



Martin O'Malley Governor
Anthony G. Brown Lt. Governor
Christian S. Johansson Secretary
Dominick E. Murray Deputy Secretary

July 2, 2012

The Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House, H-107
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401-1991

RE: Final Report on the Taskforce on Industrial Job Creation in Baltimore County

Dear President Miller and Speaker Busch:

In accordance with the 2011 Laws of Maryland Chapter 282 and in accordance with § 2-1246 of the State Government Article, I am pleased to present you with the Final Report on the Taskforce on Industrial Job Creation.

I look forward to your review of this report and will be happy to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

A handwritten signature in black ink, appearing to be "C. Johansson".

Christian S. Johansson
Secretary

Enclosure

TASK FORCE ON INDUSTRIAL JOB CREATION in Baltimore County

FINAL REPORT
to the Governor & General Assembly

CHAPTER 282
ACTS OF 2011

JUNE 2012



MARTIN O'MALLEY, GOVERNOR
ANTHONY G. BROWN, LT. GOVERNOR

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Executive Summary

Established by Chapter 282, Acts of 2011, the Task Force on Industrial Job Creation in Baltimore County (Task Force) has spent the past eight months examining how to encourage industrial job creation in the County and State (see Appendix A for membership roster). The Task Force, in its preliminary report, identified a number of factors impacting industrial job growth¹ and in this report has compiled a number of recommendations that will help address each key policy area identified.

The Task Force submits this report with a sense of optimism regarding the future of industry in Baltimore County, due to the encouraging picture painted by the manufacturers and other industrial businesses consulted for this report. These companies by and large were very positive about their prospects for future growth, with many looking to hire new workers. However, if Maryland is to participate fully in the resurgence of manufacturing, as seen in other parts of the country, certain challenges must be addressed. This report suggests actionable items that the State and County can undertake to facilitate and expedite industrial job creation, and the Task Force respectfully asks that State and County leaders work together to pursue these and other policies that will support the growth of industry in the County and Statewide.

The Importance of a Resurgent Industrial Sector

If the public is to be asked to support smart pro-growth industrial policy, it is necessary that they understand the importance of industry, particularly manufacturing, to an economy. The benefits of a strong industrial sector reach far beyond industry itself, as:

- Research conducted by the Manufacturing Institute demonstrates that every dollar of manufactured goods produced creates another \$1.40 of activity in other sectors, twice the \$.71 multiplier effect for the services industry.
- In addition to this direct economic impact, is the impact on innovation, as two thirds of research and development capacity in the U.S. is concentrated in manufacturing.²

It should come as no surprise then that the strongest economies amidst the current global economic malaise are those such as China, Germany, and the U.S., who all have strong industrial sectors producing the products that the rest of the world wants to buy. Indeed, manufacturing has been one of the bright spots in our national economy and in fact:

- As of May 2012, manufacturing employment has been steadily growing in the U.S. for 32 months straight, with new factory orders having grown in each of the past 37 months.³

¹ Task Force Preliminary Report:

<http://www.choosemaryland.org/aboutdbed/Documents/ProgramReports/2011/ProgramReports2011-complete/TFIJCPreliminaryReport.pdf>

² The Facts About Modern Manufacturing, Manufacturing Institute:

http://www.themanufacturinginstitute.org/~/_media/D45D1F9EE65C45B7BD17A8DB15AC00EC.ashx

³ May 2012 Manufacturing Report on Business, Institute for Supply Management:

<http://www.ism.ws/ismreport/mfgrob.cfm>

- According to the Bureau of Labor Statistics, the 120,000 factory jobs gained in 2011 is the first year-over-year increase in manufacturing employment since 1998.
- Additionally, Forbes reports that in 2011, “American manufacturers added value of \$1.7 trillion to the U.S. economy, up 6.6% over the previous year after accounting for inflation. By the same measure, the rest of the economy grew by 2.2%.”⁴

Why Manufacturing is Back

The resurgent manufacturing sector nationally is due to a variety of factors that have served to help level the playing field with international competitors such as China. In fact, a report conducted by the Boston Consulting Group in October 2011 found that roughly two to three million jobs could be created in the U.S. by 2015 due to companies “re-shoring” jobs just from China alone⁵, because of factors that include:

- a devalued dollar,
- rising wage rates in China,
- increased shipping (energy) costs from abroad,
- the advent of stricter environmental controls in key overseas industrial areas,
- product safety and intellectual property concerns, and
- the inherent intergovernmental, intercultural, logistical, and business complexities of producing products overseas for the U.S.’s well-regulated markets.

When coupled with Baltimore County’s significant natural competitive advantages:

- excellent transportation, public works (electric, sewer, water), and export infrastructure,
- demand from large East-Coast population centers,
- robust research and development capabilities,
- extensive and timely distribution networks,
- technological know-how, and
- a world-class education system

industry is poised to make a comeback locally, if the right policies are pursued.

The State and County can help facilitate industrial job growth by ensuring that the State and County remain competitive with other states in the long term through adjusting tax and utility rates. However, there are a variety of other far simpler steps that can be taken in the short term that will have lasting impact. The Task Force focused on these items due to its finite life span and anticipates that the more complex long-term solutions will be discussed by the newly re-established Maryland Advisory Commission on Manufacturing Competitiveness (MACMC), which will be briefed on this Task Force’s findings and recommendations, some of which are summarized below:

⁴ Jon Bruner, Forbes Staff: <http://www.forbes.com/sites/jonbruner/2011/08/22/u-s-manufacturing-surges-ahead-but-dont-look-for-a-factory-job-infographic/>

⁵ Made in America, Again. 2011, Boston Consulting Group: <http://www.bcg.com/media/PressReleaseDetails.aspx?id=tcm:12-88775>

Changing Public MisPerceptions

Perhaps no other economic sector in Maryland stands ready to benefit from Maryland's natural competitive advantages than the industrial sector due to the changing realities of global competition. However, the public is largely unaware of the potential for resurgence of industry in the County and State. This story and the opportunities it provides needs to be better communicated to the public, and industry needs leaders to champion its cause.

Key Recommendations:

- The County Department of Economic Development should work with the Maryland Department of Business and Economic Development (DBED) to publicize select industrial success stories as public interest stories to be shopped to local news outlets to carry. The stories told should reflect opportunities for younger workers in a growth sector.
- The MACMC should work to facilitate tours of facilities for students, parents, and policy makers, as well as an annual industrial workforce career day.

Developing a Skilled Labor Pool

The scarcity of skilled labor (machinists, operators, craft workers, technicians, etc.) is one of the top issues impacting manufacturers' ability to remain competitive in the State, despite the fact that these jobs pay almost 54% higher (averaging over \$78K) than other nonfarm payrolls in Maryland⁶, and are largely clean and safe. This problem stems from a number of factors, but perhaps the most important is that the public is unaware of the current face of industrial employment and advanced manufacturing and is therefore reluctant to encourage students to pursue the necessary coursework.

Key Recommendations:

- The State's Partnership for Workforce Quality program and the Maryland Industrial Training Program should both have funding restored/increased.
- The Maryland State Department of Education (MSDE) should designate an ombudsperson for industrial businesses who would facilitate business involvement with the State's curriculum development process, as well as student internship and teacher externship opportunities. DBED, the Department of Labor, Licensing, and Regulation (DLLR), and the MACMC should coordinate regularly with this individual.
- A Manufacturing Education Advisory Council should be established as part of the Maryland public school system. The Council would advise the State's educational community on industrial workforce needs, and would coordinate partnerships with industry, events, tours, career days, and field trips for students, in conjunction with the MACMC. The above suggested MSDE industrial ombudsperson might staff this Council.
- The Department of Labor, Licensing, and Regulation should explore the possibility of working with neighboring states to establish a regional employment pool and database for the skilled trades.

