



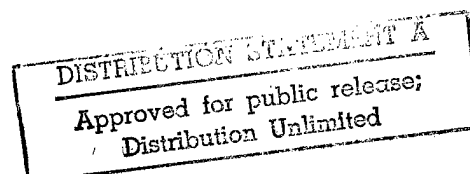
PB93-175933

**TRANSCRIPTS OF REGIONAL HEARINGS,
DALLAS/FORT WORTH, TEXAS. ANNEX L
TO ADJUSTING TO THE DRAWDOWN**

**DEFENSE CONVERSION COMMISSION
WASHINGTON, DC**

AUG 92

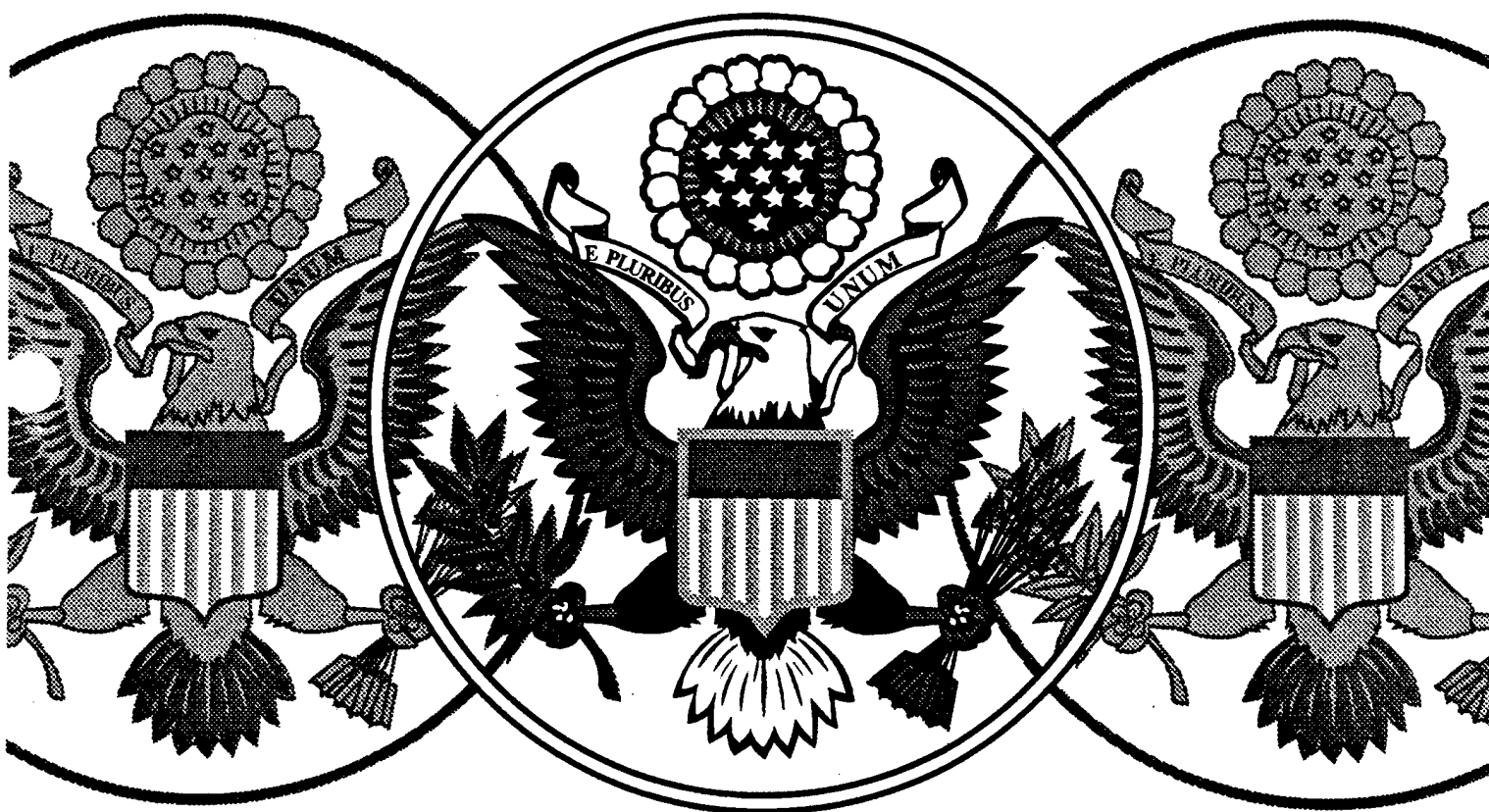
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Transcripts of Regional Hearings

Fort Worth, Texas



Annex L to
Adjusting to the Drawdown
Report of the
Defense Conversion Commission

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U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

BIBLIOGRAPHIC INFORMATION

PB93-175933

Report Nos: none

Title: Transcripts of Regional Hearings, Dallas/Fort Worth, Texas. Annex L to Adjusting to the Drawdown. Report of the Defense Conversion Commission.

Date: 27 Aug 92

Performing Organization: Defense Conversion Commission, Washington, DC.

NTIS Field/Group Codes: 96A*, 74E

Price: PC All/MF A03

Availability: Available from the National Technical Information Service,
Springfield, VA. 22161

Number of Pages: 226p*

Keywords: *Defense budgets, *Drawdown, *Public hearings, Defense economics, Reduction, Economic impact, Regional analysis, Unemployment, Training programs, Federal assistance programs, *Fort Worth(Texas), *Dallas(Texas), Department of Defense.

Abstract: The document provides a complete transcript of the Defense Conversion Commission Regional Hearings that took place in Fort Worth, Texas on September 27, 1992.

DEFENSE CONVERSION COMMISSION

PUBLIC HEARING

August 27, 1992

Dallas/Fort Worth, Texas

OFFICIAL RECORD OF HEARING PROCEEDINGS

COMMISSIONERS PRESENT:

Charles A. May, Jr., Commissioner

Carl Dahlman, Commissioner

L. Paul Dube, Commissioner

Robin Higgins, Commissioner

Michael Knetter, Commissioner

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TAPE TRANSCRIPTION

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2
3 COMMISSIONER MAY: -- economic situation because of fewer dollars
4 being spent on defense. The second, and certainly in our judgement, an extremely
5 important and sensitive part of our charter, the impact on the people, whether those people
6 are military who are being asked to leave a profession they chose in the era of the all-
7 volunteer military, or whether it's defense civilians, or defense workers, or those who were
8 supported by the defense contracts in a particular area of our nation. Are the transition
9 benefits that are available, either from government--federal, state, local, or industry--
10 sufficient to help these people begin to work in a different environment. Finally, to
11 explore the opportunities, the potential opportunities for cooperation between the federal
12 government and businesses that were primarily involved in the defense business and
13 whether or not there aren't actions that government can take in order to facilitate their
14 transition into commercial products or a different niche in the defense world or a different
15 part of the government procurement process.

16 We have been in existence just a little over two months. We have a major
17 challenge in trying to put together a report, hopefully, that will have some hands-on
18 recommendations, some recommendations that deal with implementation and don't just
19 deal with the theory of the defense drawdown.

20 We really appreciate the opportunity to be here in Fort Worth. We
21 appreciate the Mayor allowing us to use this facility, and we certainly appreciate all of the
22 interest that you all are showing in being here today. So, we look forward to hearing your
23 testimony and we look forward to hearing Mayor Granger start off the testimony today,
24 ma'am.

25 MAYOR GRANGER: Thank you. GEN May and Members of the
26 Commission, on behalf of the City of Fort Worth, I welcome you and welcome this
27 Commission to Fort Worth and express our thanks to you for coming to our city to let us
28 tell you how important your report will be to us, listen to our story and hear our needs.

29 In the time I have today, I'd like to tell you a little bit about Fort Worth's
30 tie to the defense, what we're facing today, and close with some recommendations. As the
31 name of our city reflects, it began as an Army outpost. I told you that this morning.

32 The City of Fort Worth and its citizens have had a long history of
33 responding to the nation's military needs. If you look on a map of the location of defense
34 contractors in Texas, you'll see a vast majority are concentrated in the Fort Worth/Dallas
35 area.

36 Fort Worth is the home to major plants of two of the nation's largest
37 defense weapons contractors, General Dynamics and Bell Helicopter/Textron. Fort Worth
38 is also the home of Carswell Air Force Base, which is scheduled for closure in 1993.

39 Because we are a city facing and experiencing significant defense cutbacks
40 through defense contract reductions and the closure of Carswell, the work of your
41 Commission is of utmost importance to this community.

42 As you may be aware, the Carswell Air Force Base realignment will mean
43 a loss of nearly 17,200 military jobs, 2,000 civilian jobs and 3,000 jobs indirectly
44 associated with Carswell. The full impact of the closure is yet to be determined; however,

1 published reports by the Air Force suggests that the base creates an economic impact of
2 up to \$746 million to our area.

3 With such a large economic impact, there can be no doubt that many
4 workers and their families in this area will be affected by that base closure. Like so many
5 of the challenges facing our community, the decision to close Carswell was made
6 independent of anything we have done or failed to do.

7 Additionally, because of the end of the Cold War and a need to reduce
8 defense expenditures, as well as reduce the federal deficit, there have been and continue to
9 be several cutbacks in the defense programs that will impact Fort Worth and Tarrant
10 County.

11 Just recently, General Dynamics, one of our major employers, announced it
12 will begin layoffs over a period of the next two years of up to 5800 employees, as a result
13 of reduced defense expenditures.

14 Already having suffered over 11,000 layoffs due to defense cutbacks in
15 prior years and an additional number of layoffs due to other operations leaving the area in
16 the last two years, Fort Worth is looking for support, solutions and cooperation from the
17 state and the federal government to help address the needs of its citizens and the
18 workforce throughout the area.

19 Sometimes overlooked is the fact that cutbacks in contracts to major
20 employers like General Dynamics and Bell also affect our small companies which have
21 defense subcontractors. We need a coordinated effort to get our workforce back to work,
22 whether they were previously a large or small company.

23 Certainly, one major issue is flexibility and worker retraining programs.
24 Worker retraining here in Fort Worth is being undertaken in a spirit of cooperation among
25 private business, local government, state government, and the educational institutions.

26 I believe that here in Fort Worth, arising out of a need to develop a highly
27 skilled workforce, and responding to recent job losses in our area, we have developed an
28 excellent network of cooperation in the community, all focusing on training or retraining
29 workers, attempting to create or find jobs for these workers and placing that workforce
30 into those jobs.

31 Those efforts are important to ensure that we have a skilled workforce that
32 is ready when business looks to our area to relocate, but here lies the underlying problem
33 for us in Fort Worth. The City and the Chamber have worked hard in their economic
34 development efforts.

35 We have an infrastructure that is ready for business development; however,
36 over the course of the last two years, we've had to deal with an increasing labor market
37 due to layoffs. We are continuing our efforts to retrain workers and prior to this past
38 year, we saw many workers transition into other jobs that were created by the growth of
39 business sectors involved in transportation and health-related services.

40 However, 1991, for the first time since 1982, the Fort Worth/Arlington
41 Metropolitan Statistical Area posted an actual net annual decrease of 1.7 percent in the
42 total number of jobs in the area. We have steadily been losing manufacturing jobs in this
43 area but always in the past other employment sectors have shown healthy increases to
44 make up for these lost jobs. Now, we are actually losing jobs.

1 Prior to the defense industry layoffs, Fort Worth was showing strong
2 recovery from the '86-'88 regional recession. Actually, the Fort Worth/Arlington metro
3 area had been serving as a major employment, job creation center. It was the only state
4 metro area with continuous employment growth since 1982.

5 Prior to '91, not only had the unemployment rate been decreasing, but
6 housing vacancy rates were decreasing, retail sales was growing and even real estate
7 values were beginning to edge upward following the disastrous bust of the mid-'80s, but
8 things have changed and our unemployment rate certainly shows that.

9 When we talk about the unemployment rate in Fort Worth, we generally
10 refer to the Fort Worth/Arlington PMSA figure which, in June of this year, was 7.4
11 percent. However, for the months of January through May of this year, the unemployment
12 rate within the City of Fort Worth, not the Fort Worth/Arlington PMSA, averaged 9.2
13 percent.

14 While the June unemployment rate in the United States was 7.8 percent, the
15 State of Texas' was 8.3, and the unemployment rate for the City of Fort Worth was 9.3.
16 Over nine percent of our workforce in Fort Worth is unemployed, and this was before the
17 Carswell closure and our defense contractors had completed the most recently announced
18 layoffs.

19 As you can see, defense reductions have had a very significant impact on
20 this community. Job creation is the key issue for us. I would suggest to this Commission
21 that we cannot lose sight of the fact that we need to do all we can to keep our skilled
22 workforce that's already developed and living here in the metroplex.

23 The layoffs from an employer like General Dynamics mean that employees
24 with skills in drafting, electronics, machine operators, engineers, planners, management, all
25 will be without jobs.

26 The transition period for a laid-off worker from a decent wage before the
27 lay-off to no wage to low wage back to decent wage is the most difficult challenge we
28 face here in Fort Worth. In a period of recession, getting decent jobs for these workers
29 will be a formidable task.

30 Let me say that I believe several actions need to take place at the local,
31 state and federal levels. First, there needs to be a strong commitment to provide the local
32 authorities greater flexibility and leverage to accomplish its goals in retraining.

33 Second, adequate resources need to be invested to help those employees
34 during the transition period of going from a decent wage to no wage back to a decent
35 wage. The transition period for a skilled employee who loses a job is probably a most
36 frustrating and difficult period of adjustment. A strong safety net needs to be in place so
37 we will not lose those highly skilled workers from this community.

38 Third, there needs to be an emphasis on job creation for areas hit hard by
39 defense contract reductions and base closure. It's not enough to invest in workforce
40 development. We need to have more business growth in our city so that there are more
41 jobs for our citizens.

42 We ask the Defense Department to target Fort Worth for any job creation
43 opportunities. For example, we need to redevelop Carswell quickly to help offset the jobs
44 we are losing in defense contracts reductions.

1 Fourth and last deals with base closures. Military base closures provide
2 unique situations to communities. With respect to military base re-use, we need to look at
3 the years immediately following closure.

4 When bases are closed, only a few years after a community is informed,
5 transition funding other than planning grants should be made available. Many recommend
6 a minimum of three years from the date of the formal base closure.

7 Three possible uses of these resources could include: First, funding and
8 establishing an operation of the re-use entity during the first few years. The establishment
9 and staffing of any new endeavor is usually an expensive and unanticipated undertaking
10 for local governmental jurisdictions.

11 Urban areas or state government are expected to have the resources to
12 absorb this; however, significant costs have been born by our local community for efforts
13 related to Carswell at a time when severe budget restraints and city personnel reductions
14 are being felt.

15 A second source of help could be funding the marketing of the base re-use
16 plan. This is left to local resources, but I would suggest there should be a review of this.
17 The ultimate success of any re-use effort is largely dictated by the effectiveness of the
18 marketing effort of the re-use authority.

19 A third and perhaps most important help would be demonstration grants or
20 seed money for job creation to encourage re-use efforts. It is much easier to find funds
21 for planning than it is for implementation but cities have help in creating network bases
22 and new industries. Too often, we are moving jobs from one city to another, often at a
23 very high cost for taxpayers. We now need job creation to put those highly skilled, laid-
24 off employees back to work after retraining.

25 We have been very pleased with the assistance provided by the OEA and
26 especially the planning grants from OEA and FAA, but the financing issues of the years
27 immediately following base closure are of critical importance to the community.

28 GEN May, Members of the Commission, in closing, we want to express our
29 appreciation for your efforts in holding this hearing and listening to us. We trust our
30 comments have helped you better understand how we are dealing with these defense cut
31 reductions and perhaps give you some suggestions of help.

32 I would say I hope you enjoy your time in Fort Worth. Perhaps you can
33 come back to us at a time where we can enjoy it, but thank you, and we look forward
34 very much to your report. Thank you.

35 COMMISSIONER MAY: Mayor, thank you, very much, for those very
36 informative comments.

37 We certainly had an excellent session with the Mayor this morning before,
38 and in addition to those comments, which certainly summarize very succinctly and very
39 cogently the challenges that the community faces, we got a lot of direct information from
40 many people in the community as to the challenge that people face, the challenge that
41 businesses face, and the opportunities available for government -- federal, state and local -
42 - to assist in that process.

43 We took very copious notes this morning and we did this afternoon, and we
44 thank you very much, one more time, for hosting us and for giving us that outstanding

1 introduction to the problems in this area.

2 Do any of the Commissioners have any questions for the Mayor? Okay,
3 Mr. Hanley.

4 MR. HANLEY: The next witness is Ms. Jan Sanders, who represents the
5 Texas Campaign for Global Security. Ms. Sanders. If I mispronounce anybody's name,
6 please don't hesitate to correct me. I have a little timing device here.

7 MS. SANDERS: Greetings. How much time do I have?

8 MR. HANLEY: Ten minutes.

9 MS. SANDERS: Okay. I'd appreciate a two-minute warning, if I could
10 have it.

11 MR. HANLEY: Okay.

12 COMMISSIONER MAY: Ms. Sanders, welcome. We look forward to
13 your comments.

14 MS. SANDERS: Thank you. First, an introduction of who I am, I am
15 born and raised in Dallas, and I have been taking graduate study in government, political
16 science, and taught government at Southern Methodist University. I am very deeply
17 involved in community service and political advocacy.

18 I am the State Chair of the Texas Campaign for Global Security that
19 advocates and has been working for several years toward economic conversion planning,
20 the education of the public and the advocacy to our decision makers.

21 I am not an economist, but I am a grandmother, and I am a true and true
22 Texan. That means can-do spirit. That means "get the job done no matter what faces
23 you."

24 Texas has had some body blows economically right in a row and the shift
25 and the economic -- the potential for economic impact of the "downsizing of defense
26 spending" might be the "KO," but as I said, I'm a can-do spirit Texan and so I look at the
27 resources that are at hand, and they are enormous.

28 As a taxpaying citizen, I want to garner, protect, husband, those resources,
29 the resources of material and capital investment and, most important, in talent of skills of
30 engineers, of researchers, et cetera, et cetera, to keep them engaged at the highest level of
31 their capabilities and to the greatest use of the capital investment that citizens, through tax
32 dollars, have built -- built over a long and tedious Cold War, built over a gradual period
33 of time, and now the celebration that the Cold War is over and it is time for transition.

34 I think that I guess my first point, and I want to make it before I get a
35 buzzer, is that I would admonish this Commission to keep an open mind that the
36 economic conversion planning aspect of this be removed from the Defense Department. It
37 is the fox is taking care of the chickens. It is the protection of the golden egg and not
38 only the golden egg, but the goose.

39 Frankly, I think it is anesthetizing, it is restrictive, it is non-productive, and
40 so where it goes within the system in the scheme of things, I would leave that to the
41 wisdom of you and others, but I say open your minds and hearts to that very fundamental
42 giving up. Of course, I think it ought to come back home.

43 You don't know that the Dallas and Tarrant County have two of the finest
44 community college systems in the United States. You don't know that Dallas has just

1 inaugurated several years ago a business incubation program within that community
2 college district. You don't know those kinds of things.

3 You don't know the impact of the neglect of human needs on Texas
4 because of the investment in military spending. I plan to send to each one of you
5 Commission Members an analysis of the impact on Texas, reflecting the human needs and
6 other areas, housing, you know, et cetera, et cetera, infrastructure needs.

7 Because you cannot begin to know the individualized needs of 50 states and
8 of various communities and what is in place, do all 50 states have, appointed by the
9 Governor, a Economic Planning Task Force for this transition period? I think probably
10 not, but Texas has one, and you need to know that and be working with them, and I trust
11 that you are garnering information from them.

12 When I called the number for registration, I really wasn't left with a sense
13 of confidence as to all of the bases that had been touched to invite to participate in this
14 hearing. I'm thrilled with the presence in the room and so that is encouraging to me, so
15 certainly you got the word out. Maybe more people read The Federal Register than I do.

16 Indeed, if it's all the people that are all the contractors that do read The
17 Federal Register that are in the room, then who is not in the room are people like me, the
18 grandmothers and so forth.

19 The people that are impacted -- and I trust in my questioning of the person
20 in D.C., that your purpose is more limited to conversion planning. Is that correct?

21 COMMISSIONER MAY: Well, our title is Defense Conversion
22 Commission.

23 MS. SANDERS: Right.

24 COMMISSIONER MAY: Our charter, as I explained earlier, deals more
25 with people and how to help businesses move into the commercial world, which in some
26 sense is more of a transition, more of an adjustment, as opposed to turning swords into
27 plowshares.

28 I think our charter does not envision that we would some day do away with
29 the defense industry but that the defense industry, albeit smaller, will still be able to
30 provide for the national security of this country and our allies.

31 MS. SANDERS: I was under -- because of the titling of it, that there
32 would be some very complicated attention to the conversion of this capital investment that
33 I referred to.

34 I still look upon it as a shareholder, as a taxpayer, in the investment in
35 research and development, in engineering, et cetera, et cetera, that it should not be allowed
36 to just go away in the ether, to whoever is scrambling for the gold, but that it is, indeed, a
37 part of the public domain, and that it indeed belongs to the people, if you can figure me
38 out.

39 There is tremendous -- if you just take communication technology alone,
40 the guidance system, the communications systems that have been developed through
41 defense contracts, that alone is a valuable, incredibly sophisticated research and
42 development resource that taxpayers have paid for.

43 I don't think they ought to be given to an individual company. I think there
44 ought to either be a big pay-back, to reduce the deficit, to shift the budgetary needs of this

1 country, or there needs to be a giving into the public domain, so that it is available for
2 any contractor to utilize.

3 Now, these are concepts of a democratic government, one that is responsive
4 and flexible. I think one of the really scary things to me is the fact that -- in saying that I
5 was born and raised in Dallas and Texas, et cetera, we had four and a half years in
6 Washington when my husband was in the Department of Justice and in the White House
7 staff.

8 It gave me this both-position view of this wonderful country.

9 MR. HANLEY: Excuse me, Ms. Sanders. You asked for a two-minute
10 warning.

11 MS. SANDERS: Thank you. So, I want to praise the Commission for
12 scheduling these hearings around the country to get outside of the Beltway, to hear from
13 little old ladies in tennis shoes, although I don't have my tennis shoes on, to find out
14 what's the heart and guts of this country. We are in for some tremendous change.

15 There needs to be some sense of confidence and trust restored in the
16 process of government, so I really love the fact that you've come to Fort Worth, come to
17 Texas, and I will be mailing some other things to you that might be more learned than my
18 enthusiastic presentation here. Thank you for the time.

19 COMMISSIONER MAY: Thank you very much, Ms. Sanders. Having
20 been married to a grandmother for 33 years, I'm very partial towards grandmothers.

21 I think the open mindedness on economic planning is certainly something
22 that we share. The question as to where the money comes from, in the two bills that have
23 passed the Congress today, most of it is DOD money, but that has to do with some
24 peculiarities in budget agreements and so forth at this point in time, peculiarities that may
25 very well not be with us in future defense budgets.

26 We are very interested in a business incubator program. We have done
27 quite a bit of research on those programs, not only in Texas, but around the country, and
28 we think those are very exciting and we have heard some additional discussion of the
29 success of the programs here in this part of the country.

30 The state role, I think you talked about giving the states a greater role. We
31 had a two-hour session yesterday with Ms. Winsome Jean -- I think she is here today --
32 and other members of the Governor's Task Force on Economic Transition, and we
33 certainly benefitted from that two-hour discussion as to the activities that they have been
34 engaged in.

35 Your final point, I think, on technology transfer, all of the money that's
36 been spent by the Defense Department on R&D for national security, there is a great deal
37 of sentiment that much of that technology is in federal labs, could be made available to
38 commercial enterprises.

39 There are some programs that try and make that available. We are trying to
40 ascertain whether those programs are as effective as they could be, but we certainly are
41 interested in giving back to the nation, in terms of wealth creation, the technology that has
42 been developed over the past 45 or 50 years with the defense budget.

43 We thank you very much for your comments. Does any other
44 Commissioner have any comments?

1 COMMISSIONER DAHLMAN: I would like to say something. I just
2 want to thank you for your candor and frankness and enthusiasm and openness, and I
3 think that if all the little old ladies in tennis shoes around the country had as much horse
4 sense as you showed, then I think we ought to stop denigrating them as much as we
5 usually do.

6 I found myself agreeing with practically everything you said. In particular,
7 I just wanted to remark on your suggestion that we should remove the responsibility for
8 conversion planning from the Department of Defense.

9 I think that's a very, very important point, one that I personally support very
10 strongly and that I had the opportunity to make to the members, the staff members of the
11 House Armed Services Committee only a couple of weeks ago.

12 As you are aware, both the House and the Senate Armed Services
13 Committees have put in a billion dollars of defense money to do a lot of economic
14 planning out of the Department of Defense, and I personally think that's the wrong way to
15 go. If there is a need for such money, it ought to be funded through the domestic policy
16 programs, not through the Department of Defense.

17 COMMISSIONER DUBE: I just want to say, Charlie, that unlike Carl, I
18 haven't been denigrating grandmothers.

19 COMMISSIONER MAY: Me, neither.

20 COMMISSIONER DAHLMAN: I haven't, either.

21 COMMISSIONER KNETTER: Perhaps Barbara Reagan at SMU could
22 grant you an honorary degree in economics, because I found myself agreeing with
23 everything you said, as well. In the future, you can say you're an economist and a
24 grandmother. It would be okay with me.

25 MR. HANLEY: Our next witness is Charles Haddock, from the Texas
26 Employment Commission.

27 COMMISSIONER MAY: Mr. Haddock, it is a pleasure to have you here
28 today. We look forward to your comments.

29 MR. HADDOCK: Thank you, sir. I would like to say we couldn't get the
30 fax through to your office on this testimony. It's not very long, anyway, but the fax didn't
31 work for a couple of days or something. I don't know what it was.

32 MR. HANLEY: I didn't realize that it wasn't working but we'll certainly
33 look into that. We appreciate your comments. I might just add, administratively, anybody
34 that does have written comments as Mr. Haddock does, please give us a copy and we
35 would ask, in the interest of time, that you summarize those comments to give us an
36 opportunity to enter into a dialogue and/or make sure that we have time for everybody to
37 make a presentation.

38 MR. HADDOCK: Distinguished members of the Defense Conversion
39 Commission, my name is Charles Haddock, and I am the Commissioner representing
40 Labor for the Texas Employment Commission. I appreciate the opportunity to offer
41 comments on the impact of defense cuts on the economy and how to adjust to those
42 impacts.

43 My position accurately reflects the area of my greatest concern. Workers,
44 both civilian and military, although I live and work in the State of Texas, I would like it

1 to be understood that my comments apply to all workers who are affected by the changes
2 in defense spending.

3 My remarks today concern the role of job training, a critical factor in
4 retraining military and civilian workers as productive contributors to the economy and,
5 more importantly, as providers to their own families.

6 Current projections indicate that approximately one and a half million
7 defense workers will lose their jobs by 1995, of whom 1.1 million will continue to be
8 active in the labor market. Job training or retraining is a frequently discussed solution to
9 the problem of laid-off or dislocated workers.

10 In addition to the unemployment insurance benefits, it's one of the primary
11 compensations that the government offers these workers once their jobs have ended. Job
12 training in itself, however, is only part of the solution to the problem of the out-of-work
13 individual in the nation's economy.

14 Training is a means to a broader goal which might be productive, well-paid
15 jobs for all former defense workers who want them, but that will be accomplished by a
16 combination of training, education, economic development, governmental policy and
17 industrial innovation.

18 If job training is to be a meaningful component of the transition of the
19 economy, it must meet three criteria. It must be appropriate to the individual's interests
20 and skills. It must be linked to an actual job or one that will exist, and it must be
21 accompanied by supportive strategies, including stipends to the extent that the individual
22 needs support in order to participate.

23 This third item is critical: how many dislocated workers and families can
24 afford to give up their incomes to join a retraining program for 18 months or two years,
25 which would be any meaningful retraining program, really. It is very hard to do. Most
26 government-sponsored training programs do not offer any wage supplements.

27 Individuals who might benefit from participating in retraining are literally
28 discouraged from doing so because they have no means of supporting themselves or their
29 families during the training period. However, the Trade Readjustment Assistance Act
30 (TRA) as it is otherwise known, offers both training and a stipend to individuals whose
31 jobs were lost due to foreign imports.

32 TRA has operated with a great deal of success to move individuals from
33 occupations with no job prospects into occupations for which there is a definite future. If
34 we can provide a comprehensive training program for trade-affected individuals, special
35 programs for those whose jobs were lost to environmental policy, or those who will lose
36 employment due to the North American Free Trade Agreement, surely we can offer the
37 same to our defense workers.

38 (End tape 1, side 1.)

39 A great many economists are calling attention to a perceived shift in the
40 United States from the high-skilled, high wage jobs to low-skilled, low wage jobs. In
41 view of this shift, we as a nation can ill afford to ignore more than 1 million or so
42 defense workers, nor can we ignore the 1 million military personnel (and 1 million of their
43 spouses) who will become unemployed or dismissed from the military by 1994.

44 Those workers are assets to our economy and should be given a fair

1 opportunity to retrain and re-enter the productive workforce. Certainly we are talking
2 about a significant investment of government dollars to offer a comprehensive training
3 program for a large group of workers. But it is an investment that will have a pay-back
4 in tax revenues, reduced government services and in a healthy national economy.

5 I would say thank you for listening very much. I'd like to add one thing,
6 just personally. I personally think that it's very important that we spend more money on
7 defense or keep spending money on defense even though it may be a surplus, et cetera,
8 and the phase-out of it could be over a period of about 15 years instead of three or four or
9 five.

10 Costly, yes, but to just phase it out you are eliminating workers making 12
11 to 18 to \$20 an hour. If they end up on a job -- if they end up on a job at all -- it's five
12 or six or seven dollars an hour and that just isn't going to cut it.

13 I'd rather see defense keep on doing just what they're doing than to be
14 eliminated and if it's got to be eliminated, which I know it does, probably, but let's do it
15 over a long period of time, and it would help a lot of families. Thank you, gentlemen, for
16 your time.

17 COMMISSIONER MAY: Thank you, Mr. Haddock. Can we ask you a
18 few questions? Training has been one of the areas that we certainly have focused on. It's
19 the second item on our charter, and I would like your views on a couple of aspects.

20 You point out that retraining without a job at the end of the retraining
21 program is not the way that we want to go. We certainly agree. We have heard some
22 union representatives tell us about retraining programs that their employees engaged in,
23 and after six months, going through this very intense retraining, they didn't have a job,
24 and the downer for the employee was much greater than losing the original job in the first
25 place.

26 One of the questions that has come up is how would we best conduct
27 retraining in terms of selecting the type of retraining? One way would be to create
28 retraining programs and say, "Okay, you want to be a computer specialist? Come to this
29 school. Those of you who want to be an environmental engineer, come to this school."

30 Another thought would be to provide some sort of a voucher system that
31 would be similar to the G.I. Bill and you could go get whatever retraining you thought
32 was appropriate for you and you, as an individual, would make the decision as to what job
33 market was hiring when you finished your retraining program. What are your thoughts?

34 MR. HADDOCK: Are you familiar with the TRA? I assume you are. It's
35 the Trade Readjustment Act assistance.

36 COMMISSIONER MAY: I'm not.

37 MR. HADDOCK: It's a system where workers that become laid off due to
38 foreign imports can draw unemployment benefits up to two years. They can even return
39 to college, you know, but dislocated workers or defense workers, if they're not certified as
40 being dismissed because of imports, don't get those benefits.

41 Just feature yourself as a guy with three or four children and you're laid off
42 and you need some retraining to get a better job but you've got no funds to retrain with.
43 You can get the training paid for. There are several programs, the JTPA (phonetic), et
44 cetera, et cetera, what have you, but there's no income. Somebody with two or three

1 children living at home can't live without income.

2 The TRA has been pretty successful in providing those benefits, and under
3 the employment system, under the UI system, funds can be paid to those people where the
4 school is certified, et cetera, up to two years for training, and they can draw
5 unemployment benefits for two years instead of just six months.

6 Now, as I see it too, a lot of programs we have training, six weeks, two
7 months, waste of time in my opinion. What are you going to learn in a couple of months,
8 anyway? I mean significant training for significant jobs, we need to pay, to step in to
9 somebody to where he can live, support his family, go to school, learn something, come
10 out of school and go to work. We could do it through the same type of TRA program.

11 COMMISSIONER MAY: So, basically, you'd say the model of the TRA
12 program should be applied to defense workers in some way?

13 MR. HADDOCK: Of course, I think the TRA should be applied to defense
14 workers and all dislocated workers; otherwise, I see it as total discrimination against one
15 group of workers as another, but at least if we take TRA, at least it would help some.

16 COMMISSIONER MAY: That's another issue.

17 MR. HADDOCK: In other words, a guy is laid off over here because of
18 imports and a guy is laid off over here because defense shuts down, not because of
19 imports but because it's shut down. What's the difference?

20 COMMISSIONER MAY: We certainly appreciate your views, because
21 that's an issue we've been wrestling with, as to whether or not there are differences
22 between defense workers and auto workers and welfare workers and so forth.

23 MR. HADDOCK: We had a program here a few months ago to train drug
24 rehabilitation people, to train them in how to be a rehabilitation worker in drug abuse and
25 so forth. You'd have been real surprised at the comments we had from the people. The
26 TEC sent them to two different schools through a management company, and how elated
27 they were to be able to train to upgrade themselves to a better job.

28 The point is this. They were drawing unemployment because they were
29 unemployed. They can't go to school, though, without the unemployment. When we
30 approved the training like that, then the unemployment benefits can still be paid when you
31 go to school.

32 You can't go to school and draw unemployment unless the schooling is
33 approved. We don't generally approve proprietary schools, which I think is wrong, and
34 we're working on that, but here's a situation in which we were able to approve the
35 training, continue to pay the unemployment, and then this rehabilitation work without
36 starving to death. There were just about 300 of them in that program.

37 COMMISSIONER MAY: Thank you very much, Mr. Haddock. Does
38 anybody else have any comments?

39 COMMISSIONER DAHLMAN: I have a question. The JTPA program
40 and the retraining money under Title III under JTPA, as you well know, must have been
41 designed to help blue collar workers and lower skilled workers. That's been the focus of
42 it.

43 MR. HADDOCK: It goes to the schools.

44 COMMISSIONER DAHLMAN: That's right. There are a lot of basic

1 skills that are taught in the JTPA program. The point is that I think the focus of JTPA
2 was to help people train up from one wage to a higher wage or just to retain the wage that
3 they had.

4 Now, with your proposals here, we would put people through fairly lengthy
5 and expensive training programs, pay them an income supplement for up to a year and a
6 half, if I understood you correctly, and that income supplement, including the retraining, is
7 not likely to measure up to the income they had before they became unemployed if they
8 are, you know, highly paid workers in the defense industry, they can earn 15 or 16 dollars
9 an hour. So it's unlikely that even on the public assistance program, they'd retain much of
10 that wage, it would be a fraction of it in some reasonable amount I would assume you
11 would propose, but it would be lower than 15 or 16 dollars per hour.

12 Then when they'd find a job, it's unlikely that they would find a job even
13 after retraining that would pay them the same amount that they had prior to lay-off. So,
14 the problem we are facing is that a lot of this retraining is going to be kind of a train-
15 down program, as opposed to the earlier focus of JTPA which was a train-up, going from
16 a lower wage to a higher wage.

17 Whatever we do now in this industry, we have to face a situation where
18 people go through an income adjustment from a higher wage to a lower wage, even with
19 retraining.

20 So, my question to you is: In the end, they are still going to have to get a
21 job. The best cure for unemployment is getting a job. Retraining is not the best cure for
22 unemployment. The job is, right, and whatever we do with your proposal, it's likely to
23 end up creating a job that won't pay as much.

24 So, would you support the proposal that perhaps sort of take retraining
25 money into some kind of job creation money? That is, giving the flexibility to state and
26 local governments to use training dollars, perhaps even unemployment dollars, for creating
27 job creation programs under a more flexible authority than we currently give them. In
28 other words, put the focus on job creation early on, as an intervention tool, rather than
29 training, which takes a long time and has a very uncertain payoff.

30 MR. HADDOCK: What would you create? What job would you create?

31 COMMISSIONER DAHLMAN: If the jobs aren't there, what's the point of
32 the retraining?

33 MR. HADDOCK: Right.

34 COMMISSIONER DAHLMAN: Sooner or later, you're going to have to
35 create the jobs. I'm asking your opinion as to whether it wouldn't be preferable to use
36 some of the retraining money to focus on job creation early on rather than to have to wait
37 for the job creation, anyway.

38 MR. HADDOCK: I think we need both.

39 COMMISSIONER DAHLMAN: Yes, but I was asking you for your
40 opinion about how to make the choice. In this scarce environment, the resources are not
41 available to do everything you want.

42 MR. HADDOCK: If you want my choice, I think they go together.
43 They've got to go together. The other answer is to not cut defense spending, anyway.

44 COMMISSIONER MAY: I think you're right. It is a very difficult choice

1 but it is the choice that government is going to have to make, whether to go along with
2 more on the job creation side or the training for jobs that may or may not be there. We
3 really thank you, Mr. Haddock.

4 MR. HADDOCK: I got a report in my office where they're going to cut a
5 million from the military by 1994 and their spouses, dump them on the labor market.
6 You dump a couple of million defense people On the labor market. That's four million.
7 Where are they going to work at? I don't know.

8 COMMISSIONER MAY: Thank you very much. We certainly appreciate
9 your input.

10 MR. HADDOCK: Thank you very much.

11 MR. HANLEY: Our next witness is the Honorable Martin Frost,
12 Congressman from the 24th District.

13 COMMISSIONER MAY: Congressman Frost, it certainly is an honor to
14 have you here today. We know that you, among many of your colleagues, have been very
15 instrumental in the work that the House of Representatives has done as reflected in H.R.
16 5006 and we look forward to your presentation.

17 MR. FROST: Thank you. I'll try and summarize, but I was the principal
18 author of the Defense Conversion Amendment that was added to that bill, so I have been
19 looking at this, along with Dick Gephardt and Les Aspin, the Chairman of the Committee.
20 It is, in fact, a very complicated subject, as you know and as you are learning.

21 I think you have probably been told about the situation in Tarrant County.
22 My district now is partially in Tarrant County and you know that Carswell is in the
23 process of closing, with the elimination of 8,000 jobs, that General Dynamics has dropped
24 10,000 jobs down from 30,000 to 20,000, and is in the process of perhaps going as low as
25 14,000 and that other defense contractors, Bell Helicopter and LTV, have already had
26 some layoffs and may well have more, depending on how individual decisions are made
27 in Washington relating to the V-22 and other contracts.

28 I chair the Task Force in the House of Representatives at the request of
29 Majority Leader Richard Gephardt to consider this most important subject of defense
30 conversion. The Task Force examined a number of proposals, with the objective of using
31 \$1 billion provided by the fiscal year 1993 resolution for conversion to promote long-term
32 growth and create jobs.

33 We crafted a conversion package that was adopted by the House during the
34 consideration of the Defense Authorization Bill. This contains elements which would:

35 (1) Help defense businesses grow in civilian markets by giving them access
36 to dual-use technology, promoting commercialization, and providing venture capital;

37 (2) Provide additional job training assistance for civilian workers and
38 military personnel; and

39 (3) Help communities to prepare for this transition. I will briefly touch on
40 some of these items.

41 First, our Task Force believed that the key to any reinvestment initiative
42 must be the effective use of available defense resources to stimulate growth by
43 encouraging increased cooperation between the Department of Defense and commercial
44 high tech firms.

1 To this end, we propose several initiatives that will help foster innovation
2 in manufacturing and high technology-oriented industries. These were very much at the
3 suggestion and urging of Chairman Aspin of the Armed Services Committee.

