

Report: Good pay in manufacturing

By WARREN HASTINGS

Concord Bureau

CONCORD — The high cost of providing health insurance and attracting more and better-trained people into the manufacturing sector were among a variety of topics discussed yesterday at the second annual New Hampshire Manufacturing Summit held at the Grappone Conference Center.

Significant increases in the cost of health care have been driven by a number of factors, including higher utilization, more entitlements and less stringent benefit management by health management organizations, said Alex Feldvebel, deputy state insurance commissioner.

Feldvebel said that until the mid-1990s, health insurance premiums in New Hampshire were fairly stable.

But a number of factors combined to push costs higher, and the insurance industry then placed more emphasis on the bottom line than market share, Feldvebel said. Building market share became less important than protecting profitability in the face of upward cost pressures, particularly over the past five years, Feldvebel said.

Over time, HMOs became less able to tightly control benefits and there were numerous other cost pressures working, among them higher utilization of services and increased infrastructure and technological investments by providers, he said.

Many business operators feel that mandated benefits such as chiropractic and certain mental health services add to premium overhead.

In addition to high insurance overhead, some manufacturers face problems in attracting better-trained young people with good math skills into the work place, said Mitch Latva, president of Latva Machine Co. in Newport.

There is a need for good math skills and thinking ability, Latva told a workshop group. "We've been working with vocational-technical colleges to try to get ideas into guidance counselors' heads that there's a chance for a good career in manufacturing . . . but there hasn't been much of a push in that direction," Latva said.

Latva said images of dirty, grimy industrial workplaces in this country are not accurate. Current industries are clean, high value, pleasant and hi-tech, the Newport industrialist said. Latva said the dirty, high-risk jobs have left the country for foreign locations.

In fact, according to figures from the New Hampshire Manufacturing Roundtable, New Hampshire manufacturing jobs are high paying since high rates of productivity have enabled companies to pay substantially higher rates than those in the overall private sector.

Granite State firms with 10 to 20 employees pay an average weekly wage of about \$697 while firms that employ 100 to 250 pay an average weekly wage of \$843, according to NHMR figures.

Manufacturing in New Hampshire is becoming more technologically sophisticated, more customer-focused and service-oriented, but at the same time the relative value of the assembly line worker continues to diminish, the Roundtable report finds.

"Manufacturing is not dying — it is advancing and will remain a critical New Hampshire sector in the consumer-driven 21st century," the Roundtable report suggests.

Manufacturing, although the hardest hit sector during the recent business downturn, still accounts for one out of every seven jobs in New Hampshire, one out of every five payroll dollars here, and one out of every two information technology jobs in the state, according to Roundtable figures.