⁶ Rust Belt Rising – Maryland's Manufacturers Are Rising, Baltimore Business Review, 2012. By: Niall H. O'Malley. <http://www.cfasociety.org/baltimore/Documents/2012BBR.pdf>

Bolstering Business Attraction Efforts

Baltimore County and the State have a number of tools that can be used for the attraction, retention and expansion of businesses. At the same time, the County has a host of attractive locations that could be marketed as areas of opportunity for industrial businesses. The Sparrows Point peninsula, for example, is one of those locations. Identifying strategic opportunities for available industrial properties like this (as well as for undeveloped property), and then aggressively pursuing those opportunities with tools and incentives tailored to individual companies is key to bringing industry back to the County, particularly in areas where it existed previously.

Key Recommendations:

- In the case of Sparrows Point, the State could assist with a host of resources, incentives, and tax credit programs, and should engage the new owners of the property to see how a leasing and redevelopment process for underutilized parcels can be facilitated. Matching funding to help the County pay for the cost of a planning study may be available through DBED. The County should explore this opportunity as well as the possibility of designating the entire peninsula an Enterprise Zone.
- DBED's Business Development representatives should engage education officials alongside the County's and DBED's workforce liaisons in their business attraction efforts. The local machining and industrial skills training programs should be marketed to prospective companies together with other available workforce development resources.
- Funding should be maintained for DBED's financing programs, particularly the Maryland Economic Adjustment Fund (MEAF), the Maryland Economic Development Assistance Authority and Fund (MEDAAF), and the Maryland Industrial Development Financing Authority (MIDFA).

Promoting Business Resources

There are a variety of business resources, tools, and organizations that exist in the County and State that can help facilitate the expansion and location of industrial businesses here. However, this information cannot always be readily found by businesses and/or is not readily understood. State decision-makers need to understand the great importance of maintaining funding for these programs and businesses need to be able to understand how to access these resources.

Key Recommendations:

- A "Business Concierge" service should be incorporated as part of the business services that DBED provides, to work with individual companies in navigating programs and resources that exist at various levels of government. Alternately, this function might be incorporated into the Maryland Made Easy initiative.
- DBED should assist the County Department of Economic Development to assemble a resource guidebook for industrial businesses. The guidebook would include organizations that provide support services to industry, training opportunities, financing programs, etc.

Enhancing the Regulatory Environment

County industrial businesses will often cite difficulties with permitting and regulatory processes as a challenge to business growth. Of note however, it is not generally a particular permit or regulation that businesses find onerous, but an overall dissatisfaction with the process. As many

industrial businesses are small, they lack the manpower to engage with the regulatory process and/or may be unaware of how to make their voices heard.

Key Recommendations:

- The State and County should make it a priority to work with the new owners of the Sparrows Point steel mill and the federal government to clear the way for the Maryland Port Administration to remediate environmental conditions at the Coke Point portion of the Sparrows Point peninsula, clearing the way for the placement of dredge and the eventual capping of the site to develop a new marine terminal on the parcel.
- Additional staff resources should be devoted to Maryland Made Easy and it should be designated as the venue for the cross-agency vetting of regulations and for the coordination of the State's response to permitting and regulatory concerns voiced by the business community. The County should look into aligning efforts with this initiative.
- The State should work to expedite the designation of new locations that are eligible to receive harbor-dredge, allowing for the placement of more dredge from private industrial sites.
- The Joint Committee on Administrative, Executive, and Legislative Review (AELR) should include as an advisor, the Secretary of DBED or his/her designee, to provide input on an as-needed basis.
- The State and University System of Maryland should study and consider supporting the Maryland Buy American Steel and Manufactured Goods Act, which would include manufactured goods as part of Maryland's requirement that contractors use American-made goods in public works projects (<http://mlis.state.md.us/2012rs/billfile/sb0432.htm>).

I. The Changing Global Landscape: Understanding The Importance of a Resurgent Industrial Sector

Despite the decline in industrial activity in Baltimore County and nationwide over the last several decades, manufacturing has made an impressive comeback in the U.S. in recent years, and is poised to do so locally. The economic importance of this development is hard to overstate, as the benefits of a strong industrial sector reach far beyond industry itself.

Indeed, the economic multiplier effect of manufacturing far surpasses other industries, with every dollar of manufactured goods creating another \$1.40 of economic activity in other sectors. This compares with the \$.71 multiplier effect found in the services industry. When it comes to manufacturing's impact on innovation, it is one of the main drivers, laying claim to two thirds of the U.S.'s research and development capacity.⁷ The ability to produce things that others want to buy is also critical for a nation's economic strength. According to a recent Business Intelligence Brief⁸ by Armada Executive Intelligence:

“every one of the top twenty economies count manufacturing as at least a third of their overall GDP and those that are at the top of the list count manufacturing as over 50% of their GDP”

Thus, it is welcome news to learn that manufacturing has been staging a comeback nationally, as Forbes reported that in 2011, “American manufacturers added value of \$1.7 trillion to the U.S. economy, up 6.6% over the previous year after accounting for inflation. By the same measure, the rest of the economy grew by 2.2%.”⁹ Employment in manufacturing has also grown steadily in the U.S., with the 120,000 factory jobs gained last year being the first year-over-year increase in manufacturing employment nationally since 1998, according to the Bureau of Labor Statistics. This trend has been continuing for almost three years as of May, with manufacturing employment having grown in the U.S. for 32 months straight, while new factory orders have grown in each of the past 37 months.¹⁰

Baltimore County, as Maryland's most industrial county, holds tremendous promise to be part of an industrial renaissance in the Mid-Atlantic region, if the sector finds proper public support. Skilled tradesmen and women are in demand (with wages averaging over \$78K¹¹), local companies are increasing exports abroad, and production facilities are being expanded. For example, between 2003 and 2010, Maryland manufactured exports doubled, with output also

⁷ The Facts About Modern Manufacturing, Manufacturing Institute:

<http://www.themanufacturinginstitute.org/~media/D45D1F9EE65C45B7BD17A8DB15AC00EC.ashx>

⁸ May 15, 2012 Business Intelligence Brief, Armada Executive Intelligence: <http://www.armada-intel.com/business-intelligence-brief-may-15-2012.html>

⁹ Jon Bruner, Forbes Staff: <http://www.forbes.com/sites/jonbruner/2011/08/22/u-s-manufacturing-surges-ahead-but-dont-look-for-a-factory-job-infographic/>

¹⁰ May 2012 Manufacturing Report on Business, Institute for Supply Management: <http://www.ism.ws/ismreport/mfgrob.cfm>

¹¹ Rust Belt Rising – Maryland's Manufacturers Are Rising, Baltimore Business Review, 2012. By: Niall H. O'Malley. <http://www.cfasociety.org/baltimore/Documents/2012BBR.pdf>

increasing by well over \$2 billion during that period.¹¹ This should come as no surprise however, as perhaps no other economic sector in Maryland stands ready to benefit from Maryland's natural competitive advantages than the industrial sector.

The County's significant advantages include access to excellent transportation, public works (electric, sewer, water), and export infrastructure, demand from large East-Coast population centers, extensive and timely distribution networks, robust research and development capabilities, technological know-how, a world-class education system, and a high quality of life. Industry has also changed tremendously in recent years, with advances in technologies resulting in tremendous sophistication in production. This has meant that Baltimore County industrial operations have become some of the most efficient in the world. As a result, the type of advanced manufacturing currently taking place in the County yields products that are competitive anywhere in the world.

