GROWING JOBS THROUGH INFRASTRUCTURE INVESTMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON INNOVATION, ENTREPRENEURSHIP, AND WORKFORCE DEVELOPMENT

OF THE

COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES

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CONTENTS

OPENING STATEMENTS

WITNESSES

APPENDIX

GROWING JOBS THROUGH INFRASTRUCTURE INVESTMENT

THURSDAY, MAY 6, 2021

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON INNOVATION, ENTREPRENEURSHIP,
AND WORKFORCE DEVELOPMENT,
Washington, DC.

The Subcommittee met, pursuant to call, at 1:01 p.m., via Zoom, Hon. Jason Crow [chairman of the Subcommittee] presiding.

Present: Representatives Crow, Phillips, Newman, Bourdeaux, Williams, Tenney, Garbarino and Young Kim.

Chairman CROW. Good morning. I call this hearing to order.

Without objection, the Chair is authorized to declare a recess at any time.

I want to thank everyone, especially our witnesses today for joining us today for this Committee's remote hearing. I want to make sure that we start by noting a couple of important requirements.

Let me begin by saying that the standing House and Committee rules and practice will continue to apply during remote proceedings and all members are reminded that they are expected to adhere to these standing rules including decorum when they are participating in any remote event.

With that said, the technology that we are utilizing today requires us to make some small modifications to ensure that the members can fully participate in these proceedings. House regulations require members to be visible through a video connection throughout the proceeding, so please keep your cameras on. Also, if you participate in another proceeding, please exit and log back in later.

In the event a member encounters technical issues that prevent them from being recognized for their questioning, I will move to the next available member of the same party. I will recognize that member at the next appropriate time slot provided they have returned to the proceeding.

Should a member's time be interrupted by technical issues, I will recognize that member at the next appropriate spot for the remainder of their time once their issues have been resolved. In the event a witness loses connectivity during testimony or questioning, I will preserve their time as the staff address the technical issue. I also may need to recess the proceedings to provide time for a witness to reconnect.

And finally, remember to remain muted until you are recognized to minimize background noise.

In accordance with the rules established under H.Res. 965, staff have been advised to mute participants only in the event that there is inadvertent background noise. Should a member wish to be recognized, they must unmute themselves and seek recognition at the appropriate time.

All right. We have all the technical stuff out of the way now.

So it is no secret that America's infrastructure has long been in decline. The World Economic Forum ranked the United States 13th in the world for infrastructure in 2019. Our country earned a C- in a recent infrastructure report card issued by the American Society of Civil Engineers, continuing a streak of subpar marks from the organization.

Across the country, roads, bridges, and railways are crumbling. In April, President Biden announced the American Jobs Plan. The framework would invest nearly $2 trillion in the national infrastructure over the next decade. The plan would modernize 20,000 miles of highway, repair 10,000 bridges, eliminate all lead water pipes and provide highspeed broadband to all Americans.

In the process, America's infrastructure revitalization would boost our Nation's small businesses. In multiple nationwide surveys, over half of small business owners viewed infrastructure spending as integral to their business's success. Small firms rely on new bridges, new electrical transmission lines, and accessible high-speed Internet to ship their products, power their business and market their brands. By investing in infrastructure, we can help entrepreneurs reach new domestic and international markets, tap new suppliers, and ultimately, expand their business. The American Jobs Plan represents a generational investment in American infrastructure. If enacted into law, President Biden's plan will lead to a wave of job creation unprecedented in recent memory.

However, it is not enough to create jobs. Our country needs a pipeline of skilled workers to fill them. The infrastructure workforce is staring down a deficit of qualified employees. Infrastructure workers number 17.2 million nationally and more than a quarter of them are projected to retire or permanently leave their positions over the next decade.

A 2020 survey found 72 percent of construction firms anticipated that labor shortages would be their biggest hurdle in 2021. On top of that, many of those who permanently lost a job due to COVID were concentrated in low-income sectors like service and retail. These workers will need skills training to fill the void in the infrastructure workforce.

If we are to successfully rejuvenate America's infrastructure, we will need qualified workers to get the job done. That is why the American Jobs Plan invests $100 billion in workforce development programs. These funds will help underserved groups like women and people of color, including a $40 billion investment in a new dislocated workers program, and a $48 billion investment in workforce development infrastructure and worker protect.

With college tuition costs skyrocketing and little guarantee that it will lead to a middle-class lifestyle, apprenticeships are gaining popularity. Apprenticeships are mutually beneficial for businesses and their employees. Workers are compensated as they learn new skills and firms have the opportunity to develop otherwise ineligible applicants into valued members of their team.

The American Community College system also provides students with the skills needed to get a good job after graduation. These institutions are located all around the country and are sometimes more accessible than 4-year universities. They often work with the private sector to determine workforce needs.

So I hope that today's hearing will allow us to explore workforce development programs and discuss how Congress can leverage them to train a new generation of workers.

I now yield to the Ranking Member, Ms. Kim, for her opening statement.

Ms. YOUNG KIM. Thank you, Chairman.

As the country continues its recovery from the widespread destruction caused by COVID-19, there are issues that existed before the pandemic that must be addressed. Chief among those is the state of America's infrastructure. Therefore, I think our hearing on Growing Jobs through Infrastructure Investment provides a timely discussion.

It is not hyperbole to state that infrastructure is one of the driving forces behind America's economic, military, and political strength. Every great civilization in times past acknowledged the tremendous importance of a robust infrastructure network and our country is no different. It is one of the reasons for America's rapid expansion and rise, and it is one of the reasons why this Nation has become globally recognized as a world leader for nearly 2 centuries.

Unfortunately, our Nation's infrastructure is declining in almost every sector. From delays caused by traffic congestion on poorly maintained roads and highways, to overburdened and aging airports, antiquated drinking and wastewater systems, an ever-expanding backlog in rail and public transit maintenance, the Nation's sprawling infrastructure network is long overdue for an upgrade.

We ignore the seriousness and immediacy of this program at our own peril. The more we allow our infrastructure to decay, the more we will see economic activity wither.

Close to my home district in California's 39th District, stalled traffic robbed the LA Metro area commuters an average of 119 hours in 2017. So clearly, we must do more to decrease commuting time in an increased savings through a better infrastructure system. When infrastructure is a priority, it produces well-paying construction and manufacturing jobs for middle-class Americans. Given the large concentration of small businesses in manufacturing and constructure, investing in infrastructure can and will improve the lives of millions of small business employers and their employees on a wide scale. Additionally, investing in infrastructure causes an outward rippled of prosperity, creating jobs in many industries through a significant multiplier effect. In short, infrastructure means wealth creation in struggling small businesses now more than ever in the wake of the COVID-19 pandemic need this boost.

While we can all agree on the importance of investing in infrastructure, how we get there is a more delicate matter. The term "infrastructure" can encompass many things, from roads, highways, and bridges, to aviation, ports, water systems, and even broadband. However, to maximize the public benefit of a vigorous and healthy infrastructure network, we must start with a focused, targeted approach to our core infrastructure systems. Additionally, I believe small businesses operate best when the government does not stand in their way. We need to cut the red tape, reduce the bureaucracy, and eliminate burdensome regulations and requirements that hold small businesses and our economy back. Subjecting small businesses to inflexible labor laws and increased taxes as we have seen proposed by some of my colleagues across the aisle will undermine the hard-earned recovery efforts undertaken by small businesses clawing their way back from the break.

It is no secret that we have different views on many issues. Yet, infrastructure is one issue that is too important to be waylaid by partisan politics. We should build on our common ground and bring this Nation's infrastructure back to the shining example of modern development and success it used to be.

I look forward to hearing the testimony of our witnesses today, and I yield back.

Chairman CROW. Thank you, Ms. Kim. The gentlewoman yields back.

I would like to take a moment to explain how this hearing will proceed. Each witness is going to have 5 minutes to provide a statement, and each Committee member will have 5 minutes for questions. Please ensure that your microphone is on when you begin speaking and that you return to mute when you have finished.

With that, I would like to introduce our first witness.

Our first witness is Mr. Michael Tamasi, president and CEO of AccuRounds, a manufacturing company in Avon, Massachusetts. He is a second generation owner and has been working in the family business since 1985. In 2014, he was named to the New England Advisory Council for the Federal Reserve Bank of Boston where he became Chair in 2018. He is also active in the National Tooling and Machining Association as an audit team leader and served on the Boston chapter's board for 15 years. He currently sits on the advisory board for the Mechanical Engineering Department at the University of New Hampshire where he received a Bachelor of Science in Mechanical Engineering before going on to earn an MBA from Babson College. Welcome, Mr. Tamasi.

Our second witness is Dr. Annette Parker, president of South Central College in Faribault, Minnesota. Dr. Parker has a long history in the community college system having obtained an education from Lansing Community College and serving in leadership positions in the Kentucky Community and Technical College System as the director of workplace education. Dr. Parker was appointed to President Obama's Advanced Manufacturing Partnership Steering Committee 2.0 and Co-Chaired the Demand-driven Workforce Development Team. Among many other roles, she has served on the board of directors of the American Association of Community Colleges and on the MIT Work of the Future Taskforce Advisory Board. Welcome, Dr. Parker.

Our third witness is Mr. Eddie Bustamante. Mr. Bustamante is the political and legislative director of Laborers' International

Union of North American Local 720 in my home district. He received a bachelor's degree in Political Science from Metropolitan State University of Denver and has served on the Workforce Work Group for the Energize Denver Taskforce to create jobs while cleaning up the city's current and future buildings. Welcome, Mr. Bustamante.

I will now yield to the Ranking Member to introduce our final witness.

Ms. YOUNG KIM. Thank you very much.

I would like to welcome our final witness, who is from the great state of California, Mr. Gustavo Bruner. Mr. Bruner is the president and project executive of Caliagua, Inc. Under his leadership, Caliagua earned a stellar reputation within the Southern California community for delivering precise, detailed, and successful outcomes on water and wastewater engineering and construction projects. Mr. Bruner has a long and rich history in this industry starting his career as early as high school working in the field as a laborer with skilled pipefitters, carpenters, laborers, and operating engineers to construct water and wastewater facilities. He continued his education with a pipeline and mechanical contractor as a project engineer, cost accountant and estimator, and eventually transferred to join the private sector as a controller for a multinational industrial painting and coatings contractor. He joined Caliagua in 1986. This is a family business started by his father in 1987, and he has served in multiple roles from mechanical and concrete field work to project manager, and now the president and owner of this company. He is a native of Anaheim, California, having grown up just blocks away from Disneyland and is a proud graduate of California State University Fullerton where he earned his B.A. in Business Administration and Accounting. Today, he is testifying on behalf of the Associated General Contractors of America (AGC), which is the leading association in the construction industry representing over 27,000 firms, many of whom are small businesses. Mr. Bruner, thank you for your participation today and we look forward to hearing your testimony. I yield back.

Chairman CROW. Thank you. The gentlewoman yields back.

Mr. Tamasi, you are now recognized for 5 minutes.

STATEMENTS OF MICHAEL TAMASI, PRESIDENT AND CEO, ACCUROUNDS; DR. ANNETTE PARKER, PRESIDENT, SOUTH CENTRAL COLLEGE; EDDIE BUSTAMANTE, POLITICAL DIRECTOR, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA LOCAL 720; GUS BRUNER, PRESIDENT AND PROJECT EXECUTIVE, CALIAGUA, INC.

STATEMENT OF MICHAEL TAMASI

Mr. TAMASI. Thank you, Representative Crow. And thank you to the Committee on Small Business Subcommittee for the opportunity to speak today. Thank you for all Congress has done during the pandemic to keep small businesses afloat and people employed.

My name is Michael Tamasi, a second generation family business owner, president and CEO of AccuRounds, a mid-sized precision machining company located in Avon, Massachusetts, providing mechanical components. We make parts for Boeing, Amazon Robotics, Walmart, and more. Our higher purpose today is making shafts used in machines that manufacture vaccines. That work has tripled in the past 12 months.

I have been involved in the workforce space for over 30 years, both locally and nationally, ensuring that the manufacturing industry has strong workforce development, which is extremely important to me, my team, and my community.

The shortage of skilled workers is not a new story. I have an article in my office from 1975 featuring my father titled, “Just give me a few good men.” Forty-five years later, we still have a skills gap. We need people with critical thinking and problem-solving skills; and the desire to continuously improve.

As our workplace becomes even more reliant on advanced technology, we also face the need to upskill workers with digital skills. Thirty-five percent of workers in our industry need additional digital skills to be successful in jobs of the 21st Century. The pandemic has only exacerbated our ability to hire and train skilled workers. We are turning away work due to the lack of talent. We need investments in infrastructure, manufacturing, and clean energy, which will intensify the hiring challenge for small business, making the role of public investment and policy that supports workforce development a critical part of any infrastructure investment. Supply chain resiliency is vital to the future of advanced manufacturing, and more importantly, to our national security defense, semiconductor, battery technology, biomanufacturing, and more.

AccuRounds has addressed this problem in many ways and I will highlight three. Sector partnerships. The Massachusetts Advanced Manufacturing Collaborative, which I Co-Chair with our Secretary of Housing and Economic Development, is a sector partnership that convenes public and private stakeholders to develop and implement the Massachusetts Manufacturing Plan. State funded regional consortium grants deliver job-driven, short-term training programs through collaboration among industry, education, and government. The Massachusetts Emergency Response Team launched out of the AMC when COVID hit, assisted Massachusetts companies to pivot their operations in record time to produce much needed PPE for our medical community. Highlighting the importance of a vibrant manufacturing ecosystem and what can be accomplished with the proper investments and resources.

Vocational School Partnerships. Voc-Tech schools are our top pipeline for talent with a focus on recruiting and advancing women, people of color, and people with disabilities into our workforce. We currently have a female CNC machinist co-op from a technical school who will join us full time when she graduates. One team member of color who stated as a co-op just over 10 years ago purchased a home recently. Multiple training programs helped him advanced his skills and pay. I was thrilled the day he shared that news with me. Manufacturing is no longer dark, dirty, and dangerous. It is safe, smart, and sustainable.

Finally, Incumbent Worker Training. AccuRounds supports and invests heavily in on-the-job training which is a daily activity. Incumbent worker training is essential for our business and for our team to succeed and advance their career. Through the

AccuRounds Lifelong Learning University, we have created a learning mindset utilizing state-funded technical training, MEP soft skills training, custom internal programs, online courses, and more. Manufacturing is very capital intensive. CNC machines, quality tools, software programs, thus, the need to constantly learn new technology, costly in both dollars and training time.

How can Congress help? With these proven solutions there are many ways Congress can continue to partner with the small and mid-size businesses. The proposed American Jobs Plan has an investment of $100 billion for workforce, a critical step, and we will need this Congress to maintain robust investments in workforce development as a foundation of any infrastructure and job creation package. In addition to new funding, Congress should ensure existing funding supports industry or sector partnerships, like the Advanced Manufacturing Collaborative that drive job-specific training, changing students' lives, supporting STEM careers, while bolstering American products and industries. These investments should support costs on providing incumbent worker training including developing digital skills. 3D printing, robotics, automation are here. At our doorstep is artificial intelligence, augmented reality, and virtual reality.

Finally, better aligning postsecondary policy with industry demand and worker need would revolutionize our capacity to upskill and reskill our workforce. If Congress expanded financial aid to anyone seeking skills training, student in high-quality, short-term training programs, not just those seeking traditional college degrees, then small business, could offer career progression for even more workers than we do today.

Thank you for your time. I look forward to answering any questions you may have.

Chairman CROW. Thank you, Mr. Tamasi. I appreciate your testimony.

Dr. Parker, you are now recognized for 5 minutes.

STATEMENT OF ANNETTE PARKER

Ms. PARKER. Thank you, Subcommittee Chair Crow and Ranking Member Kim and distinguished members of the Subcommittee.

My name is Dr. Annette Parker and I serve as the President of South Central College, with campuses in Faribault and North Mankato, Minnesota. I testify before you on behalf of 30 community and technical colleges and 7 universities within the Minnesota State system. My testimony also reflects perspectives of over 1,000 community colleges.

South Central College has a campus in a small metropolitan area and another in a rural community that are influenced by agriculture, manufacturing, and healthcare. We are surrounded by many small towns and businesses and they rely on South Central College to meet their workforce needs. They are challenged by workforce shortages and skills gaps in which community colleges are uniquely positioned to help.

South Central College has developed strong public-private partnerships with our communities, organizations, and businesses, to provide education that meets the needs of our employers, supports the economic development of our communities, and grows student employment.

In 2013, I served on President Obama's Advanced Manufacturing Partnership 2.0 Steering Committee. Within the Committee's report, public-private partnerships, work-based learning opportunities, stackable credentials, and innovative apprenticeship models were emphasized. As a result, South Central College created the Minnesota Advanced Manufacturing Partnership (MnAMP), a consortium of 12 Minnesota state colleges and two Minnesota state centers of excellence. We have created a work-based learning program using stackable certifications and apprenticeships that were funded by a $15 million TAACCCT grant from the U.S. Department of Labor.

The successes we achieved were also achieved by other community colleges across the country thanks to TAACCCT.

