

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

COMMERCE COMMITTEE
PUBLIC HEARING

60 EAST WING
STATE CAPITOL
HARRISBURG, PA

WEDNESDAY, SEPTEMBER 1, 2021
10:00 A.M.

BEFORE :

HONORABLE BRAD ROAE, MAJORITY CHAIRMAN
HONORABLE JOHN GALLOWAY, MINORITY CHAIRMAN
HONORABLE MIKE ARMANINI
HONORABLE ROBERT BROOKS
HONORABLE VALERIE GAYDOS
HONORABLE MIKE JONES
HONORABLE BARRY JOZWIAK
HONORABLE SHELBY LABS
HONORABLE ROBERT MERCURI
HONORABLE CHRIS QUINN
HONORABLE PERRY STAMBAUGH
HONORABLE TIM TWARDZIK
HONORABLE JOSEPH CIRESI
HONORABLE MICHAEL DRISCOLL
HONORABLE DIANNE HERRIN
HONORABLE MALCOLM KENYATTA
HONORABLE CHRISTOPHER RABB
HONORABLE MELISSA SHUSTERMAN
HONORABLE PERRY WARREN

Pennsylvania House of Representatives
Commonwealth of Pennsylvania

1 COMMITTEE STAFF PRESENT:

2 JENNIFER WEETER
REPUBLICAN EXECUTIVE DIRECTOR
3 MCCLAIN FULTZ
REPUBLICAN RESEARCH ANALYST
4 HEATHER RODGERS
REPUBLICAN LEGISLATIVE
5 ADMINISTRATIVE ASSISTANT II

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7 BETH HORNE-BEACHY
DEMOCRATIC EXECUTIVE DIRECTOR
8 INDIRA RIDGEWAY
DEMOCRATIC RESEARCH ANALYST

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

P R O C E E D I N G S

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3 MAJORITY CHAIRMAN ROAE: Good morning,
4 everyone. Thank you everyone for being here on a
5 nice, rainy day here in Harrisburg hours before a
6 flood is set to begin. I'm hoping we'll be out
7 of here before there's too much of a problem, but
8 welcome to today's hearing on the workforce
9 shortage in Pennsylvania.

10 I've been talking with business owners in
11 my district for the last, you know, really the
12 last year, but in particular, the last several
13 months. And it seems like just about every
14 company is trying to hire, and it seems like just
15 about every company cannot find enough employees
16 to fill vacant positions. There are good
17 companies in my district, you know, good
18 manufacturing jobs, they can't find people,
19 restaurants, you know, contractors, home health
20 agencies. You know, virtually every business in
21 my district, it seems like, is looking for
22 employees. And it's really slowing down the
23 recovery of our economy because when companies
24 can't operate at full capacity, they can't be as
25 successful as they should be.

1 So today we have a lot of good
2 testifiers. We're going to hear a lot about the
3 current workforce shortage and hopefully some
4 ideas on what we can do about it.

5 Real briefly, I would like the members
6 who are present here to please introduce
7 themselves. We'll start down here on the end.

8 REPRESENTATIVE JOZWIAK: Barry Jozwiak,
9 representing Berks County, the 5th District.

10 REPRESENTATIVE ARMANINI: Mike Armanini,
11 Representative of 75th District, Elk and parts of
12 Clearfield.

13 REPRESENTATIVE QUINN: Morning. State
14 Representative Chris Quinn, 168th Legislative
15 District in Delaware County. Good morning.

16 REPRESENTATIVE DRISCOLL: Good morning.
17 Mike Driscoll, I represent northeast
18 Philadelphia.

19 MAJORITY CHAIRMAN ROAE: And then for the
20 folks that are joining us online -- Chairman
21 Galloway, would you like to introduce yourself
22 first and then make some opening comments,
23 please?

24 MINORITY CHAIRMAN GALLOWAY: Sure. I'm
25 John Galloway. I'm the Democratic Chairman of

1 Commerce.

2 First thing I would like to say is --
3 Val, I apologize -- I read an e-mail that someone
4 recently passed away in your family; is that
5 correct?

6 REPRESENTATIVE GAYDOS: Correct. My
7 92-year-old father passed away.

8 MINORITY CHAIRMAN GALLOWAY: Yeah. I
9 just wanted to send my condolences.

10 REPRESENTATIVE GAYDOS: Thank you very
11 much.

12 MINORITY CHAIRMAN GALLOWAY: My mother
13 was 93 and she passed away about three months
14 ago. So I know how you feel, and my condolences.

15 REPRESENTATIVE GAYDOS: Thank you very
16 much.

17 MINORITY CHAIRMAN GALLOWAY: I guess my
18 remarks are going to be, you know, I understand
19 that one of the, you know, one of -- one of the
20 drivers is going to be the stimulus and, you
21 know, what Donald Trump and the Republicans and
22 Joe Biden and the Democrats did out in Washington
23 D.C., what, three times? And also establish that
24 that's over. You know, it's over imminently,
25 two, three days. I don't know when, but it's

1 going to be over.

2 So I guess, you know, what I'm hoping to
3 get out of this hearing is, you know, what do we
4 do now? You know, now that this stimulus is
5 going to be over, what are the drivers, what can
6 job creators do to get people, you know, into
7 their workforce. And you know, there are --
8 obviously, I agree with the Chairman that, you
9 know, without a full workforce, you know, the
10 recovery is being slowed. However, you know,
11 there's -- maybe there's some positives out of
12 this.

13 Maybe workers -- you know, the minimum
14 wage debate, for example, is pretty much moot at
15 this point. I mean, you know, the Capitalism and
16 the market forces have pretty much driven that on
17 their own and things have changed. So maybe some
18 of the ideas are going to be to attract workers,
19 and businesses are now going to have to compete
20 for workers. And that is something that really I
21 haven't seen in my lifetime. And maybe that's
22 bad, maybe that's good, maybe it's a little bit
23 of both.

24 But certainly, workers are in the
25 driver's seat more than they ever have been

1 before. And I'm not sure if that's good or bad.
2 I really don't -- it's just -- it's just the
3 reality of the situation. So I want to Thank
4 Chairman Roae for continuing with this meeting.
5 We certainly can do this virtually, and it is an
6 excellent topic because every one of us are
7 hearing the same thing.

8 You know, I was at -- my daughter takes
9 her dog to this doggy daycare, right. And I
10 asked her one day -- I was picking up the dog. I
11 said, how's business? She said, it's booming,
12 and unfortunately I can't get anybody to work. I
13 need eight people to run this place and I only
14 got five, and one is going back to college. You
15 hear this story over and over and over again.

16 And the Chairman is right; this is an
17 issue. I don't know what it is that we can do.
18 Certainly, incentives for people to stay home
19 have to end, and they are going to end. What can
20 we do going forward though?

21 Thank you, Chairman. And with that --

22 MAJORITY CHAIRMAN ROAE: Thank you,
23 Mr. Chairman.

24 And if the members participating
25 virtually, if they could quickly introduce

1 themselves as well, too.

2 This will be -- maybe we'll just read
3 the names. If everybody is trying to talk at
4 once -- Jen, let's do it this way. Jenn, read
5 the names of the people that we have record for.

6 MS. WEETER: All right. This is who I
7 see is here virtually: Representative Brooks,
8 Representative Gaydos, Representative Jones,
9 Representative Labs, Representative Stambaugh,
10 and Representative Twardzic, Chairman Galloway --
11 which we heard from, Representative Herrin,
12 Representative Kenyatta, Representative Rabb, and
13 Representative Warren.

14 Are we have missing anyone?

15 REPRESENTATIVE CIRESI: This is
16 Representative Ciresi on the phone.

17 REPRESENTATIVE SHUSTERMAN: This is
18 Representative Shusterman on the phone.

19 MAJORITY CHAIRMAN ROAE: All right.
20 Well, thank you for members participating that
21 way.

22 Our first panel that we're going to have
23 is Gregory Moreland from the National Federation
24 of Independent Business; Douglas Henry from Henry
25 Molded Products; and Dale Kaplan from Kaplan's

1 Careful Cleaners. So if you guys want to, go
2 ahead.

3 MR. MORELAND: Good morning. I'm Greg
4 Moreland. I'm the Pennsylvania State Director
5 for NFIB or the National Federation of
6 Independent Business. We are the nation's
7 leading small business advocacy organization,
8 representing about 13,000 small businesses across
9 the Commonwealth and about 300,000 small
10 businesses across the country. Founded in 1943
11 as a nonprofit, nonpartisan organization, NFIB's
12 mission is to promote and protect the rights of
13 its members to own, operate, and grow their
14 business.

