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Maine prepares for cuts in aid to Manufacturing

By EDWARD D. MURPHY, Portland Press Herald Writer

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At a time when the health of the U.S. manufacturing sector has become a hot-button political issue, the federal government is considering a deep cut in a program that helps support industrial companies.

The Bush administration is proposing that federal funding for the Manufacturing Extension Partnership be sliced to \$39.6 million from the \$106.6 million that supporters say is needed to keep the program operating at current levels.

In anticipation of a funding cut, the Maine MEP has cut four administration and marketing positions and one field worker. It has also closed the Portland office.

"We don't have a lack of business," said Muriel Mosher, vice president of communications and marketing for the Maine MEP. "We find that during these difficult times in the economy is when manufacturers need us most."

Maine has been hit particularly hard by the job losses afflicting the manufacturing sector. For the three-year period through last summer, the state lost 17,800 manufacturing jobs, or 22.1 percent of its manufacturing base - a higher proportion than any other state. The nation as a whole lost 2.73 million manufacturing jobs during the same period, according to the U.S. Bureau of Labor Statistics.

The MEP program began 13 years ago, intending to be the industrial equivalent of extension programs begun decades ago to help farmers. Like their agricultural counterparts, MEP workers provide training and planning services for manufacturers, helping them find new and more efficient ways to run their businesses. They also help manufacturers gain the certification they need to land work in the private sector or qualify for government contracts.

The program's consultants have worked with companies ranging from Bath Iron Works to Windham Millworks and the Allen-Edmonds shoe factory in Lewiston. In most cases, MEP offered advice on how to improve manufacturing processes and efficiency.

The program is aimed at small- and medium-sized businesses, Mosher said, which are defined as companies with 500 or fewer workers. In Maine, that encompasses "the bread and butter of Maine manufacturing," she said.

The MEP charges a small fee for its services, but most of its current \$1.7 million budget comes from the federal government. The state also provides a substantial amount, kicking in almost \$700,000 of the cost, she said.

She said the range of services the partnership provides is wide-ranging, and that variety of offerings has allowed it to look elsewhere to offset some of the threatened funding loss in the short-term.

For instance, Maine MEP officials are sharing with other New England states a Department of Defense grant that helps manufacturers prepare for submitting bids to do work for the Pentagon. The program also has landed some grants to help send researchers to high-tech labs for specialized training that is unavailable in Maine, Mosher said.

"Many of these small companies don't have the money to continue educating their workers in the high-tech industries," she said.

Dennis Leiner, the president of Lighthouse Imaging, said his firm is relying on MEP for help with certification requirements and to deal with issues such as distribution of a new product. He said the company, which specializes in medical optical equipment, has always sold through surgical-supply companies, so selling the new product directly to hospitals represents a significant change in direction for Lighthouse Imaging, but a potentially lucrative new market.

Leiner, who moved his company to Portland from rural New Hampshire three years ago, said he's been impressed by the level of help he's received from MEP and state agencies.

"Compared to what it was in New Hampshire, the state has been really supportive to me, and it's paid off," he said.

Leiner noted that he's steered most of his firm's machine work to a Maine company that he paid \$150,000 last year, so the MEP assistance that has helped his company also has boosted the state's economy in other ways.

"It's been a good relationship between the help I've been given by the state and what I've given back," he said. "These kinds of programs are very useful."

Sen. Olympia Snowe, R-Maine, has been pushing to have the MEP program's funding restored. She and Sen. Joe Lieberman, D-Conn., said they have 51 other senators supporting their efforts to raise the level of funding for the program, but they are trying to get the Senate Appropriations Committee to go along.

In Maine, the MEP budget for next year would be cut to \$1.1 million if funding is not restored.

Snowe's office said manufacturers assert that \$2.8 billion in sales, 35,000 new or retained workers, \$681 million in savings and \$941 million in investment can be directly attributed to MEP projects.

Mosher said that the cuts that MEP has made thus far in Maine and new funding, such as the grant, should allow it to get through the fiscal year that begins Oct. 1, even if the federal spending reductions remain. Beyond that, however, she said program officials worry about how many more workers may have to be cut and what programs would have to be eliminated. "The national issue of manufacturing and the loss of manufacturing jobs is really trickling down to the states," she said.

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