Given the impacts of the pandemic, it is critical for the Federal government to fund community college-led job training programs to prepare the workforce needed for any major national infrastructure initiative. Meeting the workforce needs of our employers requires a strong infrastructure. This infrastructure includes labs within community colleges that mirror the workplace. With technology advancing rapidly, it is challenging for community colleges to make the necessary investment. I was also privileged to sit on the advisory board for the MIT Work of the Future Taskforce. The taskforce found increased technology will not significantly reduce the workforce but will require skilled workers to augment their work using technology. It suggests the need for more short-term credentials.

The increasing sophistication of technical education requires continuous, large capital investments. While we are thankful for the state support we receive, it falls short of meeting our infrastructure needs. We appreciate our business and industry partners with their financial support and equipment donations in trying to address that need. But to educate the workforce of the future, we need an infrastructure that supports them.

For this reason, community colleges across the country are enthusiastic and thankful for the Jobs Plan Community College Infrastructure Investment. The President's Community College Infrastructure Proposal is critical to our success. The American Association of Community Colleges estimates a national deferred maintenance and needed renovations and upgrades at $60 billion. For Minnesota state institutions alone, the deferred maintenance is at $1.1 billion. Any Federal efforts should ensure a broad infusion of funds including smaller community colleges that serve small and rural businesses. Emphasis should be given to facilities projects with a strong local economic impact.

Finally, expanding Pell grants to include short-term training is critically important. This allows students to master a skill, start work, and return to the college later for additional education. The Jobs Act supports low-income students' access to job-ready programs that develop a skilled workforce.

I thank you, and I appreciate the opportunity to testify today on our college's experience in building a strong workforce and I look forward to answering any questions you may have. Thank you.

Chairman CROW. Thank you, Dr. Parker. I appreciate your testimony very much.

Mr. Bustamante, you are recognized for 5 minutes.

STATEMENT OF EDDIE BUSTAMANTE

Mr. BUSTAMANTE. Thank you so much, Representative Crow and members of the Subcommittee. Thank you so much for the opportunity to speak today on behalf of this hearing titled Growing Jobs through Infrastructure Investment.

I am Eddie Bustamante, a member of the Laborers International Union of North America Local 720, and the political director for my local, which is a Colorado Statewide Local.

Our laborers work in many sectors within the construction industry, such as heavy-highway construction, commercial building, pipeline and tunneling, precast plants, traffic control, clean energy infrastructure, and water infrastructure. We take great pride in ensuring our members have access to high quality training through our registered apprenticeship program and a state-of-the-art training facility in Brighton, Colorado.

Our trade became an apprenticable trade in 1993 and we have since worked to create a solid pipeline of workers into the industry. Apprenticeship programs are an "earn while you learn" model program meaning workers are employed by a contractor while receiving on-the-job training and also receiving in-class training to further their knowledge.

It is important to highlight that through our apprenticeship program we train for industry and not just for one job or one contractor.

Within our training, members have trained state and U.S.-recognized and approved certifications such as OSHA 10, OSHA 30, all terrain forklift certifications, First AID and CPR, hazardous waste, hoisting and rigging, work zone safety, Colorado Department of Transportation certifications. These are just a few among many other training courses available to our members that extend from general construction training, concrete safety training, et cetera.

We know that our country faces a shortage of workers and the goal of the current administration is to create good union jobs through this infrastructure investment. Therefore, creating a pipeline of workers is incredibly important. A key component to this is ensuring we set a high standard for training as we talk about workforce development. For example, our apprenticeship programs are approved and registered through the U.S. Department of Labor, holding us to the highest standard of training. These standards should be set across the industry to help prevent shortcuts for contractors, associations, temporary staffing agencies to create their own apprenticeship programs without oversight from the U.S. DOL. A solid workforce development plan begins with high training standards.

Here on the ground, we have ongoing efforts to reach our youth and our underserved communities to educate them on the value of a career in the construction industry. We consistently attend job fairs and career fairs in the community and in high schools.

From a policy standpoint, we must also ensure high quality and meaningful labor standards that promote family sustaining wages, employer paid benefits, jobsite safety, local area hiring, and apprenticeship utilization standards. The communities in which this infrastructure is built deserve the opportunity to work on these projects in an equitable fashion.

Our LIUNA Local 720 members earn great wages and employer paid benefits, which include a healthcare plan classified as a platinum plan under the Affordable Care Act, lifetime pension benefit, education and training. We believe these things are key to a solid career in construction. If these standards are set across the industry, I believe there would be a natural progression of workers, young and old, to want to start a construction career thus helping us fill the voids of these workers shortages.

I yield the rest of my time and I look forward to answering any questions as well. Thank you so much.

Chairman CROW. Thank you, Mr. Bustamante.

And Mr. Bruner, you now have 5 minutes. You are recognized for your testimony. Thank you.

STATEMENT OF GUS BRUNER

Mr. BRUNER. Thank you very much, Chairman Crow, Ranking Member Kim, and members of the Subcommittee on Innovation, Entrepreneurship, and Workforce Development. Thank you for inviting me to testify on this vitally important topic.

My name is Gus Bruner. I am the president and project executive of Caliagua based in Southern California. For more than 43 years, Caliagua has been trusted and respected for our engineering and contracting work in water and wastewater pumping and treatment facilities. We are a small union contractor specializing in the construction of potable water, stormwater and sewage pumping plants and related water and wastewater facilities. I am testifying on behalf of the Associated General Contractors of America (AGC), the association of the general construction industry which represents more than 27,000 firms.

First, I want to thank the Committee for taking prompt and bipartisan action during the pandemic, including the Payroll Protection Program and ensuring that loans are fully deductible. Federal investments in infrastructure can play an essential role in rebuilding our economy and creating well-paying jobs for the American people. It would enable the industry to hire more workers and jumpstart our economic recovery today while providing long-term capital investment that will support our economy and communities for generations to come.

Importantly, infrastructure yields high returns on investment. The Department of Commerce estimates that for

spent on water infrastructure, about $2.6 is generated in the private economy. And for every job added in the water workforce, the BEA estimates 3.68 jobs are added to the national economy.

The coronavirus and related economic lock downs led to significant changes in the labor market compared to just a year ago. For example, the construction industry cut nearly 1 million people from its payrolls between March and April 2020. Today, the industry has 200,000 fewer workers than before the pandemic. Meanwhile, there are 8 million fewer workers in the broader economy today than before the pandemic.

This new labor dynamic has created a unique opportunity for the construction industry to attract significant portions of the recently unemployed into high-paying construction careers. These are jobs that cannot be outsourced and provide enormous opportunity for career advancement. Policies that ensure the industry does not miss the current labor opportunities should be encouraged while regulatory and labor policies that restrict growth and economic recovery need to be rejected.

Today, few school districts offer what is now known as Career and Technical Education (CTE) programs or provide instruction in construction skills. This signals to many students and their families that construction is not a career worth considering, despite the fact that it pays more than 10 percent above the average job.

CTE programs are among the most valuable education programs for exposing students to construction skills and lifelong careers. However, CTE programs are expensive to administer and fund, with cost-intensive classrooms and equipment, and quality CTE instructors in short supply. The Federal Government could do more in the areas of CTE apprenticeship programs.

There have been barriers, especially for small employers, to tapping into other government programs like Workforce Innovation and Opportunity Act (WIOA), with its burdensome reporting and compliance requirements, lack of flexibility, and the fact that many employers are unaware of the myriad of federally supported programs or how to get engaged.

While there are many policies that will support and spur long-term infrastructure investment and create good paying jobs, there are certain policies that restrict job growth and the economic recovery that is desperately needed. I list these in my written testimony and will briefly touch on them.

The misleadingly named “Protecting the Right to Organize” Act or PRO Act will dangerously alter the balance between an employee’s right to bargain collectively and an employer’s right to manage their business. Of note, an issue that does not get enough attention is the PRO Act could actually harm unionized employers and their employees. Unclear regulatory permitting requirements result in a chaotic patchwork of Federal mandates that create considerable economic hardship on the construction industry, especially small businesses, amounting to fewer construction projects built and fewer construction jobs available.

Lastly, there is a concern that increases in corporate and individual tax rates will hinder construction investment and job growth by limiting the ability of many businesses to invest in capital improvement that will provide additional career opportunities for construction workers.

Thank you again for inviting AGC to testify before the Committee today. I look forward to answering any of your questions. Thank you.

Chairman CROW. Thank you, Mr. Bruner.

I will begin by recognizing myself for 5 minutes.

Mr. Bustamante, one of the things that I have learned talking to businesses and particularly those in advanced manufacturing and construction and the trades is the challenge of getting young folks interested in this work, in these careers, and I know that your union in particular does a lot of work. You all spend a lot of time trying to make the case and recruit young folks into the field. Can you just discuss for a minute, what are the areas of reluctance you are hearing from folks and what do you find the most effective in helping promote careers and trades in construction?

Mr. BUSTAMANTE. Thank you, Representative Crow.

I can give a little backstory of me personally, and a lot of it has to do with the message that gets sent within grade school, for example. Right? I did not know about apprenticeship programs until after I graduated high school. So right now what we try to do is we try to create relationships with counselors or leadership within schools here locally, really all over the state, wherever we can get in contact and connect with any school leadership and really talk about the value of a career in construction because like it was said earlier, there is great value behind it and it is an above par job as long as the standards are there. And that is part of it. You kind of mix in the education part where these kids, you know, kids are just not getting exposed to the value behind this type of training and apprenticeship programs, you know, this earn while you learn. Everything is so pushed for 4-year colleges which is great but not all of us are headed that way. So we just need the exposure. So that is what we try to do as a laborers union. We just try to expose the value of our training and really, like I said in my testimony, we train for industry. A lot of people think that construction is a one time, you go to this project and then you kind of drop off and it is hard to gain work in another project or whatever it is. No. Our training is meant to train for industry. Therefore, our workers bring value to any contractor who is willing to bring on high-skilled craft laborers, for example, and like you said Representative Crow, we work extremely hard. We have a mobile training unit that we can take anywhere into the state to bring the training to students or to these underserved communities like I mentioned earlier.

So there is a disconnect. There is a disconnect within schools to not expose kids who might not be ready for a 4-year college, to expose them to trade apprenticeship programs. So we will continue to promote that.

Chairman CROW. Thank you, Mr. Bustamante.

Dr. Parker and Mr. Tamasi, I am particularly interested in the issue of the startup abilities for small and medium size businesses to create apprenticeship programs. Often the startup costs are prohibitive for many small growing businesses to create these programs. Very briefly, if you could touch on what would be the best way to reduce those startup costs and help those businesses create these programs so we have a better pipeline? Mr. Tamasi, maybe starting with you.

Mr. TAMASI. The best way to do that for small companies is to work with regional consortiums. We cannot afford it. We are a 75-person company. We cannot afford to develop our own apprenticeship program. And we do not necessarily need a full trained apprenticeship. We have very specific machines that are specific to our company and they need specific training for that. So the general portion of apprenticeships, we actually had individuals through COVID do an online apprenticeship program that was sponsored by one of our regional consortiums. So that works quite well. It was tailored to our industry and then we were able to take that individual, give him the specific training on the equipment we have, and in 2 years, has advanced his pay by about 50 percent which is a record in our company. He has done tremendous. So with the proper training, he continued to advance and have a higher earning power.

Chairman CROW. Thank you.

Dr. Parker?

Ms. PARKER. Thank you, Mr. Crow.

What we have done in Minnesota is through our collaborative of 12 community colleges, we are working on apprenticeships and we call it Work, Learn, and Earn. We bring all of the employers together. Some of them have maybe one or two apprentices at a time, but by bringing regional partnerships together we can coordinate with the employers on the apprenticeship and make sure that certain days of the week they are learning or certain times in the week they are learning. The other times they are earning. And through coordinating that regionally, it helps all of the employers make that more affordable and more achievable for them.

The other thing that we have done through our collaboration through Minnesota State colleges and universities is we offer something called Live Online where we can take the training into a lunchroom at an employer's site, one or two employees at a time, and we do that in partnership with all of the colleges and universities so we can have one instructor that might be reaching companies, small companies throughout the great state of Minnesota.

Chairman CROW. Thank you, Dr. Parker.

My time has now expired, so the Ranking Member, Ms. Kim, is now recognized for 5 minutes.

Ms. YOUNG KIM. Thank you, Chairman.

Before I begin my line of questioning, I would like to make an apology for the record. In my introduction of our witness, Mr. Bruner, I incorrectly stated that his company, Caliagua, was started in 1987 but it was actually 1978. So with my apologies I would like to make that correction for the record.

And I would like to speak to all witnesses. I could not agree more that investing in workforce development is critical for the future of this Nation. However, I am a bit concerned that the focus of the Democrats' infrastructure bill does not seem to align with our shared priority. Large portions of the $100 billion in spending allocated for workforce development programs seem to be diverted to priorities unrelated to manufacturing, construction, or traditional infrastructure.

So given that funding is a finite resource and sweeping infrastructure bills coming out of Congress are rare, what are your thoughts or reactions to this? Do you or do you not think an infrastructure bill should focus its funding on actual infrastructure? Your thoughts? Any or all witnesses, please.

Mr. BRUNER. Well, I would be happy to address that. I think we have to spend money equally. I think it is very important to spend it on the infrastructure projects, because without the projects there is not a lot of learning that can happen in the field. I think it starts with the projects, getting projects that have already been designed and get them out to the field or in contractors' hands to bid on and construct. If we can do that then we can add more employees to our payrolls and we can hire more apprentices and they can learn more. I belong to the Agency of California. We are a union contract. We belong to several of the union apprenticeship programs and the unions do a very good job, the best they can in training the people that we get from the unions. My experience as a small business is the projects you want to bid on are small sometimes and there is not enough room for a bunch of apprentices to work. We have smaller crews and we need the opportunity to have more apprentices on the project and yet because the projects are small they do not provide for that. So we have got to figure out a better way so that small businesses, as well as large contractors, can get the opportunities for apprentices to work on their projects because once you find a good worker, I can tell you having 30 or 40 years in the business, they are an asset that you know this person, this employee can make a lot of money for you because he is such a good worker. He is just like any other asset. You realize it very quickly and you want to put him on the next job. And so the more opportunities we have for larger projects where we can increase our manpower, the better off we are going to be and the better off these employees who can train on the job. So I hope that answers some of your question.

Chairman CROW. Ms. Kim, you are muted.

Ms. YOUNG KIM. Sorry about that.

In the interest of time, may I hear from the other witnesses, just a quick yes or no to the question that I just posed?

Mr. TAMASI. Yes, Rep. Kim, I think any investment in infrastructure starts with physical investment, the training of individuals to work.

Ms. YOUNG KIM. Thank you.

Mr. TAMASI. We are looking at a program called the Uniquely Abled program. It started in California, by the way, and we want to bring it to Massachusetts. We are trying all over the state and there may be some Federal funds but we are trying to figure that out. And we want to start a program in September, and hopefully, there will be funds to start a program like that, to put people on the spectrum through a machinist training program and place them into jobs.

Ms. YOUNG KIM. Thank you.

Let me reclaim my time so I can ask another question to Mr. Bruner.

I concur with your assessment that the government is overloaded with massive overlapping regulations which is particularly challenging for a small contractor. So if you could waive a magic wand and strike your top three most ineffective or burdensome regulations in the small business space, which three would you choose and why?

Mr. BRUNER. That is a great question. I think in California, in terms of regulations that are currently out there, the California Air Resources Board. We are very concerned with the regulations that are there being formulated in the Federal Government and state government where they challenge the equipment that we use to construct our projects and placing burdensome regulations on the pollutants that might come from this equipment. And as a small contractor, you are constantly replacing your equipment.

Another one is the labor component of having local hiring requirements on projects. Local hiring requirements do serve a purpose but I think they are filled with a lot of regulatory requirements that could be streamlined and allow the contractor to be more competitive.

And finally, again, I think, I do not know, I think those are the two most important ones. I cannot even think of a third. Thank you.

Ms. YOUNG KIM. Thank you very much. I yield back my time.

Chairman CROW. Thank you. The gentlewoman yields back.

Next up is the gentlewoman, Ms. Bourdeaux, from Georgia. You are recognized for 5 minutes.

Ms. BOURDEAUX. Okay. Well, thank you so much, Mr. Chairman. And thank you all to the witnesses here.

I taught at Georgia State University and have been involved in these kinds of issues for a long time and I probably share some of your frustration. I think I have been talking about the workforce development issues for decades and this mismatch between our training and these good paying jobs out there.

So you all have addressed some of these issues but I will just kind of circle back on some of them. And maybe start with Mr. Bustamante. Why do we not have more of these programs in high schools? In college, I teach an MPA program. It is public administration. And all of our students, they have an internship even as they are in school. So they go right out of that program and they already have experience. They have worked in the area where they want to develop themselves. And I continue to be puzzled why we do not have more of these in our high schools.