4 The real role for this enterprises will create new jobs, thereby providing a
5 new workplace for displaced defense workers. Some specific examples include:

6 (1) A Department of Defense technology extension program to facilitate
7 access for current and former defense suppliers to DOD-developed technology;

8 (2) Dual-use technology consortia to promote collaboration between private
9 industry and the national laboratories, would allow DARPA, the Defense Advanced
10 Research Projects Administration, to create consortia like Sematech in Austin;

11 (3) Partnerships in technology industrialization to help commercialize
12 specific, high payoff applications for dual-use critical technologies; and

13 (4) Assistance to help small defense businesses reposition into non-defense
14 work, companies that had been subcontractors for many of the prime contractors in this
15 area.

16 Second, effective utilization of emerging new technologies will require a
17 skilled and trained workforce. The package that we developed will train this workforce
18 for these jobs.

19 Included are assistance for service members and DOD and Department of
20 Energy civilians currently possessing skills in math and science and who would be
21 displaced by the defense builddown to enter our classrooms as teachers, and help fill the
22 need for experienced teachers in these and other disciplines.

23 I think you are aware that this was a proposal made by Senator Nunn on
24 the Senate side. He was one of the origins of this idea. Defense Department scholarships
25 and training assistance to enable individuals to qualify for employment in the field of
26 environmental restoration and waste management in the Department of Defense; grants to
27 community colleges for training in environmental restoration and hazardous waste
28 management; and assistance to dislocated defense workers, as you've heard already,
29 including a hiring preference in DOD contracts and granting eligibility for the Job
30 Training Partnership Act.

31 The third component would help affected local communities needing
32 assistance to deal with the effects of the builddown. Many states and cities have
33 programs in place to help workers and businesses adapt to changing economic
34 circumstances.

35 My State of Texas has one of these programs. We heard from the State of
36 New York when we were doing our work on our Task Force in terms of the work that
37 they've been doing. We believe that we can utilize these programs to help target
38 assistance to the workers and businesses most in need.

39 This is just a sampling of the types of programs we have included, but I
40 believe it illustrates the approach we've taken to reinvest the \$1 billion available to us this
41 year. May I add the concept was whether to set out a skeleton, a framework, with the
42 hope that there would be considerable additional resources available in the next few fiscal
43 years.

44 The Senate is considering a similar package and I'm hopeful that a

1 conversion package will be in place legislatively by later this year, so that we can begin
2 addressing problems caused by defense reductions. We have a golden opportunity to
3 stimulate economic growth and have displaced defense workers and military personnel by
4 redirecting money originally planned for defense.

5 It is a time to be creative and a time to be bold. We have seen an
6 unparalleled defense buildup in the last decade and now that defense spending has
7 decreased, we must find ways to provide new jobs for the thousands of defense workers
8 who will be out of work and the thousands of active duty military who will no longer be
9 needed.

10 I would just like to harken back to an experience from my own family and
11 my own life, one of the reasons that I am particularly interested in this subject. My
12 father, who is retired now, was an aerospace engineer his entire career. In fact, he worked
13 here in Fort Worth at General Dynamics from 1949 to 1962.

14 I remember in the late 1960s and early '70s when there was another,
15 temporary downturn in defense, and my father was unemployed for a year. He knew that
16 he ultimately would be able to come back and get another defense job in the defense
17 industry, as he did, until his retirement, and wound up working on the space program on
18 the space shuttle.

19 The people who are losing their jobs now do not have that same alternative.
20 Many of these jobs are gone forever and many of these people will not have the
21 opportunity to continue working in the defense industry, at least not in the foreseeable
22 future.

23 So, I commend the work of this Commission. I urge you to listen very
24 carefully because you're going to hear from a lot of people who have first-hand
25 knowledge, who are on the firing line here, people who work at General Dynamics, people
26 from Bell Helicopter, people from LTV and the other companies in this community, and
27 people who are directly affected by the closing of Carswell.

28 This community and this county has probably been harder hit than any
29 other major urban area in the country by defense cutbacks in recent years, so I am pleased
30 that you are here. I welcome you to Fort Worth and I hope that your deliberations are
31 successful and that you can aid us as we develop legislation in future sessions of
32 Congress.

33 COMMISSIONER MAY: Thank you very much, Congressman. Would
34 you entertain some questions?

35 MR. FROST: I'd be happy to. I'd be happy to.

36 COMMISSIONER MAY: We certainly appreciate you being here today
37 and we certainly appreciate all the work that you have done in this area. Several
38 questions that we get asked as we go around, one question has to do with why is the
39 Congress interested in defense workers and perhaps wasn't interested in auto workers or
40 the oil field workers and so forth.

41 Was that part of your deliberation?

42 MR. FROST: Of course, we have provided readjustment assistance for
43 some workers in the past, as you know, and that has not always been fully funded.

44 The reason that we're focusing on defense right now is that we followed an

1 intentional policy in this country of the defense buildup, of encouraging young people to
2 major in math and science to prepare themselves to work in our defense industry in this
3 country, because we had a real need. No one would question the need.

4 I've been an active supporter of the defense budget and of many of the --
5 the great majority of the weapons systems developed during recent years, but we
6 encouraged people, we funneled people, channeled people in that direction.

7 Now, we are setting a national priority, a national policy, of reduction in
8 defense. Conditions have changed in the world. Fortunately, the Soviet Union no longer
9 exists. We don't have that type of threat anymore, so this is the direct result of years and
10 years of an intentional policy of defense buildup.

11 I remember when I was a youngster here in Fort Worth, I remember when
12 Sputnik went up. I was in high school in Fort Worth, Texas, when that happened, and I
13 remember all of the emphasis that was placed in my schooling at that time. "We have to
14 train more scientists. We have to develop more mathematicians so that we can compete
15 with the Soviet Union, so that we will not be at a disadvantage in terms of defense."

16 So, we followed an intentional national policy of encouraging people to go
17 into this line of work, and now we have another national policy that is reducing the
18 availability of jobs in this area, so I think we do have a very special obligation, not a
19 unique obligation.

20 Clearly, we have concerns about auto workers. We have concerns about
21 people who have lost their jobs as a result of our trade deficit, of foreign trade problems,
22 but we have a very special -- I think a special -- obligation to people that we encouraged
23 for the last 25 years to help us build a strong America.

24 COMMISSIONER MAY: We certainly appreciate your views on that, sir.
25 Another question that was asked earlier today, why, in fact, it really wasn't a question. It
26 was an admonition that the federal government should not have the Defense Department
27 conduct this kind of job growth effort, economic diversification and so forth; that it really
28 ought to be done by other departments of the federal government.

29 I would appreciate perhaps your answer to the lady who asked this
30 question. Why?

31 MR. FROST: Actually, it could well be done by other departments. The
32 reason that the Congress fashioned the program this year as a part of the Defense budget
33 is because of the Budget Agreement of 1990 that established the budgetary amounts
34 between defense and non-defense spending, and there simply wasn't any money available
35 in the non-defense sector of our budget to provide for these needs, so that the only place
36 we had to go was the defense budget to fund this program.

37 Of course, since it's coming out of the defense budget, there are people who
38 feel that, at least, in the short term, that the Defense Department should play a role, a very
39 significant role, in directing these funds.

40 After the budgetary roles are eliminated, and they will be eliminated at the
41 end of this fiscal year, there is no necessity for the funds to come out of the defense
42 budget, and there is no necessity for the Defense Department to play a critical role.

43 However, I will tell you that Congressman Aspin, the Chairman of the
44 Committee, feels that there are particular roles to research being done, and many of the

1 programs that are already underway in the Defense Department, that it's very legitimate
2 for the Defense Department to be involved.

3 It may be that part of this stays under Defense and part of it goes directly
4 to Commerce and to Labor and to other departments, but we were restricted, because of
5 our budgetary problems this year, because of our scorekeeping rules under the budget, that
6 we had to take the money out of Defense and it had to be administered by the Defense
7 Department.

8 COMMISSIONER MAY: Thank you very much. Does anybody else have
9 any comments?

10 COMMISSIONER HIGGINS: Two of the many problems and questions
11 that we, and I personally am wrestling with, have been brought up here. One, we just
12 talked a little bit about is about whether the defense worker should reap the benefit of a
13 program that we recommend or that someone recommends or comes up with as opposed
14 to all Americans who are adversely effected by the change in the economy.

15 There is another question that was brought up by a previous speaker here,
16 and it was brought up very succinctly and very specifically, but it has been alluded to
17 before, and that is the creation of the extending the development of weapons systems and
18 defense simply because jobs would be adversely effected.

19 I think the purpose of weapons systems and increased defense and strong
20 defense is to counter a threat to national security, not to create jobs or to maintain jobs.
21 I'm afraid that the problem there, if that, in fact, were to occur is, you know, we've talked
22 about better jobs. We've talked about significant jobs. We want to have higher worker
23 morale in this country.

24 I think that to continue to create defense jobs and keep weapons systems
25 going simply because people don't want to be out of jobs and we want to keep jobs going
26 and the economy going, in Fort Worth or other places, would really be a detriment to
27 worker morale in the long run.

28 Can you talk to that? Have you personally or professionally addressed
29 that?

30 MR. FROST: Yes, and I don't think you will find very many people who
31 will suggest that defense should be make-work, that we should continue a defense contract
32 simply because we want to keep the current workforce in place.

33 I will tell you, as to this community, as to Fort Worth, Texas, we have a
34 very specific program here, the V-22, that has very significant civilian applications, and it
35 is our hope -- it is my hope as the Congressman from this area, and I know that the
36 people in this community feel very strongly about this program -- that this isn't a make-
37 work program.

38 This is a program that's in the best interests of the United States and if we
39 don't build a tilt-rotor helicopter, that someone else in the rest of the world will, perhaps
40 the Japanese, and we'll wind up buying that technology.

41 Now, I know this is a matter of some controversy within the Defense
42 Department and the Defense Secretary has resisted the funding of the V-22.

43 I happen to believe that he's wrong. He has recently somewhat altered his
44 position. I think that we do have to very carefully look at each individual weapons

1 systems, and you have to make a judgment in terms of the type of weapons systems that
2 are needed for the type of wars that we may fight in the future. Of course, the V-22 has
3 applications to smaller regional conflicts.

4 Also here in Fort Worth, there is a question of foreign arms sales, a
5 question of being able to sell the F-16 to Taiwan. You could potentially save 3,000 jobs
6 here in Fort Worth if President Bush were to change his position and approve the sale of
7 the F-16 to Taiwan.

8 If that were not to occur, chances are that the Taiwanese are going to buy
9 planes from France. They are going to be buying Mirage fighters, so it's not a question of
10 simply denying weapons to that part of the world.

11 It's a question of: Are we going to? Will it make sense to us in terms of
12 our foreign policy and in terms of producing a good weapon that's still used by the United
13 States military, of course, of being able to sell selectively around the world to some
14 countries.

15 Clearly, that is an example, I think, of a weapons sale that should be made.
16 It's not going to alter the balance of power. Taiwan is not going to threaten the existence
17 of mainland China. Again, that's something that would save 3,000 jobs right here in Fort
18 Worth right now.

19 Now, I don't think you will find people asking you or asking me, as a
20 Congressman, simply to continue a weapons systems simply as a jobs program if that
21 weapons systems cannot otherwise be justified. We are in the process of changing our
22 thinking about what we're going to need for our military and I would hope that our
23 defense contractors will stay apace with that and will develop the type systems that we
24 can use as a country.

25 We happen to have a situation here in Fort Worth where there are two very
26 good examples of that, and there are other examples, too. This is a community. It is very
27 interesting, maybe unique, maybe not, but this is a state and a part of the state that is very
28 pro-defense, not just because weapons systems are made here, but because this is a very
29 conservative area that believes in a strong America, always has.

30 Members of Congress from this area -- it's very interesting. The
31 Democratic Members of Congress who represent Tarrant County, myself and Pete Geren,
32 voted for Operation Desert Storm, even though some members of our own party did not.

33 I think that we reflected the very strong belief in a strong America that you
34 find in the Dallas/Fort Worth area and specifically that you find in Tarrant County. So,
35 this is a community that not only believes that it makes good weapons systems, but also
36 believes in keeping our country strong.

37 COMMISSIONER HIGGINS: Thank you.

38 COMMISSIONER MAY: Does anybody else have any comments?

39 COMMISSIONER DAHLMAN: Yes, I have a question or two. I agree
40 with your assessment that Fort Worth is really very hardly hit and I think we had a very
41 informative and useful session this morning, with the representatives of this community
42 that taught us a lot about that.

43 So, I appreciate the strain this community is under and the pain that you are
44 reflecting in your comments, but what I really wanted to ask you is about one of the

1 rather perverse job creation programs that we have put in place in the acquisitions world
2 in the Department of Defense, the \$125 hammers and the \$600 toilet seats.

3 There are two ways to look at that. One is that it is just fraud and abuse.
4 The other is that it's really a \$5 hammer and a \$50 toilet seat with a little bit of overhead
5 added to it, through certain regulations that we put in place over the years.

6 We have found, in talking to a lot of companies about the problems of
7 transitioning to a peacetime economy, that it is very difficult for companies that have sort
8 of adapted to the federal requisition rules, to transition to commercial businesses.

9 I just wonder if you as a Congressman and a member of the House, would
10 consider supporting a serious look at our acquisition regulations, in order to see where we
11 can ease up in some places where we've gone too far, without, of course, encouraging
12 anything related to waste, fraud and abuse, but just take a constructive look at that so as
13 to make it easier for companies who produce for the defense industry to also produce for
14 the commercial world.

15 (End tape 1, side 2.)

16 MR. FROST: Well clearly we ought to do that but I will tell you that
17 people in this community don't look kindly upon waste, whether it's in the Defense
18 Department or any other part of the government, and taxpayers in this area do not approve
19 of excessive cost whether its a hammer or a toilet seat, or whatever the product may be.
20 Now, your question is broader than that, your question is, should we look at the
21 regulations to make it easier as the companies are in transition from being defense
22 subcontractors to developing civilian products? Clearly, we ought to do that.

23 We ought to make that transition as painless as possible, but on the other
24 hand, we should not tolerate waste in the defense industry, and taxpayers in this
25 community are no more tolerant of that than they are in any other part of the country.

26 COMMISSIONER DAHLMAN: I wasn't implying that they are. I think
27 the point of my comment was really that we have created, through those acquisition rules,
28 the demand, both within the federal government and within the companies themselves for
29 accountants, lawyers, all kinds of people who specialize in regulations for which there
30 may not really be any need in order to do business in a sensible and effective way.

31 MR. FROST: It's very interesting, before I was elected to Congress, my
32 wife was a civilian employee of the Defense Department. She worked for DCSR and she
33 worked in the exact type program that you are talking about, and I am very familiar with
34 the excessive regulation and some of the internal problems in the Defense Department and
35 we clearly should look at that.

36 COMMISSIONER DAHLMAN: Thank you.

37 COMMISSIONER MAY: That has been one of the major concerns that
38 we've found in the defense industry, in trying to move into the commercial world.

39 Congressman Frost, we really appreciate you taking the time to share your
40 views with us today and wish you the best. Thank you very much.

41 MR. FROST: Well, I thank you, and I would only conclude that no subject
42 is more important to this particular community right now than what you are dealing with
43 today. This is a community in transition.

44 This is a terrific community with a lot of very qualified, competent

1 professionals, both in terms of white collar and blue collar workers, and this is a
2 community that is crying out for some solutions, and I thank you very much for your
3 being here.

4 COMMISSIONER MAY: Thank you. Mr. Hanley, can we take a five-
5 minute break?

6 MR. HANLEY: We sure can, yes, sir.

7 (A brief recess was taken.)

8 MR. LAYNE: My name is Richard Layne. I was, of course, at this
9 morning's meeting and I am beginning to get a different perspective on quite a few things.
10 I am a small business owner. I own a machine shop and I do work for General Dynamics
11 and other defense companies. We are talking about the ramifications of defense
12 employees being laid off, people losing their jobs.

13 I believe if we take a larger view, that we're going to find out that there's
14 not a person in nine states that's not affected by the defense cuts, because these jobs are
15 going to filter down. The unemployed are going to go into other fields, and that's going
16 to create that. There have got to be other interventions.

17 The larger companies are downsizing. They are adjusting their growth.
18 They've got to cut back, cut costs. The small businessman is now going to have to take
19 the burden of that and be supported by other agencies. We've got to be able to come in
20 and have our companies grow and to have our ability to manufacture enhanced.

21 I feel that there needs to be a closer communication between the local, state
22 and federal agencies with small business. I feel that some of the regulations in SBA loans
23 should be looked at to help the small businessman to obtain these loans instead of
24 hindering him. Right now, I am actively seeking an SBA loan, and we've had a fine
25 education at it.

26 The banking regulations -- we pay our bills on time and we've always paid
27 our notes and we've always honored our agreements with the banker, but we are sole-
28 source right now of General Dynamics. We had the Comptroller come in, the Comptroller
29 of Currency, that's his title.

30 He looked at our account. He said, "Well, yes, you're on time. You've got
31 money in the bank, but you know, you are a risk because you make your living in the
32 defense industry." Therefore, he put me as a risk.

33 We now have until November to either get an SBA loan or go find us a
34 new banker. I think instead of having that attitude, there should have been some type of
35 working relationship to see what we could do to diversify. I understand that this
36 committee is looking at those things and I appreciate those things.

37 This is about Texas right now, but as I've said, this is more than Texas.
38 This is nine states. We're going from a Texas economy, a United States economy, to a
39 world economy. We have got to be educated in how to do business in the world market.
40 If we are not, we will not survive.

41 I've been in this business for 25 years. I've owned my own business for 11
42 years and I've run other businesses. I've worked at Bell Helicopter. I've worked at GD
43 and many numerous commercial houses.

44 I've watched the manufacturing base of this country shrink. We are letting

1 foreign countries take over our manufacturing capabilities. We're going to be sitting here
2 one day and we're going to have to buy other people's hardware so that we can do a
3 communications job or even rent someone else's tractor, someone else's farm implements.

4 We're going to have to use someone else's drill bits to even search for our
5 own energy sources. If we don't stop the deterioration of our manufacturing base, we will
6 rue the day. It is very important for us to have that.

7 I have learned quite a great deal since being brought into this by Mayor
8 Granger and everyone and I really appreciate it. I feel like we need communications so
9 that we can get in, and instead of shoving small business down or causing small business
10 to be over regulated, say, "Look, let's work closely. Let's take these people from the
11 larger companies and let's filter them down."

12 They may not be making aircraft parts. They may be making parts for
13 automobiles or parts for anything. We may take these parts and market them overseas,
14 but at least we have not lost that skill base. I've watched people that have years of
15 experience, and they are retired or they are going to be retrained, and they'll be lost to this
16 field.

17 We do not have a substantial educational program at any level to retrain
18 skilled labor. Hopefully, we will attain it.

19 COMMISSIONER MAY: Thank you very much, Mr. Layne. As you
20 know, we got together earlier today. Perhaps you did learn a lot from the discussion that
21 ensued, but I want to assure you, we learned an awful lot from you and your wife about
22 the small business problems.

23 I think one of the learning outcomes for all of us has been that small
24 businesses -- if we didn't know it before, we know it now -- are the backbone of the
25 economy, and if we want to create jobs, small businesses are the organizations that are
26 going to create jobs; and, certainly, that's one of our objectives, to make some suggestions
27 along those lines, so we certainly appreciate you putting your comments also on the
28 record.

29 I will ask if any of my fellow Commissioners have any comments?

30 (No response.)

31 COMMISSIONER MAY: Thank you, Mr. Layne, and good luck to you.

32 MR. LAYNE: You all have a nice day.

33 MR. HANLEY: Thank you, Mr. Layne. The next witness is Dr. John
34 Mills from the University of Texas at Arlington.

35 COMMISSIONER MAY: Dr. Mills, welcome.

36 DR. MILLS: Thank you. I will allow my colleague to get set up. I have
37 a presentation for you. My name is John Mills. I am the Director of the Automation and
38 Robotics Research Institute, which is part of the University of Texas at Arlington, and I
39 am the holder of the Fort Worth Chamber Foundation Chair in Automation and Robotics.

40 What I'd like to do today is tell you some of the things that the Automation
41 and Robotics Research Institute or ARRI, as we like to be called, is already doing for
42 defense conversion, not with programs that were specifically earmarked for that, but with
43 programs that we have acquired and are putting in place for other reasons.

44 What I'd like to do is briefly go through a background on UT Arlington and

1 ARRI with two or three slides, just highlighting things, because the facts are there for you
2 to read when you get the presentation and hard copy, and then talk about our mission and
3 what we are doing, and some ideas that perhaps could improve or make the transition
4 easier.

5 Suffice it to say that UT Arlington is a full-service, large, urban university
6 in the heart of the Metroplex. We are the second-largest university in the UT system.
7 We'll go on.

8 (Slide)

9 ARRI is part of that. I answer to the Dean of Engineering and hold a
10 position of equivalent to a department head in his executive council. We are focused on
11 manufacturing because we believe manufacturing is one of the economic drivers of the
12 nation and particularly this area in the Metroplex. Next one.

13 (Slide)

14 What I'd really like to point out is that we made ARRI out of a series of
15 partnerships. Initially, ARRI started off with the university, industry and the state getting
16 together and creating it about seven years ago.

17 Industry put up about \$11 million for building, land and some endowments.
18 The university provided faculty and students to get it going. The state has been providing
19 operating funds to the tune of \$1 million a year for the last six years, I believe it is.

20 That partnership has continued because we have a membership program
21 where large companies pay up to \$50,000 to join us, and we use executives from those
22 companies to steer us both in technology and fiscally.

23 We have also been working closely with other organizations in the state,
24 notably the Texas -- TTEN is the Texas Technology Extension Network, which we helped
25 the Department of Commerce win money from NIST to put that network into place, and
26 I'll talk a little bit about that later.

27 We've also been developing close partnerships with organizations like the
28 Small Business Administration, the Defense Logistics Agency, the National Center for
29 Manufacturing Sciences and the Department of Energy, and I'll talk a little bit about those
30 later.

31 Two new partnerships we put in place is the North Texas Technology
32 Alliance, which all of the local community colleges and ARRI, we got together to make
33 sure that we complemented each other on training programs and that has then emerged
34 into where ARRI is now being used as a resource for faculty and local community
35 colleges to come and work at ARRI, learn about new, advanced technologies that we are
36 doing research in and transferring to industry so they can go back and put those into their
37 training programs.

38 We started to do the same thing with the Fort Worth Independent School
39 District under the Vital Link Program. This summer, we had four high school teachers
40 and two high school students working at ARRI, learning about some of our advanced
41 technologies and going back and relating that to what they are teaching to high school
42 students. That's an important point to make there, that we are a partnership. We're
43 just not an individual group.

44 These are some of ARRI's industrial partners. I'm not going to dwell on

1 that. I don't expect you to read it. It's just to show you that we've got a lot of different
2 companies we're working with. Next one.

3 (Slide)

4 Another partnership that we had that's fairly unique is that we have full-
5 time professional staff who have Bachelors and Masters in engineering working together
6 with faculty and with students. We have another partnership there that's working very
7 effectively.

8 Our mission, that tells you about what we are, what we are trying to do,
9 and the mission that we've set is to help our companies, members and customers, become
10 what we call world class. There's lots of definition of that.

11 What we like to think of is three simple words. We want to make
12 companies faster, better, cheaper. Another way of looking at it is we want to make our
13 customers become competitive on the global marketplace.

14 Opposed to that, from the point of view of this Commission, is that we've
15 got a program which is providing assistance to companies to help improve their
16 operations, not forcing technology on them, but just helping them in how to do that. I'll
17 talk about that in a bit more detail later.

18 We provide education and training, not only to the students but also to
19 employees of companies under contracts, and in addition to that, we've found that that's
20 usually not sufficient. We go in with the trainers afterwards and work with the company
21 employees and show them how to implement what they've been learning in the courses.

22 We have a fairly aggressive technology transfer program and I'll talk a bit
23 more about that in a minute and, of course, we do research and development, but that's
24 subsidiary, really, to a lot of our other missions.

25 Some of the things that we're doing that relate to the defense conversion
26 program are shown here. We've got one person working with the Fort Worth Chamber of
27 Commerce and I believe there was some deposition about that earlier today, in their
28 planning phase. They are very much involved in Fort Worth's efforts to plan for this
29 conversion program.

30 The Department of Energy's technology transfer initiative, we are very
31 much involved in that. We have a workshop next week to plan out how various partners
32 in that tech transfer initiative can cooperate, and I'll talk about our role in that in a little
33 while.

34 The Defense Logistics Agency -- we have a Procurement Technical
35 Assistance Center at ARRI for Tarrant County. We have just been told that we will
36 probably get a renewal, which is for a larger area, which I believe Don has called the
37 Crosstemperish(phonetic), and that is providing assistance to companies to bring an
38 increasing share of the declining market, so to speak, into the Tarrant County area.

39 Those same people who are running that program -- and Don is overall in
40 charge of that -- is working with the small business liaison officers of the contractors in
41 this area, trying to understand their needs and requirements for small business so we can
42 help them in a mutually beneficial manner.

43 The National Center for Manufacturing Sciences has a large program for
44 technology transfer and I'll talk about that again. I've talked about the North Texas

1 Technology Alliance. The Small Business Administration is providing us with funds
2 where we will provide management and technical assistance to small companies.
3 Although that has not been focused on defense transition, we believe it could be used to
4 help those companies who are having problems.

5 The Texas Technology Extension Network is put together with the Texas
6 Department of Commerce with our help. I serve on their advisory board. There, we are
7 trying to put together a network of resources that companies can come and use.

8 Okay. Some of the opportunities that we see from our viewpoint in defense
9 conversion, and I was interested in your questions about the relative importance of
10 training versus job creation. We believe that equally important, and education and
11 training happens to be first there because of an organization of a logistic matter. They are
12 really not the first and the second there.

13 We think that we'd like to recommend that funding be found for returning
14 engineers back to universities. What we are seeing is that -- we started up, for example, a
15 UNIX class, and we were so swamped with engineers trying to learn UNIX so they could
16 move into other jobs, that we passed it over to our continuing education program, and
17 they are running full classes practically every week. That sort of thing, helping engineers
18 come back and take advanced degrees, I think that would help matters.

19 The internship program -- I heard about apprenticeships. We had two ideas
20 there. We think of our students at ARRI as interns. Perhaps, it could be a program in
21 which workers from the Defense Department prime contractors could come and work at
22 ARRI and learn about new technologies that would qualify them for better jobs which
23 have to be created.

24 Then the other idea is that perhaps we need specialized programs for these
25 defense industry personnel to train them to get into education, or even to train them on
26 how to go into consulting, because they have a lot of expertise that could be utilized by
27 other industries, but most of them really don't know how to do that.

28 Finally, the idea of high tech business start-ups, this was brought up at a
29 meeting at General Dynamics run by the Department of Commerce last year that I
30 attended, and I thought it was an excellent idea at the time, and that is, the idea is to take
31 some of the services that are existing in companies like General Dynamics for analysis,
32 simulation and so on, and spin them off as businesses with perhaps contracts for a fixed
33 period of time, declining, from the prime contractor to continue to provide that service.

34 What those people will need is help in how to start a business, so funding
35 for that kind of activity, I think, could be a very useful way of creating jobs.

36 The transitioning of distressed companies, we have two ideas that we are
37 pursuing that we think can help and perhaps federal funding could accelerate it. SIME
38 Program stands for the Small Integrated Manufacturing Enterprise Program under Don
39 Lyles, my Associate Director, and I'll talk a bit about that in a minute. The technology
40 deployment I'll also go into in some more detail.

41 Next slide, please, Don.

42 MR. HANLEY: Dr. Mills, that was the two-minute buzzer.

43 DR. MILLS: Okay. I am just about through.

44 The Small Integrated Manufacturing Enterprise Program focuses on

1 providing assistance to small manufacturers. Don, I think we'll skip the next three slides
2 and go to the last one of those.

3 (Slide)

4 We have the methodology developed. We help CEOs define their vision
5 and their strategy, help them change the culture in their organization, and then we help
6 them implement things like continuous improvement, total quality management, and only
7 then do we provide technology for solutions to problems as they arise. Next one.

8 (Slide)

9 Two programs that currently we are working with the Department of
10 Energy, we are negotiating with them to become a major technology transfer site. That
11 will create immediate jobs, which are high tech jobs, which will take some of the
12 engineers there, but as that technology gets transferred out to industry, we believe that
13 would make the local industry more competitive and that will create more jobs.

14 The National Center for Manufacturing Sciences has a similar program.
15 We're looking more at transferring existing technology. We are negotiating with them to
16 become one of their teaching factories which can do the same sort of thing. Next slide.

17 (Slide)

18 Finally, the problem we're having in getting these kinds of funding without
19 anything coming from out of this Commission is that there are very severe cost-matching
20 requirements, and we're very limited with the state funds we had to match those, which
21 means that we can't bring as much money in to help companies as we would like.

22 Some opportunities we see that exist outside of what we are doing -- the
23 super conductor/super collider program is a growth industry, when it gets funded, that we
24 see defense companies, particularly the smaller ones, could perhaps work with and get
25 contracts out of, if there was a mechanism similar to the Procurement Technical
26 Assistance Center, so that's one idea.

27 The North American Free Trade Agreement is going to provide work in this
28 area, and that's another possibility. A third possibility is the International Marketing
29 Initiatives that both the Dallas and Fort Worth Chambers are working on to see if they can
30 stimulate trade and, therefore, create new jobs in this area.

31 (Slide)

32 I think the last slide is a wrap-up. Our approach has been proven to work.
33 At the back of the package that you received, there are five letters that are from
34 companies we've actually helped, and that will describe the sort of help that we've given
35 them. We're already doing that.

36 We think we could accelerate the program if there was more funding
37 available and if the cost-sharing requirement was eliminated to cover those existing
38 programs. Thank you. I will be happy to answer any questions.

39 COMMISSIONER MAY: That was a very interesting presentation. You
40 touched, Dr. Mills, on a lot of the subjects that we talked about, tech transfer, job
41 creation, helping small businesses and so forth. The literature that you give us, will it
42 help us understand how you measure success?

43 One of the problems we're having with today's programs is trying to come
44 to grips with whether or not they are successful in a measurable sense, not just successful

1 in terms of getting students in the front door and out the back door, but they are really
2 creating jobs. They are adding to the national wealth, et cetera, et cetera. Can you
3 provide us with that kind of hard data?

4 DR. MILLS: Well, for example, the money that we brought in has created
5 about 30 jobs in our Institute as direct evidence of that, but also, in some of the
6 companies that we've helped start up and have spun off from has created about another 20
7 jobs. We are a very young organization, so that's a reasonable expectation at this point.

8 We have several technologies in another company poised to spring off and
9 start selling some of that technology, so we are starting to see that sort of benefit coming
10 out.

11 Talking about helping small companies, some of these letters talk about
12 specific measures where we've directly impacted their bottom line, where we've impacted
13 their productivity, and they talk about that in these letters. Maybe Don has some of the
14 specifics. I don't have those at my fingertips.

15 COMMISSIONER MAY: We also -- and I think I mentioned it earlier --
16 heard a lot about technology that the federal government has supported that is in our labs.
17 I see you have a program or perhaps had a program with DOE.

18 DR. MILLS: Right.

19 COMMISSIONER MAY: Have you done anything along those lines?
20 Have you tried to work with the various federal programs to facilitate getting technology
21 out of the labs and creating spin-off companies, commercialization of that technology?

22 DR. MILLS: That's what this workshop that's being held at ARRI next
23 week will be starting for us.

24 COMMISSIONER MAY: You're just getting started in that area.

25 DR. MILLS: We're just getting started. This is about a \$60 million
26 program with five of the National Labs participating.

27 General Motors and Pratt & Whitney are also involved in that, and that's
28 specifically to take the technologies that are in those labs, the manufacturing technologies
29 now, and move that into organizations like ARRI and set up mechanisms that can help
30 move that technology out.

31 One of the things we're talking about is that a lot of the small companies
32 are not ready for that technology. Don meets that every day when he's talking with the
33 small companies, and so his program would really deal with bringing the companies from
34 where they are up to the point where they can accept them. There are a few companies
35 who can do that, but the majority we find are not quite ready to take that advanced
36 technology yet.

37 COMMISSIONER MAY: Okay. Well, that's very interesting. We
38 appreciate your presentation. We look forward to reading your material. Does anybody
39 have a quick question? Michael?

40 COMMISSIONER KNETTER: Yes. I was wondering how much of your
41 effort is devoted toward informing small companies about marketing and distribution.
42 One of the things we run into when we talk to small companies is, "Gee, I worked in the
43 defense industry. It was always easy. I had a single buyer. I didn't have to look.
44 Everything was done on a contract basis."

1 What those firms have a real hard time with is, "How do I get plugged into
2 marketing and distribution?" Do you try to bring that sort of resource to them, as well?

3 DR. MILLS: We have not done that, but there is no reason why we
4 couldn't as part of our assistance program, bring in marketing expertise from the university
5 or from the junior colleges. I don't see a -- do you see a problem with that?

6 Don is the one who runs that program, so that's why I asked him to come,
7 if we had questions I couldn't answer. I think that's a possibility but we have not done
8 that. We have focused, as I say, in helping mostly manufacturing companies improve
9 their operations, including their business operation.

10 COMMISSIONER MAY: We have one more question for you, Dr. Mills.

11 COMMISSIONER: Unfortunately, we don't carry around buckets of money
12 or I think we would be really popular. I understand you are asking for funding and I
13 don't know how helpful we can be in that regard. I'm interested in whether you've
14 thought about ways of replicating your program elsewhere, because that certainly would
15 be a measure of success.

16 DR. MILLS: We've had one request to replicate this down in the Rio
17 Grande Valley from one of the Deans of the Engineering School down there, but that was
18 only a few weeks ago and so we have not thought about that. It has passed through our
19 minds that is a possibility and I do not think the university management is averse to that,
20 but that's as far as we've taken it.

21 As far as asking for money, no, I'm just recommending that it would be a
22 good way to spend some money, and then we'll compete, as everybody else would.

23 COMMISSIONER MAY: Thank you, very much, Dr. Mills, for a very
24 interesting presentation.

25 COMMISSIONER DUBE: Mr. Chairman, one quick comment, and it's a
26 general one. I very much encourage you, as you get more mature in this and as you get
27 success stories, that you document those and find some way to sell, you know, the impact
28 of this thing in terms of why this is money well spent and money that gets multiplied
29 several times. We really need some basis for it in making choices of how you can
30 support programs that have a real impact, and this one obviously has great potential.

31 DR. MILLS: Since the basis of my funding comes from the State
32 Legislature, I am already doing that and I will put some information together for you on
33 that.

34 COMMISSIONER DUBE: That would be great, wonderful.

35 COMMISSIONER MAY: Thank you very much, Dr. Mills.

36 MR. HANLEY: Our next witness is Ms. Susan Regester, who is the
37 District Representative of Congressman Joe Barton, from the 6th District.

38 COMMISSIONER MAY: Ms. Regester, we are very happy to have you
39 hear today. We heard at one time that the Congressman was going to be able to make it.
40 I understand he is not able now and we are very happy to have you represent him.

41 MS. REGESTER: Thank you. I am going to read a statement that he has
42 prepared.

43 I appreciate the opportunity to submit testimony to the public hearing held
44 by the Defense Conversion Commission. I commend the job the Commission is doing

1 and I am confident the results and recommendations will be helpful to the citizens and
2 economy of the greater Fort Worth area.

3 There is no doubt the structure of the U.S. Armed Forces will be
4 dramatically different in the coming years. The defense industry needs to be creative in
5 responding to restructuring our defense needs.

6 However, we cannot lose sight that we won the Cold War and the Persian
7 Gulf War through strength. The U.S. cannot retreat to the days of the 1970s where the
8 U.S. Armed Forces were not totally ready. The greater Fort Worth area has been a model
9 linchpin in our nation's defense.

10 As we move from a confrontational stance with the Soviet Union to a more
11 peaceful world, I will work to ensure that the Fort Worth defense industries do their part
12 in supplying our nation's defense with the weapons and aircraft it requires to meet the
13 changing national security needs.

14 There are a number of programs, such as the V-22 and F-16 that are vitally
15 important to the citizens and economy of Tarrant County and to our nation's defense.
16 General Dynamics recently announced plans to lay off an additional 5,800 employees by
17 the end of 1994 because of the phase-out of the F-16.

18 General Dynamics is one of the largest defense industry employers with
19 31,000 employees in the 1980s. By the end of 1994, General Dynamics will employ only
20 13,700 people in the greater Fort Worth area unless the F-16 program is expanded.

21 The F-16 is the primary advance fighter plane used by the United States Air
22 Force for the past 13 years. It is now confronting discontinued procurement due to a
23 shrinking military. The Air Force would like to continue low rate production of this
24 system for the next five years; however, many Congressional leaders do not believe this is
25 necessary to our continued defense needs.

26 Work has just recently begun on the development of the next generation
27 American fighter, the F-22, which is not scheduled to go into production until the late
28 1990s. The United States needs to maintain, at least minimally, our air defense
29 capabilities until this new fighter can be properly tested and put into place.

30 Another key to continued F-16 production is foreign military sales;
31 however, international purchases are contingent on continued procurement of the F-16 by
32 the United States. Commitment to the F-16 production could generate as many as 351
33 foreign military sales, translating out to \$13.1 billion in positive trade balance and the
34 maintenance of the full work force of 920,000 American jobs across the country.

35 Over the past couple of months, the United States has been reviewing the
36 possibility of selling 150 F-16s to Taiwan. A sale such as this would alone generate a
37 direct economic impact of \$3 billion and would create approximately 11,000 jobs.

38 Bell Helicopter, a prime contractor of the V-22 tiltrotor, has also been
39 experiencing severe layoffs. In April of 1989 at the height of funding for the V-22, Bell
40 employed 2,389 people in the Fort Worth area. Today, due to cancellation and delays in
41 the funding the V-22, Bell Helicopter employs 701 people, a 340 percent decrease [sic] in
42 jobs for our area.

43 As we look at reductions in the defense budgets, the military force structure
44 and the defense industrial base, programs like the V-22 become significantly more

1 important. By examining ways to convert segments of the defense industry, the V-22
2 program offers a built-in economic conversion with its dual-use technology. The V-22 has
3 the -- potential to revolutionize aviation, both its military and commercial application.

4 Civilian uses for the V-22 tilt-rotor technology include improved air service
5 in rural communities underserved by commercial and commuter airlines, improved access
6 and shorter travel times for air passengers to urban areas served by congested airports,
7 emergency relief, and ---

8 (End tape 2, side 1.)

9 MS. REGESTER: potential to revolutionize aviation, both its military and
10 commercial application.

11 Civilian uses for the V-22 tilt-rotor technology include improved air service
12 in rural communities underserved by commercial and commuter airlines, improved access
13 and shorter travel times for air passengers to urban areas served by congested airports,
14 emergency relief, and industrial development in the absence of sizeable air and ground
15 infrastructure. In addition, the development of this technology has the potential for
16 international sales. This, like the V-22 Osprey, is an example of a true peace dividend, an
17 investment in national security that will pay larger national returns as the commercial
18 potential of its spin-offs are realized.

19 In the changing post-Cold War period, the V-22 program wants funding.
20 Its military multi-mission capabilities provides it with the potential to fill many different
21 material missions. This means the cost can be amortized over a much wider base than
22 other alternatives.

23 The introduction of operational tilt-rotors is inevitable. A decision to
24 cancel the V-22 now will only increase the cost of the system later, both in potential jobs
25 and in billions of dollars in revenue and exports. We simply cannot afford to lose the
26 economic and military potential this program provides.

