of Apprenticeship and Training at Bihler of America. We're a production stamping and molding business in Phillipsburg, New Jersey, Warren County.

We employ about 300 people. I manage the tool-and-die apprenticeship program; I also do training for the other departments. But my goal has been to get a registered program with the Department of Labor, which we have. We currently have seven full-time apprentices working as tool-and-die trainees in our company. We have two part-time interns, who are still in school, who are there half-a-day -- school half-a-day, on the job training.

And there are a lot of positive things I can say about apprenticeship and how well it has worked for our company. Not every company in the state that has tried to do formal apprenticeships has had the success that we've had. But it can be done and it is there. The hardest

part -- and the point that I would look to make today with you -- is finding young people who really want to work. I just attended a seminar recently at Mercer County Community College, where there were almost 300 students there, all looking for a break, all looking for an opportunity. As my colleague on my left said, there are plenty of good paying jobs. These are high-skilled jobs; they pay well. There are benefits, there's long-term security; you have a portable credential that you can take anywhere and get a good paying job.

And you can't give it away. The young people, you know, as a whole, just don't have the same work ethic. Any baby boomers who are here today will know that life was different then; the work ethic was different. And today I've had over 20 candidates come into my program in order to say, "Oh, yes, I want to be a toolmaker someday." And then, a few weeks later, they quit because they're going to go work for their cousin's landscaping business.

And the motivation, the passion to learn a skill, to do something for a career, just isn't there. I know this because I spend a lot of my time recruiting at local schools. I've been all over the northern parts of New Jersey, talking to high school students, going to open houses, going to career fairs, talking to people about jobs. And what I'm selling is hard work. None of the trades -- and I can't just speak for advanced manufacturing here today; I can speak for all the skilled trades -- we need carpenters, electricians, plumbers, machinists, welders. We need all these people for our industries to survive. And yet I draw blank faces when I talk to young people about the opportunities that are here. We're paying for college; we do the 576 hours of related technical instruction; we pay for all of that, up

front, 100 percent. We pay for the books, we pay for their travel, and we pay -- if the class they take falls during the work day, we're paying them for lost hours so that they don't -- it doesn't hurt them in their paycheck.

So Bihler has both feet in the game. They've put a lot of effort and a lot of money into trying to make this program successful; and it is. But I can speak for a lot of other manufacturers who I know and have been speaking to lately -- they just can't find the people they need, yet there are plentiful jobs out there for them.

And so if I could ask this group to do one thing for us, and that would be a training program. The community colleges are coming back. They were kind of watered down and got away from manufacturing for a while; now they are starting to build new programs. RVCC is one near us that just put in a beautiful, state-of-the-art facility. And they're having trouble recruiting, not only teachers, but also students who want to learn these skills.

So there are jobs, there is opportunity. What we lack seems to be warm bodies that want to learn a skill. And these are -- like I said, these are great opportunities.

So instead of offering free college to every one -- of which they have no passion for the courses which they are going to be taking -- I would like to suggest free skills training for everyone, no matter what the trade might be. Whether it's manufacturing, construction -- it just seems to be a better well-spent dollar to find talented people -- or people who realize that their talent is valuable, I guess would be more appropriate, and giving them that opportunity to find that niche for themselves to do what they want to do.

And I have much more to say, but I don't want to hog all the time. (applause)

**E L I S S A S A N T O:** Hi, my name is Elissa Santo. I'm a Vice President at Atlantic Precision Technology in North Brunswick. We're a small contract manufacturing company. We produce parts for other -- for our customers to their specifications.

We're a high-precision shop. I own it with my husband; we're a very small business.

Back in 2010, we were seeing -- all along we've seen the typical skills gap that we've talked about. We have a lot of people under 30, and a lot of people over 60. We have a huge gap in between, so we've been trying to build up the workforce for sustainability and succession planning.

Back in 2010, one of our employees -- we wanted to put them in an apprenticeship program. My husband went through an apprenticeship program 25 years ago. I called the local schools in the area -- the community college and the schools -- they were all, as you were saying, going out of business. They had just closed their doors the year before. I had just researched that there was money available, and I was really disappointed.

I got involved -- Gary and I both are on an advisory board at Raritan Valley Community College. What we do is we're supporting the advanced manufacturing program there that has been revitalized, like a lot of the community colleges.

So I think it's great that we're seeing the schools come back; and now we're looking at a formalized apprenticeship program. We have a formalized one going into effect, hopefully, in September. We have a kind

of beta employee, or a beta apprenticeship going on. One of our employees is in the program that we have now; we're using it as an apprenticeship model to test out for the next program.

So we're seeing a lot of good progress; I think there are a lot of great programs coming on board. But, you know, we talked about the issues that we face. We still face a huge hurdle in finding the talent. I know Gary's constantly going to schools and talking to students, talking to parents, teachers, guidance counselors, trying to change the perception. There is such a negative perception of the industry -- what it looks like, what you can make, what it involves. And we're constantly struggling with that.

There's a lot of support we have in the programs from government, but we still -- I think we're still low on enrollment for the program.

So we battle the perception every day. That's something that I think is more on us than the Legislature; I think it's on us to hit the streets, and hit the schools, and sell the message.

But I know, back in 2010, when the apprenticeships were available, there was funding for the employers; and I think it was a \$5,000 match per year. So the employer would pay for the apprenticeship for the student or the employee, and the government would match half of the program. And when the apprenticeships went away, the money went away. I think it was around 2009, 2010.

So I don't know if that's something to look at, as something that has already been done, without reinventing the wheel. But I think it's a way to incentivize employers to do it, especially small businesses like

mine. I know Gary's program is very successful, and you run it, and that's part of the reason it's successful. But we don't have that capability at our company. We're very small, we have 15 employees; we're hiring 3 more right now, which is good. But we just don't have the ability to train everyone fully. Of course, we train them; but as you mentioned, a lot of the people we want coming in with a fundamental set of skills.

The other thing that we're seeing-- So it's getting those students, getting those people involved, getting the employers to be aware of the programs and maybe helping them out with funding. And I think the third prong is teachers. So because we have the skills gap in the workforce, we also have the skills gap in the teachers. And if we want to have really good training programs for people to come onboard, it needs to start with the programs that we now have and the teachers, the educators. And I think that while there are still a good amount of qualified workers who can be good teachers, the ones who are good are in such high demand that they can command a high price and go wherever they want to the -- not the machine shops, like my company, but the big companies that give the big benefits, and have the air conditioning, and all the shiny perks.

And it's really hard to get people like that unless they just really want to do it out of the goodness of their heart -- to leave the workforce for a certain amount of time. They might be able to come one or two evenings a week at night, but the apprenticeships that are being put into effect right now tend to be more condensed and need a lot more time from the teachers.

So I don't know if there's a way to do something about that, from the legislative side. If there's a way to supplement the income of

teachers, or something, for a year to try to woo people to teach for a year. We do have a lot of retirees, and they are great; but they don't tend to have the advanced manufacturing skills that we need to teach all the new technologies.

And I see it in my own -- our own employee, who was in our own -- like the program I'm involved in at Raritan Valley. You know, we talk about the teachers, we talk about the learning. So, for me, I think there's a lot of talk about the perception and there's a lot of talk about apprenticeships. There's not a lot of talk about the teachers, and I wanted to bring that up because I think it's a point that a lot of people aren't aware of.

SENATOR GOPAL: Thank you.

Just a couple things; and then I'm going to go to Senator Cryan, and then Senator Rice.

Gary, how long have you guys been in business?

MR. SLAWIK: The company has been there 30 years; they came from North Branch, now they're in Phillipsburg. The company's been there 30 years.

SENATOR GOPAL: How long have you been there?

MR. SLAWIK: I've been there five years. I started -- I taught in the vocational high school; I taught advanced manufacturing at a local high school. I retired after 25 years, and went to the other side of the table, so to speak, because I felt I had more power to influence the direction of the students. You know, dealing with a classroom full of high school students is a little difficult, because they're in school. I mean, you really don't have to do anything there.

SENATOR GOPAL: Sure.

MR. SLAWIK: You just show up because you have to. And of course I had to reach out to employers, and find openings, and do co-op placements, and internships, and stuff. And there was no one doing apprenticeship. But now, from this side of the table, I can reach out, as an employer, and offer them a package, "Here's what we can offer you." And I can also control the daily activity.

One of my biggest concerns -- one of my biggest problems -- has been we have 25 veteran tool-and-die makers in this company. They are the backbone of what happens there. All the tooling we do -- let's say 150 million suture needles a year out of automated equipment. We build the machinery, we build the tooling, we run the production. That takes a lot of skilled people. So I would say half of our population out of 300 is skilled help making good wages.

And yet they are impatient with the young people today. So now they've been doing this 20, 30 years in their career, and the young people come in -- and I'm not picking on young people, I'm just saying this is the way it is -- that they have their phone, they're kind of slouching around, they don't have the work ethic, the motivation to-- And if you've raised a teenager today, you know exactly what I'm talking about, regardless of what social-economic background you come from. And these-- Getting them to want to come in every day and work hard, you know-- We have unlimited overtime. If they want to work 10 hours a day, 12 hours a day, we'll pay them all the overtime they want to come in, because we're that busy. And, "You know, I have things to do," and there's just no urgency to go out and do this.

