

Pennsylvania House Majority Policy Committee Meeting
Economic Recovery, Job Growth and Growing Pennsylvania

July 15, 2021

Testimony of Scott A. McDowell

Good morning. Thank you for the opportunity to testify today on Economic Recovery, Job Growth and growing Pennsylvania. My name is Scott McDowell and I am the President of Blair Strip Steel Company, located in New Castle, PA, BelleFlex Technologies in Ford City and PulFlex Technologies also in Ford City. Combined these companies currently total 150 employees.

Blair Strip Steel Company is a cold rolled strip steel manufacturer and was founded in 1923. A large portion of our steel is supplied into the automotive industry.

BelleFlex Technologies is a belleville spring manufacturer which we started in 2009. Our belleville springs are used in subsea applications, down hole drilling applications and we currently have springs operating in the docking system of the International Space Station.

PulFlex Technologies is a composite pultrusion manufacturer which we started in 2017. Our products are used in everything from windows and doors, to help decrease energy usage, to utility pole replacement options, with fire protection and unlimited lifetimes. Our current projects also include parts for the electric vehicle industry.

Economic Recovery

As you know the economic volatility of the last 18 months has impacted individual companies from one extreme of the spectrum to the other depending on the industry you operate. Blair was hit extremely hard in March 2020 with the shutdown in the auto industry, our volume dropping 80%. The auto industry then proceeded to rebound faster than anyone anticipated keeping Blair very busy. Today the issues facing Blair include record high steel prices to levels never seen before, a shrinking number of U.S. steel mills to supply Blair and a restriction on the quantity of steel we can purchase each month.

BelleFlex has been negatively impacted by the decline in gas exploration as well as an escalation of prices for all inventory and supplies.

We are very concerned with rising costs across all the companies and the velocity of these increases. Steel being just one example has moved up over 350% in the last 18 months. All types of materials have seen significant price increases including fiberglass, resins and metallics. We are currently being told of additional price increases in future months. It will be very difficult to sustain an economic recovery with inflation escalating at the current rates.

Job Growth

PulFlex was started in 2017 with 2 employees, today we have 40, with plans of adding 30 to 40 more in the next 6 to 12 months. We are currently having trouble finding people, the extra incentives for people to stay on unemployment are making it difficult. With regard to the people we have hired, I cannot say enough positive things, we have found some great people around the Ford City and wider Armstrong County area. Our approach has always been to look long term, provide people with good benefits and try and provide an environment where they can grow with the company. My predecessor had over 25 years with Blair, he had a saying, "I can count the number of people who have quit in 25 years, on one hand, with fingers left over". That is what we continue to strive for every day. Find good people and treat them right. Talking every day with other businesses the first issue I hear, "we cannot find people". It's the same across all types of industries whether it be restaurants, steel processors or pultrusion manufacturers. We need people to want to get back to work. It is good for the businesses, good for their customers and most importantly good for the employee. I worry we are just beginning to see the harmful emotional impact of people not working for an extended time.

Growing Pennsylvania

The Blair family businesses go back 8 generations, all in Pennsylvania. The family can trace their involvement with Pennsylvania back to when they arrived in 1734. They have owned and operated numerous businesses from ironmaking in Blair County, to railroad rail production (Andrew Carnegie was Vice President under Thomas Blair) to the current facilities in New Castle and Ford City just to name a few.

Federal, state and local taxes all have an impact to company growth and therefore growth of the state. We have concerns over potential future tax increases and the impact it will have with our ability to add employees and equipment. I would ask you to always consider the impact of higher taxes and increased regulations and how it constrains a company's growth and operations. This is especially true as it relates to small business.

I would like to add one additional remark with regard to today's discussion. Community colleges provide an excellent support leg to all three of these topics. Community colleges give people the ability to further their individual economic recovery which then translates to a recovery on a larger scale. People can obtain the necessary skills to move into higher paying jobs, providing a much needed pool of talent for growing companies. With both individual growth and company growth, Pennsylvania growth can continue and accelerate. Community Colleges, and specifically Butler County Community College are a significant piece in this puzzle. The addition of the Armstrong Branch of Butler County Community College here in Ford City, will add fuel to the fire for all three of today's topics.

Thank you again for the opportunity to testify today.