



TESTIMONY OF
ANGELA DINE SCHMEISSER
PRESIDENT & CEO
ST. MARYS FOUNDRY, INC. – ST. MARYS, OHIO

BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS

HEARING ON

**“SHRINKING THE SKILLS GAP:
SOLUTIONS TO THE SMALL BUSINESS WORKFORCE
SHORTAGE”**

JUNE 14, 2018

Good morning, Chairman Chabot, Ranking Member Velazquez, and members of the Committee. Thank you for the opportunity to testify at this hearing to discuss the skills gap facing the U.S. metalcasting industry and ways to shrink that gap.

I am Angela Dine Schmeisser, president & CEO of St. Marys Foundry, Inc., located in Saint Marys, Ohio, a small town of 8,500 residents and 100 miles from Columbus, Ohio. I care a lot about manufacturing in our country, which is why I'm here today, and it's also why I am proud to be a member of our national trade association, the American Foundry Society and serve on the board and as President of the Ohio Cast Metals Association.

Ohio is powered by manufacturing and remains among the top three states for manufacturing employment based on the Census Bureau's Annual Survey of Manufacturers. In fact, Ohio manufacturing is responsible for 18% of our state's Gross Domestic Product and contributes to the quality of life in Ohio by providing over 600,000 jobs for Ohio workers. Ohio is also home to over 150 metalcasting facilities, the highest concentration of metalcasters in the country.

St. Marys Foundry has been family-owned and operated since 1917 when my great grandfather started the foundry. Following a decline in my father's health, I returned to our family business in 1999, and then became the 4th generation President/CEO in 2005. Growing up, I spent many hours around the foundry and continued my experience through high school and college.

Metalcasting is one of our nation's oldest and most important industries. It is the most cost-effective method to manufacture a shaped metal component. The process consists of pouring molten metal (virtually any type of metal) into a mold made of sand, metal or ceramic, to form geometrically complex parts.

St. Marys employs 160 associates and manufactures iron castings ranging from 500 to over 60,000 pounds for the natural gas compression, pump and valve, municipal water, energy transmission, and specialty machinery sectors. [See Attachment A for pictures of just a few of the types of castings our foundry produces.]

We operate an in-house laboratory which provides chemical testing, metallurgical analysis, and sand testing to ensure quality throughout the casting process. We have a classroom with proprietary web-based educational materials for job training. We offer profit sharing, health care, paid vacation and holidays, and traditional retirement packages. We give back to our employees and their families by offering recurring scholarships for those attending any 2- or 4-year college, community college, technical school, or university.

I wish I had a simple answer on how we shrink the shortage of workers in the manufacturing sector – but quite honestly, I don't. I will talk in a minute about some of the challenges we face recruiting and retaining new employees my foundry and others in the metalcasting industry.

Background on U.S. Metalcasting Industry

Metal castings are integral to virtually all U.S. manufacturing activities. In fact, castings are used to produce 90% of all manufactured durable goods and nearly all manufacturing machinery in the U.S. Our industry is composed of 1,956 facilities which produce metal castings made from iron, steel and aluminum alloys, for a diversified group of customers which have thousands of applications. The American metalcasting industry provides employment for over 200,000 men and women directly and supports thousands of other jobs indirectly. The industry supports a payroll of more than \$8 billion and sales of more than \$33 billion annually. Metalcasting plants are predominately small businesses, with 75% of domestic metalcasters having fewer than 100 employees and many are still family-owned.

In addition to being the underpinning of the energy, transportation, aerospace and defense industries, countless sectors in the United States depend upon the existence of metal castings, including those related to automotive, construction, agriculture, medical supplies, computers, sporting goods, plumbing, gas and electrical transmission, renewable energy, water infrastructure and mining. Foundries are also the mainstay of national defense. All sectors of the U.S. military are reliant on metal castings for jet fighters, ships, tanks, trucks, weapon systems and other vital equipment. Some examples of this broad contribution by a single foundry such as St. Marys Foundry would be iron castings such as compression cylinders, crossheads and bases for the nation's natural gas pipelines; mixing bowls for the melting of chocolate or for breading chicken nuggets; mandrels used for forming the nosecones and radomes for fighter jets; muller wheels for pigmentations in finished products; bases, blades, and spindles for consumer products ranging from industrial bakeries to personal health care; braiding disks for textiles and mesh; hurricane flood protection for our nation's inlets; and dry dock capabilities for our naval yards.