Changing Trade Realities

At the same time that local industry has become more competitive, some of the U.S.'s foremost industrial competitors abroad are becoming less competitive. This leveling of the playing field is due to a variety of factors, to include exchange rates that are changing in favor of U.S. exporters, rising labor costs in China, increased shipping (energy) costs to the U.S., the advent of stricter environmental controls in key overseas industrial areas, product safety and intellectual property concerns, and the inherent intergovernmental, intercultural, logistical, and business complexities of producing products overseas for the U.S.'s well-regulated markets.

As a result of these changing realities, there has been a growing trend of both U.S. companies "re-shoring" operations from Asia and elsewhere back to the U.S., and of foreign companies looking to locate their production operations in the United States. In fact, a report conducted by the Boston Consulting Group in October 2011 found that roughly two to three million jobs could be created in the U.S. by 2015 due to companies moving jobs out of China alone.¹²

This situation has created a tremendous opportunity for Baltimore County and the mid-Atlantic region, which the County's industrial businesses are beginning to seize upon. The majority of companies consulted by this Task Force were in fact very positive about their prospects in the coming years, with many hoping to expand operations. In addition to the growth of these existing local companies, the previously-listed advantages that Maryland enjoys can also be leveraged to attract non-Maryland based industrial businesses. However, despite this opportunity, there are a number of challenges facing industry in Baltimore County and the State, which are outlined below.

¹² Made in America, Again. 2011, Boston Consulting Group:
<http://www.bcg.com/media/PressReleaseDetails.aspx?id=tcm:12-88775>

II. The Challenges Facing Industry

In order for Baltimore County to fully capitalize on the resurgence of manufacturing in the United States, a number of challenges must be addressed by a variety of stakeholders (for a more detailed discussion of these challenges, see the preliminary Task Force report¹³). Some of these challenges are complex and often inter-related but they are also certainly solvable. Detailed below are some of the most pressing issues that the Task Force has identified facing Baltimore County's industrial businesses.

A: Public Misperceptions

For many people, the mention of manufacturing and industrial jobs conjures up images of dirty, dangerous, and depressing factory buildings, and jobs that might be shipped overseas at a moment's notice. The industrial sector in Maryland is thus often seen as a dying sector, buffeted by global trends that cannot be controlled, and with wages that don't make the remaining jobs worthwhile. As a result, many parents warn their children against considering an unstable career in industry, while teachers encourage children to strive for something better.

According to a recent study which gauged public perceptions of manufacturing, only 33% of respondents stated that they would encourage their child to pursue a career in manufacturing, with 18-24 year olds listing it as dead last among industries in which they would choose to start their careers. Meanwhile, only 50% of the public saw those jobs as clean and safe, with only 44% believing that manufacturing jobs paid higher than other industries.¹⁴ In reality however, industry in the State and County has changed tremendously over the past several decades and in the last few years, it is enjoying a significant resurgence. As a result of this shift, the majority of employers approached by this Task Force were bullish on their prospects for future growth, and many were hiring for new positions and struggling to keep up with customer demand.

With regard to outsourcing jobs, most companies that were going to do so, did in fact do so years ago when this was a trend nationally. As that trend has stopped and even reversed (see above section), the industrial jobs that remain are largely stable, with low turnover rates cited for established employees in the companies that the Task Force has interacted with. This should come as no surprise, as the County's remaining industrial companies are those that have found ways to succeed in the midst of fierce global competition. This might be partially attributable to the fact that the County's industrial businesses are largely specialized and nimble, with the vast majority of these being small businesses.

The jobs themselves have also evolved over the years, as technological advances have made production far more efficient and demanding. Monotonous, mind-numbing tasks are now supported by automation requiring highly-skilled workers who can program computers to produce parts with incredibly-precise specifications. Once dirty and dangerous factory floors are now filled with ergonomically-friendly equipment that is often designed to prevent any sort of

¹³ Task Force Preliminary Report:

<http://www.choosemaryland.org/aboutdbed/Documents/ProgramReports/2011/ProgramReports2011-complete/TFIJCPreliinaryReport.pdf>

¹⁴ Unwavering Commitment: The Public's View of the Manufacturing Industry Today. Deloitte and The Manufacturing Institute, 2011. <http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us%20cip%202011PublicViewonManufacturingReport%20090811.pdf>

bending and lifting, while computer-guided machines and workers alike benefit from spotless, air-conditioned environments. Today's manufacturers require skilled technicians who are able to think critically and who have multiple skill sets to handle a variety of tasks, resulting in good-paying jobs.

While not every industrial job entirely meets the description above, a career in Baltimore County industry can be a very viable career choice with room for advancement for those with the required skills, and with companies that are stable and growing. This is a message that the public needs to hear, not only so that companies can find the skilled workers that they need, but so that the public will support the policies needed to capitalize on a very real opportunity for industrial job growth in the County.

B: A Lack of Skilled Labor

Closely tied to the problem of public perceptions is the challenge industrial businesses are facing in finding the skilled labor (machinists, operators, craft workers, technicians, etc.) that they need, despite higher rates of unemployment in recent years and the good wages cited earlier. In national research recently conducted by Deloitte and the Manufacturing Institute¹⁵, manufacturers cited access to skilled labor as the most important factor for their businesses, ranked 20 percentage points higher than any other factor. This problem is also impacting corporate strategy, and is cited as the top concern that manufacturers list when considering locating somewhere.

This was a theme heard consistently throughout the Task Force's work, as County industrial businesses are struggling to find workers with the skills needed. These businesses were even more concerned looking to the future, as a large portion of the County's industrial workforce is nearing retirement age. In the meantime, businesses are making do via extensive overtime and by hiring workers away from other companies and/or other industrial regions such as the Midwest. When this fails, businesses are forced to hire unskilled labor, attempting to train workers on the job for positions that they may not be qualified or suited for. In these cases, companies often cited difficulties in finding candidates with basic employability and critical thinking skills and/or those who could pass drug screening tests. Data from a 2008 report indicates that 70% of applicants are rejected from employment opportunities within the manufacturing sector because they lack basic employability skills.¹⁶

There are a variety of reasons for this lack of skilled labor, which is a nationwide problem. One such reason is that during the height of industrial decline in the 1980s, 90s, and 2000s, it was only natural for the public to invest fewer dollars in preparing students for the skilled trades. Dollars that had gone to robust technical training programs in the County were redirected to other educational needs. This was reinforced by the fact that, as companies downsized, laid off parents were less likely to encourage their children to pursue similar careers. This not only served to break the parent-to-child handoff that had traditionally existed in places such as the

¹⁵ Boiling Point: The Skills Gap in U.S. Manufacturing. Deloitte and The Manufacturing Institute, 2011. <http://www.themanufacturinginstitute.org/~media/A07730B2A798437D98501E798C2E13AA.ashx>

¹⁶ Manufacturing: A Living Industry in Continuous Transformation. Governor's Workforce Investment Board, 2008. <http://www.gwib.maryland.gov/pub/pdf/manureport.pdf>

Sparrows Point steel mills, but it also greatly decreased enrollment in public school training programs, making it even more difficult to justify the funding needed to keep these programs up to date.

Another reason for the scarcity of skilled labor is due to the fact that the technological advances that have kept County manufacturers competitive have also required an advanced technical skill set. This has increased demand for highly-skilled workers who have skills in a variety of areas, requiring significant amounts of training. This training might include learning electrical, mechanical, and other technical skills as well as softer skills such as critical thinking or perhaps an understanding of design concepts. With greater demands placed upon the industrial labor force, it has also become harder and more expensive for companies to provide adequate on the job training. Companies are also concerned that the significant investments made to train workers could be for naught if those well-trained and in-demand workers are then hired away once those skills have been acquired.