15 I thank Chairman Galloway and Chairman
16 Roae and the Committee for allowing our
17 organization and our member businesses to testify
18 before you here today. I go into great detail in
19 my written testimony and I will not read that
20 back to you at this point, but I will hit on
21 several points before I turn it over to one of my
22 member businesses here with us today.

23 So NFIB research has shown that 49
24 percent of all small businesses are -- have
25 reported job openings that they could not fill.

1 This is a 48-year record high reading. NFIB has
2 never recorded a reading like this in 48 years.
3 The historical average is 22 percent. We are
4 currently sitting at 49 percent. Fifty-two
5 percent of owners reported raising average
6 selling prices.

7 Thirty-eight percent of owners reported
8 raising compensation, and that's down only one
9 point from June's record high of 29 percent.
10 Twenty-seven percent claim they'll raise
11 compensation over the next three months. Again,
12 a 48-year record high reading. Sales
13 expectations over the next three months
14 decreased, and owners are expecting -- owners
15 expecting better business conditions over the
16 next six months also decreased.

17 So with all of those statistics, what did
18 I just kind of read off to you? Businesses are
19 raising compensation levels to the highest degree
20 in 48 years, while also experiencing a record
21 high in ability to fill vacancies in their
22 companies as optimism fades and prices soar.
23 Small businesses are working hard to recover from
24 the pandemic while still facing strong headwinds.
25 Each industry is recovering differently, but all

1 have been impacted by the lack of qualified
2 workers and from many supply chain disruptions.

3 The face of the worker shortage has kind
4 of been the hospitality industry. When we think
5 about, you know, many of the restaurants that we
6 go to are closed some days, or maybe they offered
7 breakfast options, now they're not offering them.
8 But I would say that the hospitality industry is
9 certainly not the only industry that has been
10 affected by the worker shortage. And just to
11 relay some of the NFIB research, small business
12 owners in the construction industry had the
13 highest percentage of unfilled job openings among
14 all industries at 61 percent. That was followed
15 by manufacturing at 60 percent.

16 Fifty-nine percent of job openings in the
17 construction industry are for skilled workers.
18 And 66 percent of the construction firms reported
19 few or no qualified workers. The demand for new
20 construction remains driven -- high driven by
21 historically low interest rates. However, the
22 struggle to hire qualified workers has led to an
23 inability to perform in work teams and begin
24 permitted projects to meet demand.

25 There are numerous factors which NFIB has

1 identified as having contributed to the current
2 situation in which we are currently in as
3 Representative and Chairman Galloway mentioned.
4 The \$300 a week additional Federal pandemic
5 unemployment compensation will be coming to an
6 end here in several days on September 4th, and we
7 feel as though that created a large disincentive
8 for many workers to return to the workforce, but
9 that's not the only factor.

10 Pennsylvania has seen an
11 uncharacteristically low number of workers in the
12 labor force, especially when compared with other
13 states. Child care, fear of going back to work,
14 and COVID-19, the eviction moratorium, the work
15 search requirement being turned off, earlier
16 retirement. The COVID-19 has created a perfect
17 storm of issues for small employers, and it does
18 not appear as though those are going away in
19 short order.

20 While the workforce shortage is of
21 paramount concern to small business owners, there
22 are numerous legislative proposals that would
23 ease the financial burden that has been placed
24 upon our small employers. And those would be
25 paying down some of the unemployment compensation

1 trust fund debt. If we don't pay down some of
2 the \$1.6 billion debt, there's only one place
3 that the State can get that revenue from, and
4 that is from employers through the unemployment
5 insurance tax. Passing the small business tax
6 fairness package in the House Finance Committee,
7 allowing small businesses and pass-throughs to
8 utilize net operating losses like-kind exchanges,
9 Section 179 expense deductions.

10 The RGGI proposal, on which I will be
11 testifying in front of the Independent regulatory
12 Review Commission here shortly this afternoon,
13 would be another killer for small business in
14 their greatest time of need by raising energy
15 costs approximately 18 percent. So ultimately,
16 what we believe is that Pennsylvania needs to
17 encourage people to return to the workforce
18 rather than depending on the government. We need
19 to return to the days when earning a paycheck was
20 revered, when there was pride in your work.

21 Unfortunately, one of our member
22 businesses, Dale Kaplan could not be with us here
23 today. He is the president of Kaplan Careful
24 Cleaners in Camp Hill. But I think it's fitting
25 the reason why he couldn't be here today. He has

1 to work at his business. Right now, he had
2 several people call off. He runs a dry cleaning
3 business, and he had several people call off due
4 to the rain and flooding issues. So he could not
5 be here with us today because he is currently
6 affected by a workforce shortage, but he did
7 relay some information that I wanted to relay to
8 you on his behalf.

9 His full complement of employees at
10 Kaplan's Careful Cleaners would be 19. His
11 current workforce is six. That includes him and
12 his daughter. He has been in business for 43
13 years, and he says now he is working harder today
14 than he ever worked in those 43 years, even when
15 starting out that business. He did just hire one
16 employee that was a previous employees that
17 worked at the organization seven years ago. That
18 employee made \$12.00 seven years ago, far above
19 the minimum wage.

20 To get that employee to come back to the
21 organization to provide a little bit of help, he
22 had to guarantee two weeks vacation, health
23 benefits, \$17.00 an hour, and a guaranteed
24 40-hour workweek. There are not many small
25 businesses that can be put in that position and

1 be able to accommodate the ever rising cost of
2 labor and the cost of doing business here in
3 Pennsylvania. His business, where it used to do
4 about 600 shirts five days a week is now down to
5 about 150 shirts three days a week.

6 He has had to cut his hours, one hour in
7 the morning and two in the afternoon -- or in the
8 evening time frame because they simply do not
9 have the workforce to be able to be open those
10 hours without him being there every single waking
11 hour of his life. He said him and his daughter
12 are working 65 hours-plus a week regularly with
13 no foreseeable change in the future. So these
14 are some of the experiences that NFIB has been
15 seeing and hearing from our businesses, member
16 businesses all throughout the Commonwealth and
17 every sector of the economy.

18 And right now, I would like to turn the
19 mike over to Doug Henry, who is president of
20 Henry Molded Products in Lebanon County.

21 MR. HENRY: Good morning. As Greg just
22 indicated, I'm headquartered right down the road
23 in Lebanon, Pennsylvania, a manufacturer of 55
24 years headquartered here with our roots in the
25 Commonwealth. We have another plant down in

1 South Carolina, as well as another operation over
2 in the U.K.

3 We make sustainable packaging for mostly
4 commercial and industrial applications. We're
5 very fashionable these days because we're
6 environmentally correct and sustainable, as well,
7 because our primary raw material is waste
8 recycled paper. We're an engineered version of
9 papier-mâché that replaces things like styrofoam
10 and thermal-formed plastic, whether it's
11 protecting glassware for Yankee Candles or
12 pharmaceuticals for Bristol Myers Squibb or
13 automotive parts for GM or telecommunications
14 gear for the likes of General Dynamics, Hughes
15 Satellites, and our favorite, DIRECTV and AT&T.

16 So you can see that we serve the Fortune
17 1000 of business and industry. And so as an
18 independent and small business person, we know
19 intimately what's involved with the supply chain
20 and how to keep that going in terms of supporting
21 those larger public companies. And that's what
22 small and independent business does in this
23 country. We've also crept into one or two
24 applications in retail for the first time in our
25 history.

1 Those of you who are familiar with the
2 Igloo Cooler, our partners down in Houston, they
3 have endeavored to replace the single-use
4 Styrofoam cooler with one made of molded fiber
5 that, of course, is disposable and won't end up
6 on the side of the road or in the stream after
7 somebody's picnic or fishing expedition.

8 So as a manufacturer that's a
9 modest-sized company with a complement of what
10 should be about 110 people in the Pennsylvania
11 plant, we're down about 12 or 14 people at the
12 very minimum. I'm here to tell you that
13 workforce availability and preparedness is in
14 crisis conditions throughout the Commonwealth and
15 many other states where we do business. Wherever
16 there are -- it is accentuated, I should say, in
17 areas of concentrated commercial, industrial, and
18 of course retail, hospitality, and business
19 activity.

20 And let me also share with you that our
21 dilemma here in the Commonwealth, while it's not
22 an isolated situation, but it's certainly been
23 accentuated by the conditions that we all just
24 outlined a few minutes ago all too well. The
25 disruptive economic impact on the supply chain

1 fulfillment is just unfathomable and like nothing
2 we've ever seen in 50 years. Henry Molded
3 Products has a stack of purchase orders in our
4 customer service and sales department that really
5 racks up to the millions of dollars that are
6 going unfulfilled because we don't have the
7 people and the capacity to take care of them.

