

West Pharmaceutical Services, Inc. – Oral Testimony for PA House Majority Policy Committee Hearing

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David Lanzer Biography

David Lanzer is the Director of Operations for West’s Williamsport manufacturing facility. David has been with West for 29 years, and has over 36 years of experience in the custom injection molding and assembly industry.

In his time at West, David has held positions of increasing responsibility, including Manufacturing Engineering Manager and Staff Engineer. David holds a Six Sigma Green Belt and an Associate of Applied Science in Engineering Technology degree from the Pennsylvania College of Technology.

David’s Oral Testimony:

Thank you to the PA House Majority Policy Committee, along with Representative Wheeland and Representative Hamm for providing myself and West Pharmaceutical Services the opportunity to present to you today.

West is proud to have our global headquarters located in Chester County within the Commonwealth, and also operate two manufacturing sites here within Lycoming County. West currently employs close to 1,200 team members in Pennsylvania and has plans to create over 200 additional jobs in the near future.

We are pleased that this Policy Committee is interested in learning more about the current challenges employers are facing, and how we can work together to help recruit, retain and develop employees, providing them with family-sustaining and successful careers.

It is no secret that employers, both large and small, are currently struggling to recruit new workers. You can’t drive down the highway or walk down a city street without seeing “We are Hiring” signs, and advertisements posting inflated hourly rates and sign-on bonuses.

Earlier this year, the Society for Human Resources Management stated that recruiting and hiring is the HR professions top concern in 2021.

Multiple national studies have been conducted that show there are quite a few reasons why jobs are plenty, but applicants are few:

- Many adults say they aren’t working for fear of getting COVID-19.

- Businesses have reopened while schools and childcare facilities have remained closed.
- Some who are unemployed don't have the skills needed for jobs or are afraid to switch to a new career.
- And people are receiving unemployment benefits that are relatively equal or in some cases even more than they would earn in available jobs.

While there are certainly a variety of factors that are impacting our current situation, expanded unemployment compensation and continued stimulus payments are undoubtedly playing a role. In Pennsylvania, workers who were making close to the median hourly wage could find themselves with as much pretax income on unemployment as they had when they were working.

According to a University of Chicago economist, 42% of workers receiving unemployment benefits are making more than their pre-unemployment wage. This is not encouraging job seeking and is certainly not providing incentive for workers to seek gainful employment. I know that as a result, many states are ending their participation in expanded benefits.

Although those collecting unemployment are required to actively look for work, there are workarounds for this as well. We have seen a higher than usual number of candidates apply for jobs, only to not show up for their interview. We have heard this satisfies the "actively looking for work" requirements, enabling them to retain their unemployment benefits.

Certainly, the onus falls onto the employer for finding creative ways to attract and retain talent. Many companies are raising wages and offering sign-on bonuses to attract new employees. At West, we are proud to provide family-sustaining earnings for our team members, along with generous benefit packages. While paying wage rates that are commensurate to the job performed is important, there are limitations. Wages are based on the value that an employee brings to the business, and it is not a sustainable long-term solution to pay employees more than the value they bring to the role they are performing.

We encourage our state government officials to pursue unemployment policies that support short-term unemployment financial needs, while providing more robust programs that truly encourage and incentivize job seeking and a quicker transition back into full time employment. We applaud the decision by the PA legislature earlier this year to requiring this for job seekers to receive these benefits.

We also know that workforce development is critical to retention, job growth, and addressing the skills gap in the communities in which we operate. We are grateful to have a strong and long-term partnership with the Pennsylvania College of Technology. What started as a small plastics training program in 1985 with the Williamsport Area Community College has now grown into a robust apprenticeship program.

In 2019, the Department of Labor awarded federal grants to develop industry driven apprenticeships in advanced manufacturing to help companies meet the enormous demand for

skilled American workers. Known as the Midas Grant, Penn College and West teamed up to begin developing our team members capabilities. Unlike traditional schooling, apprenticeships provide a mix of traditional classroom learning and on the job training and mentoring, to allow individuals to develop essential skills and knowledge while earning a paycheck.

Last year, we expanded our apprenticeship program to 10 sites with roughly 145 team members involved in four programs, with Penn College delivering the virtual classroom training. Additionally, West and Penn College are working to develop the first ever robotics apprenticeship for the college. The robotics program will allow West to address the skills and abilities needed to operate the newest technology in manufacturing by upskilling our incumbent team members.

We strongly encourage Pennsylvania to continue expanding its workforce development grants, apprenticeship programs in advanced manufacturing, and also programs such as WEDnetPA, which better enables us to continue developing our team members, offering a culture of continuous learning and providing opportunities to our diverse workforce.

One thing I will mention about WEDNet, and a possible improvement, is that our experience has found this to be a complicated system that requires too many levels of approval and steps for the companies to complete to receive funding. The requirements are confusing, and the system (ISAAC's) can be difficult to use and understand. The potential savings realized, especially for small companies, could be impacted by the internal labor cost it takes to manage the request for funding. Also, could funds be directly given to colleges like to the Pennsylvania College of Technology and West Chester University to deliver training materials and content in-person or virtually?

We'd encourage the legislature to follow other states' leads and consider providing employers with income tax credit for jobs created in Pennsylvania that meet a predetermined wage threshold. The credit calculation should be straight-forward, such that all employers can easily determine the net cost before hiring additional PA employees.

It appears that Pennsylvania is lagging other states in recovering jobs lost during the pandemic. Therefore, we'd challenge the Commonwealth to think of ways to reduce the regulatory burden on employers trying to hire employees. Generally, we support initiatives that remove bureaucratic red tape, provide transparency and require the reduction of unfunded, underfunded or unnecessarily burdensome regulations.

We all know that successful businesses are the keystone to a healthy PA economy, and successful businesses can attract new companies to the Commonwealth. Apprenticeship and Workforce Development Programs serve to self-feed current and future growth that will occur right here in Pennsylvania, supporting the manufacturing industry and keeping and attracting manufacturing jobs within the state.

In closing, we are grateful for this opportunity to present to this Committee and have ongoing dialogue to better learn how we can work together to encourage job growth, enabling our continued commitment to our operations in PA, and supporting a bright future for the communities in which we operate.