Testimony of Julie Skirvin
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Before the
Senate Committee on Banking, Housing, and Urban Affairs
Subcommittee on Economic Policy
December 11, 2013

Mr. Chairman and members of the Committee, thank you for the opportunity to testify today. My name is Julie Skirvin, and I am General Counsel of Oregon Iron Works, a small business headquartered in Clackamas, Oregon. Oregon Iron manufactures structural steel parts for bridges, commercial buildings, and dams. We build silos to house the interceptor missiles that protect our country from attack, renewable energy devices, containers to store nuclear waste safely, marine vessels, rocket launch platforms, and sophisticated metal processing equipment. Oregon Iron, together with its subsidiaries, employs over 450 workers at living-wage jobs in Oregon, Washington, and Pennsylvania.

One of our company's newest product lines is streetcars. When Oregon Iron created our subsidiary United Streetcar in 2005, it had been over 60 years since an American company had built a modern streetcar. I am pleased to report that after years of hard work, Oregon Iron and United Streetcar are now completing modern streetcars at a rate of one every six weeks. We have delivered seven cars this year to customers in Portland, Oregon and Tucson, Arizona.

During the Great Recession our streetcar business provided work for 100 people earning family-wages with good benefits at our Clackamas facilities. To support our streetcar production we purchased parts and materials from 350 U.S. companies in 32 states. In Oregon alone, we sourced materials from 140 local businesses.

I am honored to appear today before the Committee to address your questions about the role of manufacturing in the U.S. economy, challenges U.S. manufacturers face, and how we can strengthen this important sector. Drawing on Oregon Iron's recent experience launching a streetcar business, as well as my work for ten years in the manufacturing sector, I welcome this chance to share my perspective.

I. The Role of Manufacturing in Creating a Solid Middle Class

The leaders at Oregon Iron believe that American manufacturers create the kind of good, middle-class jobs that are essential to a strong United States economy. The Great Recession was hard on our sector, but we are coming back. *The Oregonian* reported that between 2008-2010, Clackamas County lost more than 3,500 manufacturing jobs. Since the first quarter of 2010, however, one in three jobs gained has been in manufacturing. Fabricated-metal manufacturing saw a gain of more than 700 jobs.

Unemployment in Oregon remains high, at 7.7%. Even with a job, workers in the service sector may not earn enough to meet a family's basic needs. In contrast, a skilled machinist can earn well over $50,000 per year. Manufacturing jobs pay good wages that support strong, stable families.

II. Challenges and Opportunities Facing the U.S. Manufacturing Sector

Below are some of the policy steps that I believe would invigorate the U.S. manufacturing sector.

1. Ensuring a Supply of Skilled Workers

Oregon Iron and other manufacturers need access to skilled, work-ready employees. Many young workers entering the manufacturing environment do not possess the skills and training necessary to be successful. While skilled workers are crucial for a business like ours, it can be difficult for small businesses to invest in training without an imminent project. At times, our company has had difficulty finding applicants who have a solid grasp of shop math, possess hands-on experience, and can pass a drug test.

I believe our public education system should place more emphasis on technical training for high school students. There are some stellar technical training programs in our area, including the Clackamas Academy for Industrial Sciences and Sabin-Schellenberg High School, but too many schools, and too many public officials, downplay the value of technical training. We need to ensure these programs receive the funding and respect that they deserve.

The community college system and local workforce training centers also play a key role in helping manufacturers identify and train workers who can thrive in this environment. Oregon Iron is currently in conversations with Clackamas Community College and the Workforce Investment Council of Clackamas County to identify potential new hires and to help our current employees gain the shop math and other skills they need. This collaboration should benefit both our workers and Oregon Iron's ability to compete for and fill contracts.

Finally, we believe that support for programs linking industry employers and engineers-in-training can be productive. Oregon Iron has benefited from our close relationships with Oregon State University and Portland State University through the Multiple Engineering Co-op Program ("MECOP"). Through MECOP, students obtain paid internships with manufacturers during their training. That helps students, including those from historically underrepresented groups, learn and understand the sector. It also helps companies find local workers to hire.

We applaud the Manufacturing Jobs for America Initiative, which you, Mr. Chairman, are helping to lead. This initiative's focus on workforce training is an important step in ensuring an adequate supply of skilled workers.

2. Buy America Provisions

Government contracts that include Buy America requirements also have the potential to invigorate American manufacturing. For one thing, they help level the playing field; Oregon Iron knows first-hand that if you want to build a boat for Brazil, you build it in Brazil. Other countries include local sourcing requirements when they procure goods, and it makes sense that when the United States government uses public dollars to buy boats or build bridges, it should contract with United States companies to do that work.