So the older folks are frustrated and are impatient with the young people. And my statement to them is, “Look, you need to be more patient with these kids, because they won’t learn anything without the mentors around them.” I can’t teach them everything. There’s a ton of experience in these 25 toolmakers; a lifetime of experience. I said, “If you could get the best out of each one of those people, you’d be one heck of a toolmaker someday.” And getting them to sit still, and close their mouth, and open their ears, and pay attention, to the instruction they’ve been given is more difficult than you can imagine, even when you’re paying them to do it.

So I ask the elderly folks in the company to be more patient with the young people; and I ask the young people to kick it up a notch. I mean, pretend you care about something (laughter), because everyone is watching, you know?

If I could say one thing about how the educational system works and how students today are perceived, or how they work, and that is-- Someone said it before -- the industry doesn’t have the respect it used to have. Today, if you talk to young people -- and I’ve been into middle schools; I feel recruiting the younger ones is really where to start -- and I’ll say, “So what do you want to do for a living there, young fella?” And he says, “Well, I’m going to be -- I’m going to design video game software, and I’m going to--” They have all these grand-- Just like I wanted to be a baseball player when I was little, you know? But I wasn’t good enough, so I had to get a real job. The kids today are a little blinded by the fact that they can go and get into-- The IT business is booming. They’re good jobs as well.

But they all want to do the same thing; none of them want to get dirty and--

SENATOR GOPAL: Sure.

Well, representing Assemblyman Calabrese and myself as the two millennials up here, hopefully not all young people. (laughter)

MR. SLAWIK: Present company excluded.

SENATOR GOPAL: But we should look for ways to work together and see how we can find who those motivated folks are through some of these programs.

The other thing I would say -- I completely agree with you on the community college piece. We should -- instead of looking at broad pieces of legislation across the state, see how they affect different industries -- where there's financial need, where's there lack of labor -- and that's where we should be focusing those dollars. So I completely agree with you on that.

One other real quick question. How does the vo-tech -- the bonding issue -- how is that going to effect you guys?

MR. SLAWIK: Well, I never taught in the State of New Jersey, so I'm not sure how the bonding issue works. I can't speak to that; I don't know.

SENATOR GOPAL: We'll come back; I'm sure other speakers might have some thoughts on that.

MR. SLAWIK: Yes, I can't help you on that particular issue.

SENATOR GOPAL: Okay.

MR. SLAWIK: I can say in PA, where I taught -- again, no disrespect intended -- but I have lived and paid my taxes in the State of

New Jersey my entire life. And, years ago, they washed out the high school vocational programs that had metalworking and shop class. And they put in, you know -- for the services, and for other careers -- they built -- in my county, they built a \$25 million performing arts center, because all the kids wanted to be the next American Idol. But there are no jobs; and they got rid of all the manufacturing training that went on in the school.

So I think groups like legislators and people in power -- if they speak up and say, "Here's where the good jobs are; here's where the opportunity is. Look at the pay scale, look at the all the benefits that one can get in their life with a career in any skilled trade." You know, it seems a little self-serving for us to say those sorts of things, because we need to hire these people.

SENATOR GOPAL: Sure.

MR. SLAWIK: But on a more personal level, you know, we have to convince the parents more than anything that these are good opportunities. Because right now, the perception is that, "Oh, my kid is going to college."

SENATOR GOPAL: Yes.

MR. SLAWIK: And do what? They have no passion for anything; they don't know what they want to do. "We're just going to go to college." So there is an odd disconnect there.

SENATOR GOPAL: And you're completely right; there are a lot of professions out there that require a lot more, and you can make a much better living than getting a four-year college degree.

MR. SLAWIK: They can do both.

SENATOR GOPAL: Senator Cryan.

SENATOR CRYAN: Well, thanks, Senator.

Gary, by the way, let me just follow up.

Last name and company?

MR. SLAWIK: Slawik is my last name.

SENATOR CRYAN: Gary Slawik?

MR. SLAWIK: The company is Bihler of America.

SENATOR CRYAN: Bihler of America.

MR. SLAWIK: B-I-H-L-E-R.

SENATOR CRYAN: Okay.

Amy, you mentioned the grants from the State, and the minimum of 10. Chairman, I would suggest, maybe, the Committee could ask the Department of Labor to review that minimum--

SENATOR GOPAL: Sure.

SENATOR CRYAN: --and get back to us to see if there are opportunities based on cost and structure.

MS. ESKILSON: Yes; great topics, wide breadth. But I think there are multiple small manufacturers who had the same issue. It's just hard; it's kind of -- you know, it's production floor crippling to take a third off the floor for three days. But we would love to do it, if there's a little bit different structure.

SENATOR CRYAN: Chairman, do you think we could do that?

SENATOR GOPAL: Yes, absolutely.

SENATOR CRYAN: I really wanted Gary to follow up on high schools, which I will in a second.

I need to be unabashed here. In my day job I'm the Executive Director of the MCUA, and we cannot find any machinists. So if anybody here has one (laughter)-- It's the longest vacancy we have; so feel free.

MS. ESKILSON: We'll fight you for him. (laughter)

SENATOR CRYAN: All right. I could absolutely use one.

A couple of things: The main thing is, I want to stay on this.

I was going to explore this high school discussion a little bit more when it didn't come up; and the Chairman kind of went over some of those points. I have to tell you, the comments on the young people are disheartening, I'll put it to you that way; I'll leave it at that. Because I do-- And I don't-- College, in case you don't know, is not the solution for everybody, as we all know. Never mind the investment and the bond issue with the vo-tech, but also the fact that a lot of colleges don't graduate their kids, okay?

MR. SLAWIK: Yes.

SENATOR CRYAN: Graduation rates in college are horrific for many schools; not all, but it should certainly be explored. And community college graduation rates aren't spectacular.

MR. SLAWIK: We're actually looking to do it the other way. Our goal, right now, is to get them involved in the trade, and then--

SENATOR CRYAN: Well, that's what I wanted--

MR. SLAWIK: --and then they'll be willing to sit still in college and learn these classes.

SENATOR CRYAN: Well, yes; and we talked about basic math skills as being a priority; and the old idea that if you're mechanical, you can do things with your hands.

MS. ESKILSON: We used to call it *shop math*. It doesn't even have to be that sophisticated. I also think that businesses have to find a better way to interact with the younger set. I think it's going to be so much about that.

SENATOR CRYAN: Well, that's where I was going with this.

And I wanted to follow up on your point about teachers. I don't know if tax credits are a solution for companies to prevail on professionals, since I ran a manufacturing line for 10 years. We had some people who really knew what they were doing, and I suspect there might have been opportunities to outsource those folks for a while, if it was good community involvement; good corporate citizenship as well. Maybe it's something the Committee could take a look at. We had top-flight engineers and we had machinists -- so, you know, folks who we could use.

I really wanted to follow up a little bit more -- I'm not sure how -- and that is this idea of having young people attracted to a trade. You talked about the idea of leadership -- whether it's in government and business -- piloting those opportunities. You know, in case you don't know it, you can't get a-- The ports are desperate for people with CDLs, right? If you don't know what to do with an 18-year-old kid, tell him or her to get a CDL -- all right? -- because there is a complete shortage of everything from truckers to things that go with that.

How do we-- You discussed it, so I don't want to repeat all of it -- how do we encourage, or any other ideas that we haven't spoken about, the next generation to pick up, whether it's tool-and-die-- I tease about my machinists, because the vacancy has been there. We knew the guy was

retiring, and we still couldn't find anybody -- the whole nightmare. Is it going to middle schools and encouraging; is it--

MR. SLAWIK: That's part of it.

SENATOR CRYAN: Is it craftsmanship? Is it this exploration or expansion of vo-tech? Is it all of those things; are there some other opportunities that we could look at?

MR. SLAWIK: Well, I certainly agree that expanding into the vocational school and getting them, earlier in life, interested in something is going to help.

The perception that the trades have, you know, is still -- has lost some of its glamor. There was a time a skilled craftsman was a respected individual, and now sometimes they're the best-kept secret in town. And someone says -- I'll go to a gathering where there are educated adults and say, "Oh, I'm a machinist," and they'll go, "What's that? What do you do? Work with machines?" So they don't really know, so how can they guide their children into these careers if they don't understand it in the first place.

SENATOR CRYAN: Okay.

MS. ESKILSON: I think it starts really early. I think a lot of it starts with parents understanding; and I think a lot of it is related to how we're interacting with young kids.

They don't necessarily see the connection between creativity and science that actually exists in, especially, my kind of manufacturing. We look for creative young people who can work with their hands in any way. I mean, to the point where art schools, as well as-- You know, it doesn't have to always be the old version of *the machinist*. I think there's a

way to talk about these jobs that's much more attractive than we might be doing it at present.

And young people -- they just have a different set of priorities -- what's important. I think it's important for the youngest generation -- they want to make a contribution, and I think that gets missed. So we just have to figure out how to address the needs or the wants that they have. They want to make a contribution, they want to learn, they want to engage, they want a lot of interaction. Sometimes that's hard for us, but at the end of the day, that's what's going to happen. And I found that when we find young people who are just a little bit good with their hands, and just have a little bit of savvy -- basic math skills -- they latch on, and they love what they do, and they are really respected early on. You know, a year in I have valuable young employees. I don't have a ton of them, but I probably have five who we're nurturing through; and that's at the lowest production level. So, you know, I actually think there's hope for us. It's a lot about presentation; and also presentation to parents and high school counselors. Do the high school counselors even know to talk about the option of a high-tech manufacturing career? That I just don't know.