8 So we're no different than Mr. Kaplan's
9 dry cleaner, who's going to have an incredible
10 impact, not only on many more wrinkled shirts out
11 here, but also the cost of doing our laundry is
12 going to go up in a dramatic way. So we are no
13 different. And that is much more easily passed
14 through, by the way, by our large company
15 customers than it is by us, the independent and
16 small business community, who we frankly support
17 throughout the country.

18 Right now, we are in danger of shutting
19 down plants on a regular basis because we can't
20 get them enough packaging. I'll share with you
21 one particularly sensitive example that's here
22
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24
25

1 in Pennsylvania. Pennsylvania, as you know, is
2 the largest manufacturer of medical equipment in
3 the country, and two of our good customers who
4 make equipment for the treatment of pulmonary
5 conditions, that means COVID-related afflictions,
6 their needs went up hundreds and hundreds of a
7 percent, as you can imagine. We can't even begin
8 to keep up with them as much as we'd like to give
9 them the priority that they, in fact, deserve.

10 And I might add also, as a collateral
11 impact that we really aren't paying much
12 attention to, other states who are recruiting
13 heavily here in the Commonwealth for any company
14 that is considering another facility or increased
15 capacity or relocation, come where there are more
16 friendly conditions from not only workforce, but
17 other obvious business and economic incentives,
18 as well. So let's get together and come up with
19 some better incentives to support the workforces
20 that we need to recruit.

21 Henry Molded Products is doing everything
22 imaginable from every e-commerce, to every social
23 media website that you can imagine. We create
24 new postcards every week or every month. They go
25 into everything from shopping centers to

1 delicatessens to laundromats to any supermarket
2 that will have us, and that means we end up in
3 the high schools with their own private social
4 media sites -- that's the way seniors communicate
5 with each other -- and give them incentives for
6 the career opportunities available here in the
7 Commonwealth.

8 Listen, our heart and soul belongs in
9 Pennsylvania. This is where we want to be. This
10 is where we want to expand. It's incredibly
11 difficult to face the headwind that we are
12 encountering, only because -- and it's of course
13 primarily workforce availability. So let's
14 incentivize folks from coming back out of the
15 bull pen and back onto the ball field and get to
16 work and not disincentivizing.

17 Because I can tell you, from our
18 employment and personnel people, when people come
19 in to apply for a job, they want to know how much
20 they're making. We're substantially over minimum
21 wage. Our average wages go all the way up into
22 the twenties, and they start in the 14s and 15s,
23 dollars an hour. That's for unskilled entry
24 level. And if you can't get up top \$17.00 or
25 \$18.00 an hour in short order, there's something

1 of concern in terms of your abilities.

2 so let's enhance their awareness and
3 incentivize them to come back onto the ball field
4 and participate in our economy. Pennsylvania
5 needs it as a whole State. Our erosion rate, I
6 don't need to tell you about that, from retention
7 as a population base here is just as important as
8 it is on the workforce factory floor. Any
9 clarifications or questions I can give you,
10 please feel free.

11 MAJORITY CHAIRMAN ROAE: well, thank you,
12 gentlemen. That testimony was just very
13 compelling, just very -- really drives home the
14 point of what a problem this is. It's just hard
15 to imagine that, you know, there's some in
16 Washington that are talking about the need for
17 another batch of checks that they're going to
18 mail to everybody. And some are talking about,
19 you know, they have to have keep that \$300.00,
20 you know, extra unemployment going. There's talk
21 about, you know, the big fight in Washington, the
22 infrastructure bill they want to add a bunch of
23 other stuff to.

24 It's just -- normally, elected officials,
25 we'd be trying to figure out how we can create

1 jobs. well, there's jobs that are already
2 created. And it's kind of a weird situation that
3 we're in. I mean, normally, we'd be talking
4 about what can we do to create more jobs, you
5 know, so people have jobs to go to. well, I
6 guess what we're stuck with now is, okay, well,
7 there's jobs that are already created, we just
8 have to kind of push people to take those jobs.

9 should we do the questions by panel or at
10 the end? we could do it -- as long as you're
11 sitting there, do any members have questions for
12 this panel before we go onto the next panel?

13 MINORITY CHAIRMAN GALLOWAY: well, may I
14 interject for a second?

15 MAJORITY CHAIRMAN ROAE: Yes. Chairman
16 Galloway.

17 MINORITY CHAIRMAN GALLOWAY: First of
18 all, thank you to the people who testified. It
19 was -- you said it better than I did, and you
20 know, we agree.

21 A couple things. This is the Commerce
22 Committee in Harrisburg. We're not the Labor &
23 Industry Committee, which is where I think this
24 hearing should be held. And we have no control
25 over what's happening in Washington D.C. So the

1 question is -- we get it. We understand what's
2 happening. The question is, what can we do as
3 the Commerce Committee?

4 why are we holding this hearing? What
5 can the Commerce Committee do?

6 And the second thing is, I was doing a
7 little research on -- you know, when I found out
8 this meeting was happening and I looked back at
9 the last pandemic, 1910, I believe it was. And
10 they were talking about a lot of the same things
11 coming out of the pandemic, a lot of them. And
12 out of that came tremendous innovation from both
13 business and government. We created things like
14 the 40-hour workweek. We created overtime. We
15 created weekends. We created holidays. We
16 created child labor laws.

17 You know, are these the types of things
18 that you're talking about? Because we're not --
19 I'm not going to blame workers here. The
20 incentive that you're talking about, I don't --
21 I don't agree with going with another stimulus,
22 but we have no control over that. But the onus
23 is going to be on businesses. They're going to
24 have to create incentives to get people back to
25 work.

1 we fought like heck on the minimum wage,
2 and we don't have to talk about that anymore, but
3 there's going to be things like overtime, 40-hour
4 workweek, child labor laws, holidays, a minimum
5 wage -- you know, these are all things that
6 happened back in 1910 and 1912 that really
7 created the middle class and made America
8 arguably --

9 MAJORITY CHAIRMAN ROAE: Chairman
10 Galloway -- Chairman Galloway, we only have an
11 hour for the hearing here. Do you have a
12 question for one of the testifier?

13 MINORITY CHAIRMAN GALLOWAY: Yeah. The
14 question is what is it that they -- what is it
15 that we can do as the Commerce Committee? You
16 know, we can't control Washington D.C. we are
17 the Commerce Committee. we deal with banking and
18 regulations, money. What is it -- why are we
19 holding this hearing?

20 What do you want us to do?

21 MAJORITY CHAIRMAN ROAE: Go ahead,
22 gentlemen.

23 MR. MORELAND: I appreciate that Chairman
24 Galloway. And I think that in my testimony, I
25 did mention several items in which I think are

1 extremely important to small employers. Small
2 employers can't afford to increase their wages
3 continuously if they do not themselves feel some
4 relief from burdensome regulations. They need to
5 be allowed to conduct their business, to open
6 their business fully, to be able to operate their
7 business as they see fit, and to have the same
8 tax benefits that many of our S corp -- our C
9 corps friends have.

10 Seventy percent of our membership in NFIB
11 are pass-through organizations that pay the PIT
12 rate. You know, when we talk about NOLs, well,
13 70 percent of our membership can't utilize that.
14 It's hard to expand, to grow your business, hire
15 new employees when you have government
16 consistently telling you that, oh, we're going to
17 consider RGGI and your energy costs may go up by
18 18 percent. We may be considering more
19 regulation on you and adding more red tape, more
20 administrative burdens.

21 Many of our companies are mom-and-pops.
22 You know, we have members -- the average
23 membership has 10 employees. They do not have HR
24 departments like their big -- their sisters and
25 brothers, you know, the walmarts and Lowe's and

1 Home Depots of the world. They don't have that.
2 They're struggling. So I think that if we can
3 pay down some of the UC trust fund debt that we
4 have, the 1.6 billion, and not pass that on to --
5 not pass that increased burden onto business
6 owners, I think that that's a positive step in
7 the right direction. That frees up money to
8 allow them to be able to compensate their
9 employees better, to be able to grow their
10 business, take on new products, new services,
11 expand to a new location, et cetera.

12 I would like to see if Mr. Henry has
13 anything to add to that conversation.

14 MINORITY CHAIRMAN GALLOWAY: I think
15 that's fantastic. I really do. And 99.9 percent
16 of that has nothing to do with our Committee.