Mr. BUSTAMANTE. That is a great question, Representative Bourdeaux, and thank you for it. It is a question that even we ask. It is a question that we ask when we make these connections with leadership from schools, and we try our absolute best within our building trades capacity here in Colorado to partner with, we have actually a program here in the city of Arvada where there is a partnership with the high school and with a technical college as well where these kids have the opportunity to do some in-class kind of training and then after a certain amount of time of this kind of in-class exposure to the trades they get to have a little fieldtrip to go to one of our training facilities and then they also receive some kind of hands-on training at the technical college. I do not know if it is a matter of funding. I do not know if it is a matter of just the openness of schools wanting to bring these programs into their mix, into their curriculums, and you would be surprised at how hard those conversations are to have because there is a lot of steps you have to take. There are a lot of people you have to talk to whether it is district leadership, principals in schools, and there is always somebody else that has to approve of some kind of curriculum. Right? So it is a great question because it is something that even we wonder where it is like you would think it would be a lot easier, especially with the way the conversations go right now. Apprenticeships are a hot topic and we are just as surprised as you are that we do not have something more like that in more schools.

So we are still trying to figure that out to be honest, Representative.

Ms. BOURDEAUX. Yeah. No. I keep having the conversation and somehow wonder how much of this is related to just the will to get it done to do it.

Dr. Parker, I bet you have some insight on that as well. So people working in the community colleges. And I know you guys have those kinds of programs and that is really what you are describing. How do we move it to the high schools and so we have that kind of continuum from the high school into the community colleges?

Ms. PARKER. Well, Representative Bourdeaux, I would like to provide an example of something that we just did here in one of my communities in Faribault, Minnesota. We created a new program. It is called H2C, High School to College to Career. We started off with health science but we are starting now with advanced manufacturing as well as construction trades. What we did was work with the high school. Initially, they did not have a 7th hour. And you think about all the general education requirements. There was not enough time in the day for young people in high schools to take a vocation that they have interest in. So we worked through a referendum to the community to add a 7th hour. We partnered with our local chamber of commerce and the superintendent and hospitals and health facilities throughout the region for the health facilities to help us design the curriculum where high school kids will now get 36 college credits before they leave high school from South Central College. And then if they decide to go on and be a nurse or a medical lab technician they will have one semester or two additional semesters from the college and they will have a degree. Now, that makes it more affordable for a high school student when you think about student debt, and it also provides the workforce of the future.

And one last thing I will say is that this community is changing demographically, so it is very diverse. It has a lot of Somali students, new Americans, and this now is creating that diverse workforce for the community as well.

Ms. BOURDEAUX. I think I am out of time but I think we are all interested in hearing about those innovative programs and how we do more of those. So thanks so much.

Chairman CROW. Thank you. The gentlewoman yields back.

Next we have the gentlewoman, Ms. Tenney from New York is recognized for 5 minutes.

Ms. TENNEY. Thank you, Mr. Chairman. And I want to say thank you to all the witnesses.

I am a small business owner. We are celebrating our 75th year. We are in an industry that is light manufacturing but we do always have to adapt to technology. We started out with one of the longest newspapers continuously operating in the United States, a weekly newspaper, and the technology was very similar 75 years ago but now it is so much more advanced. And we are so grateful for all the innovators in our community. We have a wonderful community. Where we had an Air Force base, we now have a company called Innovari, which is doing a lot of innovation.

But I want to direct my first question to Mr. Bruner because I know you had indicated in your testimony, and I just took a look at it, you stated that the PRO Act would restrict job growth and the economic recovery that is desperately needed. Can you give me like maybe your top three reasons why the PRO Act would do that and you know, why it would hurt small business and innovation?

Mr. BRUNER. Thank you. That is an excellent question, Representative Tenney.

The problem for small businesses especially and larger businesses have a very good relationship with their employees as it is. And I believe that the unions would be better served spending their time instead of trying to separate. The problem with the matter is we belong to the AGC of California and they serve as our collective bargaining agent and we are a small employer. If the PRO Act were to be initiated, it would prevent the employer, our company, Caliagua, from being part of a joint collective bargaining agreement with the AGC of California. We would have to negotiate directly with the unions ourselves rather than be a part of the association. The association does a much better job because of their size and strength to represent us with each union that we belong to as opposed to just representing ourselves. And the cost of having a labor manager for us and all the other benefits that come with the AGC and their affiliations, every time we have an issue with the union, which we do not have many of, they represent us much better than we could probably represent ourselves and it would cost us more to hire an attorney or a labor specialist to do that. I think that is probably the most important for me is wanting that strength of the association to represent us. They have done an excellent job for the last 30 years and we do not want to change that.

Ms. TENNEY. Yeah, my question, so as a small business owner we do not have a union in our business but we do have a lot of really good trade unions in our community that really do great work and we have other unions in the private sector, public sector of course, too, and you know, they do provide a lot of strength and security and a lot of good things for their union members.

My big concern is that in New York they are considering doing through the PRO Act something that I think could be really detrimental to innovation and that could be equating an independent contractor and an employee as one. And there is no distinction which actually quite honestly a lot of independent employers or independent people that I know who work really do not want this to happen. They want to maintain their independence. How is that affecting California? I do not know in action. I know how it is in New York. The gap is narrowing. The PRO Act would basically make the rest of the country California. Is that my correct read?

Mr. BRUNER. I could not answer that question, so I am sorry.

Ms. TENNEY. So do you deal with independent contractors in any way?

Mr. BRUNER. No. Well, we deal with subcontractors. We are not allowed to work with independent contractors technically. I mean, if they are an independent contractor they would have to be an employee of us and then they would have to belong to the union and a bunch of other problems that come with that. So we do not generally use independent contractors in our business. We hire small subcontractors that have to be union companies which is great. I support the unions and all that in that effort but we do not hire independent contractors.

Ms. TENNEY. So even independent contractors, some of them are union. You know, like IBEW and others. But I just did not know how that would affect, I mean, I know the PRO Act is seeking to do that and that could be problematic for a lot of industries as they are seeking innovation, independence. But I appreciate your work as a small business owner.

I have a question for Mr. Parker, Dr. Parker. You mentioned that your college had developed dual training partnerships between businesses and educational providers and that these partnerships——

Chairman CROW. We are going to have to, Ms. Tenney——

Ms. TENNEY. Oh, am I out of time?

Chairman CROW.—your time has expired, so we are going to—we might have time for another round. So if you want to stick around——

Ms. TENNEY. Oh, thank you. Sorry.

Chairman CROW.—you might be able to get your question——

Ms. TENNEY. Sorry. I do not have a clock here so I cannot tell where my timing is. I apologize. Thank you though.

Chairman CROW. The gentlewoman yields back.

Next is the gentleman from Minnesota, Mr. Phillips. You are recognized for 5 minutes.

Mr. PHILLIPS. Thank you, Mr. Chairman. Greetings to my colleagues and to our wonderful witnesses.

I am just going to jump right in and talk about upskilling and public-private partnerships. And I have to direct my first question to my fellow Minnesotan and a woman of whom I am a great fan, Dr. Parker. And this might go along with my colleague from New York, Ms. Tenney's question as well. I would love for you to share with my colleagues some more about the Minnesota Advanced Manufacturing Partnership. If you spoke of it earlier, for give me, but I think it is a best practice, one that we should be replicating around the country. And perhaps you can just share some of the details and success of that with my colleagues.

Ms. PARKER. Thank you, Representative Phillips.

Let me just say that it started in 2013. I mentioned in my testimony that I was appointed to President Obama's Advanced Manufacturing Steering Committee. That comes from my many years, I am a native Michigander that started in the auto industry and then went on to build a National Center of Excellence with Toyota to support all the major automotive companies throughout the Midwest and the Southeast. So in that work we determined that it was best to develop apprenticeships that were innovative. Some were registered. Others were designed using a European model we call dual training. And once I got on that Committee I realized that the next round of TAACCCT grants would come out shortly thereafter and I wanted to position the state of Minnesota to benefit from that work. And so we came together as a state system, 12 of the community and technical colleges, and our two manufacturing Centers of Excellence at two of our universities to really look at how we could support manufacturers throughout Minnesota through industry-recognized credentials that were stackable, were portable, and allowed students to get one semester, for example, into welding, get certified through the American Welding Society, and get into the workforce. That work, once it was funded, then led to us helping testify for Senator Bonoff at that time at Minnesota state legislature to fund the Pipeline initiative through the Minnesota Department of Employment and Economic Development that helps employers pay for the journeymen, so to speak, at their site and helping support the students when they come into their facilities for training, as well as working with DOLI here in Minnesota, the Department of Labor and Industry on registered apprenticeships. So that work has continued and really the Federal initiative gave Minnesota the kickstart to begin to do this work but there is much more that needs to be done because we still have challenges in having highly skilled workers and it is really slowing growth with our employers. There are just not enough bodies that have the skills for the demand.

Mr. PHILLIPS. Agreed. Well, thank you, Doctor. And we look forward to sharing that success with others around the country.

Mr. Tamasi, I would like to direct my next question to you relative to innovation. I believe the United States, unfortunately, has seated leadership in innovation to other countries around the world. The United States Congress is not exactly a bastion of innovation itself, and yet we are entrusted with advising policies to inspire. I would love your comments quickly, if possible, as to what incentives, what subsidies, what policies in your estimation would be most effective in the near term to reignite innovation in the United States.

Mr. TAMASI. I will point to a couple. Thank you, Representative.

We have Green Town labs, which I believe is now called Forge, that was started here as a startup, a place for startup companies to go to, to be housed to develop their products. Have some Federal or State funds. And I believe they just opened in Texas. We have Mass Robotics here where companies that have a concept can go and collaborate and learn. And that is somewhat subsidized. And of course, Massachusetts is the number one innovation state in the country but we also can make stuff here which is not as well-known as our innovative capacity.

What was the third one I was thinking of? I am sorry.

Mr. PHILLIPS. No, not to worry about it. You will probably think of it——

Mr. TAMASI. Oh, the Manufacturing USA Institutes. So Massachusetts is involved with six different institutes. I have been to the ARM Institute in Pittsburgh that we worked with. We wrote letters to support Stonehill College down the street from here and doing work with the Photonics Institute. And they are trying to reach out more to small business and their grant programs to get some of these new technologies in the future, wearables and fiber and all that started up. And I think that is driven by the Federal Government. That is a great program that needs to be pushed through more through the——

Chairman CROW. The gentleman's time is expired. I am going to have to——

Mr. TAMASI. Thank you.

Chairman CROW. We may come back to you, Mr. Tamasi, but I have to move to the next witness. Thank you.

Next up is the gentleman, Mr. Williams, from Texas. You are recognized for 5 minutes.

Mr. WILLIAMS. Thank you, Mr. Chairman and Ranking Member.

Federal permitting processes are complex and cause headaches for small businesses. We should be cutting red tape to help small businesses grow, not enforcing them to navigate a time-consuming and complicated web of bureaucracy. President Biden has made several proposals to bolster environmental reviews that will simply add years to completing some of these necessary infrastructure investments. So because of this bidding on federally funded projects, it will be less attractive to small businesses.

Mr. Bruner, can you elaborate on how the permitting process can stand in the way of your contracting firms and how we can more efficiently expedite projects for communities in need of new infrastructure?

Mr. BRUNER. Thank you, Mr. Williams. That is a great question. I would say first and foremost because I am from California, they should seek the advice of our representatives and the CEO of AGC of California and ask them to pick their brains and get some suggestions of how to work with the local agencies that put out some of these projects like CEQA, who is one of the main components of many construction projects here in California where they have to go through vast amounts of environmental reviews before the projects are ready to go. And if an infrastructure project does come out and Congress, you know, allocates millions of dollars to these projects, the first hurdle is all the environmental reviews and lawsuits that occur when these projects have to begin and they get delayed for years and years. And I think we have to take the teeth out of some of these laws and lawsuits that allow some of these public interests that want to stop and not have any growth and not allow these projects to continue for their own particular reasons. And that is a tough ask is to change the law to prevent these matters from happening. But if we could encourage them to have some good discussions and eliminate these lawsuits—that is the best thing we could give them.

Mr. WILLIAMS. Thank you. Small businesses are finally recovering from COVID and the last thing they need are the taxes increased like is being proposed again in President Biden's American Jobs Plan which quite frankly is a No Job Plan when we raise these taxes. As a small business owner myself, I am an auto dealer, I know firsthand how increasing taxes will cause businesses to hire less people and invest less back into their business. They will play defense. For small businesses who are critical components of domestic companies, supply chains that are competing around the globe, these tax rates will also make us less competitive compared to international companies.

So Mr. Tamasi, can you discuss how these proposed tax increases would affect your business and how it could lead to the domestic companies being less competitive?

Mr. TAMASI. Well, we do not want to pay more taxes if that means less for our team and less for our investments. Plain and simple. The more we can put back into our companies to invest in the futures the better. And as I mentioned, we are very capital intensive. We purchased five CNC machines this year. That comes at a great cost. Fortunately, borrowing is less expensive these days so we can afford to take money out of the bank and take on some debt but at some point, you know, if we are paying too much in taxes we are not going to be able to invest in our workforce development or our technology investments that we need.

Mr. WILLIAMS. No question. If you have to pay for taxes you are going to reduce the size of your company.

Thirdly, Mr. Bruner, in your testimony you mentioned several policies my colleagues on the left have introduced that hurt long-term infrastructure investment and restrict job growth. Specifically, you brought up the PRO Act, which we talked about, which would prop up unions and prevent right to work states like Texas, where I am from, from enforcing their own labor laws.

So Mr. Bruner, can you go quickly on how forced unionization would hurt small businesses and what recommendations your association can give to promote good paying and would help small businesses?

Mr. BRUNER. Okay. Thank you, Representative Williams.

Again, I think, especially for small business, we compete with many nonunion contractors and they have no laws that they have to follow. Fortunately, most of the work that we do is prevailing wage work that requires prevailing wage, which is equal to the union wages that most people pay. But in terms of small businesses that are unionized, they are just putting more power into the nonunion companies and that is the biggest killer of all because we compete with them on all these projects that we bid for and it is not a level playing field anymore when these nonunion companies are allowed to do whatever they want. They do not have the requirements that come upon a union contractor like ourselves. And we fully support the union but they need to turn around and give us the same support and understanding, especially if they would just think about the competition that we have to deal with in terms of dealing with nonunion contractors, especially in a small union company.

Mr. WILLIAMS. Thank you. I yield my time back, Mr. Chairman.

Chairman CROW. Thank you. The gentleman yields back.

Next is the gentlewoman from Illinois, Ms. Newman. You are recognized for 5 minutes.

Ms. NEWMAN. Well, thank you so much, Chair. I am so appreciative of all of our witnesses being in today and great ideas all the way around.

Let me start by saying, putting something into the record that I disagree wholeheartedly with some of the comments around the PRO Act. I think it is the only way that we are going to reignite the economy, particularly in the middle section, and provide greater worker training and upskilling and reskilling and creating coalitions. So for the record I disagree wholeheartedly.

That said, I have a couple of questions. So in my district, about 80 percent of the GDP are small businesses under $3 million in net revenue so we are very small business driven. I am a former small business owner and management consultant, and one of the things that I worry about are those parts of the population that are perfect for some of these upskilling and reskilling, like veterans, local talent to a specific area.

So I will give you an example. We have an incubator that does small manufacturing companies and grows them and then moves them out to other areas and it is enormously successful. One of the reasons it is so successful is that it concentrates on on-ramping veterans, high school students in the manufacturing areas and training them through union apprenticeship programs and union programs at high schools. And because it is enormously successful, I am actually going to do a white paper on it so that we can enter it into potentially some funding opportunities at the Federal level.

My question given that great coalition of the entities, unions, apprenticeship programs, community colleges that are participating in this in my district to get this work done, I am going to refer to Dr. Parker first. If you would, in your coalition which sounds terrific, and bravo on all your work, by the way, do you also have high school trade craft training as part of your model?

Ms. PARKER. Yes, Representative Newman. We are in the process now with this model and we designed it off of the IBM P-TECH if you are familiar with the IBM P-TECH Model. So there is heavy employer engagement but now we are starting with advanced manufacturing as well as the building trades with our high school partner. And so we started first with health science because there was a huge demand. That partnership is with Mayo Clinic and Allina Clinic and some others. The next move is to work with the other sectors. But it was important for us to make sure that we put the high school in a position where they could offer the courses because when you think about the general education requirements that the high schools have to have, and as that has increased to an earlier question then there is no time for the technical courses. So we worked with our chamber. Our community got behind it with a referendum and now we are leveraging that with our high school partnership.

Ms. NEWMAN. Are you doing some level of certification programming so that when that individual comes out of some manufacturing training or whatever it might be in high school that they walk out the door with a certificate that puts them into the workforce?

Ms. PARKER. They are stackable credentials so it allows multiple——

Ms. NEWMAN. Okay. You spoke about that earlier.

Ms. PARKER.—entry and exit points. And so absolutely, we are stacking all of the curriculum with industry recognized credentials.

Ms. NEWMAN. Good. And then my second and very quick question, I know I only have about a minute left, Mr. Bustamante, first of all, thank you for your comments and all of your great work. My LIUNA partners here in Illinois 3 are amazing and we have done great programs with them.

You have an interesting perspective, right, is because holistically looking at everything from construction to trade and manufacturing with your members, do you have any innovative ideas around bringing veterans in and bringing localized talent? When there is a project, making sure that localized talent is engaged within a 5 mile area, do you have anything there that you would like to share with regard to those two elements?

Mr. BUSTAMANTE. Of course. Thank you so much, Representative Newman.