MS. SANTO: And I think if we look to -- I think this is a national issue, but if you look at the Midwest, they're a little bit more inclined toward manufacturing and the trades. And maybe that's something that we can't really emulate easily, because it's a cultural issue. But I know in New York state they have ads -- I don't know if they're PSAs or just private ads -- maybe that's something that we could be looking to do as trade organizations. But putting ads out there; and we talked about doing videos. At Raritan Valley, we've talked about doing a signing day so

that -- to celebrate, just like when you go to college. You're celebrating your achievements; you're doing something great. That's something to be valued.

And I think we were talking about the perks -- the things that the youth want, the millennials want. We try to do things at our company to the extent that we can, financially -- to give flexible time, Volunteer Day, we're thinking about putting a game in the recreation area; anything to draw them in to make it feel like it's something that they want to be part of.

And one other thing I wanted to mention -- I told this story at one of our meetings -- but my husband's nephew came to work for the company when he was about 18, 19. He was out of -- I think he was in high school when he started. My husband comes from a very, very, very blue collar, poor, unsophisticated background; nobody has really gone to college. And his sister -- the mother of his nephew -- actually called him when he was working there and said, "Can you please not encourage him to go into the business, because I don't want him doing that. I want him to go to college."

Now, any outsider looking in would have seen that this kid would never in a million years have gone to college. And he really had an affinity for that type of work; he liked to work on cars, he liked to work with his hands. So my husband didn't encourage or discourage him; but his mother, I think, kind of put the kibosh on it, and he left.

And now, for the past two years, he's been delivering mattresses under the table for \$10 an hour with no benefits and no future. So I think that just goes to speak to how deeply entrenched this negative perception can be.

SENATOR CRYAN: Thank you, Chairman.

SENATOR GOPAL: To Senator Cryan's point, we have to figure out, as a Committee and overall, how to get away from this mentality that's been national -- that everybody has to go to a four-year college; because it's clearly not for everyone. And there are great careers in so many different trades, and I think that's clearly what we need to look at.

Senator Rice.

SENATOR RICE: Well, thank you very much.

A couple of things: Number one, you mentioned in your area there was training taking place, but you never met the students or the people coming out. If you can provide this Committee with lists, because it may be incumbent upon us to start to reach out to those schools that are training people in your area, and put that marriage together where it's kind of solidified. We may be able to help them.

I always bring a different perspective, but sometimes people take it the wrong way; but I never care. (laughter) I bring a minority perspective. And the minority perspective is contrary to what we continue here, that really offends many of us, which is that, "Black folks don't want to work," particularly in these urban cities. That's not true. We're inundated with people-- Even the ones who are scratching and nodding come into my office saying, "I want a job." They never say, "I want welfare."

But we have a population of some of that younger generation that don't want to go to college in these urban cities. They just don't want to go. The problem is that no one is offering these jobs. If you go to a city like Newark -- which has always been an industrial area -- if you really go

into the factories-- We were just having a conversation; we didn't even know that they already exist. They never come to us. There are populations -- mostly immigrant populations moving in. And so young people don't even know that these jobs exist and what they're really there for, because everything's online now. There's no-- When I was a kid, I could walk into a factory and say, "Are you hiring?" And they would say, "Yes, fill this out," or they said "No," and I would go to the next one. So we knew they existed and there were opportunities.

So I think we have to look at that, and we may have to get NJBIA, and others in the trade groups, to start pulling -- particularly in these urban cities -- these industries together to find out how to market in strictly diversity. Because you can't have a city that is predominantly African American or Latino -- I use those as examples when you look at the Passaic, and Newark, etc. -- with strong industry, but yet you walk through the factories and it doesn't reflect the city population. That's number one.

Number two, the Legislative Black Caucus -- we've been driving this over and over; and I may have to take a leadership role as the Chairman, and really put my feet down and get very vocal and open about this. Senator Turner and others have been driving this whole thing about licenses. So you're in Phillipsburg, and our folks can't get to Phillipsburg. So you may not be able to find anybody in Phillipsburg; we may be able to find that person you're looking for, because we have a greater population to choose from. The law of probability says if I were a hundred, you may get 10; and you only have 2, and you may not get 1, okay? But we can't get

there. The transportation thing in South Jersey is what we're working on now.

But in the urban cities and others, folks have lost licenses; they can't pay the surcharges because they can't get the job, etc. We've been trying to move legislation to fix the license situation.

But what annoys me is that the Democrats now -- I'm going to talk partisan -- we're in charge; and we won't move a bill. But we're the ones that keep talking about people working and getting jobs. And so I think we can look at that. I'll talk to my colleagues here in both houses and insist that we post those bills and bring them to the Governor's desk, and start to deal with the working population.

Then there's another population, contrary to what people think -- and I live in Newark, so I know this population, etc., because I'm dealing with them -- there is a percentage, a pretty good percentage, of ex-offenders who are tired. They just want to work now. And these are the folks who come to us and they say, "You know what?" They don't even come and ask for a job that's clerical, even if they have computer skills. They say, "Can you get me a job in sanitation?" And I always find that very interesting, because that person has to get up, as you know, all kinds of crazy hours -- snow, weather, etc. -- but they want to work; they're tired. And they may not be making the type of salary they want; they would like to make more. But those are the kinds of individuals that we know are coming with your skill sets.

And another thing is that I work with-- The Obama Administration, in 2015, they made us go back throughout the country and revisit the Workforce Investment Act. It became the Workforce Investment

Opportunity Act. And the reason he did that is because if you look at that legislation -- that legislation has a lot of mandates, directly and indirectly, that community colleges have to start providing apprenticeship programs. And that's where we're going.

So with that being said, I also sit on the State Education Training Commission, and we're changing -- and I think that, maybe, NJBIA, who happens to be on there, needs to maybe take another look at what we're doing. And also there was someone who made a suggestion today -- and I'm going to take it back and make it happen in some kind of way -- that someone from the manufacturing industry be on the SETC, the State Education Training Commission, because there's no person there representing that. And I think that's important for conversation, because throughout the counties, and the workforce development organizations in every county, there are different programs. But we can drive what takes place with the State resources and we can compel people to do some of the things that need to be done, because we control the resources for these workforce investment groups.

So I think all those things are important. But take another look at where "your minority participation," your reentry people -- most of them will work if given an opportunity. We have to screen them; I get that, okay? But there needs to be opportunity.

The final thing is, I've been trying to move legislation -- I think it's moving now -- to create manufacturing zones. We have business zones; that means everybody can flock in there and get the benefits. I just believe that all those cities, in particular, should look at setting aside manufacturing zones and manufacturing related. Because when people see things, and

that's part of the environment, that's when they participate. The best law students are those who came from families that were lawyers, and doctors, etc. You see what I'm saying? The jargon about the trades being a toolmaker or a die person-- which is what they wanted time to be at Skyline, when I was a young person -- that's not the conversation we're having in our households. We don't have too many of any kind of conversation in our households about working, unless it's sanitation; get a job politicking with the city. Those are the conversations we're having.

And so if we create zones where people start to see these manufacturers over here, and here, and here, and know what they do, then they're going to be inquisitive enough to try to figure out how you get there.

So I just wanted to lay that out for the record. And I hope this is part of the transcript, because I think it's something we need to follow up on -- how to make those things happen and how to get more minority participation. Which means we may have to grab the population from those cities that have a large population and get them to the jobs where you need them. And once they start to work and, hopefully, people in the environment you're in will start to see people working and say, "Maybe I should go get a job over there too."

SENATOR GOPAL: Thank you, Senator Rice.

Senator Greenstein.

MS. ESKILSON: One--

SENATOR GOPAL: Sure; I'm sorry. Go ahead.

MS. ESKILSON: One quick comment -- maybe makes you feel a little encouraged.

We work with a staffing service out of Paterson right now. And right now they're bringing us the best quality candidates that we've seen at the lowest training levels. I prefer to work with a group in Newark because I have a deep connection there; but the Paterson guy -- he's bringing us really good people and they're moving through our system,

SENATOR RICE: And one other thing. Mr. Chairman.

We need to take a look-- You know, I'm trying to (indiscernible) from SETC and all of these workforce development agencies we have in these counties and cities. Because to be quite frank, some of them play politics. And the training with the Labor Department is not what's it supposed to be, and how they put people on the Board makes a big difference. If we could, maybe, do an evaluation of what every county is doing, how they are doing it, who these folks are, and what their processes are.

SENATOR GOPAL: We can absolutely do that.

Senator Greenstein.

SENATOR GREENSTEIN: Thank you.

You know, one of the things that I've learned, in part, from this Committee for the last year or two or so, is that manufacturing is alive and well; and tool-and-die is an industry, for example.

I actually fought, for the longest time -- for example, tool-and-die, because my husband was in that whole area of manufacturing -- I thought it was dead. So when I sit and I hear that there are so many jobs available in that area, it was very enlightening to me.

Is it true that, at some point, all of that was dying, and it's come up now?

MR. SLAWIK: Well, when offshoring took a lot of our manufacturing away -- I mean, it was spoken by the earlier panel that somebody can buy a box of staples overseas for half the price that they can make it here, and there are no other penalties, financially, for them to do that. Most companies are not stupid; they're in business to make money, and they go ahead and they do that.