As a result of these varied and interconnected issues, industry now faces a growing problem of scarcity when it comes to skilled labor. Skilled tradesmen and women are in demand, yet the public is largely unaware of the current realities of industrial employment and the opportunities that exist. They are therefore reluctant to encourage students to pursue the necessary coursework. The story about the resurgence of manufacturing has not been told, with the state's technical training centers citing a higher demand from companies for trained labor than students who enroll. As this need for technical training re-emerges, it is important to find solutions using existing training resources and facilities and for the public to understand the nature and availability of good paying industrial jobs for their children.

C: Challenges for Business Attraction Efforts

As discussed previously, there is a tremendous opportunity for industrial growth in Baltimore County for a variety of reasons. However, the competition for industrial jobs is also fierce, as many states are offering a host of incentives and sweeteners to accelerate their businesses attraction efforts both domestically and internationally. States such as Indiana, Utah, Alabama, and many states in the Southern United States have ramped up their business attraction efforts with a variety of generous incentives, to include robust tax abatements, labor training and recruitment grants, infrastructure grants, low utility costs, and even tax credits to offset “anti-dumping” tariffs.

Complicating the already competitive business attraction efforts are business concerns with high costs, particularly as they relate to energy, land, and tax rates. As industrial businesses often consume a large amount of energy, additional surcharges on Maryland energy bills translate into higher overhead costs for any Maryland-based facilities. Similarly, the scarcity and/or unaffordability of real estate for facilities and workforce housing in the region is another factor driving labor and business costs. Tax rates are also a source of concern for businesses considering locating in the area.

However, despite these challenges, local industrial businesses are optimistic as the County and State's natural competitive advantages are significant. In addition to the advantages cited

previously, the Task Force repeatedly heard that the high quality of life in the County is a large positive factor for both business executive and the labor force. While a factory worker transplanted here from the Midwest may have initial sticker shock, they also very often don't want to leave. In sum, aggressive competition is nothing to shy away from, as the County's many advantages are readily marketable alongside the existing financing and incentive programs offered at both the State and County level.

What is needed for effective business attraction is creative outside the box thinking, a commitment to continue funding those programs that are most effective for attracting businesses, and incentive packages and marketing pitches that are tailored to the needs of those companies that are best suited to Maryland (see Appendices B and C for two examples of creative business attraction efforts). When coupled with an emphasis on Maryland's diverse culture and high quality of life, a robust program of business attraction can compete successfully.

D: A Lack of Awareness of Business Resources

As industrial businesses struggle to meet the challenges facing their companies, the State and County need to work with industry to provide services that meet those needs. There are, in fact, a variety of business resources, tools, and organizations, both public and private, that can help provide the support needed. However, these services are often unknown, underfunded, and/or not understood. As a result, companies often are unable to access the support that they need, and resources that could help engender business growth end up underutilized.

The State and County need to do a better job of ensuring that businesses are able to access the business resources that are available, and to help companies navigate these resources according to their needs. The problem lies in a combination of inadequate marketing of available services, a lack of adequate funding and staffing, or a misunderstanding of what particular organizations and programs do and the services that they can provide.

E: Difficulties With Regulations

County industrial businesses also cite difficulties with permitting and regulatory processes as a challenge to business growth. However, it is not generally a particular permit or regulation that businesses find onerous, but an overall dissatisfaction with the process. Businesses want a better mechanism for providing input and to be able to trust that their input receives due consideration. The majority of the County's industrial businesses are small businesses who do not have the time or manpower to stay abreast of regulatory proposals that may be under development and so they state that they are often surprised when they hear of a particular requirement. They also state that timeliness and a clear understanding of timelines and decision-making processes is also very important.

The majority of business owners and executives understand the importance of smart regulations and accept the need for a strong regulatory and permitting regime. The challenge remains for the State and County to determine how to incorporate business concerns and input into that structure and the regulatory development and promulgation process. Developing a mechanism for routine and ongoing input from the business community can go a long way to enhancing the County and

State's reputation as business-friendly. It can also result in the development of smarter regulations that engender ease of use and a clearer understanding of requirements.

III. Recommendations to Support Industrial Job Growth

The previous section discussed a number of important challenges facing industry in Baltimore County. These challenges are far from insurmountable, and in fact, some can be addressed simply through better communication and coordination between industry, government, and the public. For others, what is needed is a clear understanding of what the issues are and a strong commitment from the State's policymakers and business and government leaders to champion the needs of industry and inform the public. To that end, the Task Force recommends a number of concrete actions that the State and County should take to support the growth of advanced industrial and manufacturing jobs.

A: Changing Public Misperceptions

The type of advanced manufacturing currently taking place in Maryland yields products that are competitive anywhere in the world and is one reason for industry's comeback locally. However, the public is largely unaware of the resurgence of industry in the County and State and this success story and the opportunities it provides needs to be better communicated to the public. The below recommendations seek to tell this story and inform the public of a growth opportunity.

A-1. The County should work with DBED to publicize *select* industrial success stories as public interest stories to pitch to local news outlets to carry. The stories told should reflect opportunities for younger workers in a growth industry.

Rationale:

DBED regularly generates news articles for its various business publications, coordinating closely with local media outlets on stories of interest. The County should make DBED aware of any industrial success stories that carry a public interest angle, particularly those that demonstrate that good jobs and economic opportunity can be found in industry.

A-2. The Maryland Advisory Commission on Manufacturing Competitiveness (MACMC) should work to facilitate field trips, tours of facilities for students and parents.

Rationale:

The MACMC will be one of the State's focal points for engaging with industry in the coming years and is well-suited to help organize events and facilitate cooperation with private industry and the public. Getting students, teachers, and parents into facilities is a great way to accurately demonstrate the realities of working in industry.

A-3. The MACMC should work to facilitate factory tours, trips, roundtable discussions for policy makers and state leaders.

Rationale:

The MACMC, as an appointed body composed of industry leaders, legislators, and agency heads is also well-suited to help organize events, discussions, and informed dialogue regarding the needs and realities of industry in the County and Maryland.

A-4. DLLR/MSDE/DBED should work with the County school system to facilitate an annual industrial workforce career day.

Rationale:

Engaging the next generation of workers and entrepreneurs (and their teachers and parents) about the job prospects and earning potential of working in industry is a great way to generate excitement and interest in the opportunities that can be found in the industrial sector.

A-5. DBED should highlight industrial businesses in the State and County through its existing marketing campaigns. The County should work with DBED to make them aware of such stories.

Rationale:

One of DBED's current marketing campaigns highlights some of Maryland's most exciting and/or up and coming businesses. There are a variety of industrial businesses in the County and State with interesting stories to tell, and this campaign is one avenue for telling those stories. By publicizing success stories, the State can help champion a resurgent industrial sector and show that industry is back and growing in Maryland.

A-6. DBED and the County should coordinate with Maryland Public Television (MPT) for a possible MPT special highlighting the resurgence of industry in the State and County. Partner organizations should be engaged in this effort where appropriate.

Rationale:

Exploring the possibility for a special feature on the proud history and recent resurgence of the State and County's industrial sector will be a step in telling the story of Maryland's industrial prowess to a wider public audience. Engaging partners will help widen the scope of this project and could help defray any costs.

