

**MIDWEST JOBS PICTURE: STRATEGIES TO
REBUILD COMMUNITIES (PART I)**

FIELD HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON

EXAMINING THE MIDWEST JOBS PICTURE, FOCUSING ON STRATEGIES
TO REBUILD COMMUNITIES (PART I)

—————
OCTOBER 8, 2008 (TOLEDO, OH)
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Printed for the use of the Committee on Health, Education, Labor, and Pensions



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE

45-062 PDF

WASHINGTON : 2010

For sale by the Superintendent of Documents, U.S. Government Printing Office
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MIDWEST JOBS PICTURE: STRATEGIES TO REBUILD COMMUNITIES (PART I)

WEDNESDAY, OCTOBER 8, 2008

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Toledo, OH.

The committee met, pursuant to notice, at 10:08 a.m. at the Clean Energy Incubator at University of Toledo, 2600 Door Street, Toledo, OH, Hon. Sherrod Brown presiding.

Present: Senator Brown.

STATEMENT OF LLOYD A. JACOBS, M.D., PRESIDENT, UNIVERSITY OF TOLEDO

Dr. JACOBS. We would like to welcome all of our guests from Washington and elsewhere. We are delighted to see all of you this morning.

The occasion to which you are welcomed so warmly, I hope, is the first-ever Senate hearing on the campus of the University of Toledo on subjects that are so terribly important today—rejuvenation of the economy, the economy in general, and particularly the strategy to rebuild our communities, led, of course, by Senator Sherrod Brown. We are delighted you are here.

It is entirely fitting to me, that hearings of this nature take place on a university campus, a university that is engaged in our community and in our economy and in our world, as we aspire to be at the University of Toledo. We see work like this, the undertaking of the day, to be integral to what it is to be an engaged university. That is part of our mission. We are really pleased that all of you are here.

It is, of course, my pleasure to extend a particularly warm welcome to Senator Sherrod Brown and to his staff. Having Sherrod Brown here again is an honor for us.

Let me just read a couple of brief sentences from biographic material for Senator Brown. In Ohio and in Washington, Senator Sherrod Brown has earned a reputation as a public official who looks to the future. I think we would agree with that.

Beginning with his opposition to the North American Free Trade Agreement in 1993 and to Most Favored Nation Status for the People's Republic of China, to his book "Myths of Free Trade," Sherrod is building a bipartisan coalition for a new trade policy to strengthen America's middle class, to provide opportunities for American manufacturing, and to protect workers rights, the environment, and product and food safety. I think that those comments are integral to what it is that we are gathered here for today.

His amendments 5 years ago launched our Government's effort to combat antibiotic resistance threat to our public health system, which effort earned Sherrod the National Public Health Legislator of the Year Award from the American Public Health Association in 2003. He has worked to strengthen the Centers for Disease Control to guard against public health threats from terrorism, bird flu, tuberculosis, and methicillin-resistant *staphylococcus aureus*.

Sherrod's interest in making Ohio the "Silicon Valley of alternative energy"—we share that interest, Senator.

[Laughter.]

Sherrod's interest in making Ohio the "Silicon Valley of alternative energy" began when he wrote Ohio's first solar energy law in 1977. As a U.S. Senator, Sherrod is working with the area's universities, entrepreneurs, labor unions, and community leaders to help utilize this State's natural resources—wind and solar power, corn for ethanol—and to develop an alternative energy industry in this State.

We are delighted you are here. Thank you so very much for choosing this site. You are wonderfully welcome. Thanks for being here.

OPENING STATEMENT OF SENATOR BROWN

Senator BROWN. Thank you very much.

Thank you, President Jacobs, and I appreciate the attendance of all of you today in this, as he said, first-ever Senate hearing at the University of Toledo campus. I chose this campus as the first of two field hearings by the Health, Education, Labor, and Pensions Committee. We will do one at Sinclair Community College in Dayton also.

I just look at what this university has done in the last few years, and I am so appreciative of Dr. Jacobs' work and Diane Miller and Bill McMillan for helping to arrange this today.

I was in Perrysburg just the day before yesterday, and we were celebrating the groundbreaking, the expansion of First Solar. This university obviously has much to do with all of that, with alternative energy. I think since I have been in the Senate in the last 20 months or so, this is, I don't know, my seventh or eighth visit probably to this campus. There is always something going on here.

We had one of our first roundtable discussions here. I have done about 120 of those around the State. Not hearings like this, but roundtables, where we will gather 15 or 20 people together and discuss a whole host of issues. We did one that really taught me a lot about and really helped to broadcast around Ohio the work that this campus has done, this university has done in wind turbine research and solar.

Ohio, as you may know, Ohio is in the top five in investment both in solar and wind, and we are going to continue that. Dr. Jacobs' comments about the Silicon Valley of alternative energy proves that we are on our way.

Congress passed 2 weeks ago—10 days ago, I guess—the tax extender so that investors have a more predictable long-term tax policy, and hey are much more likely to invest in something as capital intensive as alternative energy and to get these industries going in

this country. The University of Toledo has played no small part in that.

I would like to also recognize some of the local elected officials with us today. Commissioner Pete Gerken is here. Councilman Mark Sobczak and Senator Teresa Fedor are here. Thank you for joining us.

I also want to thank Senator Kennedy, the Chairman of the Health, Education, Labor, and Pensions Committee. I am one of two freshmen he put on that committee back in December 2006. It is a terrific opportunity—this committee—to look at all kinds of workforce issues, education issues, health issues, pension issues, all the kind of things that matter perhaps more than any other committee in Congress in the daily lives of people here.

Special thanks to Kelly Hastings of Senator Enzi's staff. Thanks to Senator Enzi, in addition to Senator Kennedy. Senator Enzi has been very cooperative in this committee doing this field hearing. He is the Ranking Republican from Wyoming and is a very bipartisan, forward-looking guy. We don't agree ultimately on a lot of issues, but we find ways to work together, and he is terrific at that.

This is Kelly's first trip to Toledo, thank you for being here.

Thanks to the witnesses for coming. The first panel I will introduce in a moment, then the second panel. After the first panel's comments and then questions, I will introduce the second panel. We will hear from both of these panels. I am asking each witness to keep their comments to about 5 minutes. I will then question each of you. We will do the same with the second panel.

The hearing should take somewhere up to an hour and a half, 2 hours, and we are not going to hurry through it. Certainly, we want the witnesses to say what they think that both I want to hear and need to hear, but this also is in the official record. That is why this is an official Health, Education, Labor, and Pensions Committee hearing. Your comments will be helpful to us as we figure out particularly what we do next year with the new President, which ever of the candidates wins and with some number of new members of the Senate.

A strong middle class, as we know, is an essential foundation of prosperity and stability. Middle class families across the country are in a moment of great challenge and of great potential. Challenges that have been forced upon them by deregulation, unfair trade deals, and tax policies. Potential on account of our Nation's ingenuity and work ethic.

And indeed, this is perhaps the most crucial time for the middle class in the lifetimes of most of us here. This past Friday, the Labor Department reported for the 9th consecutive month the country has lost jobs. In September, 159,000 jobs were eliminated from payrolls, the highest number in 5 years.

Ohio's 7.4 percent unemployment figure hit a 15-year high this summer. Even prior to this steep downturn, Ohio still had hundreds of thousands fewer jobs than it had prior to the last recession. Across the country, some 9.5 million workers are unemployed and looking for work, more than 2 million more than a year ago, the highest figure recorded since December 1992.

Two million people have been jobless for more than 6 months. Nearly 6.1 million people are working part-time because they can't

find full-time work or because business conditions have led to fewer hours and, obviously, less pay.

This week, it is estimated that more than 800,000 Americans will exhaust their unemployment insurance, including 22,000 people in our State. Last week, many of us in Congress fought to extend unemployment insurance for these workers. The House passed an extension overwhelmingly bipartisan vote of 368–28. Unfortunately, Senate Republicans blocked a vote in the Senate.

Because Congress couldn't finish the bill, more than 800,000 unemployed people will stop getting their much-needed checks when their time runs out. That number will grow to more than a million by the end of the year.

Whether the country is officially in a recession or not, we can say with certainty that Ohio's middle class is in a recession. But Toledo and the Midwest is also ripe for survival, as evidenced by all the things going on here, what happened with First Solar recently, all the kinds of things that are happening.

A strong workforce in Lucas County, northwest Ohio, its access to transportation lines, and location are all assets for new manufacturing and industries. This incubator is a symbol of the energy and hard work that can make Ohio a home to alternative energy manufacturers.

How can Federal Government play a role to help reposition Ohio for a new era of prosperity? What role can rapid response networks play in getting workers and communities one step ahead of the curve? What skills and training can be enhanced to meet the demands of new industries? What investments in infrastructure and manufacturing could help communities rebuild?

These are the questions that our witnesses are helping us answer today. I look forward to their remarks and to our discussion.

Let me turn to the first panel. On the first panel, we will have Craig Goshe of Tiffin. Mr. Goshe worked at American Standard in Tiffin for some 31 years. He and I have worked together and talked several times over the last 18 months. I am very appreciative of what he has done. He worked there for 31 years until being laid off last year.

On the first panel we will also have Tieshetta Price of Toledo. Ms. Price is a dislocated worker currently working on a degree in medical coding and billing at Mercy College. Ms. Price, welcome to you. Thank you for being here.

Eric Walker of the Lucas County Workforce Development Agency—as Commissioner Gerken says, the best of the State—where he has been director for nearly 5 years, is a Toledo native of St. Francis High School, and has a B.A. in political science from Hampton University in Virginia.

Thank you all for joining us. Mr. Goshe, we would love to hear your statement. Thank you.

**STATEMENT OF CRAIG GOSHE, FORMER EMPLOYEE,
AMERICAN STANDARD, TIFFIN, OH**

Mr. GOSHE. Good morning. I would like to take a moment to thank Senator Brown for holding this hearing and inviting me to be a part of it.

My name is Craig Goshe from Tiffin, OH. I have been a resident of Tiffin and Seneca County all my life. I have been happily married for 28 years and have 3 children who all now have successful careers in different fields.

Until the fall of 2007, I had planned to finish my career at American Standard, where I had been employed for 31 years. In 2000, I was elected to the executive board of GMP Local 7A, representing the workforce.

American Standard provided a very good place to work for over 750 people up until 2003. At that time, American Standard moved much of its operations to Mexico and overseas. The layoffs continued over the next several years until the workforce was at 165 hourly employees, all of whom were ranged in age from 40 to 60 years. This was a very senior workforce, all hard workers who had given all their adult life to American Standard.

In the 2004 negotiations, realizing the competition with global markets, we gave concessions in wages and in healthcare. Early in 2007, American Standard said it was trying to sell its bath and kitchen division, which we were a part of. During the 2007 negotiations, we were told that with our facility being one that American Standard was trying to sell that we needed to give the company relief to make us more attractive to a new buyer.

Hearing this from a company that was rewarding its CEO with millions of dollars in stock options every year was not easy. But again, we gave concessions in wages, healthcare, and pension benefits. In September, the bath and kitchen division was sold to Bain Capital. In late October, Bain Capital sold us to Sun Capital.

Then in November, myself, along with three other members of the executive committee, were called into a meeting with executives of Sun Capital to tell us that they were considering closing our facility due to excessive inventory, high labor costs, and a slow housing economy.

The company presented us with a total labor and benefit in Mexico at \$3.77 per hour, compared to Tiffin at \$27 an hour. Even though we were the most productive and highest quality plant in all of the division, we knew we could not compete.

Our local government got involved, offering the company \$6 million in tax incentives over the next 10 years. Our committee asked, "What will it take to keep the plant open?" Sun Capital never responded.

On December 3rd, we were given the WARN notice, and the Sun Capital stated that they were prepared to enter into severance negotiations. During these so-called negotiations, the company refused to move on any of our proposals and only provided the employees what was only required under the WARN notice.

For 165 hourly workers, along with almost 30 salaried employees, this closing was devastating. Workers were faced with many questions, such as where will we find a job in our area that already has lost over 1,000 manufacturing jobs over the last 15 years? How will I be able to provide healthcare for my family? Many of my workers have developed health issues because of the environment that we have worked in over the last 30 to 40 years.

Immediately following the announcement of the plant closing, our Local 7A applied for trade adjustment relief. We contacted Sen-

ator Brown, and with his assistance, the employees of American Standard were granted TAA and ATAA benefits.

Of the 194 total employees that lost their jobs, 147 attended the informational meetings provided by the Job and Family Services. Sixteen employees enrolled in training, and 47 applied for the wage supplement.

Approximately 50 percent of the workers were eligible to retire at a full pension or a slightly reduced pension. However, the other 50 percent was left with finding a new job in an area that the unemployment rate is at 7.2 percent and trying to find affordable healthcare. Also, for these hourly employees, their pensions being frozen until age 65 or taking an early retirement at nearly 50 percent reduction.

Good-paying jobs in Tiffin and the surrounding area are few and far between. The benefits that were provided through TAA were essential to many of my past co-workers, whether it was wage supplement for being forced to take a job at half the pay that you were accustomed to or extended unemployment and training to provide you an opportunity for a better job.

A plant closing such as American Standard affects much more than just the workers and their families. It also affects the entire community, such as tax revenue. Our small town of Tiffin lost almost \$150,000 per year in city tax alone. This affects many things from our schools to city projects and other programs.

It affects retailers, charitable organizations, such as United Way, Hospice, American Red Cross, all of which our members of our local union were major contributors of. It affects local restaurants, taverns, and other manufacturers that supplied American Standard.

I have been fortunate that I was able to find a position in management at a facility in Fostoria. However, this past week, I was forced to lay off 15 percent of my workforce due to the economic crisis that this country now faces. This was extremely difficult for me, considering I know what these workers must now face.

In closing, I cannot express enough to our elected representatives the importance of continuing trade assistance for displaced workers. I also hope that our Government realizes that NAFTA must be changed to provide the American worker an even playing field in the future.

Millions of jobs have been lost to Mexico, China, South America, and other countries. This trend must not continue. Over the past 2 weeks, our Government has asked us that Main Street bail out Wall Street. Now our Government and Wall Street must provide the opportunity of employment to the workers of America. If Main Street is not working, it is not buying.

Again, I would like to take this opportunity to say, I express the feelings of myself and many of my co-workers.

Thank you, sir.