27 Additionally, if funded, the production of the V-22 Osprey will potentially
28 create an additional 2,000 jobs over the 1989 employment figures. Nationwide,
29 production of the V-22 could conceivably mean between 8,000 and 10,000 jobs. Just as
30 in the development of the jet engine and the helicopter, the military must take the lead in
31 the development of this technology before large-scale commercial application will be
32 realized.

33 Domestic carriers and foreign investors must be convinced the United States
34 is committed to tilt-rotor technology. Whereas continuation of vital programs like the V-
35 22 and F-16 is important, it is also imperative that we provide our defense industry with
36 the resources to make the transition into alternative industries.

37 The U.S. House of Representatives adopted a comprehensive defensive
38 economic conversion plan in the 1992 Department of Defense Appropriations Bill. This
39 bill passed the House on July 2nd by a vote of 328 to 94. While I voted for the entire
40 bill because the funding levels for the V-22 and the F-16, I am concerned about the
41 potential outyear funding levels for some of the programs contained in the economic
42 conversion package.

43 I do believe, however, that this is definitely a step in the right direction. I
44 will encourage my colleagues, both in Congress and in the Administration, to work as

1 expeditedly as possible to formulate a plan for reinvestment and conversion of our defense
2 resources while at the same time maintaining a military strength.

3 In conclusion, I want to thank you for allowing me to testify and I look
4 forward to working with the Commission in the future on implementing the proposals the
5 Commission recommends.

6 I would also like to thank the Fort Worth Chamber of Commerce for their
7 efforts in working to coordinate all levels of government, as well as the private sector, in
8 helping the Fort Worth defense industries to transition into a new world society.

9 It is vital we make this transition smooth and productive if the United
10 States is to remain competitive in the international marketplace.

11 COMMISSIONER MAY: Ms. Regester, thank you very much for taking
12 the time to deliver the Congressman's statement. Please pass on to him our regards. We
13 really aren't, for the audience, really in a position to comment on the president's program
14 in terms of weapons procurement or on Congressional decisions pertaining to those areas.
15 That really isn't in our charter, but we certainly appreciate his sentiments and the time that
16 he took to put that statement together. Does anybody have any comments?

17 (No response.)

18 COMMISSIONER MAY: Thank you very much, Ms. Regester.

19 MS. REGESTER: Thank you.

20 MR. HANLEY: The next witnesses are a pair of people, Mr. Raymond
21 Rodriguez and Francine Pratt.

22 MR. RODRIGUEZ: Good afternoon, Commissioners.

23 COMMISSIONER MAY: Good afternoon, Mr. Rodriguez.

24 MR. RODRIGUEZ: I am Raymond Rodriguez, the Chair of the Organizing
25 Council for Allied Communities of Tarrant, for short, ACT. We are an institutionally-
26 based citizens' organization.

27 Allied Communities of Tarrant is comprised of 20 congregations
28 representing 18,000 families in Tarrant County. We are ecumenical, Catholic and
29 Protestant, multi-racial, composed of black, white, Asian, Hispanic citizens, who are
30 nonpartisan, are a nonprofit organization and not related to any political party or
31 candidate.

32 Allied Communities of Tarrant believes in the values of families and we are
33 institutionally developing relationships that will empower us to act upon and reinforce the
34 values of the Judeo-Christian tradition in public life.

35 We recognize that government is not an answer, and our Judeo-Christian
36 values teach us that communities must invest in families. ACT has invested in families.
37 Allied Communities of Tarrant has worked for the development of infrastructure in
38 communities.

39 We have successfully worked for the two different, major bond elections in
40 the city for reconstruction of streets. We have invested in developing parental
41 involvement in education, thus, bringing about together businesses, school administration
42 staff and parents for the betterment of our children.

43 We have helped bring about the development of a new site for Lee Sector
44 Station, thus addressing the rise of a crime rate with a particular focus on decentralizing

1 policing activity.

2 On the state level, we have worked with the rest of the Texas IAF network
3 and their other sister organizations throughout Texas. We have helped develop and pass
4 legislation for indigent health care, state utility reform, and also bringing about water and
5 sewer services to areas of South Texas.

6 I could stand here and go on and tell you of the many other issues that our
7 organization is involved in. There are many others, both locally as well as state. What
8 we are here today is to address you, give you what we have and what we feel is our
9 current issue, working on a solution that will work towards this problem that is
10 tremendously impacting our Tarrant County now.

11 With this, I'd like to present to you Ms. Francine Pratt, the co-chair of our
12 Jobs Committee. Ms. Pratt.

13 COMMISSIONER MAY: Thank you, Mr. Rodriguez.

14 MS. PRATT: Thank you very much. Good afternoon, Commissioners.
15 My name is Francine Esposito Pratt. I am a professional social worker employed at North
16 Side Inner Church Agency, called NICA, which is located in North Side, Fort Worth, to
17 assist northwest Tarrant County residents with emergency needs.

18 People come to NICA daily, suffering from the pain and depression of
19 unemployment and under employment, which translates to the lack of a livable wage that
20 will enable them to minimally maintain their families.

21 Recently, we've been seeing a lot of folks who have been employed at a
22 high wage that have lost everything because they've been unemployed for a long time.
23 We participate in ACT because we want to help these folks learn how to have power for
24 themselves.

25 I lift up to you today one component of the job training and economic
26 development plan of Allied Communities of Tarrant. This component gives a reasonable
27 solution to offer and manage job training in a realistic manner. We should have already
28 done this plan for a conversion but we didn't plan for the Cold War to end.

29 ACT thinks it's not good enough simply to leave these folks who fought the
30 war out in the cold. We believe we have a plan to address this issue. This individual
31 training account program is a G.I. Bill for the Cold War. It brings several elements
32 together.

33 First, who is the program's target population and what are their common
34 problems? Second, what job training systems currently exist and what are the inherent
35 obstacles faced by their users? Finally, what characterizes a successfully integrated job
36 training program? How will it be funded, and how can it be managed?

37 The target population is mixed: Unskilled, semi-skilled, and low to
38 moderately-waged blue and white collar workers are included in this group, but we are
39 here today to focus on the more highly-skilled defense workers who have been and will
40 continue to be laid off.

41 They share the problems of company-specific skills which are difficult to
42 translate into the needs of other industries, and gaps in personal financial resources
43 whereby they have insufficient savings for long-term unemployment and an inability to
44 pay for retraining.

1 The existing job training system is fragmented in a mix of federal, state and
2 local funding. Tarrant County offers services through the Job Training Partnership Act,
3 which is administered by two local programs, the City of Fort Worth's Working
4 Connection and Tarrant County's Employment and Training Administration. These efforts
5 are overseen by two separate private industry councils.

6 ACT has identified obstacles to the existing system, which include funding,
7 regulation difficulties, and an inability to individualize the training.

8 The ACT Individual Training Account Program is designed to address the
9 needs and desires of individuals, not groups of people. It includes the financial means for
10 them to participate. Training is linked to a job contract and program funding is linked to
11 more than one resource.

12 Our sister organizations, COPS and Metro Alliance in San Antonio, have
13 established a pilot program to address that community's particular needs. It should be
14 noted that particular program is not a conversion program, although state and federal
15 funding are providing dollars for that program.

16 Although ACT's program is similar, it is specifically designed to meet the
17 unique situation faced by Tarrant County. Four components support the program.
18 Employer/employee contracts commit a job at the end of the training period and allow for
19 employer-contributed funds or part-time jobs while in training.

20 The standard for training and the training itself is designed by employers
21 and educators. Assessment and case planning is done through a personal counselor who is
22 assigned to work throughout the process with both the participant and the employer.

23 In addition, although the training is tailored to the specific needs of the
24 company, it includes more general, transferrable skills, as well. It is important to redirect
25 federal funding for a program of this nature. Federal funding must be made available to
26 secure a successful effort. The management aspects of the program also need to be
27 worked out more clearly, and you'll see more about the plan in the packet that you each
28 have.

29 In conclusion, I want to address two concerns. One is that just because we
30 endorse training, we are not ignoring the need for the creation of new jobs. In fact, we
31 think this G.I. Bill for the Cold War will attract highly skilled industry to Fort Worth and
32 Tarrant County.

33 It is not enough to talk about family values. We must support families in
34 their times of crisis. The Individual Training Account is part of the support needed in our
35 community today. Thank you.

36 COMMISSIONER MAY: Thank you very much, Ms. Pratt. I want to
37 thank both you and Mr. Rodriguez for an excellent presentation. It seems like you
38 represent a group that is dealing with the basic values that have made this nation great,
39 this state great, and I applaud you for that effort.

40 I also want to apologize for any inconvenience we may have caused by
41 administratively leaving you off the schedule today, but I'm glad we were able to
42 accommodate your availability and get you on the podium.

43 I do have one question. I think you were telling us that there were
44 obstacles in the way of the current job training partnership ACT program from working

1 properly. In our package, we have some specifics on that, because I'm sure we'd be
2 interested in those specifics.

3 One of the things that we hope to accomplish is to determine how well
4 present programs are working and to make recommendations to make them work in
5 accordance with the original intent. Some programs may have strayed from that original
6 intent. Is that a fair statement?

7 MS. PRATT: Yes, I think so. If you would like to have some additional
8 information on some specific folks that we've tracked through the systems that are
9 currently in operation, you can call the ACT office and find out from them which
10 subcommittee would be working on that. We've collected that.

11 COMMISSIONER MAY: Okay. There is at least another question here.

12 COMMISSIONER DAHLMAN: I am really interested in the ITA program,
13 the Individual Training Account Program and you said it's worked in San Antonio. From
14 reading quickly the material you've given me here, it seems that in San Antonio, they used
15 the Wagoner-Pizner (phonetic) money, which there's not a lot of that available, but they've
16 also had the local PIC certify some of the training activity that was done under the ITA
17 Program as allowable.

18 Have you had any problems getting reimbursed by the Department of Labor
19 under Title III for those kinds of activities?

20 MS. PRATT: From my understanding from the folks in San Antonio, they
21 have allowed JTPA money to be redirected just for the training portion of it, and city
22 general revenue funding was available for the stipends, and Wagoner-Pizner was available
23 for the administration costs, so there was about seven and a half million dollars put into
24 that.

25 COMMISSIONER DAHLMAN: I see. It's an interesting program, because
26 it works very much as a voucher program except you also reimburse for on-the-job
27 training; whereas, a voucher program typically would be for schoolhouse training.

28 MS. PRATT: Both, and I think the other thing that I think is really
29 important is the individual has control of the account.

30 COMMISSIONER DAHLMAN: Right. Another question that I had is a
31 lot of the, certainly prime contractors among the major companies that we've talked to
32 have transition funding for their workers as they let them go, some of which goes to job
33 training.

34 Are you aware of how much money would be available there, because in a
35 sense, that is an Individual Training Account that the company extends to an employee
36 that is about to be laid off.

37 MS. PRATT: Through a Career Transitions Program or something like
38 that?

39 COMMISSIONER DAHLMAN: Yes.

40 MS. PRATT: From the Department of Commerce?

41 COMMISSIONER DAHLMAN: No, from the company's funds.

42 MS. PRATT: Okay.

43 COMMISSIONER MAY: Up to \$6,000, we've been told by some
44 companies, are made available to their employees who are being let go for retraining

1 education. Your question is whether they are aware of that money.

2 MS. PRATT: Some of them have that availability but sometimes it's not
3 enough to do the training and provide a livable wage while they're in training. Also, most
4 of the folks that we've worked with haven't planned to be laid off, even though they know
5 it's coming.

6 It's like being in denial, you know. They don't plan and they hang on and
7 hang on. Then when they're laid off, they'll think, "Well, I'll get called back or something
8 will come up," that's going to provide me a higher wage, and there's not anything that
9 comes up, and then they start losing their assets.

10 COMMISSIONER DAHLMAN: That issue of denial is one that comes up,
11 both in base closure communities and in companies affected by drawdowns, you know,
12 both the communities with the base closures come up and the companies that are facing
13 the drawdown. The management in that company often faces a period of denial, too. It's
14 a very human reaction that I think all of us have.

15 But I was interested in the Individual Training Accounts, that the
16 companies, when they do give out money to their own workers, that can be used by that
17 worker for his own training, if you know anything about the effectiveness and the extent
18 of that kind of program.

19 MS. PRATT: So, where it can be plugged in, it would be plugged in.

20 COMMISSIONER DAHLMAN: Right. Thank you.

21 MS. PRATT: Thank you.

22 COMMISSIONER MAY: Any other questions?

23 (No response.)

24 COMMISSIONER MAY: Thank you very much.

25 MS. PRATT: Thank you.

26 MR. HANLEY: The next witness is Mr. John Daeley from Senator Chris
27 Harris' office.

28 MR. DAELEY: Good afternoon, Mr. Chairman, and ladies and gentlemen.

29 COMMISSIONER MAY: Good afternoon.

30 MR. DAELEY: My name is John Daeley and I live in Arlington, Texas,
31 and I am a member of the staff of State Senator Chris Harris. Among his other committee
32 assignments, in the last session of the legislature, the Economic Development Committee
33 and, in the interim period, he is serving on the Interim Committee on Economic
34 Development.

35 In spite of his strong personal interest in these features, the economic well
36 being of the metropolitan area, Sen. Harris is unable to be here today and, therefore, I am
37 in his place.

38 He wishes me to express his appreciation to the Commission for holding
39 this hearing in Fort Worth and giving the Metroplex an opportunity to give their problems
40 forward and express their concerns regarding the impact of these recent reductions in
41 Department of Defense programs in the area.

42 At this point, I would like to present Sen. Harris' testimony, as he would
43 present it if he were here:

44 It is certainly no secret in the North Texas area that the Dallas/Fort Worth

1 Metroplex has been on the receiving end of an economic triple-whammy during the last
2 several months. The general economic recession has been felt in this area in most
3 respects, the same as the rest of the nation.

4 Coming as it did with a major dislocation in the petroleum industry and
5 dramatic reduction in real property values, our people have shared this downturn with the
6 other parts of the nation, and now we must add two other factors to the equation, massive
7 reduction in defense manufacturing projects in our area and the closing of Carswell Air
8 Force Base.

9 We happily celebrate the end of the Cold War and we are as thankful as
10 our fellow Americans that the possibility of nuclear war has been diminished dramatically
11 and we can now expect peace in our time, at least between the major powers in the world.

12 We can appreciate the fact that this event will result in a major reduction in
13 the need for weapons and their support systems. We understand the need for realignment
14 of forces and related reduction in base structure, and we also share the pressure of the
15 economic downturn that has impacted the entire nation.

16 We are pleased that most, if not all, the economic indicators now seem to
17 point upward. The economy of this area is so closely tied to national defense programs
18 that when a weapons system contract is completed or cancelled, our people experience
19 extensive layoffs and dislocations.

20 The entire North Central Texas area suffers. The list of major weapons
21 systems contractors and their subcontractors and suppliers reads like a "Who's Who" of
22 Metroplex industry and business.

23 Carswell Air Force Base has been a feature in West Fort Worth since the
24 early 1940s. For over 50 years, that installation has added millions of dollars, thousands
25 of jobs, to our economy. Carswell has become an integral part of our community and will
26 be a difficult loss to absorb, and not only from the economic point of view. We are
27 losing a vital part of our community.

28 We have a rather extensive history of successful conversion of closed
29 military bases across the country. Many of the shuttered installations now provide as
30 much economic benefit to their surrounding communities as they did as active military
31 installations.

32 However, few, if any, of these activities shared the local civilian
33 community with not one, but several, major defense manufacturers that are themselves
34 being reduced in activity and scope. This situation adds significantly to the economic
35 impact of military drawdown in our area.

36 This area has been impacted by the recession, as well, as I mentioned
37 before, perhaps not as heavily as some other parts of the nation, but nevertheless, we have
38 unemployment problems, we have business downturns, and we've experienced the effects
39 of a sagging economy.

40 We will survive. There is no doubt about that. This area will survive these
41 economic blows, but the question is: How can we mitigate the impact on our citizens?
42 What can be done to make the transition to a civilian economy? How can we provide the
43 high-tech jobs to enable this outstanding workforce to continue to make a contribution to
44 the economic health of our region?

1 In my opinion -- and this is Sen. Harris speaking -- there is a need for
2 increased sensitivity to the total consequences of proposals considered to move
3 manufacture and assembly of aircraft and other defense items offshore.

4 The impact on our national security is beyond the scope of my expertise,
5 but the resultant loss of jobs and economic hardship is of great concern to me. Until such
6 time as new products are developed to make use of the plant and labor force being
7 displaced, it seems only prudent to make maximum use of these assets to meet the needs
8 of other countries and not export those jobs and the related technology.

9 As you examine proposals for converting Carswell and the major plants in
10 this area, I urge you to avoid some of the policies of the past when the economic
11 consequences were not quite so widespread. Specifically, the urge to reclaim sunk costs
12 of these facilities should be avoided. The potential --

13 (End tape 2, side 2.)

14 -- for their use is limited only by the imagination of entrepreneurs. This potential can be
15 lost, however, if undue limitations are placed on the uses of the property, it is made too
16 difficult to obtain access, and the costs to new users are too high.

17 This is not a "business as usual" situation and should be given the special
18 treatment it needs for recovery. The very title of your commission--Defense Conversion
19 Commission--is indicative of the responsibility of the federal government as we convert
20 our forges and anvils into tools to build plowshares instead of swords. The action taken
21 to maintain the hospital by a unique public-private partnership with the local Osteopathic
22 medical community is to be commended. It would appear that similar initiatives could be
23 used to keep the Commissary and other services available to those individuals in this area.

24 New economic forces and new international programs are often the source
25 of new business opportunities. An example is the potential for new business that could
26 follow the passing of the Trade Treaty with Canada and Mexico. International free trade
27 zones have been established for air freight activities around Dallas-Fort Worth
28 International Airport and are proposed for Alliance Airport in Fort Worth. There is
29 however, no similar free trade collection and distribution center for rail and truck
30 transported goods. This in spite of the fact that two-thirds of the trade with Mexico now
31 passes through Texas. Carswell offers an excellent site for assembly and distribution of
32 goods, having both rail and truck access. We recognize that changes in the intra-state
33 trucking regulations, which is a Texas problem, would be involved to insure competitive
34 rates.

35 Before any new federal facility is built in this area, or any new leases are
36 signed for federal occupancy of real property, I recommend that the agency involved be
37 required to certify that there is no facility at Carswell that could be used in its present
38 configuration or modified for use if not presently suitable. I'd like to mention just one
39 example of that potential and that is something that happened before Carswell came online
40 for downsizing and that is the construction of the DEA Aviation Maintenance facility,
41 that's now underway out at Alliance Airport. Certainly that sort of thing would be ideal
42 for use at a downsizing or dislocated Air Force Base.

43 We also believe that special consideration should be given to state facility
44 requirements for such uses as substance abuse treatment facilities, or other low to medium

1 security criminal justice installations. Since the name of the game is "conversion," it
2 would seem appropriate to include grants to assist in the conversion of these facilities to a
3 new mission.

4 I know you are aware of the activities of the local Task Force that was
5 formed in response to the Carswell closing. Local government and business are working
6 hard to meet the challenge presented by the circumstances, and it is a shared
7 responsibility. They will do their part to bring our economy back. However, they look to
8 this administration to exercise the consideration and concern for our people that their hard
9 work and faithful performance over the years has earned for them.

10 Since we prepared the above comments our nation has been battered by
11 Hurricane Andrew. Approximately 20 lives were lost and billions of dollars in damage
12 were suffered by the communities in Florida, Louisiana, Mississippi and other states in the
13 path of this devastating storm. And here I may be talking to the wrong group but I
14 wanted you to hear it anyway.

15 Among the casualties of this storm is Homestead Air Force Base, Florida.
16 Network television pictures of the base showed near total devastation. The news
17 commentator described the facility as being totally destroyed with no building on the base
18 left undamaged. Among those losses described was the complete "blow out" of the base
19 hospital. In his on-camera interview, the commander stated that nothing had been left
20 undamaged on the base and that his immediate goal was the reconstitution of the base so
21 the mission of the base could be accomplished.

22 It is apparent that the reconstitution of Homestead Air Force Base has the
23 potential to cost hundreds of millions of dollars, and will take years to accomplish. Any
24 construction in the south Florida area of the magnitude involved in a complete base
25 reconstitution would add extreme stress to an already strained construction industry. I
26 believe it would be safe to say that the result of this combination of factors would be
27 highly inflationary for the entire area.

28 The Department of Defense is now in the process of closing a number of
29 installations, some of which are complete air bases with all facilities and amenities in
30 place and intact. The cost of reconstituting the Homestead Fighter Wing in one of these
31 locations would certainly be less than reconstitution in place.

32 Needless to say, I would propose Carswell Air force Base as a new home
33 of the Homestead mission if that sort of thing is appropriate. Carswell is completely
34 operational. It has everything it needs to support the people and the aircraft.

35 I understand that the base closure legislation was drawn so as to deny any
36 possibility for revisiting the closure list once the process was completed. That concept
37 obviously did not take into consideration Hurricane Andrew or any other natural disaster.
38 On the basis of this special condition it would seem reasonable for the Congress to make
39 an appropriate adjustment to the closure list without damaging the process that they so
40 carefully crafted when the program was passed.

41 In summary then, I would recommend that the mission now assigned to
42 Homestead Air Force Base be reassigned to one of the air base installations now being
43 closed. Naturally I'd prefer Carswell. In my opinion, this action would save hundreds of
44 millions of dollars in taxpayers' money while expediting the return to mission-ready status

1 of the units now without a homebase of operations.

2 Again, on behalf of Senator Harris, thank you for coming and for listening.

3 COMMISSIONER MAY: Mr. Daeley, thank you very much for that
4 presentation. Please thank Senator Harris for us. I might make one comment. The
5 business of base closures is not the responsibility of this group. We appreciate the
6 sentiments and I might mention that the Base Closure legislation requires that yet another
7 list in 1993 and another list in 1995 be submitted to the Congress by the Department of
8 Defense. These lists are supposed to take into account the drawdown in the force
9 structure that is greater than the drawdown in the base structure to-date. So I think the
10 figure is about nine percent of our facilities have been closed and we plan to go down
11 about 25-30 percent in force structure as we understand it today. So the expectation
12 would be that more bases would close and I would think that Homestead might be on that
13 list, there certainly is precedent for it, but that is beyond the purview of this committee to
14 deal with base closure issues, whether it's what happens to Carswell or what happens to
15 Homestead, but we appreciate those comments.

16 MR. DAELEY: Well, we understand that is not the function of this group.
17 However, as new and recent as this circumstance is we wanted to be on record with a
18 comment and recommendation.

19 COMMISSIONER MAY: We appreciate you taking the time to come.
20 Thank you, Mr. Daeley. Could we take a five minute break and be back at 1530 on the
21 dot?

22 MR. HANLEY: Yes sir.

23 MR. HANLEY: The next witness is Ms. Winsome Jean, from Governor
24 Ann Richard's office.

25 COMMISSIONER MAY: Ms. Jean, it's a pleasure to see you for the third
26 time. We certainly profited from the excellent meeting that we had with you and the
27 people that are involved with you on the Governor's Economic Transition Task Force and
28 we were glad to see you this morning with the Mayor's meeting and we're glad to see you
29 this afternoon. We look forward to hearing what you have to say.

30 MS. JEAN: Thank you, it's a pleasure to be here again. As Director of
31 Finance and Business Development, I'm responsible for coordinating the Governor's Task
32 Force on Economic Transition. That Task Force was created last year by the Governor to
33 look into and investigate the problems that will affect the state due to cutbacks in the
34 defense industry. In addition, the Task Force is to make recommendations to the
35 Governor about what the state can do to assist communities, businesses and workers in
36 making the transition a little bit smoother. Earlier this year, the Task Force published
37 volume one report of findings and recommendations. In that report, we conducted two
38 original studies of impacts that had never been done before. We determined, based on
39 DoD figures from 1990 to 1996, we estimated 144,000 jobs would be impacted by defense
40 cutbacks. This does not necessarily mean 144,000 terminations, but it does mean that
41 144,000 jobs will either be terminated or be affected meaning moving from part-time to
42 full-time, or jobs that will be lost due to attrition. In addition, we conducted a regional
43 impact of defense cutbacks and we divided the state into the 31 SDA areas for job
44 training purposes and we determined that seven of the 31 JTPA areas had an impact or

1 had defense dependency that was greater than the state average.

2 We know that the state as a whole will have a modest impact as far as
3 defense cutbacks, but we do know that certain regions, in particular Fort Worth area, will
4 have a severe reaction to these cut-backs. In 1991, 4.5 percent of the gross state product
5 was directly related to defense, and for employment, 3.96 percent was directly related.
6 That equates to 319,000 jobs in Texas that are directly in the defense industry. Those
7 numbers double when you look at indirect employment and indirect revenue.

8 We have 19 major military facilities here in the state, of which three are in
9 the process of being closed. The Chase Naval Air Station in Beeville will be impacted
10 the most of the three because 33 percent of the revenue in that area is generated due to
11 the military facility. For re-use plans, almost all three of the bases are leaning towards an
12 aviation-related re-use plan. When we asked them what the problems or the priority
13 needs, as far as their re-use, all three pretty much told us the problem of partialization,
14 which I understand last night from the Commission, that might be cleared, so some of the
15 bases will be able to use certain portions of the base that don't immediately -- the ones
16 that don't have to be concerned with environmental cleanup, and that's good, because if
17 they can put that space to work, then they can generate income quicker.

18 Also, the issue of interim funding, what do these communities do as far as
19 funding when the base is closed and before there is a re-use for that base? They still need
20 funding for maintenance. The lawn still needs to be mowed. They still need funding for
21 the re-use authority, so I think that's an issue that this Commission should be concerned
22 with.

23 One of the recommendations of the task force was that the Governor should
24 meet with the CEOs of all the major defense industry forums here in the State of Texas.
25 In April, she did just that. We had a pretty positive meeting, I think.

26 Two things -- the Governor asked these defense firms to do two things.
27 One was to appoint a representative from their firm to work with her task force, and the
28 second was to identify subcontractors in Texas that they do business with. All of the
29 firms involved have done both things.

30 The defense firms that are working with the task force have identified 3,800
31 subcontractors in the State of Texas. We have sent surveys to those subcontractors to
32 give us an idea of what their needs are and what their workforce profile looks like. That
33 information will be available to the Commission. In addition, our prime contractors are
34 completing a similar survey and we'll also have that information available to you.

35 This information is good for us, as we approach our legislative session in
36 January. We will have a legislative agenda to perhaps increase or create new funding for
37 assistance to mostly small to medium-sized businesses.

38 We also are working with the defense industry representatives on a whole
39 host of different things. One is how do we create jobs. We know that Texas is a good
40 center for research and for advanced technology, so we have the wherewithal in the state.

41 As Standard and Poors recently stated in their review of the Texas
42 economy, the problem is how do we pull it all together. That's pretty much what I see in
43 my office, as being the entity that coordinates all these resources of the state.

44 There's a certain synergy, I think, that's created when you bring the defense

1 contractors, civilian producers, universities, research people, together and to try to
2 determine how we take advantage of the human resources and the resources and
3 technology in the state to create jobs, and to make this transitional period an opportunity
4 to retool our manufacturing base.

5 Ninety percent of all the jobs created in Texas over the last two years are in
6 the service industry and we know that generally, service jobs do not pay as high as
7 manufacturing jobs.

8 So, we see it as an opportunity. It's going to be hard. It's going to be real
9 tough, and we need to work with the federal government in a partnership with the state.

10 COMMISSIONER MAY: Well, thank you very much, Ms. Jean, one more
11 time, a very articulate presentation of all the good work that you're doing. I might just
12 remind you that the partialization issue has not been totally resolved, and that the state
13 environmental agency also has a role, as I understand it, to play in that determination.

14 I believe we took as an action item the question of interim funding to deal
15 with, in some fashion, in our deliberations, and I want to commend you and the rest of
16 your participants on the excellent start that you've made in planning for this transition.

17 We talked yesterday about some of the other state efforts that perhaps, if
18 you're not familiar with, might give you some good insights into where to go from here,
19 because some of them are a little further along, perhaps, than you all are, and we wish
20 you the best of luck in all your hard work. Thank you, very much, for appearing today.

21 MS. JEAN: Thank you.

22 MR. HANLEY: The next witness is Ms. Jean Eason from the Institute of
23 Electrical and Electronics Engineers.

24 COMMISSIONER MAY: Welcome, Ms. Eason. It's nice to have you here
25 today.

26 MS. EASON: I'm Jean Eason from the Fort Worth Section of the Institute
27 of Electrical and Electronics Engineers, IEEE, it's easier. I'm the PACE chairman, the
28 Professional Activities Chairman for the local section. I am also a past section chairman.

29 The IEEE, for those of you who are not familiar, is the world's largest
30 professional technical organization that has over 320,000 members worldwide, over
31 250,000 in the United States.

32 Its purposes are technical, educational and professional, directed toward the
33 advancement of engineers, electrical, electronics, and computer scientists, and people in
34 related fields. The Fort Worth section is the local operating entity. We represent about
35 1800 members here.

36 At the end of last year, as a result of hearing several statements that
37 engineers weren't having trouble finding jobs, engineers weren't having trouble with
38 unemployment, we went out and decided to find out for ourselves if this was the case.

39 Frankly, I didn't believe them, so we conducted an employment survey. I'm
40 here just to give you the results of the survey and, hopefully, they will factor into your
41 recommendations and decisions.

42 We received over 400 responses; that's about 27 percent and for our
43 section, that's a fairly incredible number. In general, what we see is that our typical
44 member is 39 years old. He holds a bachelor's degree, has 14 years of professional

1 experience, and makes about \$53,000.

2 The typical unemployed engineer is 41 years old, holds a bachelor's degree,
3 made about \$46,000 before he was unemployed and has about 14 years of experience.
4 This section, we found, is heavily dependent on government funding. That's not a
5 surprise.

6 We came out with 47 percent of our respondents saying they worked for a
7 company that is either totally or primarily funded by government contracts, and that
8 compares to 26 percent, which has been found to be the national average for engineers.

9 The IEEE nationally has been conducting salary surveys every other year
10 for the past 20 years, so we have a lot of data to back up our unemployment figures.
11 Traditionally, the number of engineers reporting that they are currently unemployed has
12 been below one percent. That peaked in 1975 and again in 1991.

13 In 1991, 5.5 percent said that they had experienced some period of time of
14 unemployment over the past year, and I'm giving you these because now I'm going to tell
15 you what it's like here locally.

16 As a result of the defense cutbacks, unemployment in our section has been
17 higher than the rest of the country. Sixteen percent of our members reported some period
18 of unemployment and nine percent said they were currently unemployed at the time of the
19 survey, so in comparison with the national averages, we're well above.

20 In looking just at the defense engineers who answered the survey, the
21 majority of them want to change jobs; that's not surprising. They want to get out of
22 defense and go into commercial, and they are also thinking of returning to school in order
23 to do this.

24 Unfortunately, of all the engineers that are actually contemplating leaving
25 defense, less than half have actually made the transition. It's not an easy job. It's not
26 easy to find a job in the commercial industry after you've been employed in defense for
27 several years.

28 Over 50 percent of all the respondents came up with some problem or
29 barrier that they recognized to the transition of engineering skills. I wrote several down in
30 the order in which they appeared, the first and primary one being there aren't any jobs in
31 the commercial industry. After that, several comments were made that defense engineers
32 can only design \$600 toilet seats, and they can't do that to schedule, either, so they are not
33 cost-conscious and they're not schedule-conscious.

34 In terms of what can be done to help the problem, training and re-training
35 was the number one response. Very few of the programs available locally actually
36 accommodate engineers.

37 They are more of a scatter-shot approach, and most of my members find
38 that they're not of use to them. So, we are looking in the section at ways to develop some
39 training programs, but we are also looking for some help.

40 Another one of the suggestions was to bring the commercial and defense
41 industries closer together, use more commercial standards in your defense business,
42 common hardware, software, educate the commercial industry that defense engineers are
43 not totally incompetent, and provide incentives for the commercial industry to hire and
44 retrain defense engineers.

1 Also, last but not the least, put out more growth in jobs, more jobs, by
2 stimulating defense and commercial, by not shipping manufacturing overseas, increasing
3 the technology base, that sort of thing.

4 Anyway, that's the gist of my survey. The whole report is tacked on there
5 for you to peruse at your leisure.

6 COMMISSIONER MAY: Thank you very much, Ms. Eason. One of the
7 things that we have not run across to my knowledge is any specific data on the problems
8 associated with scientists and engineers finding new work once they are let off by the
9 defense contractor.

10 In just quickly perusing the material that you gave us, I didn't see anything
11 in here that talked about geography. Are these people who are trying to get jobs in the
12 Metroplex area or are these people who have gone around the United States looking for
13 jobs?

14 We heard, when we were in California, that some engineers would rather
15 drive a taxi cab in Southern California that work on an interesting project in northern
16 Michigan. Is that true of your engineers, they want to stay in the Metroplex area, and that
17 these figures really reflect job search in this area, or is this a national job search?

18 MS. EASON: These reflect the figures of my members that are in this
19 area. Many of them have moved out of the area because they have found jobs elsewhere.
20 A lot of them feel that they are tied to the area with family and other sorts of ties, but as
21 to whether they'd rather drive taxis, I don't think so.

22 COMMISSIONER MAY: Would you really recommend, though, that
23 taxpayers money be used to retrain an engineer who might find work in some other part
24 of the country but chooses not to relocate? Do you think the American taxpayers would
25 be willing to foot that bill?

26 MS. EASON: I don't say that the tax money should be used necessarily to
27 retrain engineers, but it should be used to put these men that are capable of performing a
28 job back into the workforce, at least to give them the opportunity of finding a job where
29 they haven't been able to in the past.

30 COMMISSIONER MAY: Does anybody else have any comments?

31 COMMISSIONER DUBE: I'm assuming by your use of pronouns that
32 you're finding that most of your members are men.

33 MS. EASON: Ninety-five percent of my members are men. I'm an
34 exception.

35 COMMISSIONER DUBE: Just a couple of quick questions. I'm curious
36 about the role of a professional society in doing this sort of thing. Do you have any feel -
37 - you indicated you had 1800 members in your society. Do you have an understanding of
38 what percentage of the total number of engineers in this area belong to your society? Do
39 you think you have a high membership penetration, low?

40 MS. EASON: That's hard to say. I don't really have any feel for it, being
41 that we are the largest engineering society in the country, I would say we're probably the
42 largest in this area, but how many are actually members, I don't know.

43 COMMISSIONER DUBE: So, you don't have a feel for what the total
44 engineer population would be?

1 MS. EASON: No, I'm sorry.

2 COMMISSIONER DUBE: Does your society take on a role and feel it has
3 a role in an active program with respect to assisting its members in the various -- in
4 meeting any of their needs in this area?

5 MS. EASON: Yes, we conduct -- locally, we conduct employment
6 assistance workshops and job fairs and that sort of thing, in order to help them find a job.
7 We're conducting a seminar on how to start your own business and that sort of thing.
8 Nationally, they also provide some of these programs.

9 COMMISSIONER DAHLMAN: I have a question.

10 COMMISSIONER MAY: Yes, Carl.

11 COMMISSIONER DAHLMAN: I see you got about 400 responses, and
12 that's a 27 percent response rate, which means you sent out about 1500 questionnaires.
13 Out of the responses, about 180 or so or 45 percent of the 400 seem to have been working
14 in the defense industry. So, out of 1500, you heard back from 180 engineers in the
15 defense industry. That's a small number.

16 MS. EASON: Yes.

17 COMMISSIONER DAHLMAN: There's got to be a lot more than that
18 have been laid off. So, you were able to tap the experience of relatively few.

19 Another interesting thing is you said 50 percent of all the respondents said
20 that there are these barriers to employment for defense industry-trained engineers. That
21 means we don't know whether they were the ones who came out of the defense industry
22 or didn't, because that's out of the 400 responses you got.

23 The point I'm driving at is that I don't know about the representativeness of
24 these guys who said that there are barriers to be re-hired for defense engineers. We've
25 heard both ways, that defense engineers are highly skilled; they are easily trainable;
26 they've got technical skills applicable to many, many different fields; they can walk in and
27 take on a new job; they are ready to face challenges.

28 We've also heard some of these things here, and especially, they are not
29 cost-conscious. They work for the government, right? So, I just wondered if you had any
30 other indications about the representativeness of the results of this survey. I have trouble
31 placing a lot of reliance on it for the reasons I mentioned.

32 MS. EASON: I didn't do an actual comparison as to how many of them
33 didn't work for defense that responded to that same question. If you look at the comments
34 I attached as the appendix, you can tell that some of them are obviously from commercial
35 just from the point of view the comment was made, so it represents both sides.

36 COMMISSIONER DAHLMAN: So, it could illustrate a prejudice among
37 commercial engineers against defense engineers without really having anything to base it
38 on?

39 MS. EASON: A lot of comments are prejudicial, yes.

40 COMMISSIONER HIGGINS: Are you plugged into the national
41 organization? Are you aware of any other states or communities that are, in fact, doing
42 similar surveys that perhaps are getting a different feel or a better feel for their
43 communities that we might approach?

44 MS. EASON: Actually, unfortunately, Fort Worth was the first. I've just

1 started publishing this around and there has been a lot of interest in it, but maybe by the
2 end of the year there will be a few more.

3 COMMISSIONER HIGGINS: I congratulate you for doing that. As you
4 continue working in this area, because you know we're looking at the entire country, we
5 would welcome any results that you come up with or any leads that you can give us as to
6 the extent and scope of this survey and other such information.

7 MS. EASON: Okay.

8 COMMISSIONER MAY: We thank you very much for your input, Ms.
9 Eason, and as Robin indicated, we'd like to stay in touch with you and have our staff take
10 a look at the details. I realize you just summarized it here, and we'd like to take a look at
11 the details and have a good appreciation for the problems that engineers face. Thank you
12 very much for taking the time to come here today.

13 MS. EASON: Thank you.

14 DR. KNETTER: Excuse me, Ms. Eason. Could you possibly make
15 available to us the IEEE national survey? Would that be possible?

16 MS. EASON: I have a copy with me. I can give that to you.

17 DR. KNETTER: Wonderful. I'd just like to match it up to see how
18 representative this is.

19 MS. EASON: The surveys aren't exactly the same, but (inaudible).

20 DR. KNETTER: Sure. Anything would be very helpful, thank you.

21 Our next witness is Mr. Gary Cumbie, of the Fort Worth Chamber of
22 Commerce.

23 COMMISSIONER MAY: Welcome again, Gary. It's good to see you this
24 afternoon. We enjoyed our meeting this morning and your very cogent words.

25 MR. CUMBIE: I appreciate that and because you've heard so many of my
26 words already, I'll try to be very brief this afternoon. I know that your time is valuable
27 and I won't belabor that any more than necessary, but I did want, in public session, to
28 make a few points.

29 We pointed out over and over how terribly Fort Worth has been impacted
30 by the defense cutbacks, perhaps more than any other community in the country, certainly
31 any large community in the country.

32 As I said, we know all about the peace dividend because we feel that we're
33 helping to pay it. In fact, some days, we sort of feel like we have a target painted on us
34 because we've taken so many hits. Nonetheless, we want to be good citizens. We want
35 to be a part of the effort to convert to a peacetime economy.

36 Because of the fact that we've been a stronghold of the U.S. defense
37 industry, I believe that Fort Worth is owed -- Fort Worth and other communities like Fort
38 Worth -- are owed top consideration in whatever effort is made to help ease the pain of
39 defense cutbacks.

40 You have heard a number of proposals today and I'm sure as you travel
41 around, many of which will cost money, and I know that's a difficult proposition given the
42 budget roles at all levels of government today.

43 To the extent that funding is available for training or placement, it needs to
44 be directed to communities like Fort Worth who have committed themselves to the

1 nation's defense and who are now suffering the consequences.

2 As I mentioned this morning, there are also many opportunities that I think
3 we could do fairly quickly to create jobs, to ease the pain, at little or no cost. First
4 among those is strengthening the ability of our defense contractors to make foreign sales.

