

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

**MEMORANDUM**

**September 24, 2018**

**To: Subcommittee on Digital Commerce and Consumer Protection Democratic Members and Staff**

**Fr: Committee on Energy and Commerce Democratic Staff**

**Re: Hearing on “Built in America: Jobs and Growth in the Manufacturing Sector”**

On Wednesday, September 26, 2018, at 10 a.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Digital Commerce and Consumer Protection will hold a hearing titled “Built in America: Jobs and Growth in the Manufacturing Sector.”

**I. BACKGROUND**

Manufacturing is an important part of the United States economy. According to the U.S. Census Bureau, manufacturing is the fourth-largest employer in the United States.<sup>1</sup> In 2017, the U.S. manufacturing sector employed an average of 12.4 million Americans.<sup>2</sup> In addition to comprising nine percent of employment and 12 percent of U.S. gross domestic product (GDP), manufacturing accounts for 35 percent of productivity growth, 60 percent of exports, and 70 percent of private-sector research and development in the U.S.<sup>3</sup>

American manufacturing has undergone significant changes in recent years. Although manufacturing workers still earn a wage premium compared to other jobs, the pay gap has

---

<sup>1</sup> U.S. Census Bureau, *Measuring America: Manufacturing in America 2017* (Oct. 2, 2017) ([www.census.gov/library/visualizations/2017/comm/manufacturing-america-2017.html](http://www.census.gov/library/visualizations/2017/comm/manufacturing-america-2017.html)).

<sup>2</sup> Bureau of Labor Statistics, *Employment, Hours, and Earnings from the Current Employment Statistics Survey (National)* ([data.bls.gov/timeseries/CES3000000001](http://data.bls.gov/timeseries/CES3000000001)) (accessed Sept. 19, 2018).

<sup>3</sup> McKinsey Global Institute, *Making it in America: Revitalizing US Manufacturing* (Nov. 2017).

narrowed.<sup>4</sup> For example, the manufacturing compensation premium has declined about 25 percent since the 1980s, from 16.9 percent to 13 percent more in hourly compensation than comparable workers in the rest of the private sector.<sup>5</sup> Factors causing this premium erosion may include “faltering union leverage” and increased outsourcing of manufacturing jobs to staffing-firm employees, who are paid less than direct hires.<sup>6</sup> In addition, the character of American manufacturing work has changed over time. Employment in mass production of goods has declined due to automation.<sup>7</sup> Manufacturing subsectors identified as growth areas include transportation, fabricated metals, machinery, chemicals, and food products.<sup>8</sup> As of January 2017, these subsectors comprised 52.6 percent of manufacturing jobs nationwide.<sup>9</sup>

## II. FEDERAL GOVERNMENT ROLE

Multiple executive branch offices and agencies share responsibility for promoting and improving the competitiveness of U.S. manufacturing. At the White House, the National Economic Council coordinates and oversees implementation of U.S. and global economic policy.<sup>10</sup> The Department of Commerce plays a prominent role, especially the Manufacturing Extension Partnership, implemented by the National Institute of Standards and Technology (NIST).<sup>11</sup> Also in the Department of Commerce, the International Trade Administration (ITA) works with U.S. manufacturers to improve their export competitiveness.<sup>12</sup>

In 2014, the Obama Administration established a National Network for Manufacturing Innovation, now known as the Manufacturing USA network, within NIST.<sup>13</sup> The goal of the network was to connect industry, academia, and federal partners to “increase U.S. manufacturing

---

<sup>4</sup> Economic Policy Institute, *Yes, Manufacturing Still Provides a Pay Advantage, But Staffing Firm Outsourcing is Eroding It* (Mar. 12, 2018).

<sup>5</sup> *Id.*

<sup>6</sup> See note 4; The Century Foundation, *Revitalizing Manufacturing and Expanding Opportunities for Chicago’s Black and Latino Communities* (June 6, 2018).

<sup>7</sup> Congressional Research Service, *Job Creation in the Manufacturing Revival* (May 15, 2018).

<sup>8</sup> The Century Foundation, *Why Manufacturing Jobs are Worth Saving* (June 13, 2017).

<sup>9</sup> *Id.*

<sup>10</sup> Advanced Manufacturing National Program Office, Partners: The National Economic Council ([www.manufacturing.gov/partners/national-economic-council](http://www.manufacturing.gov/partners/national-economic-council)) (accessed Sept. 20, 2018).

<sup>11</sup> National Institute of Standards and Technology, *NIST: Manufacturing* ([www.nist.gov/topics/manufacturing](http://www.nist.gov/topics/manufacturing)) (accessed Sept. 20, 2018).

<sup>12</sup> International Trade Administration, *ITA: Manufacturing Industries* ([www.trade.gov/td/manufacturing/index.asp](http://www.trade.gov/td/manufacturing/index.asp)) (accessed Sept. 21, 2018).

<sup>13</sup> Advanced Manufacturing National Program Office, *Highlighting Manufacturing USA* ([www.manufacturing.gov/](http://www.manufacturing.gov/)) (accessed Sept. 20, 2018).

competitiveness and promote a robust and sustainable national manufacturing R&D infrastructure.”<sup>14</sup> To date, the Manufacturing USA network has established 14 manufacturing innovation institutes, specializing in sectors such as additive manufacturing/3D printing, digital manufacturing and design, light weight metals, clean energy smart manufacturing, and biopharmaceuticals.<sup>15</sup>

### **III. WITNESSES**

The following witnesses have been invited to testify:

**Eric Anderberg**  
Vice President  
Dial Machine, Inc.

**Edward Paradowski**  
President  
Apache Stainless Equipment Corporation

**Nikki Moyers**  
Vice President for Operations  
Jerl Machine, Inc.

**Andrew Stettner**  
Senior Fellow  
The Century Foundation

---

<sup>14</sup> *Id.*

<sup>15</sup> Advanced Manufacturing National Program Office, *About Us* ([www.manufacturingusa.com/about](http://www.manufacturingusa.com/about)) (accessed Sept. 20, 2018); Department of Commerce, *Manufacturing USA Annual Report, Fiscal Year 2016* (2017).