Senator BROWN. Thank you, Mr. Goshe, very much for your comments.

Ms. Price.

STATEMENT OF TIESHETTA PRICE, WORKER, TOLEDO, OH

Ms. PRICE. Thank you for holding this meeting, Senator Brown.

My name is Tieshetta Price, and I grew up in Toledo, and I graduated from Rogers High School. My mom and dad both live here in Toledo. I have one brother and one sister.

I was terminated in February 2008 as a data entry clerk and receive unemployment, and it will end in October of this year. I have been seeking employment during this time, and I have had only one interview. Right now, it is pretty scary because I have bills, and I don't know where I am going to find help in meeting my needs.

The week that I lost my job, I had just purchased a car. So now I have a car note that is due. I have a disconnection notice from Columbia Gas and right now can't afford car insurance.

I am a single parent, and I have two sons. And I am not able to afford any additional school costs, such as school pictures. I use my car to get to school and search for jobs, and gas prices are very high. It is eating away at any extra money that I have.

I am currently enrolled at Mercy College of northwest Ohio in medical billing and transcription. I found out about WIA because I attended an unemployment session at The Source and was informed about the WIA CAA program. I wanted to take this opportunity for more training, which I believe will lead to a career.

It is very difficult to raise two teenage sons in this economy. I have to provide food, shelter, clothes, and other personal needs. And by not having a job, it is very hard. What the Federal Government can do is not limit funding to specific occupations and increase money for training and extend unemployment for at least a year.

Thank you.

Senator BROWN. Thank you, Ms. Price. Thank you for sharing your story.

Mr. Walker.

**STATEMENT OF ERIC WALKER, DIRECTOR, LUCAS COUNTY
JOBS CENTER, TOLEDO, OH**

Mr. WALKER. Thank you, Senator Brown, for this hearing and for taking the time to listen to everyday citizens from the city of Toledo, Lucas County in northwest Ohio.

Second, I would like to thank the Board of County Commissioners—President Tina Skeldon Wozniak, Pete Gerken, and Ben Konop—for their commitment, innovation, and leadership on the issues of employment, jobs, and training.

My name is Eric Walker, and I am the Lucas County workforce director at The Source. My job duties there are the distribution of \$5 million to \$7 million from the funds allocated from the Workforce Investment Act from the Department of Labor to educate, employ, and train youth, adults, and dislocated workers for the employers and businesses of Lucas County in northwest Ohio.

In addition, I am the building operator of a 60,000-square foot facility with 20 various education, employment, and social service agencies and a staff of 120. I supervise 20 of those directly and work to provide outreach program services to all the citizens of the city of Toledo in Lucas County, northwest Ohio.

Today's dislocated workers face a much larger challenge to employment than their predecessors. High unemployment, continued

downsizing in the manufacturing sector, low levels of academic achievement, and other factors make returning to work a challenge for many people. While the numbers of available workers active in the workforce has stayed consistent over the past 10 years, employment figures have consistently declined.

July's preliminary figures show that there are currently 227,808 workers in the current labor pool compared to 232,741 in July 1998. Over the past 10 years, the number of unemployed workers has ballooned to 21,000, or more than 9.2 percent in Lucas County. Comparative figures for 1998 show that only 5.9 percent of individuals, or 13,487, were unemployed at that time.

As a result, this means higher levels of competition for a shrinking pool of available positions. Manufacturing alone has shed almost 300,000 jobs between July 1998 and July 2008, with a drop of locally 20,000 workers here in Lucas County. For these workers, many who left for the workforce leaving high school, the challenges in technology make them less skilled to do their old jobs than younger, more educated counterparts.

In the Toledo metropolitan area, where only 14 percent of those over the age of 25 have a bachelor's degree or higher, significant barriers to unemployment arise for those facing unexpected job challenge. The level of education and training means that the workers will be unlikely to adapt to a high-tech environment in today's newer manufacturing plants and that older plants plagued with lower productivity are more unable to compete in the global markets that face uncertain futures.

Attracting new businesses is difficult as well when education levels are low. And in the Toledo area, with a population of postsecondary degrees, being able to compete with other Ohio cities such as Cincinnati with 17.1 percent of education in postsecondary; Columbus, 20.3 percent; and powerhouses like San Francisco at 26 percent; Raleigh, NC, 26 percent; Charlotte, NC, 30 percent; and obviously, trying to compare Toledo with Silicon Valley, Research Triangle, and the financial heavyweight of Charlotte are very unfair.

It is a clear indication of the challenges workers face here obviously in today's economy. As you listened to Ms. Price's testimony, we have obviously several other workers. We had over 8,000 people register in the last 3 months alone in Lucas County. Of those, 2,500 are currently receiving unemployment benefits.

We don't know how many of those will be cut off and how soon they will be cut off. But obviously, without the additional unemployment insurance that was recently voted on by Congress, we will know that there is going to be difficulty in trying to pay for gas prices, food, healthcare costs, and other services.

The staggering prices in basic necessities such as gas, food, and healthcare have placed an additional burden on today's workers. The expected increase of food and gasoline outpace the estimated 1.2 percent increase in the average wages for the region.

Food prices are expected to climb between 5 and 6 percent in 2008, according to Department of Agriculture data. The Bureau of Labor Statistics shows that healthcare costs have been growing at about 4 percent annually for the past 10 years, and gasoline prices

obviously have leaped a staggering 28.6 percent alone this year, via energy information.

More people are finding themselves out of work or are now the working poor and at lower level paying jobs, often limited with no healthcare, much additional stress, and obviously pressures on their lifestyles. It is extremely important that unemployment insurance be available to these workers.

Economic recovery is going to take time and a luxury that many in northwest Ohio are without. While the automotive industry, a major driver of the regional economy, regroups and repositions itself, workers are still required to pay their mortgages, put food on the table, gas in the car, and seek treatment for illnesses and injuries.

While it is true that unemployment benefits are a temporary support for dislocated workers, in many cases this is the only support they have. If the primary source of unemployed or underemployed workers disappears, these individuals will find themselves in a downward spiral that cannot only impact themselves, but their families and the community as a whole.

As we head into the winter months, heating costs alone are expected to rise 17 percent, along with facing additional burdens. Protecting the unemployment safety net that many of these workers rely upon will become even more important. Unemployment benefits are the only thing sometimes keeping workers in their warm houses and helping them to pay their mortgages or to feed their families.

Last week, as we talked about the \$700 billion bailout for Wall Street, there was a report just yesterday that AIG received or spent \$440,000 for a week-long resort for its executives at a California retreat. That \$440,000 in Lucas County, northwest Ohio, could have trained an additional 100 workers. This is staggering. And we want to thank you, Senator, for the time on the hearing, but when will Toledo, northwest Ohio, be bailed out as well?

[The prepared statement of Mr. Walker follows:]

PREPARED STATEMENT OF ERIC WALKER

Thank you Senator Brown for this hearing and taking the time to listen to everyday citizens from the city of Toledo/Lucas County, northwest Ohio. Secondly, I'd like to thank the Board of County Commissioners, President Tina Skeldon Wozniak, Pete Gerken, and Ben Konop for their commitment, innovation, and leadership on the issues of employment, jobs, and training.

My name is Eric Walker, I am the Lucas County Workforce Development Agency Director at The Source NOW, The Lucas County One-stop representing WIA funds for Area #9. My duties are the distribution of the \$5-\$7M in funds that are allocated from the Department of Labor through the State of Ohio to the Board of County Commissioners to educate, employ, and train adults, youth, and dislocated workers for the businesses and employers of Lucas County, northwest Ohio. In addition, I am a building operator of a 60,000 sq. ft. facility with 20 various education, employment, social service agencies with a staff of 120. I supervise 20 staff directly and work to provide outreach program and services to all the citizens of the city of Toledo, Lucas County, northwest Ohio.

Today's dislocated workers face much larger obstacles to employment than their predecessors. High unemployment, continued contraction in the manufacturing sector, low levels of academic achievement and other factors make returning to work a challenge for many people.

While the number of available workers active in the workforce has stayed fairly constant over the past 10 years, employment figures have consistently declined. July's preliminary figures show that there are currently 227,808 workers in the current labor pool compared to 232,741 in July 1998. Meanwhile, the number of unem-

ployed workers has ballooned to 21,061 or 9.2 percent. Comparative figures for 1998 show that only 5.9 percent faced unemployment or 13,487 individuals.

As a result, this means higher levels of competition for a shrinking pool of available positions. Manufacturing alone shed nearly 300,000 jobs between July 1998 and July 2008 with a drop locally of nearly 20,000 workers. For these workers, many who have been in the workforce since leaving high school, the changes in technology make them less skilled to do their old jobs than their younger, more educated counterparts.

In the Toledo metropolitan statistical area where only 14.4 percent of those over 25 have a bachelor degree or higher, significant barriers to employment arise for those facing an unexpected job change. A lack of education and training means that workers will be unlikely to adapt to the high-tech environment in today's newer manufacturing plants and that older plants, plagued with lower productivity, are unable to compete in the global markets and face uncertain futures.

Attracting new businesses is difficult as well when education levels are low. How can the Toledo area, with only 14.4 percent of the population holding post-secondary degrees, ever hope to compete with other Ohio cities such as Cincinnati (17.1 percent) and Columbus (20.3 percent) much less with powerhouses like San Francisco (26 percent), Raleigh, NC (26.2 percent) or Charlotte, NC (30.5 percent). While comparing northwest Ohio to regions like Silicon Valley, Research Triangle Park and financial heavyweight Charlotte may seem unfair, it is a clear indication of the challenges workers face in today's economy.

Ms. Price testimony, recap/expand.

- Lisa Mayberry, mother of two, DW: driver 2 years for 1st Transit, attending Trainco for Class A CDL utilizing a CAA.
- Leslie Caputo, mother of three, DW: assembler 11 years for JAC Products, attending OCC for RN utilizing an ITA.

The staggering rise in prices for basic necessities such as gas, food and healthcare place an added burden on today's workers. The expected increase in the costs of food at home, gasoline and health care greatly outpace the estimated 1.2 percent increase in average wages for the region. Food prices are expected to climb between 5 and 6 percent in 2008 according to Department of Agriculture data, the Bureau of Labor Statistics reports that Health Care costs have been growing at about 4 percent annually for the past 10 years and gasoline prices have leaped a staggering 28.6 percent this year alone according to data published by the Energy Information Administration. Meanwhile, more people are finding themselves out of work or working at lower paying jobs—often with limited or no healthcare benefits—adding to the stress and pressure felt by workers.

Economic recovery will take time and time is a luxury many in northwest Ohio are without. While the automotive industry, a major driver of the regional economy, regroups and repositions itself, workers are still required to pay their mortgage, put food on the table, gas in the car and seek treatment for illnesses and injuries. While it is true that unemployment benefits are a temporary support for dislocated workers, in many cases it is the only support they have. If the primary source of unemployed or under-employed workers disappears, these individuals will find themselves in a downward spiral that will not only impact themselves but their families and the community as a whole as well.

As we head into the winter months when heating costs are expected to climb along with everything else, dislocated workers will be facing an additional burden. Protecting the unemployment safety net that many of these workers rely upon becomes even more important. Unemployment benefits may be the only thing keeping workers in their warm homes this winter and not in the cold or on the streets.

Last week the Senate approved a bailout for Wall Street of up to \$700 billion and the Iraq War has been costing \$10 billion a month. When will main street, Toledo, OH, Lucas County, northwest Ohio receive that same consideration for re-tooling our local area workforce!

Thank you again for your consideration on these issues for all of us.

Senator BROWN. Thank you. Thank you, Mr. Walker. I heard that report, too, yesterday. That is just outrageous, and it is one of the reasons people obviously are so angry.

Mr. Goshe, you said half of American Standard workers received full pensions. Where is the cutoff? What requirements are there?

Mr. GOSHE. There were full pensions or slightly reduced. Any worker who had achieved the age, at the age of 55 was granted a full pension. Workers such as myself—

Senator BROWN. Fifty-five with how many years of service necessary? Just 55, period?

Mr. GOSHE. Well, everybody there had at least 20 years.

Senator BROWN. Had at least 20, OK.

Mr. GOSHE. They did—the age was the defining, or it was the factor of 55 years of age. The second group was what we called the “80-point club,” which I fell into. Age and years of service totaling at least 80.

Senator BROWN. So if somebody—you had 31 years, you could be 49 and could still get it?

Mr. GOSHE. Yes, 50 and 31. Right, yes. That provided a worker with a slightly reduced pension.

Senator BROWN. OK. That group was both in the half that got decent pensions?

Mr. GOSHE. Yes.

Senator BROWN. OK, and what is the range of pensions that you or others in those two categories get? What kind of monthly pension do they get?

Mr. GOSHE. Ranging probably, based on how much money you made during your career, I would say somewhere in the neighborhood of \$1,200 to possibly \$3,000 a month. It was a pretty broad range. It was based on your years of service and your income during your—

Senator BROWN. So the other half of employees were either under 55, they were under 55 and their service plus time didn't add up to 80? That was the other half?

Mr. GOSHE. Right. And their pensions are vested, but they are not allowed to draw their pensions, full pension until age 65, or they can take a reduced pension starting at age 55. But it is going to be a 50 percent reduction, and that reduction will continue through their life.

Senator BROWN. The rest of you get your pensions from the day you left?

Mr. GOSHE. Yes, sir.

Senator BROWN. Those workers that wait until 65—if somebody was 54 years old and had 25 years of service, say they were just under 55 and their years didn't add up to 80—they would get a pretty good pension, but it wouldn't be for 11 more years, until they turned 65, or they discounted it half?

Mr. GOSHE. No, if you are, say, at age 54, and you had enough years of service to achieve the 80—

Senator BROWN. I am saying if you didn't achieve it. If you were 54 and didn't—

Mr. GOSHE. Oh, if you didn't achieve the 80? You could draw the pension—

Senator BROWN. You would be vested?

Mr. GOSHE. You are vested and you could draw it at age 55, but at almost a 50 percent reduction, and once you reach 65, it would not escalate. That is what your pension would be for your life.

Senator BROWN. Considering the job situation in Tiffin and Fostoria and sort of all of Seneca County, that area, did you see a good many people take their pensions earlier, even though it was discounted by so much? Did you have a lot of co-workers that made that choice?