Difficulty Filling Skilled & Unskilled Jobs in the U.S. Metalcasting Industry

America's labor shortage has reached a record high, with U.S. unemployment rate dropping to an 18-year low of 3.8% in May. It's likely that the United States will soon be in a situation where there are *more* job openings than job seekers. Over the next decade, nearly 3.5 million manufacturing jobs will likely need to be filled according to a report by Deloitte and the Manufacturing Institute.

If you gather a group of metalcasters and ask them what their biggest challenge is today, you'll likely hear them respond in unison: difficulty in filling job openings and retaining workers. In fact, today, more than 80 percent of metalcasters report a talent shortage in our industry of both skilled and unskilled workers – from entry level, mold makers, maintenance and technician positions, to machinists, electricians, patternmakers, and foundry engineers.

The shortage of workers is both a result of a retiring workforce and overall growth in the economy and the manufacturing sector. There are no words that can describe the harm opioids and other drugs are having on our area in rural Ohio on 20-, 30- and 40-year old residents. Couple this with the perception or stigma that manufacturing is outdated and legacy work, the shortage of skilled and unskilled workers has turned into a perfect storm. It threatens to slow the economy, impede manufacturers' ability to deliver on customer demand, burn out their workers, and hurt their bottom line through lost potential.

At St. Marys, we are challenged by a local unemployment rate averaging 2.8%. We currently have 16 job openings for casting finishers, mold maker, core maker, mold assembly, maintenance and general labor. These are jobs specific to the foundry industry, but we provide on-the-job training opportunities for new employees. Experience is always valued and reflected in starting pay. We work with local law enforcement, trade schools, community groups and churches. We held a job fair in January [See Attachment B]. We advertised these interview days on our Facebook page, encouraged our employees to promote our job openings on social media, and put up several billboards along interstate and local routes. In addition, we have an employee referral bonus program. Our job fair resulted in 76 applicants and 24 hires. Out of those 76 applicants, 46 failed the on-site drug test and six applicants didn't follow-up on the interview process. We ended up hiring 24 of the applicants, then eight didn't attend the plant orientation, three didn't come for the first day of the work and nine missed enough work or stopped showing up that they were terminated. Today out of the 76 applicants, only four individuals remain at our facility.

As you can see from the results of our Job Fair, finding drug-free applicants is a real struggle. Typically, only 25 to 30% of prospective employees can pass the drug test. Given the fact we have heavy equipment and molten metal in foundries, it is critical that our workers are drug-free. Many of our applicants lack basic life skill knowledge about how to be a good employee. They struggle with coming to work every day as opposed to most days.

During our "Month of May Hiring Push" [See Attachment C], we held walk-in interviews every Wednesday. We had 10 people apply, we interviewed nine of those individuals, and eight are now employed!

Specific Actions/Policies for Fixing the Skills Gap

Metalcasters are using a multi-channel approach to attract workers - we will try about anything! Our industry trade association, AFS, along with their member companies, like mine, as well as chapter and state metalcasting organizations, work diligently to attract potential employees to our industry. We introduce the metalcasting process through interactive demonstrations, known as Foundry-In-A-Box, at local elementary, middle schools, high schools, science fairs, and other venues. I speak to middle school students about careers at our foundry and answer questions about working in manufacturing.

Thirty-five student metalcasting chapters exist at universities and community colleges across North America. Many AFS Chapters provide support to these students, including scholarships. In turn, our member companies provide internships for high school and college students to spend summers working in our facilities. Foundries are providing in-house training, including apprenticeships for our more technical positions, and paying for our associates to go to technical classes.

In addition, foundries are working with their local labor departments for referrals. We host job fairs at high schools and technical colleges. We advertise through online services like Indeed and Monster. We put billboards along the interstate and prominent streets. Many foundries are revising their hiring practices to ensure that they do not rule out any potential good workers, including people who have criminal histories and have served time in jail. St. Marys Foundry purchased a nearby vacant church

to help a local aid organization offer a free meal on Sundays which has expanded to also helping to purchase a home or providing housing on a transitional basis for individuals in need of help after jail time and/or drug rehabilitation. After three years, we have had one success story of two months of employment for an individual. This is after offering individuals often 2-3 times to come back and try again. We have a foundry with a great working environment and we still struggle.

While no single action addresses the entire problem, metalcasters are modernizing their operations, introducing some robots, and making better use of their existing workforce. Automation still does not replace the need for employees in our industry.