5 It has already been mentioned today several times. Of course, we're not
6 talking about the Libyas and Iraqs of the world, but we're talking about longtime allies
7 like Taiwan and others, Taiwan, who wants very much to buy General Dynamics F-16s.
8 We need to eliminate unnecessary barriers to that sort of trade and take advantage of the
9 natural advantage that we have in that line of business.

10 Better yet, we should upgrade the nation's effort to sell its military goods
11 overseas to match the efforts of those such as the French defense industry where President
12 Mitterrand makes occasional sales contracts.

13 Second, to the extent that jobs are created by defense cutbacks, we should
14 give top priority to impacted communities like Fort Worth. Job creation, to some, may
15 sound incongruous with cutbacks, but we've already begun to see that consolidations take
16 place to save money, such as with the Defense Accounting and Finance Center.

17 What more appropriate place could there be for that center or one of those
18 centers than Fort Worth with the 7,000 jobs it would create at the vacated Carswell Air
19 Force Base?

20 Likewise, as the Air Force looks to save money in other ways, such as
21 through consolidating its airplane maintenance activities, what better place would there be
22 than a place like Fort Worth where the skills exist and where the facilities and
23 infrastructure exist to do that sort of work, and certainly where the need exists for the jobs
24 that would be created?

25 There will be many other such opportunities created through consolidations
26 and, again, as I pointed out to you this morning, certainly, some communities will win and
27 some will lose. We feel that communities who have been so impacted as Fort Worth
28 should be among those cities who benefit from those sorts of consolidations.

29 Third, as you heard earlier from one of our small, independent
30 subcontractors, there is a need for simplified, accelerated, small business finance -- not
31 subsidies, not grants, but loan guarantees, so that they can get the capital that they need,
32 so that banks and other financial institutions will have the confidence to lend to those
33 folks, whose primary line of business has now been made suspect.

34 Those kinds of loan guarantees certainly aren't free. We know that there is
35 a risk associated and certainly there will be some costs, but it's minimal compared to
36 grants or subsidies.

37 In closing, I'd like to address the issue, the devil's advocate sort of an issue
38 that's been posed several times today. Why should the federal government be involved in
39 assisting in the conversion away from defense industry when those same roles have been
40 filled by others, such as oil, such as the auto industry, et cetera?

41 Let me say this. I earn my living at Lone Star Gas Company. I'm well
42 familiar with the oil and gas industry and if anyone has given you to think that industry
43 has begun to recover, you've been misled. There are still woes in that industry and
44 certainly the auto industry is still suffering, so there's plenty of suffering to go around.

1 But I think the difference between the defense industry and these other
2 industries is that no other industry has had not only its policy made by the federal
3 government but has also had the federal government as its primary and, in fact, only
4 purchaser.

5 Everything has been done by defense contractors in order to meet the needs
6 of the federal government, which is really all of us. Imagine what would have happened
7 if some of our defense contractors 10 or 15 years ago had seen the handwriting on the
8 wall and said, "Well, let's begin to phase out. Let's switch over and begin to manufacture
9 refrigerators," or what have you.

10 We might have kept the groceries cold, but we wouldn't have won the Cold
11 War. It was in the nation's interest that our defense contractors run all the way to the
12 finish line without beginning to back away, without beginning to pull out, to run all the
13 way to the tape.

14 The communities that have supported that kind of effort now I think have
15 made a sacrifice and certainly those industries and those people who are impacted have
16 made a sacrifice, and I think that sets them apart a little bit from the other industries
17 where perhaps policy affected the decline of some industries, but certainly not the total,
18 immediate loss of a customer base.

19 So, I would propose that would be the difference and with that, I will
20 conclude my remarks.

21 COMMISSIONER MAY: Thank you very much, Mr. Cumbie. Thank you
22 also for your effort to move us back towards being on schedule. Just a couple of quick
23 comments. I think overseas sales -- we certainly are interested in that subject area but I
24 think, more generically, impediments to overseas sales, rather than dealing with specific
25 programs like sale of F-16s or F-18s or any other weapons systems --

26 MR. CUMBIE: I agree.

27 COMMISSIONER MAY: -- that really would be beyond the purview of
28 this Commission to comment on that national policy decision, in my judgment.

29 The consolidation issue that you brought up this morning, we didn't have a
30 chance to respond to it. I think the challenge, always, for the Department of Defense is to
31 get the fat lady to sing on base closure. If you put something else on that base, then that
32 fat lady is always in the wings and is never out there performing.

33 MR. CUMBIE: I think she's sung and taken the sword and died on our
34 base, and we think now that we're trying to put on the next show, and that's why we're
35 talking about it.

36 COMMISSIONER MAY: My point is that consolidation would probably
37 be considered with respect to a base that is open and we plan to keep open into the next
38 century.

39 The last thing, I appreciate your comments for the record on why the
40 defense industry is different. We appreciated Congressman Frost's comments for the same
41 purpose earlier today.

42 Does anybody else have any comments?

43 (No response.)

44 COMMISSIONER MAY: Thank you again, Mr. Cumbie.

1 MR. CUMBIE: Thank you.

2 MR. HANLEY: Our next witness is Diane Van Marter from the Tarrant
3 County Junior College.

4 COMMISSIONER MAY: Ms. Van Marter, welcome.

5 MS. VAN MARTER: My name is Diane Van Marter and I am with
6 Tarrant County Junior College. Today, I am appearing as president of Fort Worth Job
7 Service Employer Committee. That is a committee who works with employee
8 representatives who volunteer to serve in an advisory capacity to the Texas Employment
9 Commission. As I understand, the Texas Employment Commission has been here earlier,
10 but we work in a liaison kind of capacity with the employer community and TEC.

11 Our membership base covers a wide variety of employed areas from
12 industry to hospitality. We provide a nonpartisan forum for voicing the employers' view
13 on vital issues affecting business and, of course, such as defense cuts we have been
14 experiencing and the future closing of Carswell Air Force Base.

15 I went to TEC and they gave me some facts. During 1991, Tarrant County
16 lost 12,368 manufacturing jobs. The majority of the jobs lost were directly related to the
17 defense industry.

18 Defense spending is an important component of our local economy. In
19 1990, Tarrant County defense spending amounted to over \$3.6 billion, which is about one-
20 fourth of the total of Texas.

21 Of defense-related workers, 30 percent, or 92,000, were employed in the
22 Fort Worth/Dallas Metroplex area and 17 percent, which was 52,980, employed in the
23 Fort Worth area. This is from the Texas Employment Commission Economic Research
24 and Analysis Department. That's where I got these figures.

25 Also, the Texas Employment Commission in 1991 processed 65,128 new
26 unemployment insurance claims. I drive downtown every day right by the building, and
27 you should have seen the lines outside.

28 This was earlier in '91, but a seven percent -- actually, it's a 7.7 percent
29 increase over 1990. The TEC Employment Service staffing is at an all-time low. The
30 unemployment is at a 10-year high. Many of the unemployed waited as long as two and a
31 half hours to be helped.

32 With the closing of Carswell Air Force Base, the trend will only continue.
33 I know as a fact we have an advisor who works -- two advisors who work for TEC, and
34 they were open many Saturdays working overtime, bringing in lunch, never taking lunch,
35 so these people really bent over backwards to serve the public.

36 TEC also reported that local labor markets cannot absorb the available skills
37 of the displaced worker. This requires retraining and/or relocation of workers. The new
38 jobs coming into the area have primarily been in the service industry. We've heard that
39 before. These are typically lower paying jobs than manufacturing jobs that were lost, and
40 that makes it difficult for the worker to make ends meet if they do change areas.

41 Along with unemployment, the effects of reduced purchasing power have
42 impacted other industries, as retail, from the time period July 1990 to July 1991, a
43 reported drop in sales of 6 to 8 percent, and real estate prices also have dropped with the
44 increase in foreclosures. I have a friend who just bought a foreclosure and got a good

1 deal.

2 City and county government are facing critical budget deficits due to lower
3 sales tax revenue and reduced property values. In addition, because General Dynamics
4 and Carswell are adjacent to each other, West Fort Worth will have the greatest indirect
5 adverse impact with defense cutbacks.

6 The majority of personnel live and spend their money in this area. Also,
7 the majority of businesses are extremely small, 10 or less employees, and most are local
8 businesses rather than branch businesses. This makes them more vulnerable to business
9 failures.

10 I didn't have really any answers or proposals. We are an organization
11 basically that talks about the problems, and we know we are in a crisis and doing the best
12 we can with the resources that we have, but additional assistance is needed now and in the
13 future to secure our quality of life in Tarrant County. Thank you.

14 COMMISSIONER MAY: Well Ms. Van Marter, thank you very much for
15 providing us with some very specific data. I think just a point that could have been made
16 earlier today in terms of the uniqueness of the situation here in Tarrant county, with a
17 base closure and accompanying defense drawdowns. I think we've been to one other area,
18 Southern California, that is facing similar kinds of problems, where base closure is a
19 problem as well as the drawdown in the defense industry. Nevertheless, in this area as
20 well as in Southern California, it's a major challenge and certainly that's well within our
21 charter, to try and come --

22 (End tape 3, side 1.)

23 COMMISSIONER MAY: -- to grips with the question of what to do about
24 it, do you have any suggestions? I realize the statement that you just went through doesn't
25 have any and, if you don't, that's fine. Certainly --

26 MS. VAN MARTER: It has been one of our goals to discuss this year
27 definitely. We always have a planning committee meeting in November. Usually, our
28 program has been primarily on education and training, you know, to help employers do
29 more of the human resource type things, but I think that we can move on and see some of
30 the crises that is here and try to do what we can as an organization.

31 COMMISSIONER MAY: If you do come up, in your deliberations in
32 November, with some good ideas, please pass them onto us. That's about the time that
33 we'll be in our final deliberations, getting ready to put pen to paper, and we would
34 certainly appreciate your input.

35 Does anybody have any comments? Robin.

36 COMMISSIONER HIGGINS: I have a feeling that these were purely Mr.
37 Haddock's personal opinions and maybe not even those of the Texas Employment
38 Commission.

39 However, I wonder if you believe that your committee is of the opinion that
40 the government might slow down the defense builddown for quite awhile and even add to
41 the surplus in order to maintain jobs?

42 MS. VAN MARTER: Yes, I think it might.

43 COMMISSIONER HIGGINS: That it might have been his own opinion or
44 --

1 MS. VAN MARTER: Okay, I see what you mean. As far as the --

2 COMMISSIONER HIGGINS: Do you agree with that? He made the
3 suggestion that the defense builddown or drawdown may last for another 14 or 15 years
4 and perhaps even add to the surplus in order to maintain the jobs that are being
5 eliminated, you know, within the immediate future. Do you agree with that?

6 MS. VAN MARTER: I believe somewhat yes, but I believe that was his
7 personal opinion.

8 COMMISSIONER HIGGINS: Do you agree, personally? Have other
9 employers in your committee mentioned this? Do you think that's a pervasive opinion?

10 MS. VAN MARTER: Well, they always think there's hope. People usually
11 don't like change. It's a human factor, so if you're thinking of the idea that you have to
12 change everything, that's a real drastic step.

13 COMMISSIONER HIGGINS: But all day, we've been hearing here that
14 part of the reason that we -- this Commission or the administration or the government --
15 should consider supporting the defense workers and helping them to readjust in life is
16 simply because they have been patriotic and devoted themselves to supporting the
17 government policy in the past.

18 If, in fact, that government policy is still changed, you know, and we don't
19 have the threat, we're saying, "We don't really need these planes. We don't really need
20 these things. We're just going to put them into surplus just to keep you working," you
21 know, that's not -- I think that would decrease worker morale.

22 But do you think that's maybe a viable option that we should consider?

23 MS. VAN MARTER: Well, the surplus probably does not make a whole
24 lot of sense, but we are still going to have to have a certain amount of defense things that
25 are continuing on. We'd like to continue on here rather than someplace else.

26 COMMISSIONER MAY: You are certainly right about defense spending
27 continuing. I think the figure is \$40 billion in production and \$30 billion for R&D is in
28 the ballpark.

29 COMMISSIONER DUBE: It's the current plan.

30 COMMISSIONER MAY: So, there will be quite a bit of defense spending.
31 In places we go around the country, every community would like defense spending to
32 continue unabated in their area. Clearly, that's not possible.

33 We're not going to get into which programs are going to continue and
34 which programs are going to go by the wayside, but we are going to deal with the
35 problem of if your program goes by the wayside, what kind of help can government give
36 to your people and to your businesses to transition to the end of the Cold War period.

37 Thank you very much for coming today, ma'am. We appreciate it.

38 MR. HANLEY: We have a double testimony next. Ms. Barbara Deeter of
39 the Tarrant County League of Women Voters and Mr. Roger Kallenberg, Planner for the
40 Dallas Community Relations Commission.

41 COMMISSIONER MAY: Welcome, Ms. Deeter. It's nice to have you
42 here today.

43 MS. DEETER: GEN May and Commissioners, I am Barbara Deeter, Vice
44 President of the League of Women Voters of Tarrant County and I'm also the Chair of the

1 Economic Conversion Committee for the League. I'm testifying today representing the
2 Tarrant County League of Women Voters and I appreciate the invitation to speak before
3 you today.

4 We've heard from a lot of different people today with a lot of different
5 views, and I'm here to encourage this Commission on conversion. I recently -- in fact,
6 Tuesday -- came back from Russia, and I had an opportunity to meet with the Deputy
7 Defense Conversion person in St. Petersburg.

8 I was struck by the fact that he is so interested and they are so eager to
9 look at everything in conversion, look at everyone who has conversion ideas. I was also
10 struck with how many problems they have and how difficult it would be for them to
11 convert, and struck with the fact that we have problems, but nothing like they'll have to
12 deal with.

13 The transition from military dependence to civilian dependence can be
14 viewed as a sign of hope for the future but it's certainly not one without problems, as
15 you've heard. Dislocation of workers is one and an economic blow to the community is
16 another. There are plenty of others.

17 But, it is a chance to change and to look with new eyes towards the scale-
18 down of the defense industry and address the problems and possibilities for the future of
19 the country.

20 It is apparent to many of us that conversion is a viable alternative, to
21 looking for new markets for continued weapons production, which is good for the short
22 term but, unfortunately, it destabilizes the world and other countries. It certainly
23 destabilizes other countries so we have a concern about that.

24 The Dallas, Plano and Tarrant County League of Women Voters undertook
25 a local study on economic conversion starting in 1990. I'll be giving you some
26 information from that study.

27 I'll summarize a limited survey we undertook, interviewing local defense
28 contractors, subcontractors and local political people. I'll give you the League's position
29 on economic conversion that we arrived at, only after looking at the pros and cons.

30 The study did not include information on Carswell Air Force Base for
31 obvious reasons. We were really interested in the defense industry. Now, we define
32 economic conversion as a process by which an economy dependent on military industry
33 changes over, as you all know, but that's how we defined it for this study. It changes
34 from production of military to non-military products and services.

35 We approached it without any preconceived ideas on it; however, we also
36 approached it with national positions in mind. For example, national security is tied more
37 to other things than military. Military is part of it, but also economic stability is a big
38 part of national security, as we all know.

39 Another position that we tied our study to was equality of opportunity in
40 urban policy. We support measures promoting occupational education, retraining and
41 broadening the economic base of cities.

42 As we gathered information, we found that one reason this area has felt the
43 impact of less defense spending and will continue to feel the impact is that the Dallas/Fort
44 Worth region receives 78 percent of all committed Pentagon funds, so that certainly

1 explains why we're feeling so much now.

2 Also, the DFW region received over 56 percent of committed Pentagon
3 funds for this region, and the region includes Arkansas, Arizona, Louisiana, New Mexico,
4 Oklahoma and, of course, Texas.

5 Now, in our limited survey, briefly, we found responses indicated that some
6 planning efforts exist as well as some of the working components for a model on
7 economic conversion. What we found at that time, compiling our information early in '91,
8 is there were few strategies for any long-term conversion planning and little linkage with
9 retraining and retooling for changes in industry.

10 We also found some interest in working with local business, defense
11 people, and educational bodies on planning. Most were interested in having that planning
12 coordinated by an existing agency rather than creating a new planning group.

13 The survey did discover some problem areas. Costs of conversion vary
14 greatly depending on the company and the products it makes. Costs can be prohibitive for
15 a few. With existing equipment, if it is single use, it becomes very important. It becomes
16 very prohibitive.

17 If there is ownership of property and equipment and that ownership is
18 shared by the government, this last statement that equipment is shared by the government,
19 could also be a positive because perhaps the government could be involved, then, and
20 encourage conversion. I'm glad to see you all are here, because of that.

21 Another problem with some companies actually converting is that
22 management decisions are not made locally and, therefore, change is less accommodating
23 to different areas of the country. The choices of what could be done are limited, then,
24 because the decision isn't made in the area.

25 After completing the survey and the study, we came up with a broad
26 position, and that statement is: The League of Women Voters of Dallas, Plano and
27 Tarrant County, support involvement of local government, citizens, educators and the
28 private sector in the process of economic conversion from military industry into civilian
29 industry.

30 A temporary task force would make recommendations and we are
31 encouraged that governmental leaders did do that and did form the task force. I think
32 you've heard from that task force and we're all encouraged by some of the
33 recommendations they have.

34 We believe local government could provide financial incentives and assist
35 with the coordination of organizations to offer educational programs. The private sector
36 could be encouraged to provide retraining and re-education of employees, to do research
37 and development of new products for commercial use, to work with other companies and
38 community groups to facilitate the conversion.

39 The U.S. does have experience in conversion in the past. World War II
40 was over -- before it was over, actually, the U.S. began planning how to shift back to the
41 civilian economy. Many state and city governments at that time set up agencies to plan
42 post-war public works projects. Aid to business and vocational training was also part of
43 this.

44 The U.S. Chamber of Commerce, the National Association of

1 Manufacturers, both published conversion planning reports. Government and business
2 planned together. There was planning in various companies making the switch.

3 All of this does require a willingness to change management structure as it
4 is now and listen to the workers on the job, to look more broadly at the future and assess
5 the needs we have as a country.

6 It only makes sense to do planning in ways to use the highly trained
7 workforce in the defense industry, even though it would take long-term commitment and,
8 certainly, investment money.

9 Economic conversion seems to be the most comprehensive of all change
10 within the defense industry. Although diversification and economic adjustment may be
11 helpful in the short-term, they cannot make the shift necessary for long-term change.
12 There have been failures with conversion, like the Grumman bus but there also have been
13 some successes, and there is room for real optimism, and following are some suggestions.

14 Long-term planning at the local level involving the business community,
15 city government officials, management, workers, along with the union people. There must
16 be an assessment of future needs of this country and the market. We certainly have many
17 needs like roads, bridges, sewer and water systems, things like that, environmental needs,
18 so all of these could be addressed but there needs to be an assessment of how to do that.

19 I would just like to say that retraining and retooling is something that we've
20 heard a lot about this afternoon, and we would be very interested in that. We certainly
21 promote that.

22 R&D of new products is another area. The government needs to provide
23 incentives for contractors and subcontractors to convert and this can be done in various
24 ways, but we need to make it attractive to convert as we've made it very attractive to
25 build up our defense system when we needed it.

26 There needs to be involvement of other companies and community groups,
27 as the bottom line, and we have to have policies that actually aid that conversion. Now,
28 changes in the military expenditures are a given, as you're well aware of, but the question
29 is what we're going to do with it.

30 It seems to us that this is a real opportunity rather than just a crisis, which
31 it is that, too, but an opportunity to really determine what kind of country we want in the
32 future. That is all I have, and I have a copy of what I've said, which I'll leave with you,
33 as well as we have copies of our economic conversion study.

34 COMMISSIONER MAY: Super. I appreciate your remarks. I envy you
35 having had the opportunity to go to Russia.

36 I guess you agree that you wouldn't want to change places with them in
37 trying to go through the conversion process, although it's been said that their market
38 opportunities are unlimited compared to the challenges and the competition that our
39 companies face in trying to convert from building airplanes to building washing machines
40 or busses or what have you.

41 Just one quick question. Do you agree that there is a minimum level of
42 defense expenditure that the country must have?

43 MS. DEETER: Certainly.

44 COMMISSIONER MAY: So, what we're looking for is the balance, as we

1 draw down to the right level for the 21st Century.

2 MS. DEETER: I think that's right and I think you would agree that we
3 have spent a great deal over what we had previously on military spending, so there does
4 need to be a balance.

5 COMMISSIONER MAY: I agree that we won the Cold War and I think
6 the level of defense expenditures probably had something to do with that, so thank you
7 very much for your presentation.

8 COMMISSIONER DUBE: Congratulations. You almost snuck that one by
9 GEN May.

10 (Laughter)

11 COMMISSIONER MAY: Mr. Kallenberg, I think you've got about a half a
12 minute for your presentation. We gave both of you a total of 15 minutes and the two-
13 minute warning has already gone, so if you can be brief, I will appreciate it.

14 MR. KALLENBERG: I will be brief. I welcome you to Fort Worth and
15 Dallas/Fort Worth, as I had planned. Let me just say that I'm speaking for myself, not as
16 the eastern part of this study.

17 Defense military production is a symbol of strength, a symbol of our
18 determination to prevail, a measure of our willingness to die for what we believe in. It is
19 a powerful symbol but it is only a symbol.

20 It is not economic. F-16s and missiles are not consumable. They do not
21 feed or clothe or house anyone. They are not tools. We cannot use them to create
22 consumable. We can't put them to useful work. Defense and military production depends
23 on political demand, not economic demand. There's no market for defense military
24 products except to protect political rulers or overthrow them.

25 John Lehman, the retired Secretary of the Navy, once described the defense
26 industry as essentially a socialistic system. Since it is not economic and since it is based
27 on political demand, it is purely socialistic. It is taxpayer-financed public welfare.

28 Regardless of our terminologies, as a result of the leadership of Sam
29 Rayburn and Lyndon Johnson and Jim Wright and others, the Dallas/Fort Worth region
30 has tens of thousands of engineers and machinists it has no real economic need for. The
31 demand for goods created by our market are not great enough to support them. Their
32 skills are, at this time, economically superfluous.

33 Evidence of that is our being here, trying to figure out what in the world to
34 do with them. The easiest thing to do would be to maintain the status quo. We could sell
35 the symbol to other nations or other insurgents to meet their political demands. The sale
36 of the F-16s to Taiwan exploits the political instability of the Chinese people. We can, if
37 we choose, become arms merchant to the world.

38 We can create a market which makes goods which are in greater demand.
39 It is less relatively easy to turn swords into plowshares. Today, it's going to be more
40 difficult to find an economic use for the production skills and economic base that we have
41 created, but certainly not impossible.

42 I have every confidence that just by filling the needs we have and that
43 urban regions have, we can do it. I'm not waiting for a committee from the Department
44 of Defense or bureaucrats or politicians in Washington to tell us how to fix our local

1 economy. After all, who distorted it in the first place?

2 We live in a global economy. The Dallas/Fort Worth is and can be seen as
3 a kiosk in the world marketplace. Where we once competed with each other and with
4 Houston, today we compete with urban regions all over the globe, with greater Tokyo,
5 with Paris.

6 For the first time in human history, the majority of people live in urban
7 regions. In Texas, despite its western mystique, three-fourths of us or more live in cities.
8 If you really want to help the Dallas/Fort Worth region to correct the distortions created
9 by the defense industry, you can begin to productively employ the people you -- the
10 national government -- are laying off, first of all, you can give us our money back.

11 The Dallas/Fort Worth region, depending on how you define it, has three or
12 four million people in it. We represent well over one percent of the U.S. population. If
13 we pay an average of one percent of the \$300 billion defense budget, then putting the
14 three or four or five billion dollars back into our local regional economy will help. We
15 can't be competitive in a world marketplace with that kind of overhead.

16 Assuming for the time being we're not going to get the money back, you
17 can help us by putting the patents held by the Department of Defense and our defense
18 industries into the public domain. Hopefully, we can use that research to be more
19 competitive.

20 How you get the patents back into the public domain, whether by auction,
21 by straight sales or by gift, is not in the long run as important as getting them into the
22 market. As a public policy on patents, I would recommend a "use it or lose it" approach.

23 We cannot afford for multinational corporations to buy them up and sit on
24 them. We need to employ them as soon as we can.

25 I'd like to close on an optimistic note. When our local business community
26 takes responsibility for our economic region, I am sure we will not be competitive and
27 yet, we will continue to adapt our distorted economy into whatever shape
28 political/bureaucratic empire builders want us to be.

29 We need to take responsibility for our economy. I think that there is an
30 obligation on your part, certainly, to help us make the transition since we distorted our
31 economy to accommodate your needs.

32 Here, in the Dallas/Fort Worth region, we've got to recognize ourselves as a
33 market in the global economy, that national economies are increasingly irrelevant, and
34 impossible to govern, and that we need to take responsibility and put these people to work
35 with the skills that they have. With the resources, the material and educational resources
36 they have, I'm sure we will be in there competing.

37 I thank you for your time. Again, these were my remarks, not the League's.

38 I was proud to have the League involved in economic conversion before the
39 Berlin Wall came down, while we were still recognizing that our economy was in a
40 precarious position, and I was happy to participate in the study. I'll answer any questions
41 that you might have.

42 COMMISSIONER MAY: I am not sure we have any questions for you,
43 Mr. Kallenberg. We appreciate you taking the time to come in. You certainly present a
44 unique point of view in our travels, but we appreciate you bringing some of those

1 thoughts to our attention.

2 Some of us believe that the first role of government is national security and
3 until you accomplish that, some of these other things cannot be accomplished, but
4 certainly, creating goods is an important aspect of what we all try and do in this country.

5 One of our challenges is trying to find these new markets for these goods,
6 whether it's technology out of the federal labs -- as you know, there's been a law since
7 1980 that facilitates doing that.

8 One of the things we've noted is that it perhaps isn't very well administered
9 at this point in time, but there certainly are efforts, pro-active efforts, on the part of
10 government to get the results of the federal R&D out into the marketplace. The challenge
11 is for all of us to work together to transition that technology into good, peaceful civilian
12 uses and hopefully, we can accomplish that.

13 Finally, our job is not to tell the people in the Dallas/Fort Worth area how
14 to run their economy. I hope we didn't leave you with that impression. We are here
15 seeking your views on what role the federal government can play and that role may very
16 well be to stay out of the way. If that is the message you are communicating to us, we
17 will certainly take that back and put it into our deliberations.

18 We certainly appreciate you taking the time to talk to us today.

19 MR. KALLENBERG: Thank you.

20 MR. HANLEY: The next witness is Mr. Sam Krhovjak. I apologize if I
21 have mutilated that.

22 COMMISSIONER MAY: Did he mutilate it, Mr. Krhovjak, because I
23 probably did the same thing.

24 MR. KRHOVJAK: I arrived here about 12:40 and I was kind of wondering
25 what this Commission was all about. I've learned a lot since I've gotten here. I'm sure
26 when you saw that name, you were wondering how you were going to say it, as well.

27 The name is Sam Krhovjak. That's the way I pronounce it here in Texas.
28 Obviously, if I was in the Czech and Slovak republics, it is said a little differently, but if
29 you'll call me Sam, we'll be at home.

30 COMMISSIONER MAY: It's nice to have you here, Sam.

31 MR. KRHOVJAK: Thank you. I first would like to say I certainly
32 appreciate having an opportunity of presenting what we do at Tarrant County Junior
33 College and also to share one concern that has come to mind. We have prepared a
34 statement for you.

35 COMMISSIONER MAY: If you could summarize that, in the interests of
36 time, we'd certainly appreciate it.

37 MR. KRHOVJAK: I will do that. Hopefully, I've got my notes scratched
38 up so I don't replot the same ground. There was a question that was asked earlier
39 regarding about retraining engineers and our assistance in this particular endeavor happens
40 to deal with retraining people that have been dislocated.

41 Bill Thornton was here just a moment ago with the Chamber of Commerce.
42 It's his job to entice business and industry to come to the area. It's my job, once they get
43 here, to help them train their initial workforce.

44 I believe if all the engineers were to pack up and go to Timbuktu and so

1 would the technicians and so on, just because that job is no longer here would make his
2 job almost impossible in trying to attract like McDonnell Douglas or other people in the
3 aviation maintenance business coming from a commercial field or civilian field to local
4 here.

5 So, I am presently in my second career and I'm saying if we have an
6 engineer who would like to say and who is willing to say and wanted to pick up a second
7 career, I think we should give him that opportunity because it will strengthen our
8 community.

9 What I'd like to do just briefly is to share with you some of the things that
10 we're doing. Obviously, a lot of our business has been in the past graduating students
11 who fit into that defense industry as well as the commercial industry, whether in the
12 aircraft manufacturing industry, many found jobs.

13 Presently, we are in the process, due to the phase-down or reduction, we're
14 in the process of retraining people that's been terminated and that's been let go, so I'd like
15 to spend a little bit of time sharing with you what we are trying to do and what we are
16 going to do for the dislocated worker.

17 About 15 years ago, I had a job with the -- a defense job that was phased
18 out and as a result, I lost my job and took about a 40 percent cut. I started at Tarrant
19 County Junior College and started another career, obviously.

20 Hopefully, I can identify with the persons going through this, but as a result
21 of falling back and now coming forward, we can help make the time more valuable to the
22 person, so our intent is to develop a special program in helping people who have been
23 terminated from defense jobs.

24 We employ what's called a fast track training wherever possible. We put
25 persons in training programs that are offered maybe eight hours a day, five days a week.
26 Their concern is to go back to work as soon as possible, so we try to make that time as
27 short as possible where a job exists.

28 We do a lot of things for engineers, even though we're a community junior
29 college. Many, at the time, may not have gone into the CAD program. Presently, we'll
30 be working with Hughes Aviation Division as they move into Arlington. We'll be going
31 into simulator training. Many of those skills can be transferred and they'll start another
32 career, as well.

33 So, what we do, as soon as the notification is made, we work as a team
34 member of the Dislocated Worker Program here with the Texas Department of Commerce,
35 the JTPA, Private Industrial Council's Working Connection, the balance of Tarrant
36 County, in trying, during those 60-day notices, to try to get all the preadjustment services
37 out of the way so when the person finally is terminated or receives their last paycheck,
38 they can either go into retraining at that particular point or go into a different job.

39 The other area I'd like to expand on for just awhile and that is the small
40 businesses, and that will lead to my concern. We receive a grant from the State to
41 provide assistance to the small businesses that's been affected by the closing of Carswell
42 Air Force Base or reduction in defense contracts.

43 It's been a real task for us. First of all, you run into the person who is a
44 subcontractor but then when you get into the subcontractor of a subcontractor, and then

1 you go into the community and we find people that are indirectly effected.

2 I think Mr. Layne was alluding to that earlier, in the fact that you have
3 people who may run a dry cleaning business, may have been a grocery store business,
4 whatever it might be, they've relied on the people that were employed at that particular
5 facility.

6 Those people are being impacted, so we have extended the grant that we
7 have with Texas Christian University now to their graduate school of business to help us
8 to identify who those people are and what needs to be done.

9 We, through Congressman Pete Geren's office, on an annual basis, we have
10 procurement seminars that we host on campus trying to help the small business that's been
11 impacted to subsidize what they're going to be losing through another initiative. It may be
12 how you do business with the super collider and other activities such as that.

13 My real concern that I have, and that is, that when we went through the
14 first session with the Defense Department regarding the impact studies and so on, I think
15 something needs to be done where a study can be made more rapidly regarding the
16 education and training needs.

17 If we wait until we find all the impact that's going to be how the
18 community is going to be impacted, the persons who will need education and training will
19 be so far behind they will never recover. So, it's not in my report, but my concern is that
20 I would hope that you would take a look at doing an impact -- doing something as a --
21 side issue, that a person may need, first of all to identify who they are, and if there are
22 some education and training needs that exist, that they have an opportunity of taking
23 advantage of those. The people who are being terminated from Carswell directly, or from
24 GD, they will be covered, but the people who have been impacted indirectly, --

25 (End tape 3, side 2.)

26 MR. KRHOVJAK -- they have not been addressed at all. And so that is
27 my real concern today.

28 COMMISSIONER MAY: All right. Well, I really appreciate those
29 thoughts. We look forward to reading your testimony. I think, if I understand your last
30 comment correctly, being proactive in doing that outside lead time, essentially is
31 obviously a goodness that challenges to be able to have that kind of foresight, as you
32 know, to be able to identify the facility, the unit and the person so that they can get into
33 the retraining program early on.

34 We had comments today that the federal log misses some organizations.
35 They let people go and they don't have to even give the 60 days notice. And also, I think,
36 in either the House or Senate bill there will be 120 days notice. But at the same time,
37 that requires an awful lot of foresight sometimes that simply is not available to the
38 employer or to the government official that's making the decision, as I'm sure you realize.

39
40 But one of the lessons I've learned in our travels around the country, the
41 more proactive we can be in letting people know, the sooner they can get over the denial
42 phase and get into what I'm going to do with the rest of my life. So, we certainly
43 appreciate your comments.

44 MR. KRHOVJAK: Well, that's true, but like I say, the indirect -- the

1 person who has a business who is going to be affected, they feel totally left out. And
2 they will be in a real destitute situation. They won't even know that anything is available
3 for them, and that's going to be an extremely large number.

4 COMMISSIONER MAY: And it's hard to know who those people are and
5 to get the word to them, that's right --

6 MR. KRHOVJAK: That's what we're trying to find out.

7 COMMISSIONER MAY: -- but thank you, very much.

8 MR. HANLEY: The next witness is Mr. Tom Barlag, the president of
9 Barlag Tool Company.

10 COMMISSIONER MAY: Mr. Barlag, thank you very much for coming
11 today.

12 MR. BARLAG: Thank you.

13 COMMISSIONER MAY: I assume you're a small businessman, also?

14 MR. BARLAG: Yes, sir, I sure am. As a matter of fact, I'm surprised
15 there's not more of us around here right now. They're probably out there trying to pay
16 their bills.

17 But I own a small shop. It's defense related -- 92 percent of my business
18 is defense related, 67 percent is directly from Bell Helicopter and General Dynamics.

19 My company designs, manufactures and repairs cutting tools for machine
20 shops. Bell Helicopter and General Dynamics have taken enormous hits from defense
21 cutbacks. My company is small potatoes in comparison, but percentage-wise, companies
22 like mine are worse off.

23 Last year we employed 19 tool grinders. Today, we have three. We invest
24 a lot of time in these people. It takes about a year just to get them to where they can pay
25 us back. Due to our extensive training and subsequent loss of this investment, it may take
26 three or four years for my company to recover financially, if at all.

27 I once heard that for every dollar spent on defense, \$7 is generated in the
28 marketplace. If that is true, it seems to me that our own government is destroying our
29 economy. The defense industry needs time and lots of help to adjust to this new
30 environment. If government will help business convert from defense to commercial
31 production, I hope small companies -- I mean really small companies like mine -- will get
32 more than trickle down assistance.

33 I sincerely hope our President drops his opposition to the Taiwan F-16
34 purchase, and puts a leash on Mr. Cheney in matters of the V-22 project. What will
35 immediately help companies like mine -- this is just immediate, now -- training for
36 defense-related employees who work for small support companies, like subcontractors.
37 Texas Employment Commission and the major companies work together to help their
38 employees through their assistance programs. We can't afford that. We don't even know
39 when we're going to have to lay-off, and it's immediate.

40 But not much, if anything, is done for these small company employees.
41 We also need direct, liberal -- and I emphasize liberal -- financial assistance from SBA
42 and banks to help us little guys pull our way out of the sea of red ink. Most of us have
43 never defaulted on our debts, but we are treated like lepers. All we want -- we don't want
44 a handout, all we want is a handle to get a grip of this thing.

1 That's all I've got to say.

2 COMMISSIONER MAY: Well, Mr. Barlag, I really appreciate your
3 testimony. We have not heard from as many small business people as we would have
4 liked to. We heard from Mr. Lane this morning, and he, like you, is an eloquent
5 spokesman for the challenges that you all face. I think my fellow commissioners agree
6 that we have learned, if we didn't know before, that small business people are the heart
7 and soul of the economy.

8 The challenges, it seems to me if government is going to help you we need
9 to, one, figure out what kind of help, and then help you transition into new markets.
10 Because even if hypothetically the F-16 line were going to continue for another five years
11 because of foreign military sales or the V-22 was built, there's still going to be a point
12 where we're going to spend considerably less dollars on defense than we spend today.

13 So, it seems to me the challenge is to figure out how to help you transition
14 into a sector of the economy that's going to grow, instead of a sector of the economy that
15 we all know, because of the new world situation, is going to decline.

16 How can government help you do that?

17 MR. BARLAG: Well, I don't mind changing my company's direction. I've
18 done it when the oil crisis came across, and luckily I was a little bit smarter than usual
19 and I kind of looked ahead and saw it coming. This time I didn't even expect this. As a
20 matter of fact, if anything, I directed my total attention to building my business and I've
21 got, you know, just a handful of comments from executives that, "Oh, we want you to
22 keep pushing for this. We want to build up your abilities."

23 Well, I did, and I got stuck. But I think this amputation of the defense
24 industry is what is really hurting. It's just too fast. It takes a year just to cultivate a
25 business, to get them to send any work, to be recognized, you know, to be appreciated for
26 what we can do. We do very specialized work. My kind of business is very specialized.
27 You can't just bring anybody in off the street.

28 We're just throwing it away if we don't get, really, more substantiate help
29 from prime contractors. Of course, you know, they're not given to helping us along with
30 that too much. They kind of want us to give us their bottom dollar and that's it, and then
31 we're stuck with anything else we have to put up with.

32 But generally, across the market I'm not afraid to try to go for other
33 companies or other kinds of industry. I can convert that part of it, you know, machine
34 shops can make other products. Mine isn't really a machine shop, it's more of a technical
35 service. We do small type of tools --

36 COMMISSIONER MAY: You need time to adjust and find these new
37 markets, is what you're saying.

38 MR. BARLAG: Yes, sir. Just like it takes time to do tooling, look at GD,
39 it takes GD two years or some to go ahead and do tooling for some of these aircraft, or
40 longer. Give us time to go get untooled. That's a fact, what I'm talking about.

41 COMMISSIONER MAY: Well, thank you very much for your very
42 eloquent description of the challenges you face, and we wish you the best of luck. I hope
43 some how in our deliberations we can assist you and the other small business concerns in
44 this country.

1 MR. BARLAG: Thank you, sir.

2 COMMISSIONER: Thank you.

3 COMMISSIONER MAY: Let's see, is Mr. Lionel Collins here?

4 MR. HANLEY: Let's have Mr. Collins as the next witness. He's
5 legislative director for --

6 COMMISSIONER: Did you skip an hour?

7 MR. HANLEY: We did, at Mr. Collins' request because we've had a
8 cancellation at 1645.

9 COMMISSIONER: This is a three minute presentation, as I understand the
10 rules?

11 MR. HANLEY: Yes. Mr. Collins is from Rep. Pete Geren's office.

12 MR. COLLINS: Yes.

13 COMMISSIONER MAY: Nice to have you here, Mr. Collins.

14 MR. COLLINS: Thank you very much, sir. I am the legislative director to
15 Congressman Pete Geren, in his Washington, D.C. office.

16 Mr. Chairman, members of the Defense Conversion Commission, I
17 commend all of you for coming to Fort Worth to conduct this hearing today.
18 Congressman Geren regrets that he is unable to be here today, due to a prior commitment,
19 but he appreciates the opportunity to submit a brief statement for the record.

20 As a representative for the 12th Congressional District of Fort Worth and
21 Tarrant County, Congressman Geren has witnessed the impact that the reduction of the
22 defense spending has had on families of this community.