Mr. GOSHE. Oh, absolutely. I believe every employee that was eligible for pension right away took it, OK? Nobody waited because a lot of workers didn't know——

Senator BROWN. Even though it was 50 percent discounted, they still took it?

Mr. GOSHE. No, sir.

Senator BROWN. OK. I am sorry. Could you explain that?

Mr. GOSHE. Those employees that were not eligible have not drawn their pension as of yet. OK, the ones that are not eligible are not. They have got to wait until they are 55. Now, if they were 55 and they didn't have the 80 points or if they were age 54 and didn't have enough points, I don't know if any of them started drawing at age 55 or not yet. That I don't know.

Senator BROWN. OK. Did American Standard, then Bain Capital, then Sun Capital, have they lived up to their obligations?

Mr. GOSHE. They lived up to their obligations as far as our pensions. They did not live—during preliminary talks, they told us that they realized their obligation to us workers over 30, 40 years of service, that they had an obligation for severance packages, which was somewhat hopeful.

But when we went into severance negotiations, they told us basically, "We only owned you guys for the 2 months. How much do you think we owe you?" Discrediting our years of service with American Standard.

Senator BROWN. The 2 months that Sun owned them?

Mr. GOSHE. The 2 months that Sun Capital owned us, they told us in negotiation, "We only owned you guys for 2 months. How much do we owe you?"

Senator BROWN. So someone that was at American Standard, then Bain, then Sun for 20 years and was, say, in his early 50s, late 40s, just got 2 months' severance?

Mr. GOSHE. All that they were allowed was what was due us through the WARN notice—60 days of pay and any vacation pay that they might have accrued through 2007 for 2008. So there might have been a month of vacation pay involved.

They provided us healthcare coverage until February 29, until the end of February. That is because we were technically still during a vacation period there, if you took your vacation pay. So after February 29, you were done. There was no healthcare. There was no severance pay. Everybody was done.

Senator BROWN. So tell me what, Mr. Goshe, most are not—and I hesitate to use this word—as fortunate as you in that you had a good pension and you have good employment now. People that fell short of the pension, that didn't have the time or the age, what are—tell me some stories of what your co-workers are doing now?

What are they doing for healthcare? What are they doing for work? Are they employed at significantly lower wages? Are they working at all? Have they moved out of Seneca County? Tell me what has happened.

Mr. GOSHE. To my knowledge, none of us have moved out of Seneca County, simply because of the fact that most of the guys own homes, and to try to sell a home in Seneca County right now is pretty slim pickings.

A lot of them accepted jobs at neighboring little plants around the community that pay maybe \$8 to \$10 an hour. Probably the top industrial employer right now may be at \$12.50 an hour.

Senator BROWN. What company is that?

Mr. GOSHE. Toledo Molding & Die. They are probably at around \$12.50 an hour. But a lot of the workers ended up at Cooper Tire in Findlay, OH, where they went under a two-tier wage system. There is no pension there for them. They are working 12-hour shifts, every other weekend, if they are lucky—that was if they were fortunate enough to get in there.

There were some employees that got into Toledo Molding & Die. There were some that got into the education that was being provided. But for the most part, I would say a lot of them accepted substantially lower-paying jobs throughout our community.

Senator BROWN. And you say that the average, the age range is 40 to 60. Not a lot of people went back to school, like Ms. Price is doing, did they?

Mr. GOSHE. No. I believe 14 of our past members that pursued the trade assistance as far as education.

Senator BROWN. OK. Thank you. Thank you for advocating for your fellow workers and congratulations on your new job now.

Ms. Price, your unemployment runs out this month?

Ms. PRICE. Yes.

Senator BROWN. How much is your unemployment, if I could ask?

Ms. PRICE. One hundred fifty-seven dollars a week.

Senator BROWN. Tell me about the job you were laid off from and tell me about that company, if you would?

Ms. PRICE. The name of the company is Pro Quo Books. I was a data entry clerk, and we just inputted the ISBN numbers off the back of the books for storage and sales in the warehouse.

Senator BROWN. And they laid off a number of people?

Ms. PRICE. I basically got fired because the place was like moldy and dirty. I kept getting sinus infections and medicine, and it just didn't work out for me. But the way they fired me, that is how I ended up getting unemployment because it was unjust. So that is how I got unemployment.

Senator BROWN. OK. You are in school now at Mercy College.

Ms. PRICE. Yes.

Senator BROWN. How much school have you had, and how much do you still need?

Ms. PRICE. I just started school last month. So this is the third week.

Senator BROWN. It is a 1-year program, 2-year program?

Ms. PRICE. I think 6 months. I will be finished in February with the medical billing and coding. Then I am going back for medical transcription.

Senator BROWN. OK. What do you hear from other students and your teachers about the job placement after you finish at Mercy?

Ms. PRICE. There are lots of people in my class that are laid off, can't find jobs. Just basically everybody is going through the same thing.

Senator BROWN. They are laid off from other jobs. My question is, your chances of finding a job after you finish your education? Those jobs are relatively plentiful?

Ms. PRICE. Yes, they are in demand right now.

Senator BROWN. So your teachers tell you that after you finish this course, your chances of getting a job are really good?

Ms. PRICE. Yes.

Senator BROWN. What do those pay typically? Do you know what the range is there?

Ms. PRICE. I think between \$45,000 and \$50,000.

Senator BROWN. OK. And you would work for, what, doctors, hospitals, various clinics, various kind of medical facilities?

Ms. PRICE. Clinics, yes.

Senator BROWN. And that would be—that is not the first training? That would be the second tier of training to get that \$45,000 job?

Ms. PRICE. If I am not mistaken, I think the medical billing and coding may make between \$30,000 and \$40,000, and then the medical transcription, that—I am not sure how much that makes. I was going to do that on the side for extra money.

Senator BROWN. OK. Medical transcription is working with medical records on—

Ms. PRICE. When the doctor dictates in the tape recorder, and then you type the paperwork up for the records, for the patient's record.

Senator BROWN. Are you getting help elsewhere besides unemployment, and what kinds of help can you expect or can we help you get after your unemployment expires?

Ms. PRICE. Well, I currently receive child support. I have two sons, and my unemployment is going to run out this month. So I get a little bit of food stamps from the welfare office and medical for my kids and myself. But as far as cash—

Senator BROWN. You get Medicaid?

Ms. PRICE. Yes. As far as cash, all I receive is from child support.

Senator BROWN. So child support, unemployment, and food stamps?

Ms. PRICE. Yes.

Senator BROWN. Anything else through the Ohio Benefit Bank? Do you know about that?

Ms. PRICE. No.

Senator BROWN. If there is anything there? OK.

Mr. Walker, what do we do to help people like Ms. Price? She is obviously working hard and trying to do everything right.

Mr. WALKER. With Ms. Price, we are going to be able to co-enroll her with the Workforce Investment Act supportive services. So, currently, the policy is there will be an additional \$1,000 worth of benefits. She will have to bring in bills to us, and we will be able to reimburse her for some of her out-of-pocket costs—gasoline, transportation, as well as anything that she is faced with, uniforms and other supportive services.

Senator BROWN. I was told that 8,000 people coming into your center in the last 3 months, fewer than half, about a third are receiving unemployment insurance. What happens to the other 5,000 or so?

Mr. WALKER. The other 5,000, Senator, we can't tell you with certainty. Many of those are dislocated workers as well that have already exhausted their unemployment benefits. Those are the ones that we are tracking because we know that they are currently receiving.

Now, that is one of the problems, unfortunately, of the unemployment system. Once people fall off the system, we have no way of knowing, unless they tell us, that they are still dislocated, unemployed, or that they actually receive the unemployment insurance.

Senator BROWN. Of the 8,000, 2,500 are receiving unemployment insurance?

Mr. WALKER. Correct.

Senator BROWN. The others all used to receive it? Almost all of the others at one point received unemployment?

Mr. WALKER. It is very possible. As I said before, we don't have a tracking system or mechanism unless they tell us that they are currently dislocated workers or they were receiving. We know that we have currently 8,000 people registered that are seeking jobs or looking for employment in the city or Lucas County at The Source.

Senator BROWN. You have 8,000 people, many of whom had work and are looking for work. Are you able to estimate how many people are out there that don't know about you that have exhausted their unemployment benefits and have sort of nowhere to turn? They haven't found out about the Workforce Development Agency. Is that a significant number of people in Lucas County?

Mr. WALKER. We hope not, but obviously, there is always a hidden population. You know, one of the things, unfortunately, that happens is that many tier one or, should I say, tier two or tier three auxiliary people fall off.

Just like last year with Ford Maumee, there were 700 workers. When 92 percent of those were able to receive a full pension or, more importantly, a buyout offer, we had a worker that worked across the street in the union hall who was an auxiliary worker. She did not know about the rapid response. She did not know about the WARN Act. But yet she was an auxiliary or a second-tier worker.

Many times people that work in small businesses that run lunch stands or run newspaper agencies or have carryout businesses, they are what we call the auxiliary or the second or third tier. Because once that primary employer, just like Mr. Goshe, has lost his job, the places where he used to go, the places that he shopped at, the places that he stopped at, those mom and pop businesses just simply dry up and go out of business because, all of a sudden, those 400 or 500 or 600 people that used to stop there on a daily basis are no longer there.

Many times, those are the ones that we never get to or that we never see because, unfortunately, they just simply go out of business literally overnight.

Senator BROWN. And they aren't eligible for unemployment?

Mr. WALKER. It depends if they paid into the system or not. If they have—if they pay into the taxes for the State of Ohio, then they are eligible. Now that is an individual situation, on a case-by-case basis.

Senator BROWN. So when you say tier one and tier two, tier two is workers that often own their own businesses and are affected by the losses of the larger businesses of tier one?

Mr. WALKER. Correct.

Senator BROWN. Is that the term you use?

Mr. WALKER. Yes, sir.

Senator BROWN. OK. Tell me more about the rapid response system and how it is working, where it is working, and where its shortcomings are.

Mr. WALKER. We provide rapid response services to any business that we receive a WARN notice. So any business that has 50 or more employees that files a rapid response notice with the State of Ohio, we go out to provide rapid response services.

What we try to do is to get inside of the business before it closes or before the employees are laid off so that they know, first, about unemployment benefits. Second, they know about education, employment, and training services that are offered in the local areas. And then, more importantly, any other services such as job and family services, which provides food stamps, cash benefits, or other insurance, especially if they have minor children.

We try to meet with the employers or the management of each of those businesses and employers to let them know of those benefits. Second, what happens, obviously, is that we try to get those people pre-registered so that they understand that they can come to The Source or any one-stop in their local area and to become registered.

We want to provide them with a resumé and let them know how we can provide hopefully adequate referrals to any available employment there might be and the transferable skills that they have with their current occupation.

Senator BROWN. Senator Fedor and I have talked a lot about veterans benefits, and she has worked very hard on that in the State legislature. How do veterans benefit?

If you have a laid off worker come to you that is or isn't receiving unemployment insurance, and—I assume you ask if they are veterans—you guide them maybe to the veterans service organization. Or what do you do when people come in that are veterans?

Mr. WALKER. Two things. We have the Ohio Veterans Programs Services inside of the one-stop. They are part of the rapid response team that goes out to do the orientation. We also have the Lucas County Veterans Commission, which is inside The Source, that provides cash benefits, medical assistance, and sometime vouchers for other services such as housing. So what we try to do there in those cases is to make the direct referral.

Now one of the other questions that you asked me, what is the shortcoming in the system? Unfortunately, unemployment in Ohio is a call-in system. Once we go out to do the rapid response, and people then, the employee then calls in to the State of Ohio to give their Social Security number and place of employment, they are now eligible to receive unemployment benefits.

The only problem with that is that they are no longer engaged actively in working or job seeking. Until they are called in or for UCRS, which is an Unemployment Re-employment Session or Service, they are sitting at home collecting a check. And many times,

that lures people into a false sense of security or it leaves them not engaged.

Right now, it probably takes at least 6 months to find re-employment if people are able. And unfortunately, the system is not designed like back in the old days when we had unemployment offices, where people had to come in every 2 weeks to file their claims and see someone physically face-to-face. So many times now after the person has engaged or is receiving that check, they won't re-engage until all of a sudden the check is about to run out or, more importantly, the benefits are no longer there.

So the first chance that we get hopefully to work with an employee or to get them to re-engage, as in Ms. Price's case, the better off they are. Because the sooner that we can get them into retraining, which provides them with additional programs and services, the better off we are able to hopefully get them re-employed.

Senator BROWN. Let me ask, in closing—and then I will bring the next panel up—one question, the same question of all three of you. What is the most important thing, the single most important thing or the most important couple of things that you would like to see the Federal Government do to answer some of the personal or professional or society problems that you bring out?

And I will start, Mr. Goshe, with you.

Mr. GOSHE. The two issues that Government has to address, No. 1, is the NAFTA. The American worker is really at a disadvantage. As I said earlier, we can't compete with \$3.77 an hour in wages and benefits. The American worker cannot compete against that.

And another important issue is extending the TRA and TAA benefits, continue that to allow workers a chance for retraining. I think those are the two major issues that we have to address, along with affordable healthcare.

Senator BROWN. OK. Ms. Price, do you have one or two or three things specifically you think we should do?

Ms. PRICE. I just feel that with the way unemployment and everything is going that with situations like this, unemployment should have some type of emergency funding to help people that are in school and trying to do the right thing. And just what do we do? That is all.

Senator BROWN. That is more than all. That is a very good question.

Mr. Walker.

Mr. WALKER. Probably three things, Senator. No. 1, obviously, I would advocate for retraining and re-education for the American workforce and retooling.

More importantly, more in additional funds either for the Workforce Investment Act, the one-stop centers that we currently work in, summer jobs for our youth. You know, 16 years ago, I used to run the PIC summer youth program. That year, there was \$2 million alone. We were able to employ 2,000 youth in the summer to provide them with an education and, more importantly, work experience. This last year, we were able just barely to place 2,000 adults back into re-employment.

And obviously, the most important thing I would say is that we need to take care of America. Stop bailing out, unfortunately, a

nonpopular war that is leading us nowhere. We have to take care of the citizens here to rebuild a strong middle class obviously for the betterment of all of us.

Senator BROWN. Thank you. Mr. Walker, thank you. Ms. Price, thank you very much. Mr. Goshe, thanks for coming up here from Tiffin.

Good to see you all. Thank you. All your comments will be part of the public record, and thanks for your contributions and all you are doing.