I think the reshoring effort is stronger than it has been in a long time. I know there are a lot of organizations, including NJMEP, that are trying to help turn that around.

I think automation has helped a lot. One hundred percent of our product is made with automation. We don't have a hundred people sitting here, handing a part to each other, and this one puts this widget in, and that one puts that widget in. We're doing complex electronic devices and switches, and it's all hands-off. You know, the switch that you use to turn your lights on in your house -- we make those. It's an automated machine with robots; about 125 complete assemblies per minute, untouched by human hands. And every one is being scanned; the computers keep track of the quality, what the product -- they're tested in line. They don't get inspected by a person later on.

SENATOR GREENSTEIN: Well, I mean, the jobs are changing.

MR. SLAWIK: Jobs are changing; but they're still there, and they're good jobs.

We have kind of -- I hate to put it this way -- but we're kind of trying, now, to beat them at their own game. We are making quality

products cheaper than they can make them and ship them here. And that's kind of been the secret to, I think, Bihler's success in some parts.

And maybe-- I wanted to mention there are actually two organizations -- I wanted to, kind of, step back for a second to the training thing -- and Senator Rice is not here right now -- but there are two points to that. There's an organization nationwide -- I know Jersey has it, Pennsylvania has it -- called *Dream It. Do It.* foundation.

SENATOR GREENSTEIN: What is it called?

MR. SLAWIK: The Dream It. Do It. foundation. And it is an organization that goes out and tries to help young people realize the benefits of some of these areas -- not just machinery or anything like that -- but all skilled trades areas, all manufacturing in general. They have a video contest called, *What's So Cool About Manufacturing?* And they take middle school students and they are the videographers and the choreographers of the program, and they go out to the companies and they do the video and they interview the people. And then they promote what's going on with the general public -- with their classmates, with other schools, and things like that.

I'd like to see that program in New Jersey grow to the point where it can reach out to some of these middle schools, and on the reentry and the older population who are looking for jobs as well.

Like I said, I just got done speaking to a group of 300 young people, all coming out of the criminal justice system, all looking for that second chance. Not one had a résumé with them; not one raised their hand to ask, "Hey, how do I sign up for this? What's in it for me?" Three hundred people; not one even asked a question.

SENATOR GREENSTEIN: There is such a need to link these jobs that you're saying exist, and I'm sure do exist out there. I know, even as a legislator, I've tried to help various constituents, and I'm not sure of how to hook into the system to help people get jobs. And it's such a shame; there are so many people who want to work, who would be willing to work hard -- some of them are ex-offenders, some aren't -- and I have no idea how to link them up, or very little idea.

I know -- one last point I want to make -- the Mercer Community College -- when you said you were at a conference-- They formed a Manufacturing Institute. I don't think they have all the funding they need, but they have built facilities; they just don't have the complete funding. But it's a great idea, because they're trying to put the jobs together with the people. So clearly, all the schools should do that, and that should be a center.

So thank you.

SENATOR GOPAL: On the issue of just -- we want to try to get everyone out of here by 1 p.m.; so we have three more here. Then, hopefully, we can go to minimum wage and wrap up.

Assemblyman Freiman.

ASSEMBLYMAN FREIMAN: So first of all, let me--

SENATOR GOPAL: Real quick -- I just want to thank Senator Cryan for coming up with all the questions.

SENATOR CRYAN: Thanks; I just want to apologize--

SENATOR GOPAL: No problem.

ASSEMBLYMAN FREIMAN: So the first thing I want to do is come to the defense of the millennials (laughter), because I feel a little bit compelled to do that.

So when we talk about their priorities and work ethic, let me just remind everyone -- they weren't born that way. So their parents somehow infused that work ethic. So I feel compelled to come to your defense overall. (laughter)

SENATOR GOPAL: Thank you.

ASSEMBLYMAN FREIMAN: I also want to confess something -- that I was part of the problem. So when we talk about the shortage of a skilled workforce, I need to confess. I have two adult children; and so, my son, in particular, who is now 27, got into and had access to many good colleges to go to, and had zero desire to go to college. He wanted to work; he worked all through high school and wanted to work. And we said, "What, are you, nuts? You have to go to college. It's the greatest time in your life." And he said, "No, no, no. All my friends are going to trades and skills," and that's where he wanted to go. We said, "No, you're going to college. This is the path you need to--" My wife and I both went to college -- that "you're going to college. Just go for a semester, and you're going to have the greatest time in your life."

He went for a semester; and he said, "I'm out of here," and he was smarter than we were.

So I have since converted. We confess, and I believe--

MS. SANTO: We forgive you. (laughter)

ASSEMBLYMAN FREIMAN: --and I completely agree with you.

So I believe the problem and the solution to this workforce gap is in the home. And I think that regardless of where we try to get it going, it has to start in the home -- with me, with the parents -- on how we perceive career pathing. And it extends out to things such as college fairs. Why aren't there skill fairs along with it, side-by-side, in high schools? Because we don't talk about that. And perhaps that really needs to be a cultural shift in high schools, because we always have the college fairs, but where are the skill fairs right next to it, to show that this is equivalent? Not your second choice, but an equivalent choice.

And Gary, I love your suggestion; and I think we really need to take this back along the lines of -- when we do college support and free college, why isn't it free skills training? If we're going to do that, we need to bolster that up to demonstrate that we believe this to be equivalent.

MR. SLAWIK: Yes, that's true.

ASSEMBLYMAN FREIMAN: And because that is the messaging, and that is the belief.

So I really do appreciate it; I think that's something we need to take back--

SENATOR GOPAL: Thank you.

ASSEMBLYMAN FREIMAN: --to start changing it.

MR. SLAWIK: Thank you.

SENATOR GOPAL: Thank you.

Assemblywoman Pinkin.

ASSEMBLYWOMAN PINKIN: All right; so really quick, I know we're oppressed for time.

It's \$1.4 trillion worth of student debt, so that should be enough to get people incentivized to go into the trades.

MS. SANTO: Yes.

ASSEMBLYWOMAN PINKIN: I think I heard, recently, \$1.5 million -- some of the dental students are now taking out to go to dental school. And, you know, many of them are finding difficulty getting jobs.

So we-- In one of the previous legislative sessions, Assemblyman Prieto was really focusing on putting some of the training right in the industries, rather than on campus. My personal feeling is that the vo-techs are too far separated from the high schools, and why not have some of those shop programs in there? I read, this week, about a camp for girls; you know, we never train girls how to do trade-type of things, whether it's using a screwdriver, a drill, or whatever.

And my son was an Eagle Scout; one of his friends was doing a competition while he was in scouting about air duct training and all of that. So putting those camps, or the competitions, or those types of things -- I think putting the skills programs in the college training would be a great idea.

And I think the marketing is a great idea. You can get PSAs right now; every station has to do PSAs. And I, for one, in my District, we were talking about the WIBs -- right? -- the workforce investment programs. And it was like they're offsite, somewhere, where no one sees them; I never heard of anybody who actually got a job from the WIB (laughter). So I think we-- I mean, you know, hopefully now-- What we did in our area was we brought it into the library; so it was right there, rather than someplace far away.

So I think we need to make an assessment of some of these things; try to retool. But I think there's a lot of great potential, and there are a lot of great jobs. My next-door neighbor is retired, and he was in a trade. So certainly a lot of great jobs out there.

SENATOR GOPAL: Gary, what was the name of that--

MS. ESKILSON: One last thought.

SENATOR GOPAL: Sure.

MS. ESKILSON: MakerSPACE -- right? -- MakerSPACE is really cool. Newark Museum did a MakerSPACE; I think they've done two or three. Those kinds of things are compelling for young people. So there is a connection there with the cool stuff, right?

ASSEMBLYWOMAN PINKIN: All the libraries are trying to do the MakerSPACE in their programs.

MS. ESKILSON: Yes; that's what made me think of it -- the libraries.

ASSEMBLYWOMAN PINKIN: Yes.

SENATOR GOPAL: What was the name of the group that you referenced earlier, in reference to group--

MR. SLAWIK: Oh, Dream It--

MS. ESKILSON: Dream It. Do It.

MS. SANTO: Dream It. Do It. It's actually part of the National Association of Manufacturers, based out of D.C.

SENATOR GOPAL: Okay.

And last, Assemblyman Houghtaling; who, by the way, has a great Bill which requires public schools with any grades 9 to 12 to discuss, with students and parents, employment opportunities as a skilled laborer, or

through military enlistment, or in agriculture, which would be at least a start to have that conversation.

Assemblyman.

ASSEMBLYMAN HOUGHTALING: Thank you, Chairman.

And I could speak to that a little bit, because I went through the apprentice program. I was a 40-year IBEW member, and had four years of apprenticeship training, which is up to five now; and that's 2,000 hours a year and 160 hours a year of school training.

And I'll tell you, most of the guys in the trade, when their children grow up, they don't want them in the trade; they want them to go to college. And, you know, when I graduated high school, there was certainly college prep courses out there; and there was nothing to help me get into the trades. And I really didn't know what I wanted to do when I graduated.

But I think the point is that we've created this thing -- that you cannot be successful if you don't graduate college. It's ingrained even in the trades -- what I am in. So what we end up having is kids going to college who really don't want to go to college. Doing things that -- other things, and getting in the trade or following the footsteps of their parents, and then they come into the trade and they really don't want to be there; it's not really what they want to do. So it's been very difficult; and I've seen that many, many times in what I've done.