23 The 12th Congressional District has suffered more defense and defense-
24 related layoffs than any other community in the United States. Our community has lost
25 approximately 20,000 direct jobs, and over 27,000 indirect defense-related jobs since
26 1989. The largest defense employer in this area is General Dynamics, GD. GD recently
27 announced that it would be cutting 5,800 jobs over the next two years, as a result of a
28 decline in the acquisition of the F-16 fighter aircraft that is manufactured in Fort Worth.

29 GD has cut its work force from 30,000 jobs in 1989, to its current level of
30 approximately 20,000 jobs. The most recent layoff announcement will reduce GD's Fort
31 Worth employment level to about 14,200 by the end of 1994. This coincides with the
32 reduced production of the F-16 fighter aircraft from 150 a year, prior to 1990, to 48 in
33 1992, to an expected 24 aircraft in 1993.

34 Congressman Geren is currently working with his House colleagues to urge
35 the Administration to approve the sale of 150 F-16s to Taiwan. These F-16s would be
36 built in Fort Worth, and would preserve over 3,000 of the expected 5,800 layoffs that are
37 scheduled to occur at GD facility by 1994.

38 In addition, the proposed sale to Taiwan would save over 11,000 American
39 jobs nationwide between now and the end of the decade, and would provide between \$12
40 to \$15 billion to our economy.

41 The second major defense contractor in this area is Bell Helicopter. Bell is
42 currently developing the V-22 aircraft. The V-22 is a number one priority of the U.S.
43 Marine Corps, and the V-22 will also have significant civil aviation applications.
44 Development and production of the V-22 will be a tremendous boost to this community,

1 to the Marine Corps and to other agencies that will utilize this advanced technology.

2 Last year the citizens of this community worked very hard to keep the
3 Carswell Air Force Base off the base closure list. As you know, the Base Closure
4 Commission voted to close this facility in 1993. The community worked very hard to
5 save Carswell, and is now working even harder to find other uses for this facility.

6 Today we have heard from a number of members of the community that
7 have been involved with the efforts regarding Carswell, F-16, V-22 programs, and from
8 other citizens who care deeply about their community. These witnesses have discussed
9 some of the hardships that have occurred effecting the families of employees who have
10 been laid off, and have offered recommendations and other additional steps that should be
11 taken to assist these workers, as well as the future workers that will be displaced.

12 As a result of the changes that have occurred throughout the world,
13 reductions in the defense spending will take place. But we must take all appropriate steps
14 to preserve our human talent pool and to insure that everything is done to lessen the
15 hardship that these reductions will have on the workers and their families. These good
16 people have dedicated their lives to making this country the strongest, safest nation in the
17 world, and its own prudent policy to litigate the harmful impact that these cuts on the
18 community on which they live.

19 Mr. Chairman, members of the Commission, your recommendations will
20 have a major impact on how the Secretary of Defense and the U.S. Congress address the
21 future defense budget reductions that are certain to take place in the coming years. I hope
22 that the experiences of this community will be helpful to you, and I look forward to
23 working with the Commission in the future. Thank you for your consideration, (signed)
24 Pete Geren.

25 COMMISSIONER MAY: Well, thank you very much, Mr. Collins, for
26 bringing that statement to us. Please thank the Congressman for showing the interest in
27 what we are doing.

28 Obviously, as you may have heard before, I don't think you've been here
29 too long, we won't be commenting on decisions pertaining to F-16 sales and V-22
30 production, and those kinds of things. But we hope that our recommendations have some
31 merit when it comes to dealing with the people who will be effected by the ultimate draw
32 down in defense spending by this country.

33 Thank you very much, and please give our best to the Congressman, and
34 we look forward to working with him and his staff.

35 MR. COLLINS: Thank you very much.

36 MR. HANLEY: The next witness is Ms. Elaine Lantz, from Jobs With
37 Justice, and she is going to be sharing her portion here with Pat Lane, from the union
38 IAM, who was scheduled for later on and they're going to double-up.

39 COMMISSIONER MAY: Okay. Wayne Letsel (phonetic) is not here; is
40 that correct?

41 MR. HANLEY: No, he's not.

42 COMMISSIONER MAY: Okay. Scrubbed?

43 MR. HANLEY: Yes.

44 COMMISSIONER MAY: Okay. Ms. Lantz, very nice to have you here

1 today.

2 MS. LANTZ: Thank you. I work with a group called Jobs With Justice,
3 and it's a coalition of union and community groups and religious groups working for jobs
4 in the area. I'm also a laid-off aircraft worker as a result of the defense cuts. I am
5 member of the United Auto Workers, which also organizes United Aerospace workers.

6 This has been the third time I was laid off in the last 12 years, and this
7 time, most of us when we went out, we don't feel like we're going to be coming back.
8 We've just got that feeling. We don't have any, you know, confirmed knowledge on it.
9 And really, what I would like to say today is that what is needed is jobs, you know. It
10 can have all the training and all the programs we want, but what we really need is jobs.
11 And I think that's really what we need to do.

12 One of the things that crosses my mind is that -- and we're a skilled force,
13 you know, the people that do tooling and manufacturing and assembly, that we could be
14 making other things that are necessary to the economy now that we're not making defense.
15 The thing that comes to my mind is trains, or you know, things like that.

16 You know, we're going overseas to buy trains, you know, the Dallas and
17 Fort Worth areas have to go overseas to buy these trains, and it seems to me that we
18 could take these existing factories and existing workers and go ahead and make something
19 like trains.

20 I think you can kind of do studies with the other defense things and see
21 what would be appropriate to convert those existing factories, and keep them in the
22 community and keep the workers working, and that kind of thing.

23 This isn't new. The United Auto Workers did this in World War II when
24 they converted the auto plants to defense plants. And then at the end of World War II
25 had a plan to convert them back to civilian production. So, I really think that that's really
26 what we need to be working on and trying to keep these communities going and keep
27 people working in what they were already trained to do.

28 I don't have the studies -- you know, I'm sure the engineers and that can
29 figure out -- but I don't think it's that much to convert, from what I've heard from some of
30 the experts, to the amount of changeover is going to be that much. It might have to be in
31 some of the planning stages, but as far as the work force, you know you can keep the
32 whole work force.

33 That's what I'd like to add. And I really wanted you to have Brother Lane,
34 from the machinists -- he's the machinist's president. He'll tell you that himself.

35 COMMISSIONER MAY: Well, thank you very much, Mrs. Lantz. I
36 would like to just comment, though, that you certainly have a unique experience having
37 been laid off three times, I believe you said --

38 MS. LANTZ: In the last 12 years.

39 COMMISSIONER MAY: -- during your working career, and that's
40 certainly a challenge.

41 You know, I think that's one of the aspects of this effort that has effected
42 all of us working the problem, the personal experiences that people have had, and
43 hopefully we can make a contribution to reducing the impact of those changes in careers
44 and changes in lifestyle, and so forth. Sometimes you wish you had a magic wand. Of

1 course, we don't. We've all got to work together to work through these down cycles.

2 But we certainly appreciate you taking the time to be here today and share
3 your story with us. Thank you.

4 MS. LANTZ: Thank you.

5 MR. HANLEY: Mr. Lane.

6 MR. LANE: Thank you. I'm Pat Lane, president of District Lodge 776 of
7 the Machinists Union here locally in Fort Worth, Texas. We represent a lot of the folks at
8 General Dynamics, Fort Worth here, the big Air Force plant. Also, we represent the folks
9 at Manasco (phonetic) Manufacturing, Lockheed in Austin and several other places.

10 So, we would like to extend a welcome to the Commission for coming here
11 and listening, and would like to offer any help that we possibly can. And we hope to
12 provide some information to the Commission that you could take back to Secretary
13 Cheney, and hopefully provide some valuable information to you.

14 First of all, we would like to ask that possibly that the Commission use as a
15 guiding principle on the economics of conversion, that you consider let's not convert any
16 more of this industry than it's just absolutely necessary to convert. Because in the interest
17 of national security and national defense, I think it's imperative -- and our members, the
18 6,000 that have already been laid off, and those that are still out there working -- know
19 that it's imperative that we keep a strong defense in this country.

20 That it's probably our best defense is to have a strong offensive weapon.
21 And to get ourselves in a posture where we are relying on foreign governments and
22 foreign countries, in my view and the views of our people, is a terrible thing to do.

23 To give you an example, I heard some discussion here that we ought to use
24 the technologies, and the sale of technologies in the private industry. But I think it ought
25 to even be criminal, probably, that we take our technology and sell to foreign
26 governments.

27 For instance, we've recently sold -- General Dynamics and United States
28 government have sold Korea a license at the benefactor of a large corporation receiving
29 cash profits. All of the jobs on the Korean program, except for the first 12 airplanes, will
30 be built, assembled and all of the high technology on the first-rate defense aircraft fighter
31 in this country -- all of that technology is being sent to Korea.

32 They're setting up an assembly line, it will be totally manufactured, and the
33 engines, the landing gear and the total airframe in Korea. That's jobs right here in this
34 area that should be kept at home. America should be first. At the same time that we're
35 talking about shutting down this defense plant.

36 To go a little further along that line, General Dynamics has just announced
37 another layoff of some 600 employees. Not because we're shrinking the defense industry,
38 but simply because they've chosen to send this entire line of business -- which is the
39 electrical assembly, the cable, the fly-by-wire of the F-16 aircraft -- to Mexico. These
40 workers are going to layoff, 600 of them.

41 Those jobs are not being shrunk, they're being sent to Mexico, to Chiajually
42 (phonetic), to be assembled at 50 cents per hour. Our work force is being turned out.
43 And that brings up the question of training. So, we're going to put these people who are
44 being laid off in the defense industry as a result of our jobs going offshore, or out of this

1 country.

2 What are we going to train these folks to do? They have a high skill --
3 Radio Shack, Tandy Electronics all those jobs are going overseas, and we've got fast track
4 in the making to hurry up, get a bunch more out of here.

5 So, along with my other duties, I've just served, until recently, the governor
6 on the State Job Training Coordinating Counsel, which is associated with the JTPA. I've
7 resigned that position because a lot of these 600 people, for example, are people who are
8 single parents, basically womenfolks -- works every day for a living. They have no
9 future, they have no hope.

10 You take the machinists, high skill, high technology machinists. General
11 Dynamics -- and this is just an example of what is going on in this industry -- General
12 Dynamics has recently gone to the DOD and secured and been granted permission to sell
13 off their excess machine shop equipment. Japan has been in looking at it to buy it,
14 (inaudible) high skill, high tech -- moving that to Japan.

15 Already, we've gone from 600 skilled craft machinists, they need no
16 training, but we're going to offer them some kind of training -- another drain on the
17 taxpayer, another insult to high skilled tradesman -- we're going to offer them training.
18 Where are we going to put them to work? They took half of the machine shop and
19 moved to Abilene, 300 jobs. The company refused to let one person transfer from this
20 plant to their same plant in Abilene. Why? \$14.00 an hour jobs. Those people are on
21 the street, they're in the training program. Where are they going to go to work? A lot of
22 them are 55 years old.

23 What are we going to train them for? I wish somebody would tell me.
24 The governor couldn't tell me. We've got all the federal tax dollars coming in. But they
25 took the taxpayer's money in the city of Abilene, and General Dynamics is receiving all
26 this corporate welfare. And I agree with Dr. Dahlman here. I don't like a company to
27 sell an Allen wrench for \$150. When you go to the variety store, or charge the
28 government that, and they go to the variety store and buy one of those for \$2.

29 But what they're doing to the workers is even much worse than that. Much
30 worse. They're laying them off, they're given tax subsidy to move the operation to
31 Abilene, in some cases, to Mexico. They're putting the people to work down there. And
32 guess what? Not a one of these people got to go to it. So, there's another drain to the tax
33 system. Another person unemployed. Another person to go train for a job where there's
34 not any jobs.

35 Who do they hire? They don't hire the oil tool workers in Abilene, Texas
36 that got laid off out in West Texas. They hire people under our jobs training programs.
37 What do they hire them at? Five dollars an hour, reimbursed by the government.

38 For two years General Dynamics pays them \$1 an hour. Just nearly like
39 the 50 cent labor in Mexico. Somewhere the corporate welfare and the greed of these top
40 executives running these corporations has got to be stopped. And the defense workers
41 who have helped win the Persian Gulf War, and the defense workers who have had to --
42 brought the peace to this country and the fall of Communism throughout most of the
43 world, have got to be recognized as the people that have done it.

44 Those are not the people who have been stealing the money on the high

1 sales. Now they're getting their livelihood sold down the river for these corporations, to
2 put them on the street so the top 25, or so, in the corporation can stuff their pockets
3 completely full of money, triple -- and quadruple, triple their salaries each year in cash
4 bonuses. For what? For laying off thousands of defense workers.

5 We're not for any feather-bedding. We don't agree with putting a man on a
6 job where there's no job. But we better look at keeping some semblance of a defense
7 industry, not peddle our technologies to every country -- and a lot of them in the past
8 have been our enemies. Japan, for example. We put them in business of building the
9 FSX aircraft. Our engineers, too. We've put them in business.

10 Our engineers were designing and updating and turning our technology. It's
11 going to be like the automobile industry. If we get in another war before long, if this
12 continues, if we need any more machinery we're going to have to go to Japan or Korea.
13 As we close these factories, we're going to have to go somewhere else. These workers,
14 when Humpty Dumpty falls off the wall you can't run out and put them all back to work
15 and get us some war equipment built. We need some strong capability left in this country.

16 And another thing. I hear small business here, and I'm proud of small
17 business. Lord help us, they need help, too. But when this work goes out of these plants
18 that you're hearing about, they don't hire the workers getting laid off. So, if we're talking
19 about what are we going to do for the workers, they want these workers where they can
20 get reimbursed out of JTPA. These skilled workers are having to be retrained when
21 they're already trained. Not to go to their trade or their craft, or work where they can.

22 And that's the reason I no longer serve the governor -- and I don't say it's
23 the governor's fault, it's the total system's fault. But it makes me sick at my gut when I
24 see what's going on in this country. And what I see going on, and I have to talk to these
25 laid off people, these men and women, everyday.

26 And we can convert these defense industries, if we're talking about
27 conversion. Our top person in our union met with William Anders, chairman of the board
28 of General Dynamics. He asked, he almost pleaded and begged, that we start looking at
29 conversion. The answer has been, "Absolutely not. We are not interested under any
30 circumstances for conversion."

31 But it can happen. You just heard from the previous speaker, a lady laid
32 off from LTV. LTV, if you ever ride out of DFW, their engineers designed -- and the
33 LTV workers built, the track system. It's an old system. They did it years ago. If you
34 can engineer an airplane to fly -- and we've proved it right over with LTV -- you can
35 engineer a tram to operate totally without any operators. It's a computerized system.

36 We need to put these engineers to work, use the brains that they've been
37 trained for. If you can weld an airplane, x-ray pure welding, some of the finest welding
38 in the world, let's don't dismantle that. Let's keep that capability, somehow.

39 And I think you as a Commission have a very, very important role. Let's
40 utilize that skill. If you can weld an airplane together -- and that happens to be my craft -
41 - you can weld anything together and make it stick. If you can machine a part, as a major
42 general machinist would do, if you can machine at General Dynamics, you don't need any
43 training, anywhere, period. If you can machine there, you can teach school at Tarrant
44 County. You can teach other people to become machinists.

1 Let's don't waste our resources in training people that don't need training.
2 What we need is jobs, and we need good jobs. And we need somebody -- and I'm so
3 pleased to see a Commission that's out looking at the problems, it gives me some hope
4 that maybe somebody is there and that can listen.

5 I apologize for taking so much time, but our people -- it just means so
6 much to them that they sit here. When they see defense work going to Mexico, when
7 they get the pink slip to go home. These people are not lazy. They're hard workers.
8 They're not the ones that've been taking the payoff on the back side. They're the people
9 that go to work every day and put in a hard day's work.

10 And I think we really need to look at these people and their problems, and
11 how can we help them. And at the same time, if we'll look at some of this corporate
12 greed, and how the stockholders and how the people are taking the money out of these
13 defense companies, and figure out how we can let the people be involved in this whole
14 process, we could take care a lot of those jobs. And we really appeal for your all's help
15 in this matter.

16 Thank you.

17 COMMISSIONER: Thank you, Mr. Lane.

18 COMMISSIONER MAY: Mr. Lane, thank you very much. You,
19 obviously, are a very eloquent spokesman for your labor union, your people. And we've
20 had a number of labor individuals talk to us during our travels, most of them from the
21 machinists' union. And all of you have presented your position in a very articulate
22 fashion.

23 I think the challenge, as you say, is job creation. The challenge is to figure
24 out how to do that, and I think you have at least pointed out to me that this is a very
25 complicated issue. Anybody that thinks it's simply a matter of turning a knob to the left,
26 or pushing a switch to the right, doesn't appreciate how complicated life is in the last
27 decade of the 20th century. This is another challenge for all of us to work through. And
28 hopefully, working together, labor, management, government, we all can come to the right
29 solution.

30 It was interesting to see that you are one of those ones who thinks that the
31 first role of government is national defense, national security. I appreciate all the
32 contributions you've made to it over the years. Thank you very much.

33
34 MR. LANG: Thank you very much.

35 MR. HANLEY: Alright, the next witness is Mr. Steven Palko.

36 COMMISSIONER MAY: Mr. Palko, welcome. Are you also a small
37 businessman?

38 MR. PALKO: Yes, I am. I'm actually here in the capacity of a school
39 board member and representing the Fort Worth --

40 (End tape 4, side 1.)

41 -- School District, and I'd like to talk to you a little bit today about an
42 initiative that we have going on in Fort Worth that has relevance to your deliberations, I
43 feel like. And also about what we think is a very serious need both in this community,
44 and also throughout the nation.

1 As you all are aware, jobs are changing and changing fairly rapidly in the
2 country. Those companies that are gearing themselves up to survive, and organizing
3 themselves in a high productivity fashion are undergoing fairly dramatic changes.

4 The first major change that I would summarize is the fact that, increasingly,
5 decision making and problem solving is being put at the point of production or the point
6 of delivery of a service, which requires, increasingly, for all workers to have problem
7 solving skills, critical thinking skills, the ability to work cooperatively in groups.

8 The second major change is technology is increasingly replacing brute
9 force; cognitive tools are rapidly replacing the sort of activities that human beings used to
10 do in the work place.

11 I think the third major change is that, increasingly, people are called upon
12 to do more and varied things, which places a strong emphasis on life-long learning skills.
13 One of the things that we found out in Fort Worth is that there is a growing chasm
14 between the jobs that are available, that pay high wages, and the ability of students
15 coming out of school to perform those jobs.

16 With that knowledge in mind we began an initiative which was called Fort
17 Worth Project Seat of the Third Power, which is an attempt to reform education in Fort
18 Worth in such a way as to adequately prepare students for the jobs, economic
19 circumstances in future, which they increasingly face.

20 In that effort, it was a collaborative effort between the Fort Worth Chamber
21 of Commerce and the Fort Worth independent school district. It involves a number of
22 different activities. And in strong measure it's influenced very strongly by efforts by the
23 U.S. Department of Labor, which are very similar in nature. I was fortunate enough to be
24 on the SCANS Commission, which was commissioned originally by Secretary Dole and
25 carried forward by Secretary Martin.

26 And I think a strong message of the SCANS Commission is there are five
27 different functional competencies which are going to be important to all people in the
28 future. And those are: the ability to allocate resources, which means activities such as
29 planning, budgeting, scheduling; the ability to work together in groups, strong
30 interpersonal skills; the ability to access, organize and effectively present information; the
31 ability to access and utilize technology.

32 And the message of SCANS was really that heretofore, what happened is
33 schools sorted out about 20 percent of their population, which subsequently got increased
34 skills and abilities to perform these functions. They were the managers, the professionals
35 in society. But the SCANS Commission found out that if someone is going to have a job
36 in America that pays above the poverty line, they're going to need to be conversant in all
37 of those skills, which is a very dramatic change.

38 And that is because of the fact that in order to sustain or to have a high
39 paid employee, and to effectively compete in an internationally free economy, then one is
40 going to have to be a problem solver, a life long learner, and have these skills and
41 abilities. And so, our initiative in Fort Worth dovetails on the work of the SCANS
42 Commission.

43 I think that, you know, you feel for someone like the last speaker, the fact
44 that increasingly jobs in America are disappearing -- foreign countries. And you have to

1 feel for a person like that. But I think the reality is that unless workers in the United
2 States can do something that those in Mexico can't, then the future is 50 cents an hour.

3 And so it's absolutely imperative that we train children, both in school and
4 through post-school job training programs, to have the skills and abilities which will
5 permit high wages and high productivity employment settings.

6 And so what I would like to suggest to you is that efforts in this area -- I
7 think the base at Carswell, and Fort Worth, in general, because of the fact that we have
8 this strong effort ongoing, and we also have a collaborative situation with the junior
9 college and the senior colleges in here, and with the State of Texas, in order to push
10 through reforms in these areas and truly modify students' educational experiences that this
11 would be an excellent spot to spend some money and carry some programs forward, that
12 can be a model for other areas of the country.

13 I think two things need to happen. One is business, particularly small
14 business, needs to understand how to organize itself in a high productivity way. I think --
15 you know, look at who is organizing themselves in this way. It's principally the Xeroxes,
16 the Motorolas, the IBMs of the world. Small business basically looks at being
17 competitive by reducing margins. And reducing margins means cutting salaries and
18 reducing employees.

19 Whereas, those that organize in a high productivity fashion can still sustain
20 higher wages, but they do it by making employees more creative, more problem solvers,
21 and have a variety of skills and abilities that were formerly done -- tasks that formerly
22 were done by a large number of low skilled employees increasingly are being done by
23 fewer, highly skilled employees.

24 And I think the Fort Worth area offers a unique opportunity because of
25 what we've already started and what is going on here, to have a more formal jobs training
26 program. The federal government should be an important part of this. I know that both
27 high productivity and more effective training are on the agenda of the federal government.
28 And I think that we have a school district, and a college community, and a governmental
29 community, as well as a business community, that has shown the willingness to go
30 forward and to develop training programs.

31 To give you an example, last year we placed 1,000 seventh graders in Fort
32 Worth businesses for a period of two weeks. And the charge of the students and teachers
33 and the employers was to give these students a learning experience during this two week
34 period which would allow them to relate what happens in school to the world of work, to
35 show them that what they're learning in school is very relevant, and very pertinent to what
36 happens in the world of work.

37 And we lose a lot of these kids in the eighth grade. If you fail twice,
38 you're 16 in the eighth grade, and that's a very common situation. And the businesses
39 were excited to have the students. The students had a true learning experience, they had
40 their eyes opened to the relevance of what they're doing in school to what's happening.

41 And we're also very strongly changing the classroom experience itself.
42 That in order to make someone a competent worker in a high productivity environment,
43 you don't change the content of what you teach. In fact, you can teach anything you want
44 to. But you reorient the course to where students gain experience in allocating resources.

1 I'll give you an example -- a humanities course that's taught in our school
2 district. Typically, what that involves is looking at pictures of the Louvre and Notre Dam,
3 and then you do a multiple choice test that says, "This is Romanesque, this is Gothic."
4 And then about two months later it's purged out of long term memory to be gone forever.

5 What happened in this class is the teacher posed the problem, "There are
6 100 important architectural styles in the Dallas/Fort Worth area. I want you to find them"
7 -- that have evolved through history, and she felt as though they were present in the
8 current architecture of the Greater Dallas/Fort Worth area.

9 So, her task was find them, document them. First thing you need to do is
10 you need to organize the class into work groups, and assign a task or a subtask to each
11 one of these student groups. You need to get a leader and you need to make a report.
12 She asked for a multi-media type of presentation, she asked for this to be documented on
13 a computer spreadsheet.

14 And in the course of teaching what is a humanities course, she developed
15 every one of those five functional competencies that the Department of Labor Commission
16 said was important. And so, I think that what we're talking about here is creating learning
17 experience that really will give people the ability to develop lifelong learning skills, and to
18 participate in a high wage, high productivity environment.

19 And so, I guess that's -- if I'm pushing anything to you, it's that this is a
20 good spot to move forward with that. And I think it's an important thing on the national
21 agenda, adequate jobs training. And we're not talking about taking someone who is a
22 welder and making them another type of craftsman. What we're talking about is giving
23 people broad, generic abilities, habits of mind, thinking skills, the ability to learn, that no
24 matter what happens in the economy they can adapt, retrain, and be a participant in a high
25 productivity, high income type situation.

26 And so, I think what I would like to try and promote, or push, is that we
27 look beyond simply training from one very specific skill to another very specific skill, to
28 something that gives people broad abilities, and the ability to adapt to an ever increasing
29 and ever changing environment. And I'm also -- I think also trying to sell you on the fact
30 that this is a community where that can happen, that forces have already been in place,
31 programs have already started.

32 So, it's a good place to make an investment in continuing progress and
33 continuing along those lines.

34 COMMISSIONER DUBE: And we're feeling some deficiencies in them.

35 (Laughter)

36 COMMISSIONER MAY: Some of the deficiencies that maybe could be
37 improved in our persona. But certainly my judgement is that's an excellent program -- I
38 may offer Commissioner Higgins an opportunity to comment, given that she's from the
39 Department of Labor.

40 But my overall impression is that this is a long term impact program, it's
41 not something that will help us solve the immediate problem, but certainly it's the way
42 that the nation would want to prepare for the 21st century by this kind of effort. And I
43 applaud the efforts in Fort Worth. When I was stationed at Carswell we lived in
44 Grapevine, so my children went to Grapevine schools, not to Fort Worth district.

1 I applaud the effort to improve the curriculum in the Fort Worth district.

2 Robin, did you have any comments?

3 COMMISSIONER HIGGINS: Yes. It's not a question, it's more of a
4 thanks for your words and for putting them on the record and for reminding us, once
5 again, what I think is very important.

6 I've been with the Department of Labor for a very short time, so you
7 probably know more about SCANS than I do. But I think it's a wonderful study and it
8 can be of such great usefulness in our communities, and I'm very glad to see that you are,
9 in fact, putting it to use. I was actually a teacher a long time ago, so I also look at it
10 from that angle.

11 But in addition to that, another thing that we're very concerned about -- and
12 several of us have military backgrounds, also, and so do I -- but we recognize another
13 important problem, another important aspect of the human toll that the defense drawdown
14 brings is those people who are not just being told that they no longer can serve in the
15 military or work on military equipment, but those youth who will not reap the benefits,
16 who will not be able to reap the benefits of being in the military because it's just simply
17 smaller.

18 And I think those people can benefit greatly from the kinds of things that
19 SCANS is professing and talks about. Because as I read through that and I look at the
20 competencies and the qualities and the traits, I know that, at least, in the Marine Corps,
21 those are just the traits and qualities that we try to imbue in Marines. And I know that all
22 the services are the same way.

23 So, I think it has far-reaching effects. And I know that all of us feel very
24 strongly that in our final report we will come to grips, and I hope that we will be able to
25 look very strongly and support SCANS and how it can be used in communities.

26 COMMISSIONER MAY: Thank you very much, Mr. Palko. We really
27 appreciate you coming today. Good luck to you.

28 MR. PALKO: I appreciate the opportunity.

29 MR. HANLEY: Thank you. The next witness is Mr. Allen Short, of Stock
30 Yards Station. Mr. Short, if you could limit your remarks to three minutes, that will give
31 the Commission a couple minutes to comment.

32 COMMISSIONER MAY: We'll transition to the five minute, two minute
33 question period in our hearing.

34 Thank you, Mr. Short, for being here today.

35 MR. SHORT: Thank you. I appreciate the opportunity to appear before
36 you all today. And before I tell you about the Stock Yards Station, I'd like to give you a
37 little brief history of the Fort Worth Stock Yards.

38 This area is just a short distance north of the downtown area. It was the
39 home of Armour and Swift packing plants in one of the liveliest livestock areas in the
40 country. The Chisholm Trail once went through the stockyard areas.

41 Since 1896 over 134 million cattle, hogs, mules, hogs, and horses and sheep
42 have been sold in the stockyards. As a matter of fact, the cattle and hog operation still
43 continues today. And it is the longest, continuous-running cattle auction in the country.

44 At the end of 1950, many factors contributed to the decline of the cattle

1 industry, and Armour shut down in 1962, Swift in 1972. And the stockyards began a
2 rather sharp decline, and much of it fell in a state of disrepair.

3 Joining a handful of business men and women who had a vision greater
4 about the future of the stockyard area were my bosses, Holt Tegman (phonetic) and Lida
5 Hill (phonetic). Holt is a Fort Worth businessman and entrepreneur. Lida Hill is a long
6 time Dallas native, and has been a very successful businesswoman in many enterprises.

7 Both Holt and Lida foresaw a need for a tourist area that would emphasize
8 the Western culture, and the stockyards was a natural area for them to concentrate. At the
9 same time that they were doing this, another Fort Worth businessman, Bill Davis, became
10 interested in operating a steam locomotive and developing the Tarantula Railroad. This is
11 a turn of the century steam locomotive that we give tourists and citizens alike an
12 opportunity to relive the steam train era.

13 Holt, Lida and Bill decided that the Tarantula railroad should run from the
14 southern part of Fort Worth to the stockyards, and thus, the Stock Yards Station was
15 created. Holt and Lida jointly purchased 76 of the 125 acres in the stockyard area, and
16 they built a visitors center, an outdoor pavilion that seats up to 1,200 people, some
17 western rides. And they directed all their efforts towards family- type entertainment.

18 Stock Yards Station, where the Tarantula train will come, is in the old hog
19 and sheep pen, and this structure was built in 1902. In addition to the Tarantula ticket
20 office, they're going to have a festival marketplace which will house, in some 80,000
21 square feet, restaurants, galleries, and shops of various nature.

22 To date, Holt and Lida have spent \$8 million of their own capital -- none
23 of it has been loaned -- and with the railroad there will easily be a \$20 million, in excess
24 of, a \$20 million contribution to this joint project. And the reason why they're doing this
25 is simply tourism.

26 Tourism means jobs. It is the fourth largest industry that we have in the
27 State of Texas. It brings in \$17 billion annually. It means 300,000 jobs in the State of
28 Texas. And we feel like that creating a tourist industry and helping develop the tourist
29 industry will mean more jobs that the citizens that we have here in Fort Worth.

30 We do, however, have a specific problem, and that's the reason why I
31 wanted to address you all today. In December of 1985 and mid-1986, the City of Fort
32 Worth was notified that it was to receive an economic development administrative grant
33 for, and I quote, "For the continued rehabilitation and establishment of economic
34 development facilities and related infrastructure improvements in the Fort Worth
35 stockyards."

36 After numerous delays, a grant application from the city to the EDA was
37 submitted on September 12, 1989. In May of 1990, EDA authorized \$7,500,000 at full
38 federal expense. October of 1990, the city resubmitted projects for the \$7.5 million.
39 After many appeals through our congressional leaders, our local representatives, and many
40 private citizens, we have been unable to obtain this funding.

41 Here we have some entrepreneurs that are spending some \$20 million and
42 improve the economy of Fort Worth and the tourist industry, and we're asking for merely
43 the \$7.5 million that has been earmarked for us, we've been told the funds are there and
44 we just have been unable to obtain them. So, any assistance you could give us in that

1 area would be greatly appreciated.

2 I appreciate the opportunity of appearing before you all today.

3 MR. HANLEY: Thank you, Mr. Short.

4 COMMISSIONER: Well, thank you very much, Mr. Short. We certainly
5 will take that as an action item and look into it. I don't hold out any promise. If your
6 congressional delegation has been unable to move that money, we'll probably have similar
7 results. But we'll certainly put that on the agenda.

8 And there are several of us on the Commission who remember the steam
9 railroad area, who were alive then. So, thank you very much for recalling it for us.

10 MR. SHORT: Well, I appreciate the opportunity, again, to be with you all.
11 And if you all are going to be in town, we'd liked to invite you to the stockyards and
12 Billy Bob's Texas, the world's largest honky-tonk.

13 COMMISSIONER MAY: Where were you last night?

14 (Laughter)

15 MR. HANLEY: The next witness is Mr. James Toal, director of Carswell
16 Air Force Base Re-use Office.

17 COMMISSIONER: In the interest of time, we really would appreciate it if
18 everybody would try and stick to the three minutes so that --

19 COMMISSIONER MAY: We've still got quite a few witnesses, we want
20 to make sure we hear from everybody.

21 MR. TOAL: Thank you, Commissioner. You've had a long day, but yet,
22 you still are listening to people with keen interest and hearing what they say, and we
23 really appreciate that.

24 I would like to just highlight a few issues that we've run into, specifically
25 related to base re-use. And I'll go fairly rapidly because there's a lot of issues, and I'll just
26 kind of highlight them for you, in no particular order.

27 One of the problems with the Carswell Re-use is simply lead time.
28 Carswell was announced for closure just not more than about 18 months ago, or so. And
29 effectively, is closing by the end of the year because the mission will be phased out, for
30 the most part, by the end of the year, and it does not technically close until October the
31 first of next year.

32 But in the normal public budgeting and financial planning, as you may
33 know, it takes years to budget in something of significance such as a major airport
34 development. So I would suggest to you that you consider giving cities substantially more
35 lead time. And for those cities you can't give more lead time, like Fort Worth, then the
36 incentives and the assistance that you must give should be more.

37 We think that cities such as Fort Worth should be given special
38 consideration for federal recovery programs. In other words, if you have a major base
39 closing that has, let's say, over a half a million dollars in -- I'm sorry, \$500 million impact
40 a year, then maybe we should automatically be eligible for enterprise zone designation,
41 automatically be eligible for additional foreign trade zones, and things of that nature that
42 don't cost you particularly anything directly, but enable the city to work with more tools.
43 The area of foreign trade zone is of particular interest in our situation.

44 The biggest problem we have at the moment, we're trying to create an

1 authority that can take on the airport and the redevelopment. There are three cities
2 involved in the county, and the parties involved are doing a good job of agreeing about
3 what needs to be done, but it's very difficult for them to face the financial reality of taking
4 on a such liability.

5 And developing any kind of real estate these days is liability, not asset, and
6 you may be hearing that across the country. But if you learn from the peace example,
7 you know that taking on something of this magnitude is a \$3 or \$4 million a year
8 endeavor, at least. At least.

9 So, transition funding is essential. Now, we greatly appreciate the OEA
10 funding. And the OEA has been a marvelous entity to work with. And the resources that
11 they provide us in terms of learning from other bases has been helpful. However, the
12 OEA funds are limited to planning only, and a big problem is transitioning from planning
13 to implementation.

14 So, we suggest that a combination of FAA funds, OEA funds and DOD
15 funds be put together for cities who have early base closings so that we can transition
16 with the operation and management funding. And we'll be glad to give you details on this
17 at a later date.

18 Hazardous waste cleanup, of course that has to be done expeditiously and
19 thoroughly. And, most importantly, the responsibility and liability for any future problems
20 related to hazardous waste must go with the DOD, and it must be warranted in writing to
21 other future users. You can say that you're going to have that responsibility, but unless
22 you warrant it in writing in a transfer, in a conveyance document, then you may well
23 know that the -- is the five minutes up yet?

24 MR. HANLEY: It's just up.

25 MR. TOAL: All right.

26 MR. HANLEY: Drawing to a close here, if we can.

27 MR. TOAL: Then I'll just wrap it up and say that the utility systems need
28 to be conveyed free of charge, by the way, as well. I mean, the idea of selling to the
29 cities, or the authority, the utilities system doesn't appeal to us, as well.

30 And, of course, I mention retiree benefits. We have a large retiree
31 population here. Health care is our main problem. We have proposed what I think is a
32 state of the art managed health care system. And I think the mayor may have mentioned
33 this earlier today.

34 We urge you to provide Champus Reform Initiative here in the Fort Worth
35 area, which would give our retirees good health benefits. It will not cost the DOD any
36 additional money. It's a win-win situation. But we need for the bureaucracy to allow that
37 to be implemented in a very timely manner.

38 Thank you very much for taking time to hear from all us today.

39 COMMISSIONER MAY: Mr. Toal, we really appreciate your inputs.
40 Fundamentally, the base closure aftermath is not our responsibility. But every place we
41 go people have comments similar to those that you just expressed. And also, they have
42 similar comments on how outstanding OEA is, and OEA is supervised by my colleague to
43 the right, so I turn the compliment and the microphone over to him, if he'd like to make
44 any comments.

1 COMMISSIONER DAHLMAN: You know that OEA is restricted to
2 planning grants, and that's my statute. The question of implementation grants is a big one,
3 and I think that in certain communities, like yours, and Beeville, Texas, I think is another
4 one. We have to figure out a way to get other agencies in the federal government
5 involved in getting implementation grants. And I think that the Commission (inaudible)
6 here will have to look at that.

7 You complain about the rapidity of the closure of Carswell. I just want to
8 point out to you that just the other day Homestead got closed very rapidly in Florida. The
9 question of lead time is important, but that relates often to what the re-use is.

10 In Norton Air Force Base in California, for example, they are closing it too
11 slowly. There's a company banging on the doors trying to get in. How to get that lead
12 time to match up with the needs of the community and an appropriate plan for the re-use
13 of the facilities, I think, is a very important issue, and I don't see any quick solution to it.
14

15 But I appreciate the good comments about OEA, thank you very much.

16 MR. TOAL: Thank you.

17 COMMISSIONER MAY: Thank you, Mr. Toal.

18 MR. HANLEY: The next witness is Mr. Rick Shelton, senior vice
19 president of Linton Hardware and Electronic Supply.

20 COMMISSIONER MAY: Welcome, Mr. Shelton.

21 MR. SHELTON: Thank you, sir.

22 COMMISSIONER MAY: I appreciate you taking the time to come over
23 here this afternoon.

24 MR. SHELTON: I'm with Linton Electronic. We are a small,
25 disadvantaged electronic company here in Dallas/Fort Worth. I just wanted to stop by for
26 a minute today to try to say a piece on we need more jobs in the Dallas Metroplex area,
27 in Fort Worth, especially.

28 In the statement a few minutes ago that the gentleman from GD said that
29 they sent a cable harness contract to Mexico for 50 cents an hour. Well, we just laid off
30 10 people two weeks ago. Matter of fact, there were nine ladies and one gentleman.
31 Everybody has kids to support. And they send these same jobs that we do right here off
32 of 287 to Mexico. That's mind-boggling.

33 At Linton Electronics, when we opened the company in 1984 it was solely
34 to employ people. Me, myself, I came from Continental Airline with Frank Lorenzo and
35 that group, okay. So, we just wanted to open up a company to put people to work. And
36 that's our sole purpose in the Metroplex area.

37 But we haven't had any success in getting contracts from GD. And I see
38 the reason why, sending contracts like that -- and we've been doing the F-16 cable harness
39 for the last couple of years out of Tinker Air Force Base in Oklahoma, and did it
40 successfully. It's just mind-boggling.

41 Anyway, I just wanted to stop in and welcome the Commission, and to say
42 that we need more contracts to put people back to work so we can cut down on crime.
43 People working, they ain't got time to do a lot of crime. You put these guys back to
44 work, and these ladies. I'm not a very good speaker. I'm basically from Louisiana.

1 (Laughter)

2 COMMISSIONER MAY: Well, it's too bad our chairman is not here,
3 because he's from Louisiana too, as you might know by his name, Berteau.

4 MR. SHELTON: Yeah, he's from Louisiana with a name like that.

5 (Laughter)

6 COMMISSIONER HIGGINS: But he doesn't have such an eloquent,
7 beautiful sounding voice as you do. He's been up in Washington too long.

8 COMMISSIONER MAY: Too long, yes. He's been Yankee-ized.

9 MR. SHELTON: Uh-oh. Yes. I learned how to speak French before I
10 learned how to speak English.

11 Anyway, we need more jobs here, ladies and gentlemen. We need more
12 jobs. I've got a 22-year old son that's going to UTA. His major is electronics, electrical
13 engineering. I don't know what he's going to work on when he gets out of school. And
14 we just need more jobs, more contracts.

