



MANUFACTURING INDUSTRIAL COUNCIL

November 21, 2007

Patty Murray
U.S. Senator
Chairman of the Subcommittee on Employment and Workplace Safety
173 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

Thank you for the opportunity to participate in the November 27, 2007 field hearing of the H.E.L.P. subcommittee.

The Manufacturing Industrial Council is a non-profit advocacy group for industrial businesses in greater Seattle. I am a former co-chair of the MIC. In my professional life, I am the vice president of a 101-year-old steel fabricating firm in Seattle, Seidelhuber Ironworks. Over the past decade and a half, I have also served as a volunteer member of the King County Workforce Development Council, the King County Child and Family Commission, the advisory board for the King County Youth Center (a juvenile detention facility) and the advisory board for "ArtWorks," a non-profit program that uses art to help develop stronger self confidence and career directions for disadvantaged young people.

This letter and my testimony to the committee reflect both the collective view of the MIC and my personal views and experiences involving youth programs and the industrial business sector.

In my experience, too many people and agencies in the public sector dismiss "industry" as a relic of the past while they rush to identify and embrace the "next big thing." In fact, companies like mine and others that are represented by the MIC are part of a growing, dynamic economic force that continues to provide the economic and social bedrock of our nation and many pillars of the so-called "new economy." At the same time, industry continues to provide good job and career opportunities on an extremely large scale. Contrary to common misconceptions, many industrial sectors are also suffering from a shortage of skilled workers and professionals that appears to be growing more and more severe.

You and your staff have correctly identified the enormous opportunity that exists to better link these career and job opportunities with young people who need to gain a toe hold in the workforce and find their place in the global economy.

Are these career opportunities good opportunities for every one? No. But for young people with the right aptitudes and attitudes, these opportunities often prove to be literally transformative, empowering them to lead productive, rewarding lives in which they are capable of supporting themselves and their loved ones. There's a good reason people call these "family-wage" jobs and I see the proof every day at Seidelhuber Ironworks as I watch our employees come to work.

The extent of the industrial labor shortage is reflected in a survey of job vacancies that is conducted on an ongoing basis by the Washington State Department of Employment Security. The survey conducted last spring which showed industrial employers with openings for:

- 4,362 employees in construction;
- 6,595 employees in manufacturing;
- 2,527 employees in wholesale distribution, and
- 2,135 workers in transportation.

These numbers added up to 15,619 openings. Among the four business groups with the most job openings, the industrial sector placed second to health care (17,000), and ahead of retail (10,000) or restaurants and hotels, (8,000).

In my experience, public sector workforce and education agencies tend to divide the industrial sector into its individual components, and seldom look at them in the aggregate. This is a huge mistake that blinds people to the full range and size of the available industrial career opportunities.

Industrial career opportunities share many key characteristics that are highly relevant to your focus on career paths, upward mobility and the needs of employers and young people.

All industrial sectors are dominated by activities and working environments that tend to appeal to people who share similar aptitudes and attitudes toward physical work and challenges. As stated earlier, these environments are not suited to every one, but they often work best for people who may struggle to find success in retail or service sectors.

All industrial sectors also provide a large number of entry-level positions that are highly accessible to people who may not find comparable wages or benefits in other employment sectors. Each also tends to offer career pathways that can lead to excellent pay and other rewards for individuals who are willing and able to obtain higher skills and more education.

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Employers in these sectors also tend to be forgiving. At most companies, your “record” starts with your first day on the job and if you can put in an honest day’s work every day, that’s more important than any poor life choices you may have made in the past.

These industrial sectors also tend to be very healthy, contrary to popular misconceptions. For instance, our company is part of a business cluster called the metal trades. This cluster includes the metal fabricators and machine manufacturers who make the structural parts, gears, engines, pumps, and contraptions that drive modern industry.

Five years ago, many “experts” considered metal trades doomed to economic obsolescence due to inexorable changes in the global economy. But, instead of going away, the metal trades enjoyed a remarkable boom. According to state B&O tax records, metal trade companies in Washington enjoyed 96% revenue growth over the past five years, reaching collective revenues of \$9.2 billion, and 15% job growth, to more than 32,000 employees.

That was significantly faster revenue and job growth than the economy as a whole (39% for revenue and 12% for jobs). As a result, the metal trades cluster is now a bigger sector in Washington than many other, much more visible sectors. For example, companies engaged in real estate generated \$8.9 billion in revenues; telecommunications, \$8.8 billion; insurance, \$6.3 billion, and private sector legal services, \$4 billion. Metal trades revenues and jobs even grew faster than companies engaged in computer services, which collectively recorded 65% revenue growth and 8% job growth.

While this success was notable, it was not truly exceptional. Over the past five years, construction revenues were up 56% to nearly \$42 billion, and jobs grew 34%. Other industrial sectors also grew faster than the overall economy, including boat building, aircraft and aircraft parts manufacturing, wood products and furniture making.

Good economic development policies build on a region’s strengths. Our workforce and youth programs should do the same. One of our greatest economic strengths is industry. We applaud you for conducting this hearing and urge you to provide the leadership that this issue so badly needs. We look forward to supporting your efforts in the future.

Sincerely,



Terry Seaman, Vice-President
Seidelhuber Ironworks