But I think what we really need to do is focus on education in the schools. And you know, we cannot teach everybody to be an electrician, or a carpenter, or a tool-and-die maker. But, you know, gear them in a direction where it's okay, you don't have to go to college; you don't have to

go to college, you don't have to graduate high school and feel that you're going to be unsuccessful in your life if you don't graduate college. Because there are plenty of trades and, believe me, there's nothing more successful than going to work every day and coming home being satisfied that you've made something with your hands. I mean, it's very rewarding; it's hard to pass that on to people, but it is. There's a lot of value in there.

MR. SLAWIK: You can't legislate it, either.

ASSEMBLYMAN HOUGHTALING: You can't legislate these things. I think that people have to gradually learn what we're all about. But we really have to put them in a position where they can be successful. And I think through the schools we have to say, "Hey, here's the alternate path that you can go in, and you can be successful when you graduate." And I think that's the path that we're going to try and take.

But I'll tell you what -- I had a great time in the trade. And I'll just throw this one more thing out. When we go to schools and we talk to -- I've talked to a lot of the school kids, and they all ask me, "What college did you go to?" And I say, "I didn't go to college." And they're like -- they're shocked. (laughter) So we need to change that mindset.

SENATOR GOPAL: Thank you, to all of you, and I look forward to working with you very closely over the next couple of months.

ALL: Thank you. (applause)

SENATOR GOPAL: I'd like to call up our last group before we bring it up to an open floor: Scott -- I hope I'm saying it right -- Mele, from Tektite; and Steve Holand, from Carry Cases Plus. And we're going to have a conversation on the minimum wage.

And thank you, Assemblyman Cryan, for being here today.

If you guys could state where your business is located, how long you've been there, and exactly how many employees you have.

**S C O T T M E L E:** My name is Scott Mele; I'm from Tektite Industries.

**SENATOR GOPAL:** I'm sorry; I guess I forgot somebody on the panel.

**K E N N E T H M c C U E:** You did forget.

**SENATOR GOPAL:** I apologize.

**MR. MELE:** We're located in the City of Trenton, New Jersey. The company is 27 years old; I started it in a garage in Hamilton Township then. I've been an employer for over 30 years.

We are located in a modern build-to-suit factory that was built for us in 1999 in the city. We manufacture lighting products; we sell around the world. We're primarily in the marine industry and water sports business, as well as the defense industries.

Our workforce varies between 10 and 20 people, depending on the season and business needs.

I'm here to talk a little bit about minimum wage. In case no one has told you guys, the \$8.60-an-hour minimum wage in New Jersey is a fallacy. I bet a cup of Dunkin' Donuts coffee that there is not a single employer here who has a full-time employee making minimum wage.

Mr. Chairman, would you like to call for a show of hands on that question? (laughter) How many employers here have people working for you full-time at minimum wage? (audience indicates)

The minimum wage is set by market conditions. We can't even get someone to look at an unskilled starting position assembling products

for less than \$10 an hour. So that's our starting minimum wage. It goes to \$11 an hour, pretty quickly, if they have any skills.

I'm sure in other areas of New Jersey that is going to be higher; in Trenton, it's a little bit lower because it's a little easier to hire people for unskilled labor jobs.

Setting minimum wage by legislation is not going to help the people who you are looking to help. For some of the people who are making \$10, \$11 an hour in our factory, I wouldn't be able to pay them \$15 an hour; and here's why. Because that \$15 an hour is not just what they're making, but we also have to pay a higher percentage and higher costs based on that dollar value for things like payroll taxes, State-mandated workers compensation insurance costs, State-mandated paid time off, and also voluntary benefits that we pay -- holidays, State holidays, paid vacation. All of those costs will increase. So if it goes to, let's say, \$11 an hour initially -- if that legislation were passed, is it going to have much effect on our business? Probably not; probably not on most businesses here. But as those costs escalate over the years, those are going to increase as well.

In our company, a \$10-an-hour job also includes \$10,000 a year worth of benefits. We pay 100 percent of our full-time employees' healthcare costs, long-term disability, life insurance. And we have always paid time off to our employees, both full- and part-time. We have had to change how that works a little bit with the new legislation; however, they are all still getting that, so that hasn't had an awful lot of effect on us.

Once you start adding all of the other mandates on businesses, especially manufacturers -- minimum wage, paid time off, increases in power

costs -- all of the machinery that we run, runs on electricity. Our power costs have gone up. I also note that the Oyster Creek nuclear power plant is now going to be retired earlier than planned.

All of these items, cumulatively, will end up costing a lot more down the road. And as a small business, my profits, my net profits are what funds new product development, new acquisitions for machinery and tooling, and new employees. If there is no profit there, that profit starts to erode, I'm not going to have that money to invest. And if I don't have that money to invest, that means I'm not growing, and that means I'm going to be losing competitiveness. So a business, long-term, isn't going to be viable.

We compete worldwide, not just in New Jersey. We're competing against China, with the products that we make. One of our largest customers for the past couple of years makes -- we build an award-winning product for them in the marine industry. They've had the market all to themselves for a couple of years; it was the only product in that category. It's now being knocked off in China, coming in for less than it costs to build the product in the United States. That customer has cut back their orders by 50 percent; I've had to lay people off because of that.

So we're competing with people working in China; we're competing with people working in India; we're also competing with people working in New Jersey and other surrounding states. We also sell internationally, so we're competing with the Germans, we're competing with the French, all of whom can supply products similar to what we make. Fortunately, in Europe, because of the socialist nature of the employment over there, we can compete very well in New Jersey. It works very well.

However, China is an issue. One of the good things that we've heard recently is that the tariffs are going to be extended to completed electronics goods, which would be a plus for us because then the competitor that's bringing stuff in from China would have to pay a tariff, and that would raise the cost of the good. So we're keeping an eye to see if they're applying for tariff relief as well, and we will keep an eye on that through the public comment period. And we would make comments if we saw that they had applied for that.

So raising the minimum wage to \$15 an hour over a 5-year period, let's say -- it's likely going to happen organically. You can set a floor; the Federal floor is, what, \$7.50 an hour, \$7.25 in, for instance, Pennsylvania? I don't know any manufacturers or any of our suppliers in Pennsylvania that pay a minimum wage at \$7.25 an hour. They can't hire people for \$10 an hour who are skilled, just like we can't. I hear this from my suppliers over in Jenkintown. We buy springs for our lighting products from the company that invented the Slinky; they make springs. They can't hire people; they can't hire toolmakers, they can't hire people to run the machinery. They're always asking, "Hey, do you know anybody?" We ask them the same thing, you know? "Anybody who wants to move to New Jersey?"

It's a problem, you know, talking about workforce development and so forth, too. But the minimum wage is something that will work itself out. There are other unintended consequences that you need to think about. One of the packaging jobs that we do is used with -- we've used a sheltered workshop, the Arc Mercer. They come in; they bring in a crew of four to five client people, along with a job coach, and they will sit there and

they will package product. And they do the same job, and they get paid by the piecework. I had a discussion with the people at Arc Mercer about this. I said, "What would happen -- what's going to happen to your clients if you have to pay them \$15 an hour along with paid time off now?" And he said, "We're not going to be able to compete. Those people are not going to be -- companies like yourself are not going to be able to afford us." Because we can go out and we can hire people -- I don't want say *able bodied people* -- to do this.

A lot of the thought is that people in sheltered workshops should be mainstreamed into the community. As an observer and watching these people work-- And by the way, I love it when they come in. They come into work during the day; they're raising their arms, "Hey, we're here! Hey! We're glad to be here!" When they leave at the end of the day, "Well, can't wait to come back tomorrow!"

With my employees, it's just the opposite. (laughter) They can't wait to go home; they're cheering when they leave.

But I watched some of them working; you know, I think two or three of them have Down syndrome. They're great, great people; great personalities. They're always smiling. But it's not somebody who I could hire on an unsupervised basis. I would have-- These people basically have one-to-one help when they're working. They have a job coach who is experienced in handling their individual needs and dealing with emergencies that can come up. And they do occasionally happen, something that most employers are not going to want to have to deal with.

So I'm sure you've heard testimony on this; I thought you may have done that in one of the last sessions. You may have heard from a

sheltered workshop about that. But these are some of the unintended consequences.

One of the other things-- And as a businessman, I have to look forward. I have to look ahead and plan ahead strategically. So one of the things I've been doing to help counter some of the increased costs of these mandates is investing in some automation. So in the last year I spent \$30,000 to automate some tooling. That basically eliminated one full-time job. And for that \$30,000 investment last year, that's going to keep paying for probably the next 10 years.

And if my costs for an employee rise by 50-plus percent -- because they're making \$10 an hour, and then I have to pay them \$15 an hour, plus all the increased related costs -- I'm going to start buying collaborative robots to do assembly work, because you can buy those for \$20,000, \$30,000 now. We've had demonstrations, looking into what we can purpose those items for in our factory. So it's going to end up cutting some of the jobs.

One of the other things that-- And we've crafted new company policies in anticipation of other legislative mandates coming down the road, one of which is we're going to eliminate any internships. We don't have unpaid interns. If we offered an internship to high school or college students, we've paid them \$9 an hour in the past. We can't do it now; now I have to pay them paid time off. If I have to pay them \$15 an hour, it's not going to happen. We would love to have-- We offered paid internships to winners of one of the science competitions at Trenton High School last year. I'm not going to be able to do that anymore, because it

just doesn't make business sense to hire an untrained high school person for 8 to 10 weeks making \$15 an hour, plus all the attendant costs.