15 Bell Helicopter, E Systems in Garland and Greenville, we just finished a
16 contract with those people -- okay, I'll be going in just a minute -- we just finished a
17 major contract with those people, thank God. But we have to layoff, like I said, these 10
18 people, and it really hurt me to do that. As a matter of fact, the people call us back every
19 day, "Mr. Shelton, are we going to have more work?" So I have to tell them, "No, we
20 don't have any contracts."

21 But anyway, thank you for inviting me. And I hope that we can get more
22 contracts here in the Metroplex.

23 COMMISSIONER MAY: Well, thank you, Mr. Shelton. I think you very
24 convincingly told your story. I think it's very important for those of us who work in
25 Washington to get out in the countryside and hear the kinds of stories that you just gave
26 us, and the other people from small businesses, as well as the unions.

27 I certainly can't verify, one way or another, what the union representative
28 said about the GD contract. But at the same time, we all agree that job creation, more
29 work within this country, is absolutely essential. And hopefully we'll have a
30 recommendation or two that will make some contribution to job creation.

31 Thank you for taking the time to spend with us this afternoon. We
32 appreciate it.

33 MR. SHELTON: Thank you, sir.

34 MR. HANLEY: All right. Next witness is Mr. John Hernandez, the
35 Commission will remember from the Fort Worth Hispanic Chamber of Commerce.

36 COMMISSIONER MAY: Mr. Hernandez, good to see you again.

37 MR. HERNANDEZ: Thank you, I'm glad to be here again.

38 (End tape 4, side 2.)

39 MR. HERNANDEZ: Basically I want to thank you for your patience and
40 for spending the day here with us. I think it is very significant to Fort Worth to be able
41 to come forth and express what we have really been trying to express for a long time.
42 Basically the Hispanic Chamber of Commerce, because we cater to small business,
43 women-owned business, we've very concerned about what this is going to do to them.
44 And the impact is going to be very negative because basically minorities traditionally do

1 not have the education, -- or lack the skills, are in many instances racial prejudices. Also,
2 the other side is the fact that for many reasons, and you heard it today, small businesses
3 are going to have difficulty securing loans so that they can convert into other businesses.

4 Time and time again today I've heard the same thing, you know, people are
5 frustrated because they have invested so much time, so much knowledge into something
6 that they thought would be lasting, to find out that it's going. And it's going to be gone.

7 So, the other side of that is that we need to be, I think in a way, somewhat
8 innovative and look at other avenues that will be, hopefully, lasting and look at the
9 resources that we already have. And I think Mr. Toal made a very good point when he
10 said that there are certain things that need to be available to us. Free trade zone, for
11 example. Carswell is very strategically situated. We have a great place for an
12 international trade center. It's already there. But we need some help.

13 We at the Hispanic Chamber of Commerce have proposed a resolution to
14 turn Carswell into an international trade center. Here in Fort Worth we are very blessed
15 with a lot of air. You know, we really are the capital of the air industry. You know,
16 we're blessed with DFW, Alliance, Carswell, other municipal airport that we have.

17 So, we need to capitalize on those assets that we already have. And I think
18 that is my message to you today. That, see what help you can give us in this areas to
19 promote those assets that we already have.

20 So, I appreciate your time. I'm glad to have been part of this. Thank you
21 very much.

22 COMMISSIONER MAY: Well, thank you. We appreciate your time.
23 And the most impressive aspect is that the people in this community are working together
24 to try and determine the future. And I think we've gotten many inputs today to tell us
25 what the federal government may or may not be able to do to assist you in moving in that
26 new era.

27 So, we appreciate your time and we appreciate you being here all afternoon
28 with us. Thank you very much, Mr. Hernandez.

29 MR. HERNANDEZ: Thank you.

30 COMMISSIONER MAY: Good luck to you.

31 MR. HERNANDEZ: Thank you.

32 MR. HANLEY: All right. The next witness is Mr. Michael Stevens, of the
33 Falcon Office and Engineering Supply Company.

34 COMMISSIONER MAY: Good afternoon, Mr. Stevens. Thank you for
35 coming and talking to us today.

36 MR. STEVENS: Well, I was hoping the list would be longer in front of
37 me because I'm so nervous I don't know what I'm doing here.

38 COMMISSIONER MAY: Well, please don't be. We're looking forward to
39 your comments and please relax and let us know what you're thinking.

40 MR. STEVENS: Well, I don't know if you are or not, but I've got to say it
41 anyway.

42 My name is Mike Stevens and I'm president and general manager of a
43 company called Falcon Office and Engineering here in Fort Worth. I hate to be a
44 negative aspect here, but I have to say this.

1 We opened our business on November 15, 1982 with two accounts, one of
2 them being General Dynamics. I began doing business with General Dynamics before the
3 first F-16 rolled off the assembly line. The integrity of that plant has been displayed over
4 and over to me as a very honorable company to deal with. Their loyalty to the small
5 business is evident just by the number of small businesses who are going out of business
6 because of what has happened to them.

7 No longer can my company donate to the police and firemen's benevolent
8 fund, we can't afford to help the scholarship kids, we can't play soccer like we used to, we
9 can't donate to the Masonic Home and School, we no longer can afford to place ads in
10 local periodicals to compete with our large conglomerate competitors in an effort to keep
11 our business alive. No longer can we hire sales people to solicit new business. The list
12 goes on and on and on of things that we as a small company can't do.

13 Why? Because the federal government has played with our lives like
14 pawns in a chess game. The pawn is the most expendable player, he's the sacrifice you
15 lay out for your opponent. We are the little people, the small businesses, the people who
16 don't have educations, who had to go to work right out of high school.

17 We got lucky at a defense contractor and were given an opportunity to
18 create our business, a lifelong desire of the American dream, only to see it disappear
19 before our very eyes because it seems like our government cares more about the affairs of
20 other countries than their own.

21 Our government seems to have reacted to the defense industry the same
22 way some of our customers have when someone walks in with a better deal. It's "What
23 have you done for me today?" However, we do want our youngsters to go to college, get
24 degrees in aeronautical engineering or electrical engineering, or whatever, just in case we
25 need them when Hitler or Hirohito, Khrushchev, or another Saddam pops up.

26 The government has not only reneged on its contract with General
27 Dynamics, it also controls where they can sell their product. As far as I'm concerned,
28 we've been taken to the cleaners by our own government. Though I have no proof of it, I
29 feel like this is just one of our punishments for the strength and influence of our former
30 Speaker of the House, Jim Wright. It shows, once again, that politics is alive and well in
31 Washington. However, this isn't the time or the place to air all my complaints.

32 There are three points of discussion as far as this meeting is concerned, and
33 I'll give my opinions, which are probably worth as much as my business -- which is
34 approximately about minus \$50,000 at this point. What has happened to the economy as a
35 result of the defense cuts is a simple answer. It's been destroyed. But that's okay.

36 In speaking to a government employee recently, his agency is fixing to
37 modernize to systems furniture, which is well and good for them because of the equipment
38 they've been using, but I'd rather see 40 or 50 people be employed for another two or
39 three weeks.

40 By the way, that furniture will probably be purchased from a contractor
41 somewhere else, not in Fort Worth. I see Harvard chairs being delivered on occasion that
42 were shipped from some gentleman in New Jersey, when we are the Harvard
43 representatives for the Fort Worth area. We don't get a call, nor do we get an order.

44 The second item on the list that I have was to determine the federal

1 government role in retraining programs. There are a lot of things that probably need to be
2 done, but my question to you is, where are they going to go to work when you retrain
3 them? Because there's no one to hire them. Not in this economy, anyway.

4 I didn't know we were limited to three minutes, so this will -- let me scan
5 through this. Personally, I guess I must be a pessimist. But in not knowing where these
6 people are going to go to work, the federal government has had a hand in destroying the
7 oil business, which was big in Fort Worth. It's also destroying the defense industry, the
8 commercial airline business. There's no one left to hire these people.

9 Everything that the government gets their hands into seems to come back
10 and bite us in the end. To me, the government is like a fist being stuck down in a glass
11 of water. There's an overflow that evaporates, that when they pull their hand out there's a
12 big void. We're the big void right now. The small businesses are the big void.

13 What should your role be as far as the federal government in helping
14 businesses to convert to commercial production? As far as I'm concerned, your agency
15 should be forced to buy locally from qualified vendors. And I'm not saying myself,
16 necessarily, because I probably won't be around to enjoy it. But as far as I'm concerned,
17 you have every service and product available here in Fort Worth that you can get
18 anywhere else. Force them to buy it from the small businesses until the commercial
19 sector can help support the small businesses, or when we're all gone. One or the other.

20 I feel sort of insignificant up here because these guys are up here asking for
21 millions of dollars. I'd like to just know where next week's payroll is going to come
22 from, okay, because I can't borrow any money because of so many federal regulations on
23 the bank examiners. If I don't show whatever it is I have to show on my bottom line,
24 then they're going to come in and call my note.

25 I'm sorry to be so negative about it. I'll just drop all the rest of this. But
26 all I would like to say to the people of Fort Worth is it's time for the people in Fort
27 Worth stand up and be Fort Worth again. We're not the city that we used to be. We
28 don't have the old loyalties we used to have, we don't support the people here in town.
29 Not only do we not as individuals, the city doesn't, our appraisal district doesn't. We're
30 buying stuff outside this city, and as far as I'm concerned the people in this city need to
31 support the people here.

32 This is what has always separated Fort Worth from Dallas. The only thing
33 we've ever had in common has been the turnpike. Because we have always, up until this
34 point, and up until about 10 years ago, taken care of our people.

35 That's all I've got to say. I thank you for being here, and I'm sorry for
36 being so pessimistic.

37 COMMISSIONER MAY: Well, thank you, Mr. Stevens. You know, you
38 had a message that was important for you to communicate to us. I said earlier that it's
39 important for us to get out of Washington and listen to stories like your story so we have
40 an appreciation of what is going on in the country as we try and adjust to the new world
41 order.

42 And we appreciate you taking the time to come here this afternoon and tell
43 us your story, and we wish you good luck in your business endeavors.

44 MR. STEVENS: Thank you very much.

1 COMMISSIONER MAY: Thank you.

2 MR. HANLEY: The next witness is Mr. Fred Wright of Transpec
3 Fasteners.

4 COMMISSIONER MAY: Mr. Wright, welcome to our proceedings.

5 MR. WRIGHT: All right. Thank you for having me. I found out about
6 this yesterday, and thought if I was going to come listen that at least I should say a few
7 words, although I don't talk much, except on the phone, day to day.

8 We're a small fastener broker right here in Fort Worth. Our business is
9 over 95 percent defense business. We're about the lowest piece of the food chain there is.
10 We get the scraps and what everybody else doesn't want. But we manage to feed 29
11 families out of that. We have a \$740,000 payroll every year. That's \$200,000 in taxes we
12 pay. Our average employee makes \$25,000.

13 We don't expect our business to last very long. We've seen the writing on
14 the wall. We know it's over. Nobody that works for us expects to make that kind of
15 money anytime soon again. They're highly trained individuals. It takes several years on
16 the job training because it is a high spec, high tech business. It takes a while for an
17 employee to become effective so you get a payback on them. It takes several years to pay
18 them back, and after four or five, you actually show a profit from them.

19 We've been real lucky, we have a lot of good people. They're competent,
20 they're aggressive and they're willing to do almost anything. We've been looking at other
21 options. We joke about opening a day care because we have a pretty good sized facility
22 that's empty. We looked at industrial tools, but there's already several competitors here in
23 town, and have been. Environmental projects and reclamation, recycling, that kind of
24 thing interests us.

25 But we don't know where to turn. We're used to dealing with the
26 government. We get a specification and a quantity and we go find it, and if we're the low
27 bidder we get to make the sale. That's how we make our money. We're not marketing
28 experts or geniuses. We have a hard time finding the information that would help us to
29 make a conversion. I'm sure it's out there. I've spent days at the library and catch tidbits,
30 but nobody has been able to sit down and give me a clear story of, "Well, here is a
31 market that you all could fit, and here's a little help to get going in that direction."

32 So, if you're looking to help, some sort of -- get the information all together
33 for us in some place. That would be a help. And we're not alone. There's got to be a
34 thousand companies like ours across the country, all just like us. We're probably one of
35 the smaller ones. So, if once you set it up once, you could duplicate it all across the
36 country and help a lot of people.

37 We're not GD, we're not LTV, we're not Bell, we're never in the newspaper,
38 you never see us on TV, I don't think. But we have done our part. For years and years
39 we've done our part. We provided the product in a timely fashion so that the Bells and
40 the GDs and LTVs could provide and fulfill their contracts.

41 So, we ask that you don't forget us. We could use some help. If there's
42 contracts available for other government agencies besides the Department of Defense --
43 we wouldn't expect the profit we see on our hardware, at this point -- but anything is
44 going to be better than nothing, which is where we feel like we're going with the mil spec

1 hardware business.

2 Some loans, or loan guarantees to help us diversify. If we put every penny
3 we made back in the business, we'd buy computers. We spend an awful lot of money on
4 specifications weekly, we get weekly updates. It's been very expensive for a long time,
5 but we do it. We don't have enough money, we cannot borrow any money. Our assets
6 are our intelligence and our trained work force. We don't have anything the bankers can
7 count and tally and give us 10 percent or 20 percent. It's not there. It's what we know
8 and how willing we have been to get the job done.

9 So, some program where we could get some money, say, if we did find a
10 line we thought we could market we could put it in, and -- at least, you can't sell from an
11 empty basket. And the commercial business for our business is totally different. They
12 buy and sell the same thing every day. We sell something different every minute. We
13 hardly ever sell the same thing twice, unless a contract comes around again in a few
14 years.

15 Maybe some tax relief. We pay enough in taxes every month to keep two
16 people on the payroll, if it comes to that, or three -- or to buy some product to sell, or
17 able to diversify. And please, whatever you do, don't increase our burdens any more with
18 any more regulations on who we can do business with, who we couldn't do business with.
19 That kind of thing.

20 And most of all, don't flip the tap off real fast. Just keep it dripping as
21 long as you can for us, because we're aggressive, and we're willing, and we're young, and
22 we're going to like it. We're going to be selling some products to somebody somewhere
23 in the world, and that's not the problem.

24 But the problem is how do we keep ourselves intact so we can be effective
25 in a world market long enough to make the change. And that's all I have.

26 COMMISSIONER MAY: Well, thank you very much Mr. Wright. I had
27 T. Boone Pickens tell me one time that the reason Texas economy was going to come
28 back after the oil depression was because of entrepreneurs like you. And there are many
29 of them in Texas.

30 Clearly, you have a challenge today. We have come across a number of
31 companies that fall in what I understand to be your mold, that you grew up as a defense
32 contractor, you understand the defense one-customer business, you understand how to
33 custom make a product to spec. And that's not the world that you're probably going to
34 have to deal in the years to come.

35 So, the challenge is how can government help you, obviously a
36 businessman who wants to do a good job, to diversify into some commercial line. And I
37 think the key, at least in our mind at this point in time, is first and foremost, you, the
38 businessman, have to decide what line it is you want to go in. That's probably not
39 something that government can really help you do, because there's a risk factor there,
40 there's a judgement factor, there's a knowledge of your people, and those kinds of things
41 that perhaps some bureaucrat from Washington, or Austin, or what have you, wouldn't be
42 very good at advising you on.

43 But once you make that decision, then what can government do to help you
44 make that transition. And those are the kinds of recommendations that, I think, we would

1 like to make and hopefully they will be useful recommendations.

2 In the meantime, good luck in making that choice and good luck in getting
3 the next contract. Thank you very much for coming.

4 MR. WRIGHT: Thank you for having me.

5 MR. HANLEY: The next witness is Mr. Grady Shytles of Arkatex
6 Construction. I hope I'm pronouncing that right.

7 MR. SHYTLES: (Inaudible).

8 COMMISSIONER MAY: What did he say, Shytles?

9 MR. SHYTLES: Grady Shytles, it generally means a part in your hair.

10 (Laughter)

11 COMMISSIONER MAY: I always wondered what you called the part in
12 your hair.

13 MR. SHYTLES: That's what it is, unless you're Yiddish, and it means a
14 wig. So, take it as it is.

15 As rapidly as I can, I'm 40 years of age, a 7th generation Texan. I learned
16 carpentry from my grandfather at the age of 12. I worked my way through high school,
17 been of a dysfunctional family, worked my way through college asking for no grants or
18 government aid, and accepting none.

19 I started my own business, easing up, buying products, tools and equipment
20 as I could with ready cash, so that when the rumors of the closure began to happen I was
21 at least solvent in the fact that the only thing that I owed on was my house. I've never
22 been delinquent in the mortgage payment and hope not to be.

23 As a carpenter I service the residual economic community of the military
24 enterprises. This being those small businesses that serve the larger industries, the staff,
25 the service man, the employees.

26 When the rumors began about the closure I think the building industry was
27 one of the first to lose out. You have to understand that all extraordinary expenditures
28 were shut off almost immediately in preparation for these closures.

29 Being a Texan with a Lone Star attitude and a self sufficient independent, I
30 don't faint away from the word "scab." I am an independent. I don't have union lobbyists
31 in Washington manipulating the congress. I don't have disposable capital like large
32 contractors that can afford to give a certain amount of funds to campaign funds to put my
33 representative into Washington.

34 Therefore, what I'm here for is simply to speak that the independent
35 craftsman here at large in the Metroplex are not forgotten should certain devices come that
36 we are going to renovate, restore, remodel any facilities that are left behind by whatever
37 decisions.

38 I know that by saying that -- an independent craftsman, that perhaps I give
39 the implication that I think I have no influence or affluence. But as a whole, and the
40 body as a whole in terms of independent craftsmen, I represent a very large tax base. I
41 represent a very large voter's block. We have given our service to this nation, as well.

42 I am not without respect for the military, certainly. My father served with
43 the Army Air Corps over in North Africa, I lost an uncle in World War II. I was raised
44 with great respect for carrying the big stick, and hold to that. But I can't live in the past

1 now. The base is probably gone. I mean, I have hopes even with Andrew coming
2 through Florida. But as they say, a drowning man will even grasp the blade of a sword,
3 and occasionally you have dreams. I had hoped that maybe something could have
4 happened that way.

5 It's not going to be possible. We spoke during one of the breaks, your
6 explanation as to why it couldn't happen are acceptable to me, so let's move forward. All
7 I hope is that when the contracts are submitted or offered that there be a consideration for
8 the small independent craftsman. Understanding that in this state, which is a right to-work
9 state -- and semantics aside, it means open shop -- the majority of all construction in this
10 community has come from the independent craftsman.

11 Dr. John Mills, who spoke to you before on the ARRI project, I was the
12 lead carpenter on that facility that now houses his robotics. I've had my finger in the deal
13 on these things all along, and have a diversified skill. And that needs to be remembered,
14 that often as not union tradesmen who are competent within their specialized area, maybe
15 are not as diversified.

16 We heard an educator speaking of the importance of a diversified
17 experience. And I'm simply here to ask you to keep that in mind. Right now I don't hold
18 payroll, except on myself. I call in the old carpenters who have worked for me previously
19 as my contracts demand. But fortunately, the entrepreneurs who I was good with, and fair
20 with in my contracts, have been able to call me. I'm not quite as in despair as some of
21 these other individuals. I'm not wealthy, but at least I'm making bills.

22 But I'm just here to, hopefully, remind you that I don't have a body of
23 lobbyists, and I don't have a major forum that the smaller contractors do. And the
24 carpenters themselves deserve an opportunity to submit a real bid. If the laws are written
25 to such that -- that bids are supposed to be offered fairly, but we know that a lot of times
26 there's some discretionary loopholes in that, and I just want this to be considered when
27 offering contracts. And that's pretty much my statement.

28 COMMISSIONER MAY: Well, thank you very much for taking the time
29 to represent yourself and the rest of the independent craftsmen. As I'm sure you know,
30 we don't have anything to do with the business of contract award any place, much less in
31 the Metroplex area.

32 But I hope that when people do that business, that they do it in accordance
33 with the governing rules and regulations, and I hope you get your fair share. So, good
34 luck to you and thank you very much for --

35 MR. SHYTLES: Like many before me, I simply wanted to use this as a
36 forum to be speaking that obviously the public is going to be aware of what's being said
37 here today, and this gives us all an opportunity to use it as a platform or soapbox. And I
38 appreciate that from the Commission. Thank you.

39 COMMISSIONER MAY: And you increased my capability in Yiddish by
40 100 percent, so now I know one word.

41 (Laughter)

42 MR. HANLEY: The next witness is Mr. Mitchell Speairs, president of
43 Cordova Corporation. And he is the penultimate witness.

44 COMMISSIONER MAY: The penultimate -- we've had a discussion about

1 penultimate witnesses before. I think that means you are the last witness.

2 MR. HANLEY: The next to last.

3 COMMISSIONER MAY: Oh, next to last. It means the next to last, this
4 time.

5 MR. HANLEY: It's the one that comes after the anti-penultimate.

6 COMMISSIONER MAY: Mr. Speairs, welcome.

7 MR. SPEAIRS: Thank you, sir. An observation that I've often favored is
8 the world's problems could be better solved with more communication, and you all have
9 certainly provided that. Like I have never dreamed it could be. So, thank you for the
10 opportunity.

11 COMMISSIONER MAY: Well, thank you.

12 MR. SPEAIRS: And what we're all working for is success, solutions. And
13 to look for success, I see where my competitors have what they are doing or not doing.
14 I'm trying to find the most successful one and look at it. I'm referring to the Japanese
15 automobile industry, which has had quite an impact, and no reason to beat that to death.

16 And I look out here to the north, about 30 minutes away, at a plant, a
17 Japanese plant that's making a tilt- rotor, commercial, small tilt-rotor. The whole world
18 needs a tilt-rotor. It would solve a lot of problems to find some success there. And I
19 have a couple of questions to ask of the DOD, if I can remember them -- I'm getting old.

20 One, why can't there be a coordination between DOD, for tilt rotors, and
21 the civilian application. I know the FAA is working dovetail to shorten the time two or
22 three years. And also, why is Mr. Cheney not looking for what's wrong with Bell
23 Helicopter, and getting corrected instead of saying, "Thumbs down, I've got a better deal
24 over here"? Any comment, you know?

25 COMMISSIONER MAY: Well, I don't think it would be appropriate for us
26 to comment --

27 MR. SPEAIRS: (Inaudible).

28 COMMISSIONER MAY: No, no. You know, that's a decision that,
29 certainly, he could best comment on given the opportunity. Clearly, he has adjusted his
30 position recently. But I can assure you, I think everybody will agree, decisions like that --
31 that are made in Washington -- are not made casually. They're are an awful lot of factors
32 that were considered in making the decision on the V-22 program.

33 MR. SPEAIRS: I recognize they have the knowledge, the background and
34 so forth, but I'd like to taste a little of that knowledge, you know, see what the score is,
35 what can be done. Closing the gap.

36 What was the other question. Well, I can't think. So, my degree is in
37 physics, and I'm simplistic. I didn't take any course in eloquent speaking. So, that is a
38 question though, as to why, why he doesn't pursue that line, and why we don't have more
39 cooperation between, what is the Japanese position with the automobile manufacturers in
40 the beginning. What did they do to make them successful? I'd like to know.

41 COMMISSIONER MAY: Well, I certainly don't purport to be an expert on
42 that subject, but I know a lot of people have looked into it, and I realize the methods in
43 our managerial style to copy some of the techniques the Japanese have used to corner the
44 world market in the automobile industry, and I think there are a number of companies in

1 this country that are trying to use those same techniques to win back market shares. So,
2 we'll see how successful they are.

3 MR. SPEAIRS: Why do they put a plant in the same neighborhood as this
4 to build a tilt-rotor? I mean, what were they doing, syphoning off engineers or --

5 COMMISSIONER MAY: I'm sure that's a rhetorical question and I really
6 don't know the answer, but thank you for taking the time to come this afternoon, Mr.
7 Speairs.

8 MR. SPEAIRS: Thank you, gentlemen.

9 MR. HANLEY: The last witness is Carmen Mele -- I hope I have that
10 right -- of the Diocese of Fort Worth.

11 FATHER MELE: Thank you. I say Mele, Carmen Mele.

12 MR. HANLEY: Forgive me.

13 FATHER MELE: That's okay, no problem.

14 COMMISSIONER MAY: Father, welcome.

15 FATHER MELE: Thank you. It's good to be here. Good evening. My
16 name is Carmen Mele. I am a Catholic priest working in the diocese of Fort Worth as
17 coordinator of Parish Justice Ministries. I am grateful for this opportunity to come and to
18 testify on behalf of economic conversion.

19 I never meant to have the last word, but it was given to me.

20 (Laughter)

21 The Catholic Church has traditionally placed a high value on work, and
22 especially on workers. Over 100 years ago Pope Leo XIII wrote of the role of
23 government to assure workers a safe environment, and benefits commensurate with
24 maintaining human dignity.

25 The social responsibility of providing jobs for workers has been expressed
26 in more recent times. In their statement on the U.S. economy, the National Conference of
27 Catholic Bishops wrote, "We must first establish a consensus that everyone has a right to
28 employment, then the burden of securing full employment falls on all of us:
29 policymakers, business, labor and the general public, to create and implement the
30 mechanisms to protect that right."

31 The Catholic Church has also taken notable stands against massive arms
32 production. In 1976, Pope Paul VI said at the United Nations that the arms race is -- and
33 this is a quote -- "Is to be condemned unreservedly as," again, quote, "an act of aggression
34 which amounts to crime. For even when they are not used, by their cost alone,
35 armaments kill the poor by causing them to starve."

36 The Pope's sentiments were echoed in the United States Bishops pastoral
37 letter on war and peace seven years later. If you remember, the bishops in that letter
38 questioned the country's policy of deterrence, and advised that the programs such as the
39 MX missile were misguided.

40 In the post-Cold War age, the Church's concern about workers and its
41 critique of arms production merge together. Jobs are basic, as Archbishop May of St.
42 Louis -- he's the immediate past president of the National Conference of Catholic Bishops
43 -- recently wrote in a newspaper column admonishing the community, "Not to mindlessly
44 lobby Congress for the sale of locally-produced fighter planes to Saudi Arabia."

1 "But it is also important to create products that will benefit humankind and
2 assure work in a competitive free market, than to narrow-mindedly persist in making
3 weapons of war for the control and vital arms market." Archbishop May concluded this
4 column by calling for more economic alternatives, and I'm quoting here again: "As a
5 community, we must create alternatives -- not merely choosing between foreign military
6 sales and unemployment. Instead of lobbying for weapon sales, this community could call
7 for enactment of [the conversion plans already in place: revolving loan funds; new
8 product and market developments; management networks.]"

9 (End tape 5, side 1.)

10 FATHER MELE: The conversion plans are already in place. These are the
11 revolving loan funds, new product and market development management networks.

12 If we can see St. Louis as an image, we might all meet in St. Louis. What
13 Archbishop May seeks for his community should be envisioned, I believe, for every city
14 in the country that has invested in the arms race. Economic conversion is not a plan or a
15 government goal. Quite the contrary, it plans for communities and industries too long
16 dependent on government and military related contracts to become self sufficient, and
17 economically competitive through limited initial government involvement.

18 It is the same policy that is hopeful for humanity. It looks to a fair world
19 as well as a world fair. Thank you.

20 COMMISSIONER MAY: Well, thank you, Father, for his words. I just
21 have one comment. Does that position entail some minimum level of defense expenditure,
22 or are we talking about --

23 FATHER MELE: That's what I was trained to argue towards, yes. Excuse
24 me for not stating it directly. I think -- there is no policy statement on economic
25 conversion by the United States Catholic Conference, as far as I know. But all of its
26 previous thinking and statement seems to argue for, yes, government involvement so that
27 people might continue working.

28 Some reinvestment of defense money into production. What I see as the
29 critical point is production of goods that can be marketed freely.

30 COMMISSIONER MAY: That's for the transitioning industries, but at the
31 same time, we would want to keep some level of defense expenditure for national
32 security.

33 FATHER MELE: Of course, yes. I didn't mean to sound --

34 COMMISSIONER MAY: Well, thank you very much for being here this
35 afternoon, and for having the last word. Although, I guess, actually I get the last word.
36 Thank you, very much.

37 Well, I want to thank, one more time, Mayor Granger, and the people of
38 Fort Worth for the hospitality that has been shown to us yesterday and today. We had a
39 superb visit. We got an opportunity to talk to both chambers of commerce, we got an
40 opportunity to talk to the people who are working for the governor on her task force to
41 look at economic transition.

42 And we had the opportunity today to hear from the people of the Metroplex
43 and to get some additional excellent insights into the challenges that we face in trying to
44 develop a report for the Secretary of Defense that deals with defense conversion, the

1 reduction in defense spending and the impact on the economy, the impact on people and
2 the impact on businesses.

3 Thank you very much.

4 (The hearing was concluded.)

5 * * * * *

DALLAS-FT WORTH PUBLIC HEARING FINAL ATTENDANCE, SEPTEMBER 27, 1992

<u>Time</u>	<u>Name</u>	<u>Representation</u>
1:00 PM	Mr Charles A. May, Jr., Acting Chairman	DCC Opening Remarks
1:13pm	Mayor Kay Granger	Mayor of Fort Worth Welcoming Remarks
1:25pm	Ms. Jan Sanders	Texas Campaign for Global Security
1:39pm	Mr. Charles Haddock	Texas Employment Commission
1:55pm	Honorable Martin Frost	House of Representatives
*****	BREAK 2:17 to 2:22	*****
2:23pm	Mr. Richard Layne	Aero CNC, Inc.
2:29pm	Dr. John Mills	Automation and Robotics Research Institute
2:49pm	Ms. Susan Regester	Congressman Joe Barton's Office
2:55pm	Mr. Raymond Rodriquez Ms. Francine Pratt	ACT
3:11pm	Mr. John Daeley	State Senator Chris Harris' Office
*****	BREAK 3:24 to 3:31	*****
3:32pm	Ms. Winsome Jean	Office of the Governor/Business
3:41pm	Ms. Jean Eason	Institute of Electrical and Electronics Engineers
3:55pm	Mr. Gary Cumbie	Fort Worth Chamber of Commerce
4:03pm	Ms. Diane Van Marter	Job Service Employer Committee
4:25pm	Mr. Roger Kallenberg Ms. Barbara Deeter	League of Women Voters

4:34pm	Mr. Sam Krhovjak	Tarrant County Junior College
4:43pm	Mr. Tom Barlag	Barlag Tool Company
4:50pm	Mr. Lionel Collins	Congressman Pete Geren's Office
4:56pm	Ms. Elaine Lantz	Jobs With Justice
5:00pm	Mr. Pat Lane	District Lodge 776, IAM
5:21pm	Mr. Steve Palko	Fort Worth Independent School District
*****	BREAK 5:26 to 5:34	*****
5:34pm	Mr. Allen C. Short	Stock Yards Station
5:41pm	Mr. James Toal	Carswell Air Force Base Re-use Office
5:47pm	Mr. Rick Shelton	Linton Hardware and Electronics
5:52pm	Mr. John Hernandez	Hispanic Chamber of Commerce
5:57pm	Mr. Mike Stevens	Falcon Office and Engineering Supply Company
6:04pm	Mr. Fred Wright	Transpec Fastners
6:11pm	Mr. Grady Shytles	Arkatex Construction
6:17pm	Mr. Mitchell Speairs	President, Cordova Corporation
6:22pm	Father Carmen Mele	Diocese of Fort Worth, Catholic Priest
	Mr. Charles A. May, Jr.	DCC Closing Remarks

DALLAS-FT WORTH PUBLIC HEARING

APPENDIX OF WRITTEN MATERIAL

<u>Name</u>	<u>Written Material Presented</u>
Mayor Kay Granger Appendix A	✧ Statement of City of Fort Worth Mayor Kay Granger before the Defense Conversion Commission, 27 August 92
Ms Jan Sanders	No written material provided
Mr Charles Haddock Appendix B	✧ Comments of Charles E. Haddock, Commissioner Representing Labor to Defense Conversion Commission, 27 August 1992
Honorable Martin Frost Appendix C	✧ Statement of the Honorable Martin Frost before the Defense Conversion Commission, 27 August 1992
Mr Richard Layne Appendix D	✧ Written Testimony Faxed to Defense Conversion Commission on 25 Sep 92
Dr John J. Mills Appendix E	✧ The Automation & Robotics Research Institute (ARRI) and Defense Conversion: Deposition to the Defense Conversion Commission Hearing, 27 August 1992
Ms Susan Regester Appendix F	✧ Statement of Congressman Joe Barton before the Defense Conversion Commission, 27 August 1992
Mr Raymond Rodriquez Ms Francine Pratt Appendix G	✧ Press Release: ACT Calls for a Cold War GI Bill
Mr John Daeley Appendix H	✧ Comments to Defense Conversion Commission and statement of State Senator Chris Harris, 27 August 1992
Ms Winsome Jean	No written material provided
Ms Jean Eason Appendix I	✧ 1991 IEEE Fort Worth Section Employment Survey
Mr Gary Cumbie	No written material provided

Ms Diane Van Marter Appendix J	✧ Statement of Diane Van Marter, 27 August 1992
Mr Roger Kallenberg Ms Barbara Deeter Appendix K	✧ Statement of Barbara Deeter before the Defense Conversion mission, 27 August 1992 ✧ Economic Conversion: Facts & Issues, April 1991
Mr Sam Krhovjak Appendix L	✧ Tarrant County Junior College Statement on Defense Conversion presented to the Defense Conversion Commission, 27 August 1992
Mr Tom Barlag	No written material provided
Mr Lionel Collins Appendix M	✧ Letter from the Honorable Pete Geren, 27 August 1992
Ms Elaine Lantz	No written material provided
Mr Pat Lane	No written material provided
Mr Steve Palko	No written material provided
Mr Allen Short	No written material provided
Mr James Toal	No written material provided
Mr Rick Shelton	No written material provided
Mr John Hernandez	No written material provided
Mr Mike Stevens	No written material provided
Mr Fred Wright	No written material provided
Mr Grady Shytles	No written material provided
Mr Mitchell Speairs	No written material provided
Father Carman Mele Appendix N	✧ Testimony at the Economic Conversion Hearing, 27 August 1992

STATEMENT
of
CITY OF FORT WORTH
MAYOR KAY GRANGER

BEFORE THE
DEFENSE CONVERSION COMMISSION

AUGUST 27, 1992

**REMARKS BY FORT WORTH MAYOR KAY GRANGER
BEFORE THE DEFENSE CONVERSION COMMISSION
AUGUST 27, 1992, 1:00 P.M.
FORT WORTH CITY COUNCIL CHAMBER**

Chairman Berteau and members of the Commission, on behalf of the City of Fort Worth, I want to publicly welcome this Commission to Fort Worth and express our thanks to you for including Fort Worth on your schedule of public hearings throughout the United States.

FORT WORTH - HISTORY AND TIE TO DEFENSE

In the time I have today, let me tell you a little about Fort Worth's tie to defense, what we are facing today, and close with some recommendations.

As the name of our city reflects, we began as an Army outpost, and the City of Fort Worth and its citizens have had a long history of responding to the nation's military needs. If you look at a map of the location of defense contractors in Texas, you will see that a vast majority are concentrated in the Fort Worth-Dallas area.

Fort Worth is the home to major plants of two of the nation's largest defense weapons contractors, General Dynamics and Bell Helicopter Textron. Fort Worth is also the home of Carswell Air Force Base, which is scheduled for closure in 1993.

COMMISSION'S WORK OF MOST IMPORTANCE

Because we are a city experiencing significant defense cutbacks through defense contract reductions and the closure of Carswell Air Force Base, the work of your Commission is of utmost importance to our city.

CARSWELL - JOB LOSS

As you may be aware, the Carswell Air Force Base "realignment" will mean a loss of nearly 7,200 military jobs, 2,000 civilian jobs directly associated with base operations, and 3,000 jobs indirectly associated with Carswell.

The full impact of the closure is yet to be determined, however, published reports by the Air Force suggest that the base creates an economic impact of up to \$746 million to our area. With such a large economic impact, there can be no doubt that many workers and their families in our area will be affected by this base closing.

DEFENSE INDUSTRY - JOB LOSS

Like so many of the challenges facing our community, the decision to close Carswell was made independent of anything we have done or failed to do. Additionally, because of the end of the Cold War, and a need to reduce defense expenditures as well as reduce the federal deficit, there have been and continues to be several cutbacks in defense programs that will impact Fort Worth and Tarrant County. Just recently, General Dynamics, one of our major employers, announced that it would begin layoffs over the period of the next two years of up to 5,800 employees as a result of reduced defense expenditures. Already having suffered over 11,000 layoffs due to defense cutbacks in prior years, and an additional number of layoffs due to other operations leaving the area in the

last two years, Fort Worth is looking for support, solutions and cooperation from the state and federal government to help address the needs of its citizens and the workforce throughout the area. Sometimes overlooked is the fact that cutbacks in contracts to major employers like G.D. and Bell also affect our small companies which have defense subcontracts. We need a coordinated effort to get our workforce back to work, whether they were previously with a large or small company.

WORKER RETRAINING - FLEXIBILITY

Certainly, one major issue is flexibility in worker retraining programs. Worker retraining here in Fort Worth is being undertaken in a spirit of cooperation among private business, local government, state government and the educational institutions. I believe that here in Fort Worth, arising out of need to develop a highly skilled workforce and responding to recent job losses in our area, we have developed an excellent network of cooperation in the community all focusing on training or retraining workers, attempting to create or find jobs for these workers, and placing our

workforce into those jobs. These efforts are important to ensure that we have a skilled work force that is ready when business looks to locate to our area. But, here lies the underlying problem for us in Fort Worth. The City and the Chamber of Commerce have worked hard in their economic development efforts. We have an infrastructure that is ready for business development. However, over the course of the last two years, we have to deal with an increasing labor market due to layoffs.

FORT WORTH - LOSING JOBS

We are continuing our efforts to retrain workers, and prior to this past year, we saw many workers transition into other jobs that were created by the growth of business sectors involved in transportation and health-related services. However, in 1991, for the first time since 1982, the Fort Worth-Arlington Metropolitan Statistical Area posted an actual net annual decrease of 1.7 percent in the total number of jobs in the area. We have steadily been losing manufacturing jobs in this area, but always in the past, other employment sectors have shown healthy increases to make up for these lost jobs. Now we are actually losing jobs.

Prior to the defense industry layoffs, Fort Worth was showing strong recovery from the 1986-88 regional recession. Actually, the Fort Worth-Arlington metro area had been serving as a major employment/job creation center. It was the only state metro area with continuous employment growth since 1982.

Prior to 1991, not only had the unemployment rate been decreasing, but housing vacancy rates were decreasing, retail sales were growing and even real estate values were beginning to edge upward, following the disastrous "bust" of the mid-80's.

UNEMPLOYMENT RATE - Now averaging over 9%

But things have changed and our unemployment rate certainly shows that. When we talk about the unemployment rate in Fort Worth, we generally refer to the Fort Worth-Arlington PMSA figure, which in June this year was 7.4 percent. However, for the months of January through May of this year, the unemployment rate within the City of Fort Worth, not the Fort Worth-Arlington PMSA, averaged 9.2 percent. While the June unemployment rate in the U.S. was 7.8 percent and the state of Texas was 8.3 percent, the unemployment rate for the City of Fort Worth was 9.3 percent.

Over 9 percent of the workforce in Fort Worth is unemployed, and this is **before** Carswell closes and our defense contractors have completed the most recent announced round of layoffs. As you can see, defense reductions have had a significant impact on our community.

Job creation is the key issue for us. I would suggest to this Commission that we cannot lose sight of the fact that we need to do all we can to keep our skilled workforce that is already developed and living here in the Metroplex. The layoffs from an employer like General Dynamics mean that employees with skills in drafting, in electronics, machine operators, engineers, planners, management, all will be without jobs. The transition period for a laid-off worker from a decent wage before the layoff, to a no wage, to low wage, back to a decent wage is the most difficult challenge we face here in Fort Worth. In a period of recession, getting decent jobs for these workers will be formidable task.

