



Support U.S. Manufacturers Recovering from COVID-19 Crisis

MESSAGE TO CONGRESS:

Congress should take immediate action and make changes vital changes needed to the Paycheck Protection Program

Access to capital and other incentives to restart and recover business activities is essential

Support onshoring and reshoring initiatives to encourage investment in American manufacturing, workers, and supply chains

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The global pandemic is a crisis unlike any other in recent memory. Numerous manufacturers were deemed Essential Critical Infrastructure by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) and have remained open throughout the national health emergency, many to produce vital equipment and devices needed in the battle against COVID-19.

However, according to a May 12-15, 2020 survey only 36% of One Voice members are actively receiving new orders and 56% expect customer disruptions to continue for the next 2-6 months. Manufacturers need support to help restart and strengthen the industry.

Small businesses account for 48% of American jobs and account for 44% of U.S. economic activity. While smaller firms are vital to the U.S. economy, many have little or no financial cushion to carry them through these times. Since the launch of the Paycheck Protection Program (PPP), 91% of One Voice members have reported receiving a loan to help address this very issue. Of those receiving a loan, 83% report the PPP has allowed the company to retain employees they would otherwise furlough or let go. When the PPP funding runs out, 41% of respondents will furlough or let go employees, while 30% are unsure if they will retain those employees. Changes are needed to this vital program to ensure that can remain open and continue to pay and support employees.

To help support the recovery of American manufacturers Congress should:

PPP Loan Changes

- Allow the deductibility of wages, rent, utilities as expenses under IRC 265. The IRS decision to not permit the deduction under PPP increases the tax liability for pass-through businesses, such as S Corporations, by a tax rate increase as high as 37% and for C-Corporations, an increase up to 21%;
- Not impose a revenue test as part of a certification of need as manufacturers applied in good faith;
- Enhance the Employee Retention Credit and permit recipients of the PPP to claim the credit;
- Make 501(c)(6) non-profit trade associations eligible for PPP loans. Trade associations employ millions of Americans and during COVID have provided invaluable services to countless small businesses who turned to their trade association for guidance and information on government resources available.

Restarting U.S. Manufacturing

- Make permanent 100% bonus depreciation expensing for qualified property. Equipment for manufacturers can cost anywhere from \$100,000-\$10 million, with orders being placed 18 months prior to placing into service;
- Create government guaranteed long term low interest loans: uses include equipment, tools, materials, R&D, facility improvements/expansions. Because of low orders and little demand, cash flow is tight for purchasing raw materials. Need access to capital to restart;
- Create a new tax credit to support the onshoring of manufacturing activities, such as moving operations to the U.S. or investing in capital equipment, to support the purchase of property, facilities and more;
- Provide tax incentives to help companies recruit and train the skilled workforce needed to expand modern manufacturing in the U.S.;
- 6.2% payroll tax holiday for March-December 2020;
- Make General Business Credits Refundable (General Business Credits include: R&D, investment, work opportunity, renewable, new markets, etc.);
- Establish business liability protection for employers who follow OSHA/CDC guidelines specific to their industry.



Manufacturing Worker Shortage Slowing Growth: Higher Ed, National Apprenticeship, CTE Updates, Funding Needed

MESSAGE TO CONGRESS:

Support manufacturing in America through workforce development, job training, recruitment, and placement programs

Focus on CTE programs and support Manufacturing Extension Partnership (MEP)

Support skills certifications and national industry-recognized employee credentialing

A new Higher Education Act should promote credentials and allow for short-term skills training grants

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Job recruitment, training, and retention, as well as advanced technical education, are critical to the future of manufacturing in America. After the Great Recession, manufacturing job openings increased by 200% from 2009-2012. In April 2020, **311,000 manufacturing jobs remained unfilled**, and millions of manufacturing employees are expected to retire in the coming years. Adults aged 18-22 are more likely than ever to consider a career in the manufacturing industry, with 32% having manufacturing suggested to them as a career option. However, misconceptions about the industry still exist, with 53% of the general population assuming the average salary of a mid-level manufacturing manager is under \$60,000. In reality, the average salary for a manufacturing manager in 2018 was \$118,500. Congress should spread the message to parents, educators, and policymakers at all levels of government about the well-paying careers available in the precision machining industry. Elected officials should pass laws that promote manufacturing in America and support worker training.