B: Developing a Skilled Labor Pool

The scarcity of skilled labor (machinists, operators, craft workers, technicians, etc.) is one of the top issues impacting manufacturers' ability to remain competitive in the State, despite the fact that these jobs pay almost 54% higher (averaging over \$78K) than other nonfarm payrolls in Maryland¹⁷ and are largely clean and safe. A number of reasons for this scarcity were discussed previously, and so the below recommendations seek to address those reasons and help to develop a more robust pipeline of skilled workers and training opportunities, starting from an early age.

B-1. The State's Partnership for Workforce Quality (PWQ) program should have funding restored/increased to historic levels.

Rationale:

This program provides matching grants to reimburse industrial businesses for direct costs related to training activities for upgrading the skills of the business's current employees, reimbursing

¹⁷ Rust Belt Rising – Maryland's Manufacturers Are Rising, Baltimore Business Review, 2012. By: Niall H. O'Malley. <http://www.cfasociety.org/baltimore/Documents/2012BBR.pdf>

companies for up to 50% of the cost of training. The program is critically important as industrial businesses often have an aging workforce that struggles to keep up with the increasingly-technical nature of industrial jobs. This program is also a key business attraction tool and one often asked for by businesses. In 2010, General Fund support for PWQ was discontinued, with the remaining appropriation coming from Special Funds. Fiscal Year 2012 appropriations stand at \$165K; historic appropriations stood at over \$4M. The Special Funds will be essentially depleted after 2013.

B-2. The Maryland Industrial Training Program should have funding restored.

Rationale:

This program provides reimbursement of up to 50% of the costs of recruitment, assessment, and placement of new employees with participating companies. As industrial businesses continue to struggle to find qualified workers, this program can be a key tool for matching workers in need of jobs with companies looking to hire. The program is also a key business attraction tool. This program has not been funded since Fiscal Year 2009; historic appropriations stood at \$6.5M.

B-3. MSDE should designate an ombudsperson for industrial businesses, who would facilitate industrial business involvement with the State's curriculum development process, as well as student internship and teacher externship opportunities. DBED, DLLR, and the MACMC should coordinate regularly with this individual.

Rationale:

There are a variety of policy development bodies that coordinate curriculum and program development in the public school system, but oftentimes little involvement from the industrial community, particularly as most manufacturers in the State are small businesses. The ombudsperson would make opportunities for input known to industry and would help coordinate program development and internships accordingly.

B-4. A Manufacturing Education Advisory Council should be established as part of the public school system. The Council would advise the state's educational community on industrial workforce needs, and coordinate partnerships with industry, events, tours, career days, and field trips for students, in conjunction with the MACMC. The MSDE industrial ombudsperson suggested in recommendation B-3 might staff this Council.

Rationale:

Many of the educational policy development organizations that deal with STEM are focused on skills requiring degrees, particularly engineering degrees. However, amongst industrial businesses and manufacturers, there is even greater demand for skilled technicians, craft workers, and tradesmen and women that may not require degree attainment. This Council would specifically address the growing and critical workforce needs of manufacturers and industrial businesses and would work to coordinate according to those needs, through strategic planning and industry coordination.

B-5. DLLR should explore the possibility of working with neighboring states to establish a regional employment pool and database for the skilled trades.

Rationale:

Industrial businesses often have to recruit outside of the region, particularly in the Midwest to find the skilled labor they need, with some workers reluctant to relocate such a great distance. Expanding Maryland's workforce database beyond the State's borders should be explored for the skilled trades, in possible cooperation with other mid-Atlantic states. This would increase the region's attractiveness to industrial businesses.

B-6. The new owners of the Sparrow Point steel mill should be approached about the opportunity for 3rd party companies to use the skilled trades training center located at the facility to train their own workforces.

Rationale:

The steel mill's training center is one of the best training centers for skilled trades on the East Coast and is equipped to teach those skills most needed by industrial businesses. The County and State should approach the new owners and the Steelworkers Union to see if this facility might be used on a fee for service basis, if available.

B-7. DLLR's displaced worker program and the County's One Stop Centers should direct job seekers to training opportunities for in-demand skills, coordinating with the university system and businesses according to their needs.

Rationale:

Job seekers might not always know where the growth opportunities are and which skill sets are currently in demand. Highlighting those opportunities in industry (where jobs are growing) and directing job seekers to those training programs that train for those in-demand skill sets are one way to match employer demands with job seekers.

B-8. The Task Force would ask that the Governor ensure representation from amongst the County's manufacturing community on the County Board of Education.

Rationale:

As Baltimore County is the State's most industrial county it is critical to have industry represented on the County Board of Education. The County Board of Education is also one of the few that is still appointed by the Governor, and so the Task Force asks that the Governor ensures industrial representation on the Board.

B-9. The State should look to accredit union apprenticeship programs, giving college credit to individuals who successfully complete training.

Rationale:

Equating apprenticeship training with the type of training received at post-secondary institutions recognizes the rigorous training that apprentices complete, and it encourages students to look into the skilled trades, rather than forcing a choice *between* college credit and a skill.

B-10. The County and State should work to solicit the involvement of manufacturers and industrial leaders in the variety of other organizations that are involved in educational policy and program development, as well as public engagement.

Rationale:

Organizations such as the Maryland Business Roundtable for Education, the Baltimore County Public Schools Partner Network, and the Baltimore County STEM Alliance would benefit greatly from greater involvement of manufacturers and industry. However, there is little involvement on the part of these businesses, largely from being unaware of what they do and how to get involved.

B-11. The County's, DBED's, and DLLR's workforce liaisons should coordinate regularly with the State's educational community (starting at the middle school level) to ensure business workforce trends are being planned for.

Rationale:

Industrial skill sets have changed rapidly over the last several decades and coordinating with the educational community to ensure those needs are being planned for is essential to ensuring that Maryland's workforce is being prepared for the new industrial jobs as they evolve.

B-12. The MACMC should periodically review the State's workforce development strategic planning efforts.

Rationale:

The MACMC will be one of the State's focal points for policy development for industrial needs over the coming years. As a result, it is important that they engage with the educational community regarding workforce planning at a strategic level.

B-13. Certain of the County's One Stop Career Centers are co-located at community colleges. DLLR should explore the effect of this partnership to see if this model should be expanded.

Rationale:

This model of co-location might have advantages in the fact that community colleges might gain a better understanding of the types of training needed by businesses and can showcase that training to individual job seekers enrolled at those One Stop Centers. The results of this model should be studied to see if it promotes fruitful interaction between businesses, educators, and job seekers.

B-14. The Task Force would ask that the Governor consider appointing a member to the State Board of Education from amongst the County's manufacturing community, due to the pressing and "unique need" for skilled labor in Maryland's most industrial jurisdiction.

Rationale:

The 12-member State Board is the voice of the public in its role as policy maker for Maryland's public schools, public libraries, and vocational rehabilitation services. The Board also serves as the State Board of Career and Technology Education, which oversees vocational training in the State. Members are appointed by the Governor to the Board for four-year terms, with the advice and consent of the Senate. § 2-202 of the State Code's Education Article provides that the Governor shall consider representation from "areas of this State with...unique needs".

In keeping with this provision, the Task Force would ask that the Governor consider appointing a member to the State Board from amongst the County's manufacturing community, due to the pressing and "unique need" for skilled labor in Maryland's most industrial jurisdiction. This is particularly relevant as the State Board also serves as the State Board of Career and Technology Education.

B-15. The Task Force recommends that the State Board of Career and Technology Education be made separate from the State Board of Education. The State Board of Career and Technology Education would then advise and report to the State Board of Education.