And good luck in school, Ms. Price.

Ms. PRICE. Thank you.

Senator BROWN. We will take a couple of minutes break.

[Recessed.]

Senator BROWN. Thank you.

Susan Helper is AT&T Professor of Economics at Weatherhead School of Management at Case Western Reserve University in Cleveland. She is a research associate of the National Bureau of Economic Research and the MIT International Motor Vehicle Program. She has her B.A. from Oberlin College just east of here and her Ph.D. from Harvard.

Daniel Kildee has been Genessee County treasurer for the last 12 years. Because some regions most exposed to foreclosure are also hardest to make attractive to employers, we asked him to come talk with us today.

He founded the Genessee Land Bank, Michigan's first land bank, something Ohio is looking seriously into. Kildee's land bank program was named winner last year of the Harvard University Fannie Mae Foundation Innovations in American Government Award for Affordable Housing.

Thank you for your contribution in all of this.

Mr. KILDEE. Thank you.

Senator BROWN. David Dmytryka is the president of Dmytryka Jacobs Engineers in Toledo. He is a member of the Toledo Chamber of Commerce, member of the Toledo Area Small Business Association, and also a member of the Lucas County Workforce Investment Board.

Mr. Dmytryka, thank you. Did I say that right? Dmytryka?

Mr. DMYTRYKA. Yes, sir.

Senator BROWN. And Frank Calzonetti, you come to Toledo—you really get names like Calzonetti and Dmytryka. Kildee is not from Toledo and Helper is not from Toledo, is it?

[Laughter.]

Dr. Calzonetti is a professor of geography and vice president for research and development at the University of Toledo. He is responsible for the promotion of research, technology transfer, and technology incubation at the University of Toledo. He got his B.A. from Wayne State University, an M.A. in geography from Wayne State, and a Ph.D. in geography from the University of Oklahoma.

Thank you, all of you, for joining us. And Dr. Helper, why don't you begin?

**STATEMENT OF SUSAN HELPER, PH.D., PROFESSOR,
WEATHERHEAD SCHOOL OF MANAGEMENT, CASE WESTERN
RESERVE UNIVERSITY, CLEVELAND, OH**

Ms. HELPER. Great. Well, thanks a lot for inviting me to testify on these really important issues. And I also have a supplemental document for the record.

Today—

Senator BROWN. If I could interrupt you? Anyone that wants additional submissions for the record can do that. Just give them to Chris today or submit them—if you get them to us within a week or so, it will be in the official record. So anyone that is on one of the panels can certainly submit anything in addition.

I apologize, Dr. Helper, continue.

Ms. HELPER [continuing]. So, today, I would like to briefly discuss some solutions to the employment issue that also create community, improve competitiveness, and provide clean energy. So we have seen the short-term problems. I want to think kind of about the long-term and think about how soon can we get to the long-term, and what kind of jobs will be created?

And recent trends don't paint a positive picture. Over the last 7 years, the income of the median working age household fell \$2,000. This is the first economic expansion in U.S. history in which the typical worker's income actually fell.

We could do a lot better than this. We could create good jobs while helping to achieve other national goals. In particular, both manufacturing and service firms can use a "high-road" production process that harnesses everyone's knowledge—that of front-line workers as well as top executives and investors—to achieve innovation, quality, and quick responses to unexpected situations.

This high-road model of production provides an alternative to the all too common low-road model, in which most employees are treated as disposable drones who merely follow orders from "stars" at the top, who need to go on luxury retreats to California.

Here is an example of how the high road works. A firefighter in Solon, OH, had an idea based on his own experience—a compass to guide firefighters when they are inside burning buildings. You can get disoriented. I have brought an example of it.

Much of the design for this was provided by a federally funded manufacturing extension program, and the tooling for the molding that makes this was built by Colonial Machine in Kent. Colonial Machine is actually successful because they made several investments at once.

They adopted advanced information technology while also changing their production strategy so they could produce more customized products; their operations strategy, using some IT capabilities to reduce setup times; and they also changed their human resource strategy. So they employed workers with more problem-solving skills that use more training. But the success of changes in one area actually depended on investments in other areas.

For example, customizing the products wouldn't have been profitable without being able to change over more quickly. And the reduction in setup time was made possible both by this information technology, but also by the ability to use the information that the trained and empowered workers had.

So just training workers by itself, that is important, but just by itself it would have had little impact without re-designing their jobs so the workers could pool knowledge and have the power to recommend changes.

The high road's linked information flow is powerful because real production rarely takes place exactly according to plan. This is particularly true when firms are producing products that aren't yet mature, like green products, or there is a big need to change production conditions, such as a desire to reduce a firm's carbon footprint.

And in these cases especially, the understanding that direct workers have is really crucial to running and improving the process. We can wait around for the managers and the engineers to issue directives, but that takes a lot longer and costs a lot more. So, thus, high-road practices increase competitiveness.

High-road production also empowers workers by involving them integrally in designing and improving their own jobs. Workers interact more closely with their customers, suppliers, and co-workers, and that makes the jobs harder to offshore. So, thus, the high-road practices can help communities, providing fairly paid and stable jobs.

These high-road practices aren't new. But markets alone fail to provide the proper incentives for firms to adopt these policies. First, many of the benefits of the high road accrue to workers, suppliers, and communities in the form of higher wages and more stable employment. And so, firms usually invest too little in training because they worry that they are not going to get the full benefit of their training expenditures since the trained employees might be hired away by other firms.

And second, the high road works only if a company adopts several practices at the same time, as I talked about in that Kent example. Thus, direct services to workers and firms are necessary to develop interdependent high-road capabilities.

Because of these market failures, low-road options remain attractive to firms, even though they impose costs on society. So to pave the high road, we need more Government investment in education, training, research, and development. But we also need to block the low road by doing such things as protecting labor, environmental rights, and trade agreements, and strengthening safety regulations for both workers and consumers.

But we still need more than that. Education alone won't allow firms to overcome the market failures that block the adoption of efficient high-road practices. Nor will it re-invigorate income growth, which for the median college-educated man has risen only 0.5 percent annually since 1973.

Increased R&D spending by itself won't get innovative products to market. Even with fair trade agreements, American workers will still face foreign competition, and a key way to respond to this challenge is providing direct services to firms to build capabilities.

The Federal Manufacturing Extension Partnership (MEP) is an important example of a program that helps firms move toward the high road by helping companies make complementary investments to develop new products, find new markets, and operate more effi-

ciently. With the help of programs like MEP, U.S. manufacturing firms can compete with low-wage nations.

A study by the Michigan Manufacturing Technology Center suggests that most small manufacturers have costs within 20 percent of their Chinese competitors. And this is a gap that MEP programs can often eliminate. In fact, the MEP program pays for itself in increased tax revenue from the firms it helps.

Yet the Bush administration wants to end the program, and instead, I would argue we should triple the program's funding, and that would cost only \$300 million a year. We should also extend this program to the service sector.

An important adjunct to this technical assistance program is the Strengthening Employment Clusters to Organize Regional Success, or the SECTORS Act that was recently introduced by you, Senator Brown, and Senator Snowe. This legislation provides for grants of up to \$2.5 million each for cross-firm partnerships for planning and training within an industry cluster.

High-road production can also help meet national goals, such as moving toward a clean energy economy. Green stimulus programs, such as that proposed by the Political Economy Research Institute, can create good jobs in the short-term while providing the foundation for a sustainable economy. So these public dollars can actually do double duty, both the short-term and the long-term.

This institute proposes spending \$100 billion over the next 2 years to employ 2 million people in building a green energy infrastructure. These investments are really productive. Investments that are increasing residential energy efficiency can pay for themselves in 3 years.

The programs can also be structured to create a career ladder, as the Green Energy Academy at Cuyahoga Community College is beginning to do. Workers can start with entry-level activities, such as demolition, and then move on to higher-skilled activities, like energy-efficient interior design.

In conclusion, high-road practices offer a way of providing family-supporting employment while meeting the challenges of increasing competitiveness, community, and clean energy. Policies such as those discussed above would be a really useful start.

[The prepared statement of Ms. Helper follows:]

PREPARED STATEMENT OF SUSAN HELPER, PH.D.

Senator Brown, thank you very much for inviting me to testify on these important issues. I will also submit a supplemental document for the record.

Today I would like to briefly discuss some solutions to the employment issue that also create community, improve competitiveness, and provide clean energy. The current high levels of unemployment will eventually recede. But—how soon? What kind of jobs will be created?

Recent trends don't paint a positive picture. Over the last 7 years the income of the median working-age household fell \$2,000—the first economic expansion in U.S. history in which the typical worker's income decreased.¹

We can do better than this. We can create good jobs while helping to achieve other national goals. In particular, both manufacturing and service firms can use a "high-road" production process that harnesses everyone's knowledge—that of front-line workers as well as top executives and investors—to achieve innovation, quality and quick responses to unexpected situations. This high-road model of production provides an alternative to the all-too-common "low-road" model, in which most employ-

¹<http://www.cbpp.org/8-29-06pov.htm>.

ees are treated as disposable drones who merely follow orders from “stars” at the top.

Here’s an example of how the high road works. A firefighter in Solon, OH had an idea, based on his own experience: a compass to guide firefighters when they are inside burning buildings. Much of the design was provided by the federally funded Manufacturing Extension Program, and the tooling for the plastic molding was built by Colonial Machine in Kent, OH. Colonial Machine is successful because the firm made several investments at once: they adopted advanced information technology, while also changing their product strategy (to produce more customized products), their operations strategy (using their new IT capability to reduce setup times), and human resource policies (employing workers with more problem-solving skills, and using more teamwork). The success of the changes in one area depended on investments in other areas. For example, customizing products would not have been profitable without the reduced time required to change over to making a new product; this reduction was made possible both by the improved information from the IT and the improved use of the information by the more-empowered workers. Just training workers by itself would have had little impact without re-designing their jobs so that workers could pool knowledge and have power to recommend changes.

The high road’s linked information flow is powerful because real production rarely takes place exactly according to plan. This is particularly true when firms are producing products that aren’t yet mature (such as “green” products), or there is a major change in production conditions (such as a desire to reduce a firm’s carbon footprint). In these cases especially, the understanding that direct workers have is crucial to running and improving the process—waiting for managers and engineers to issue directives takes much longer and costs much more. Thus, high road practices increase competitiveness.

High road production also empowers workers by involving them integrally in designing and improving their own jobs. Workers interact more closely with their customers, suppliers and co-workers, making jobs harder to offshore. Their increased value to their employer also enables them to be paid more. These practices can greatly help manufacturing, which has been hammered with the loss of 3.7 million jobs over the last 7 years—and these were good jobs that paid 20 percent more than the national average. They can also improve service jobs whose numbers have been growing—but many of which are low wage. Thus, high road practices help communities, by providing fairly paid, stable jobs.

High-road practices are not new. But, markets alone fail to provide the proper incentives for firms to adopt high-road policies. First, many of the benefits of the high road accrue to workers, suppliers, and communities, in the form of higher wages and more stable employment. Thus, firms usually invest too little in training; they fear that they will not get the full benefit of their training expenditure since the trained employees might be hired away by other firms. Second, the high road works only if a company adopts several practices at the same time. Thus, direct services to workers and firms are necessary to develop interdependent high-road capabilities.

Because of these market failures, low-road options remain attractive to firms, even though they impose costs on society. To “pave the high road,” we need more government investment in education, training, research, and development. But we also need to “block the low road,” by doing such things as protecting labor and environmental rights in trade agreements, and strengthening safety regulations for workplaces and consumer products.

But more is needed. Education alone will not allow firms to overcome the market failures that block adoption of efficient, high-road practices. Nor will it re-invigorate income growth, which for the median college-educated man has risen only half a percent annually since 1973. Similarly, increased R&D spending by itself won’t get innovative products to market. Fortunately, high-road producers excel at overcoming the obstacles that have hampered American firms’ ability to move from lab to production.

And, even with fair trade agreements, American workers will still face foreign competition. A key way to respond to this challenge is by providing direct services to firms to build capabilities. The Federal Manufacturing Extension Partnership is an important example of a program that helps firms move toward the high road by helping companies make complementary investments to develop new products, find new markets and operate more efficiently. With the help of programs like MEP, U.S. manufacturing firms can compete with low-wage nations. The Michigan Manufacturing Technology Center suggests that most small manufacturers have costs within 20 percent of their Chinese competitors’—a gap that MEP programs can often eliminate. In fact, the MEP pays for itself in increased tax revenue from the firms it helps.

Yet the Bush administration wants to end this program. Instead, we should triple the program's funding—a step that would cost only \$300 million per year. We should also extend the program to the service sector.

An important adjunct to this technical assistance program is the “Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act.” Recently introduced by Senators Brown and Snowe, this legislation provides for grants of up to \$2.5 million each for cross-firm partnerships for planning and training within an industry cluster.

High road production can also help meet important national goals, such as moving toward a clean energy economy. Green stimulus programs such as that proposed by the Political Economy Research Institute can create good jobs in the short term while providing the foundation for a sustainable economy. They propose spending \$100 billion over the next 2 years to employ 2 million people in building a green energy infrastructure. These investments are quite productive; for example, investments in increasing residential energy efficiency pay for themselves in 3 years. These programs can also be structured to create a career ladder, as the Green Academy at Cuyahoga Community College is beginning to do. Workers can start with entry-level activities such as demolition, and then move on to higher-skilled tasks like energy-efficient interior design.²

In conclusion, high road production practices offer a way of providing family-supporting employment, while meeting the challenges of increasing competitiveness, community, and clean energy. Policies such as those discussed above would be a useful start.

Senator BROWN. Thank you. Thanks very much, Dr. Helper.
Mr. Kildee.

STATEMENT OF DANIEL T. KILDEE, TREASURER OF GENESSEE COUNTY, FLINT, MI

Mr. KILDEE. Thank you, Senator, for inviting me to be here.

It is good to be back in Ohio. I have spent a good deal of time here in Toledo, also in Youngstown, in Dayton, in Cleveland, Cincinnati, other places, working on urban land issues, which is my calling, I suppose.

Obviously, a lot of what has been addressed is critical to restoring our economy. I want to focus on just one specific piece of that, and that has to do with the condition of America's cities, particularly America's older industrial cities.

