



PA House of Representatives
Republican Policy Committee

414, Main Capitol Building
Harrisburg, PA 17120
(717) 260-6144

Rep. Joshua D. Kail
Chairman

PA House Republican Policy Committee Hearing
“The Costs & Benefits of Doing Business in Pennsylvania”

September 10, 2024, at 1 p.m.

Shippensburg University
Stewart Hall
1871 Old Main Dr.
Shippensburg, PA 17257

- 1:00 p.m. Welcome and Pledge of Allegiance
- 1:05 p.m. Welcome from Dr. Charles E Patterson
President, Shippensburg University
- 1:10 p.m. **Andy Williford**
*Head of People & Culture - Sales Americas & US Country Leader,
Volvo Construction Equipment*
- 1:15 p.m. **Darren Croxall**
Shippensburg Plant Manager, Schreiber Foods
- 1:20 p.m. **Justin Townley**
Corporate Engineering Leader, Schreiber Foods
- 1:25 p.m. **Joshua Simmons,**
*Complex General Manager for Biglerville Box & Sheet Plants,
International Paper*
- 1:30 p.m. **Questions for the Testifiers**
- 2:00 p.m. **Closing Comments**



Testifier Biographies

PA House of Representatives Policy Committee Hearing
"The Costs & Benefits of Doing Business in Pennsylvania"



Andy Williford
Head of People & Culture—Sales Americas
& US Country Leader, Volvo Construction
Equipment

Andy Williford is responsible for all aspects of people services as the head of human resources at Volvo Construction Equipment North America.

He is a member of the Pennsylvania Early Learning Investment Commission and serves on the South Central Workforce Investment Board - SCPa Works.

From its humble beginnings as an engineering workshop in Sweden over 190 years ago, Volvo CE now develops, manufactures, and markets a broad range of equipment for construction and related industries worldwide. With 265 dealers in 180 markets around the globe, Volvo CE employs over 16,400 individuals from 85 different nations.

Darren Croxall, Plant Manager

**Justin Townley, Corporate Engineering
Leader**

Schreiber Foods



An employee of Schreiber Foods since 1995, Darren currently serves as the Plant Manager.

A graduate of UF Herbert Wertheim College of Engineering, Justin currently serves as a Corporate Engineering Leader for Schreiber Foods.

Schreiber Foods, founded in 1945 and headquartered in Green Bay, Wisconsin, is a global leader in dairy manufacturing. Specializing in cream cheese, natural cheese, and yogurt, Schreiber Foods serves retail and foodservice customers worldwide.

Known for innovation and sustainability, the company employs thousands globally, delivering high-quality dairy products to meet diverse consumer needs.



Joshua Simmons
Complex General Manager, International Paper

Joshua Simmons, a graduate of the University of Tennessee with a Bachelor of Business Administration in Accounting and Finance, began his career with International Paper in 2006 as a Controller Associate at their Atlanta, Georgia facility. He quickly progressed, taking on roles as an Accountant and later a Financial Controller at the Louisville, Kentucky and Rochester, New

York facilities. His career path then led him to Biglerville, Pennsylvania, where he transitioned into field sales management. After a series of successful promotions within the sales department, Joshua was appointed Complex General Manager for the Biglerville box and sheet plants in July 2020.

Incorporated in 1898, the International Paper Company is the world's largest pulp and paper company (by revenue). Headquartered in Memphis, Tennessee, International Paper is a global leader in the production and packaging, pulp, and paper products. With operations in over 250 locations across 10-plus countries, the company generated more than \$18.9 billion in sales last year by serving a wide range of industries, including e-commerce, food and beverage, and industrial packaging.



Testimony before the PA House Republican Policy Committee

Andy Williford, Head of People and Culture Americas

Volvo Construction Equipment

September 10, 2024

Chair Kail, Vice Chair Ecker, and Representatives of the House Republican Policy Committee, thank you for inviting me to testify before you today on the opportunities and challenges of being a major manufacturer in Pennsylvania.

The Volvo Group, based in Gothenburg Sweden, is a global leader in sustainable transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing, and customer services. We have had a manufacturing presence in Pennsylvania since Mack Trucks moved to the Lehigh Valley in 1905. Mack's heavy-duty product line is built at the Lehigh Valley Operations facility in Macungie. Mack Defense is building Heavy Dump Trucks for a \$300 million Army contract at the Mack Experience Center in Allentown.

In Shippensburg, Volvo Construction Equipment (Volvo CE) produces wheel loaders and compactors as well as being a regional excavator completion center and a rebuild center for used equipment. It is also home to Volvo CE's North American headquarters, an engineering hub for the Americas, and a customer demonstration and training center that draws 10,000 visitors to the region each year. In 2021, Volvo CE invested over \$4 million to expand the training center with new machine bays, classrooms, and a virtual training lab.