Let me say that I believe several actions need to take place at the local, state and federal levels:

First, there needs to be a strong commitment to provide the local authorities greater **flexibility** and leverage to accomplish its goals in retraining efforts.

Second, adequate resources need to be invested to help those employees during the transition period of going from a decent wage to no wage back to a decent wage. The transition period for a skilled employee who loses a job is probably a most frustrating and difficult period of adjustment. A strong safety net needs to be in place, so we will not lose highly skilled workers from our community.

Third, there needs to be an emphasis on job creation for areas hit hard by defense contract reductions and base closures. It is not enough to invest in workforce development. We need to have more business growth in our city so there are more jobs for our citizens. We ask the Defense Department to target Fort Worth for any job creation opportunities. For example, we need to redevelop Carswell quickly to help offset the jobs we are losing in defense contract reductions.

Fourth and last deals with base closures. Military base closures provide unique situations to communities. With respect to military base reuse, we need to look at the years immediately following closure. When bases are closed only a few years after the community is informed, transition funding other than planning grants should be made available. Many recommend a minimum of three years from the date of the formal base closure. Three possible uses of those resources would include:

- A. Funding the establishment and operation of the reuse entity during the first few years. The establishment and staffing of any new endeavor is usually an expensive and unanticipated undertaking for the local governmental jurisdictions. Urban areas or state governments are expected to have the resources to absorb this. However, significant costs have been borne by our local community for efforts related to Carswell at a time of severe budget restraints and city personnel reductions.

B. Funding the marketing of the base reuse plan. This is left to the local resources, but I would suggest there should be a review of this. The ultimate success of any reuse effort is largely dictated by the effectiveness of the marketing effort of the reuse authority.

C. Demonstration grants or seed money for job creation should be provided to encourage reuse efforts.

We have been very pleased with the assistance provided by the OEA and especially the planning grants from OEA and FAA. But, the financing issues of the years immediately following base closure are of critical importance to our community.

CLOSING: Chairman Berteau and members of the Commission, in closing we want to express our appreciation for your efforts and holding this hearing. I trust my comments have helped you better understand how the defense reductions have significantly affected our community, and perhaps given you some suggestions for ways to help us during this time of transition. We hope you will enjoy your time in Fort Worth and look forward to seeing your report at the end of 1992.

Appendix B

**Comments of Charles E. Haddock,
Commissioner Representing Labor
to
Defense Conversion Commission
August 27, 1992
Fort Worth, Texas**

Distinguished Members of the Defense Conversion Commission:

My name is Charles Haddock and I am the Commissioner representing Labor for the Texas Employment Commission. I appreciate the opportunity to offer comments on the impact of defense cuts on the economy and how to adjust to those impacts. My title, Commissioner representing Labor, accurately reflects the area of my greatest concern: workers, both civilian and military. Although I live and work in the State of Texas, I would like it to be understood that my comments apply to all workers who are affected by the changes defense spending.

My remarks this morning concern the area of job retraining, a critical factor in retaining military and civilian workers as productive contributors to the economy, and, more importantly, as providers to their own families. Current projections indicate that approximately 1.5 million defense workers will lose their jobs by 1995, of whom 1.1 million will continue to be active in the labor market. Job training or retraining is a frequently discussed "solution" to the problem of laid-off or dislocated workers, and in addition to unemployment insurance benefits, is one of the primary compensations that government offers these workers once their jobs have ended. Job training, in itself, however, is only part of the solution to the problems of the out-of-work individual and the nation's economy. Training is a means to a broader goal, which might be defined as productive, well-paid jobs for all former defense workers who want them. That broad goal will be accomplished by a combination of training, education, economic development, government policy and industrial innovation.

If job training is to be a meaningful component of the transitional economy, it must meet three criteria. It must be appropriate to the individual's interests and skill level. It must be linked to an actual job, or one that will exist. And, it must be accompanied by supportive services including stipends, to the extent that the individual needs support in order to participate. This third item is critical. How many dislocated workers, in the middle of raising families, can afford to give up their incomes to join a retraining program for 18 months to two years?

Most government-sponsored training programs do not offer any wage supplements. Individuals who might benefit from participating in retraining are literally discouraged from doing so because they have no means of supporting themselves or their families during the training period. However, the Trade Readjustment Assistance Act offers both training and a stipend to individuals whose jobs were lost due to foreign imports. TRA has operated with a great deal of success to move individuals from occupations with no job prospects into occupations for which there is a definite future. If we can provide a comprehensive training program for trade-affected individuals, special programs for those whose jobs were lost to environmental policy, or those who will lose employment due to the North American Free Trade Agreement, surely we can offer the same to our defense workers.

A great many economists are calling attention to a perceived shift in the United States from a high-skilled, high wage jobs to low-skilled, low wage jobs. In view of this shift, we as a nation can ill afford to ignore more than 1 million or so defense workers, nor can we ignore the 1,000,000 military personnel (and 1,000,000 spouses) who will become unemployed in the next few years. These workers are assets to our economy, and should be given a fair opportunity to retrain and re-enter the productive workforce. Certainly, we are talking about a significant investment of government dollars to offer a comprehensive training program for a large group of workers. But it is an investment that will have a payback, in tax revenues, in reduced government services and in a healthy national economy. Thank you very much.

Appendix C

STATEMENT OF THE HON. MARTIN FROST
BEFORE THE DEFENSE CONVERSION COMMISSION

FORT WORTH, TEXAS

AUGUST 27, 1992

I welcome this opportunity to appear before you today to talk about defense conversion. I believe that this is one of the most important issues facing our country today.

Defense spending is going down as a result of the breakup of the Soviet Union, and the lessening of tensions around the world. But this reduction in defense spending is going to have a significant impact on jobs and the economy in this country. Today's setting for this hearing, Fort Worth, provides a dramatic illustration of the disruptive economic effects that declining defense spending is having.

Fort Worth is home to General Dynamics, to Bell Helicopter, and to Carswell Air Force Base, along with the many small businesses that provide supplies and services to them. This area, however, has been devastated by the defense cutbacks already in place. Carswell is in the process of closing, taking its 8,000 military and civilian jobs with it. General Dynamics has laid off over 10,000 workers since 1990. Bell has also laid off workers, and more could go if planned projects such as the V-22 are not fully funded. These lay-offs have ricocheted throughout the North Texas area, severely harming businesses that have depended on Carswell, General Dynamics and Bell for their livelihoods.

This story is being repeated in other areas throughout the country. Jobs are being lost as defense contracts are terminated and military bases are closed. It's clear that we should respond to this situation by helping laid off defense workers and military personnel find new jobs. But this won't be easy.

I chaired a task force in the House at the request of Majority Leader Richard Gephardt to consider this most important subject. The task force examined a number of proposals with the objective of using \$1 billion provided by the FY 1993 budget resolution for conversion to promote long-term growth and create jobs. We crafted a conversion package that was adopted by the House during its consideration of the Defense Authorization bill for FY 1993. Briefly, it contains elements which would: 1) help defense businesses grow in civilian markets by giving them access to dual-use technology, promoting commercialization, and providing venture capital; 2) provide additional job-training assistance for civilian workers and military personnel; and 3) help communities to prepare for this transition. Let me provide some details.

First, we believe that the key to any reinvestment initiative must be the effective use of available defense resources to stimulate growth by encouraging increased cooperation between DOD and commercial high tech firms. To that end, we've proposed several initiatives that will help foster innovation in manufacturing and high technology-oriented industries. The real growth of these enterprises will create new jobs, thereby providing a new workplace for displaced defense workers. Some specific examples include:

1. A DOD Technology Extension Program to facilitate access for current and former defense suppliers to DOD-developed technology;
2. Dual-Use Technology Consortia to promote collaboration between private industry and the national laboratories; would allow DARPA (Defense Advanced Research Projects Agency) to create consortia like SEMATECH;
3. Partnerships in Technology Industrialization to help commercialize specific high-payoff applications for dual-use critical technologies; and
4. Assistance to help small defense businesses reposition into non-defense work.

Second, effective utilization of emerging new technologies will require a skilled and trained workforce. The package we have developed will help train this workforce for these jobs. Included are:

1. Assistance for service members and DOD and DOE civilians currently possessing skills in math and science, and who will be displaced by the defense build-down, to enter our classrooms as teachers and help fill the need for experienced teachers in these and other disciplines;
2. DOD scholarships and training assistance to enable individuals to qualify for employment in the field of environmental restoration and waste management in the

Department of Defense;

3. Grants to community colleges for training in environmental restoration and hazardous waste management; and

4.. Assistance to dislocated defense workers, including a hiring preference in DOD contracts and broadening eligibility for the JTPA (Job Training Partnership Act).

A third component will help affected local communities needing assistance to deal with the effects of the build-down. Many states and cities have programs in place to help workers and businesses adapt to changing economic circumstances. We believe that we should utilize these programs to help target assistance to the workers and businesses most in need.

This is just a sampling of the types of programs we've included, but I believe it illustrates the approach we've taken to reinvest the \$1 billion available to us this year.

The Senate is considering a similar package, and I'm hopeful that a conversion package will be in place later this fall so that we can begin addressing the problems caused by defense reductions.

We have a golden opportunity to stimulate economic growth and help displaced defense workers and military personnel by redirecting money originally planned for defense. It is a time to be creative and a time to be bold. We have seen an unparalleled defense buildup in the last decade and now, as defense spending is decreased, we must find ways to provide new jobs for the thousands

of defense workers who will be out of work and the thousands of active duty military who will no longer be needed by our country.

I harken back to the personal experience of my own family. My father was an aerospace engineer for his entire career. In fact, he worked right here in Fort Worth with General Dynamics from 1949 to 1962. I remember in the late 1960's and the early 1970's when there was another downturn in defense, and my father was unemployed for 1 year. He knew that ultimately he would be able to come back and get another job in the defense industry, as he did. The people who are losing their jobs now do not have that same prospect. Those jobs are gone.

Again, I want to thank the Commission for this opportunity to appear today.

ABRO CNC, INC.
960 SO. BURLESON BLVD.
P.O. BOX 35
BURLESON, TEXAS 76097
817-295-0184
FAX 817-447-2741

FAX COVER SHEET

DATE: 9/25/92

TO : DEFENSE CONVERSION COMMISSION

ATTN: SALLY HARTWIG, EXECUTIVE DIRECTOR

FROM: R. A. LAYNE

REF : SUBMISSION OF SPEECH

REMARKS: FOLLOWING YOU WILL FIND A COPY OF THE SPEECH I GAVE BEFORE THE DEFENSE CONVERSION COMMISSION ON THURSDAY MORNING, AUGUST 27, 1992. WE WANTED TO MAKE SURE THAT YOU HAD AN OFFICIAL COPY.

ALSO, FOR THE RECORD, WE WOULD LIKE TO STATE THAT ALTHOUGH WE HAVE BEEN THROUGH A CONVERSION BEFORE (FROM OIL FIELD WORK TO AIR CRAFT WORK); IT WILL BE MORE DIFFICULT THIS TIME. WE ARE ALWAYS LOOKING FOR OTHER COMPANIES TO DO WORK FOR. BUT WE MUST FIND HIGH TECH COMPANIES THAT ARE WILLING TO PAY FOR PRECISION MACHINING; SO WE WILL BE ABLE TO CONTINUE TO PAY FOR OUR CNC MACHINES.

WE ARE STILL IN THE PROCESS OF TRYING TO GET OUR SBA LOAN. THE BANK HAS ACCEPTED IT AND THE SBA NOW HAS THE PAPER WORK, BUT IT HAS TAKEN EIGHT MONTHS AND TWO DIFFERENT CONSULTANTS TO GET THE PAPER WORK RIGHT.

THANKS FOR LISTENING SO PATIENTLY TO OUR STORY.

NUMBER OF PAGES: 7 INCLUDING COVER PAGE
IF YOU DID NOT RECEIVE ALL PAGES, PLEASE CALL (817)
295-0184

My name is Richard Layne. I, along with my wife, Mary Layne own and operate a small machine shop. We have been in business for 11 years and 4 months. We have invested over one million dollars and have signed personal guarantees involving everything we own or ever will own. So goes the life of a small business owner.

We currently employ twelve people. Over the years we have done business with the following companies:

Aircraft companies:	Customer Status
DAF of Holland	quoting
General Dynamics/Fort Worth Division	current
General Dynamics/Abilene Facility	past
Mc Donnell Douglas/St. Louis	past
Menasco Inc.	past
Vought Corporation/LTV	past
Commercial Companies:	
Aero Components	past
Aero Seats & Systems	past
AVA of Houston	out of business
Docutel	out of business
Dynalectron	past
Eastman Whipstock	out of business
Gearhart Industries	out of business
Harris Graphics	past
Optic Electronics	past
Pengo Industries	out of business
Super Collider	quoting
DOD:	
Tinker AFB	past
Kelly AFB	past
Hill AFB	past
McClellan AFB	past

Our company is second to none in our ability to produce top of the line products for the defense industry, research and development, and commercial programs.

We are SPC certified, QCS 315 and MIL-I-45208 approved. We have a multi-surfacing programming system that is CATIA compatible which can down load Iges Files for highly intricate surfaces. We own a computer assisted CMM for checking these surfaces after machining. We are looking into EDI(Electronic Data Interchange) for enhancing our ability in doing business with Defense and Commercial Customers. We have taken all of these steps to keep our company in step with our customers demands. Several of the above mentioned programs are the direct result of DOD directives to its prime contractors (our customers), such as General Dynamics, Mc Donnell Douglas, Etc.

Because of the size of our company coupled with a lack of banking or financial support, we have found it to be very difficult to achieve any growth. As a result, we have found ourselves with one prime source of work. Though this source has supported us very well, the type of work and flow demand has taken all of our production capacity. We have been able to maintain our company with this relationship, yet on the other hand this has led to many complicated problems.

Our prime source of income is generated through General Dynamics/Fort Worth Division and the F-16 program. We also have participated in several other programs for General Dynamics. We have completed several contracts for the Superconducting Super Collider Laboratory, but are

studying the feasibility of doing business with an institution of it's nature because of budgetary problems with Congress. We are actively seeking business from Electrocom Automation; however once again we are facing a project on hold because of the budget.

We, at this time, hold a \$600,000.00 back log, but because of its source (General Dynamics), our banker no longer has faith in the value of these receivables due to the past terminations and nature of the receivables (defense related). Even though we had not been late or missed any commitments to the bank, the Comptroller of Currency, due to the concentration of accounts receivables being General Dynamics/F16 related, classified our account as unsuited. We have until November of 1992 to obtain and SBA loan or leave. At this time, we are actively pursuing a SBA loan with some difficulty.

The market place of yesterday is gone. In today's market place the role of the job shop has changed dramatically. First, whether in defense or in commercial work, you must meet rigid quality requirements and a growing demand for "traceability" of the product through record keeping. SPC is being mandated by DOD and all of its primes; the commercial market is also starting the same programs. One must be able not only to finance and buy material, but to confirm the material through certification, destructive and/or non-destructive testing on site. Not only is the

job shop responsible for its work but is responsible for all processes and the processing specs used to complete the product. Customers also want a sub-assembly or turnkey product. This may require an assembly area, paint area, etc. JIT (just in time delivery) coupled with multi-year purchase orders is a cost saver for large companies, but a cost burden for small companies. Because of the smaller shipments and larger inventories a small company must hold to be competitive in today's market place, one could ship one or two shipments or more before recovering cost. Large business along with the Federal Government, because of economic pressures, is passing cost down to the lower tiers of business. This will reduce the over all cost to large businesses, but will increase the up front cost to all lower tiers of business.

To be successful in today's market place one needs a good working relationship with not only his banker, but all entities concerned: customers, local, state and federal agencies.

As a skilled professional, one of my greater concerns is the loss of highly trained individuals from our trade, with a total lack of focus on education of individuals for our trade or any other skilled trade or craft. We are about to see the last remaining group retire or retrained and lost to this industry. Without skilled craftsmen to man our manufacturing base, the cost to America will be

far to great. We are loosing our manufacturing base daily to others with the ability to see what has made this country great, because I believe we have lost sight of it. Without these skills, we will use some one else's rocket to launch our telecommunications satellites; we will use some one else's space vehicle to explore space, some one else's tractor to plow our fields; and some one else's drilling tools to explore for energy sources. We will become a country dependent on others for our industrial needs.

If our company is to expand and have the capacity to diversify to a larger customer base and create more job opportunities, we need the following: a SBA loan for debt consolidation, facility expansion, new equipment, and working capital to enable us to hire and place the right people in the right positions; so that we can expand our production capability and become more profitable. We need to be educated in where to look for help with the export of our products and achieve a better relationship with our local, state, and federal government agencies.

The help needed by small business is a long list:

First, can we save this business and the jobs it provides, along with the taxes that it pays.

1. SBA loans with a bit of flexibility, but not a give-away.
2. Bank loans regulated with a better feel for small

business in reality not in a book.

3. Ready information on local, state, and federal agencies to help.

4. Less regulation of small business.

5. Insurance costs, workman's compensation, health

If our businesses can not be saved:

Most people are not trained to run their own business; plus they are not inclined to. But for those who are: give them all the needed skills, without them they will just become another failed business. All will need training in financial management, management of people, communication skills, and the realities of the cost of doing business. When so many people enter business with no idea of these skills, not only do they cause others financial trouble, but they lose all.

***The Automation & Robotics Research
Institute (ARRI)
and Defense Conversion***

Deposition to the Defense Conversion Commission Hearing

August 27, 1992,

Fort Worth, TX

Dr. John J. Mills

Director,

Fort Worth Chamber Foundation Chair in Automation and Robotics

ARRI

UTA

Outline of Talk

- Background of The University of Texas at Arlington and ARRI
- ARRI's Mission
- ARRI and Defense Conversion
- Wrap-up

ARRI

UTA

The University of Texas at Arlington

A full service, fully accredited urban University located in the heart of the Metroplex

Enrollment of 25,135 of which 4,246 are advanced degree candidates

Faculty and staff of 1,782 full time and 2,199 part time employees

51 baccalaureate, 56 Masters and 19 doctoral programs

1992-1993 budget: \$ 128 million

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ARRI

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8/26/92

ARRI Background

An applied research and technology transfer institute of the College of Engineering at The University of Texas at Arlington

Focused on the application of automation and robotics to manufacturing and distribution

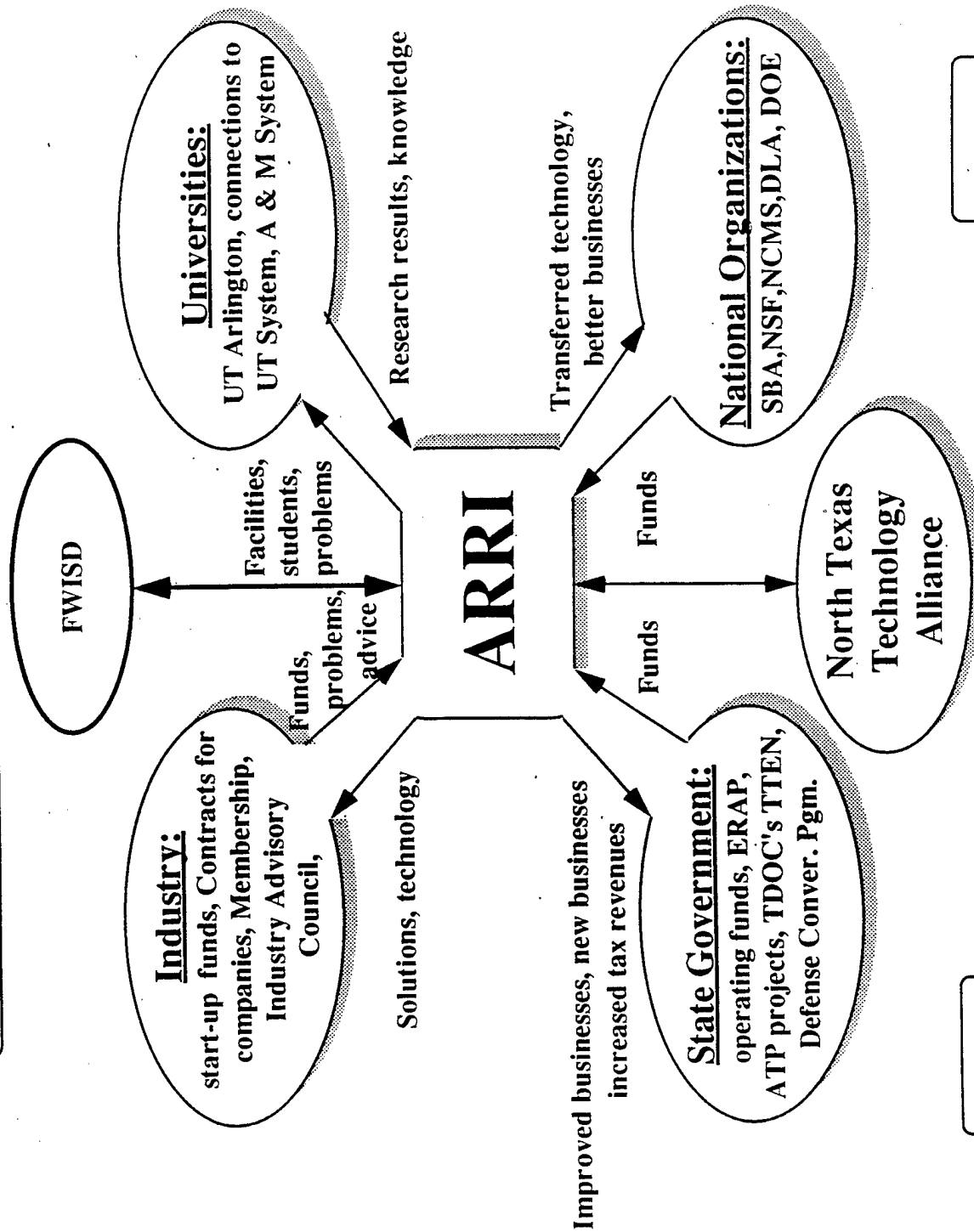
Located off campus on the RiverBend Business Park in Fort Worth to facilitate industry interactions

Revenues of \$3.6 million in 1992 from state, federal and company sources

ARRI

UTA

ARRI Background - Partnerships



8/26/92

ARRI Background - Staffing

- 30 Full Time Professional Staff & Faculty Associates
- 20 UTA Faculty
 - College of Engineering
 - Aerospace , Biomedical, Civil, Computer Science, Electrical, Industrial, Mechanical
 - College of Business
 - Marketing, Information Systems
- 60 Graduate, Undergraduate & Work-Study Students
- 1 Visiting Faculty from Other Universities
- 14 Industry Fellows

ARRI

UTA

8/2

ARRI Mission

The Mission of ARRI is to advance its members and customers towards World Class Manufacturing

Approach:

Business improvement assistance

Education and training

Technology transfer

Implementation assistance

Cutting edge research and development

ARRI

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8/26/92

ARRI Partners

American Airlines	Air Force MANTECH Program
AutoSimulations, Inc	Bell Helicopter - Textron
CADSi	Collmer Semiconductor, Inc
Defense Logistics Agency	Defense Technology
Design Power	Dynamo
E-Systems	ElectroCom Automation
ENTEC	FABRIcated TECHNOLOGY
Flexis, Inc	General Dynamics
IBM	Intellection
Intelligent Machine Corp	Lennox Industries
LTV Aircraft Products Group	Martin Marietta Corp.
NASA	National Center for Manufacturing Sciences
National Science Foundation	Radio Shack
Rockwell	Santech
Silma Corp	Small Business Administration
Solar Kinetics	SPEC
Texas Advanced Technology Program	Texas Department of Commerce
Texas Energy Research and Applications Program	
Texas National Research Laboratory Commission	
Tandy Corporation	Tandy Electronics
Texas Instruments	The US Currency Plant, Fort Worth
TST Computer Consultants	Vecta Corp
3M Corp	

ARRI

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**ARRI Initiatives Related to
Defense Conversion**

**Defense Conversion Program (Fort Worth Chamber of
Commerce)**

Department of Energy

Defense Logistics Agency

**Local Defense Industry Procurement Assistance (Small Business
Liaison Officers)**

National Center for Manufacturing Sciences

North Texas Technology Alliance

Small Business Administration

Texas Technology Extension Network

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Future Opportunities in Defense Conversion

Fund Education and Training for:

Returning Engineers to University

Internships

Specialized Programs for Defense Industry Personnel (Expertize utilization)

- Transition to second careers (education, consulting)
- Hi tech business startups

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Fund the Transitioning of Distressed Companies

Enterprise Excellence (SIME Program)

Technology Deployment (DOE Tech Transfer Site, NCMS' Teaching Factory (MAEC))

ARRI

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8/2

ARRI's Small Enterprise "Solution"

The Small Integrated Manufacturing Enterprise Program (SIME)

ARRI has established the SIME program to focus on providing assistance to small manufacturers.

Basic Premise

Manufacturing success, measured in terms of price, quality, and delivery, depends upon the ability to *"simplify, integrate, and automate"*.

ARRI

UTA

SIME Program

Objective

- To enhance manufacturing competitiveness by transferring advanced manufacturing technology and philosophy to small and medium sized manufacturing companies

Approach

- To provide *direct*, one-on-one assistance utilizing ARRI's cadre of full-time manufacturing professionals and qualified students
- To provide *focused* assistance

Assistance Framework

- A small enterprise architecture or reference model
- An "Enterprise Excellence" methodology
- A collection of technologies and enablers

ARRI

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Assistance Framework

A Vision and A
Reference Architecture

An "Excellence" Methodology
and "The Journey"

A Collection of Technologies
and Enablers

"World Class"
Small
Company

ARRI

UTA

Review of Methodology

Develop Vision
and Strategy

Change Culture

Integrate and Improve
Enterprise

Develop Technology
Solutions

ARRI

UTA

Technology Deployment

Department of Energy's Technology Transfer Initiative

To transfer advanced manufacturing technologies out of the national laboratories into industry

The National Center for Manufacturing Sciences (NCMS) Manufacturing Application and Education Network (MAEN) and Centers (MAEC), also called "Teaching Factories"

To facilitate the continuous and rapid deployment of advanced manufacturing practices, process and technologies to the nation's small and medium sized companies

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Major Limitation of Existing Programs

Cost matching requirements for Assistance Programs

ARRI

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8/2 2

Growth Opportunities for Distressed Companies

Superconductor Super Collider Program

The North American Free Trade Agreement

Other International Marketing Initiatives (Dallas and Fort Worth Chambers of Commerce)

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Conclusions

ARRI's approach works

ARRI is already helping small companies weather the defense transition period

It could accelerate its various programs

with more funding and

if the the cost sharing requirement was eliminated from existing programs

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Santech Industries, Inc.

2450 Handley Ederville Rd.
Ft. Worth, TX 76118

817-589-1212
FAX: 817-595-1575

July 13, 1992

Mr. Edward A. Miller
The National Center for Manufacturing Sciences
900 Victors Way
Ann Arbor, MI 48108-1779

REFERENCE: National Center for Manufacturing Sciences
Manufacturing Application and Educational Centers

Mr. Miller,

Santech is a manufacturer in Fort Worth and we are working with the Automation & Robotics Institute of The University of Texas at Arlington (ARRI). I have read an abstract of the white paper for background on the Manufacturing Application and Educational Centers (MAEC) program and would like to express my opinion.

The background in the white paper describes ARRI both in its vision and application of its vision to Santech. Santech became an associate member of ARRI because of the continuing education programs in continuous quality control, management strategic planning, design of experiments, and quality function deployment. ARRI has acted as a consultant to our company in formulating our vision statements and our strategic plan. ARRI is currently providing training to management and problem solving teams. Additional assistance has been made available to Santech concerning questions on Hardware Network Integration, Accounting Software Packages, Team Based Organizational Structures, Manufacturing Flow Design, and Computerization of Manufacturing Equipment.

ARRI has been invaluable to our company. One idea from our meetings with ARRI, was an opportunity to sell our technical development time to our customers. We took the idea from the meeting and got a commitment from one of our customers for a \$30,000.00 development project. This project utilizes resources already available within our company so most of the project income should appear as profit for our company. Many other ideas from these meetings are being pursued and should be profitable in the future.

I would like to highly recommend ARRI as the candidate for the MAEC Program in North Texas. Please feel free to contact me to discuss specific areas of ARRI's assistance to Santech.

Thank you for the vision of your program and the potential benefit that it will have on North American businesses.

Sincerely,



Michael Deese
President



ENGINEERING CO., INC.

10200 Jacksboro Hwy. • Fort Worth, Texas 76135
(817) 237-7700 • Fax (817) 237-2777

April 29, 1991

Mr. Levan Alexander
U.S. Small Business Administration
3625 King George Dr., Bldg. C.
Dallas, Texas 75235-3391

Dear Mr. Alexander:

Ace Engineering Co., Inc. has been involved with the Automation & Robotics Research Institute for 6 months under the SBA funded MTAP program. During that time they have been working with us in the implementation of a continuous improvement program. Through this partnership program with our employees, ARRI has assisted us far beyond what other consultants have done for us in the past. Additionally, ARRI through its Procurement Technical Assistance project, has provided us assistance in submitting bids to government entities.

As a small minority business, I have found this assistance invaluable. I strongly support their request for continued funding for the MTAP project.

Sincerely,
Ace Engineering Co., Inc.

A. Ghanemi
Ace Ghanemi
President

AG/ab

WOODWORKS ENTERPRISES, INC.
1909 Haymeadow
Carrollton, TX 75007-5413
(214) 446-8163

July 30, 1992

Dr. George Kozmetsky
IC2 Institute
The University of Texas at Austin
Austin, TX 78705

Re: National Center for Manufacturing Sciences (NCMS)
Manufacturing Application & Educational Ctrs (MAEC)

Dear Dr. Kozmetsky:


We were excited to hear of the plans of NCMS to establish nationwide education and technology assistance to small and medium-sized manufacturing companies. In the north Texas area, we would ask you to seriously consider the Automation & Robotics Research Institute (ARRI) of the University of Texas at Arlington system for your core center.

We have been receiving assistance from ARRI under a federally-funded program and have found them most willing to help our tiny company just as readily as the giants of industry located here. The education in continuous improvement that they have provided may make the difference in the survival of our business. We feel you could team with ARRI with utmost confidence that they would whole-heartedly service joint projects regardless of the size firm they are assisting.

ARRI is already accustomed to working in partnership with government and community interests to provide manufacturing technology leadership in this area. You will likely be surprised and pleased to find in place an institution already striving toward the goals that are set for the proposed centers.

Thank you for your dedication to the future of manufacturing and American industry and for your time in considering this matter.

Sincerely,


Shirley K. Grigsby
Vice President



FABRICATED TECHNOLOGY, INC.

(214) 986-0640

April 28, 1992

Mr. Levon Alexander
U.S. Small Business Administration
862 King George Dr. Bldg. C
Dallas, Tx 75235-3391

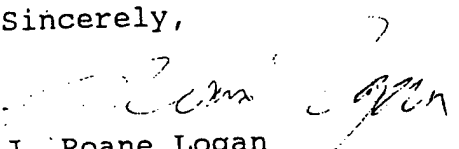
RE: University of Texas at Arlington
Management Technical Assistance Program

Dear Mr. Alexander:

Our company has been privileged to be selected in the above referenced program. We have benefited by the Continuous Improvement concept that would have been impossible without the school's assistance. Because of the program we have been able to improve our management techniques, correct weaknesses in our job scheduling, and more effectively fully utilize our employee base.

We hope this program will be continued for other companies to better realize their potential.

Sincerely,



J. Roane Logan
Executive Vice President

cc Adrian Presley

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CROWN METAL CORPORATION

4221 Shilling Way
Dallas, TX 75237

(214) 333-3600
(FAX) 333-3675
1-800-969-2769

April 27, 1992

Mr. Levan Alexander
U.S. Small Business Administration
8625 King George Dr. Bldg. C

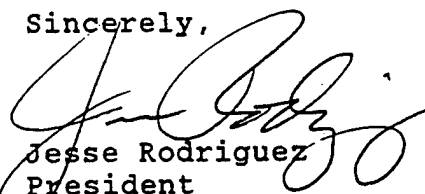
Dear Mr. Alexander:

We have been working with a team of engineers from the Automation and Robotics Research Center on the MTPA program which is funded by the SBA. They have been working with us since early January to help us implement a continuous improvement program in our company. Being a small disadvantage business, we have found this type of assistance most helpful. They have introduced us to current concepts and have instructed our personnel while performing and analysis of the current order processing system. They utilized a structured process for the integration and improvement of the order processing system. They then assisted in the construction of a model of the proposed integrated/improved system.

This objective to train Crown Metal personnel in the methods of process improvement focused on both the managerial and production aspects of the business. Aspects of cultural change, quality control, and customer orientation were emphasized. The methods and value of information modeling was demonstrated to our organization. The emphasis was on overlaying and integrated approach to automation within the company. This was accomplished by developing a technology plan to support corporate strategy and by utilizing enterprise modeling techniques to define the data aspects of the new system.

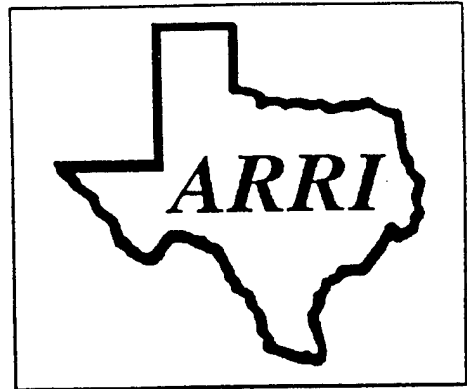
We could not have accomplished the above without the assistance of the Automation & Robotics Research Institute personnel and the MTAP program. We sincerely hope that you will continue to fund the continuous improvement project for the future.

Sincerely,


Jesse Rodriguez
President
Crown Metal Corporation

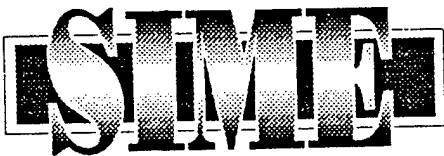
The Automation &
Robotics Research
Institute (ARRI) of The
University of Texas at
Arlington (UTA)

7300 Jack Newell Boulevard South
Fort Worth, Texas 76118
(817) 794-5900
FAX: (817) 794-5952



Small Integrated Manufacturing Enterprise Program Overview

Small manufacturing is an essential element of the U.S. economy, contributing significantly to overall economic activity. The small manufacturer, however, may lag behind the larger company in the implementation of technology and adoption of advanced philosophy and concepts. This is due to the fact that small manufacturing enterprises may have neither the resources nor the know-how to develop and implement enterprise improvements. It is proposed that this critically important problem can be solved, in part, by the development and deployment of focused solutions for the small manufacturing enterprise.



To this end, the Automation & Robotics Research Institute (ARRI) has established an applied Small Integrated Manufacturing Enterprise (SIME) program, targeting the small manufacturing company. The program is a joint effort between ARRI, the U.S. Small Business Administration and others. The overall objective of the SIME program is to enhance manufacturing competitiveness by

transferring advanced manufacturing technology and philosophy to small and medium sized manufacturing companies. The approach is to develop focused solutions and to deliver them using ARRI faculty, staff and students working one-on-one with small companies. SIME program strategy includes the acquisition of government funds to partially defray the cost of the development and delivery of these solutions.

COMPONENTS

The SIME program has four component specialty areas. These four areas are:

- Assistance in the implementation of continuous enterprise improvement
- Procurement assistance
- Assistance in information and systems integration
- Outreach

These program components have been selected to maximize the effectiveness of our efforts. All small companies can benefit from each of these components.

Dr. Don Liles is the technical lead of the group and acting program coordinator.

Continuous Enterprise Improvement

The SIME program offers assistance in the implementation of the continuous enterprise improvement philosophy. This assistance is based upon an "algorithm" developed by the SIME team. According to this algorithm, continuous improvement has four basic elements: the development of a coherent vision and strategy, cultural change to support the vision, the continuous improvement and functional integration of the enterprise, and the development of technology solutions. This program component has funding from the U.S. Small Business Administration. In addition, continuous improvement assistance (in statistical methods) is provided under contract to larger companies such as LTV and Tandy.

Procurement Assistance

The SIME program also offers procurement assistance, with funding from the Defense Logistics Agency for a Tarrant County Procurement Technical Assistance Center. The PTA Center, a part of ARRI, assists businesses in obtaining government contracts so as to increase the industrial and business base of Tarrant County. Assistance offered includes counseling, bid matching, marketing,

bid and proposal reviewing, training, networking and special projects. The Center provides services free to Tarrant County firms, and on a fee basis to non-county firms.

Assistance in Information and Systems Integration

The SIME program is developing a third program component to enable the delivery of focused solutions in the area of information and systems integration. This component will assist small companies in the acquisition and implementation of enterprise information systems. Of special interest will be the electronic integration of customers and supplies. The development of this component is

underway and is one of SIME's 1992 objectives.

Outreach

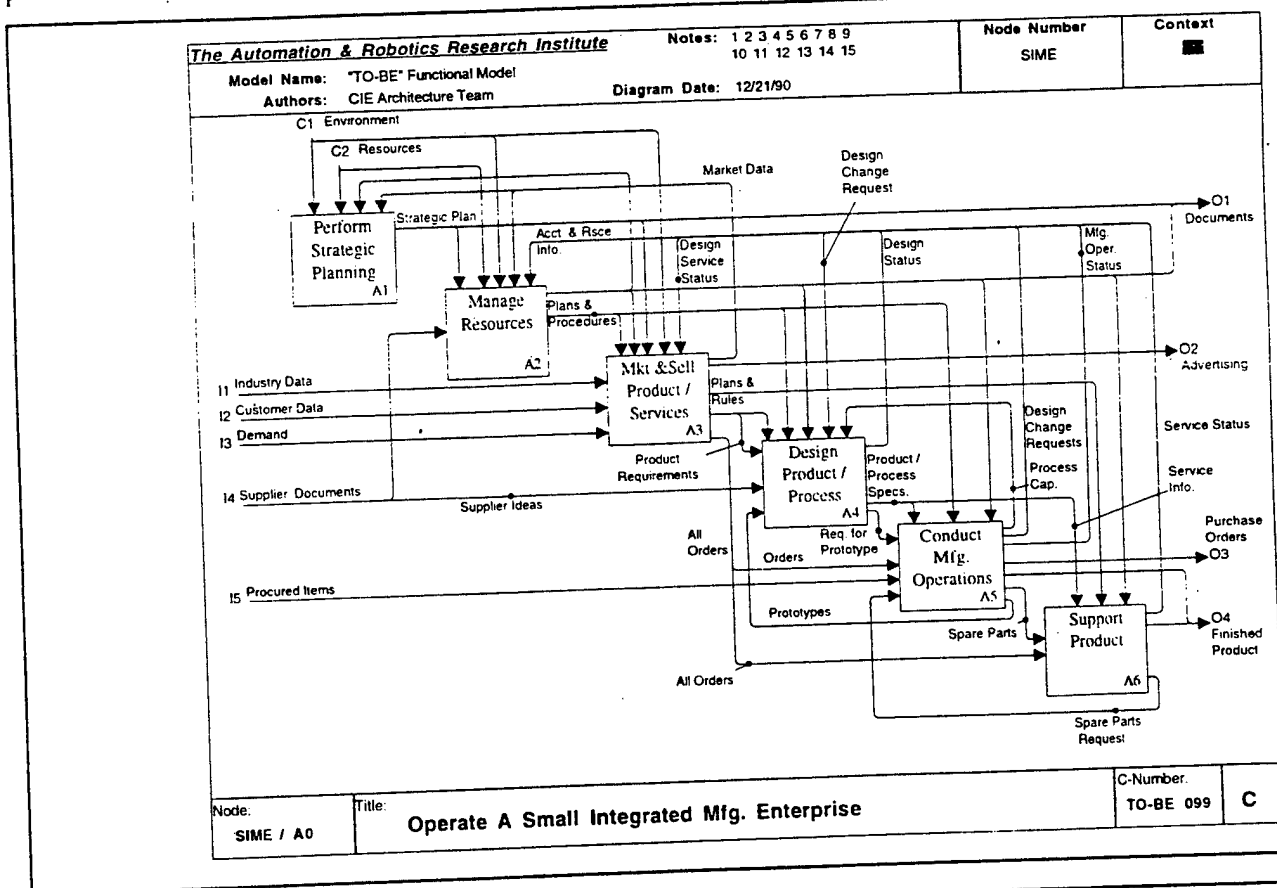
The SIME program performs outreach activities on behalf of the Institute. Of particular note is the North Texas Technology Alliance (NTTA) and the Manufacturing Renaissance Series. The NTTA is an alliance of colleges and universities which are working together to coordinate outreach activities for mutual benefit. The Manufacturing Renaissance Series is a series of lectures on advanced manufacturing concepts. This awareness raising series is offered to the public through UTA's Continuing Education program.