So locally, we have a huge project that started up a couple years ago and LIUNA played a big part in the process of the contracting behind it. And we actually attached part of an ordinance I guess you can say——

Chairman CROW. I am sorry. The gentlewoman's time has expired. So I am going to have to stop you there but we will go into another round, Mr. Bustamante, because I want to hear about your project.

Mr. BUSTAMANTE. Thank you.

Chairman CROW. Thank you. The gentlewoman yields back.

The gentleman from New York, Mr. Garbarino, is now recognized for 5 minutes.

Mr. GARBARINO. Thank you very much, Mr. Chairman. I appreciate that. I appreciate everyone's testimony today.

My first question is for Mr. Bustamante. I worked with LIUNA when I was in the state legislature in New York. I loved the apprenticeship programs. I thought they were great. I thought they were one of the best things that we could do working with labor and small business working with labor. I work very closely with LIUNA partners in New York.

Can you walk us through how a small business might approach hiring an apprentice through a registered apprenticeship program?

Mr. BUSTAMANTE. Of course. So our signatory contractors, they have the ability to call out a laborer, whether it is a journeyman or apprentice through our local hiring hall. We assist in that part of it to where we have these people trained. Our apprentices are ready to go when they are on our hiring hall list. All our contractors have to do is call us and say, hey, I am looking to get an apprentice out here. And we call our apprentice and they are out there to work. It is a super simple process because we already took care of their training. Our contractors have that level of comfort to say they called the union hall. They are getting a qualified laborer. So it is a very simple process. Like I said, we do serve as a hiring hall for our contractors.

Mr. GARBARINO. The difference between the apprentice programs that you run through the hiring hole and some companies try to start their own, you know, can you talk about the difference and what the benefit is of going through the hiring hall?

Mr. BUSTAMANTE. So going through the hiring hall, I mean, obviously, as I said in my testimony, there is a standard. Right? There is this higher standard where, you know, approved and registered by the U.S. Department of Labor and that in and of itself provides the accountability for us to make sure that we provide the properly trained laborers. And to add to that it is a matter of making sure that these people have the opportunity to get out there and actually earn a livable wage. Our apprenticeship program also includes some college credit. When you complete our apprenticeship program, let's say you do it for 2 years and somebody decides that maybe construction is not for them, we get them jumpstarted with some college credit. We have a partnership with I believe a couple of community colleges here. And we have efforts behind increasing that. Talking to different community colleges while here locally to accept our training as college credit as well.

Mr. GARBARINO. I appreciate that. I like the way you said that, properly trained workers. Properly trained workers you get properly done work so I like that. Thank you very much.

And I have a final question. Mr. Bruner, you did not get to answer this question I know was asked of another witness but I would like to hear your opinion on what the new proposed tax increases incorporations would do to small businesses like yours.

Mr. BRUNER. Thank you, Representative Garbarino. I echo Mr. Tamasi's sentiments that any higher operator taxes would definitely hurt most small businesses. We have to rely on our own funding. There is cheaper money out there like he said about farming for banks but that is limited. And we are a C corp so we put our money back into our corporation. So every dollar that we can save and keep in the company we can use to grow the company and do larger projects and higher more people and buy more equipment and make more investment in our company and projects. So I think the corporate tax structure that is in place right now is fair. I think everyone is looking for something that is fair and for everyone. And as far as limiting the loopholes I think would be fair but I do not think we need to raise the tax rates any further than they already are.

Mr. GARBARINO. And I am sure that you can testify about corporations, unlike a regular job where somebody gets a set salary every year, corporations are not guaranteed the same income every year. Sometimes they have losses and sometimes they do very well. So just because a corporation does very well one year does not mean it is doing well every year. So to hit them harder on a year they are doing well, how would that, you know, do you spread those good years amongst the bad ones? Is that something that you do?

Mr. BRUNER. That is a great question and I had personal experience with that for many years where in the crisis of 2008, for example, there were so many days that we lost money and we were just trying to keep our heads above water. Does the loss carry forward so we can reforward it and help us apply it to more prosperous years in the future. And then when you finally do make a good income you want to be able to retain some of those earnings and put it back into the company. So I think that is a great question and they only remember their good years and not the bad years but I can tell you I definitely remember the bad ones as much as the good ones.

Mr. GARBARINO. Thank you very much. I yield back, Mr. Chairman. Thank you.

Chairman CROW. Thank you. The gentleman yields back.

So every member that we had in the queue has now asked a question so I might just do a second round. And I do not see as many folks on but I wanted to ask one other follow-up question. And of course, if the Ranking Member or others wanted to do so they would be able to do so as well.

So with that, let me just go to Mr. Bustamante. We have talked a lot about workforce, and obviously, this is in the name of the Subcommittee, Workforce Development, because we all know that prosperity and innovation and the ability of businesses to get the job done, and as Mr. Garbarino said, get it done right is tied to your workforce and that a good worker is an incredible component of a strong and successful business. But part of that is also making sure that workers are safe. That they are healthy. That they can live an entire life and have a full career. Because if somebody gets injured or ever gets sick early in their career, mid-career, or they end the rest of their life on disability, that is not good for the country. That is not good for their family. It is not good for the worker. So with regard to the PRO Act and the role of unions in ensuring that there are those protections in place so that workers can be safe, they can be healthy, and they can be productive and help our economy and businesses grow, I would love your view on that.

Mr. BUSTAMANTE. Thank you, Representative Crow.

In regards to the PRO Act, it is something that is going to bring extreme value to workers. Those worker protections must be there. In regard to some of the comments that have been said, when you have a high qualified contractor, a lot of this comes back to—so union benefits and wages are usually above par. Right? They are usually above standard wages and benefits paid for by contractors. So it is important to bring the PRO Act to light because we need an even playing field at the end of the day is all we ask for. We need an even playing field. When we have union contractors who have a hard time competing with nonunion because they pay more, obviously, it is hard to come in as low bidders when they are taking care of their workers. They are investing in training. They are investing in new careers to get started up in the construction industry. When you bring things like the PRO Act, things like labor standards such as local hire into the picture, you are creating opportunity for people who would never be exposed to these big projects and big infrastructure that is going on in their communities. You are talking about bringing opportunity to people who never saw it there through these apprenticeship programs. And when you have the proper wages, when you have them taken care of, especially we saw it in the last year during a pandemic, when you have quality, quality benefits paid for by contractors, these workers are happy. They are rested. They are trained. They are safe. So it is definitely key to bring something like this at a lower scale to even out that playing field.

Chairman CROW. Is it safe to say you are trying to provide a career, not just jobs, but you love to provide a career to folks. Is that fair to say?

Mr. BUSTAMANTE. Yes, sir. And we have laborers who are retiring with dignity in this stage of our time. We have a lot of laborers who are getting ready to retire and they are excited. They are excited that they have a union pension to fall back on in addition to Social Security because we do not know where that is going. So you have families sustained. Our laborers, many of those who are getting close to retirement, they have raised families and got them through school in many cases or brought them onto their trades as well and they have done this in a career as laborers. Sometimes they move forward within companies, with contractors or whatever the case may be, but that opportunity is there. When you have those high quality standards you have the ability for workers to really create this career and sustain a family and raise families off of these careers.

Chairman CROW. And last question, Mr. Bustamante, the local hire requirement, this is just a requirement that you find your workers in the communities where you are doing the work. Why is that important to your members and their families? Can you just very briefly in the 40 seconds we have left, why is that important?

Mr. BUSTAMANTE. Far too often, Representative Crow, we have kind of just underbidding contractors who come in from out of state and they bring a large percentage of their workforce from out of state. And our workers here locally, they have to drive by these projects and see out of state license plates across the board and they ask themselves, why am I not working on that? Why do I not have that opportunity? So that is why it is important to have those local hire standards to ensure that the people in the communities do not feel like they are being left behind when it comes to this infrastructure investment.

Chairman CROW. And obviously, I am a family man as are you and other folks here. And it is nice to be able to do your hard day's work for a good day's pay and actually go home to your kids.

Mr. BUSTAMANTE. Exactly. And live where you work.

Chairman CROW. Yeah, thank you. My time has expired.

Ms. Kim, did you have a second round?

Ms. YOUNG KIM. Sure. Thank you.

I want to follow up on the line of workforce training question that you started. And I want to pose this question to Mr. Tamasi.

It sounds like your company AccuRounds as a midsize business is more actively engaged in workforce training than perhaps other businesses similarly sized or smaller than yours. So for small businesses who do not have as many resources at their disposal, what can they do to maintain their pipeline of skilled workers?

Mr. TAMASI. Great question. Thank you, Representative Kim.

You are correct. We are very active, Moa 1:24:53 and myself and many team members in our company because to me it is a matter of survival and we have committed to many different aspects in STEM and manufacturing. I encourage small businesses to take advantage of programs in our state, we have workforce training fund grants that will pay for a consultant to come in or a trainer to come in to train and you match it with funds. That is the simplest way to get involved and take advantage of funding at a state level. Any involvement in our advanced manufacturing collaborative through the regional consortiums is another way, attend a meeting or even make a phone call. And I have reached out to many local businesses and there are more overall today than there used to be but still not to the level we need them to be. To hear their voice, what are their concerns, what are their needs so we can tailor programs designed to the needs they have to train their workers or hire new workers.

Ms. YOUNG KIM. Thank you very much.

There are other resources available through the local chambers or partnership with SBAs or any SDICs. There are a lot of resources available so I hope that we can make that information available so other small businesses can take advantage of.

But next question I would like to ask Mr. Bruner. In your testimony, you mentioned the negative impacts tax increases may have on the construction industry. Can you elaborate on what impacts these might have, particularly on small contractors?

Mr. BRUNER. Thank you for the question, Representative Kim.

Again, as a small business, our volume capacity is limited compared to other companies. And the tax rates I believe are fair right now. I know the other side of the aisle is encouraging to raise the taxes and I would suggest that some of the loopholes be eliminated as opposed to changing the tax rates. I want the incentives into investing in [inaudible] equipment, maintain that. That is critically important for us. Our cost of equipment compared to our cost of labor are almost the same and so we are constantly investing in heavy equipment and the depreciation laws allow us to invest and defer some taxes due to investments in equipment are very helpful. So I think that is the best I can tell you.

Ms. YOUNG KIM. Thank you so much.

You know, you also referenced budgetary and bureaucratic processes causing delays for infrastructure projects. From a small business perspective, what regulations or processes would you flag as the most damaging?

Mr. BRUNER. Well, here in California I think the stormwater quality problems that we have were on every project there is a stormwater pollution plan that has to be implemented and all of the requirements that go with that. For a larger contractor with multi, you know, $100 million projects, they can afford to hire people and manage something like that. But those same requirements based upon the area of the project, it is not based upon the dollar signs but it is based upon greater than 1 acre, if the project is larger than 1 acre we are suddenly stuck with the same requirements that a $100 million project would be. And I am a small contractor when competing with other small contractors, it is difficult to put the cost of that into the project and still be the low bidder. You can imagine you are competing for a job and not everyone is putting the same value or understands the same requirements. So if you are the low bidder on a project like that it is generally probably because you did not place enough emphasis or dollars to take care of those requirements that the state will mandate.

Ms. YOUNG KIM. Thank you so much.

I also want to take this opportunity to plug in for a couple of legislation that I am working in a bipartisan way. There are SBA 504 loan programs helping small manufacturers to access capital. And these legislations have already passed the house and I hope once it is signed into law hopefully it will be helpful to small manufacturers in that fashion.

So thank you very much. I know my time is up and I will yield back.

Chairman CROW. Thank you, Ms. Kim. And I applaud you for your work on that legislation as well which I support and it is very good work.

I see Ms. Tenney is still logged in. Ms. Tenney, do you have any additional questions?

Okay. We will take that as a no.

So that ends the question and testimony period right now. So thank you again for all the witnesses.

This Committee has a long tradition and culture of being pragmatic and being bipartisan and getting things done. And frankly, I think this hearing was a perfect example of that. I think we actually all share the same goals. We want to grow jobs. We want to grow innovation. We want the United States to be more competitive. We sometimes just disagree on the best way to get there but there is also a lot of areas of common agreement, a lot of areas where we can work together and I look forward to working with all my colleagues to do that. And I thank the witnesses for taking their time and lending their expertise and their experience to the discussion because this frankly is how government should work and how Congress should work as we have a coming together and discuss challenging issues and ideas and we try to find the best path forward. So with that, I am again thanking the Ranking Member for her work. I look forward to working with her on the things that we are collaborating on.

I would ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before the Committee, we are adjourned. Thank you all.

[Whereupon, at 2:33 p.m., the subcommittee was adjourned.]

APPENDIX

Statement of Michael Tamasi on behalf of AccuRounds, Avon, Mass

House Committee on Small Business, Subcommittee on Innovation, Entrepreneurship, and Workforce Development

"Growing Jobs through Infrastructure Investment"

May 6, 2021

I. Introduction

Thank you to the Small Business Committee for the opportunity to speak today.

My name is Michael Tamasi. I am the President and CEO of AccuRounds, a mid-sized contract manufacturer located in Avon, Massachusetts. AccuRounds is dedicated to being the leading solution for custom precision machined components. Our components are used in numerous industries including medical, aerospace, semiconductor, robotics, and emerging technologies. We make parts that are assembled into actuators which control the wings on airplanes for Boeing, as well as shafts for Amazon that drive their robots used in warehouses. Our higher purpose right now is making parts used in machines that manufacture vaccines. That work has tripled in the past 12 months.

At AccuRounds, our core values – Gratitude, Excellence, Team First, Initiative and Trust – guide us to always base decisions on what's right for team members and customers, provide a quality product, and deliver a superior level of service. It is these core values, along with our outstanding benefits – including health, dental, and life insurance; paid time off; 401k plan; tuition reimbursement; involvement in the AccuRounds Lifelong Learning University (ALLU), and our people-centric approach to business relationships that makes AccuRounds an employer of choice. We have 74 team members, with several open positions, and believe that the highest quality manufacturing requires the highest quality employee. Our ideal employee is someone who has critical thinking skills and understands problem solving; someone who wants to continuously improve and wants to be a part of a winning team.

I am a second-generation family-business owner, the son of an Italian immigrant who came to America with nothing, then built a successful business from the ground up. I have been involved in the workforce space for over thirty years, and aggressively contributing to workforce development for the past twenty. I currently serve as co-chair of the Massachusetts Advanced Manufacturing Collaborative and as Chair of Business Leaders United. I am also a part of the National Skills Coalition and Business Leaders United Manufacturing Industry Recovery Panel, which will share recommendations with the Biden Administration to ensure an inclusive economic recovery from COVID-19. Previously, I sat on the Massachusetts STEM Advisory Council and served for five years on the New England Advisory Council for the Federal Reserve Bank of Boston, including as Chair in 2018. Ensuring that Massachusetts and the manufacturing industry has strong workforce development is extremely important to me, my team, and my community.

II. Outline problem: shortage of skilled workers

Despite AccuRounds commitment to our workers and workforce development initiatives, the skills gap remains a serious concern. Throughout my career I have experienced and heard from other business leaders who experience the same problem – we face a shortage of skilled workers. Before the pandemic, we were struggling to hire skilled workers. We always have job openings, not only for growth but also due to older employees aging out of the workforce. As our workplace becomes even more reliant on advancing technology, we also face a need to upskill workers with digital skills to advance in the workplace. Across our industry, 35% of workers need additional digital skills to be successful in jobs of the 21st century.

Despite AccuRounds' work never being busier or more essential, the COVID-19 pandemic has only exacerbated our ability to hire and train skilled workers who can work with us and fulfill our Core Purpose, to be the Defining Standard for Advanced Manufacturing. We are turning away work due to the lack of talent.

We need investments in infrastructure, manufacturing and clean energy. These investments would only intensify this challenge for AccuRounds, making the role of public investment in and policy that supports workforce development a critical part of any infrastructure investment.

III. How AccuRounds has addressed the problem – sector partnerships, vocational school partnerships

AccuRounds and our team members have taken many actions to address this problem. Most notably, in 2011, we were involved with the launch of the Massachusetts Advanced Manufacturing Collaborative, a sector partnership that convenes public and private stakeholders to develop and implement the Massachusetts' manufacturing plan and to foster growth and innovation in Massachusetts manufacturing. The goal of this collaborative was to make known the incredible advanced manufacturing community in Massachusetts, as well as create and expand pipelines for talent development. Through this sector partnership, we can hear the needs of the small businesses across the state, shore up public funding that makes our work possible, and develop programs so that businesses have access to the talent they need, and workers have access to a good job and a strong, stable career.

Through this partnership, we have established four regions throughout the State, each working with community and technical colleges, hosting and organizing tours and site visits for those interested in a career in manufacturing, and creating programs with vocational technical high schools in the area, particularly through STEM programs and giving exploratory tours to freshman students. This has resulted in increased awareness around advanced manufacturing.