As manufacturers hope to increase their sales, the lack of qualified workers is the greatest impediment to growth. Companies cannot afford to turn away business because they lack the employees to fulfill new job orders, especially as a 2018 study by Deloitte and The Manufacturing Institute revealed that the **skills gap will leave 2.4 million manufacturing positions unfilled** from 2018-2028.

One Voice members and manufacturers across the country provide family-sustaining careers with salaries far exceeding minimum wage. With the total student loan debt growing to \$1.64 trillion, students investing in postsecondary education often don't know what to expect from specific programs as the law restricts the reporting of postsecondary outcomes. Tuition as well as employment and earning outcomes should be made available to inform student decisions.

Manufacturers need a new source of workers in order to establish a pipeline which will supply employers with a steady stream into the future. This means tapping new resources. One Voice members launched NTMA-U for remote learning, METALFORM EDU, the Center for Metalforming Careers, and National Robotics League to attract young people to manufacturing. They also are supporters of the Women in Manufacturing Association, whose mission is to support, promote and inspire women in the manufacturing industry

Washington should:

- Support passage of a new Higher Education Act that supports pathways to industry-recognized credentials;
- Support reauthorization and expansion of the National Apprenticeship Act
- Support the JOBS Act (H.R. 3497/S. 839) to expand federal Pell Grants to allow the use of grants to earn short-term credentials as well as for students with criminal convictions;
- Support the College Transparency Act (H.R. 1766/S. 800) to provide transparency for students for tuition and postsecondary outcomes;
- Support increased funding for Workforce Innovation and Opportunity Act grants and the Manufacturing Extension Partnership program (MEP);
- Support the expansion of work-based learning and apprenticeships;
- Support industry-community college partnerships to develop an in-demand skills pipeline;
- Support legislation such as the Employer Participation in Repayment Act (H.R. 1043), expanding Section 127 employer-provided tuition benefits to allow for tuition reimbursement.



Tariffs are Taxes on Manufacturers – Remove Section 232 Steel, Aluminum Tariffs

MESSAGE TO CONGRESS:

Manufacturers need globally priced and fairly traded raw materials while expecting foreign competitors to play by international rules.

Congress should retake control over tariffs and provide oversight prior to a President imposing Section 232 National Security tariffs

Washington should not replace tariffs with quotas, which are worse than the tax on imports in place

USTR should not impose tariffs on copper-based alloys as part of the Boeing-Airbus dispute

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While American manufacturers have long faced illegal competition from overseas, in the case of the Section 232 tariffs, it is our own government's policies that are hurting the nearly **7 million Americans** whose jobs rely upon steel and aluminum.

We need measured and targeted enforcement of our trade remedy laws that do not hurt the vast majority of the manufacturing sector while attempting to protect a small segment.

Metalworking manufacturing is a highly automated, high-skill industry, however, our highest operating expense is often purchasing raw materials – copper-based alloys, aluminum, steel or other flat-rolled metal, which amounts to 50-70% of costs. The tools, dies and stampings manufactured by our members, in many cases, are simply formed or shaped metal, still maintaining the characteristics of the original raw materials.

Any action restricting the supply of raw materials sends a ripple effect throughout downstream industries. The 232 tariffs have increased lead times, made U.S. manufacturing less competitive and encouraged our customers to source from overseas where they face no taxes on imports. Meanwhile, the steel industry in Nov. '18 surpassed the 80% capacity utilization rate targeted by U.S. officials. As steel producers enjoy record profits, downstream users of steel and aluminum see their competitors' products entering the U.S. tariff-free while containing foreign steel.

Tariffs are **increasing prices for both domestic and imports of steel and aluminum** and make the U.S. an **island of high steel and aluminum prices**. The finished parts that downstream users make will simply be made overseas and imported into the United States.

Quotas are worse than tariffs in that government intervention cuts off the supply of raw materials American manufacturers cannot produce goods without. Blocking imports entirely of critical inputs will cause major disruptions in the defense, automotive, aerospace and other supply chains.

Members of Congress Should:

- Co-sponsor the Bicameral Congressional Trade Authority Act of 2019 (S. 287/H.R. 940);
- Not replace tariffs with quotas;
- Ask USTR to not impose tariffs on copper-based alloys as part of the Boeing-Airbus dispute.