I am sitting here with a geographer, so I can probably defer to him on some of these subjects. But cities evolved, obviously, historically because they were efficient. Cities were an efficient way to manage the human condition, but also to support an economy.

The problem that we have had is in places like Toledo, Flint, other places—certainly Toledo not to the extent of many communities. But I will take my own city of Flint, MI, as the example. Flint was one of those winners in the manufacturing era. We once had 79,000 people drawing a salary from the same company. Not just in the same industry, but in a city of 197,000, we had 79,000 people working for General Motors Corporation.

Well, things have changed a bit. We now have 8,000 people. In just 30 years, we have gone from 79,000 employees for one company to 8,000 working for that company. The population of the city of Flint has gone from 197,000 to under 120,000 during that same period.

While our situation may be extreme, it is not unique at all. You see that happening all over the country. Youngstown, OH, is a very good example of a city that is shrinking.

²<http://shop.cleveland.com/SS/Page.aspx?sstarg=&facing=false&secid=51643&artid=904229>.

What we have seen is that there are lots of negative elements that accrue to a city that has had this kind of loss of jobs and loss of population. One critical one, critical to this discussion is that those cities have a very difficult time competing for the knowledge economy jobs.

There is a difference in terms of the way jobs go these days. Many jobs that are going to be important in the 21st century are jobs that are very mobile and can locate in places that are attractive. What we see now, places like Flint and other places around the country, is that we are simply not an attractive place for knowledge employers, knowledge workers.

As we have lost all this population, we have left behind cities that have spent literally billions of dollars in developing public assets, public infrastructure, schools, parks, streets, water and sewer systems. We don't have the population to support them. And we have huge abandonment of residential and commercial structures left behind.

What we have been working on in Flint and in other places around the country is to try to rationalize the management of urban land to not engage and support a system of public investment that continues to increase the cost of government, which decreases our competitiveness, by building new schools, new infrastructure out on farm fields when we have developed significant public infrastructure in cities that have land that is available, but land that is not easily put into the market because of the governmental systems that essentially treat urban land as if it is a disposable commodity and that can be thrown away once used. We challenge that notion.

My work has been at the local level to try to come up with a process of presenting vacant and abandoned, underutilized urban land to the real estate market in a way that the market can absorb as one contribution to making America's cities and my own hometown of Flint a more competitive place, to reduce the cost of government, to increase the efficiency of the workplace. And particularly now, when we see fuel prices going where they are, cities—more than ever before in recent history, I think, cities are going to be important to our competitiveness.

If we don't rationalize the use of urban land and present urban land to the market in a way that the market can truly absorb, I think it is going to be very difficult, despite great workforce development efforts, hopefully increasing the access to post-secondary education—all the things that we have heard about—it is going to be very difficult for these older industrial cities to compete in the new economy unless we fix those cities and make them attractive places again.

And that is the work that I am here to address. Thank you.
[The prepared statement of Mr. Kildee follows:]

PREPARED STATEMENT OF DANIEL T. KILDEE

For America's older industrial cities, the last 30 years have been the most difficult time in their history. As the economy has shifted to one of global competition, and as manufacturing jobs have been either replaced by new technology, moved across our border, or been eliminated due to increased worldwide competition, our cities are in trouble. Many of the communities that led the way in the manufacturing era have been left behind in the new economy—with greater demand for public services

and the loss of population from the urban center. As the jobs left the cities, the people left with them, or at least those people who could afford to follow the work or find a new way of life.

America's oldest cities, at one time the economic engine of the economy, now struggle to manage the combined effects of dramatic population loss, a deteriorating landscape, aging infrastructure and a shrinking tax base. For the workers of the next generation of jobs, America's older cities are not high on the list of desirable places to live.

My hometown of Flint, Michigan is a typical case.

Flint is the birthplace of General Motors. From the 1920's to the later 1970's, Flint was the center of the auto industry. The population of Flint grew fast during those decades, and by 1970 Flint's population was just under 200,000. At one point 79,000 people worked for GM in Flint alone—not just in the same industry, but for the same company. We exported cars and imported wages. It was not unusual for a young man to leave high school, walk over to one of a dozen factories and go to work that same day—working on the same assembly line with his father and grandfather. Flint was the place to be. Workers from all over the country made Flint their home.

But things have changed. Many of those jobs have simply disappeared. Just over 8,000 GM jobs are left in Flint. Flint's future will not be built on a revived auto industry alone, even if the industry is able to regain stability. And while many agree that the next generation of jobs will require America to offer clean, vibrant, and attractive cities to the knowledge workers and creative entrepreneurs who will drive the new economy, those same cities will simply not be able to compete for those workers unless the landscape of the older industrial cities can be made attractive once again. To do that, this country need to adopt policies that recognize that if we fail to rebuild our cities, we will not be able to fully rebuild our economy.

Neighborhoods that are in decline, littered with abandoned properties will not attract the workers nor attract those new employers that will be the foundation of a diversified economy.

But for decades, cities across the Nation have struggled with the daunting problem of abandoned houses and vacant land. Particularly in Michigan, where the cities of Detroit, Flint, Saginaw, and others have experienced significant population loss, the problem has been exacerbated by the absence of a coherent governmental approach to urban land.

As cities compete for the knowledge jobs of the 21st century, older cities have been hampered by the conditions of neighborhoods and downtown. For decades, people traveled to the cities where the jobs were plentiful. Companies made huge capital investments in factories and equipment, and the people followed.

The new economy is different. To a great extent, jobs are more mobile in the information age, and employers locate the jobs where the creative, entrepreneurial workers live. Those workers want to live in vibrant and energized cities.

So we have a disconnect: the abandoned cities—the ones that need the jobs most—have a difficult task attracting the workers that attract the jobs.

For the most part, this legacy of abandonment is the result of years of decline associated with the migration of population from the city to suburban communities. Recently, however, the abandonment of the urban landscape has been magnified by the dramatic increase in mortgage-foreclosed homes flooding this already weakened real estate market. While this problem is already having an impact on my community, the fact that there are between 5,000 and 6,000 mortgage foreclosures pending in my community is a matter of great concern, particularly in light of the weak real estate market in Flint and the presence of thousands of previously abandoned homes already littering once thriving neighborhoods.

Abandoned property is a source of blight, crime, and disease. Vacant urban land reduces the very resource available to address the problems it creates. Local property taxes are made less available due to devaluation of land values. For example, abandoned houses account for 75 to 90 percent of fires in the city of Flint, yet the city has reduced fire service due to a significant financial crisis. Given the enormous financial pressure for basic city services, it is clear that reform of urban land is fundamental to revitalization of our cities.

Vacant land is both a cause and result of urban dis-investment. As cities have experienced population loss and housing market declines, the result is the decline of property values. Blight spreads as empty houses sit vacant, infecting adjacent properties and ruining entire neighborhoods in a matter of just a few years. An abandoned house is a "Typhoid Mary" to a neighborhood struggling to sustain itself.

Sadly, for the past several decades, one of the governmental systems intended to address the problem actually contributed to the downward spiral of land values and neighborhood stability. Under the former system of tax foreclosure, abandoned prop-

erties were either transferred to private speculators through tax lien sales or became State-owned property through foreclosure. Under either scenario, local leaders had little power to interrupt the incremental decline in the re-utilization of tax-reverted land. In fact, the former system encouraged low-end reuse of tax reverted land due to the length of time between abandonment and reuse—often more than 5 years. The lack of clear title to these properties under the tax lien system also made reinvestment almost impossible.

The former system was decidedly non-strategic.

The changes to Michigan's tax foreclosure law are a significant step in the right direction. Since the passage of PA 123 of 1999, the State of Michigan and county governments have greater authority in gaining control of vacant abandoned land. PA 123 of 1999 accelerated the process of tax foreclosure, which previously took as long as 7 years to complete. The new system of county or State tax foreclosure is completed within a 2-year period, and abandoned property is taken after only 1 year.

While the new system is significantly more efficient, we need to go further in order to optimize the reuse of vacant urban land with long-term neighborhood stability in mind. Michigan needs a systemic approach to urban land that affords local government the tools necessary to manage the "downsizing" of cities more effectively. It is only through smart "downsizing" that cities can ultimately seek to grow again. For communities with significant numbers of abandoned property, a land re-utilization plan that delivers tax-foreclosed property to its best and highest use is needed.

Faster and more efficient demolition of existing structures is the earliest and most tangible benefit of such a system. Over time however, land assembly for development and long- and short-term green space development is made possible by "land banking" tax-reverted property, rather than simply selling land at public auction. Replacing one irresponsible landlord with another is no solution to the problems of sub-standard housing and neighborhood blight. Quickly auctioning tax-reverted property, while somewhat more desirable than the former system, does not provide urban communities the control of land essential to a coherent revitalization plan. Encouraging and supporting locally derived land re-utilization planning is essential to urban land reform.

Adoption of legislation that authorizes a foreclosing county to create a "land bank" is one key step in any comprehensive urban land reform initiative. Such legislation was introduced in the previous session of the legislature. While there may be some changes needed to the previously introduced legislation, a land bank is an important component of Genesee County's vision for revitalization of our urban center.

Another policy initiative receiving serious State government attention involves the "smart growth" concept, a popular phrase in current land use lexicon. A commitment to including urban land reform issues as a central subject of the "smart growth" discussion is essential to the development of meaningful policy.

To fully realize the goal of preserving farmland, open green space, and undeveloped land for future generations, we must unlock the unrealized value that urban land presents.

Such reform will benefit cities, suburbs, and rural communities as well. As we struggle to address two serious challenges—maintaining our precious natural resources and preserving and revitalizing our urban centers, we must create public policy which ensures urban land is not overlooked. Such an approach will allow us to support our cities and at the same time preserve the precious resources that have made Michigan such a beautiful place to live.

In Flint, we have made tremendous progress in just a few years by re-engineering the tax foreclosure system. The overriding philosophy of our initiative is that the land itself has value that is far more important than the liquidated value of the property sold at a distressed sale.

If there is not a similar approach to the disposition of mortgage-foreclosed properties, all the good work being done around the State of Michigan in reforming the tax foreclosure system will be overwhelmed with speculative purchasers mismanaging the real estate within our communities and driving down home prices—robbing responsible homeowners of their hard-earned equity.

The remainder of my written testimony is a description of the work of the Genesee County Land Bank. I submit this report to provide additional background on our work and its potential application in restoring the urban landscape, and in particular to explain how a locally controlled land bank authority may be a viable mechanism for disposition of mortgage-foreclosed properties.

Thank you for the opportunity to provide my thoughts to you and the committee as you deliberate this important and growing issue facing the Nation.

Senator BROWN. Thank you for your public service.
Mr. Dmytryka.

**STATEMENT OF DAVID DMYTRYKA, PRESIDENT, DMYTRYKA
JACOBS ENGINEERS, INC., TOLEDO, OH**

Mr. DMYTRYKA. Thank you, Senator, for allowing me to offer my opinions on the local workforce here in Toledo and how my company deals with finding and hiring quality engineers.

As you have mentioned, I am president of Dmytryka Jacobs Engineers (DJE). We specialize in electrical and controls engineering and control system integration. The majority of our work is providing automation systems for municipal water and wastewater facilities.

Our market area is Ohio, Michigan, including Genessee County, and Indiana. We are probably one of four or five companies in Ohio that provide these services in this particular industry. Based on our current workload and backlog, I believe we are the largest water and wastewater systems integrator in Ohio.

My partner and I formed DJE in June 1994, some 14½ years ago. It started as just the two of us. We came within about 3 weeks that first 6 months of closing the doors because of lack of work when, the last day of the year, we landed two large jobs, large by our standards at the time. That got us going for good.

If I remember correctly, our first 6 months, we may have grossed \$18,000 as a company, and at first full year, we were up to about \$240,000.

Today, we are 18 employees strong, 11 of them degreed engineers all from the University of Toledo. Six of those are registered professional engineers in the State of Ohio.

Through our first 5 or 6 years, we hired about 8 new employees—mostly degreed engineers—to meet our needs. All of these hires were people we previously knew, either from having worked with them in past lives or through personal friendships. This method of recruiting is not uncommon among small businesses.

I was at a meeting last night with five other small business owners discussing issues that we, as small business owners, face every day. When the issue of recruiting potential new hires came up, I was and wasn't surprised in their method of recruiting. That being the same as ours—known acquaintances.

Somewhere around 2001, we developed an informal relationship with the University of Toledo's College of Engineering. I happen to have gone to high school, college, and did graduate work with one of the engineering technology department's professors. When we needed some help, I would give him a call, let him know the kind of student we were looking to hire as an intern, and then he would talk to a couple of the professors and give our name out to the students.

After a positive interview, we would make the student an offer and a duration commitment, with the understanding that the commitment could be extended if things continued to work in both favors. Our plan was to grow from within, training these students in the way we needed to use their skills and then continue to keep them as ongoing engineers.

Our plan has been successful. Six of the seven students we hired in this manner are still with us today, four as degreed engineers, two are due to graduate this December. The lone exception decided to switch from engineering to business.

We have made offers to both of the soon-to-be graduates. One has accepted. The other is still considering his options.

Our hiring of college students as interns has been made easier by the use of our Ohio's Third Frontier Internship Program. This program reimburses us a portion of the salary we pay these college student interns. With our practice of keeping these students on staff as young engineers, the Third Frontier Internship Program has helped both us and the students.

Three and a half years ago, we were at a crossroads. We had about 12 or 13 employees. And because of the type of business we are in, things were starting to get tough. We felt we either needed to expand, maybe up to about 20 employees, or contract to about 8. My partner and I decided that we would expand.

We began the process of finding a larger facility, bidding larger projects, and hiring more technical people. We built a new facility adjacent to UT's health science campus, which we moved into a year ago April; bid projects more aggressively and received the work; and hired several more people, bringing our current total to the 18, as I mentioned before.

Our plan for growth has succeeded maybe too well. We currently have an 18-month backlog of work and need to hire two or three engineers to help us with this load. Our supply of known acquaintances appears to be exhausted.

[Laughter.]

Can't steal anymore. The interns, soon-to-be engineers will help, but we now need experienced people that can hit the floor running. My partner and I are currently discussing the options available to us, one of which includes the possible use of The Source, the Lucas County's one-stop.

From the news reports about the economy, we may appear to be an exception. However, several engineering friends of mine say they are also in the same position we are. Many people I mention this to say that what we are experiencing is a great problem to have. To me, it is still a problem. However, I am confident that with what we are doing, we will be able to get through it.