At AccuRounds, vocational schools are our best pipeline to talent and have expanded our capacity to focus on recruiting and advancing women, people of color and people with disabilities into our workforce. This focus on diversity, equity and inclusion means AccuRounds has a stronger workforce and members of our community have improved access to good jobs. We had up to 5 high schoolers (seniors and juniors) a year join our co-op program, and we are able to offer this program to students across gender and ability. Right now, we have a female student working with our co-op program from a nearby technical school and we will hire her for a full-time role once she graduates in June. Several machinists who graduated from nearby technical schools are now on our management team. One team member, from the black community in Brockton, MA, a gateway city, started as a co-op just over 10 years ago. Last year, he purchased his first home. I was thrilled we provided him an opportunity which he took advantage of, progressing thru our CNC Machinist training programs, and now enjoying a home with his family of four. Another success story is a female co-op graduate who joined our team as a CNC Machinist trainee, gained several technical skills, then took supervisory and management training. She has been promoted several times, now serving in a Production Coordinator role with several direct reports. Her parents wanted her to go to college, but she wanted to learn a trade. College is not for everyone, but learning is lifelong. There are many paths to a successful career, and this is one example of a great success story that is continuing today.

This voc-tech partnership has been essential in promoting our industry not as dark, dirty, and dangerous – but as safe, smart, and sustainable - and for investing in workforce development to serve the greater good of the community. This would not have been possible without public investment. Small and medium sized businesses like AccuRounds cannot afford to develop these essential programs on our own, nor can we solely pay for the partnerships. The Advanced Manufacturing Collaborative (AMC) was started with state funds in 2011 and has been followed up with Advanced Manufacturing training grants, which continue to be essential to ensure that Massachusetts manufacturers can be responsive to the changing workplace and technological needs. Last year, the State launched the Center for Advanced Manufacturing, and added staff, to take the work of the AMC and further advance the impact for the jobs and technology of tomorrow. For example, when COVID-19 hurt our community, the sector partnership we founded, AMC, formed the MA Manufacturing Emergency Response Team – M-ERT. The Commonwealth of Massachusetts provided grants which allowed M-ERT to support Massachusetts manufacturers in pivoting their operations to produce needed materials in response to the COVID-19 pandemic.

This was essential work. It led to the creation of millions of PPE materials, including over 3 million N-95 masks, 5 million face shields, and 9 million isolation gowns. Merrow Manufacturing, founded in 1838, is a 7th generation company located in Fall River, MA that designs and builds technical soft goods. They never produced a medical gown prior to 2020. With the assistance of M-ERT, they are now the #1 medical gown manufacturer in the United States. Without public funding for this partnership, Merrow and the dozens of other companies that were provided technical and legal assistance, would never have pivoted. These companies kept our world-renowned medical community and up and running during these unprecedented times.

This is also work that is only possible because of sustained and continuous public investment. AccuRounds and our partners contribute to some of the costs of supporting these partnerships and we also invest time and resources in finding public investment to scale what we are able to contribute as an individual company. For example, in 2020, the Commonwealth of Massachusetts received at $3.2M grant by the Department of Defense to develop a uniform curriculum on how to train manufacturing technicians in jobs aligned with the emerging technologies of six of the Manufacturing USA Institutes. This project, named MassBridge and being led by the Massachusetts Technology Collaborative, a quasi-public organization, may ultimately serve as a model for other states on training. As an advisory board member for MassBridge, I firmly believe that these types of government investments will bridge today's worker to the technologies of the future.

The Massachusetts Manufacturing Innovation Initiative (M2I2) is another government commitment to provide capital cost shares for projects and discovery centers located within the Commonwealth. M2I2 is part of the State's ongoing commitment to the Manufacturing USA program put forth by the federal government. Involving small business in this effort will facilitate advancements in technology and training.

IV. How AccuRounds has addressed the problem – incumbent worker training

In addition to industry partnerships, AccuRounds supports and invests heavily in on-the-job learning. It is rare that a technician comes to us with a perfect understanding of all the equipment we use and parts we make. So, on the job training is essential for our business, and for our workers to succeed and advance in their career. With different manufacturers of CNC Machines to learn, upskilling is a constant for team members that show the interest, desire and capacity. A new team member can spend several months in training, followed by several hours every week. This extensive time is a drain on our experienced team members, but necessary for us to be successful in the long-term.

This on-the-job training has been particularly important around digital skills, especially during the pandemic. With technology constantly evolving, we know that we need to be able to turn at a dime to meet manufacturing needs. And we know that will continue to grow with a significant investment in infrastructure, leading to more demand on our company. At AccuRounds, we use quality management systems, programming systems, an enterprise resource planning system, and other computer systems and software platforms that are essential for our workers to be able to use effectively to complete their daily jobs. For example, with our Machine Monitoring System, a technician can pull up to any of our 24 connected machines and see the machine's activity – productivity, efficiency, utilization and more. But the data and information the system produces can be overwhelming unless you are well versed in the digital skills, such as data analysis, needed to complete the task. Small businesses need to learn tech, and need workers to learn tech. That means assessing where people's skills are, identify where you need them to be, and then get people's skills there through investments in on-the-job training.

V. How Congress can help

With these proven solutions, there are many ways Congress can continue to be a partner for small and mid-size businesses, ensure that the success of AccuRounds is replicated across the country, and help us rise to the challenges we still face. Supply chain resiliency is vital to the future of Advanced Manufacturing, and more importantly to our National security. Semiconductors, battery technology, biomanufacturing are just a few of the many industries that need a strong ecosystem from innovation through production. We cannot afford to be at the peril of another country when it comes to our economy and products that we need to remain safe and survive.

Advanced manufacturing businesses like AccuRounds need you to invest aggressively and effectively in the skills that industries demand, and workers need to be competitive in a global marketplace. Right now, the U.S. invests less in workforce and active labor market policies than every other industrialized nation except for Mexico, and we would need to invest $80 billion more annually just to reach the median of other industrialized countries. Companies like AccuRounds are working hard to make the investment in our workers, and we can best leverage and scale investments like ours when matched with robust public investment. The proposed American Jobs Plan has an investment in $100 billion for workforce – this is a critical step, and we will need this Congress to maintain robust investments in workforce development as a foundation of any infrastructure and job creation package. Further, any proposed investment in infrastructure must include an investment in sector-based training and comprehensive supports for workers, including in skills training, so that workers have access to the skills they need to fill these infrastructure jobs.

In addition to new funding, Congress should ensure existing funding supports industry or sector partnerships, like the Advanced Manufacturing Collaborative and the regional consortiums that drive job specific training. Ensuring public support for partnerships that bring together small and mid-size companies, community and technical colleges, and the public workforce system would make a huge impact in our community. These sector partnerships help ensure that community and business need is being met. They can create programs that change student's lives, that support STEM careers, and that bolster American products and industries. Any investment in workforce as a response to the current crisis should include investment in these vital industry partnerships, as these partnerships are critical to our ability to support the infrastructure we already have established.

To be the most effective to AccuRounds, these investments in skills training should also support costs of providing incumbent worker training and of helping our workers develop digital skills. We are just getting used to the adoption of 3D printing, robotics, automation, machine monitoring and big data. Next for advanced manufacturers is Artificial Intelligence, Augmented Reality and Virtual Reality. These technologies are on the doorstep of our industry right now. AccuRounds supports extensive training for our incumbent workers, and with public investments in these strategies we could better support shifts – like those we saw during the Covid pandemic or those required to address technological changes in our workplace – that mean our workers need different skills.

Finally, better aligning postsecondary policy with industry demand and worker need would revolutionize our capacity to upskill and reskill our workers. If Congress expanded financial aid to anyone seeking skills training, students in high-quality, short-term training programs, not just those seeking traditional college degrees, AccuRounds could offer career progression for even more workers than we do today. Allowing students to access and complete high quality, short term credentialing programs with federal financial aid can often be a first step in someone's education journey. These programs can be a foot in the door into the manufacturing industry. And, they are easier on older adults returning to school who are balancing other obligations. Supporting these programs would allow more people to access short term training programs and get started in a manufacturing career.

Thank you to the committee for your time. I look forward to the hearing and am happy to answer any questions at that time.

Dr. Annette Parker Testimony before the U.S. House Committee on Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development Hearing on Growing Jobs through Infrastructure Investment

I would like to start by thanking, Chairwoman Velazquez for inviting me here today as well as Ranking Member Luetkemeyer. I would also like to acknowledge Subcommittee Chairman Crow and Ranking Member Kim and distinguished members of the subcommittee.

My name is Dr. Annette Parker, and I am honored to serve as the President of South Central College, with campuses in Faribault and North Mankato, Minnesota. I am pleased to be testifying before you today on behalf of the 30 community and technical colleges and 7 universities that make up the Minnesota State system. I also know that my testimony reflects many of the perspectives of the nation's 1,044 community colleges.

Thank you for giving me the opportunity to testify about the vital role of community colleges in developing a skilled workforce that supports economic development.

As I mentioned, South Central College has two campuses. One is in a small metropolitan statistical area and one in a more rural area, with both communities heavily influenced by agriculture as well as having a strong advanced manufacturing and healthcare presence. Surrounding both campuses are many vital small towns, with some large businesses and with many more small businesses, many of which rely on South Central College to meet their workforce needs. We do this by preparing their new employees with the skills they need to immediately start contributing on the first day of work, as well as upskilling their current employees. These businesses also rely on us to provide career pathways for high school students that allow them to get a head start on rewarding, well-paying careers.

As this subcommittee is aware, there is a significant skills gap that exists across the country – too many open positions and not enough skilled employees to fill them. This situation has existed throughout the economic dislocations of the pandemic. Our nation's community and technical colleges are uniquely positioned to play a significant role in narrowing this gap and providing the relevant skills needed by the workforce of the future.

Over the years, South Central College has developed strong **public-private partnerships,** with our communities, organizations, and businesses, to provide education that meets the needs of our employers, supports the economic development of our communities, and grows student employment and civic engagement.

These partnerships benefit local employers who have been in the community for years or are entrepreneurs who are just starting out. In addition, the partnerships strengthen our region by developing a workforce that contributes to the vitality of our communities, and by encouraging new businesses that want to locate their operations here, making a significant impact on the local economy. For example, Faribault, Minnesota, where one of our campuses is located, has approximately 24,000 residents. Within this community there are now four foreign-owned companies. Many of our small businesses are suppliers to these companies as well as to each other, which supports the economic development of the community. Our college works with these types of companies in a variety of ways. They have indicated having a community college in town and the relationship we've built with them is part of the success they've achieved in Faribault and why our college supports their enterprise. I further believe that based on the reputation of our communities working together with the college as a partner in developing the workforce, other companies will be interested in doing business here.

Small businesses, in particular, benefit from a robust business climate, supported in part by their local community and technical college. For years I have seen first-hand – in theory, research, and, most importantly, in action – how public-private partnerships benefit all businesses.

On the research side, in 2013 and 2014, I was privileged to sit on President Obama's Advanced Manufacturing Partnership 2.0 Steering Committee. In the committee's report to the President, titled *Accelerating U.S. Advanced Manufacturing*, **public-private partnerships** were emphasized. As part of this, the report pointed to **work-based learning opportunities**, which include providing students and current employees with portable and stackable credentials through nationally recognized certifications, as well as new, innovative apprenticeship models.

South Central College took to heart this report's research and recommendations and in 2014 created the Minnesota Advanced Manufacturing Partnership or MnAMP – a consortium of 12 Minnesota State colleges and two Minnesota State Centers of Excellence. Together with these partners, we created a work-based learning program focused on providing career pathways in advanced manufacturing, with students earning stackable, portable, industry-recognized certifications while attending college and simultaneously working in their specific industry. To provide this industry experience, we and our MnAMP partner institutions worked with businesses throughout Minnesota to implement a dual-training and apprenticeship program to allow students to get an education in their desired field and industry experience at the same time, resulting in students coming out of college career-ready. South Central College is grateful that the MnAMP program was propelled forward through a $15 million Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant from the U.S. Department of Labor.

After implementing MnAMP, the college provided testimony and support of legislation in our state for the PIPELINE dual-training grant program. State PIPELINE grants fund dual-training partnerships between businesses and educational providers. These partnerships enable students to receive instruction to earn short-term industry certifications, and in many cases, a degree from South Central College while gaining valuable on-the-job experience. Since the program launched in 2016, South Central College partner businesses have been awarded nearly $1 million in PIPELINE grants to support dual-training in employer facilities.

I know that the successes South Central College and the Minnesota Advanced Manufacturing Partnership achieved for our students and our businesses were also achieved by other institutions and collaborations throughout the country, thanks to TAACCCT.

Given the impacts of the pandemic, we are now faced with many low income citizens unemployed at the same time our employers are in need of a highly skilled workforce. And as all know, the economy is in a flux. I believe it is critical for the federal government to fund a community college-led job training program, to both help prepare the skilled workforce needed by the private sector and to meet the requirements of any major national infrastructure initiative.

While our TAACCCT project officially ran from 2014 - 2018, the dual training and apprenticeship models it established continue to benefit businesses today. These dual training and apprenticeship opportunities yield positive results for our students and employers alike. For example, when it comes to small businesses in particular, our structure of having a set time for on-campus learning and a set time for off-campus, work-based experience, has been particularly valuable because it allows small businesses to collaborate in scheduling training that reduces their cost and the cost for the college.

In addition to our strong relationships with employers, as a community and technical college, South Central College also has strong partnerships with K-12 schools. Over the years, we have worked with high schools on productive pathways that create the future workforce that is important to our employers. Most recently, we partnered with Faribault Public Schools, the Faribault Chamber of Commerce, and large and small healthcare leaders in Faribault to develop a program called H2C – High School to College and Career. Through the program, which begins this Fall, Faribault High School students can take classes at the high school that will prepare them for opportunities in six health sciences career areas, while attaining short-term stackable certifications, and getting workplace experience at area healthcare facilities. Students can complete up to 36 college credits with South Central College while in high school. There's a tremendous amount of interest in the program in Faribault. We have had to add additional high school courses to meet demand, and we plan to expand it into other industries beyond healthcare and roll it out to other school districts in the future. Models like this, that have public private partnerships, are essential for the federal government to support as we ramp up high school programs that create awareness and interest in the highly skilled fields we will need for infrastructure development and building the workforce of the future.

Partnerships such as these serve not only to provide a talented workforce for our employers, but also opportunities for our students and economic development for our communities.

But meeting the workforce needs of our employers requires a strong **infrastructure.** This infrastructure includes up-to-date labs filled with the equipment that mirrors the environment and technology students will encounter when they enter the world of work. With technology advancing rapidly, it's an increasing challenge for community colleges to make the necessary investment to keep up.

I was also privileged to sit on the Advisory Board for the MIT Work of the Future Task Force, which released a report last year entitled *The Work of the Future: Building Better Jobs in an Age of Intelligent Machines*. This report reveals that, contrary to previous beliefs, increased technology will not reduce the number of employees needed, but will require more workers who need be able to augment their work as they use technology. This change in how employees interact with technology will increase the number of skilled employees needed. As I mentioned earlier, colleges like South Central College have been imbedding industry-recognized credentials into our programs in recent years. But to address rapidly changing technology and emerging artificial intelligence, the MIT report suggests it's critical to imbed more short-term credentials into our college curriculum. Over the years, South Central College and other community and technical colleges have continued to evolve their technical education programs to prepare students for current technology and this will continue as industry continues to advance.

The increasing sophistication of technical education has required, and will continue to require, continuous, large-scale capital investments on the part of colleges. At the same time, we also have had to innovate to support the growing virtual online component of our education. South Central College has itself shown this innovation with the creation of a remote access Mechatronics program, which provides the mechanical, electronics, and digital skills needed to maintain modern machinery. However, both remote delivery technology and on-campus infrastructure are costly.

While we are thankful for the state support we receive, it falls short of fully meeting our infrastructure needs. We are also deeply appreciative of our business and industry partners, whose financial and equipment donations help a great deal with specific programs. However, despite what we receive from the state and generous benefactors, in terms of our overall infrastructure across the college, we are falling far short of need. And it's the same story for colleges across the country. This results in an increasing backlog of unaddressed infrastructure projects and a mounting number of deferred maintenance needs, with an inevitable impact on education quality.

To educate the workforce of the future, we need an infrastructure that supports them. For this reason, South Central College and other community colleges across the country are enthusiastic, and thankful, for the Jobs Plan's $12 billion community college infrastructure investment.

The President's community college infrastructure proposal is critical and appreciated. In evaluating facilities needs across all our colleges, the American Association of Community Colleges estimates a national total deferred maintenance, needed renovations, and upgrades at $60 billion. At our Minnesota State institutions alone, the deferred maintenance is at $1.1 billion. This does not include new construction that colleges hope to undertake in the coming months and years to stay current.

Projects funded through this proposal at our college could include improvements to both facilities and equipment in our advance manufacturing, health sciences and agribusiness facilities programs. Investments such as these at South Central College and community colleges throughout the nation would not only improve instruction on our campuses; it would directly benefit the local community, which often participates in college offerings, providing a boost to local economic activity. Any federal effort should ensure a broad diffusion of funds, both regionally and among types of institutions, including smaller colleges that serve a large number of small and rural business, and that often have challenges successfully competing for funds. Emphasis should be given to facilities projects with a strong local economic impact, because making a local economic impact is what community and technical colleges do around the country, every day.

