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December 11, 2014

Dear Members of the Assembly Budget Committee:

Re: Please Support Made in America Legislation (A-3059: Egan / Diegnan / Kean)

The New Jersey State AFL-CIO supports A-3059 and respectfully asks for your support. We would like to thank Assemblymen Egan, Diegnan and Kean for their leadership and sponsorship on this issue.

A lot of discussion has occurred over the past decade about how to review New Jersey's and the nation's manufacturing sector. Again, of a lot of discussion, but unfortunately, very little action. The bill before you today gets serious about manufacturing jobs and takes a significant step forward in ensuring that domestic manufacturers can compete on a level playing field with our foreign competitors.

A-3059 complements Made in America laws that are already on the books here in New Jersey. It should be noted that OLS in their Buy American report from 2013 states that several Buy American laws already exist, specifically in the local public contracts law, in the public school contracts law, and state law specifies that state work shall require the use of manufactured products of the United States. Therefore, this bill is not a broad expansion of Made in America as some may contend. Rather the bill before you today seeks to strengthen these existing laws by inserting enforcement requirements and penalties for non-compliance. Furthermore, the bill establishes a procedure by which domestic manufacturers can scrutinize the procurement of foreign made products being purchased by public entities and the bill seeks to streamline the process for certifying American Made products, making it more user friendly.

Three provisions of the bill are important to note and speak to the concerns of industry and some legislators.

First and foremost, the bill includes a waiver process for hardship cases based upon availability. Simply stated, if a domestically made product is unavailable, the public entity can apply for a waiver and that application will be reviewed and acted upon within 15 days, during which publication and an opportunity for public comment will occur.

Second, we have heard a lot about "global supply chains" and the practicality of ensuring that every component of a good is manufactured in America. Language in the bill specifies that the cost of a product's components manufactured in the United States must only be a majority, exceeding 50%. Therefore, not every single component must be made here. This gives

manufacturers, vendors and procurement officers for public entities wide latitude and discretion in sourcing materials. It should be noted that this 50% threshold is a significant concession from existing laws that requires 100% of products to be made in America. In essence, this bill is making this concession in order to achieve a minimal level of enforcement and public disclosure and to make our current laws more workable.

Finally, this bill only applies to products being supplied to public entities. The bill is in compliance with existing laws that have established bid threshold amounts for public contracts. Therefore, it should be understood that not every single purchase by a public entity must be made in America. Only products included in a contract that are publicly bid at a certain dollar threshold will be covered. For example, the local public contracts law currently has a \$36,000 threshold. Therefore, when your town clerk's office needs to buy \$5,000 worth of office supplies, they do not have to ensure those products are made in America.

And now to the elephant in the room – the cost. Some may feel the 20% cost differential in this bill is too much, yet, from our perspective, it should be compared to other job creation initiatives pursued by the State. For example, it pails in comparison to the over \$4 billion given out to corporations since 2010 in corporate subsidies. In fact, just this month, \$118 million in corporate welfare was handed over to Subaru to move its headquarters about four miles down the road. In order to receive this money, Subaru promised to add 100 new jobs over a decade – that right, 10 jobs a year. The price tag for each of these jobs - \$1.17 million. I'm not a mathematician, but I'm fairly sure the 20% cost differential in this bill, which incentivizes American manufacturing will not cost our public entities anywhere near a million dollars per job created. Furthermore, it should be noted, that the cost differential in this bill between foreign and domestic products is actually being significantly reduced from the current federal standard of 25% to 20%.

In conclusion, this bill is about jobs, jobs and more jobs. This bill translates into direct job creation because orders for American made manufactured products are, of course, made by Americans. The more orders for domestic goods that are placed, the more workers are required to fill them. It's a simple equation with a simple result. Made in America equals Jersey jobs. Let's stop talking about how to revive American manufacturing, and let's take action today to achieve it by voting yes on this bill.

Sincerely,



Charles Wowkanech
President



Laurel Brennan
Secretary-Treasurer