The Middletown Remanufacturing Center restores worn components to their original specifications for Mack Trucks, Volvo Trucks and Volvo CE.

The Volvo Group is an economic partner to Pennsylvania. The Group directly employs over 4,000 Pennsylvanians with 10,600 indirect jobs created by our presence in the Commonwealth. In fact, in 2022 the Group paid \$334 million in wages and salaries and made capital investments of more than \$200 million since 2021.

I'm going to spend time focusing on VCE's footprint in Pennsylvania. There are many reasons why VCE chose to be in Pennsylvania but the two biggest were the strong workforce in the area and access to the I-81 corridor. With the strong economic growth in the areas we do business in, these are also big opportunity areas we want to partner with you to solve.

The lifeblood of our business is our people, and it is increasingly challenging to find people to support our growth initiatives. There is a misconception about working in manufacturing and with the trades in general. We have almost six hundred people working at our site in Shippensburg ranging from telematic data analysts, engineers and logistics specialists to machinists, welders, and assemblers. All well-paying jobs with strong benefits.

At VCE, we have been proactive in creating partnerships to solve our challenges. These partnerships are opportunities for us to recruit and create awareness about the opportunities in manufacturing. We collaborate closely with the Franklin County Career & Technology Center on a customized program for Volvo for industrial workers, we work closely with Shippensburg University through a scholarship program to support things like the new engineering program and we employ over fifty interns from Shippensburg University and other universities across the

state each year. In addition, Penn State University is an Academic Preferred Partner of the Volvo Group.

We also work with the National and Pennsylvania chapters of SkillsUSA to support middle school, high school, and post-secondary students and professional members enrolled in training programs in trade, technical and skilled service occupations. We have strongly supported the Skills PA chapters heavy equipment operator program and have been instrumental in making it a national competition at the annual SkillsUSA national convention.

This is our 50th year manufacturing in Shippensburg and 119th year in Lehigh Valley so we want to partner with you to continue building a strong workforce in PA and educate students and parents early on about the amazing career opportunities in manufacturing.

As for the I-81 corridor, this is a critical thru-way for our supply chain. The Volvo Group supply chain stretches from southwest Virginia where we produce Volvo Trucks to Hagerstown, MD, where we produce engines and transmissions for all Volvo and Mack Trucks and employ over five hundred Pennsylvanians. The supply chain continues to Shippensburg and toward Mack Trucks in Allentown, PA.

The corridor impacts over 8,500 Volvo Group employees and billions of dollars of goods and services that move in and out of our facilities and out to our dealers in North America annually. Here in Shippensburg, we manage almost six hundred employee vehicles coming and going each day as well as 45 truckloads daily.

In Macungie where Mack produces trucks for the North American market, Route 100 has not kept up with the residential and commercial build up in the community. At Mack, they manage 2,300 employee autos in and out over two shifts at two facilities. They also have approximately 130 outbound trucks per day as well as inbound service providers. With this growth, Route 100 is still a two-lane road which is a safety issue as well as impacting the cost of doing business in the area.

We continue to be involved with the I-81 Corridor Coalition to find ways to improve the safety and efficiency of freight and passenger movement. The result will save lives, reduce costs, and expand economic development opportunities.

We are also a member of the Association of Equipment Manufacturers (AEM) and are heavily involved in our associations efforts to ensure we have infrastructure bill funding, and that the federal highway trust fund stays solvent.

Thank you for your time, and as you can see from our actions, Volvo is ready to collaborate with you on these two critical issues.

Notes:

Committed to Sustainability

LVO and Volvo CE are part of the U.S. Department of Energy (DOE) Better Plants and Better Climate challenges.

LVO, Middletown and the Volvo CE facility are certified landfill-free.

LVO, the MEC, Middletown and the Volvo CE facility use 100% renewable electricity.

LVO is certified for Superior Energy Performance by the DOE and was honored by the EPA with an Excellence Award for Greenhouse Gas Reduction in 2014.

In 2020, the Volvo Group received a DOE Better Plants Better Practice Award for preventing and reducing waste.

Shippensburg assembly facility is Silver Leeds certified

Shippensburg site is land-fill free site

Schreiber Foods, Inc.

Shippensburg Plant Expansion

EXECUTIVE SUMMARY

Overview: Schreiber Foods, Inc. desires to expand operations at its Shippensburg plant, which will create quality jobs and increase local tax revenue, but capacity constraints in local water and sewer infrastructure prevent the expansion.

Plant Location: 208 East Dykeman Rd., Shippensburg, PA 17257

BENEFITS OF DOING BUSINESS IN PA

Schreiber Foods, Inc. (Schreiber) began as L.D. Schreiber Cheese Company in Green Bay, Wisconsin, in 1945 and is now a global processor of dairy products. Focusing on cheeses, yogurts, shelf-stable beverages, and dairy-based powders, Schreiber's international operations span North America, Europe, South Africa, South America and India.