17 You did talk about regulations. And I --
18 that got -- that perked my ears up. That could
19 be something that we deal with. Are there
20 regulations that deal with money that we can work
21 together on?

22 MR. MORELAND: I believe so. We are
23 currently going through -- I believe it was a
24 497-page Excel document with all of the
25 regulations that were waived during the pandemic.

1 So we are -- we are making our way through that
2 ever so slowly.

3 MINORITY CHAIRMAN GALLOWAY: So those
4 regulations were waived?

5 MR. MORELAND: There were numerous
6 regulations waived under the COVID-19 --

7 MINORITY CHAIRMAN GALLOWAY: And you're
8 worried that they're going to be brought back?

9 A. MR. MORELAND: Oh, there's a
10 possibility. There's always a possibility.

11 MINORITY CHAIRMAN GALLOWAY: So if
12 they're waived, is that a bad thing or a good
13 thing?

14 MR. MORELAND: It's on an individual
15 basis. It would all depend on each individual
16 regulation, where the industry is at, and where
17 the administrative burden is at on each
18 regulation. Like I said, 497 pages of
19 regulations that were waived during the pandemic
20 that we're currently going through and working
21 with the Leader's Office to determine which one
22 we deem -- that we feel the industry believes
23 they should be permanently waived.

24 MINORITY CHAIRMAN GALLOWAY: I'd like --
25 again, we can't -- we have no control over UC.

1 That's in Labor & Industry. We have no control
2 over RGGI or not. It's not in the Commerce
3 Committee. I want, you know, I want to talk
4 about things that we can actually do and we can
5 control. If there are things, regulations in
6 there, I am big supporter of small business. It
7 is the backbone of our economy. And if
8 regulations are something that you want to talk
9 about, let's do it.

10 MAJORITY CHAIRMAN ROAE: All right.

11 Thank you, Mr. Chairman.

12 what we're going to do is we're going to
13 get back to our regular agenda here. We had
14 originally scheduled questions at the end. We
15 have one, two, three, four, five more members
16 that have questions. In fairness to the people
17 testifying, we want to try to get kind of back on
18 the schedule here a little bit. So we're going
19 to save the questions for the end like we
20 originally planned.

21 So our next panel, if they want to get up
22 to the table, is going to be Alex Halper from the
23 PA Chamber of Business and Industry; and Langston
24 Bryant from Ventura Foods. Oh, I have the old --
25 I'm sorry. Aaron Humes, Cargill; and then John

1 Dickson from Redstone Presbyterian Senior Care.

2 As the gentlemen are working their way to
3 the table, I do want to point out that the
4 Department of Community and Economic Development,
5 you know, is under the purview of what our
6 Committee works on. And again, during normal
7 times, the whole point of DCED is to help
8 companies expand and create jobs. The whole
9 point is, you know, workforce training, so
10 there's people that can, you know, help companies
11 succeed, and you know, trying to get a way to get
12 companies to come to Pennsylvania so that it
13 grows our economy and there's more jobs in
14 Pennsylvania.

15 As I said earlier, a lot of what our
16 Committee would normally be doing -- we do deal
17 with banking stuff also, obviously, but
18 everything that DCED does -- and we're just in
19 this weird situation where the jobs are there, we
20 just have to figure out how to get people into
21 those jobs.

22 Anyway, gentlemen, whoever wants to start
23 first, go ahead with your testimony.

24 MR. HALPER: Thank you very much,
25 chairman Roae and Chairman Galloway, members of

1 the Committee. Thank you for the invitation to
2 be part of this conversation. My name is Alex
3 Halper. I'm Director of Government Affairs for
4 the Pennsylvania Chamber of Business and
5 Industry. The PA Chamber is the largest
6 broad-based business advocacy association in
7 Pennsylvania. You know, we have around 10,000
8 members of businesses across all industry sectors
9 throughout Pennsylvania, of all sizes from, you
10 know, the largest corporations we know here in PA
11 and many small businesses.

12 I appreciate, again, the invitation to be
13 here. I submitted more thorough comments for the
14 record, but just briefly -- and we've already had
15 a robust discussion, I think, so far. And no
16 doubt you all as legislators, and talking to
17 employers in your districts understand the
18 extraordinary challenges employers have faced
19 over the year and a half of the pandemic,
20 business shut down order, the downturn in the
21 economy. And now those -- many of those
22 businesses that have somehow been able to weather
23 that storm and are still around to this day are
24 struggling with a new significant challenge, and
25 that being the topic we're discussing related to

1 workforce and simply not finding the people to
2 fill open positions.

3 Now, to be sure, workforce challenges
4 existed and were very serious long before the
5 pandemic. It's something that we had been
6 hearing growing for years at the PA Chamber. We
7 conduct an annual economic survey. And for many
8 years, the top concerns from businesses were
9 always, you know, taxes, the economy, health care
10 costs, and the last few years workforce issues
11 skyrocketed to the top and has been the top
12 concern from our -- based on that survey ever
13 since.

14 But the pandemic has no doubt made that
15 more -- those challenges more significant. Any
16 number of surveys or anecdotal feedback from
17 employers kind of backs that up. I go over in my
18 testimony a survey conducted by our partners at
19 the U.S. Chamber surveying 500 American workers
20 this past May. They found that 49 percent of
21 those workers who became unemployed during the
22 pandemic say they are either actively or very
23 actively looking for work. About 61 percent of
24 those respondents say -- said they are in no
25 hurry to return to work.

1 So the data backs up the anecdotal
2 feedback that we are hearing from employers. And
3 it is a factor in all industries and every region
4 of Pennsylvania. And how you all approach this
5 challenge from a legislative perspective, we
6 believe has to be equally, you know, equally
7 diverse and multi-pronged. And it is going to
8 require concerted attention at the Federal level,
9 at the State level. And probably most, if not
10 all, of the Committees at the legislature
11 thinking of how we can help employers and how we
12 can help individuals transition back to
13 employment or get into employment in the first
14 place.

15 From the PA Chamber perspective, you
16 know, we have focused on, and continue to focus
17 on, a wide range of issues, certainly focusing on
18 the unemployment compensation, not just related
19 to, you know, Federal enhancements and some of
20 those temporary programs that are due to expire,
21 but other -- other Federal proposals and
22 legislation to reform UC to focus more on
23 transitioning individuals back to full
24 employment. Our president and CEO, Gene Barr,
25 since early 2020 has served as co-chair of the

1 workforce Development Command Center that
2 Governor Wolf created. They have put forth a
3 series of recommendations focused on barriers to
4 employment, so child care issues, transportation
5 issues, and several others, some good
6 recommendations as part of that report that we
7 certainly believe are worth considering.

8 At the PA Chamber, our legislative kind
9 of portfolio has expanded significantly since
10 workforce has emerged as a leading issue.
11 Criminal justice reform, we've supported policies
12 like employment first related to individuals with
13 disabilities, even immigration reform. There are
14 -- this is a very complex series of issues that
15 will require a strategic and thoughtful approach
16 over the course of many years to help address.
17 And we certainly appreciate the attention of the
18 Commerce Committee and look forward to working
19 with you all to, you know, address this.

20 Obviously, the short term implications
21 are serious for individual employers who, you
22 know, may not make it through the year if they
23 can't find the people. But of course, the long
24 term implications are just as significant for the
25 Commonwealth. You know, we're seeing now with

1 redistrict -- or reapportionment how Pennsylvania
2 is, again, losing a member of our congressional
3 delegation as our population growth has kind of
4 stagnated compared to other states. You know, we
5 -- that is one, I think, symptom of broader
6 issues related to competitiveness and having an
7 economy that attracts workers. And if we don't
8 get this right and get this back on track, we are
9 going to have very serious challenge in the years
10 ahead.

11 I have with me one of the PA Chamber's
12 members, Cargill, Aaron Humes, who's a general
13 manager based out of Camp Hill, who can speak to
14 his experience with some of these workforce
15 challenges. Thank you.

16 MR. HUMES: Thank you. Chairman Roae --

17 MAJORITY CHAIRMAN ROAE: Excuse me, if
18 you could get closer to the microphone or make
19 sure the green light is on so we can hear you.

20 Thank you, sir.

21 MR. HUMES: Sorry about that. I'll start
22 over.

23 MAJORITY CHAIRMAN ROAE: Go ahead.

24 MR. HUMES: Chairman Roae and Chairman
25 Galloway and members of the House Committee,

1 thank you for the opportunity to discuss these
2 increased opportunities that we have facing the
3 workforce shortage.