So those are my feelings on that. I can comment all day about some of the other things that have been talked about here; but I thank you for listening and, hopefully, we make a difference here.

Thank you.

SENATOR GREENSTEIN: Thank you.

Does anyone have any questions?

SENATOR RICE: Well, we'll wait until they're finished.

ASSEMBLYWOMAN PINKIN: Yes.

SENATOR GREENSTEIN: Okay.

**STEVEN HOLLAND:** Hi, my name is Steven Holand. I'm from -- it's actually Century Service Affiliates, Inc., doing business as Carry Cases Plus.

We have been in business since 1986; we employ 43 employees in Paterson, New Jersey.

We make -- we cut foam, is what we do. We fabricate foam for packaging and we do custom carrying cases. In fact, we do it-- For instance, if James Bond opens up his case, he has all those things nicely laid out inside. That's what we do.

Of course, we don't only do it for spies and assassins. (laughter) We also do it for camera cases and audio equipment; in fact, you guys need a new case over here (indicates Hearing Reporter). Come see me afterwards. (laughter)

So I started the business -- again, my father started the business in 1986; I started with three employees. I took over 22 years ago. I know I

don't look that old, but I am. And in fact, we grew employees -- six employees in the last eight months; so we are growing very quickly.

We have competitors in every single state; states that do follow the \$7.25 minimum wage.

The idea that I'm bringing here now is not against the \$15 Federal minimum wage. I am for the Federal minimum wage increase, okay? Every recent increase to the Federal minimum wage I agree with. But we can't have a \$15-an-hour New Jersey wage when in Arkansas, and Alabama, and in some of the other -- even Pennsylvania is paying their people \$7.25 an hour. And it's not \$7.25 an hour, or \$8.15 an hour. If you raise it up to \$15, I have to raise my people who are making \$15 up to \$22 an hour, \$25 an hour. And again, I compete all across the country; it's very hard to do when most of my costs is in labor for cutting and gluing foam.

Now, in the past we've been able to grow, like I said, up to 43 employees. Because I've been spending my time, basically, working on growing the business instead of looking at automation. And I was just at a business meeting in Italy, meeting with another case company there, a foam company. And he showed me the automatic gluing machines that he had, the robots. And I've always shied away from it because the economics worked at \$8, \$10, \$12 an hour for my employees. But increasing the minimum wage by \$1 an hour for the next four years, it really will make me-- The economics won't work at that point, and I will have to, probably, go to automation, which will kill the entry-level jobs that I have.

In closing, I don't want-- I want to create jobs in New Jersey, like I have been for 30 years in Paterson. I don't want to become like

another foam company, Rempac Foam Corporation, that closed their 80-employee plant a number of years ago and moved to North Carolina because of wages.

Thank you.

SENATOR GREENSTEIN: Thank you.

MR. McCUE: Hi; I was the missing person in there. I didn't write down the minimum wage.

So my name is Ken McCue; I'm Vice President at Electro-Miniatures Corporation. We're located in Moonachie, New Jersey, in the Meadowlands. We've been in business for about 65 years; we employ 70 people.

We are a designer manufacturer of complex electrical-mechanical assemblies for, primarily, the Department of Defense, aerospace, and space satellite industries.

We weathered sequestrations and so forth; and we have ourselves going. We are, right now, in an uptick mode; so we are starting to contemplate hiring a number of people, probably close to 10 percent, into our direct-labor workforce. The direct-labor workforce -- we have about 50 for an hourly wage. All the rest would be our support and administrative staff that we need to design and manufacture our product.

A lot of our product -- it's about 70 percent labor and about 30 percent material that goes into it. Much of our material is bought within the State of New Jersey for our special processing, such as our metal finishings and so forth. So we have to use a number of facilities in either Newark or Paterson.

So I, similarly, am in favor of the increase of the minimum wage. I'm more looking toward the implementation of it, because a hard change of minimum wage -- or fast change of minimum wage certainly has some impact on our direct-labor wages that we have to upload to our customer based. And also within our materials, where many of our New Jersey suppliers are, would probably have some effect and increase our -- their supplies to us.

It is a specialized product, and we're the only manufacturer in the State of New Jersey of our commodity. So all our competitors -- which aren't a large amount of them; it's a pretty niched item -- we're dealing with competitors that are located elsewhere. So having some read-across between New Jersey and other locations within the country -- if we can somehow manage the increases to somewhere where we can have that little bit more balanced. Actually, we talked to people where we can actually do it based on the number of years you're actually at a place. So if you're entry-level, minimum wage is such-and-such; if you have so many years into it, such-and-such, which also helps to manage the company with their increases.

The other area-- So it presents a competitive disadvantage for us.

So the other, though, is also morale -- which was sort of mentioned earlier -- where I have a number of employees who are even near or below the current minimum wage; and bringing it to \$15 -- who have worked for us for a number of years. So now if, you bring this up, I have someone who is making -- a number of years, making \$15 an hour; now we're getting someone hired at entry-level, fresh out of high school, and

they're making the same amount of money. We are worried about some morale concerns there.

So those are the two major issues that we have here.

The other area, of course, competitiveness and trying to up-float cost to our customers. They do, a lot of times, throw back PPI Indexes, and everything back at us, so we're constantly in those battles

So those are the major areas of concerns for our organization.

So that would be my closing statement.

SENATOR GOPAL: Thanks.

Before we open it up, a few comments.

And it's important, I think, as I try to talk with the members of my caucus -- my Democratic caucus -- to understand that there could be some very devastating effects to a \$15 minimum wage if it's not done right.

I recently was in the City of Newark visiting a company, Unionwear, which is a union shop affiliated with the SCIU; 115 people. And they pay health benefits, they have a nice pension for their employees; and there are a lot of costs besides paid vacation, and things they do for their employees, that is over \$20, \$25 a head when you put it all together.

It's important that we take into these the effects, and when we do a broad piece of legislation -- the \$15 minimum wage -- and say it's going to affect an ice cream parlor in Asbury Park versus the same as a company with 500 employees with record profits. It gets down a very dangerous path.

So I'm very hopeful that the Democratic caucus doesn't head in that direction and they take their time and they think this through. Because, you know, if we had the ideal situation it would be a Federal law

and every state would be affected the same. But if New Jersey chooses to do something, we risk losing employees and employers to Pennsylvania and other states as they try to compete.

A number of manufacturers I met with recently have already heard from states outside, equivalent to our EDA, about what it takes to bring them over.

So this is important. I can tell you right now, in my District-- In Asbury Park, if there's a \$15 minimum wage put in -- if it was immediate or even over a short term -- the guy scooping the ice cream -- who makes \$40,000 a year, who has put hundreds of thousands of dollars into his own business, who pays some of the highest rents there -- would be out of business immediately, as would most of the mom-and-pops in that downtown.

With that said, I fully understand that \$15 is still not livable, as Senator Rice said earlier. But by just doing an increase, based on emotion, I don't think is how we get to a solution.

So we need to look at all the companies, because they're all so different. And some of them have multiple locations; some of them have bases here, some of them don't. And those that pay benefits, health care, and other things -- we need to look at that and we need to seriously look at exemptions. I can tell you I have nonprofit organizations in my District that are very concerned that they would have to lay people off because they would have to go up. I have municipalities that pay kids, 21 and under, on the beaches, at the shore -- that they're taxes would go up.

So similar to what we talked about earlier with the gentleman, about the free community college -- when we look at these bills that we

want to do, we all want everyone to have an affordable life, raise their kids and grandkids here in this wonderful state. But how we go about this legislation -- I think it is ever so important that we do this the right way and we make sure we don't hurt anyone.

So with that, Assemblyman Bucco.

ASSEMBLYMAN BUCCO: Thank you, Chairman.

I couldn't agree with you more.

Unlike the tariff issue, this is an issue that we can deal with. This is an issue that falls into our lap. And if we don't listen to the people who are going to be impacted by this proposal or this new policy, then shame on us. Because Ken, you said two words: competitive disadvantage. And if we don't -- we put our manufacturers in a competitive disadvantage, they will leave, or they will close, or the employees who they've hired will lose their jobs. And that is not what we need here in New Jersey, and that's not what our constituents elected us to do. And this is an issue that will have long-ranging impact.

You know, when I was in college, one of my majors was managerial economics. And supply and demand was one of my professor's-- I mean, that was-- If he could drill that into our heads, that's what he talked about. And from that standpoint, when you look at what our businesses go through, all they really want is a little stability, a little predictability, and a little reliability from us so that they're not getting the carpet pulled out from underneath them every couple of months.

And we need to recognize that, if we want to make New Jersey a manufacturing state again. And this \$15 minimum wage issue has the

potential to have devastating impacts if we don't listen to the folks who have taken time out of their schedules today to be here.

So Chairman, I appreciate your comments. I have traveled around my District, and the state as well; and you are correct. This has the potential to have impacts not only on nonprofits, on government agencies, our manufacturers, our healthcare industry -- all across the board this will have some sort of ripple effect or unintended consequence.

So I think that we need to seriously look at where our state is at, in terms of its competitive nature, now, before we take another step to make it a little bit more -- put our people in a more competitive disadvantage.

So thank you.

SENATOR GOPAL: Thank you.