Rationale:

Currently the State Board of Education also serves as the State Board of Career and Technology Education, which is responsible for overseeing the programming for ten specialized career clusters. This duty alone is taxing for any board, but especially one that already is focused on the broader policy decision of running the State's public schools, public libraries, and vocational rehabilitation services.

B-16. The Task Force would ask that the State Superintendent ensure representation from amongst the State's manufacturing and industrial community on the State Science, Technology, Engineering and Mathematics (STEM) Advisory Council.

Rationale:

The STEM Council has done a great job of highlighting those technical skills requiring degree completion and is well-represented with businesses that conduct in-depth R&D and that require engineering degrees. However, there is less representation from manufacturers and other industrial businesses that require skill sets that may not require degrees.

B-17. The Task Force would ask that the Governor ensure representation from amongst the State's manufacturing community on the P-20 leadership council, due to the pressing need for skilled labor in industry.

Rationale:

Manufacturers, particularly smaller ones, are often not well-represented on statewide organizations that coordinate education policy and the Task Force believes the P-20 Council would benefit from the input from these smaller industrial businesses.

C: Bolstering Business Attraction Efforts

Baltimore County and the State have a variety of tools that can be used for the attraction, retention, and expansion of businesses. At the same time, the County has a host of attractive locations that could be marketed as areas of opportunity for industrial businesses. Sparrows Point, for example, is one of those locations. Over the past several years Sparrows Point has had a number of different owners. Each past owner has done some sort of site or general plant clean up. Old machinery and unused plant parts that had been collected or stored over the years have been cleared, while buildings that were once used in the steel-making or plant maintenance process have long been cleaned and cleared of unused equipment.

This clean-up has opened these underutilized acres for development, while the vacant buildings could be leased to other industrial businesses. There has in fact been interest from businesses that include builders of diesel engines, railroad suppliers, ship builders, trucking firms, and manufacturers of cranes and cargo containers. Identifying strategic opportunities for available industrial properties like this, as well as for undeveloped property, and then working to understand and meet individual company needs (financial and otherwise) is key to bringing industry back to the County, particular in areas where it existed previously.

C-1. In the case of Sparrows Point, the State could assist with a host of resources, incentives and tax credit programs, and should engage the new owners of the property to see how a leasing and redevelopment process for underutilized parcels can be facilitated. Funding to help pay for the cost of a planning study may be available through DBED. The County should explore this opportunity as well as the possibility of making the entire peninsula an Enterprise Zone.

Rationale:

This vacant and underutilized industrially-zoned property is located in a prime location for other related industrial businesses, and could help to realize hundreds or even thousands of jobs. The State has the tools necessary to make this happen, if deemed feasible.

C-2. The County and State should market the local machining and other industrial skills training programs to potential businesses. Business development officials should better engage educational officials in their business attraction efforts.

Rationale:

As skilled labor is one of the most pressing concerns for industrial businesses, the County and State's ability to provide that labor can give it a leg up when competing with other states. The training resources and facilities that exist should be marketed by business development officials alongside financial and other resources. Officials should also engage educators in their business attraction efforts, bringing them in to describe the training programs they can provide to prospective businesses considering the County (see Appendix C for an example of this tactic).

C-3. Funding should be maintained for DBED's financing programs, particularly the Maryland Economic Adjustment Fund (MEAF), the Maryland Economic Development Assistance Authority and Fund (MEDAAF), and the Maryland Industrial Development Financing Authority (MIDFA).

Rationale:

These programs are key to the attraction of industrial businesses to the County and Maryland, and are some of the main tools used to finance projects that create industrial jobs.

C-4. DBED should assist the County in putting together a marketing document specifically for manufacturers, highlighting the comparative advantages of manufacturing in the County and State.

Rationale:

There are a variety of good reasons to manufacture in the County and State, to include the excellent transportation infrastructure, a mid-Atlantic location ideally situated within a 8-hour drive of 75 million consumers as well as suppliers, and world class research and educational institutions. These advantages as they pertain to industry should be summarized in a document that can be distributed to prospective industrial businesses, similar to documents assembled for other key Maryland industrial sectors.

C-5. DBED’s Business Development representatives should regularly consult and coordinate with the County’s and DBED’s workforce liaisons on the workforce development resources that can be offered to prospective companies.

Rationale:

Ensuring that business development representatives understand the workforce training tools and facilities that are available to prospective companies are a key selling point for the State, particularly as industrial businesses have such a pressing need for skilled labor.

D: Promoting Business Resources

There are a variety of business resources, tools, and organizations that exist in the County and State that can help facilitate the expansion and location of industrial businesses here. However, this information is found in a variety of places and/or is poorly understood. State decision-makers need to understand the great importance of these programs and businesses need to be able to understand how to access these resources. The recommendations in the below section aim to facilitate the need.

D-1. A “Business Concierge” service should be incorporated as part of the business services that DBED provides, to work with individual companies in navigating programs and resources that exist at various levels of government. This function might be incorporated into the Maryland Made Easy initiative.

Rationale:

A “Business Concierge” would help individual companies to find the resources that they need to grow, according to their particular needs, and would be a point of contact that could provide knowledgeable customer service. This service might be incorporated into DBED’s existing business services programs, or perhaps via the Maryland Made Easy initiative, which is tasked with a similar mission.

D-2. DBED should assemble a resource guidebook for industrial businesses. The guidebook would include organizations that provide support services to industry, training opportunities, financing programs, etc.

Rationale:

A resource guidebook that could be distributed to businesses would be useful in directing those businesses to the available resources and contact information that they need, according to the particular needs that they have. This guidebook would also be incorporated into the Department's new website.

D-3. The MACMC should be revitalized and tasked with implementing any Task Force recommendations that they approve.

Rationale:

The MACMC will be one of the State's focal points for formulating policies to support industry in the coming years and thus should be made aware of the findings of this Task Force and be asked to work to ensure the implementation of those recommendations that they agree with.

E: Enhancing the Regulatory Environment

County industrial businesses will often cite difficulties with permitting and regulatory processes as a challenge to business growth. Of note however, it is not generally a particular permit or regulation that businesses find onerous, but an overall dissatisfaction with the process. As many industrial businesses are small, they lack the manpower to engage with the regulatory process and/or may be unaware of how to make their voices heard and create more informed regulations. The below recommendations aim to address these concerns.

E-1. Additional staff resources should be devoted to Maryland Made Easy and it should be designated as the venue for the cross-agency vetting of regulations and for the coordination of the State's response to concerns from the business community with regards to existing permitting and regulatory issues. The County should look into aligning efforts with this initiative.

Rationale:

The Maryland Made Easy initiative has tremendous potential to bolster the image of Maryland as a state that is open for business. This initiative should have dedicated staff that will be devoted to the ongoing improvement of Maryland's business climate, to include improving the regulatory environment.

E-2. The State should work to expedite the designation of new locations that are eligible to receive harbor-dredge, allowing for the placement of more dredge from private industrial sites.

Rationale:

A variety of businesses opportunities and the growth of existing business could be made possible if more sites were made available for the placement of dredge from private industrial sites. For

example, one ship-repair company would be able to double its workforce if they were able to dredge a particular location to allow for larger ships. However, the options for the placement of this material are few and thus the project is stalled.

E-3. The State and County should make it a priority to work with the new owners of the Sparrows Point steel mill and the federal government to clear the way for the Maryland Port Administration (MPA) to remediate environmental conditions at the Coke Point portion of the Sparrows Point peninsula. Environmental remediation is the first step in the MPA's plan to clear the way for the placement of dredge and the eventual capping of the site to develop a new marine terminal on the parcel. The State should do all that it can to convene the relevant parties and support the MPA plan; it should be made a priority for all involved.