Thank you.

Senator BROWN. Thank you, Mr. Dmytryka.

Dr. Calzonetti.

STATEMENT OF FRANK J. CALZONETTI, PH.D., VICE PRESIDENT, RESEARCH & DEVELOPMENT, UNIVERSITY OF TOLEDO BUSINESS INCUBATOR, TOLEDO, OH

Mr. CALZONETTI. Thank you, Senator Brown, for having the hearing here at the UT Clean and Alternative Energy Incubator.

I would also like to thank the support that Jessie and Chris provided to us in smoothing out this, and also to Diane Miller, who did a lot of work here. I would also like to thank all of you elected officials and others who have come here to participate in this very important event.

Decades ago, Midwestern U.S. cities led the world in innovation and industrial might. Automobiles, steel, glass, and other manufactured goods were sold throughout the world, and our cities attracted new workers eager to join the growing middle class.

This comparative advantage once held by these cities was largely lost as businesses moved or expanded operations first in the South and then overseas. Automation replaced some jobs, and new entrants into the marketplace, such as Asian automobile manufacturers, offered products in demand by American consumers.

In recent decades, these Midwestern cities, along with their State governments, have been struggling to identify new pathways to rejuvenate their economies. For instance, according to the Milken Institute findings of top-performing cities of 2007, not one Midwestern city was among the top 25 ranked performing cities in the Nation. And according to the Brookings Institution's Metropolitan Policy Program 2007 study on the economic conditions of cities, only one Ohio city, Columbus, was ranked among the top 200. It was ranked 122. Toledo was ranked 261.

Why can't the economies of these cities be revitalized? It has been shown in studies that changing a development trajectory into a future economy is often a difficult task. The tendency for people in these communities is to focus on restoring the previous industry that brought jobs and prosperity in the past.

But Toledo and other Midwestern cities are working to move in a different direction and to utilize the talents, skills, and infrastructure that built our earlier economy into a new economy that is directed to rapidly expanding industries that are steeped in science and technology and grounded by our research universities.

Our view is not "rust to bust," as some of you may have seen in Richard Longworth's 2008 book on the U.S. Midwest, but rather "rust to renewables" is a phrase coined by Solar Fields CEO Norm Johnston, who graduated from this Clean and Alternative Energy Incubator and now has his company located in nearby Perrysburg.

Toledo is in the early stages of building a new advanced renewable energy economy that is extending in a new direction the economy of our recent past. Toledo is still known by many as the "glass city" that once led the world in innovations and manufacturing in glass.

Driven by the energy of talented entrepreneurs and creative inventors, Toledo brought forth many new inventions that made Toledo glass companies world leaders. For instance, the automated glass bottling machine was invented here in Toledo by Michael Owens, and this has been called the most significant invention in glass for over 2,000 years.

We have taken a good, hard look at what is driving new economies and are putting it into practice in Toledo. The driver is research and development, which is translated into innovations. Entrepreneurship, cluster development, and leading positions in growing markets are also of vital importance.

We understand the important role of the universities in this process as a primary source of discoveries, talent, and opportunities that can support innovation-based economies. Our university has focused our attention in areas where it has particular faculty strengths that supplement regional assets that are also likely to

emerge as important in our global economy. Thus, we have focused resources on building world-class programs in advanced renewable energy and in the environment. In particular, we have focused on building pre-eminent programs in solar energy.

Entrepreneurship is needed to transition discoveries into the marketplace, either through the establishment of new enterprises or through the development of new initiatives within existing firms. Toledo has a history of entrepreneurship in glass, which continues today in our contemporary solar energy entrepreneurs.

Research does show that knowledge is still localized and grows through various mechanisms of knowledge transfer, despite the availability of information being transferred throughout the globe on the Internet. Thus, a clustering of sources of innovation—such as research university, Government labs, industry labs—along with entrepreneurs, existing business enterprises, supporting government organizations and agencies, providers of services help to provide a region with leadership in technological areas that drive competitive advantage and workforce development around clusters needs.

Toledo has been well positioned to take leadership in solar energy. One of the first entrepreneurs to act upon the business opportunities in solar energy came from Toledo, Dr. Harold McMaster. In 1984, McMaster formed Glasstech Solar to produce solar cells by coating glass with thin layers of chemicals. This research led to thin films based upon cadmium telluride in Toledo as a new company, Solar Cells, Inc., was formed.

In 1999, True North Partners renamed the company First Solar as they purchased the controlling interest, You were just at First Solar day before yesterday.

The University of Toledo also took early steps to support the development of this new industry. As McMaster and his colleagues at Glasstech advanced their technology, they sought out the assistance from the University of Toledo.

In 1987, the University of Toledo hired Dr. Al Compaan, back there in the third row, to come in and work on advancing this technology. Under his direction, the university, with McMaster's company as collaborator, won State of Ohio grants and also some Federal grants to address processing issues in thin film solar cell development. In 2001, the university made a conscious decision to put major resources into building programs of excellence in solar energy.

Also, in 2002, the university took a leadership position to develop a cluster around this technology with the help of the National Science Foundation's Partnership for Innovation program. We called this the Northwest Ohio Partnership on Alternative Energy Systems. This project provided funding to northwest Ohio to become a leader in alternative research, manufacturing, and use.

We determined that there would be tremendous growth in the renewable energy industry in the future, and we wanted to be out in front of this wave. Our choice turned out to be a good one, and solar energy is booming throughout the world. According to McKinsey & Company, just this past summer, global installed solar capacity is to be 20 to 40 times its current level in 2020.

The University of Toledo's Clean and Alternative Energy Incubator was opened in January 2005, and this facility is now a focal point for linking university research to the formation of new companies, as well as providing a place for meetings and workshops in solar energy and other renewable energy technologies.

Northwest Ohio has a strong foothold as a leader in solar energy. At UT, we won a State Wright Center for Photovoltaics Innovation and Commercialization award for \$18.6 million, and we were just awarded another \$8.5 million from the State of Ohio for the Ohio Research Scholars program to attract four new faculty members here. Both of those proposals were led by Professor Robert Collins.

In addition, our local industry sector is rapidly expanding and diversifying. First Solar, the company that grew from Harold McMaster's Solar Cells, Inc., and was actually developed in the laboratories at the University of Toledo, now has an employment of 700, and it will be increased by about another 134 new jobs as this expansion takes place.

Solar Fields, again, they came out of this incubator, formed a joint venture agreement with Q-Cells, the world's largest solar cell manufacturer, to form Calypso USA.

Xunlight, another company that graduated from our incubator—and the CEO, Xunming Den, is there in the third row—has more than 70 employees now at its Nebraska Avenue location right here in Toledo.

So we are making progress in positioning Toledo as the place to go for advanced research and manufacturing on solar cells. We have more to do to build this economy.

Our task ahead is to build a new workforce for this new economy. Toledo has much talent and expertise to offer, and we see opportunities for solar installers, solar cell manufacturing plant workers, technicians, scientists, engineers, and a host of other opportunities upstream and downstream in this industry.

Toledo has faced problems as its economy is moving through this transition, but we are optimistic that we have the talented entrepreneurs, the research universities, the supporting infrastructure to make Toledo the national leader in solar and other advanced renewable technologies.

[The prepared statement of Mr. Calzonetti follows:]

PREPARED STATEMENT OF FRANK J. CALZONETTI, PH.D.

Decades ago, Midwestern U.S. cities led the world in innovation and industrial might. Automobiles, glass, steel, and other manufactured goods were sold throughout the world and the cities attracted new workers eager to join a growing middle class. The comparative advantage once held by these cities was largely lost as businesses moved or expanded operations in lower cost, or less unionized, locations first in the south then overseas. In addition, new entrants into the marketplace, such as Asian automotive companies, offered products in demand by American consumers, such as inexpensive and fuel efficient vehicles, resulting in a loss of market share and related employment. Job losses also occurred as manufacturing plants automated in order to increase efficiency and enhance quality. These factors, among others, mean that high paying, secure jobs in manufacturing could no longer be the primary pathway to support families in most Midwestern cities. This led people to abandon their Midwestern roots to follow jobs to lower cost positions in other States, resulting in a significant population decline across the Midwest.

In recent decades, these cities, along with their State governments, have been struggling to identify new pathways to provide renewed job growth, firm formation, investment, and a reversal of population decline. For instance, in the Milken Institute's listing of the top performing cities of 2007, not one Midwestern city was

among the top 25 ranked performing cities in the Nation. According to the Brookings Institution's Metropolitan Policy Program (2007) study of the economic conditions of 302 U.S. cities, only one Ohio city, Columbus, was ranked among the top 200 (#122). Other Ohio cities were ranked in the following order: Akron (#217); Canton (#246); Cincinnati (#263); Dayton (#283); Mansfield (#257); Springfield (#262); Toledo (#261); Youngstown (#282); and Warren (#294).

Despite efforts by State and city governments, most Midwest cities are still in a state of distress. Why can't the economies of these cities be revitalized? It has been shown that changing a development trajectory into a future economy is a difficult task. The tendency is to work to restore and retain the previous industry that brought jobs and prosperity in the past. As noted by many students of this phenomenon (e.g., Boschma and Lambooy; Asheim and Isaken), leaders in "declining" manufacturing regions must redirect thinking away from the view that competing on the basis of low-cost manufacturing or attracting new manufacturing operations will return the area to previous greatness. Toledo and other Midwestern cities are working to move in a different direction to utilize the talents, skills, and infrastructure that built our earlier economy into a new economy that is directed to rapidly expanding industries that are steeped in science and technology grounded by our research universities. Our view is not "rust to bust," as noted in Richard Longworth's 2008 book on the U.S. Midwest *Caught in the Middle*, but rather "rust to renewables," a phrase coined by Solar Fields CEO Norm Johnston, a Perrysburg Ohio company which graduated from the University of Toledo Clean and Alternative Energy Incubator.

Toledo is in the early stages of building a new advanced renewable energy economy that is extending in a new direction the economy of our recent past. Toledo, still known by many as the "glass city," once led the world in innovations and manufacturing in glass. Driven by the energy of talented entrepreneurs and creative inventors, Toledo brought forth many new inventions that made Toledo's glass companies world leaders. For instance, the automated glass bottling machine, created in Toledo by Michael Owens, has been called the most significant invention in glass for over 2,000 years.

We have taken a hard look at what is driving new economies and are putting it into practice in Toledo. The driver is research and development which is translated into innovations, entrepreneurship, cluster development, and leading positions in growing markets. First, innovation is driving many regional economies throughout the world. We understand the important role of university research as a primary source of discoveries, talent, and opportunities that can support innovation-based economies. The University of Toledo is still emerging as a major research university so it is unrealistic for a research budget of \$60 million a year to transform a \$24 billion Toledo economy. The University has focused its attention in areas where it has particular faculty strengths that supplement regional assets that are also likely to emerge as important to our global economy. Thus, we have focused resources on building world-class programs in advanced renewable energy and the environment. In particular, we have focused on building preeminent programs in solar energy.

Entrepreneurship is needed to transition discoveries into the marketplace either through the establishment of new enterprises or through the development of new initiatives within existing firms. Toledo has a history of entrepreneurship in glass which continues today with contemporary solar energy entrepreneurs. Although telecommunication technology provides a free flow of information throughout the globe, research shows that knowledge is still localized and grows through various mechanisms of knowledge transfer. Thus, a clustering of sources of innovation (e.g., research universities, governmental and industry R&D laboratories), along with entrepreneurs, existing business enterprises, supportive government organizations and agencies, service providers, and other supportive organizations help to provide a region with leadership in technological areas that drive competitive advantage and workforce development around the clusters' needs.

Toledo was well positioned for leadership in solar energy. Solar energy, particularly thin-film photovoltaics (*light and electricity*), builds upon Toledo's glass industry and early entrepreneurial moves into solar energy made over 20 years ago. Photovoltaic (PV) cells, or solar cells are devices that are capable of generating electrical energy under exposure to light. It was not until the mid-twentieth century that the first solar cell was patented at Bell Labs in New Jersey and not long after, commercial activity began and solar cells found use in space applications. As PV became a critical source of power for satellites and other space craft, the first oil shock of the early 1970s spurred interest in the development of terrestrial applications of PV technology. One of the first entrepreneurs to identify and act upon this opportunity was Toledoan Dr. Harold McMaster. McMaster, with his partner Norman Nitschke (another prolific Toledo inventor) formed Glasstech, Inc. in the Toledo neighboring

city of Perrysburg. They constructed a new machine for “tempering” glass that increased its strength and crumbled instead of breaking into shards and Glasstech grew into a leader in the manufacture of furnaces for tempered glass. In 1984, McMaster formed Glasstech Solar, Inc to produce efficient solar cells by coating glass with thin layers of chemicals. Glasstech initially worked on thin film silicon technology at its Wheatridge, Colorado location. Their research led to thin films based on cadmium telluride in Toledo as the new company Solar Cells Inc. was formed. In 1999, True North Partners LLC, renamed the company First Solar after they purchased a controlling interest.

The University of Toledo also took early steps for support of the development of this new industry. As McMaster and his colleagues at Glasstech advanced their technology, they sought out assistance from The University of Toledo. In 1987, The University of Toledo hired Dr. Alvin Compaan into the Department of Physics and Astronomy. Under Compaan’s direction, the University, with McMaster’s company as a collaborator, won two State of Ohio Edison awards to address processing issues in thin film solar cell development. These awards were the first of a long series of continuous funding from State and Federal agencies to support solar energy research and development in Toledo. In 2001, the University made a decision to place solar energy research as a top institutional priority by placing additional positions, supporting new laboratories, and seeking congressional assistance for projects in this area.

The University, in 2002, took a leadership position to develop a cluster around this technology with the National Science Foundation funded “Northwest Ohio Partnership on Alternative Energy Systems.” This project provided support to seed new research projects, explored the opening of an alternative energy incubator, and established new partnerships with industry and other organizations to make northwest Ohio a leader in alternative energy research, manufacturing, and use. We determined that there would be a tremendous growth in the renewable energy industry in the future and we wanted to be in front of this wave. Our choice turned out to be a good one and solar energy is booming throughout the world, and according to McKinsey & Company (June 2008) global installed solar capacity is to be 20 to 40 *times* its current level. The University of Toledo’s Clean and Alternative Energy Incubator was opened in January 2005, and this facility is now a focal point for linking university research to the formation of new companies, as well as providing a place for meetings and workshops on solar and other renewable energy technologies.