Before I go to Senator Rice, I just want to add one thing quick -- is that I had the opportunity to meet with some fantastic companies recently that start their employees at \$12, \$13 an hour and give them a terrific path through different programs to make a much higher salary. So we need to treat those companies differently than we treat a company that -- where someone gets a job at \$10 an hour, and they don't have the opportunity to move up. And I think that all of these different factors need to be considered.

Thanks.

Senator Rice.

SENATOR RICE: So let me just say that I don't disagree with anything that's been said. I've probably been saying it longer than those who have said it, since I've been in the Legislature for 33 years; but no one

listened. There are a lot of things I've said that no one listened to until today. I guess it depends on whose community it impacts; I'm being honest about that. When it impacts those of us who live in urban areas, there are no conversations. When we talk about businesses staying, with a promise of the government that, if you move out into suburbia and rural communities and forget about the cities having their riots, we'll build highways for you for transportation -- it never happened.

And so now we're saying that the slumlords and other people in our cities can charge as much as they want; and someone working for some of these businesses make \$7, \$8, \$9 an hour, and they can't pay rent. And then we say, "Okay; how do we fix that?" So State government says, "Here's how we're going to fix it. We're going to subsidize the rent. So you can pay \$300 a month, and the Federal government pays another \$1,000 maybe, or so, like that."

The State will say, "Well, we'll take care of you, because we'll subsidize." But the State government -- any government, local government -- the problem is we don't have an R&D section. We don't have a research and development. We can't say we're going to produce a new product or a new service just to raise more money. For us to take care of those subsidies, we have to raise taxes.

So the contradiction is when we raise taxes, we lose the businesses that we said we're going to lose if we do minimum wage, because we're starting to put too much on them.

I think that Assemblyman Bucco had it right when he said we need to take a look at how we're spending dollars; but also what we're doing to businesses. I've been trying to move an energy tax relief for a long time

for the manufacturing industry. Democrats and Republicans have not moved that; they don't want to move it. And so we can't have it both ways.

But I have to recognize that you will not have a business without employees; but employees can't live unless you give them a decent wage. And so how do we make those things work? We have to do a true cost-benefits analysis, not just a benefits analysis. Because a benefits analysis -- you talk about dollars and cents; \$2 million is greater than \$1 million. A true cost-benefits analysis will tell you that \$2 million is cheaper than \$1 million depending on what you're doing it on.

And so I see things differently; I see it the way they see it. But the other side of that story is not being told; because when you ride in a lot of these communities, they may be suburban, but a lot of those suburban people are hurting too on minimum wage. It just so happens the family bought their homes years ago. I know when you look in the tax books for \$34,000, they're worth like \$250,000 now, or \$1 million, you know?

And so people think they're not much. If you go to Sussex County, the areas I go through all the time, the farms were sold. A lot of the rural community people never went too far with education. And so they have taken jobs that are available to them, and they are taking the \$10, because they have to. But they are doing other things too; maybe something under the table, something illegal.

And so we talk about all of these things that are negative, but nobody wants to address them from the government side. And then we're saying we have to be careful how we deal with the industries. Well, we have to look at everything objectively. And I just think that Democrats control the Legislature the majority of the time; we need to stop playing politics

and get the Republicans, who just do nothing sometimes, because they are in the minority, to say, "Let's stop that," and go back to the days when I first came to Trenton -- where Democrats and minorities would disagree on politics; but when it came to people's lives and our industries, we came together back in those days and we found a way to make it happen.

And so I agree with what you're saying. But I also agree that folks cannot live, regardless of who's paying them, on the kinds of dollars. They can't live on \$15, unless they have other income coming in. They cannot do it.

But then people want to talk about the folks in the urban cities, on the street corners, homeless. They say, "They're lazy." They're not lazy; they aren't lazy. And I get angry every time I hear it. I accept it because that mentality is not going to change. But when you go into the other communities, we talk about the folks who are on opioids and all those kinds of things, because they are stressed out trying to pay bills and make ends meet, you know? Family problems, young married couples, families leaving them, new babies and stuff like that.

So there are some trickle-down effects, and some true cost-benefits analyses need to be looked at, as we do government. And we just need to put aside this political fighting when it comes to unions fighting each other, trades fighting each other; you know, people mad with each other in government. And so we can't get anything done because we do things a lot of times, legislatively, from a vindictive perspective, and not from an objective perspective.

So I needed to throw all that into the transcript, so whoever reads it they can say Ron Rice said those things, so hopefully nobody else up here gets harmed, okay? (laughter)

SENATOR GOPAL: Thank you, Senator.

And I agree with the Senator. I think it makes -- the second panel that was up, when it comes to apprenticeships, related to the \$15; these are all tied together.

SENATOR RICE: Yes.

SENATOR GOPAL: We shouldn't treat these issues separately. There are opportunities to get people to work, instead of just doing a law based on emotion. We should actually figure out how the numbers are going to work.

Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. Chairman.

I agree with the comments that increased minimum wage will severely hurt many small businesses. It will cause many employees to lose their jobs because it is no longer a (indiscernible) business.

The number one argument for the increased minimum wage is that, well, people can't support a family of four on the current minimum wage. Every employee is not going to support a family of four. Many of them are high school kids, college kids, etc., single individuals, married couples who are both working, etc.

So yes, if you're trying to support a family of four, you need a job that pays more money; or you need two people working, or something else. But again, in terms-- Myself, I first started working when I was 12 years old. And I held one job or another from the time I was 12, right on

through-- In high school I worked as a traveling salesman, a sheet metal apprentice, and numerous other jobs. While working on a bachelor's degree, I worked full-time at night; while working on my Ph.D., I worked full-time at night. But again, I got married after a year-and-a-half in college, and went in the Army, and had two kids by the time I graduated college.

But again, it's a case of what-- There are many people who are not trying to support a family; but they're trying to earn some money to help out with one thing or another. And to say that every job then has to pay enough to support a family of four is inappropriate. (Indiscernible) work for many of the employees to lose their jobs.

SENATOR GOPAL: Thank you, Senator.

Senator Bucco.

SENATOR BUCCO: Thank you, Mr. Chairman.

You know, I join you in your opposition to the \$15 minimum wage, as an employer, okay?

Everything that each one of you said is absolutely true. The ceiling is raised when you give out a \$15 minimum wage. Your costs are increased. And I think the problem with us in the Legislature -- there are not enough manufacturers; there are not enough manufacturers in the Legislature to know what it means to run a business. When you put the key in the door in the morning, whether one person walks in behind you or a thousand people walk in behind you, you have to buy your raw materials, you have to make your own materials, you have to sell the product. And then you hope you can collect for that product so you can pay your employees at the end of the week.

So we have to think very, very hard and seriously about a \$15 minimum wage. I start a new employee in my business at \$11, \$12 an hour for 90 days. If they seem to be working out, I give them a dollar more immediately after 90 days. Now, if I have to give that person \$15, that individual I've had working for me for a year, or a year-and-a-half, making \$15 or \$16 an hour, he's going to say to me, "Mr. Bucco, he just came in; he's making the same as me. I want \$18 an hour." And it keeps going up, until my plant manager comes and says, "I want \$150,000 an hour." And this is what happens. These are unintended consequence of doing it.

Thank you, Mr. Chairman.

SENATOR GOPAL: Thank you.

Assemblyman Houghtaling.

ASSEMBLYMAN HOUGHTALING: Thank you.

You know, I also went on that trip to that (indiscernible) manufacturer in Trenton. And the owner of the company had a couple of options. If he went to \$15 an hour, he could absorb the cost, pass the costs on, or move out of state, or automate. And a lot of it was a combination of moving out of state and staying here and automating. And the automation I have seen -- a lot of manufacturers out there -- not even manufacturers, even retail-- I was in Home Depot yesterday, and I said, "How much am I getting paid to do all my own checkout?" I mean, they give you the wand when you check out, and there are very few employees there. The days of walking into McDonalds and all that stuff -- they have the self-checkout there as well. That's what we're gearing to.

So if we went to \$15 an hour, okay; we have created that movement, we're there. Some people can pat themselves on the back. But

do we have to be able to look back at damage we have created to get the \$15 an hour? And that's what I think, as legislators, what we need to look at. And we can get to \$15. It may not be for everybody; it may not be for every kind of a job that we have out there. But, you know, we definitely want to raise everybody's level up, but we have to make sure we can sustain that level. And as a businessman, it's tough for you guys to make ends meet as is; and for the State to legislate how much you have to pay, I think, is a little bit out of line at times.

SENATOR BUCCO: Assemblyman-- Chairman, may I just bring something up?

And you're absolutely right. And that brings me to another Bill that I have in the Legislature for the last two years, and can't get it moving: Exit interviews with companies that are leaving the State of New Jersey. Why are you leaving? Is it wages; is it regulations; is it the skilled labor? What is the problem? Why can't you stay here in New Jersey? I can't get that Bill moving. Maybe this Committee should look and see about doing that, so we get a better handle on why we're losing our companies.

SENATOR GOPAL: Thank you.

SENATOR BUCCO: Thank you.

SENATOR THOMPSON: I'll be happy to co-sponsor.

SENATOR BUCCO: I have a co-sponsor.

SENATOR GOPAL: Sure; just real briefly.

And we have two public slips; and we'll get to them, and then we're done.

MR. McCUE: Just one thing I wanted to add, as a manufacturer.