Rationale:

The environmental remediation of Coke Point would allow for the placement of dredge material which would have immediate benefit for a variety of businesses that are currently unable to expand without being able to dredge to facilitate their operations. It would also allow for the eventual redevelopment of Coke Point as a new marine terminal, once capped. However, the immediate issue remains how the remediation shall be paid for and whether permitting will be approved. The State needs to make it a priority to convene all relevant parties to find a solution.

E-4. The Joint Committee on Administrative, Executive, and Legislative Review (AELR) should include as an advisor, the Secretary of DBED or his/her designee. DBED should confer with the MACMC on any regulations, as needed.

Rationale:

DBED, in its daily dealings with the business community understands many of the issues that proposed regulations might engender and can play a valuable role in advising the AELR on those issues, as needed. This would take place in coordination with the pertinent State agency(s), and the MACMC, if needed. This is especially important as most of Maryland's industrial businesses are small and unable to devote staff to ensure they are heard on particular regulatory proposals.

E-5. The State and University System should study and consider supporting the Maryland Buy American Steel and Manufactured Goods Act.

Rationale:

The legislation was introduced to the General Assembly in 2012 and would include manufactured goods as part of Maryland's requirement that contractors use American-made goods in public works projects. The State should study the issue prior to the 2013 legislative session to determine how this bill might be implemented via existing resources, and to address any concerns from State agencies and the University System.

E-6. DBED's regulatory ombudsperson should coordinate with the MACMC on any potential regulations that could impact manufacturers. This function should be incorporated into recommendation E-1, if enacted.

Rationale:

Governor Glendening's Executive Order 01.01.1996.03 (see Appendix D), established a regulatory review process, whereby DBED would review, in coordination with the appropriate state agency, any proposed regulations that will be stricter than federal regulations. The DBED ombudsperson responsible for this process should solicit the input of the MACMC, in accordance with their role as an advisory body.

E-7. The Governor should continue to conduct an annual regulatory review. This function should be incorporated into recommendation E-1, if enacted.

Rationale:

The Task Force sees great benefit in continuing Governor O'Malley's 60-day regulatory review process, as an annual review. The process demonstrates the State's commitment to making it easy to do business in Maryland and is invaluable in identifying and addressing unnecessary regulation.

Conclusion

Industrial employers have long formed the heart of Baltimore County's economy. Despite a decline in the industrial sector during the past several decades, the County's manufacturers and industrial businesses are poised to make a comeback in the coming years. Due to a variety of factors, manufacturers are more optimistic than they have been in years, with many looking to expand and hire. However, a number of significant challenges remain that will require the attention of a variety of stakeholders.

This report outlines a number of actionable steps that the State and County can take to support industrial job creation, but these steps require leadership. The Task Force respectfully asks that the Governor and General Assembly seriously consider the recommendations included within this report, and wants to offer its sincere thanks for the opportunity to serve on group that has undertaken such an important task.

Appendices

Appendix A: Task Force Members

Appendix B: Example – Alabama’s Creative Business Attraction Efforts

Appendix C: Example – North Carolina’s Creative Business Attraction Efforts

Appendix D: Executive Order 01.01.1996.03

Appendix A: Task Force Members

MEMBERS

Dominick Murray, Chair

Deputy Secretary, Maryland Department of Business and Economic Development

Akbar Ansari

Team Leader, Proctor & Gamble

Michele Noppinger

Global Manufacturing System Lead,
General Motors

Delegate John A. Olszewski, Jr.

Maryland House of Delegates, District 6

Darren Petty, Sr.

Community Action Program President,
Maryland State United Auto Workers

Clifton Ratliff

Owner, Signature Healthcare

Lynn Reed

Executive Director, Governor's Workforce
Investment Board

Joseph Shanahan

Business Manager, International Union of
Operating
Engineers, Local 37

Senator Norman R. Stone, Jr.

Maryland Senate, District 6

James Strong

Sub-District Director, United Steelworkers

**Task Force meetings are also regularly attended by Baltimore County officials.

STAFF

Bryan Coster

Director, Local Economic Development, Maryland Department of Business and Economic
Development

bcoster@choosemaryland.org; 410-767-6075

Matt Schmid

Assistant Director, Office of Boards and Commissions, Maryland Department of Business and
Economic Development

mschmid@choosemaryland.org; 410-767-6368

Appendix B: Example – Alabama’s Creative Business Attraction Efforts

Extending Southern Hospitality By Ariel Tung (China Daily)

Updated: 2012-04-13 07:42

Alabama invites 300 Chinese business executives to explain what life is like in rural America. When residents of Monroeville, Alabama, heard that about 300 Chinese people were coming to their city, they lined the street with welcome banners in English and Chinese, and donated homemade cookies and desserts to the symposium that hosted the visitors.

About 40 Chinese companies flew in from China and across the United States to attend a two-day symposium beginning on March 15 to learn about investment opportunities in Alabama. This visit was the first - for most of these 300 business executives - to a state whose economic growth centers around its automotive manufacturing industry.

Alabama is the headquarters for Honda Manufacturing of Alabama, Hyundai Motor Manufacturing Alabama, Mercedes-Benz US International and Toyota Motor Manufacturing Alabama.

Besides having a competitive advantage in aerospace products and car components, the state's industrial outputs include iron and steel products; paper, lumber and wood products; mining (mostly coal); plastic products and apparel.

On the first day of the symposium, The Monroe Journal, a newspaper in Monroeville, printed two double spread editorials in Chinese about the conference, never mind that most of the 7,000 residents can't read Chinese.

The two-day conference was sponsored by Alabama China Partnership (ACP) and supported by the Alabama state government and China's 21st Century Media.

The aim of this symposium was to help Chinese executives understand the American tax system and labor laws, how to finance a project and how to choose a site in the United States.

The governor of Alabama may have signed a bill specifically to attract Chinese investors, but it is the local people that are winning them over.

George Landegger, chairman of ACP, describes the friendliness of Alabamians as "intangible" for choosing an investment site.

Landegger, who is also president of Parson & Whittemore, flew in the Chinese executives from Atlanta to Monroeville using one of his private jets. There is currently no direct commercial flight available between the two cities. There are three private airports in Monroeville.

Landegger says Monroeville was chosen as the venue for the symposium because Chinese entrepreneurs are more likely to put a plant in rural America, and he wants them to see and experience life in rural America.

"I believe that a stronger relationship between Alabama and China would lead to more Chinese businesses here, and eventually jobs in the state," Landegger says. He believes that the state and city governments, and the local residents, welcome Chinese investment.

According to the US-China Business Council, China was Alabama's second-largest export market in 2010 and worth \$1.9 billion. The growth in Alabama's exports to China was 1,106 percent between 2000 and 2010, while the state's exports to the rest of the world was 90 percent for the same period.

In July, Alabama passed a bill to provide Chinese enterprises investing in the state with tax subsidies to offset the costs incurred from anti-dumping duties levied by the US.

Called the Made in Alabama Job Incentives Act, the tariffs subsidy bill will be awarded to any non-US business (excluding non-industrial sectors such as finance) with an investment project of more than \$100 million and that creates at least 100 local jobs.

Alabama Governor Robert Bentley told China's 21st Century Media in an earlier interview that the bill was specifically created to attract Golden Dragon Precise Copper Tube Group's investment to the state.

During his opening remarks on March 15 at the symposium, Bentley said that the new legislation "makes it easier to recruit international companies into the state".