Finally, I would be remiss if I did not mention a subject critically important to our students and the workforce as a whole – expanding Pell grants to include more short-term training options. With the changes in technology and artificial intelligence, now more than ever, we see education as a lifelong need in order for workers' skills to remain relevant. If individuals can complete their education in stages and master a skill or earn an industry certificate by taking advantage of a flexible or shorter-term training, this is beneficial. It allows them to start work with a skill and then return to the college later (long-term or short-term) for additional education that builds on their skills as technology advances. Meeting our students and workers where they are is essential to creating a skilled workforce because what works for students, works for businesses, and therefore works for our society. We strongly support the JOBS Act that has been introduced in both the House and Senate on a bipartisan basis. We believe that helping low-income individuals benefits from our occupationally-focused programs is a sound and overdue policy.

I appreciate the opportunity to testify today on our college's experience in helping build a strong workforce and sharing information on the infrastructure and other investments we and our students need to continue to succeed and support the U.S. economy.

I look forward to answering any questions you may have. Thank you.

"Growing Jobs through Infrastructure Investment" Hearing Testimony

Eddie Bustamante, LIUNA Local 720

Dear members of the committee, thank you for the opportunity to speak today. I am Eddie Bustamante, a member of the Laborers International Union of North America Local 720. I serve in the capacity of Political Director for my local which is a Colorado Statewide Local. We represent Construction Craft Laborers across the state. It's an honor to testify in a hearing titled "Growing Jobs through Infrastructure Investment".

Our Laborers work in many sectors of work within the construction industry, such as, Heavy – Highway Construction, Commercial Building, Pipeline and Tunneling, Precast Plants, Traffic Control, and Clean Energy infrastructure. We take great pride in ensuring our members have access to high quality training through our registered apprenticeship program and state of the art training facility. Our Trade became an apprenticeable trade in 1993 and we have worked to create a solid pipeline of workers into the industry ever since. Apprenticeship programs are "earn while you Learn" model programs meaning workers receive on the job training while employed by a contractor while also receiving in class training to further their knowledge. Its important to highlight that through our apprenticeship program, we train for industry and not just for one job or contractor. Within our training, members obtain State & U.S. recognized and approved certifications such as OSHA 10 and OSHA 30, All terrain forklift certification, First AID/CPR, Hazardous Waste, Hoisting and rigging, and Work zone Safety Colorado Department of Transportation certifications. These are a few among many other training courses available to our members that extend from General Construction training, concrete, and safety training.

We know that our country faces a shortage of workers and the goal of the current administration is to create good union jobs through this infrastructure investment. Therefore, creating a pipeline of workers is incredibly important. A key component to this is ensuring we set a high standard for training as we talk about workforce development. For example, our apprenticeship programs are approved and registered through the U.S. Department of Labor, holding us to the highest standard of training. These standards should be set across the industry to help prevent short cuts for contractors or contractor associations to create their own apprenticeship programs without oversight from the US DOL. A solid workforce development plan begins with high training standards.

Here on the ground, we have ongoing efforts to reach our youth and our underserved communities to educate them on the value of a career in the construction industry. We consistently attend job and career fairs in the community and in schools.

From a policy standpoint, we must also ensure high quality, and meaningful labor standards that promote family sustaining wages, employer paid benefits, jobsite safety, local area hiring, and apprenticeship utilization standards. The communities in which this infrastructure is built deserve the opportunity to work on these projects in an equitable fashion.

Our LIUNA Local 720 members earn great wages and employer paid benefits which include a healthcare plan classified as a platinum plan under the Affordable Care Act, lifetime pension benefit, education and training. We believe these things are key to a solid career in construction. If these standards are set across the industry, I believe there would be a natural progression of workers, young and old to want to start a construction career thus helping fill the voids of worker shortages.

Written Statement of

Gus Bruner
President and Project Executive
Caliagua, Inc.

On behalf of

The Associated General Contractors of America

to the

United States House of Representatives

Committee on Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development

For a hearing on

"Growing Jobs through Infrastructure Investment"

May 6, 2021

The Associated General Contractors of America (AGC) is the leading association in the construction industry representing more than 27,000 firms, including America's leading general contractors and specialty-contracting firms. Many of the nation's service providers and suppliers are associated with AGC through a nationwide network of chapters. AGC contractors are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, levees, locks, dams, water conservation projects, defense facilities, multi-family housing projects, and more.

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Written Statement of Gus Bruner
Caliagua, Inc., Anaheim, CA
Committee on Small Business Subcommittee on Innovation,
Entrepreneurship, and Workforce Development
United States House of Representatives
May 6, 2021

Chairman Crow, Ranking Member Kim, and members of the Subcommittee on Innovation, Entrepreneurship, and Workforce Development thank you for inviting me to provide a written statement on the importance of growing American jobs through investing in our infrastructure.

My name is Gus Bruner. I am the President and Project Executive of Caliagua based in Anaheim, CA. Caliagua is trusted and respected in the Southern California marketplace for our engineering and contracting work in water and wastewater treatment. We have developed this position over more than thirty-five years of focused, reliable work in our field. Our portfolio of completed projects speaks for our commitment to detail, precision and professionalism that you can rely on. We specialize in the construction of pumping stations and sewage lift stations, among other things.

I am testifying on behalf of the Associated General Contractors of America ("AGC"). AGC is the leading association in the construction industry representing more than 27,000 firms, including America's leading general contractors and specialty-contracting firms, many of which are small businesses. Many of the nation's service providers and suppliers are also associated with AGC through a nationwide network of chapters. AGC contractors are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, levees, locks, dams, water conservation projects, defense facilities, multi-family housing projects, and more.

First, I want to thank the Committee and Congress for taking prompt and bipartisan actions to assist the nation's businesses and the American people during the COVID-19 pandemic including the Paycheck Protection Program. Federal investments in infrastructure can play an essential role in rebuilding our economy and creating well-paying jobs for the American people. With growing support for making historic investments in infrastructure there is a simultaneous opportunity to rebuild the domestic pipeline for new construction workers. The country is experiencing the greatest labor supply in generations, but the fact remains that few young people currently choose construction as their career of preference. The good news is Congress can help address this problem. The multi-year infrastructure investments that have been proposed can provide workers with good paying jobs and long careers well into the future.

Congress can help put more high school and college graduates into high-paying construction careers by increasing funding and local flexibility. These programs would not only provide essential construction skills, but they also would serve as valuable recruiting tools by signaling to students and young adults that construction is a career path worth considering. By giving construction a starring role in rebuilding the economy, a new generation of workers can be brought into the construction trades for careers where they can economically advance. Over the past year the construction industry and its workers have proven to be essential as they supported the necessary infrastructure programs that deliver our water, transport our goods, and grow our economy.

The Case for Infrastructure Investment

Congress has passed numerous economic relief bills since March 2020. However, it chose not to provide long-term investment for our nation's aging infrastructure. AGC is optimistic that a broad, robust and bipartisan public and private infrastructure legislation will be enacted. The construction industry is the delivery tool for building and maintaining critical infrastructure and facilities used to deliver clean water and electricity, protect our national security, and transport essential goods and services like medical supplies, groceries and, most recently, COVID-19 vaccines. Federal investment in infrastructure would enable the industry to hire more workers and jumpstart our economic recovery today while providing long-term capital investments that would support our economy and communities for generations to come.

Importantly, infrastructure yields high returns on our investment. For example, the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) estimates that for every dollar spent on water infrastructure, about $2.62 is generated in the private economy. For every job added in the water workforce, the BEA estimates 3.68 jobs are added to the national economy.

That stated, even fully funding an infrastructure project does not mean that it can commence in a timely fashion. Budgetary and environmental bureaucratic processes can stand in the way. Currently, many of our nation's infrastructure projects are subject to duplicative procedures and reviews. On the environmental side, construction companies cannot legally break ground on the project until all the necessary environmental approvals are granted, which sometimes can take up to a decade or more. We must be good stewards of the taxpayer dollars and protect our environment. And, we must find ways to determine more efficiently which projects can move forward in an environmentally appropriate manner so as to allow for the timely delivery of benefits to communities that depend on quality infrastructure.

Revive the Economy, Put People to Work.

The coronavirus and related economic lock downs led to significant changes in the labor market compared to just a year ago. The construction industry, for example, cut nearly one million people from its payrolls between March and April 2020. Today, the industry has 200,000 fewer workers than before pandemic. Meanwhile, there are eight million fewer workers in the broader economy today than before the pandemic.

The new labor dynamic has created a unique opportunity for the construction industry to attract a significant portion of the newly unemployed into high-paying construction careers. Policies that ensure the industry does not miss the current labor opportunities should be encourage while regulatory and labor policies that restrict growth and an economic recovery need to be avoided. Further, the construction industry offers lifelong careers with career advancement opportunities. Importantly construction jobs cannot be outsourced and have been key to our nation's economic prosperity.

The Need to Rebuild the Construction Workforce

Construction firms continue to have a hard time finding enough qualified workers to hire. The reason, despite the high wages, is that the country has essentially dismantled the once robust pipeline for recruiting and preparing new construction workers. Thirty years ago, most school districts operated robust vocational educational programs. However, as educational trends shifted toward pre-collegiate skills, many school systems stopped teaching craft skills.

Today, few school districts offer what is now known as career and technical education (CTE) programs or provide instruction in construction skills. This signals to many students and their families that construction is not a career worth considering, despite the fact it pays more than 10 percent above the average job. As the current construction workforce continues to retire in large numbers, more firms will be forced to cope with the challenge of having to replace workers when there are relatively few new ones available.

For many construction firms, workforce shortages are very real and extremely significant. The problem will not go away without broader changes to the nation's approach to education and workforce preparation. There are a range of steps policymakers should take to make it easier to set up construction recruiting and training programs.

Ensure Targeted Funding and Policies Meet Local Workforce Needs

Workforce development will be an essential ingredient of the coming economic recovery and future economic growth. The economy has changed. Many more Americans need short, job-focused upskilling or reskilling to reenter the labor market. The future workforce will require new investments and flexibility in funding career education and workforce development.

CTE programs are among the most valuable education programs for exposing students to construction skills and even to a lifelong career in the industry. However, CTE programs are expensive to administer and fund, with cost-intensive classrooms and equipment, and quality CTE instructors in short supply. This is especially true in construction where there is a shortage of quality instructors, as they are often recruited to work in the private sector at higher salary levels than school districts can provide. The modest funding increases before the pandemic was a good start. But needs were still not being met because of the funding limitations of the program. The pandemic has exacerbated that issue with a lost year of in-person instruction and tighter local school district budgets.

There have been barriers, especially for small employers, to tapping into other government programs like Workforce Innovation and Opportunity Act (WIOA). The paperwork involved can overwhelm a small employer, while large firms can devote full-time staff. There is also a disconnect between the industry needs and the government provides. The programs serving employers are too slow to adapt and lack the urgency many employers need. Further, many employers are unaware of the myriad of federally supported programs. Many of them are well funded, but the funding is neither targeted to employer needs, nor is there consistency in the quality of services provided from market to market. Currently, much of the federal funding does not cover programs and skills in most need.

The country continues to face a higher education bias evidenced by inequities in federal workforce and education funding. The federal government overwhelmingly supports and encourages four-year degree programs through its massive backing of Pell Grants. These grants offer needs-based aid to low-income individuals seeking a career but are only available to students enrolled in semester-long programs—further skewing these resources towards traditional four-year higher education. The federal government's investment in workforce development and CTE pales in comparison. Further, highly successful, short-term credential programs are ineligible for Pell Grants.

Our nation's higher education programs have neither traditionally collaborated with industry in identifying occupations with openings, nor in preparing students for in-demand jobs. The construction industry and the greater economy have an interest in ensuring that higher education investments are productive and hold schools accountable for preparing students for career opportunities while spurring innovation. Making reforms to higher education programs with an emphasis on workforce education is sorely needed. Policy changes that expand federal work-study programs, improve apprenticeship opportunities for providers should be on the table.

A recurring theme in federal workforce and education programs is to give all prospective students greater information and publish data on the return on investment so candidates have a better grasp of their earning potential. While many states and federal agencies collect data on outcomes—including employment and future earnings—few make this data available in a usable form. The better data students have to compare college, technical training or even an industry certification, the better suited they will be to follow the most informed path.

As an alternative to imposing arbitrary mandates on small businesses, Congress should create job opportunities and spur localities to craft high quality education programs. This can be achieved through incentives to provide the opportunities and prepare the workers.

Policy Changes Could Halt Job Creation

While there are many policies that will help spur long-term infrastructure investment and create good paying jobs, there are certain policies that restrict job growth and the economic recovery that is desperately needed. I provide the following policy changes that could restrict job growth and encourage the Committee to use AGC as a resource for additional policy recommendations.

Protecting the Right to Organize Act

Recent policy changes have directly impacted the construction workforce and some proposed policy changes will have an even more profound and negative impact on the industry and economy. The misleadingly named "Protecting the Right to Organize" (PRO) Act will dangerously alter the balance between an employees' right to bargain collectively and an employers' right to manage their business.

Unclear Regulatory and Permitting Requirements

For every perceived problem, many federal agencies have sought regulatory "solutions." Oftentimes, those solutions fail to adequately—let alone comprehensively—solve the alleged ills they seek to address. Instead, a new regulation is generally stacked on top of a host of existing regulatory requirements without sufficient consideration of its overall impact on the greater regulatory compliance and enforcement scheme. The result is a chaotic patchwork of federal mandates that often create considerable economic hardship on the construction industry—especially small businesses—amounting to fewer construction projects built and fewer construction jobs available.

Tax Increases

AGC is concerned that increases in corporate and individual tax policies would hinder construction investment and job growth. That is because tax increases would limit the ability of many businesses to invest in capital improvement that will provide additional career opportunities for construction workers.

In 2020, according to the U.S. Census, total domestic construction spending was at $1.432 trillion. About 75 percent of that spending was private construction spending and approximately 25 percent of that spending was in public construction. Tax increases could have negative impacts on the private construction marketplace, which is the largest market for construction.

Conclusion

I appreciate and thank the Committee for its continued efforts to help improve our nation's infrastructure, help small businesses, and enact policies that create good paying jobs in America. I look forward to answering any questions you may have.

AIRPORTS COUNCIL INTERNATIONAL

Statement of Airports Council International – North America
Hearing on "Growing Jobs Through Infrastructure Investment"
Before the House Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development
May 6, 2021

Chair Crow and Ranking Member Kim, Airports Council International – North America (ACI-NA) – the trade association representing local, regional, and state governing bodies that own and operate commercial airports throughout the United States – appreciates you holding this important hearing to examine job growth through America's transportation infrastructure investment.

Airports Continue to Face Substantial Infrastructure Needs

ACI-NA released a new report recently detailing the significant infrastructure needs at America's airports. With U.S. airports facing more than $115 billion in infrastructure needs across the system and a debt burden of over $100 billion from past projects, the sad reality is that our airports are falling further behind in their effort to upgrade their facilities and improve the overall experience of their customers.

It is time to find the means to rebuild our nation's aviation infrastructure and improve the passenger experience for millions of travelers. The cost of doing nothing is further paralysis of the aviation system as we seek to rebuild our economy from the devastating impacts of the COVID-19 pandemic. We are eager to work with you and this committee to advance a meaningful funding plan that will finally address the growing infrastructure needs our country's airports. We are pleased to share the airport industry's policy priorities for infrastructure legislation, which would go a long way toward helping airports pay for their growing list of capital projects, as well as support good-paying jobs, stimulate the economy, and prepare for rising passenger levels in the recovery ahead.

Modernize the outdated federal cap on the Passenger Facility Charge (PFC). PFCs are local user fees that must be approved locally, imposed locally, and used locally for specific projects approved by the FAA in consultation with the airlines. With the dramatic decline in passengers and PFC revenue in the past year, many airports have been forced to extend their collection periods for current PFC-funded projects, crowding out funding for other critical projects. Adjusting the federal cap on local PFCs would help reduce that financial pressure and give airports the option of using more local funds for their infrastructure needs. Last raised more than 20 years ago, the PFC cap has not kept pace with rising construction costs and inflation since it was last adjusted to $4.50 in 2000, and its purchasing power has eroded by 40 percent. Modernizing the outdated federal cap on the PFC in this time of scare federal resources would give airports the self-help they need to invest in the terminals, gates, and ramps necessary to attract new air carriers and entice existing ones to expand – thereby promoting competition and lowering airfares for their communities.

Increase funding for the Airport Improvement Program (AIP). AIP is a crucial source of funding for capital-improvement projects that enhance safety, security, and capacity at airports of all sizes. Despite the pandemic, airport capital needs and the list of necessary repairs for aging facilities have continued to mount. According to the FAA's National Plan of Integrated Airport Systems, airports have $43.6 billion in AIP-eligible projects over the next five years, an $8.5 billion increase over their estimate from two years ago. In recent years, though, airports have only received less than half that amount in annual AIP grants. Furthermore, ACI-NA's latest estimates show that commercial service and general aviation airports have over $115 billion in capital needs over the next five years for AIP-eligible, PFC-eligible, and other necessary projects. Combined with a long-overdue adjustment in the federal cap on local PFCs, additional funding and flexibility for AIP funding would help all airports close the significant annual infrastructure funding gap.

Airports Can Build the Runway to Economic Growth

America's airports – a fundamental component of our nation's transportation infrastructure – are essential to our nation's economic success. They have a footprint in every community, annually supporting $1.4 trillion in economic output and 11.5 million jobs. To meet the capacity demands of the future with safe, efficient, and modern facilities that passengers and cargo shippers expect, airports need to make new investments to maintain and upgrade their infrastructure.