Northwest Ohio has a strong foothold as a leader in solar energy. At UT, we have the \$18.6 million Wright Center for Photovoltaics Innovation and Commercialization, we have just been awarded another \$8.5 million from the State of Ohio (both proposals led by Professor Robert Collins) to hire four additional solar energy faculty members. In addition, our local industry sector is rapidly expanding and diversifying. First Solar, the company that grew from Harold McMaster’s Solar Cells Inc. and was developed in laboratories at The University of Toledo, is now the largest solar cell producing company in the United States with an output of 307 MW in 2007 and employment of 700, which will be increased by another 134 new jobs with a new expansion at its Perrysburg location. Two additional solar cell companies recently graduated from the Clean and Alternative Energy Incubator. Solar Fields formed a joint venture agreement with Q-Cells, the world’s largest solar cell manufacturer, to form Calyxo USA; Xunlight, which only graduated from the incubator in August 2007, now has more than 70 employees at its new Toledo location.

We are making progress positioning Toledo as the place to go for advanced research and manufacturing on solar cells. We have more to do to build our economy. One task ahead is to build a new workforce for our new economy. Toledo has much talent and expertise to offer and we see opportunities for solar installers, solar cell manufacturing plant workers, technicians, scientists, engineers, and a host of other opportunities in upstream and downstream industries. Toledo has faced problems as its economy is moving through this transition, but we are optimistic that we have the talented entrepreneurs, the research universities, the supporting infrastructure, and indeed the workforce to make Toledo the national leader in solar and other advanced renewable technologies.

Senator BROWN. Thank you, Dr. Calzonetti.

Thank you all for both your realism and your optimism and I appreciate that from all four of you in the challenges you bring.

Dr. Helper, talk to us more about MEP, about the Manufacturing Extension Partnership. You talked about how that Government investment, which you would like to triple, how every year it is cut

and we restore the cuts but try to move forward on it, how it pays for itself.

Ms. HELPER. For a typical MEP program, you come in and increase the program's productivity by 20 percent. It can do that by maybe training some workers. In the case of this Colonial Machine, we were able to help it provide some work. There was some idle capacity. They were able to fill it with work.

You can get programs where workers, these workers, for instance, at American Standard have 20 years of experience. Management typically today doesn't tap into that, they are so busy trying to keep wages low that they don't understand either what their workers are doing or what the workers can do to make things better.

One of the things that the MEP has done a little bit and I think can do a lot more of is encouraging employee involvement, encouraging a kind of longer term perspective. Similarly, there are a lot of these big firms who have small suppliers. Increasingly, they are outsourcing to small suppliers.

But the small suppliers don't have the capability to think about, "I need to be planning long-term for investments that will improve my quality, will get me into new lines of business, will help me develop new products."

All of these things can have a really important impact on the bottom line not just for the firms, but also for the workers. And so, by providing these firms, allowing them to continue in business and allowing their workers to continue to have jobs, they pay taxes more than paying for the MEP services.

I think one of the things that people often say is, "well, we should just have tax breaks." But one of the things that the MEP does or the theory behind the tax break is, OK, we are going to lower the price of getting manufacturing if they do something we want them to do. But in the case particularly of these small businesses, it is really tough to run a small business. You have got to do a lot of stuff.

You are the R&D manager. You are the marketing manager. You are changing light bulbs, fixing toilets, all this kind of stuff. It could be really hard to keep up with what is the latest innovation in production techniques. It can be hard for you to even know what the improvement path is, what consultants to hire.

MEP can—and the Michigan Manufacturing Technology Center actually does a great job of this, of kind of laying out an improvement path for companies as for making the integrated changes that are necessary to really bring a company into this knowledge economy.

Senator BROWN. Is there sort of an upper limit or a limit on the size of a company that MEP works with? If it is more than 200 or 300 employees, MEP is much less likely to be involved? Are there any rules that way, or can anybody ask them to come in, any manufacturer in Cleveland or Toledo or Tiffin or anywhere?

Ms. HELPER. It is interesting. And this, I think, is some of the problem with the program as currently structured. The mandate is to help small business. But because the subsidy has been cut so much, the small business often has trouble meeting, in some sense, the co-pays. And so, increasingly, the MEPs have been looking, pro-

viding training for large companies because they can actually keep the budget of the MEP balanced.

The mission is supposedly to help the smaller companies, but in practice, to keep themselves afloat, they have been looking at larger companies as well.

Senator BROWN. If MEP comes to a company that is looking for assistance on more energy efficiency in the production process or something with employee training, implicit in MEP coming in, the company will have to spend significant dollars to—even though it might save money—significant dollars to comply with that.

Smaller companies are just less likely, less able to do that. Is that what you are talking about when you said the co-pay?

Ms. HELPER. Yes. There are two issues with small companies using MEP as currently structured. The first one is that MEP basically gets a subsidy that covers their space and covers their marketing expenses. But the company that came up with this paid the actual hourly salary of the workers, the engineers at MEP that designed this thing.

You have got to come up with the capital to actually pay for the expenses of delivering your product. So that is the first issue—just coming up with that money up front often.

The second issue is figuring out what you need, and that one of the things in some of my research that I have seen and some of the MEPs, both the strength and the weakness of the MEP program is quite decentralized. And so, some of them have responded to the continuing uncertainty about the budget by scaling back and having shorter programs, more kind of 1-day things.

But, it takes an overview of where you are going to be able to tap into that. A big company that knows, “We have some needs. Here is something that can train my workers in the latest C&CE” or “here is how you do a supplier development program.” They can tap into that more easily than a small business owner that is trying to figure out “how do I make my payroll tomorrow?”

This is really, I think, an area where the MMTC excels in offering these 2-day kind of overview diagnostic that they subsidize, is my understanding. I think they scramble to find the money to fund it, but I think it is really important to be able to get small business to tap in.

Senator BROWN. So it is your recommendation that MEP funding be tripled in order to obviate the need for the co-pay or to extend the reach of MEP into more businesses or both?

Ms. HELPER. Both. I mean, I think some co-pay is important. You need to have some skin in the game, but I think the level of the co-pay now is a barrier.

That is the first problem, and then it also means that MEP has trouble or many of the individual centers have trouble coming up with the ability to fund a kind of overview or diagnostic for the firm. But then the firm could figure out and could see, “These courses would actually be valuable to me.”

It may seem like there is free training out there. Of course, it would be overprescribed. There are a lot of MEPs that have trouble actually finding firms that know how to take advantage of the services. So there is a kind of a market making that the MEP budget

and a kind of national attention to some of these issues can help with.

Senator BROWN. Thank you, Dr. Helper.

Mr. Kildee, you mentioned Youngstown. Not that I am more interested in Youngstown than I am Flint, but I am more interested in Youngstown than I am Flint, for many reasons. But we appreciate the work that you have done in a real challenging situation in Genessee County.

In Youngstown's population, you said Flint went from 197,000 to 120,000. Youngstown only got up to 160,000, and it is down to half its size. It actually had a bigger population percentage drop, as Detroit has, as Cleveland has, than even Flint has.

But Youngstown, there is an incubator project very different from this one. It is not aimed at alternative energy. It is not university based. But it is high-tech based. It is 4 or 5 years old. Do you guys know that? Not much older than that.

They now have a whole bunch of different small businesses, about 250 employees. The average age is 28, and the average salary is \$58,000. They just brought, and I bring that up partly to brag about them, but mostly to ask you a question about sort of where they may be going on this and where we might be able to go on this.

They have just got a new business that is coming from San Francisco that they think has real potential job growth. The movement from San Francisco to Youngstown is mostly—they had an Ohio connection somehow. But the movement is not somebody coming back to be near family. It is nothing like that. It is because the time of commute and the cost of housing and the cost of living generally, but particularly housing is so starkly different, obviously, between Youngstown and San Francisco.

Is that a model that we can pursue? I mean, in some sense, it sounds like a race to the bottom, but it really isn't because it is still good wages here. It is just our homes cost less and property and all that. Is there a way to use that model in places like Flint and places like Toledo that we begin to bring businesses back here because of lifestyle, because of an easier place to live than many of these cities that have had explosive growth that Dr. Calzonetti talked about?

Mr. KILDEE. I think it can be. Cities like Youngstown, Flint, other places that are similarly situated do have some natural advantages. The size, at least the historical efficiency of those cities is still in place. Those cities were built and worked very well for a long time.

I think the challenge—as I mentioned earlier, in order to attract the kind of employers that you mentioned coming from the West or the South or new startups, in order to attract entrepreneurs, we really have to build the cities that people want to live in. They don't have to be big cities.

Flint, for example. We are now seeing a rebirth in the downtown of Flint because we are building a different kind of downtown, relying on the fact that we have a branch of the University of Michigan, which, by the way, is an actual university—

[Laughter.]

In Ohio, people sometimes challenge you about that. We have a branch of the University of Michigan right in our downtown. Youngstown has, of course, the University—

Senator BROWN. Does U of M have several branches? I didn't know that.

Mr. KILDEE. Three.

Senator BROWN. Three. Where else?

Mr. KILDEE. Ann Arbor, which we call the south campus—the University of Michigan-Flint, and Dearborn.

Senator BROWN. Dearborn.

Mr. KILDEE. Which is in—

Senator BROWN. That is really the south campus.

Mr. KILDEE. Right, right. I think, to answer your question specifically, yes, there is great opportunity for medium-sized cities, but we have to rethink public investment in these cities. The Federal Government has a stake in this, and money that comes from the Federal Government to the States or from the States to the local communities ought not be neutral on the question of cities.

We ought not treat public infrastructure development that expands the size, the footprint, and then the cost of government with a more rational use of public investment to rebuild streets or parking decks or rebuild historic structures in our downtowns, in our cities where we have already spent, like I said before, literally billions of dollars. Investment ought not be neutral.

Interestingly enough, and I know it will probably never get to a point where public policy would support this, but the cost of developing new public infrastructure in a suburban or currently rural community, in order to attract jobs and to build an economy, is far greater than the cost that it would take to underwrite the operating loss for a short period of time for a pharmacy, a grocery store, and the little amenities that these downtowns need in order to complete their attractiveness to new, young, thoughtful, and not-so-young, knowledge-oriented workers.

The kind of public investment that requires us to build a multi-million dollar exchange in suburbia is actually costing us a lot of money because we have to maintain that. We have to also maintain the public infrastructure that we built 50 years ago and left behind.

To me, it is not just a matter of better use or better stewardship of public dollars when we invest, but actually thinking about the implications for those investments. In order to make cities like Youngstown, Flint, Gary, IN, attractive again, we really do need to rethink our public investment strategy. And I think urban land is an opportunity that can't be overlooked.

Senator BROWN. In a sort of a macro-political sense, how do we do that?

Mr. KILDEE. There is a lot of State policy that needs to be changed. That is what we did in Michigan, and I really didn't get into the detail of this because if we start talking about tax collection systems, we will clear the room.

[Laughter.]

But we changed our tax collection system in Michigan based on our model. We re-engineered that system from a liquidation approach, which meant that when we had uncollected taxes, we

would just simply sell tax liens to private investors and auction urban property to people on the Internet. That liquidation model is what many mortgage lenders are using right now in clearing their books of foreclosed assets. I worry about that as well.

We decided to approach urban land, particularly tax foreclosed urban land, with an investment strategy, treating this land as if it has real value. It is only by engaging that kind of a system and appreciating the property that we can get for very little money can actually be made valuable again if we treat it that way, that is going to require some State policy changes.

Finally, for the first time ever, Federal law, since July, now actually uses the term "land bank." The \$3.92 billion that is being distributed throughout the United States right now for communities to purchase mortgage-foreclosed properties supports the creation of land banks. And I have been working with your county treasurer, Wade Kapszukiewicz, right here in Lucas County to pursue the creation of a land bank right here.

Toledo is in a much better condition than Flint. This is the time to do this. You might not feel like it is. But come to Flint, and I will show you. This is the time when a community really should embrace its urban land assets, not when you get to a point when you are in a Flint, MI, or a Youngstown condition, when you are really in the emergency room.

It might not feel like it for some of you that are doing the hard work here in Toledo, but you are in a much, much better position to minimize any negative effects of what has been a failed American urban land strategy for the last 30 or 40 years, if you act now.

Senator BROWN. Thank you.

Wade has been working with Cuyahoga County, Jim Rokakis, also on land bank. I spoke with him a few days ago, and the governor is starting to focus on this, too. I mean, I think there is a real movement in Ohio to in part mimic what you are doing, in part to strike up in some new directions, too.

Mr. DMYTRYKA, thank you. You have obviously thought a lot about attracting people into science, technology, engineering, especially math. I am sure that you are focused on your own business, and your involvement with the chamber has given you and the Workforce Investment Agency generally has given you also a broader picture, too.

What do we do in this country to attract particularly minority and women engineers, but just engineers generally? Where are we falling down? What can society do? What can the Federal Government do? What can State governments do to make it easier for your business to be able to find those engineers outside of people that you know who know people?

Mr. DMYTRYKA. I think that planning for the future, our company is to the point where the people that we are looking for aren't necessarily today the ones coming out of school. Yes, we are still taking them because we still want to grow from within. But our model of growth that we implemented back several years ago, we now need some of those middle and upper level people.

To me, one of the things that I have been involved in, and I think anybody in my position could rather easily be involved in, is I go back to the grade school that my kids went to and do a project with

the 7th grade. And it takes me an hour once a week for the second semester, and it is a hands-on project offered by the Society of Automotive Engineers.

One year, we will do gliders, and one year, we will do gears on a little electric model car. And we put them in teams of three or four. Because now I don't know any of them—my boys, my youngest one has been out of that school for 6 years now. I still go back because I enjoy it, but I don't know them. So we just put them in groups and make them work together, whether they like their partners or not. That doesn't become my problem. It becomes their problem.

But the idea of working together in a team environment, it is the first time they have probably ever done that, trying to learn something about a glider and why it flies. You know, doing some research, even if it is getting on the Internet and finding machines that fly or machines with gears and how one big gear is going to turn smaller than a little gear. But the one has more power than the other, trying to get them to that idea.