Chinese companies who choose to invest in Alabama will also benefit from lower taxes and cheaper energy costs, Bentley says.

Last March, Golden Dragon announced its plan to build a \$100 million manufacturing facility in Thomasville, Alabama. Headquartered in Henan province, Golden Dragon is a leading supplier of copper products used by the refrigeration and cooling industry.

Although Golden Dragon is the third Chinese investment in the state, it is the most significant to date. It is estimated that the project will employ up to 500 people in Alabama.

Bentley says this is "just the beginning".

Golden Dragon's North America President Jason Yin said at the symposium that production at its new Alabama plant will begin in about 18 months.

When asked why Alabama was chosen, Yin says the company had received lots of support from the state and city government. Other states such as Oklahoma and Texas were considered, but in

the end they decided on Alabama. Personally, Yin has been to Alabama more than 20 times over the past eight years for business, and he has made many friends there.

It is a win-win situation for both as putting a plant in the US would help Golden Dragon offset the extra tariff on its imports from China, Yin says.

Raymond Cheng, founder and CEO of ACP, says the organization was founded because he saw Alabama's potential.

"We were so excited about the Golden Dragon project, and we foresee a lot more of that coming," Cheng tells China Daily.

Cheng is also the CEO of SoZo Group, an advisory firm to the Golden Dragon investment. He says Golden Dragon's CFO Benny Cheng first contacted him in New York to help source a US site.

When Landegger, who has been involved with the Alabamian community for a long time, learned about the Golden Dragon investment, he contacted Cheng, and together they started ACP to help other Chinese companies come to the US.

During a panel discussion, China Telecom, ZTE Corp and Golden Dragon were invited to talk about their experience in investing in the US.

Donald Tan, president of North America China Telecom, says that he still has difficulties understanding the complicated federal and state tax system for telecommunications companies despite being here for six years.

Cheng Lixin, president of North American region at ZTE, says this symposium provides "a very good opportunity for us to understand what Alabama can offer to the high-tech and labor-intensive industry.

He adds that it is his company's goal to be "close to their customers".

Headquartered in Dallas, ZTE USA has 10 offices in the country, three R&D centers and one logistic center. It presently does not have an office in Alabama.

While this is ACP's first symposium, Landegger and Cheng plan to hold another one in May and then in fall. They will invite a different set of speakers each time to share about their experiences of investing in the US.

Landegger says their goal is to facilitate five to six Chinese investments in Alabama in the next 12 to 18 months.

"Economic development doesn't happen overnight. You have to do it over and over again," Cheng says.

Appendix C: Example – North Carolina’s Creative Business Attraction Efforts

FTCC's offering helped attract Cat

'We're looking at Forsyth Tech to help us train a quality work force,' Caterpillar executive says

By: By Lisa O'Donnell | WINSTON-SALEM JOURNAL REPORTER

Published: August 01, 2010

[Gary Green](#), the president of Forsyth Technical Community College, is an affable man with a quick smile.

Judging from comments made at Friday's big Caterpillar announcement, he's also [a tenacious salesman](#).

Dignitary after dignitary lauded [Green](#) and the role he played in persuading Caterpillar to build a [\\$426 million manufacturing plant](#) here.

"As far as I'm concerned, the main reason we are here at Forsyth Tech is because Caterpillar heard Forsyth Tech say, 'We can do the job' and nobody else said that," said Dave Plyler, the chairman of the Forsyth County Board of Commissioners. "He may be bald and he may be skinny. But Dr. Green is one tough customer."

Gov. Bev Perdue also weighed in on Green's persuasive powers.

"He's got a whole set of economic development skills and none of us knew how strong they are," Perdue said.

Green and other officials at the community college first became involved in the Caterpillar pitch in March when they showed off their campus to a man they knew only as Shawn. They had no idea what company he was with. That tour, as has been reported, stretched hours longer than expected.

Perdue said the meeting was crucial in convincing Caterpillar that it could find a skilled work force in the Triad.

"When he (Green) kept Caterpillar here all day, he didn't offer them wine and cheese," Perdue said. "He offered them good business training and promises of good education for its employees."

The plant will employ 392 full-time and 118 contract employees within five years. The bulk of the employees will be trained at Forsyth Tech.

Michael Murphy, an executive at Caterpillar, said Forsyth Tech demonstrated a willingness to be flexible in how it trained prospective employees.

"We're looking at Forsyth Tech to help us train a quality work force," he said. "These machine tools cost millions of dollars apiece and we don't want to crash them."

Green deflected the praise, instead pointing to the school's long history of working with businesses to train their work forces.

Recently, the school helped train some of Dell's employees.

The state's entire community college system has embraced customized training, said Keith Crisco, the N.C. secretary of commerce.

"It's not unique, but I think we do the best job of this in the country," Crisco said.

The customized training program includes all 58 of the state's community colleges. In fiscal year 2009-10, the program helped train 10,199 people in 183 businesses and industries, according to the N.C. Community College System.

Some of those businesses include Hanesbrands in Surry County and Nonni's Foods in Yadkin County.

Caterpillar may also have been swayed by Forsyth Tech's involvement in the Manufacturing Institute, a nonprofit affiliate of the National Association of Manufacturers that is backed by the Bill & Melinda Gates Foundation.

Forsyth Tech is one of four community colleges in the country participating in the pilot program, which gives students a chance to learn skills in the classroom while acquiring certifications that are recognized by industry. The goal is to better prepare entry-level workers. Students in such areas as welding and machine technology will be eligible for those added credentials. They will have some of the skills that will be needed at the Caterpillar plant, which will produce axle assemblies for its big mining machines.

"We made sure Caterpillar knew we were involved in it," Green said of the Manufacturing Institute.

Jennifer McNelly, a senior vice president for the institute, said Forsyth Tech's involvement in the program was an attractive selling point.

"What it ensures for Caterpillar, and manufacturers nationally, is that individuals are coming out with real skills that they value," she said. "It's one thing to say you have a skilled work force and another thing to say we can prove it because we have strategies to bring them in and train them and give them the skills you say are important."

Sue Marion, the vice president for corporate and continuing education, said that officials from Forsyth Tech and Caterpillar will meet in the next few weeks to lay the groundwork for training.

"We can assist with recruitment and with the assessment of potential applicants," she said. "But we don't yet know what they want to do."

Appendix D: Executive Order 01.01.1996.03

EXECUTIVE ORDER 01.01.1996.03 Regulatory Standards and Accountability

A. Any unit of State government that proposes to adopt a regulation that provides a standard that is more restrictive or stringent than an applicable standard established under a federal law or regulation which governs the same program or conduct shall:

- (1) Identify the manner in which the proposed regulation is more restrictive than the applicable federal standard;
- (2) Identify the benefit to the public health, safety or welfare, or the environment, expected from adopting a standard that is more restrictive than the federal standard;
- (3) In consultation with the Department of Business and Economic Development, identify whether having a more restrictive standard places an additional burden or cost on the regulated person or business; and
- (4) Justify the need for a more restrictive standard by determining that either:
 - (a) The benefit from the more restrictive standard exceeds the burden or cost of the more restrictive standard on the regulated person or business;
 - (b) Conditions or circumstances specific or special to Maryland require that Maryland enact a more restrictive standard;
 - (c) The applicable federal standard is not sufficient to protect the public health, safety, or welfare of Maryland citizens; or
 - (d) State law requires the adoption of a more restrictive standard.

B. A unit proposing a regulation under Subsection A of this Executive Order shall include in the notice of the proposed regulation published in the Maryland Register a summary of the information required in Subsection A.

Effective date: February 1, 1996 (23:4 Md. R. 193)