Airport infrastructure suffered from chronic underfunding even before the steep decline in air travelers and airport revenue due to the COVID-19 pandemic forced the delay or postponement of many planned projects. For too long instead of investing in larger, higher-impact projects that would improve facilities and increase capacity, airports have been forced to prioritize smaller, immediate needs like maintenance of aging structures and systems.

Inadequate airport infrastructure that fails to meet the growing needs of local businesses and tourists puts in jeopardy economic recovery in American cities, states, and regions. In addition to creating jobs, new investments in airports can be valuable tools in helping local communities attract air service, which increases competition and leads to lower airfares for passengers. Airports need additional resources to build the terminals, gates, and ramps necessary to attract new air carriers and entice existing ones to expand service. The traveling public gets more choices and lower airfares when airports can build the facilities that provide more airline options and more service alternatives.

The Long-Term Solution to Address Airports' Infrastructure-Funding Shortfall

With America's airports facing over $115 billion in infrastructure needs across the system, it is time to find the means to rebuild our nation's aviation infrastructure and improve the passenger experience for millions of air travelers.

It is a common misconception that airports are funded with taxpayer dollars or a general tax on all citizens. In reality, though, infrastructure projects at U.S. airports are funded primarily with federal grants through the FAA's AIP, a local user-fee called the PFC, and airport-generated revenue from tenant rents and fees. Airports often turn to private-capital markets to debt-finance projects, using both PFC-revenue and airport-generated revenue to repay the bonds.

Traditionally AIP grants – which prioritize safety improvements – have been used on airfield projects, while PFC user fees – with greater funding flexibility – have gone towards terminal, ground-access, and major-runway projects. Both are essentially reimbursement programs used to pay for past or existing projects. In the case of PFCs, airports often have committed this revenue-stream for years or decades into the future to repay past projects, meaning they have no new money coming into the system to fund future projects. Federal law requires airports to be self-sustaining, yet it also artificially distorts and constrains the very funding mechanisms designed to ensure market competition and airport-infrastructure growth, as the federal cap on the PFC has been in place since 2000, and federal grants through the AIP have remained stagnant for over a decade.

Thus, under the industry's current financing-funding model airports lack stable, predictable funding sources that keep pace with travel growth, rising construction costs, and inflation for these intensive capital projects. The PFC cap – last adjusted twenty years ago – has seen its purchasing power eroded by 40 percent in the past two decades. And federal airport grants through the AIP remain stagnant each year under the most recently enacted FAA reauthorization legislation. Moreover, many airports – even those with sterling credit ratings – have reached their debt capacity and either cannot finance new projects or have had to phase in their projects over a longer timeframe, increasing the costs and delaying the benefits for passengers

Fortunately, we can rebuild America's airports without raising taxes or adding to deficit spending by modernizing the federal cap on the PFC. Modestly adjusting the anti-competitive federal cap on local PFCs would allow airports to take control of their own investment decisions and become more financially self-sufficient. Airports could build the appropriate facilities – terminals, gates, baggage systems, security checkpoints, roadways, and runways – to meet the travel demands and customer expectations of their community.

It is important to note that PFCs are not taxes – they are local user fees determined locally and used locally to help defray the costs of building airport infrastructure that benefits customers by improving the passenger experience and spurring airline competition. PFCs are imposed by states or units of local government; so they are not collected by the federal government, not spent by the federal government, and not deposited into the U.S. Treasury. Instead, PFCs go directly to fund local airport projects approved by the FAA, with input from airlines and local communities.

At a time of mounting pressure on our federal budget, modernizing the federal government's cap on the PFC is the simplest and most free-market option for providing airports with the locally controlled self-help they need to fund vital infrastructure projects. It would give airports more flexibility to self-finance and leverage private investment without the need for additional taxpayer dollars, thereby allowing airports of all sizes to generate more local revenue for terminals, gates, runways, and taxiways that would increase capacity, stimulate competition, enhance safety and security, and improve the overall passenger experience. Ultimately, modernizing the PFC is the best way to meet the travel challenges of today and build for a strong economy in the 21st century.

Airports Council International-North America
1615 L Street, NW, Suite 300 • Washington, DC 20036 • (202) 293-8500

Separating Fact from Fiction on the PFC

Finally, we want to correct the record on numerous misstatements being made about the current state of U.S. airports. The truth is that modernizing airport facilities, growing air service options, cultivating new economic prospects, and improving the passenger experience is the best interest of each and every local community.

CLAIM: *We should not be raising taxes during a pandemic.*

FACT: First, the PFC is a user fee, not a tax. The fee is collected by the airline and then sent right back to the airport that the passenger utilized. The money never goes to the federal treasury or the FAA trust fund in Washington. It is collected locally and spent locally.

Second, airports are leading the COVID-19 recovery, investing in a range of projects to move swiftly to respond to and mitigate the spread of COVID-19. For the long haul, airports must continue to be leaders in health infrastructure, and they will need adequate funding to ensure they are well-equipped to handle similar crises in the future. COVID-19 may have caused a temporary drop-off in passenger levels, but we must prepare for their return. With the current trajectory of cases and vaccinations, we expect passenger levels to increase in the months and years ahead. Airports must be ready to support the increased movement of people and goods to enable a stronger economy. Without these much-needed investments, limited capacity and outdated facilities will hold back airports and our economic recovery.

CLAIM: *It is unfair to price-sensitive passengers to raise the cap on the PFC.*

FACT: Despite the pandemic, airports need to repair aging facilities, invest in critical infrastructure, and prepare for the recovery ahead. To help with those ongoing efforts, airports are continuing to urge Congress to raise or eliminate the outdated PFC cap. In light of the pandemic, Congress could also consider a gradual, phased-in approach to adjusting the federal cap on the PFC. Under either scenario, adjusting the local user fee will lead to improved airports by:

- Allowing airports to improve their facilities and expand their capacity, providing disproportionate benefits to low-income travelers and travelers in rural communities.
- Supporting regional economic growth, including job creation, through infrastructure projects at the local airport.
- Creating competition among airlines, potentially driving down ticket prices with added capacity.

Plus, there is no cap on what the airlines can charge for bags and other ancillary fees. Bag fees alone have increased nearly 27-fold since 2000, with little to no benefit to the passengers. PFCs, on the other hand, go directly towards infrastructure projects that benefit the passengers using that airport.

CLAIM: *We don't need to raise the cap on the PFC because airports have either halted many construction projects, or there isn't the need for these projects post-pandemic.*

FACT: Many airports have deferred projects due to the pandemic, but once travel resumes many of these projects will need to be completed. Airports need a long-term source of revenue in order to make necessary improvements to the health, safety, security, and physical infrastructure of our facilities. These projects are not about fancy terminals, but about making necessary upgrades to decades-old terminals, increasing capacity for the rapid rise in passenger travel, and contributing much-needed growth to local and regional economies. Airports can be either an accelerator to growth or a bottleneck to it. We need to ensure that airports can withstand similar emergencies in the future by investing in important technologies and expanding capacity at our airports to safely accommodate a large number of passengers. Better airport infrastructure can not only help us recover more quickly but can also make that recovery stronger and more sustainable.

CLAIM: *Airports are flush with cash.*

FACT: Airports are projected to experience at least $40 billion in lost revenue and increased costs from March 2020 – March 2022 as a result of the pandemic, and airports were $107 million in debt at the end of 2019. Prior to the pandemic airports did maintain cash reserves to comply with bond covenants and save in rainy-day accounts. With that rainy day here, airports have had to tap into these cash reserves to make debt payments and maintain operations. Additionally, airports have reduced costs to airlines and provided millions in relief to renters and concessionaires to help them stay afloat during the pandemic. As a result, airports have spent down their reserves and have had to seek emergency relief funds from Congress just to stay open, maintain operations, and keep their staff.

CLAIM: *If there are infrastructure needs at airports, airlines will pay for them.*

FACT: While most airport infrastructure projects were not financed by airlines before the pandemic, they certainly are in no financial position to improve airport infrastructure now. In fact, nearly 90 percent of all airport funding comes from airport-generated income, federal grants, and PFC collections. Even in previous cases when airlines did "fund" airport infrastructure projects it was rarely direct money, rather payments that came from their regular landing fees and use-and-lease agreements at airports. Moreover, the airlines tend to focus their investments on their hubs while providing little to no infrastructure investment at smaller commercial service airports around country.

NAMC
NATIONAL ASSOCIATION OF MINORITY CONTRACTORS

Building on the Legacy

ANNIVERSARY 50 YEARS
FOUNDED 1969 IN OAKLAND, CA.

January 14, 2021

The Honorable Cedric L. Richmond
United States House of Representatives
240 Cannon House Office Building
Washington, DC 20515

Dear Congressman Richmond:

As a follow up to our conversation concerning minority contractors in federal contracting, I would like to schedule a follow up meeting, as you time permits.

On behalf of the National Association of Minority Contractors (NAMC) National Board of Directors, congratulations on your recent appointment.

After many years of a stopgap funding, and no long-term transportation bill (which Congress considered to be underfunded), the U.S. Department of Transportation (USDOT) and Congress are finally both in agreement about aggressively rebuilding America's infrastructure, stimulating the economy, and increasing employment opportunities. The country needs a transportation bill that minimally provides for $1T each year for the next three years to jumpstart the economy and make an impact on the country's decaying infrastructure. NAMC believes that with the new administration's commitment to $1T over a period of ten years through private equity, **infrastructure projects will remain significantly underfunded** as projected through year 2024.

Therefore, NAMC calls on the USDOT and Congress to consider HR 6422, the National Infrastructure Bank Act of 2020. We also call on the U.S. Treasury Department to consider means and methods for utilizing these funds within a shorter period of time, calling for $1T funding in the first year, to firmly begin to address the problem. In addition, underserved communities should be included as part of the planning for these equity capital partnerships. It would seem reasonable that community benefits agreements should be made part of the negotiation process for the companies receiving the $1T in capital infusion as these companies will surely receive a return on their investment.

NAMC also supports USDOT Disadvantaged Business Enterprise (DBE) waivers that **increase** participation of minority- and women-owned enterprises, especially in states which have not met established DBE goals.

NAMC strongly encourages the Congressional Black Caucus to support DBE waivers that increase minority- and women-owned enterprise participation as a remedy for states with low levels of participation. Now in existence for over 50 years, the National Association of Minority Contractors continues to serve as a key resource for underutilized construction contractors. NAMC supports small business by assisting member companies with building capacity, who in turn, uplift local communities by providing needed employment opportunities and economic benefit. Through a network of chapters, member firms, strategic alliances, corporate partnerships, and industry professionals across the country, NAMC

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https://namcnational.org

provides the training, tools, programs, and services to support the health and growth of its members.

Additionally, to provide adequate and fair protections for minority- and women-owned construction contractors who build our nation's infrastructure, NAMC strongly encourages Congress to pursue policies which ensure proper bonding is in place for new forms of project delivery. Adopting the HR 6359, the Promoting Infrastructure by Protecting Our Subcontractors and Taxpayers Act, introduced during the 116th Congress, will help ensure minority-owned contractors continue to receive bond protections while acting as subcontractors on federally financed projects receiving Transportation Infrastructure Finance and Innovation Act (TIFIA) loans. This legislation provides a bipartisan solution to ensure subcontractors, suppliers and workers tasked with building public infrastructure continue to receive essential payment and performance protections through surety bonds. These bonds have long played a critical role in protecting subcontractors, workers, and suppliers, including Disadvantaged Business Enterprise Program participants.

NAMC is also concerned that we are losing a generation of minority youth because of neglect and indifference. We can no longer ignore the obvious: African American males 18-35 have the highest unemployment rate in America. Other minority groups, women, veterans, and disabled veterans have seen similar disparity. To that end, NAMC supports the U.S. Department of Education's Science, Technology, Engineering, and Math (STEM) Program as well as workforce development and job readiness training. In addressing the social problems that trouble up our communities, NAMC believes that Minority Jobs Matter and we want to ensure that women- and minority-owned small businesses are included in the multibillion-dollar effort to rebuild America's infrastructure.

I would appreciate an opportunity to speak with you to discuss these vital issues. The NAMC national office will follow up with your office in the very near future to schedule an appointment.

Once again, congratulations on your successful election and we look forward to working with you towards positive changes for small business, our communities, and the nation.

Respectfully,

Wendell R. Stemley
NAMC Emeritus National Director

cc: The Honorable Kamala Harris, Vice President-Elect
The Honorable Hank C. Johnson, Jr.
The Honorable Barbara Lee
The Honorable Gwen Moore
The Honorable Joyce Beatty
The Honorable Tim Scott
Secretary, U.S. Department of Transportation
NAMC Board of Directors

NSSGA®

NATIONAL STONE, SAND
& GRAVEL ASSOCIATION

May 6, 2021

The Honorable Nydia Velazquez
Chairwoman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Blaine Luetkemeyer
Ranking Member
House Committee on Small Business
2069 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Nydia Velazquez and Ranking Member Blaine Luetkemeyer:

On behalf of the 400 members of the National Stone, Sand & Gravel Association (NSSGA), I am writing to thank you for holding today's hearing on "Growing Jobs through Infrastructure Investment." I appreciate your work to provide meaningful economic opportunities to our nation's small businesses.

NSSGA represents aggregates and industrial sand producers and those who manufacture equipment and services that support the construction industry. Our members are essential to the work of this country, and we represent more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. Our members employ more than 100,000 hard-working men and women who are responsible for the essential raw materials found in every home, building, road, bridge and public works project.

We strongly encourage this committee and the entire Congress to coalesce around bipartisan solutions that address our nation's infrastructure challenges. Doing so will be the most transformational action to help grow small businesses that have been facing paramount challenges due to the COVID-19 crisis. In the aggregates industry, over 80 percent of our nation's producers, as well as the companies who manufacture the equipment and provide services, are small businesses. Advancing needed federal investment to fix our broken roads, bridges, tunnels, and develop more sustainable infrastructure and buildings, will bring needed certainty and economic opportunities to small businesses, allowing them to hire high-earning employees and invest in their communities.

According to a Duke University study every $1 billion dollars invested in transportation infrastructure creates an additional 21,671 jobs. In the aggregates industry, this return is even greater as every $1 million in aggregate sales creates 19.5 jobs, and every dollar of industry output returns $1.58 to the economy.

Further, needed infrastructure investments now will provide the best opportunity for small business to grow and help our nation's economy advance. The Congressional Budget Office has estimated that every dollar invested in infrastructure generates as much as $2.50 in incremental output, making the return higher than any other major spending program or tax cut.

It is also no secret, there is tremendous need for immediate action as our current state of infrastructure is in disrepair, placing the U.S. at a competitive disadvantage on the world stage. The neglect in providing needed attention and funding to our transportation networks, airports, waterways, schools, housing, and energy infrastructure has hampered economic opportunities and is estimated to have cost our country millions of high paying jobs. Investing in infrastructure will not only create jobs that American's yearn for but will leave a lasting legacy that drives greater productivity and improves the lives of future generations.

As the Committee examines infrastructure investment, it is paramount that policies are incorporated that allow our small businesses to meet the challenge before them and not tie them down in unnecessary regulations and red tape. The positive effects of increased infrastructure investments on the economy are only realized once the funds are efficiently and responsibly deployed into our communities. That said, under today's regulatory environment, public works project execution and infrastructure planning takes vast amounts of time and resources due to duplicative review processes and applications. NSSGA recommends incorporating bipartisan policies like One Federal Decision into any infrastructure proposal to responsibly streamline project application timelines while maintaining appropriate federal oversight.

NSSGA encourages this committee to support policies that ensure communities have continued access to aggregates resources that are essential to building the modern and resilient infrastructure our nation needs. Safeguarding sustainable access to aggregates is important to the small businesses who produce construction materials, transport them to job sites, and design and build the infrastructure projects. Congressman Greg Stanton (AZ) and Troy Balderson (OH) have introduced bipartisan legislation, H.R. 611, the ROCKS Act, that will establish policies allowing communities to reduce costs, extend taxpayer dollars, and mitigate environmental impacts while addressing our infrastructure challenges.

Finally, when examining revenue sources to advance needed infrastructure investment, we encourage Congress to find sustainable solutions that will not burden American small businesses. Due to the capital-intensive nature of our industry, family owned aggregate businesses across the nation would be disproportionately affected by the Administration's proposed increases to the tax code. This is especially concerning as small businesses are still facing financial struggles from the fallout of the pandemic and forcing them hand over more resources to Washington will severely limit their ability to make investments in workforce and equipment needed to supply construction materials.

Thank you for your consideration of our member's views, and NSSGA applauds your leadership to address our nation's infrastructure challenges.

Sincerely,

Michael W. Johnson
President and CEO
National Stone, Sand & Gravel Association

CC: Members of the House Committee on Small Business

REVISION ENERGY

May 6, 2021

Written Testimony of Fortunat Mueller
President, ReVision Energy, Inc.

U.S. House of Representatives Committee on Small Business
Growing Jobs through Infrastructure Investment
May 6, 2021

Chairwoman Velázquez, Ranking Member Luetkemeyer, and members of this Committee. My name is Fortunat Mueller, and I am the President and co-founder of ReVision Energy, Inc. I am grateful to provide written testimony today on behalf of my fellow employee-owners.