So a lot of our processes and getting our new employees up to speed -- that takes anywhere from six months to a year to get their certifications to do certain processes and so forth, and be able to make -- or work on product that's actually able to be part of our production and go out the door.

So the companies are actually investing quite heavily into the resources during that time. So to be paying somebody at the \$15 an hour as an entry-level, where we're really spending 75 percent of the time, if not 100 percent of the time, just in training and getting ready-- So it just takes such an enormous amount of investment. So I don't know if there are any opportunities where there can be some sharing of that investment, that can help, maybe, offset and balance the delta there.

It's just something that--

SENATOR GOPAL: Yes, that's one way to--

MR. McCUE: The only other thing is, we are a union shop, so we still have to investigate the ramifications associated with our union.

SENATOR GOPAL: Sure.

For those of us, on both sides of the aisle and in both houses, we look forward to working with you over the next several months as leadership starts talking about implementation. I know there is a lot of concerns from both parties.

So thank you all for coming.

We have two public comments; if I can ask them both to come up -- John Kennedy and Phil Falcone.

We didn't have any slips from anyone else; so we'll hear their comments; closing remarks; and go from there.

Whoever wants to go first.

**JOHN W. KENNEDY, Ph.D.:** Go get 'em.

**PHILIP FALCONE:** Thanks, Mr. Chairman.

I'd like to just, briefly, make some, hopefully, uplifting comments about vocational education from a 10-year experience, second career in higher ed and public school teaching.

I just want to say that the Holy Grail in education is hands-on -- guided hands-on experiential learning. But that requires teachers to be able to find a time during precious classroom hours for students to discover knowledge for themselves.

And I think that's what I've been hearing today -- is that kind of life experience and career.

So I just want to mention that in Monmouth County the vocational schools are truly awesome. You can see it for yourself; *MCVSD.org*. I had a chance to work for -- I had a five-month assignment for them, and the shops were just absolutely amazing; really well-equipped with plumbing, electrical, diesel, mechanics, marine, commercial art. Teaching was very efficient, very rigorous; educators -- very savvy, and also consummate professionals in their fields. That's *MCVSD.org*.

And I did want to learn more about the bill to provide funding for them.

So in Monmouth County, the same vocational school district oversees the magnet schools. And I have had a chance to interview kids from our -- basically our county's top students. They very much love to talk about their interdisciplinary classroom activity; their summer and term-time internships in industry are just life-changing, life-directing for them.

The facilities of the magnet schools aren't really all that special. The kids really expect to get out of the school to experience real life, hands-on opportunities.

So as a high school physics-chemistry-technology teacher, I have to say that 11th and 12th graders really enjoy using and mastering tools, design, building, measurement, analysis; applying their math skills, technical drawing. But they actually rarely have had prior experience in that. And I just want to encourage you that, actually, at the elementary grades, we're seeing some radical adoption of developmentally staged, very focused, experiential learning. It's getting really serious at the younger grades. And I think in future years what these youngsters are experiencing will trickle up to the upper grades, and also eventually to you manufacturers. You're going to see a changing demographic of students.

I just want to comment that teachers -- and the point was made earlier -- teachers can't create grade lessons out of thin air. And I would seriously encourage you all to incentivize subject-specific professional development for teachers, particularly in these technological areas, particularly for new and younger teachers. They really can benefit from peer-to-peer lesson sharing, lab sharing, learning about demos, even resource sharing too.

And I want to suggest a couple of organizations. These are not unions; they are peer professional organizations. The New Jersey chapter of the American Association of Physics Teachers, the Technology and Engineering Educators Association -- they deserve your support.

And actually, trips to manufacturers after school by teachers who then, often, will bring their students, are a great experience. I've been

on a couple of those, and it's really eye-opening to visit manufacturers' facilities.

For the community colleges -- it has to be encouraged to be dynamic in responding to the real needs of students and our State economy. And I just want to point out -- I was involved in teleconferencing between multiple campuses for a very niche bunch of courses. And the students didn't have to travel, and a lot of students got to participate in some very sophisticated learning by teleconferencing between campuses.

SENATOR GOPAL: Thank you.

You still have-- Okay.

MR. FALCONE: I think, if I could make one last comment.

SENATOR GOPAL: Sure. Sorry, just in the interest of time.

MR. FALCONE: Sure, sure.

I want -- *assessment* is kind of a despised word in education and, collectively, as we examine PARCC and stuff like that. And I just want to say that it really can be a non-discriminatory tool for an individual to demonstrate their knowledge and proficiency. And as part of this entire process, I think that the State really kind of needs -- not just in terms of something like PARCC, but maybe in terms of skills -- needs to come up with ways for young people to be able -- students to demonstrate their knowledge and proficiency in ways that manufacturers can look at and say, "Yes, we're ready to take you."

SENATOR GOPAL: Okay; thank you.

MR. FALCONE: Thanks a lot.

SENATOR GOPAL: Two things I would look at, based on what you were talking about -- one, is we absolutely should require high

school classes between 9 and 12 to at least make one class trip to a manufacturer in New Jersey. I think that would be similar to what Assemblyman Houghtaling had in his Bill.

And two, we should make sure that the Department of Education is going to review guidance counselors and training -- that this is a core part; that they're just not pushing kids towards four-year colleges.

So with that, our last speaker, John.

And thank you for everything you did for today.

DR. KENNEDY: You're welcome. This is important to the industry that we work with. And I only have, like, two-and-a-half hours' worth of-- (laughter)

I do want to say one thing to the millennials in the room who were ticked off because, you know, somebody -- that my generation was hippies; so we forget. (laughter)

But anyway, what I do want to say is thank you; because people like Mike Wallace and Frank Robinson from BIA -- we worked for a long time to try to get a caucus together, because this industry is absolutely critical. And the other side falls upon manufacturers and STEM companies -- they have to stand up. And I think today, you know, we got quite a-- We turned down people to come and testify today because of time and so on.

But my mom -- who I always thought was the smartest person I ever knew -- I channel her a lot during these things. And she always told me to listen -- hear what you say; and we have to pay attention to what we're saying. When you're talking about the manufacturing industry and you hope it comes back to New Jersey, that's an insult to the 11,130

companies that didn't leave; and the 378,000 employees who didn't leave; and the \$90,000 average salary that they pay out.

So we have to pay attention to these things; it's important. It's important also not to say, "Well, he or she is good with their hands." Because that's a veiled insult. Because you're not good with your hands unless you're good with your head first.

We have to take these, because these are opportunities. Senator Rice and I talk a lot, and we try to discuss some things. While I know it hurts with businesses when you're talking about-- Because we compete with every state. And as part of NIST MEP, we talk to all the MEPs across the country. They all have the same problem we have: They can't find people.

So we need to solve it, and we need to do it because, by our estimate, there are 30,000 jobs, right now, that are open in this state in manufacturing.

And Senator Rice, the talks that we've had about pathways -- that's the important factor. It's not the damn starting wage at \$12 an hour or \$10 an hour. It's how do we get these people a career where they're making \$20 an hour in a couple of years and they have skill sets. And maybe they go back to college. I know how to weld and use machinery, but I also have degrees; and that's an important factor. Manufacturers don't just need shop floor people; they need sales people, they need accountants, they need marketing people, they need shipping and TLD people. These are businesses.

So while I know everybody knows it on both sides -- and I apologize, I get overly passionate about things -- but we have to figure this

out, because it's not just a few-- When I owned my manufacturing company, I got two or three calls a month to leave. And when we ask the clients that we work with in manufacturing, the grass is always greener. And you know what? Sometimes it is. And we cannot afford that sucking sound of this industry leaving our state, like we have allowed other industries -- like pharmaceutical. Although it's having a comeback, but we let a lot of people go to states like Massachusetts -- that is also a high wage state and a high-cost-of-living state.

So to end, I just want to say thank you for listening. We have to continue this conversation. And both sides have to be involved. If the industry isn't involved, that doesn't help you learn. And just to say it -- and with all due respect, we ask people -- the schools to come on facility tours all the time. They don't come; and teachers aren't coming after school. I'm just letting you know. (laughter)

So thank you.

SENATOR GOPAL: Thank you.

SENATOR RICE: There's one thing, Mr. Chairman.

I want to say this on the record, because we do have conversations. And I think if the State is going to have these meetings -- for us to put our money where our mouths are also. We should have funded that \$250,000 to get that match; and hopefully we can revisit that. I understand that we may be doing that.

SENATOR GOPAL: Next budget.

SENATOR RICE: Yes, because it should have been done already. And that's the problem, now, with State government. We do a lot of things or articulate stuff; it seems to me it's more political than anything

else. This is a serious matter to me, in terms of my needs with jobs for people who are hurting out there in the District, as well as throughout the state. But we have to put -- we have to invest to make things work for us. And \$250,000 wasn't going to make or break the budget. That's why I didn't vote for the budget; I didn't even show up. (laughter)

SENATOR GOPAL: Any other members have any closing comments? (no response)

Okay.

So I would say we are going to meet again this year. Senator Rice and Senator Bucco have a few more years than my six months in the Senate. But I would like to come back at our next meeting with a tangible package of bills -- maybe some from Senator Bucco that he's already had for a few years, and look. Because I really don't want to come back, three months from now, talking about these same three issues.

So we should come back; we should have this package; we should figure out how to move it.

So thank you everyone for coming; thank you for being part of this. (applause)

**(MEETING CONCLUDED)**