4 Just a little bit about me. My name is
5 Aaron Humes. I'm the general manager of the Camp
6 Hill facility. I manage one of the fourteen
7 diverse locations for Cargill across the
8 Commonwealth. A little bit about Camp Hill, the
9 Camp Hill facility. We currently employ about
10 466 employees, which we're about 79 short right
11 now. We produce about two million pounds of full
12 muscle pork and beef, retail cuts, that go into
13 the local grocery stores. We service about 315
14 grocery stores in Pennsylvania.

15 It has never been more challenging to
16 attract and retain talent. Today we have close
17 to 500 open positions in the State of
18 Pennsylvania for Cargill. As I mentioned,
19 there's 79 open positions in Camp Hill. These
20 are all full-time positions, full benefits,
21 vacation, tuition reimbursement, 401k. These are
22 really good positions. We've taken a lot of
23 steps in Camp Hill. We've raised the hourly
24 rate. We've increased the hourly rate from
25 \$13.50 to \$17.00 an hour. That's a walk-on rate.

1 That's walk in, your first day of employment
2 you're at \$17.00 an hour.

3 Maintenance workers are extremely hard to
4 find, as well. Our maintenance workers are
5 working at \$25.00 to \$36.00 an hour. We are also
6 incentivizing attendance, working on retaining
7 the folks that we have. If you work your
8 five-day workweek schedule, we give you an
9 additional \$2.00 an hour. So you work your
10 hourly work, when you walk in, you work your five
11 days, you're making \$19.00 an hour.

12 Also, we are a workforce -- we are a
13 company that promotes within. We've done a lot
14 of -- I'm very proud to say that we've promoted
15 six operational folks to management, and we've
16 promoted five operational folks into lead
17 positions. With that said, we are always looking
18 at retaining our folks and it's been a challenge
19 to retain, as well. Despite our multiple efforts
20 in wage increases and different engagement
21 activities for our folks, we had to go outside
22 and find a contract agency to fill positions.

23 We currently have 79 contract employees
24 working for our facility in Camp Hill. These 79
25 folks are from out-of-state and we are paying for

1 their flights in, we are paying for their food
2 and their lodging. This additional cost of labor
3 is about \$270,000 a week. As we all know, these
4 costs are unsustainable. And we need help to
5 figure that out.

6 Unfortunately, the high cost is not just
7 in labor, it's across our global food and
8 agricultural supply chain. As we work on these
9 issues and as we move forward, we are working
10 locally across the State with local agencies to
11 find better ways to keep employees and retain
12 them. We are currently working in the Camp Hill
13 facility with the economic development, the
14 Cumberland County Economic Development, the West
15 Shore Chamber, the Lower Allen Township Civic
16 Leaders, as well as the Boys and Girls Clubs and
17 the -- clubs. We are looking to make a long-term
18 investment and creating excitement in job
19 opportunities in the community. We are doing a
20 lot of things to keep employees and it just
21 doesn't seem to be working.

22 Again, thank you for the opportunity to
23 discuss the work, the current workforce shortages
24 in Pennsylvania. Cargill is grateful for your
25 leadership and partnership in finding a solution

1 that enables and sustains economic growth in the
2 community.

3 Thank you.

4 MAJORITY CHAIRMAN ROAE: All right. Then
5 I think we see John Dickson virtually, if you'd
6 like to give your testimony, sir.

7 MR. DICKSON: Yeah. Thank you. And good
8 morning, Chairmen Roae and Galloway, and all the
9 members of the House Commerce Committee. A
10 special thanks to Representative Robert Brooks,
11 who we've reached out to to have this
12 opportunity.

13 And the information, the data that has
14 been collected is not only from Redstone, but
15 also statewide provided by LeadingAge PA, which
16 is an association that represents 370
17 not-for-profit organizations throughout the
18 Commonwealth. I just will provide anecdotal
19 information in regards to the testimony that's
20 already been submitted before you.

21 So prior to the pandemic, there were
22 recruitment challenges anyway in long-term care.
23 What we were finding out is that people were
24 aging out of the positions. The average age of
25 nurses in the Commonwealth was 40-plus. We now

1 know that because of the growing population of
2 elderly folks in Pennsylvania going to 13 percent
3 through 2020 through 2030, we will have a dire
4 problem of filling positions. We have found
5 post-pandemic that people who really just kind of
6 raised the flag of surrender, staffing did,
7 retired early or left the industry because of the
8 stresses of the pandemic.

9 There is certainly a growth in need for
10 positions throughout the country. We know that
11 clinical positions will grow faster than 4
12 percent. As an example, we are citing an
13 8-percent increase for certified nursing
14 assistants, 9 percent for licensed practical
15 nurses, and then 34 percent for home health
16 aides. Redstone, just kind of as a background,
17 we employ about 493 employees. Our compensation
18 for these employees is greater than \$12.7 million
19 annually. Currently, we have more than 100
20 positions open in our organization.

21 You can see through the testimony some of
22 the innovative ways on page 3 that we have looked
23 to recruit people in this organization. Part of
24 our biggest challenges right now are unfunded
25 mandates. An unfunded mandate that recently came

1 about was the requirement to move per-patient
2 days in the Commonwealth from 2.7 to 4.1. Now,
3 from the outside looking in, obviously people
4 would cheer about this, it makes sense in regards
5 to having more coverage, but again, it's an
6 unfunded mandate. And it's unfunded because the
7 medical assistance rate in the State of
8 Pennsylvania has not moved now for seven years.
9 And that, to us, represented almost a \$2 million
10 shortfall in regards to revenue to pay for people
11 and the demands that are coming forth in regards
12 to our new wage rates. You've heard that
13 testimony from the other presenters here.

14 Currently, because of the shortfall that
15 we have in regards to staffing, we've had to
16 reduce admissions in a skilled nursing setting,
17 and that is about eight rooms, what they would
18 mean for us as an organization going forward
19 would be a shortfall of about \$981,000 if that
20 was continued, if we couldn't attract employees
21 into this field. Kind of picking up off of what
22 Chairman Galloway said, what are the solutions?

23 You know, we need to attract people to
24 this industry. These are skilled positions.
25 They are licensed positions, so it's education.

1 So I would look for the Commerce Committee to
2 work with other committees in regards to
3 providing very low interest loans to students to
4 become licensed nurses or LPNs or to help with
5 CNAs. We have worked across the spectrum with
6 educational institutions in western Pennsylvania
7 to try to grow individuals to come into this
8 field.

9 Knowing we're short on time, I'm sure
10 there's a bunch of questions, so I will turn it
11 back to you, Chairmen Roae and Galloway. Thank
12 you.

13 MAJORITY CHAIRMAN ROAE: Thank you for
14 your testimony. And that's everybody on the
15 agenda, right? I think. Yeah.

16 All right. So we're going to open up for
17 questions. And I would like to ask the members
18 to please try to be brief with your questions
19 because we have one, two, three, four, five, six
20 members have asked to ask questions. So we'll
21 start with Chairman -- yeah, he left.

22 Representative Jozwiak.

23 REPRESENTATIVE JOZWIAK: Thank you,
24 Mr. Chairman.

25 I guess my question -- I have a couple

1 questions, actually. In the construction
2 industry, Greg, you mentioned that that seems to
3 be the industry that's hit pretty hard. I've
4 been texting my construction guys while you were
5 talking actually. And they're saying that one of
6 the biggest problems that they're having with
7 employees is that they didn't train enough
8 apprentices. They didn't foresee this.

9 So what they're doing now is they're
10 training these apprentices on a 4-year program
11 for free. These kids come out of training
12 programs as plumbers, electricians, sheet metal
13 workers. They walk to -- they go out into the
14 workforce and they're making \$70,000, \$80,000 a
15 year without any debt. So that's one of the
16 things I think the construction industry is doing
17 to correct this.

18 But here's my question, but these people
19 that aren't working -- and I'm reading they're
20 saying they're not even intending to come back to
21 work and I'm thinking why is that? It can't be
22 -- it can't be these reasons that we listed.
23 There has to be other reasons. I mean, I think
24 some of them are probably older and they're
25 thinking about retiring, but people who aren't

1 even considering looking for work. I mean, I
2 know you have people who don't pay their rent,
3 but they have mortgages. They have car payments.
4 They have food to buy. All right. It just seems
5 to me that when I see this, I think there's got
6 to be an additional reason.

7 And also, I'm wondering, if these people
8 aren't working, when they finally do work, how's
9 this going to affect their social security
10 benefits. Who would like to comment on that?