ReVision Energy, Inc. is headquartered in rural Maine with five facilities across Maine, New Hampshire, and Massachusetts. We are a 100% employee-owned renewable energy contracting company that provides a full range of clean energy engineering, design, installation and finance services for homes, businesses, municipalities, and nonprofits in our communities. ReVision Energy began in 2003 with two guys in a Waldo County barn and has grown to a team of almost 300 renewable energy professionals - a team that has been repeatedly recognized by Solar Power World magazine as Northern New England's top-ranked rooftop solar contractor.

Our mission is to help transition our communities to 100% clean, renewable energy and to solve the environmental problems caused by fossil fuels while alleviating economic and social injustice. We firmly believe that business can and should be a force for good and our demonstrated commitment to our workers, communities, and planet earned us "Best for the World" recognition from B Labs in 2019. Certified B Corporations are companies that make explicit our commitment to multi stakeholder capitalism and expand our legal obligations to a broad group of stakeholders, including our workers/co-owners, customers, suppliers, our communities, and the environment. Best for the World companies like ReVision Energy represent the top 10% of Certified B Corps globally as assessed annually by 3rd party group, B-Labs.

On a foundation of B Corp principles and employee ownership, we accomplish our mission through the installation of solar energy systems, energy storage, clean heating and cooling technologies and electric vehicle charging infrastructure. We have been fortunate to find success in these efforts and have seen our company and our impact grow by 1,600% over the past 16 years. ReVision Energy is powered by the excellence of our employee-owners and so hiring passionate, creative, smart, and hardworking people has always been at the forefront of our approach to growth. Ours is not a legacy industry, meaning that often we must build a new workforce for jobs that did not previously exist. In addition to the typical challenges of running and growing a small business, hiring excellent people has been one of the most significant challenges to our continued growth and success. This challenge is particularly acute in our two states with the highest median age in the country – Maine and New Hampshire – exacerbated by an aging workforce and a shortage of licensed tradespeople.

Recognizing these structural challenges as well as the opportunity they present, in 2018 we decided to launch the ReVision Energy Training Center, a first-of-its-kind electrical apprenticeship program that provides solar professionals a streamlined opportunity to become licensed electricians while working and early a living wage. Currently, we have 61 individuals actively enrolled in our

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apprenticeship program, and many more who have already graduated and earned their electrical licenses.

We are grateful for the role the U.S. government has played in helping to catalyze the growth we have seen within the U.S. solar industry through strategic investments in research, development, and education, as well as through ongoing support of customers through the renewable energy tax credits. These investments have helped drive down the installed cost of solar, thus increasing our energy independence and reducing energy costs. As the legislative debate shifts toward infrastructure and labor issues, we feel that now is the time to take steps that will chart America's path to 100% clean electricity. Achieving that target will require U.S. solar capacity to reach nearly 700 GW by 2030, and annual installations will need to grow from 20 GW in 2020 to more than 90 GW in 2030.This means that the U.S. will need an extra 270 GW of total solar capacity by 2030 to stay on track with our climate goals, which is 3 times greater than that we have installed in the entire history of solar in this nation. This additional capacity represents hundreds of thousands of U.S. jobs and billions in economic investment in clean energy that the solar industry, in all facets. With continued innovation and policy support, these goals become more than realistic.

We are also appreciative of the U.S. Department of Labor and their role in supporting our electrical apprenticeship program through its federal offices and its support of the NH and ME electrical Board's that have assisted us with design and implementation of the program. Their efforts have helped us demonstrate the ability for private enterprise to invest in our workers to increase their individual opportunities while furthering the success of the company we own together and the clean energy transition for our region.

Ultimately, our success as a country in addressing the climate crisis will depend upon the technical tradeswomen and tradesmen necessary to build our next generation infrastructure. While innovation and entrepreneurship will play an important role in identifying the solutions, we are fully dependent upon people who can build things – and build them well – to move us towards a sustainable future. The American worker will be the measure of our ability as a nation to respond to the climate crisis, and our country's ability to support clean energy workers is highly dependent upon small businesses such as ours. It is particularly important to note that the primary opportunity for expanding the clean energy workforce is not in the manufacturing sector where an increasing amount of this work is being automated. Instead, the primary long term job growth opportunity lies in the engineering, sales, development, installation, and service side of our industry – well-paying and rewarding jobs which will require people with skills for decades to come.

Fortunately, we are not alone. One of the most urgent priorities is our workforce. For solar to account for 20% of U.S. electricity generation by 2030, the industry will need to grow to 600,000 workers. The solar industry was able to keep tens of thousands of workers on the payroll during the pandemic, but some residential solar companies experienced hardship and others are still having difficulty securing tax equity for their projects. The solar industry is made up of primarily small businesses, and these changes can make it hard to adjust, let alone grow their businesses and hire more workers.

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As our companies transition our current energy sector to one that is more distributed, resilient, and sustainable, we are also working towards an infrastructure that is more democratic and equitable. The negative impacts of the climate crisis will be disproportionately shouldered by underrepresented communities and their people. Mitigating the climate consequences of the energy industry is imperative to delivering on the promise of the American ideal for these communities. Engaging these communities to help us build a clean energy economy also strengthens our capability and our resolve.

This vision of a distributed and democratic renewable energy workforce is not unique to ReVision Energy. We are proud members of the Amicus Solar Cooperative, a national member-owned cooperative established in 2011. This group focuses on building financially strong, resilient, enduring privately owned and operated solar companies that provide the highest quality service to their customers while making a positive impact on their employees, communities, investors, supply partners, and the planet. This group is one powerful example of how small businesses, often without the resources individually, can collaborate to provide high quality services and opportunities to all stakeholders and accelerate programs like workforce training in a cooperative fashion that are often cost-prohibitive and time-consuming if done at the individual small business levels. It took ReVision Energy over 12 years to be able to invest in our own internal apprenticeship program, but a focus on cooperative membership would provide this opportunity to many other small businesses in the near term.

We believe that there is a significant need for additional funding, support, and resources for workforce development programs throughout the country, with a particular focus on the trades. We are strong supporters and advocates of existing programs managed by local and national trade unions. ReVision Energy has worked closely with union contractors, primarily IBEW members, for over a decade on the installation of large-scale solar energy projects. Organized labor's focus on worker benefits, safety and career training is admirable and a critically important part of any workforce development programs. We highly value our historical partnership with the IBEW, especially our good friends at the Local 490 who welcomed Vice President Harris to their facility in April and look forward to expanding that in the future.

However, we want to be abundantly clear in highlighting that there are other methods to facilitate workforce development, safety, and worker benefits outside of conventional union structures. We think our 100% employee owned, certified B-Corp company structure (shared by many of our Amicus partners) provides an equally valuable platform for worker's rights, specifically including wages, safety, long-term career trajectory and employee ownership corporate models. We strongly encourage the committee to look for opportunities to provide funding and support to alternative workforce development initiatives outside of the existing, well established, and successful union programs. The workforce need is so great, it is essential we support all viable options to meet that need.

As outlined in the American Jobs plan, a renewed electrical grid is a critical piece of the success of this initiative. While the workforce development challenges are real, they pale in comparison with the need to make major modifications to our nation's patchwork of aging and outdated electrical infrastructure. Our current utility infrastructure lacks the resiliency and technology to take advantage of the massive opportunity for job creation and climate mitigation renewables can

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provide. We must make broad and sweeping changes at the Federal level to invest in a utility grid that can deliver energy from multiple distributed and centralized sources reliably and cost effectively to American citizens is every state, rural and urban. Without this investment and the ability to "plug in" these new clean sources of energy, it will be impossible to achieve the job growth, environmental benefits and costs savings as outlined in the American Jobs plan. The technology to achieve these goals exists today, the barrier is policy and funding.

While much of our work in reducing the negative impacts of our energy and transportation sectors on our climate is inherently centered in addressing issues related to environmental justice, the real work of creating a more equitable clean energy economy requires intentional and meaningful action. ReVision Energy has been working through state energy policy proceedings and our solar financing efforts to increase the accessibility of solar too low to moderate income households. We have seen progress in this realm through the deployment of community solar projects and creative financing solutions that allow mobile home parks that are owned by their residents to own and operate their own solar energy systems. Our Justice, Equity, Diversity, and Inclusion team has been working diligently to increase our ability to attract and support individuals who have historically been underrepresented in the trades. We are seeing initial success in this effort. In 2020, 43% of our new hires were women, people of color, veterans, or individuals with disabilities.

While we are incredibly proud of our team and our progress, there is still much work to do and so we are committed to working with our colleagues across the U.S. solar industry to deliver upon the American Jobs Plan's priorities of addressing structural racism and economic inequality.

We are incredibly grateful for the opportunity to share our story with the Committee on Small Business and would welcome the chance to discuss in more detail if it were helpful to the members.

Thank you,

Fortunat Mueller, P.E.
President, Co-Founder

James Hasselbeck
Director of Operations

Vaughn Woodruff
RETC Director

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SBE COUNCIL
Small Business & Entrepreneurship Council

May 6, 2021

The Honorable Jason Crow
Chairman
Subcommittee on Innovation, Entrepreneurship and Workforce Development
Small Business Committee
U.S. House of Representatives

The Honorable Young Kim
Ranking Member
Subcommittee on Innovation, Entrepreneurship and Workforce Development
Small Business Committee
U.S. House of Representatives

Dear Chairman Crow and Ranking Member Kim:

On behalf of the Small Business & Entrepreneurship Council (SBE Council), I am writing to thank you for holding this timely hearing on “Growing Jobs Through Infrastructure Investment.’ Job creation and workforce development are critical to economic growth and vibrancy – and of course will help boost recovery efforts from the devastation of COVID-19. Rebuilding our nation’s infrastructure can work alongside the solid economic recovery that is now taking shape to supercharge growth and competitiveness for the long-term, and we are hopeful a bipartisan package will emerge that unites the nation and works for all businesses and their employees.

Access to workers and skilled workers has returned as a top tier issue for small businesses, as economies have opened and the beneficial impact of the vaccine takes root, so it is an issue and challenge for the U.S. economy generally, and has the potential to be a drag on recovery and growth. SBE Council has long-supported a host of solutions to upskill America’s workers and encourage work in a variety of sectors where the need is greatest, so we believe much can be done both inside and outside of an infrastructure package to accomplish these goals.

PLAs Block Access to Skilled Job Opportunities

In order for an infrastructure package to effectively grow jobs and improve skills, it must be a package that is inclusive to union and non-union shops alike. Unfortunately, as proposed by President Biden, mandated project labor agreements (PLAs) would exclude most small businesses from participating in rebuilding our nation’s infrastructure. This restriction would be a disservice to American workers, taxpayers, and the small businesses that could add tremendous value to a wide variety of infrastructure projects.

In order for all workers to have access to skill-building opportunities that infrastructure projects can provide, the package must allow for both union and non-union shops to participate in these projects. Again, a PLA-only package has the potential to widen the skills gap by excluding most of the small to mid-size businesses that could potentially help to rebuild our nation's infrastructure. There must be fair and open competition for these infrastructure projects, which would result in fair and open access to skill-building opportunities for a greater share of American workers.

PRO Act Undermines New Business Creation and Harms Job Growth

The inclusion of the PRO Act in President Biden's "American Jobs Plan" means the plan is not a serious plan for job growth. Eviscerating the independent contractor model goes to the heart of entrepreneurial risk-taking and the flexibility it provides many people to start and grow a business. Its inclusion in the President Biden's infrastructure package would work against job growth and the organic and innovative skill-building opportunities that continually emerge from small and nimble enterprises. Excluding these businesses from participating in the rebuilding of our nation's infrastructure is inequitable and wrong. Moreover, the PRO Act's impact goes beyond the infrastructure package, as its scope is meant to affect all independent contractor relationships. According to **a recent survey of small businesses** by Alignable:

• 45% of those polled said the PRO Act could put them out of business, as "many small business owners depend on independent contractors to win business, manage their costs, and keep their businesses afloat."

• The majority of independent contractors (61%) anticipate losing 76% or more of their business.

• Of the 9,059 small business owners who responded, 73% indicated in one manner or another that having access to freelancers was critical for surviving the COVID Crisis.

The goal of any infrastructure package should be to grow jobs and economic opportunities, not reduce them.

Conclusion

As the Small Business Committee and subcommittee review policy strategies and initiatives in the days ahead, we appreciate committee members' focus on how these proposals will impact small businesses. As noted above, SBE Council strongly supports advancing a badly needed infrastructure package. However, it must be inclusive to all relevant businesses that have the capacity to bid on and deliver on these projects. That is how we ensure it benefits American workers in the most equitable way.

Thank you again for your support of small businesses, and please do not hesitate to contact me for questions.

Sincerely,

Karen Kerrigan
President & CEO

cc: The Honorable Nydia Velazquez, Chairwoman
The Honorable Blaine Luetkemeyer

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Protecting Small Business, Promoting Entrepreneurship

Statement of the Surety & Fidelity Association of America and the American Property Casualty Insurance Association

"Growing Jobs through Infrastructure Investment"

U.S. House Committee on Small Business

May 6, 2021

The Surety & Fidelity Association of America (SFAA) [1] and the American Property Casualty Insurance Association (APCIA)[2], support efforts to advance significant bipartisan infrastructure investment to address funding shortfalls in our nation's roads, bridges, waterways, and other infrastructure sectors. As states and Congress consider legislative solutions to our nation's pressing infrastructure needs, we want to underscore our support for the inclusion of performance and payment bonds as a form of security, not only for the construction portion of TIFIA financed projects, but importantly for the protection of the thousands of small business subcontractors working to build, repair, and maintain public infrastructure.

We Support Infrastructure Investment

Our members support and recognize the need for significant investment in the nation's infrastructure. Not only is this investment needed to address our nation's needs caused by deteriorating legacy infrastructure, but it will also serve as an important economic stimulus to promote job creation as the country recovers from the COVID 19 caused economic downturn.[3] Infrastructure investment will create millions of good paying jobs for American workers, subcontractors, and DBE enterprises now and into the future.

Surety Bonds Provide an Important Safeguard for Federal Investment in Infrastructure

For over eighty years, the federal government has recognized the importance of surety bonding requirements for its direct public works projects through the Miller Act. The payment bond protects subcontractors and suppliers should the prime contractor fail to fulfill its payment obligations, while the performance bond protects taxpayer funds should the prime contractor not successfully complete the terms and conditions of the contract. The surety industry has a robust track record of protecting public infrastructure projects in the U.S., protecting approximately $3 trillion of public works projects from 2009-2019.

Rebuilding our nation's infrastructure will require significant investment from the public sector and it is important to ensure this investment is protected against the risk of a contractor defaulting. In the event an unbonded contractor goes out of business during construction, the downstream parties, who are often U.S. small businesses are the most impacted and can be left without pay for extended periods of time.

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[1] The Surety & Fidelity Association of America member companies collectively write the majority of surety and fidelity bonds in the United States. The majority of bonds that secure contracts are provided by SFAA members.

[2] The American Property Casualty Insurance Association is the primary national trade association for home, auto, and business insurers, including more than 70% of the surety bond marketplace. APCIA represents more the 1200 and any APCIA surety bond writers are dual SFAA members.

[3] https://infrastructurereportcard.org/

All Federally Financed Projects Should Maintain Small Business Protections
Evolving project finance methods, including public private partnerships (P3s), have created some ambiguity around how longstanding bond protection requirements are applied. State and municipal transportation departments are increasingly relying on P3s to finance the construction and delivery of large-scale infrastructure projects and because P3 arrangements were not contemplated when the Transportation Infrastructure Finance and Innovation Act (TIFIA) program was first enacted, TIFIA does not explicitly address bonding for P3 projects and inconsistent bonding requirements now exist across the states for P3s. In many instances, State and municipal laws require payment and performance security for P3s, but in some states, the law enabling P3 projects does not specifically address these requirements directly, leaving projects and workers unprotected.

P3s do not comprehensively transfer the payment, performance, or political risk of a contractor default from the public to the private sector. Consistent bonding requirements for federally financed projects are vital to protect taxpayer dollars, ensure project completion, support economic growth, and protect local small business subcontractors in the event of a contractor default.

Surety bond companies play a vital role in providing small businesses with access to government construction contracts through industry partnership with the Small Business Administration's Surety Bond Guarantee Program. This partnership has positioned surety companies to facilitate more small businesses access to public construction contracts and enabled the SBA to surpass $7 billion in bond guarantees in FY 2020. Surety bonding is of utmost importance to protect taxpayers as well as the strength of the federal programs financing these projects.

Support H.R. 1641, the Promoting Infrastructure by Protecting our Subcontractors Act
Fortunately, Members of Congress have recognized the need to address the inconsistency in how payment protections are provided for some TIFIA financed projects and have introduced legislation to ensure subcontractors are protected against the risk of a contractor defaulting. SFAA and APCIA strongly support Representative Lynch (D-MA) and Representative Balderson's (R-OH) bipartisan bill, H.R. 1641, the Promoting Infrastructure by Protecting our Subcontractors Act that will ensure payment and performance security protections continue to apply to all projects that receive federal financing through the TIFIA program. The legislation will ensure all federal investment in our nation's infrastructure maintains important small business protections.