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SNOWE CALLS FOR INCREASED SUPPORT FOR THE MANUFACTURING EXTENSION PARTNERSHIP

Cites Negative Impact to Small Manufacturing Without Increased Funding

WASHINGTON, D.C. - U.S. Senator Olympia J. Snowe (R-Maine), Co-Chair of the Senate Task Force on Manufacturing, today urged Senator Judd Gregg (R-NH), Chairman, Senate Appropriations Subcommittee on Commerce, Justice, State and the Judiciary, and Ranking Member Ernest (Fritz) Hollings (D-SC), to include \$106.6 million for the Manufacturing Extension Program (MEP) in the Fiscal Year (FY) 2005 Commerce, Justice, State, and the Judiciary Appropriations bill. Snowe is concerned that without increased funding to the program, small manufacturers will hurt small manufacturers nationwide.

"Manufacturing has been the engine of our nation's economic expansion. For more than a decade, MEP has helped small manufacturers compete and expand their horizons. Because of the importance of these employers to our economy, the time is now to ensure their future success and remain competitive in the global economy by adequately funding this critical program," said Snowe.

"At this time when our domestic manufacturing sector faces many challenges, the MEP is needed more than ever. To maintain this program's high-level of performance and help our nation's small manufacturers, it is imperative that the MEP receive \$106.6 million in appropriations funding in fiscal year 2005."

Citing the impact on the nation's small manufacturers, Snowe and Senator Joseph Lieberman (D-CT), as Co-Chairs of the Senate Task Force on Manufacturing, sent a joint letter to Senators Gregg and Hollings calling for increased MEP funding.

"Providing \$106.6 million for the MEP will have significant community development benefits throughout the United States. The fiscal year 2004 Omnibus Appropriations Act cut funding for the MEP to \$39.6 million. In the short term, most centers will attempt to keep operating in the hope that federal funding will be restored in the fiscal year 2005 budget. But to keep operating, the centers will need to downsize drastically. The Modernization Forum estimates the reduction in funding will result in the MEP centers serving 11,275 fewer U.S. manufacturers and increasing the fees for its services. The Modernization Forum anticipates that because of the MEP funding cut smaller manufacturers will: lose \$1.8 billion in sales and \$446 million in cost savings; reduce investment in modernization by \$649 million; and, either lay-off or not hire 28,000 workers. In the longer term, if federal funding is not restored in fiscal year 2005, many centers will cease operations. These reductions will have real and significant impacts on our economy and in our communities."

The MEP assists America's small manufacturers and helps boost productivity, sales, investment in modernization, and employment. Manufacturing was a significant contribution to the economy's growth in the 1990s, and small manufacturers are the engines that increase productivity and job growth. These manufacturers employ more than 11 million Americans and account for approximately 55 percent of the value of all manufactured goods in the American economy. The MEP program helps small and mid-sized American manufacturers modernize to compete in the demanding global marketplace, maintain jobs in America, and continue driving a higher standard of living in the U.S.

The MEP program is one of the most successful federal/state partnerships in government. The MEP's clients experience productivity gains that are more than four times greater than comparable firms that did not receive MEP assistance, which is significant because productivity growth is closely correlated with earnings. Wages, profits, and our standard of living rise as the same worker produces more in the same amount of time. The MEP's clients are increasing sales, hiring workers, and investing plant modernization. In fiscal year 2002, the MEP's clients reported sales of \$2.8 billion, 35,000 new or retained workers, \$681 million in cost savings, and \$941 million invested in new plant and equipment as a direct result of their MEP projects.

"Small manufacturers employ 11.3 million Americans, and account for 55 percent of the value of all manufactured goods in our economy," Snowe and Lieberman wrote. "Moreover, these companies are often suppliers to larger corporations, so investments in MEP have a ripple effect that maintains the supply chain for consumer and defense goods."

Since its inception, MEP has conducted more than 149,000 projects with small manufacturers throughout the country to help increase sales and earnings, and reduce costs. A study by the U.S. Census Bureau found that MEP clients experience productivity gains more than four times greater than comparable firms. MEP clients report strong bottom-line impacts including over \$636 million in new sales, \$680 million in new investments and 25,500 retained or new jobs during fiscal year 2001.

Maine's Manufacturing Extension Partnership operates from six offices throughout the state. Each MEP center is a partnership involving federal, state and local governments; industry; educational institutions; and other sources of expertise, information, and funding support. In 2002, Maine's program helped 455 clients. Between 1995 and 2001, employers assisted by Maine MEP created or retained 990 jobs. In all, MEP estimates that there are more than 1,800 manufacturers throughout Maine which are eligible to benefit for services at its centers.