11 MR. MORELAND: I'll take a stab at it. I
12 think that during my testimony I talked about us,
13 you know, Pennsylvania needs to encourage people
14 to return to the workforce. I think there's been
15 a change in mentality. People may not
16 necessarily be going to work to pay the bills
17 anymore. They want to go to work because it
18 makes them happy and they feel fulfilled. And
19 they want that right position, and they're unable
20 to take a position that they feel is below them
21 or out of their wheelhouse. They want their
22 specific position. So I think we need to get
23 back to a time when, like I said, a paycheck was
24 revered, putting your head down at the end of the
25 day and knowing that you gave a good day's work

1 and earned your keep that day -- I think it's a
2 mentality thing. I think it's a changing in
3 personalities and generations that small
4 businesses and all businesses are going to have
5 to accommodate and deal with.

6 MR. HALPER: Thank you, Representative,
7 for the question.

8 I wish I had a clear answer, this is the
9 problem and here's how to fix it, but it is
10 incredibly complex and I think varies depending
11 on the, you know, millions of people who are
12 able-bodied, available to work, but are not
13 working. We do tend to focus and recognize that
14 perhaps in the coming days this one issue will
15 transition away, but the Federally funded benefit
16 enhancements -- again, not to belabor that point,
17 but for many employers, that was the first thing
18 that we were hearing. The data backed it up.

19 There was an estimate that 40 percent of
20 Pennsylvanians could earn more collecting
21 benefits than they could earning wages. And
22 that's a pretty simple calculation. And you can
23 hardly blame the people if they're making more
24 money, but that created a disincentive in a lot
25 of cases and I think the really skewed the labor

1 market. We all recognized early on when
2 businesses were shut down and individuals were
3 not allowed to go to work, it made sense to
4 utilize the UC system, which had this existing
5 infrastructure to drive support out to
6 individuals.

7 Over time, however, we saw how it was
8 having this unintended consequence. Now, when
9 the programs expire in a couple days, you know, I
10 don't think that all of our problems go away by
11 any stretch. I think the work will have -- will
12 just be getting started, but that one -- that one
13 piece may be part of the answer for why we're in
14 this incredibly unusual place of so many people
15 not transitioning back to work.

16 REPRESENTATIVE JOZWIAK: So what about
17 the Social Security benefits piece of this?

18 I don't think people are even thinking
19 about that, and they should be.

20 MAJORITY CHAIRMAN ROAE: Representative,
21 I mean, that's a good point. That's probably
22 beyond the scope of the hearing, but yeah, people
23 not working, they're not -- they base your Social
24 Security on what, your highest 35 years of
25 earnings. So there's a big zero in one of those

1 years, it definitely would impact that, but we
2 still have several people that want to ask
3 questions.

4 So thank you for your questions. And
5 thank you, gentlemen, for your answers.

6 Next is going to be Representative
7 Ciresi.

8 REPRESENTATIVE CIRESI: Thank you. I
9 appreciate you taking my question. I want to
10 thank all of you for being there.

11 My question, first off, I had one of the
12 first bills with Representative Snyder to help
13 this business recovery that ran through Commerce
14 and passed and we never had a chance to run it to
15 the House floor. But to the last comment from my
16 colleague, it's the same thing as that. The
17 pandemic, I think, brought to the forefront some
18 of the work issues that we were having in
19 workforce development and also salaries.

20 How do you see about correcting that in
21 some of these salary levels? And I'm not saying
22 that you have to double everybody's fee, but if
23 people aren't going to work, which I can't
24 believe they're not, for whatever reason, and it
25 is a salary issue, which then they'd have no

1 money, but what did some of you look at in the
2 future of what we'll be paying these people
3 compensation-wise?

4 Because I think Chairman Galloway put it
5 right. The pandemic of 1918, a lot of different
6 things came out of that. And I think one of the
7 things here is an adjustment of salaries. So how
8 do we handle that in the future?

9 MAJORITY CHAIRMAN ROAE: Anyone want to
10 take that?

11 I think most of them testified they've
12 all been increasing their salaries and benefits
13 to attract employees, but would anyone care to --

14 MR. MORELAND: I'll jump in. You know, I
15 don't know where, you know, 20 years from now
16 where we go with salaries, but I will say that
17 there's a tipping point in consumer behavior.
18 You know, how much are you willing to pay for
19 that cup of coffee before you make it at home?
20 How much are you willing to pay for that sandwich
21 at lunch before you just pack a peanut butter and
22 jelly sandwich?

23 I think numerous different factors are
24 going into raising costs, raising -- inflationary
25 rates, costs of labor, regulatory compliance.

1 Numerous different things have made it extremely
2 costly to do business in Pennsylvania. And
3 there's going to come a time when small business
4 owners, you know, the mom-and-pop shops that
5 have, you know, the name on the front of, you
6 know, the Little League jersey that support all
7 of your fundraisers, you know, back home for your
8 local volunteer fire companies before they throw
9 up their hands and say we're getting out because
10 the cost of doing business in PA is just
11 extremely high and it's not worth all of the
12 effort that I have to put in.

13 So while I can't speak to where salaries
14 are going to go in the next 20 years, I think our
15 testimony here today provides evidence that it's
16 not just simply we'll pay them more and they will
17 show up. Numerous businesses have tried that and
18 they are still not showing up.

19 MR. HALPER: Just briefly, if I may,
20 Chairman. And I would echo the comments of Greg,
21 but also add, you know, for many businesses --
22 and this varies depending on size and industry,
23 you know, there are -- automation is a reality
24 and has been, you know, for a century and there
25 is a price point at which the investment in

1 technology which leads to automation just becomes
2 more attractive to businesses. That is just a
3 reality. And you are seeing it wherever you go.
4 If you go to Sheetz, you know, you go to Wawa --
5 don't want to get into that debate -- you are
6 seeing how, you know, you're not giving your
7 order anymore to, you know, a high school student
8 or you know someone working a part-time job.
9 You're plugging it into a computer.

10 I fear that while we always encourage
11 employers and love nothing more than to see wages
12 go up, to see the economy driving wages up in a
13 kind of in a natural way, you know, that also
14 comes with a flip side of perhaps increased
15 automation. And we do worry as we, God willing,
16 transition soon away from, you know, the
17 economic, you know, economically difficult times
18 that we're in. Are there going to be the jobs
19 for those individuals to transition back to, or
20 will we have just made it, you know, too
21 difficult for employers to hire individuals as
22 opposed to looking for opportunities for
23 increased automation?

24 MAJORITY CHAIRMAN ROAE: All right.
25 Thank you.

1 Next, we have Representative Gaydos.

2 REPRESENTATIVE GAYDOS: Thank you,
3 Mr. Chairman.

4 I guess I want to first make a comment in
5 regards to Chairman Galloway's comment about
6 market forces causing some of these wages to
7 rise, but I just want to point out that I hardly
8 consider government handouts to people that are,
9 you know, the government using my tax dollars to
10 compete with businesses, I certainly wouldn't
11 call that market forces. So I just wanted to
12 point that out.

13 So my question is to Mr. Moreland. So
14 what role does the cost of health care have in
15 making it difficult to hire people, and is there
16 anything that we can do specifically to help
17 lower those costs in health care, perhaps?

18 MR. MORELAND: Yeah, certainly. You
19 know, I think the health care, as Alex in the
20 Chamber previously testified, health care has
21 consistently been a top priority of NFIB members.
22 And the pricing -- the pricing of it, the
23 availability of it, accessibility and
24 transparency. I think there are several good
25 pieces of legislation that would -- that would

1 really provide an opportunity for small
2 businesses to be able to offer health care to
3 their employees. And I think that that's a great
4 benefit. And I think many employers would love
5 the opportunity to give their employees a health
6 plan and give them that assurance that they have
7 that safety net that they're going to be okay and
8 they can go to the doctor and get checked out
9 without having, you know, to pay hundreds and
10 hundreds of dollars because they are ensured.

11 So -- and it's a great question coming
12 from you, Representative Gaydos. I know you have
13 several transparency bills in regards to health
14 care, one with association health plans, HB 555,
15 that we're monitoring and hoping to bring up for
16 discussion later this year. Because you know, we
17 can't keep subsidizing everyone's health care
18 through the marketplace. That's not the model
19 that we think is the best to operate. And we
20 think that providing small businesses the
21 opportunity to offer health care to their
22 employees, be flexible, be transparent in the
23 pricing modules and through the insurers and be
24 able to provide their aggregate claims data so
25 they can actually shop that around, I think those

1 are some of the -- some of the benefits that we
2 could see in health care regarding small
3 business.

