

“What Keeps You Up at Night?” SMC Business Issues Forum September 27, 2018

By Eileen Anderson, Director, Government Relations

The Business Issues Forum seats were filled with many new faces including nine representing manufacturing companies. All were encouraged to share “What keeps you up at night?” in order to hear the concerns they have with running their businesses. Day-to-day, regional and global issues were cited and recorded by SMC staff. This draft was sent to all who attended. The findings are the start of SMC’s 2019 legislative agenda. While some of the issues are outside the scope of what SMC can address, it is important to know what’s on the minds of business owners.

Anderson explained that SMC Government Advocacy fights for a pro-business environment to make it easier to do business in PA. SMC communicates with elected officials to share positions on relevant legislation and the potential impacts on the business community. SMC continually reminds elected officials of what it takes to run a business.

Below is a rough draft of the issues and concerns cited. To add new issues or to clarify comments email eileenanderson@smc.org

WORKFORCE

The Allegheny Conference on Community Development’s “Inflection Point” publication highlights the ten-county region’s ongoing shortage of workers and predicts that the shortage may reach 80,000 workers by 2025.

Background contributors to the current tight labor market:

- The national unemployment rate is at a historical 50 year low.
- There are not enough young people interested in the trades and manufacturing; the focus is on four year degrees.
- Baby boomers are turning 65 at the rate of 10,000 per day.
- Congress may cut back on legal immigration.

Barriers to employment:

- Drug problems
- Incarceration
- No Transportation – No driver’s license, expense of maintaining a car, a DUI or other.
 - No affordable public transportation

Employee attraction and retention:

- It is hard to attract and retain qualified workers.

Tight labor market and the impact on wages:

- Affordable wages – It is a challenge finding workers at an affordable wage for the employer.
- Wage inflation – An employer noted that the cost of wages was increasing faster than any of his other business expenses.
 - Workers are aware of the high demand for skilled employees in the labor market and the push for higher wages.

Shortage of skilled labor and professionals:

- View from worker on the floor of a manufacturing facility – New workers with skills require more training because they cannot initially replace the older worker with years of experience.
 - The learning curve adds to the expense of hiring due to loss of productivity.

- Worker shortages also extend to professional occupations such as chemical engineers. There can be a high demand in a particular region due to plurality of similar industries.

Veterans' Employment:

- A communications gap exists between those in the corporate environment who can use the skills of veterans' and the veterans who are seeking employment.

CITY of PITTSBURGH REGULATIONS and BUILDING CODES

This was emphatically stated as an important issue by several attendees with first-hand experience.

- Onerous city of Pittsburgh building codes stifle economic development and increase costs to small developers.
 - Building and expansion can be very expensive or impossible because of compliance with building codes and regulations.

**Several SMC members are working on their specific cases with city staff.*

REGIONAL TRANSPORTATION

- Transportation affects the overall economic development of a region in numerous ways.
- Several SMC members will attend a transportation forum in Pittsburgh and bring information back to the SMC's Government Relations Committee.
- The lack of adequate and affordable transportation is a barrier to employment. Workers have to travel to where the jobs are located.

ENERGY & INFRASTRUCTURE

- Availability of affordable energy is a huge issue for some areas when power plants are closed. This points to SMC's top issue in 2017 State Position Papers – The need for a long-term energy plan for PA.

ENTERPRISE ZONES & COMPREHENSIVE PLANNING

- Additional enterprise zones are needed. They spur economic development by providing incentives – tax credits – to businesses or private companies investing in rehabilitating, expanding, or improving buildings or land located within designated enterprise zones.
- Comprehensive planning for economic development initiatives may serve communities better than what appears to be an uncoordinated approach.

CYBERSECURITY

- It's an expense for all sizes of businesses because all are vulnerable to attacks.
 - Many data breaches occur in the workplace; the company can then face lawsuits from employees seeking damages.
- Education about cybersecurity and greater risk awareness is very important for businesses.

GLOBAL CONCERNS – TARIFFS & TRADE

- **Lawyer:** His general impression is that tariffs will not work. The U.S. economy and Chinese economy are so intertwined that in the long run it will hurt the U.S. more.
- **Distributor:** He's seen 8 -10% price increases in his supply chain. Ultimately the cost is borne by the end user.
- **Manufacturer:** The trade barriers faced by U.S. companies are formidable and an unfair playing field has existed for years. U.S. companies became used to it and thought nothing could be done. Now there is a possibility that free trade can also be fair trade.