Changing public perceptions to match the realities of U.S. manufacturing is critical to addressing the worker shortage in our sector, especially among millennials. Also important is rebuilding a pipeline of potential recruits through high school and career technical programs. On the technical skills side, there has been a hollowing out of the manufacturing education system over the last 25 to 30 years. Many of the [vocational and technical] programs available to high schools around the country have been reduced or outright eliminated. Companies have scaled back or eliminated apprenticeship programs that were prevalent in the 1940s, '50s and '60s. There is a role for Congress to help facilitate the rebuilding of this pipeline of students into manufacturing.

We appreciate the House passing the bipartisan H.R. 2353, the Strengthening Career and Technical Education for the 21st Century Act, also known as the Carl Perkins Career and Technical Education bill. This legislation enables resources for secondary schools and community colleges to teach manufacturing skills among other technical trades. However, the Senate has not yet acted on a Perkins bill, and we hope that legislation will pass when it is brought to the Senate floor. The Congress needs to fully fund the Carl D. Perkins [Career and Technical Education] Act, which supports technical education in high school.

In addition, metalcasters support efforts to:

- Align career & technical education programs to the needs of the regional, state and local labor market;
- Support effective and meaningful collaboration between secondary and postsecondary institutions and employers;
- Increase student participation in work-based learning opportunities; and
- Promote the use of industry recognized credentials and other recognized postsecondary credentials.

Conclusion

Manufacturing is probably the most important industry to the U.S. economy – not just in terms of overall GDP but because it's really the engine that drives much of the private sector economy. If we're not able to ensure a skilled workforce and a steady supply of skilled workers for manufacturers in this country, then they're either going to go out of business or be forced to look elsewhere.

And, while this skills gap is a complicated challenge, I believe they can be solved by working

together, but we must tackle our nation's drug problem, and restart and build on the vocational/technical programs at the high school and community college levels.

Thank you again for the opportunity to be here today and share our company's workforce challenges. I look forward to your questions.

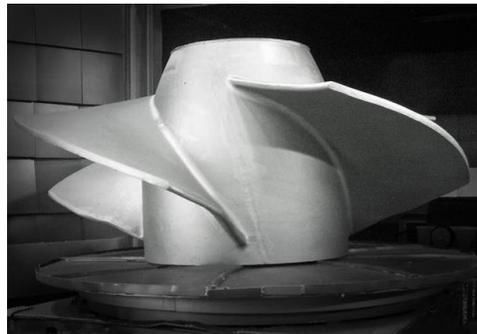
ATTACHMENT A – Examples of Iron Castings Produced by St. Marys Foundry



ST. MARYS TEAM MEMBERS STAND IN FRONT OF A 27-TON DIFFUSER CASTING WHICH IS NOW PART OF THE WORLD'S LARGEST PUMP STATION BUILT IN NEW ORLEANS, LA BY THE U.S. ARMY CORPS OF ENGINEERS. THE DIFFUSERS CAN HANDLE A PUMPING RATE OF 150,000 GALLONS OF WATER PER SECOND.



THIS CASTING IS USED IN POTASH PRODUCTION WHICH IS EXPORTED TO CANADA.



NI-RESIST 15,000 LB. PROPELLER CASTING PLAYS AN ESSENTIAL ROLE IN FLOOD CONTROL FOR THE HURRICANE BARRIER ON THE EAST COAST.



**st. marys
foundry**

**GRAY IRON AND DUCTILE IRON
CASTINGS**

500 TO 60,000 POUNDS

Phone (419) 394-3346
Sales Fax (419) 394-6482
www.stmfoundry.com
St. Marys, Ohio 45885 USA



EXAMPLES OF IRON CASTINGS USED TO COMPRESS NATURAL GAS ALONG OUR NATION'S PIPELINES.

ATTACHMENT B: Job Fair



**st. marys
foundry**

GRAY, DUCTILE AND NI-RESIST IRON CASTINGS

1,000 TO 60,000 POUNDS

Phone (419) 394-3346

Sales Fax (419) 394-6482

St. Marys, OH USA

www.stmfoundry.com

www.facebook.com/stmfoundry



JOB FAIR

**NOW
HIRING!**

ATTACHMENT C: “Month of May Hiring Push”



**Join
Our
Team!**

ST. MARYS FOUNDRY, INC.
405 E. South St.
St. Marys, OH 45885
419-394-3346
www.stmfoundry.com

INTERVIEWS

**Wednesday
May 30th**

**10 am – Noon
2 pm – 4 pm**

We are BUSY, so you can stop in anytime to fill out an application! Visit us at 405 E. South St., St. Marys. If you prefer, look us up at www.stmfoundry.com for an online application. Join Our Team!