4 REPRESENTATIVE GAYDOS: Yeah. I mean, I
5 would agree. That was certainly a self-serving
6 question because, you know, I'm very supportive
7 of HB 555, which would allow businesses to pool
8 to get that -- lower the benefit of scale for
9 having multiple employees. And you know, having
10 been a small business owner myself, while all the
11 things that our other members had commented that
12 came out of previous pandemics, it also created
13 some extra burdens on companies. And I can't
14 agree more that we need to focus on solutions and
15 how do we make it easier, perhaps, for employers
16 to provide a better workplace.

17 Because as was earlier testified, it's
18 not all about compensation, but compensation
19 includes pay, includes health care, includes
20 benefits, includes vacation days, includes all of
21 that. And I'm looking forward to trying to be a
22 part of the solution to create that balance where
23 we do -- we do have a very energetic workforce.

24 So thank you, Mr. Moreland.

25 MAJORITY CHAIRMAN ROAE: All right.

1 Next, we have Representative Kenyatta.

2 REPRESENTATIVE KENYATTA: Thank you,
3 Mr. Chairman.

4 And I will -- I will start by saying
5 that, you know, large, large portions of this
6 conversation have been deeply disturbing,
7 frankly, because so much of it has felt like a --
8 against and attacks on workers. And I have a
9 question, but I want to respond to what Mr.
10 Moreland said, that people don't value a paycheck
11 anymore, that people don't value hard work, that
12 -- I guess he's suggesting that people are just
13 lazy and don't want to come out and work. And I
14 don't think the data bears that out.

15 And I think this is the problem with
16 having a hearing today about a worker shortage
17 and not including one worker, not including one
18 person from organized labor and having a
19 conversation that is completely from the
20 perspective of the employer without talking to,
21 in any detail, workers. So I would hope that we
22 would have a follow-up conversation that really
23 looks at what workers are experiencing and why
24 workers are staying out of the workforce.

25 Mr. Moreland, one of the things you

1 highlighted was that there's a 33 -- 39, excuse
2 me -- percent increase in salaries, that this
3 represents a 48-year high in terms of employers
4 raising their salaries. I know that you talked
5 about that number, I guess, celebrating that as a
6 good thing that employees are doing. And I would
7 say that it's a good thing, but it's actually
8 something that's pretty tragic, that this is what
9 it has taken for there to be an increase.

10 The other thing I would love for you to
11 respond to is what's happening in Texas, where
12 they have cut the expanded unemployment benefits
13 and are seeing similar issues with a full
14 workforce complement coming back. So we're
15 seeing places like Texas, where we've seen those
16 benefits cut, and yet, you're not seeing a full
17 workforce back in all of our small businesses and
18 larger employers, as well.

19 So what do you account for what's
20 happening in Texas? And what can we learn here
21 in Pennsylvania?

22 MR. MORELAND: Thank you very much,
23 Representative, for the comments.

24 I would like to clarify that we at NFIB
25 do not think that workers are lazy. We think

1 that there are many different factors that go
2 into their consideration of whether or not
3 they're going to join the workforce. And so I
4 would like to counter your point that maybe in
5 Texas it may not be working -- I think it's maybe
6 a little bit too early to paint with a broad
7 brush whether or not getting rid of the \$300
8 extra a week was a good idea or a bad idea in
9 many of the states. I think in some states you
10 are seeing that unemployment numbers are
11 dropping. In other states, you are seeing that
12 unemployment numbers are going up.

13 Again, as my testimony reflects, I do not
14 believe that the \$300 extra a week is the only
15 sole factor. I believe that there are many
16 different factors that go into this, and I think
17 that not to acknowledge that would be ignorant
18 and not truthful. So I think that child care,
19 certainly, fear of going back to the workforce
20 certainly plays a role -- a role in that, what is
21 going on with schools and their ability to remain
22 in school five days a week, and that ability to
23 be able to have a job and then have to come home
24 one day because randomly the school is off. That
25 creates an enormous burden on a worker. And I

1 think that that, you know, many who are near
2 retirement chose to simply just retire early.

3 And we have seen an uncharacteristically
4 low number of workers in Pennsylvania over the
5 years. If you compare us, as in my written
6 testimony, you'll see that there are numerous
7 other states around us that constantly have a
8 workforce percentage in the 60 percents, and some
9 even in the mid to higher 60 percents.
10 Pennsylvania is still sitting with lower 50
11 percent, right. So while we have an enormous
12 State with, you know, nearly 13 million people, a
13 smaller percentage of the available workforce is
14 going and working.

15 There are numerous different factors that
16 go into that, but we do think that the \$300 had a
17 contribution to that. And we're hopeful that
18 we'll see in the future that that -- that some
19 workers do return.

20 MAJORITY CHAIRMAN ROAE: All right.
21 We're going to move on.

22 I'm just looking here. We're still under
23 a river flood warning, 100 percent chance of rain
24 for the next eight hours. We're over time
25 already. I want to get members out of here

1 before the weather --

2 REPRESENTATIVE KENYATTA: Okay. Thank
3 you.

4 MAJORITY CHAIRMAN ROAE: -- gets bad.
5 We're going to go on. The next Representative is
6 Herrin.

7 REPRESENTATIVE HERRIN: Yes, thank you
8 very much, Mr. Chairman.

9 I have a quick comment for Mr. Moreland
10 and a question for Mr. Halper. I want to correct
11 the record on RGGI. I think it's really
12 important since this is on the record. In the
13 RGGI states -- there's 11 of them -- total
14 electricity bills have declined 2 to 3 percent on
15 average in participating states. Since we
16 implemented RGGI --

17 MAJORITY CHAIRMAN ROAE: Representative,
18 I would --

19 REPRESENTATIVE HERRIN: (INAUDIBLE)

20 MAJORITY CHAIRMAN ROAE:

21 Representative --

22 REPRESENTATIVE HERRIN: That's it. So --

23 MAJORITY CHAIRMAN ROAE: Do you have a
24 question pertaining to workforce shortages for
25 the gentleman --

1 REPRESENTATIVE HERRIN: Yes.

2 MAJORITY CHAIRMAN ROAE: -- who
3 testified?

4 REPRESENTATIVE HERRIN: Yes.

5 MAJORITY CHAIRMAN ROAE: Okay. Please
6 have a question on --

7 REPRESENTATIVE HERRIN: (INAUDIBLE) --
8 Mr. Halper is about child care. So you know
9 everyone has mentioned that. We know that that
10 is an absolutely essential problem that we have
11 to fix if we want our families to get back to
12 work.

13 And so I had a policy hearing on child
14 care here in my district. And what we learned is
15 that one of the core issues in the child care
16 sector is that there is a severe worker shortage
17 in child care itself. And this worker shortage
18 compounds all of these other shortages elsewhere
19 throughout our economy in Pennsylvania. And the
20 reason is that these workers make an average of
21 \$11.65 an hour. They have no benefits, and 50
22 percent of them are on subsidized programs like
23 food stamps. And there is very little reason for
24 them to want to work in this sector or return to
25 this sector. And we cannot get back to work

1 until we address this problem.

2 So my question for Mr. Halper is twofold.
3 Number one, what do you see businesses doing to
4 address this incredibly huge barrier to
5 recruiting and retaining workers, such as like,
6 are they offering on-site child care or subsidies
7 for their employees to help pay for child care?

8 And the second part of my question is
9 what do you think the State can and should be
10 doing to fix this problem?

11 Thank you.

12 MR. HALPER: Representative, thank you
13 for the question. And you raise a really
14 challenging almost catch-22 where we have this
15 workforce issue and some of which is based on the
16 lack of child care, but those early learning
17 centers themselves have workforce issues and no
18 one can really sort of catch up.

19 The PA Chamber recently conducted a
20 survey of employers in conjunction with the Early
21 Learning Investment Commission looking at child
22 care issues, and I'm happy to send that survey to
23 you and to other Committee members. In short, to
24 your question, employers are increasingly making
25 investments in their employee's child care needs,

1 and whether that's forming partnerships with
2 child care centers or subsidizing child care, in
3 some cases -- and it can be very challenging from
4 both a regulatory and cost perspective -- but
5 creating their own child care centers at their
6 facilities.

7 we talked to employers and have tried to
8 encourage employers to work together with others
9 in close proximity to sort of use economies of
10 scale to create those -- to create those
11 opportunities. So to the extent that there are,
12 you know, there are regulations or costs that
13 public policy could help mitigate on employers to
14 encourage their support of their workers, you
15 know, that would certainly be appreciated.