Schreiber began operations at its Shippensburg plant in 2002. Its success has been due, in part, to the site's proximity to the Interstate 81 corridor and the accessible labor pool. The Shippensburg plant is strategically located to distribute goods to customers, such as Dannon and Walmart, within a single day's drive. This distribution network includes destinations all over the Commonwealth and major cities on the East Coast, such as Philadelphia, Baltimore, Washington, D.C., New York City, and Richmond. In addition to the Commonwealth's freight transportation infrastructure, Pennsylvania is a Top 10 milk-producing state — ideal for dairy product processing. **Today the Shippensburg plant employs 515 area residents and generates \$418 million in annual revenue from the processing of cream cheese and yogurt products.** Schreiber has attempted to respond to market demands to expand the plant's footprint but has repeatedly faced significant infrastructure capacity challenges.

COSTS OF DOING BUSINESS IN PA

Local water and sewer capacity limitations caused Schreiber to redirect from, or forfeit completely, four production expansion opportunities at the Shippensburg plant. One \$120 million investment included a protein drink plant expansion that would have created an estimated 165 new jobs in Pennsylvania, \$2.78 million in one-time state and local tax and fee revenue, and \$1.56 million in reoccurring tax and fee revenue. **Each of the four most recent opportunities were fulfilled by other Schreiber plants or competitors in other states such as Ohio, Michigan, and Wisconsin.** There are two additional expansion opportunities on the horizon for the Shippensburg plant, totaling \$65 million in private investment. One of the potential expansions is an immediate opportunity that would yield \$1,157,985 in one-time state and local tax and revenue, and \$275,990 in annually recurring tax and fee revenue. However, for either expansion to come to fruition it will require an investment in water and sewer infrastructure to increase system capacity. Schreiber is already maximizing its Shippensburg plant by investing \$84 million to increase production, but this will not accommodate the future expansions nor solve the water and sewer limitations.

Total Value of 4 Most Recent Missed Expansion Opportunities

390 permanent jobs

\$355M investment

\$8.1M one-time state/local tax generation

\$3.6M annual reoccurring state/local tax generation

Schreiber Foods, Inc.

Shippensburg Plant Expansion

FUTURE INVESTMENT IN THE COMMONWEALTH

Schreiber maintains a strong desire to increase its investments in the Commonwealth, however, this is dependent on improving water and sewer infrastructure and capacity. The completion of a water study will inform Shippensburg Borough and Schreiber of the most effective approach to expand water capacity. While the local sewer facility can accommodate future growth, the line leading to Schreiber's plant is inadequately sized. Though the borough is working to secure funding to replace the existing line to meet increased production at the plant, it will not be large enough to accommodate future plant expansions. Increasing the water and sewer capacity will require public investment, which is challenging for a cash-strapped borough.

Schreiber is simultaneously evaluating 15 onsite water and sewer infrastructure improvements to help stay within the local water and sewer authorities' existing capacity limits. This includes the construction of a \$2 million water tank and a \$10 million expansion of Schreiber's onsite sewer pretreatment facility, along with various water conservation measures. ***However, ultimately, the public infrastructure capacity constraints must be resolved if Schreiber's growth is to be realized in Pennsylvania.***

September 2024

Pennsylvania House Republican Policy Committee Hearing “Costs, Benefits of Doing Business in Pennsylvania”

International Paper (IP) is one of the world’s leading producers of corrugated packaging. IP plays an essential role in transforming renewable resources into products people depend on every day. We create fiber-based packaging products that protect and promote goods, enable worldwide commerce and help keep consumers safe.

In the Commonwealth of Pennsylvania, we have more than 700 teammates at our 8 facilities with payroll, taxes and benefits totaling more than \$58 million. On an annual basis, the Pennsylvania IP facilities have a total supplier spend of \$353 million—including minority and women-owned business suppliers of \$13 million and small and medium-sized suppliers of \$141 million. Since 2019, we have spent \$18 million in capital investment in our facilities to improve safety and efficiency and on-time delivery for our customers.

In 2023, IP opened its newest state-of-the-art box plant in Chester County, Pennsylvania. Additionally, in 2023, our new box plant in Chester County received a Redevelopment Assistance Capital Program (RCAP) grant for a roof remediation project. The grant provided us the matching funding to prioritize the roofing project. We thank the legislature and the governor’s office for their support of the RCAP grant and project.

At the IP Biglerville Complex, we protect and promote an engaged workforce of approximately 176 team members, all focused on doing the right thing for our customers and IP, at every moment, in every experience. As one of IP’s largest container plants in North America, we serve a wide range of key strategic accounts with corrugated products within various market segments, including: produce, processed food, beverage, eCommerce and non-durables. We operate 24/7, 355 days a year with a strong reputation in quality, on-time delivery and customer satisfaction. With an average tenure of 15 years and a retention rate of 80 percent, we have been an integral part of the Adams County community since 1932.