That is something I think anybody can do to that point. Now I don't know if it is necessarily anything that can come from Washington or Columbus or downtown Toledo. It is on the individual basis. And by giving that time back, I am hoping that out of 28 kids, if one of them gets into engineering, then 30 years from now, somebody sitting in my position is going to have somebody who is going to be able to help them out.

Senator BROWN. So are engineers around the country doing things like that in the schools? Electrical engineers, mechanical engineers, industrial engineers, do you know if that is going on much?

Mr. DMYTRYKA. I can't believe I am the only one, OK? I might be good, but I ain't that good.

[Laughter.]

I can't believe I am the only one. The program comes out from SAE, which is a national organization.

Senator BROWN. So likely they are promoting that in other places in the country and the State?

Mr. DMYTRYKA. Yes. Yes, sir.

Senator BROWN. That is an interesting thought. Because I know that Chancellor Fingerhut and the governor are really tuned into what we do. And one of the things I mentioned earlier, I do these roundtables around the State where I have done probably 120 of them, sitting around with 15 or 20 people and asking questions about their communities.

What has astounded me is how many business people, whether they are employers, whether their business is social service, hospitals, whatever, saying they can't find enough employees that either can pass the drug test or qualify to—and sometimes it is engineering. Sometimes it is way less skilled than that, and it is sort of all across the board in a lot of ways.

A lot of it is the building trades, that we don't have enough people we are training in the building trades. And very good jobs with managing your own pension so they are going to have pensions when they retire and all that those middle class jobs mean.

So thank you for your thoughts on that.

Mr. DMYTRYKA. Thank you, sir.

Senator BROWN. Dr. Calzonetti, thank you for introducing two great entrepreneurs that are providing jobs in this community. It all started at University of Toledo. We particularly like that.

This is a story that the governor and I were talking about in Perrysburg how we tell this story about Xunlight and First Solar and wind turbine research and solar, all the things that you are doing here. We are telling the story. He tells it around the State. I tell it around the country, and it is pretty exciting.

As a geographer, what role do you think that the Great Lakes can play in—I am going to go a little far afield from alternative energy, which is your real focus, I understand. But what role can the Great Lakes play in the kind of resurgence of Michigan and Ohio and other States that have been so productive and built this country and could build this country again?

Mr. CALZONETTI. Well, the Great Lakes obviously a tremendous resource, not just the largest fresh water source in the world, but—

Senator BROWN. I am not even a geographer, and I knew that. [Laughter.]

Mr. CALZONETTI. [continuing.] As a source of energy. You may have seen the article in yesterday's Washington Post about the wind potential in the Great Lakes. I mean, as a source of energy from wind, it can be enormous. And so, there is the energy potential for producing wind energy.

Senator BROWN. Someone at the University of Toledo told me that one of the advantages the Great Lakes has in wind is that the blades, the most efficient blades are now 250, 300 feet long and you can really only move them on water?

Mr. CALZONETTI. That is right.

Senator BROWN. That is another advantage we have.

Mr. CALZONETTI. Exactly right. So, when you move to larger systems, obviously, offshore makes a lot of sense. Cleveland is making a big push, as you know, in moving forward with offshore wind development.

If you look at the load centers, where the load centers are throughout the country, you will find that the load centers are mostly next to coastal areas. The Great Lakes have a lot of resource there.

We, at the University of Toledo, have the Lake Erie Research Center. We are very interested in the health of the Great Lakes, what it means for drinking, bathing, and recreation and fishing, and concerned about the dead zone issues and other issues that affect the health of the Great Lakes. Of course, there is a lot of fresh water there that people are looking at throughout the country, and so it is good for us to protect that as well.

But it is a key resource that also supports transportation. If you go back to the history of Toledo, it was really built around its transportation assets, and it was a place where people can come in from the Erie Canal, go across Lake Erie, and then they would have easy access to the West. And the lakes still are very important for transportation, as you mentioned, with the wind turbine blades, and also the potential to bring in freight from throughout the world and also taking advantage of multimodal opportunities.

Senator BROWN. Thank you.

Let me ask a general question and any one of you can answer, you all don't have to answer this. I am going to ask you the question that I asked the other panel. What one or two things can Government do?

You heard the first panel, and you heard Ms. Price's story and Mr. Goshe's story. Any one of you have an opinion on what Government can do for people who walk into the Lucas County one-stop agency and what role Government can play to help people more immediately?

Do you have any thoughts on that? It is not an easy question. Mr. KILDEE.

Mr. KILDEE. I can offer one thing. It doesn't relate directly to what they are addressing when they walk in, but I deal with a whole lot of folks—I have a foreclosure prevention program, and it is the same population that I am sure that are concerned about their job, they are concerned about losing their house.

I find one common theme, and this is a huge one. It is the fact that many people are being bankrupted by the lack of access to affordable healthcare. I have prevented 2,300 foreclosures in my county. And with very few exceptions, people that are coming in to see me have one of two conditions. First, they either do not have healthcare and that some awful condition has caused them to have to forego paying their mortgage or their taxes in order to take care of their health of their family, No. 1.

Second, and this is sadly the case, that there is a level of illiteracy, functional illiteracy among a percentage of our population. The sad thing is, here, I am the county treasurer. I am the tax collector, looking to try to figure out a way to not foreclose on a family because they failed to pay their taxes, and in my view, the very government that is asking them for taxes failed to educate them properly in the first place and can't make a priority of healthcare the way we have made the priority of other things in this country.

It is a big answer to a very direct question. But it is pretty hard, for me anyway, to avoid that glaring failure that I see affecting so many families.

Senator BROWN. Thank you.

What is the one or two things that you would recommend that I can do, my office can do, the Senate, the House and the White House can do, that you would like to see? Do you want to start, Dr. Helper?

Ms. HELPER. I guess what I want to think about is a strategy that should underlie every Government policy and a couple questions to ask. One is, is it sustainable? Does it reduce the carbon footprint, or does it make things worse in terms of environment?

The second thing is, is it going to promote operating or an economy that is based on cultivating the talents of all workers? So it would create a stable middle class that knows how to innovate, as opposed to competing on can we bribe rich people to bring their plant here at some great cost?

So it seems like there are a bunch of policies that come under that, but for every bill that comes forward, think about those problems, those programs. Healthcare is obviously really important. I

keep coming back to the MEP. It is a tiny program, but what it does is it links together.

I think one of the problems with a lot of the programs we have is if you know how to do it, there is all kinds of stuff you can access to. There is training. There is this. There is that. But MEP has the possibility of being kind of a one-stop for business, and unite all that, so workers can actually advance, contribute, et cetera.

Senator BROWN. Mr. Kildee, anything you want to add?

Mr. KILDEE. Just actually to reiterate an earlier point, and that is to rethink the Federal role in public investment. The devolution of authority to the States and local communities to determine how to use Federal dollars I think in some ways has allowed the Federal Government to abdicate its responsibility for having priorities for the use of its money.

Cities really do matter. Cities ought to be a Federal responsibility to a much greater extent than they have been in the recent period. And so, when it comes to transportation dollars, when it comes to support for higher education, for example, or K-12 education, recognizing that cities, but especially America's older, weak market cities have special challenges that ought to be recognized. And not out of the largess of the Federal Government should that become a priority, but in the self-interest of this Nation we have to reinvest in those cities.

To prioritize Federal support in those old cities that built this country in the first place I think would be a step in the right direction.

Senator BROWN. Thank you.

Mr. Dmytryka.

Mr. DMYTRYKA. I would follow up on that. I think reading, writing, arithmetic, down at the bottom levels and working your way up. Definitely. Functional illiterates, they are there, and they don't really—they get in the workforce, and I don't know—in my industry, they wouldn't help.

The other thing is to the difference between someone with a high-tech background and someone who wants to work in high tech, which is a distinct difference because not everybody is going to go to college, get a bachelor's, master's, or Ph.D. But an awful lot more people could be trained to work in the high-tech industries with some knowledge, but they are not going to get that knowledge unless they know how to read, write, and do arithmetic.

So it is going back to that.

Senator BROWN. Dr. Calzonetti.

Mr. CALZONETTI. Yes, I would say that the world is rushing into clean energy, tremendous opportunities. Countries throughout the world and companies in those countries are making investments supported by their governments.

The United States has been a leader in the development of the technology. For instance, solar cells came out of Bell Labs in 1954 first patented. Wind turbine technology, a lot of it was developed at NASA Glenn in the 1970s.

Senator BROWN. And in Sandusky, too.

Mr. CALZONETTI. And Sandusky, yes. At the Plum Brook facility.

However, who picked up on this technology? We need to have a government that is going to make advanced energy a high priority,

invest in this, and to keep the companies that are growing very well here, here.

I just returned from China. I went over there, talked to them about what we are doing here. I was invited back. They want us to come back. They have 10 companies that want to meet with us about our technology to set up facilities in China. We need a government that is going to take a full assessment of the full cost of energy systems, the environmental cost of energy systems, as well as the cost of energy security.

If you go back to, for instance, President Carter days, that was the first time that it was acknowledged that maintaining the supply lines from the Persian Gulf was a matter of U.S. economic security, and there are enormous costs for doing that. We have a lot of potential that would build technology right here in this country, and we need to have a new commitment to develop that technology.

Senator BROWN. Thank you. Thank you all. Dr. Calzonetti, Mr. Dmytryka, Mr. Kildee, and Dr. Helper, thank you.

Anyone, including the first panel, that wants to submit any additional testimony, get it to us within 10 days. Thank you again.

Thank you for being here, Ms. Hastings, and thank you again, Chris, very much for your work and, Jessie, for your work.

John Ryan, my State director, is also here. Thank you, John, and all of you that joined us, thank you. Stay in touch with us. If you have thoughts or ideas that you want to share with us, certainly feel free to come forward and do that.

The hearing is adjourned. I thank you very much for being here.
[Additional material follows.]

ADDITIONAL MATERIAL

PREPARED STATEMENT OF SENATOR ENZI

Thank you Senator Brown for holding this important field hearing today to address the needs of American workers and the role job training can play in strengthening and rebuilding our communities.

I believe job training is critical to the success of our communities and Nation. Job training is important both to provide a skilled workforce to avoid closings and to assist workers who have become dislocated. That is why I helped author the reauthorization of the Workforce Investment Act (WIA) which creates a streamlined job training and employment system for our employers and workers. Unfortunately, the Workforce Investment Act (WIA) is 5 years overdue for reauthorization. The Senate passed a bipartisan WIA reauthorization bill in both the 108th and 109th Congress by unanimous consent. However, in this Congress a Senate reauthorization bill was not even introduced. Such inaction is unacceptable.

Congress must renew and improve the Workforce Investment Act by building on its successes so that all Americans have access to education and training opportunities. The structure is already in place, we just need to refine the system to prepare our workers for the new careers of the 21st century. The fact is that we don't even know what the high wage, high demand, high skill careers will be in the next decade. The skills for today's jobs are not the skills needed for tomorrow's jobs—everyone must have the opportunity and access to training and education that will keep them successful in a rapidly changing work environment.

We face many challenges today. Today, an estimated 85 percent of jobs are classified as "skilled" jobs, compared to only 15 percent of jobs classified as "skilled" jobs in 1950. From 2004 to 2014 the numbers of jobs in the U.S. economy is expected to grow by 13 percent, those jobs requiring at least some college will grow the fastest. By some estimates, nearly four out of every five new jobs being created will require some education or training beyond high school which is why it was critical that Congress passed the Higher Education Opportunity Act which we had been working on for 5 years!

In order to meet these challenges head on, we must work with our businesses—big and small—to make sure they have the highly skilled workforce they need to be successful in the 21st century global economy. Additionally, our workers need more opportunities to grow their skills and our businesses deserve a high quality, highly skilled workforce.

Over the past 4 years we have been able to reauthorize Head Start, career and technical education programs and higher education. We are working on high school reform to make sure that more of our students graduate on time with the knowledge and skills they need to be successful in college and the workforce without remediation. We need to get the reauthorization of the Workforce Investment Act done so that everyone throughout life has access to the education and training opportunities they need to be successful. Once again I urge the Senate leadership to take up reauthorization of the Workforce Investment Act (WIA), it is past

time for the Senate to get serious about workforce development and job training and take action on this important legislation.

PREPARED STATEMENT OF VAUGHN K. BUNTAIN, EXECUTIVE VICE PRESIDENT,
IBC SOLAR, INC.

The State of Ohio can create jobs and an industry very easily: follow the example of Germany. The former eastern Germany was a devastated waste land of high unemployment, low productivity, and empty factories. To reintegrate those eastern States, Western Germany did two things:

1. Created a new industrial base—in their case: renewable energy.
2. Fueled that base with regulations to inspire companies to invest.

Today, Germany is the leading country in the world for solar energy with **14 percent** of their energy supplied by renewable energy and their goal is **20 percent** by 2020. Thousands of jobs, hundreds of new companies—most of them in the former east Germany. No other country comes close.

This example demonstrates three things for Ohio:

(A) Create **tax incentives** that **pull** companies to Ohio. Right now, in a recent report, Ohio ranks near the *bottom* of States with favorable tax climate (read how *independent* reports classify the State's tax climate and don't be side-tracked by programs that Ohio is offering . . . other States are *also* doing things—and they leave Ohio ranked near the bottom).

(B) implement a **20 year feed-in tariff** for solar energy—this will create thousands of jobs, pull dozens of companies to Ohio, enlarge the tax base and put Ohio on the leading edge of solar energy initiatives—far out in front of CA. The 20 year period is what *pulls* investors to the area . . . banks are willing to make loans for purchasing solar photovoltaic systems because they have a long window of opportunity . . . make it *attractive* for individuals and companies to invest in solar energy . . . if people can save money and make money, they will invest . . . unfortunately, few people in U.S. politics today understand that. Give the utilities the ability to recover feed-in tariffs using well-known, SBC mechanisms. I'm happy to provide details of Germany's success with the feed-in tariff, if necessary.

(C) **Decouple utility earnings from revenues** so that utilities can start *promoting* energy efficiency and solar adoption. A simple fact: As long as utilities earn more when their customer base uses more energy, they will never encourage energy conservation . . . give them the tools.

Bottom line: Take the lead, show leadership—do what no other States are doing and you can make Ohio the *leading* State in the union for solar energy. There are plenty of people willing and able to assist, including IBC Solar, Inc.

Thank you.

[Whereupon, at 11:59 a.m., the hearing was adjourned.]