16 You know, the child care sort of
17 community, I know, is a difficult one with very
18 tight margins. We talk -- I've talked to a lot
19 of heads of child care facilities over the last
20 year and a half. And they all start off by
21 saying they would love nothing more than to pay
22 their people more. The nature of that industry,
23 unfortunately, doesn't always allow for that. So
24 we would hope that, you know, public policy would
25 help that industry kind of rebound and perhaps

1 clear up some their funding to invest more in
2 people.

3 I know something that we supported and
4 worked closely with the child care community last
5 year, many of them continued to fear unwarranted
6 sort of pandemic-related lawsuits. They were
7 close partners in our advocacy for limited
8 targeted liability protections for employers. We
9 worked with schools, child care centers, local
10 governments, non-profits. It was unfortunate
11 that that legislation got vetoed. That was
12 something child care centers said they really,
13 really needed.

14 So again, no silver bullet with helping
15 the child care community, but they certainly need
16 -- need our support.

17 MAJORITY CHAIRMAN ROAE: Thank you.

18 And then our last question is going to be
19 from Representative Warren.

20 REPRESENTATIVE WARREN: Thank you,
21 Mr. Chairman.

22 And the last question kind of harkens
23 back to the first testimony. Mr. Moreland, you
24 gave in your testimony an example of an employee
25 who several years ago was making \$12.00 an hour

1 and left presumably for -- presumably was working
2 at another job, but even if not, to get him back
3 some years later -- I think it was five years
4 later was the language you used earlier -- to
5 show up, the employer offered \$17.00 an hour, two
6 weeks vacation, and health benefits. And the
7 tenor of your testimony seemed to suggest that
8 that was a bad thing.

9 we're here to talk about the solutions to
10 the hiring challenge. And I think Mr. McClain
11 [phonetic], I believe it was, said his company is
12 now offering similar salary and benefits. I'm
13 just thinking a livable -- or approaching at
14 least -- a livable wage, two weeks vacation,
15 health benefits, that seems to me like it sounds
16 like a solution, doesn't it? And in terms of the
17 broader economy, wouldn't wages like that make it
18 less likely that that employee packs a peanut
19 butter and jelly sandwich when he comes to this
20 -- to work at this better paying job?

21 MR. MORELAND: Thank you very much,
22 Representative, for the question. Very good one.

23 You know, I think the market is demanding
24 it right now. The market is speaking.
25 Individual employees and -- or individual

1 employers are having to get creative in enticing
2 people to come work for them. When you have
3 small business competing against the Federal
4 government for available workforce, I think that
5 creates -- it creates an issue. Small business
6 is never going to win in those circumstances, and
7 so they're having to be creative in their
8 compensation packages currently because that's
9 what the market demands.

10 MAJORITY CHAIRMAN ROAE: And then, I
11 guess we missed somebody. It looks like
12 Representative Twardzik -- did you have your hand
13 up?

14 REPRESENTATIVE TWARDZIC: Yes, I do.

15 Just a quick comment, Representative from
16 the 156th. RGGI Program is not a good issue for
17 my district. Again, cutting out coal mining jobs
18 that are high paying and good careers is not
19 helpful unless you want to put those people in
20 different jobs. Maybe that would open up the
21 workforce. But the way this Governor is trying
22 to shove this regulation down the State is wrong
23 and we shouldn't put up with it.

24 A question for DCED or Gregory. Sir, do
25 you think assistance from the DCED to put an

1 ombudsman together to help with getting through
2 the permitting process would help our businesses
3 create jobs and create opportunities?

4 MR. MORELAND: I think any assistance
5 from our government to our small employers would
6 be welcome at this time.

7 REPRESENTATIVE TWARDZIK: Okay. Well, I
8 thank all the testifiers for their input.

9 Again, we also heard that we didn't hear
10 from any employees, but my employees here in the
11 district office spend an enormous amount of time
12 taking calls from people regarding the
13 unemployment. And you know, we hope that that
14 will change, that people will get back to work,
15 and that we can get more back to normal.

16 So stay well, everybody. Stay dry.
17 Thank you.

18 MAJORITY CHAIRMAN ROAE: Thank you,
19 Representative.

20 And I think this really is the last
21 person now. Representative Brooks.

22 REPRESENTATIVE BROOKS: Thank you.

23 I just wanted to ask Mr. Dickson -- I
24 heard in your testimony you said reimbursement
25 rates. And I know that you have been doing

1 everything you can in your industry to raise
2 rates and to get people in to care for our
3 seniors. Yet, these reimbursement rates that you
4 get are stagnant from long back and almost hit
5 you into, I would assume, financial losses.

6 So what do you believe needs to happen
7 with these rates to help you in your industry do
8 more and be better?

9 MR. DICKSON: well, thank you,
10 Representative Brooks. As I had stated since now
11 seven years the Medicaid rate has not been
12 adjusted in the State of Pennsylvania, that
13 accounts for about a 21-percent financial
14 shortfall of where we should be with revenue.
15 And as I stated, we're 2.7 million dollars really
16 kind of upside down. So the reality is really
17 organizations like Redstone are funding the care
18 for the folks in the Commonwealth who are
19 Medicaid assistance or MA.

20 So there has to be a reality check in
21 regards to, you know, funding the appropriate
22 care levels for people in the Commonwealth. And
23 it's an unfortunate situation. And what we're
24 going to see is, as I had mentioned, with the
25 per-patient day rates being increased --

1 per-patient day hours increased, it's going to
2 close nursing home facilities, and then the
3 Commonwealth is going to be in a big hurt in
4 regards to providing skilled nursing care for
5 individuals.

6 we know the trend of, you know, keeping
7 people home and providing services at home, but
8 there's a true reality that, you know, when a
9 person needs skilled nursing facility services,
10 those services can't be done at home cost
11 effectively. So you know, our solution or our
12 request is that there's movement to increase the
13 Medicaid rate.

14 MAJORITY CHAIRMAN ROAE: All right.
15 Thank you.

16 I believe Representative Galloway had to
17 leave the meeting, I think. So he's not able to
18 do closing comments, but thank you everyone for
19 your testimony today. We appreciate it. Thank
20 you for all the members being here in person and
21 the people who were here remotely.

22 And as we go forward, you know, some of
23 the things -- it's a tough problem to solve. But
24 you know, some of us are concerned that even
25 though the extra \$300 a week is going to end,

1 there's not really anything that would stop
2 Congress from retroactively starting that back up
3 again as they work on the budget, you know,
4 legislation and the infrastructure bill. So I'm
5 thinking maybe our Committee should, you know,
6 send a letter to Congress urging them not to do
7 the extra \$300, you know, not to keep that going.

8 Something else I was just thinking about
9 as we're here talking. In my District, you know,
10 there used to always be companies that were
11 expanding. You know, you'd talk to business
12 owners just driving around, you'd say, hey,
13 what's that addition over there? Oh, we're going
14 to expand. We're going to increase our capacity.
15 It will probably be another five or six people
16 we'll hire. And other places are much bigger
17 projects than that where they're talking about,
18 you know, thousands of square feet of space.

19 But I'm not really seeing that now
20 because companies, they can't even staff the
21 existing manufacturing facilities they have now.
22 They can't even staff, you know, their current
23 operations. And then, it gets me back to DCED.
24 Based on the testimony today, you know, if DCED
25 -- I'm not saying they are, but if they're trying

1 to lure a meat processing company, you know, from
2 Ohio to build a location in Pennsylvania, is that
3 a good idea when Pennsylvania meat processing
4 plants already have a shortage of workers?

5 You know, packaging companies -- you
6 know, if DCED is trying to help a dry cleaning
7 company open up a new dry cleaner in
8 Pennsylvania, you know, based on what we heard
9 regarding the gentleman that was supposed to be
10 here today, you know, should we encourage more
11 competition for an already scarce resource of
12 employees? And again, that's normally not --
13 normally, this Committee, we'd be saying, hey,
14 what law can we change to help DCED get more
15 companies to come here? Well, we're almost in
16 that situation where if more companies came here,
17 that's going to make the labor problem even
18 worse, and longstanding businesses could really
19 be in trouble if they have to close because they
20 don't have enough employees.

21 But anyway, again, thank you for your
22 testimony. And everyone drive carefully on the
23 way home today. And I'm looking forward to
24 seeing everyone soon.

25 Thank you.

1 (Whereupon, the proceedings concluded
2 at 11:21 a.m.)
3

4
5 C E R T I F I C A T E
6

7 I hereby certify that the proceedings are
8 contained fully and accurately in the notes taken
9 by me from audio of the within proceedings and
10 that this is a correct transcript of the same.
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15 _____
16 Tracy L. Powell,
17 Court Reporter
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