Pennsylvania continues to offer tremendous opportunities for our company. From the culture of the workforce in communities across the Commonwealth to the access of transportation assets that help move our products to customers, Pennsylvania has been a great fit for IP. We value the relationships we have with our local and state leaders, however there are also significant challenges that we face here in Pennsylvania, especially over the last several years.

Workforce

IP employees are the heart of our business and the foundation of our success. We are focused on developing our workforce of 39,000 employees, which includes recruiting and retaining the best talent. We need a robust pipeline of qualified candidates to ensure that we can manufacture our essential planet-friendly products and compete in the global marketplace. Our workforce is comprised primarily of manufacturing employees, which make up 85 percent of our employee base. It is imperative that our teams have the right skills to operate

safely and effectively. This includes our maintenance and operations teams that assemble, install and operate machinery and equipment

We support policies that grow the pipeline of skilled job candidates ready to join our manufacturing team by promoting career and technical education in middle, high school and post-secondary education and create partnerships with local employers, economic development agencies and state and local workforce boards to ensure that federal career and technical education funding is directed toward in-demand local workforce needs. Our facility in Biglerville has successfully partnered with Careerlink of Adams County and the Adams County Chamber of Commerce to aid in our efforts of bringing on the best talent.

In Pennsylvania, our average starting hourly salary for general workers is \$21.49. Additionally, for our maintenance teams, our starting hourly wage average is \$26.89. We offer all of our hourly employees a deferred pension plan and generous benefits package. To attract talent to our Pennsylvania facilities, we participate in job fairs in the communities we work and live in and have started to host onsite job fairs. As an employer and manufacturer, we are continually searching for new talent. However, we are challenged at our facilities across the Commonwealth with finding new team members willing and able to work within a manufacturing environment and who can pass our pre-employment tests. Additionally, as the workforce in the U.S. and Pennsylvania continues to change, we need our manufacturing floor team members in our facilities. Corrugated boxes cannot be made from home.

Permitting Reform:

Permitting and regulatory reform should be predictable, transparent, efficient and durable. International Paper appreciates the work the legislature has started in improving state permitting by enacting the Streamlining Permits for Economic Expansion and Development (SPEED) Act. Currently, IP works with a third-party consultant group across our facilities for all of our permitting. We encourage the legislature to work on streamlining permitting processes and efficiencies.

Tax:

This year's state budget took the first step in gradually eliminating Pennsylvania's Startup Tax by prospectively improving the tax treatment of Net Operating Losses (NOLs). This allows businesses, like IP, to carry losses forward and deduct them against future profits to reduce their tax liability so we can reinvest in our facilities and people. We further urge improvements to Pennsylvania's treatment of NOLs to at least achieve parity with other states and the federal government. The Commonwealth continues to limit NOLs utilization and, over the past and estimated for the future, it will cost IP more than \$20 million of lost NOLs benefit. As provided in Act 53 of 2022, we were encouraged by the phase-down of the state's corporate net income tax rate and urge lawmakers to accelerate, or at least maintain it. Additionally, IP appreciates the manufacturing exemptions for sales/use tax. With the money saved from the manufacturing exemptions, we are able to re-invest in our facilities and people. We look forward to continuing to work with legislators, on efforts to improve the treatment of existing NOLs for Pennsylvania businesses that invested in the Commonwealth despite a challenging tax climate.

Sustainability and Manufacturing:

For more than 125 years, IP has championed the sustainable management of natural resources. Through our Vision 2030 sustainability goals and targets, we believe that by using resources responsibly and efficiently, creating renewable fiber-based solutions, taking action to reduce our emissions and water consumption, and investing in our people and our

communities, we will ensure our business is safe, successful and sustainable for generations to come. Paper and fiber-based packaging recovery and recycling is a great sustainability success story. According to the American Forest & Paper Association (AF&PA), the paper recycling rate has been consistently high, meeting or exceeding 63 percent since 2009. In 2021, 68 percent of all paper used in the United States was recovered for recycling. The recycling rate for old corrugated containers (OCC), also known as cardboard boxes, in 2021 was more than 91 percent, and the three-year average OCC recycling rate is 90.5 percent. IP collects, sorts, and processes 7 million tons of recovered paper annually in the United States, which we distribute to a global network of paper manufacturers, including our own paper mills, to create new fiber-based products.

IP appreciates the opportunity to share our comments with the Pennsylvania House Republican Policy Committee on "Costs, Benefits of Doing Business in Pennsylvania". The continued support of our local and state elected officials will help IP to continue to grow our business in the Commonwealth of Pennsylvania.