We support efforts to ensure that companies maintain ongoing operations in this country as a condition of satisfying Buy America requirements. Such an approach creates longer-term local jobs than would an interpretation of Buy America rules that enabled a foreign company to set up a temporary operation in the U.S to qualify for a job and then exit once it completed the contract.

Mr. Chairman, you have led recent efforts to improve the way federal agencies do business, and to ensure that when federal funds are used, they are used to buy products from American companies. We are grateful for these efforts, and for the improvements made through the passage of MAP-21. We are hopeful, Mr. Chairman, that your Buy America provisions in the Senate's Water Resources Development Act are retained during conference with the House on their version of this important water infrastructure legislation.

We also appreciate work by the U.S. Department of Transportation ("DOT") to manage Buy America requirements in a manner that strengthens the domestic supply chain. Former Secretary Ray LaHood and current Deputy Secretary John Porcari have been creative and proactive in helping people find and create U.S. products where many thought none were available. This effort continues under the leadership of Secretary Foxx.

The Federal Transit Administration ("FTA") has also been a leader in this area, requiring that FTA-funded transit vehicles/rolling stock contain at least 60% domestic content. (The streetcars we produce contain an average of at least 70% domestic content, and 100% domestic assembly.) FTA has also ensured that federal dollars are invested in U.S. business and labor. From 2008-2012, initial requests to FTA for Buy America waivers numbered 37. FTA has been able to reduce that number to just 3 for 2013 by working hard to identify local suppliers of components. Recently, the FTA and the United States Department of Commerce's National Institute of Standards and Technology entered into an interagency agreement that will help transit properties and companies more easily find U.S.-made components. This will benefit our company and many others.

We also appreciate the U.S. Dept. of Commerce's many initiatives to "make it in America" and to launch the Investing in Manufacturing Communities Partnerships.

The Buy America rule has given Oregon Iron and United Streetcar the ability to compete where no American company had competed in over 60 years. When we started out, streetcars operated in the U.S. generally came from the Czech Republic, Germany, Spain, and Japan. By creating a minimum requirement for domestic content in this industry, the United States government created an opportunity for domestic manufacturers to enter a new market. It also created an incentive for foreign companies to start investing in facilities and products in the U.S. Buy America rules have strengthened competition in the U.S. streetcar market.

We encourage you to support and strengthen Buy America rules as part of your economic policy agenda.

3. Access to Capital

A crucial ingredient to Oregon Iron's success, including to the success of our streetcar work, has been access to private and public capital.

Private Capital: In the midst of the Great Recession our company's leaders did not sit on their money. Instead, they invested it to create a new industry by building the production facilities and purchasing the equipment we now use to build streetcars. Significant private investment is crucial to any start-up; when times get tough, there is no substitute for personal skin in the game to keep business people working hard.

At the same time, modest levels of government investment, including through tax credits to support capital investments, provide a crucial complement to private capital. We think some efforts to increase access to capital for business creation could be helpful if accompanied by a strong requirement for entrepreneurs to also put their own resources on the line. Through tax reform, small businesses could have improved access to working capital. Current tax law requires small businesses to pay taxes on in-process projects despite not receiving complete payments from either a prime contractor or government entity. Without substantial bank funding, small business growth is limited by its access to operating capital.

Public Capital: Eight years ago Congress provided a modest level of funding to stimulate domestic streetcar production. The U.S. DOT, this Administration, and the FTA invested research dollars to investigate the potential for a U.S.-made propulsion system and off-wire technologies. The U.S. DOT (along with HUD and EPA) through the Urban Circulator and TIGER grants, has helped transit entities all over the country develop streetcar systems and other public transit systems. These investments have generated significant returns by creating a new industry, jobs, improved transportation systems, and more livable communities.

Mr. Chairman, this committee provided the foundation for critical transit investments and changes in SAFETEA-LU and in MAP-21 that have reduced red-tape and costly steps in the approval of transit projects. I want to thank you for all this Committee has done to ensure more efficient and cost-effective federal investments in critical infrastructure.

Local governments make all kinds of investments to stimulate economic development. Procurement decisions are some of the most powerful investments. The decision by officials in Portland, Tucson, and Washington D.C. to buy streetcars from our company, and to pay us for our work as we hit our performance benchmarks, has provided some of the most important capital we have received.

We remain thankful that the Oregon Legislature and Oregon Department of Transportation provided crucial capital to help build Portland's transit system. We also appreciate that Clackamas County has provided approvals, permits, a low-cost lease, and other support so that Oregon Iron could remain and grow in Clackamas County.

III. Conclusion

Manufacturing provides the kinds of good middle class jobs that help families thrive. By supporting technical training for workers, retention and strengthening of Buy America rules, and tax credits and other tools to help entrepreneurs access necessary capital, the members of this Committee can help our country’s manufacturing sector thrive and grow. That would be good for the economy and good for local families.

Thank you again for this opportunity to testify. I would welcome your questions.