SUMMARY

The structure and activities of the SIME program are designed for maximum effectiveness. By offering focused solutions, small companies can be helped at a minimum cost. Each of the component areas have been so selected. All small companies can benefit from continuous improvement, procurement assistance, information and systems integration, and the information and awareness provided by outreach.



The SIME program was originally established with a grant from the Texas Advanced Technology Program (ATP #003-078). The original SIME team developed a Small Integrated Manufacturing Enterprise architecture and contributed to development of the continuous improvement methodology. In addition, the team developed and tested a business process documentation approach.



For More Information Contact:

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Appendix F

STATEMENT OF CONGRESSMAN JOE BARTON BEFORE THE DEFENSE CONVERSION COMMISSION August 27, 1992

I appreciate the opportunity to submit testimony to the Public Hearing held by the Defense Conversion Commission. I commend the job the Commission is doing and am confident the results and recommendations will be helpful to the citizens and economy of the greater Fort Worth area.

There is no doubt the structure of the U.S. armed forces will be dramatically different in the coming years. The defense industry needs to be creative in responding to restructuring our defense needs. However, we cannot lose sight that we won the Cold War and the Persian Gulf War through strength. The U.S. cannot retreat to the days of the 1970s where the U.S. armed forces were not totally ready.

The greater Fort Worth area has been a vital linchpin in our Nation's defense. As we move from a confrontational stance with the Soviet Union to a more peaceful world, I will work to ensure that the Fort Worth defense industries do their part in supplying our Nation's defense with the weapons and aircraft it requires to meet the changing national security needs.

There are a number of programs, such as the V-22 and the F-16, that are vitally important to the citizens and economy of Tarrant County, and to our Nation's defense. General Dynamics recently announced new plans to lay off an additional 5,800 employees by the end of 1994 because of the phaseout of the F-16. GD was once one of the largest defense industry employers with 31,000 employees in the late 1980s. By the end of 1994, General Dynamics will employ only 13,700 people in the greater Fort Worth area, unless the F-16 program is expanded.

The F-16 has been the primary advanced fighter plane used by the United States Air Force for the past thirteen years, and is now confronting discontinued procurement due to a shrinking military. The Air Force would like to continue "low-rate" production of the F-16 for the next five years. However, many Congressional leaders do not believe this is necessary to our continued defense needs. Work has just recently begun on development of the next generation American fighter, the F-22, which is not scheduled to go into production until the late 1990s. The United States needs to maintain, at least minimally, our air defense capabilities until this new fighter can be properly tested and put into place.

Another key to continued F-16 production is foreign military sales. However, international purchases are contingent on continued procurement of the F-16 by the United States. Commitment to F-16 production could generate as many as 351 foreign military sales, translating out to \$13.1 billion in positive trade balance and the maintenance of a full work force of 920,000 American jobs across the country. Over the past couple of months, the United States has been reviewing the possibility of selling 150 F-16's to Taiwan. A sale such as this would alone generate a direct economic impact of \$3 billion and would create approximately 11,000 jobs.

Bell Helicopter, who has been a prime contractor of the V-22 tiltrotor, is also experiencing severe layoffs. In April of 1989 at the height of funding for the V-22 program, Bell employed 2,389 people in the Fort Worth area. Today, due to cancelation and delays in funding the V-22, Bell employs 701 people, a 340 percent decrease in jobs for our area.

As we look at reductions in the defense budgets, in military force structure, and in the defense industrial base, programs like the V-22 become significantly more important. By examining ways to convert segments of the defense industry, the V-22 program offers a built-in economic conversion with its dual-use technology. The V-22 has the potential to revolutionize aviation, both its military and commercial application.

Civilian uses for the V-22 tiltrotor technology include improved air service in rural communities underserved by commercial and commuter airlines, improved access and shorter travel times for air passengers to urban areas served by congested airports, emergency relief, and industrial development in the absence of sizeable air and ground infrastructure. In addition, the development of this technology has the potential for international sales. Seen in this light, the V-22 Osprey is an example of a true "peace dividend" -- an investment in national security that will pay larger national returns as the commercial potential of its spin-offs are realized.

In the changing post-Cold War period, the V-22 program warrants funding. Its multi-mission capability provides it with the potential to fulfill many different military missions. This means the costs can be amortized over a much wider base than other alternatives. The introduction of operational tiltrotors is inevitable. A decision to cancel the V-22 now will only increase the cost of the system later, both in potential jobs and in billions of dollars in revenue and exports. We simply cannot afford to lose the economic and military potential this program provides. Additionally, if funded, the production of the V-22 Osprey would potentially create an additional 2,000 jobs over the 1989 employment figures. Nationwide, production of the V-22 could conceivably mean between 8,000 and 10,000 jobs.

Just as in the development of the jet engine and the helicopter, the military must take the lead in the development of this technology before large scale commercial application will be realized. Domestic carriers and foreign investors must be convinced the United States is committed to tiltrotor technology.

While the continuation of vital programs like the V-22 and the F-16 is important, it is also imperative that we provide our defense industry with the resources to make the transition into alternative industries. The U.S. House of Representatives adopted a comprehensive defense economic conversion plan in the 1992 Department of Defense Appropriations Bill. This bill passed the House on July 2nd, by a vote of 328 to 94. While I voted for the entire bill because of the funding levels for the V-22 and the F-16, I am concerned about the potential outyear funding levels for some of the programs contained in the economic conversion package. I do believe, however, that this is definitely a step in the right direction. I will encourage my colleagues, both in Congress and in the Administration, to work as expediently as possible to formulate a plan for reinvestment and conversion of our defense resources while at the same time

maintaining our military strength.

In conclusion, I want to thank you for allowing me to testify, and I look forward to working with the Commission in the future on implementing the proposals the Commission recommends. I would also like to thank the Fort Worth Chamber of Commerce for their efforts in working to coordinate all levels of government, as well as the private sector, in helping the Fort Worth defense industry transition into our new world society. It is vital we make this transition smooth and productive if the United States is to remain competitive in the international marketplace.

Allied Communities of Tarrant

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FOR IMMEDIATE RELEASE
AUGUST 27, 1992

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332-1830

ACT CALLS FOR A COLD WAR GI BILL

MEMBERS OF ALLIED COMMUNITIES OF TARRANT WILL TESTIFY BEFORE THE DEFENSE CONVERSION COMMISSION AT 3 P.M. ON THURSDAY, AUGUST 27. ACT WILL CONTINUE ITS CALL FOR FEDERAL FUNDING OF AN INDIVIDUAL TRAINING ACCOUNT. ACT LEADERS BELIEVE THAT THE ITA, A VOUCHER SYSTEM OF FUNDING FOR LONG-TERM TRAINING, IS A CRUCIAL TOOL FOR TRANSITION FROM DEFENSE INDUSTRIES TO CIVILIAN INDUSTRY.

ACT LEADER, FRANCINE PRATT CALLS THE ITA "A COLD WAR GI BILL. WE BELIEVE THAT THE FEDERAL GOVERNMENT HAS A RESPONSIBILITY TO THE FAMILIES WHO HAVE FOUGHT THE COLD WAR. HOW CAN YOU TALK ABOUT FAMILY VALUES AND NOT MAKE PLANS FOR THE FAMILIES AND COMMUNITIES THAT SUFFER FROM REDUCED MILITARY SPENDING?"

ANOTHER ACT LEADER, RAYMOND RODRIGUEZ, SAID, "FUNDING AN ITA ACCOUNT FOR FORT WORTH AND TARRANT COUNTY WORKERS COULD BE THE MISSING LINK IN MAINTAINING THIS AREA'S STRENGTH AS A HIGH SKILLED MANUFACTURING CENTER."

ALLIED COMMUNITIES of TARRANT

The following is a draft proposal for economic adjustment in Tarrant County. It was prepared by Allied Communities of Tarrant (ACT). The research on this proposal was conducted by Mr. Don Grier, a graduate student at the LBJ School of Public Affairs at the University of Texas at Austin. All questions regarding this document should be directed to Allied Communities of Tarrant, (817) 332-1830.

FROM HERE TO THERE:

An Economic Adjustment Strategy for Tarrant County

(Draft Copy - Not for distribution)

Facing the Future

Employment prospects for Fort Worth and Tarrant County are bleak. With the large decline in defense spending, Fort Worth is no longer insulated from the structural changes occurring in the national economy. With so great a reduction in the area's primary industry, support businesses of all types have been negatively impacted as well. Defense subcontractors are also forced to scale back operations, and area retailers and restaurants are experiencing a sharp reduction in business as disposable income of the population as a whole is reduced. In addition, city and county services will face budget shortfalls as the tax base is diminished. Consequently, worker dislocation in this area should continue to increase in the near future as the city adjusts to the apparent permanence of reduced defense spending and the decline of traditional manufacturing industries.

Although short term prospects are poor, long term prospects for the Fort Worth/Tarrant County economy are considerably better. Influential Baylor economist, Ray Perryman, projects employment to grow in Fort Worth at a 2.2% annual rate over the next twenty five years. He further projects unemployment to stabilize to an annual average rate over the next twenty five years.¹

Perryman's rosy assessment is echoed in the latest issues of the Texas Comptroller's Economic Quarterly and Fiscal Notes. The Comptroller projects modest employment growth of 6% non-farm employment in 1992² after which employment will grow at an annual average rate of 2.2% through the year 2011.³

Analysts cite several reasons for favorable long term prospects in Fort Worth. First, the Fort Worth Metropolitan Area has a large labor force that is skilled in advanced technology manufacturing industries. a

result of the displacement of a high percentage of the area's defense- and defense-related work force, there exists within the Tarrant County talent pool a large number of active job applicants with high demand technical skills.⁴

Secondly, Fort Worth and the surrounding area have an excellent transportation network. The addition of Alliance Airport should further enhance the area's position as a major transportation hub.

Thirdly, most major manufacturing industries in the Fort Worth-Arlington area are industries in which the United States remains competitive with other nations. Relative to the rest of the U.S., manufacturing employment in Fort Worth is most concentrated in aircraft and aircraft parts, refrigeration and service equipment, and plastics industries.⁵ According to economist Michael Porter's The Competitive Advantage of Nations, the United States continues to hold a competitive advantage over other nations in all three industries.⁶

Finally, the Fort Worth/Tarrant County Metropolitan Area has excellent research facilities and above average business support services. For example, the University of Texas at Arlington, long regarded a first rate engineering school, conducts advanced research in microelectronics, composite materials, system analysis, and aerospace dynamics. The university also operates the Automation and Robotics Research Institute (AARI) in Fort Worth. Created in 1987, the institute advances the science of automated manufacturing and assists local firms with automation processes.⁷

Facing the Facts

A common characteristic of all four of these strengths is their perishability. The area's transportation network requires maintenance and expansion to meet future

demands. Funding for research in advanced manufacturing processes and technology is likely to diminish with the continued decline of Tarrant County's manufacturing base. Similarly, the area is in danger of losing its skilled labor force if it cannot retain manufacturing industries or create new ones. As these valuable human resources depart the area in search of employment elsewhere, the tax base will diminish, which can only adversely affect education, community services and business support. This downward spiral will continue to feed on itself until the unemployment gap is filled. Filling this gap will require a pro-active, coordinated and comprehensive plan with the full support and available resources of the greater Tarrant County community.

The problem, then, is how to move from the economic problems of today to the potential of tomorrow. To avoid the loss of its skilled labor force and the withering away of its advanced industrial base, the city of Fort Worth and other county and municipal governments must enact an active economic adjustment strategy which focuses on the retention of its skilled labor force and the further development of high technology, manufacturing and related service industries in the area. Key to this adjustment strategy is the rapid transition of the area's defense industry to civilian production.

The following outlines such a strategy for Fort Worth and Tarrant County.

The Goal

The proposed strategy consists of four major programs and two recommendations targeted at accomplishing the following four goals:

1.) Consolidation and Coordination of Job Training/Economic Development Efforts:

Fort Worth and Tarrant County currently have no mechanism to coordinate job training/economic development efforts within the city. Those agencies and nonprofit organizations which are currently working in these critical areas, when not working against each other, often duplicate efforts. To help facilitate coordination, streamline processes, eliminate wasteful duplication, and promote the most efficient use possible of available resources, we recommend the creation of a Community Development Corporation. This corporation will serve as a coordinating body for all job training and economic development activities involved.

2.) Retention of the Area's Skilled Work Force:

The Fort Worth/Tarrant County Metropolitan Area has a large proportion of skilled engineers and technicians in its labor force. Unfortunately, a great number of these engineers work or have worked in defense related industries. General Dynamics employed 3,000 engineers and skilled technicians in the Research and Engineering Division alone. All 3,000 of these workers have been permanently laid off due to cuts in defense spending.⁸ To a large degree, the future of Fort Worth and Tarrant County hinges on placing these engineers in related commercial fields. Correspondingly, the strategy outlines two job training programs - a Small Business Entrepreneur Development Program and a Skilled Worker Placement Service targeted at retaining these skilled workers in the metropolitan area.

3.) Upgrading Skills of Blue Collar Workers:

Dislocated blue collar workers confront many more barriers to re employment than skilled technicians and managers. Unlike the dislocated engineer or manager, the majority of dislocated blue collar workers have had little formal education beyond high school. Any additional skills or training they've received, more often than not, has been gained on the assembly line, is job specific, and is therefore not readily transferable to another firm or occupation. To find a good job, most blue collar workers will need to significantly upgrade their skills. Consequently, an Individual Training Account Job Training Program (ITA), targeted at upgrading the skills of the dislocated blue collar worker, is included in the strategy.

4) Conversion of Defense Related Industries:

Job training programs are not enough to ensure Tarrant County's success. Since World War II, Fort Worth's economy has grown steadily more defense dependent. In 1991, an estimated forty percent of Fort Worth/Tarrant's manufacturing industry was related to the defense industry.⁹ This percentage includes prime contractors, such as General Dynamics and Bell Textron, and their many area subcontractors.¹⁰ Many of these defense related industries have developed technologies that can be adapted for commercial purposes. Accordingly, the strategy includes two programs - a Small Business Entrepreneur Development Program and Defense Subcontractor Conversion Program - targeted at converting defense related technologies into commercial enterprises.

The Plan

Establishment of the Tarrant Economic Readjustment Corporation

Before instituting an economic adjustment strategy, Fort Worth should first establish an umbrella organization to coordinate job training and economic development activities. Without any current mechanism for coordination, the numerous job training and economic development organizations operating in Fort Worth provide redundant services, or worse yet, work at cross purposes.

Allied Communities of Tarrant (ACT) recommends the creation of a Fort Worth/Tarrant County Economic Readjustment Corporation to help ensure that available resources are being fully utilized.

The primary purpose of the Corporation is to provide direction to the city/county's economic development and job training efforts. The corporation would not have authority over participating organizations, but rather would coordinate voluntary agreements and provide general policy direction. Established as a nonprofit corporation, the organization would be capable of receiving contributions and funding joint programs involving several of the member organizations. Fort Worth, Arlington and other cities, as lead partners in the corporation, would provide staff support for the corporation.

To ensure representation of all the corporation's eleven member Board of Directors should consist of representatives from a cross-section of interested organizations from the various involved cities: one member from each of the Economic Development Department, Employment and Training Departments, Tarrant County, the Fort Worth Chamber of Commerce, and the Fort Worth Economic Development Corporation, and two members from each of local labor unions, selected area business organizations, and Allied Communities of Tarrant.

Creation of an Entrepreneur Training and Development Program

The retention of highly skilled workers is crucial to the future of the Fort Worth economy. They possess the skills and knowledge necessary to maintain the competitiveness of Fort Worth industry.

Unfortunately, due to current recessionary trends, many skilled workers cannot find employment in the civilian sector of the Fort Worth economy. Unable to find a local job, many will relocate, and, in so doing, diminish the attractiveness of Fort Worth as a location for high technology industries.

To keep these critical workers in Fort Worth and surrounding areas, ACT recommends the establishment of an **Entrepreneur Training and Development Program**. The creation of this program would not only serve to help retain skilled workers, but create new employment for lesser skilled workers as well. Further, the program could add to the diversification of the local economy by adding new industries.

There exists ample demand in the area for such a training program. In a recent Texas Department of Commerce survey of 2217 dislocated workers from General Dynamics, 364 workers, over sixteen percent of the sample, indicated that they intended to start their own business.¹¹

The program ACT is proposing is a modification of a successful program developed in Vermont and consists of three key components¹², as follows.

Step I: Small Business Training Course

The first component of the program is an intense, eleven week classroom course in the rudiments of operating a small business. The goal of this portion of the program is the development of a business plan, which the participant can later use to secure financing. The curriculum of the course should be designed to provide the participant with the skills necessary to design and implement the business plan. At the very least, the classroom portion of the program should include training segments on accounting, business management, retailing and marketing, government regulations, insurance needs, and financing.

To lessen the cost of this portion of the program, the Fort Worth Service Corps of Retired Executives (SCORE) could be called upon to supply instructors to expand an already existing entrepreneur training program developed by Tarrant County Junior College. Cost for this component of the program is estimated to range from \$600 to \$2000 dollars based on the experience of the Vermont program.¹³ Possible funding sources for this facet of the program include joint EDWAA and Wagner-Peysner funds, a competitive grant from the Federal Research, Evaluation, Development and Demonstration Program under Title IV of JTPA, Wagner-Peysner funds retained at the state level (10% of state total for pilot projects), and possibly Carl Perkins basic grant money (if sufficient numbers of

disadvantaged students are served).

Step II: Capital Advisory Board

The second key component of the program is the formation of an advisory board to assist in securing start up capital for promising business plans. The board would include representatives from local banks, local offices of the Small Business Administration, the Fort Worth Economic Development Corporation, the Fort Worth Chamber of Commerce, the Dallas/Fort Worth Minority Business Development Center, Allied Communities of Tarrant and at least one Tarrant County corporate attorney. The advisory panel would review and comment on the program participants' business plans. The board's participation would be a means to leverage both federal and local funds for the program. In the case that existing and local funds are not sufficient to finance promising plans, Fort Worth should further consider developing a loan pool using city pension funds or a bond issue.

Step III: Public Small Business Incubator

The final component of the program is the development of a public small business incubator. The primary purpose of an incubator is to nurture the initial development of new businesses by collectively providing key business services (i.e. marketing, legal, product development, and other services) at low cost. For a new firm trying to break into the market, the low-cost services provided by the incubator can mean the difference between success and failure. Currently, Fort Worth has only one, for-profit incubator.

A possible source of funding for the new incubator is the Texas Product Development and Small Business Incubator Fund. In keeping with the area's goal of expanding its position as an advanced technology center, the proposed incubator, as well as the entire entrepreneur training and development program, should be targeted at the development of advanced technology firms that are currently expanding operations or developing new products (for example, Tandy and Matsushita's PTCC, Inc.) to serve as anchor firm for the incubator. As anchor firm, the company would serve as an informal mentor to start up companies.

The Entrepreneur Training and Development Program is not for everyone. In the Vermont program, roughly one-third of those who originally expressed an interest in the offered entrepreneur training actually entered the program. Successful completion of the program, however, brings many benefits to the participant as well as the community.

An example will better illustrate the design and the potential of entrepreneur training and development for Fort Worth/Tarrant County. For this example, we'll assume that an engineer specializing in composite materials is laid off from General Dynamics. The engineer has developed an idea for a new, lightweight aircraft part which he wishes to develop. He or she develops an initial business plan and submits it to the Entrepreneur Training and Development Advisory Board. They review the plan and recommend the engineer for training. The engineer completes the training and finalizes his or her business plan. A local banker on the advisory board sees the potential of the plan and loans the engineer \$20,000 dollars in start-up capital. The engineer enters the business incubator and begins product development. He or she uses the marketing services at the incubator to sell the product to an aircraft company. The business is now ready to take off. The engineer leaves the incubator and hires additional workers to meet increased demand.

Although the above example is simplistic, it illustrates the potential of such a program. Not every business plan will work out, but, for every miss, there exists the potential that the next participant will create a flourishing new industry.

Job Placement Services for Skilled Workers

Entrepreneur training and development specifically targets those skilled, dislocated workers with the desire to start their own business, and targets them in a manner which will allow the Tarrant County area to benefit from their efforts. However, a majority of skilled, displaced workers (or any workers for that matter) may not want to undertake the risk associated with starting a new business. Given their choice, they would like to find work in an occupation and industry similar to their previous employment.

The placement of skilled, dislocated workers might seem an easy proposition in Fort Worth/Tarrant County given the city's base in high technology manufacturing. Unfortunately, this is not the case. An Industrial Advisory Council - comprised of General Dynamics engineering department managers, CEO's from high technology firms, and the staff of the Texas Department of Commerce - studied the skilled, dislocated worker situation in Fort Worth and identified three barriers confronting skilled defense workers seeking re employment.¹⁴

Barrier #1: Preconceived Bias

First, the Industrial Advisory Council identified an existing bias on the part of high technology firms

against workers from the defense and aerospace industries. This bias mainly stems from a perceived "cultural" difference between defense related industries and strictly commercial businesses. The perception is that engineers and technicians, accustomed to the high profit margins and restricted competition in the defense industry do not adjust well to the competitive nature of commercial industries where profitability spells success, and that success often hinges on the engineer's ability to contain cost. Another source of bias is the belief that technical skills obtained in the aerospace and defense industries are not transferable to commercial high technology industries.

Barrier #2: Knowledge of Available Opportunities

A lack of information on career opportunities is a second barrier. Most dislocated workers from defense and aerospace industries are unaware of career opportunities available in the private sector because at first glance they seem to be in unrelated fields. For example, technically skilled individuals involved in the development of electronic instruments for the canceled A-12 may be unaware of opportunities in small- and medium-size electronics firms in Fort Worth to whom their technical expertise would be invaluable. More importantly, these people may not know how to properly market his or her expertise to potential employers.

Barrier #3: Conversion Training

Finally, many of the skilled, dislocated workers from the defense and aerospace industries may need some additional training to adapt their skills to a new field or industry.

JOB PLACEMENT PROGRAM

To confront the barriers to this large skilled and dislocated work force, an efficient and effective job placement program is recommended as part of the area's economic adjustment strategy. The necessary job placement program has three major components, designed to overcome the three aforementioned barriers.

Job Placement Program ACTION ITEMS

ITEM 1

Aggressive Marketing of Skilled Work Force

The first component is a plan to market skilled, dislocated workers from the defense and aerospace industries to other high technology firms in Tarrant

County. Noting the bias against defense and aerospace workers, a passive approach to job placement, such as the Texas Employment Commission's job bank, will not work. Further, many high technology firms prefer to use executive placement agencies for recruitment, and consequently, do not publicly advertise job openings. Instead, efforts must be made to aggressively sell the skills of dislocated, defense and aerospace workers.

The Fort Worth Chamber of Commerce should take the lead in one of the efforts to market the skills of the area's dislocated workers. The Chamber should consider organizing quarterly conventions which bring together personnel managers from growing, commercial technology firms and defense technology firms, such as Bell-Textron and General Dynamics, that are reducing their work forces.

At the convention, the personnel managers from those firms reducing their work forces would act like executive placement agents. They would gather information and resumes from former employees, then attempt to place the former employees with other firms attending the conference. Both types of participating firms could benefit from such an exchange. Firms that are laying off individuals would benefit since rapid placement of former employees may reduce the amount of supplementary benefits the employer has to pay former employees. Hiring firms would benefit from a centrally located and readily available talent pool, as well as from the probability that payments to executive placement agencies could be reduced or eliminated.

In addition to the Chamber of Commerce efforts, Fort Worth offices of the Texas Employment Commission should sponsor semiannual high technology job fairs. The fair would bring together former employees of firms not participating in the aforementioned conventions and potential employers.

The Fort Worth Tarrant County area should coordinate its marketing plan with an information campaign to instruct dislocated defense and aerospace workers on how to market their skills. The city's employment and training branch should pursue a grant from the state's discretionary JTPA funds to develop an instructional workbook for former defense and aerospace workers. In developing the workbook, the employment and training branch should draw upon the advice of personnel directors of high technology firms and executive placement agencies. The workbook would also contain examples of resumes targeting different high technology fields. The two Private Industry Councils in Fort Worth and the Fort Worth offices of the Texas Employment Commission would distribute the workbooks at job search seminars.

ITEM 2 On-The-Job Training

Fort Worth/Tarrant County and other cities along with the two local PICs, should develop a selective, on-the-job training program for skilled, dislocated workers from the defense and aerospace industries. To conserve scarce JTPA funds, the potential employer, in most cases, should pay for the minimal retraining needed to adapt the skills of dislocated aerospace and defense technicians. However, in some isolated cases - those in which the offer on-the-job training brings the promise of numerous, high wage jobs - the city should use JTPA funds or tap state Workforce Incentive funds to absorb fifty percent of the cost of training dislocated workers. The newly formed Community Development Corporation should develop criteria specifying the number and type of potential jobs which must be offered before a firm may be considered for assistance.

ITEM 3 Individual Training Account Program

The third job training program in the economic adjustment strategy is targeted at unskilled/semiskilled blue collar and low-wage white collar workers. This group of dislocated workers confront many more barriers to re employment than the skilled technicians and managers discussed above. Unlike the displaced engineer or manager, the majority of dislocated blue collar workers and their low-wage white collar counterparts have little formal education beyond high school. What additional training they've obtained is on the job, firm specific training that is not readily adaptable to another firm or occupation. Most individuals in this group of the population therefore lack transferable skills.

INDIVIDUAL TRAINING ACCOUNT PROGRAM

The Financial Gap

In addition to facing a skills gap, many of the dislocated workers in this group face a gap in financial resources. Few have sufficient financial resources to support a lengthy bout of unemployment. Without a secure source of income, they are hesitant to invest in the level of training which will be necessary to find employment in the growing, higher-wage sectors of the economy. With no guarantee that they will find a job after completing training, the hesitancy is further reinforced.

Under the Job Training Partnership Act, the conventional job training program does little to

overcome these two key barriers to high-wage employment. Despite its name, the Job Training Partnership Act's primary focus is not training, but rather placing displaced workers in new jobs as quickly as possible. As testament to this assertion, dislocated workers in FY 1990 (July 1, 1990 to June 30, 1991) participated an average of only 10 weeks (roughly two and a half months) in job training programs sponsored by the Working Connection in Fort Worth.¹⁵

Two key regulations governing JTPA reinforce the program's bias against the provision of longer-term (and more comprehensive) training. The more important of these regulations is the requirement that each Service Delivery Area meet a federally specified "entered employment rate" standard. The entered employment rate is defined as the ratio of participants finding employment upon completion of the program to all individuals participating in the JTPA program. This standard encourages private industrial councils to focus resources on individuals requiring little or no additional training to reenter the work force. Correspondingly, it discourages the development of more long-term and costly programs targeted at dislocated workers with multiple barriers to re employment.

The limitation on needs-related payments to 25 percent of an SDA's allotment further discourages participation in long-term, intensive training programs. This limitation severely restricts funding available for living stipends. Participation in a long-term training program (i.e. Associates Program, Licensed Practical Nurse Program, etc.) is therefore contingent upon the participant finding alternative sources of income, such as night jobs or the earnings of other family members.

In order to meet the conditions set by these two regulations, the typical job training program emphasizes batch processing (i.e., the processing of participants in groups, rather than individually), job search assistance, and short term, group training programs. The typical service provider, to limit administrative costs, conducts initial assessment and information sessions in a group setting.

From the information gathered in the initial session, the service provider then places individuals in groups based on their training needs. The majority of individuals are given short seminars on job search skills and join job search clubs as they actively seek re employment. A smaller group is given short term training to improve their employability. Typically, the service provider contracts with an educational institution to design two or three courses which fit only the general needs of the group. The individual is then allowed to choose among these two or three courses.

Very little attention is given to individual training needs through the entire job training process. The "bottom line" approach to job training is fine for those who already have marketable skills. However, it fails to provide the unskilled/semiskilled worker with the skills needed for improvement and advancement.

Consequently, the unskilled/semiskilled worker is usually re employed in a "dead-end" job, leaving him or her no better off than before participation in the job training program.

4 Steps to Success

In contrast to the typical job training program, a successful program for the unskilled/semiskilled and dislocated worker should have the following four characteristics:

- 1) First, the program should be oriented to the needs and desires of individuals, rather than groups.
- 2) Second, the program should provide individuals with the financial means to participate in long term training.
- 3) Third, to provide incentives for participation in the program, training should be linked to the promise of employment.
- 4) Finally, in order to overcome the JTPA restrictions on needs-related payments, the program must not base its funding solely on JTPA.

A Model Program

A job training program being developed in San Antonio has the above four characteristics. ACT recommends Fort Worth adopt a similar program. The San Antonio High Skills Demonstration Program is based on the highly successful GI Bill, which provides living stipends and tuition to former soldiers participating in approved training and education programs. Correspondingly, the centerpiece of the San Antonio program is the establishment of individual training accounts for program participants. The Individual Training Account, established in the participant's name, provides the participant with tuition and living expenses. Participants have ultimate control over the use of the training account, with some restrictions, which is designed to fund participation in educational programs at approved institutions.

Mapping the Future

The program proposed for Fort Worth/Tarrant County consists of four major components as displayed in Figure 1. The most innovative and important of these components is the establishment of employer contracts. The service provider will coordinate "job guarantees"

with local businesses in need of skilled people, and request contributions or part time jobs from the employers to help fund living stipends for program participants.

The employment contracts drive the rest of the job training model. In return for their commitment of jobs and funds, the employers, along with representatives from educational institutions, design the standards and training needed for the positions offered by employers. Further, counselors encourage program participants to enter into training programs meeting the standards established by the employers.

One-Stop Shopping

Another key component in the model is initial assessment, counseling, and processing. All participants enter the program through the same central intake facility. To facilitate this "one stop" approach, all key job training and social agencies are represented at the central intake facility. The first order of business at the central intake facility is to take care of the dislocated worker's immediate needs. Since all key agencies are represented at the center, a dislocated worker can enroll in all the programs (i.e. unemployment insurance, food stamps, etc.) for which he or she is eligible. Next, the dislocated worker is assigned an individual counselor. The counselor assesses the participant's skills and assists the participant in designing an individual employment plan. In designing the plan, the counselor shows the participant a list of both the jobs that employers have committed to the program and the approved educational institutions that provide training for those occupations. The participant then decides which training program to pursue.

Finally, he or she commits to the training program by signing the employment plan. The signed employment plan is essentially a contract between the prospective employer and the program participant. It commits the employer to providing employment to the program participant based on successful completion of the training program and meeting all program standards. Program standards may include such things as a minimum grade point average and participation in specific courses. In return for the job commitment, the participant agrees to fully participate in the training program. He or she might will likely be required to commit to working for the prospective employer for a predetermined period of time.

After the participant has agreed to an employment plan, an individual training account (ITA) is established in the participant's name at the educational institution of choice. Ideally, the training account will provide

sufficient funds to allow the participant a modest living stipend and fund all expenses related to education. If funds are inadequate to provide a living stipend, the counselor will attempt to locate the participant or participant's spouse (if applicable) a part time job.

Education and Skills Training

Another crucial component of the San Antonio model is basic adult education. Before entering into training for employment, participants must have first obtained at least a high school diploma or a GED equivalent. This requirement will allow resources to be focused towards the individuals to whom they will do the most good as well as provide a greater guarantee for the success of the overall program, since instruction towards high-skill occupation will require an adequate literacy level.

The last component to be discussed is the skills training component. The program designer should establish a set of criteria to determine acceptable training programs. At a minimum, acceptable training programs should significantly upgrade the participant's skills as well as result in favorable employment. Further, the participant should receive a degree or certification of training upon completion of the program. Proof of training will make the participant more marketable should he or she become unemployed again. Under this set of criteria, examples of acceptable programs include aircraft maintenance training, electronic engineer training, and licensed practical nurse training.

How it Works

An example will better illustrate how an individual training account program would work in Fort Worth/Tarrant County. An assembly line worker at General Dynamics with only a high school education, has permanently lost his/her job due to the recent cuts in defense. Upon entering the central intake facility he or she is immediately enrolled for unemployment compensation, trade adjustment assistance (if applicable), and any other assistance program for which he or she qualifies. A meeting is scheduled with a counselor who will administer a series of tests to ascertain the worker's aptitudes and job preference. The counselor then reviews the test results to discover that the worker's skills and preference match three training programs linked to employers. The counselor discusses the findings with the dislocated worker, who indicates that he would like to enter the aircraft maintenance program. The dislocated worker then selects Tarrant County Junior College out of a list of approved educational institutions. The dislocated worker signs an employment plan obligating him to participate in the program in return for the promise of employment with American Airlines for a minimum of one year.

The counselor establishes a training account at Tarrant County Junior College under the participant's name, using joint Wagner-Peysner and Job Training Partnership funds, and funds donated by American Airlines. The account, which is administered in a manner similar to a scholarship, pays for all training expenses as well as a small monthly stipend. The participant completes the year long program and is certified as an aircraft mechanic. He leaves the program and goes to work with American Airlines.

Funding

The largest obstacle to developing an individual training account program for the area is how to fund the program. As discussed earlier, the Job Training Partnership Act is an inadequate source of funding, due to its restrictions on needs-related payments. Thus, additional funding sources must be found. Possible sources of funding include the ten percent state set-aside of Wagner-Peysner funds for demonstration projects, a competitive grant from the Department of Labor's Research Evaluation, Development and Demonstration program under Title IV of JTPA, general revenue funds from the city, a grant from the \$150 million set-aside for defense employment assistance, and contributions from private companies. In addition, the two Private Industrial Councils and the offices of the Texas Employment Commission in the Fort Worth area are able to set aside part of their allocation to jointly fund the project under recently enacted provisions in federal law.

A key point to remember is that with the future of Fort Worth/Tarrant County dependent upon the creative development of facilities or programs capable of tapping the potential of our area, funding can be found. To fund its program, San Antonio has drawn upon a disparate number of resources. Approximately \$6.8 million dollars has been set aside to fund the San Antonio program. The largest pool of funds, \$2.5 million, came from Texas' ten percent Wagner-Peysner set aside for demonstration projects. The local PIC in San Antonio supplemented this sum with \$2.3 million from its JTPA allocation. Finally, the city of San Antonio, in addition to providing \$400,000 in funds from general revenue, has indicated it will provide \$1.6 million in part time jobs for the program.

Administration

A second obstacle to implementing an individual training account program is developing the proper organizational framework for administering the program. A proposed organizational design for the program is displayed at Figure 2. At the top of the chart is the newly organized Fort Worth/Tarrant Economic

Readjustment Corporation. All funds for the program would be directed through the corporation. It further would provide the majority of the members of the policy steering committee.

The policy steering committee would act like the program's private industrial council. The proposed eleven member committee would consist of representatives from the business community, ACT, the city local labor unions, and educational institutions. The Fort Worth/Tarrant Economic Readjustment corporation would determine the number of representatives from each group.

The steering committee would provide general policy direction for the program. It would also choose a lead organizer or organization to administer the program and establish the specific rules and standards to govern program operations. In developing the standards, the lead organization would receive recommendations from occupational advisory groups. Each occupational advisory group brings together representatives of employers and educators to design the standards and training needed for the positions committed by the employers.

Defense Conversion Program

Job training programs alone are not enough to ensure Fort Worth/Tarrant County's long term economic viability. With the end of the Cold War and the permanent reduction in defense spending, Fort Worth faces the phenomenon of "declustering". As defined by Michael Porter in The Competitive Advantage of Nations, declustering occurs when "the loss of competitive advantage in one important industry reduces the quantity and sophistication of demand for industries that supply it". In Fort Worth, the decline in demand for defense aircraft threatens a "cluster" of high technology manufacturing industries - plastics, composite materials, electronics, instruments - which developed around and was sustained by Fort Worth's competitive advantage in the defense aircraft industry. Thus, the decline in defense spending portends not only a reduction in the number of jobs in the aircraft industry, but the possible decline of Fort Worth's high technology, manufacturing base.

To arrest the phenomenon of "declustering", Fort Worth should pursue an active, economic development program to reduce its high technology, manufacturing base. The recommended program targets small and medium size firms that do a majority of their businesses with defense contractors. The Texas Department of Commerce estimates that General Dynamics alone has 190 subcontractors operating in the Fort

Worth/Arlington area. A program targeting prime defense contractors was deemed not worthwhile since General Dynamics has already decided not to pursue commercial ventures.

The design of the program is patterned after a program in Michigan which targeted small and medium size suppliers to the automobile industry. Initiated in the early eighties, the program sought to increase the global competitiveness of auto parts suppliers by facilitating the deployment of new programmable based technology in the firms. From 1985 to 1990, the state-initiated Michigan Job Opportunity Bank-Upgrade provided free technical assistance to 600 firms on the proper deployment of new technologies. It further provided 800 firms with grants to train their work forces in the use of new technology.¹⁹

A similar program, targeting small and medium defense contractors, should be instituted in this area. The program would provide firms assistance in adapting defense products and technologies for the civilian market.

Tapping Existing Resources

To accomplish this purpose, the program will require two components. The major player in the first component of the program is the Automation and Robotics Research Institute (ARRI), established in 1987 as an applied research center affiliated with the University of Texas at Arlington. The mission of the institute is "to couple the resources of a major engineering college with industry for the purpose of mutual applied research and technology transfer".²⁰ To accomplish this mission, ARRI has a staff of 100, comprised of students and part-time professors, and a budget of \$___ million.²¹ Funds for ARRI come from two sources: contracts with commercial industry and state and federal grants. In the first component of the defense conversion program, the staff of ARRI would make on site visits to small- and medium-size defense subcontractors who wish to convert to commercial production. As a result of the visits, ARRI would provide recommendations to the defense subcontractors on how to adapt their current manufacturing processes for the production of commercial goods. Since the program would entail a major expansion of ARRI's mission, additional funding for the institute would be necessary to allow ARRI to increase their staff. With ARRI's recent designation as a Small Business Development Center²², one possible source of additional funding would be increased grants from the Small Business Administration. Other possible sources of funding for this portion of the program are a portion of the city's Community Development Block grant and a grant from the state's Product Commercialization

Fund.

Coordinated with the ARRI outreach program, the Fort Worth Chamber of Commerce or the City's Economic Development Department, working with area Small Business Development Centers (SBDC), would conduct training and assistance seminars for defense subcontractors. Speakers at the seminars would discuss existing commercial opportunities, explain the key differences between defense and commercial marketing, and discuss possible state and federal sources of funding for conversion. Possible sources of funding for capital costs related to conversion are the Small Business Administration's Contract Loan, 7(A) Loan Guaranty, and 504 Loan programs. A possible source of funding for training costs related to conversion is the Texas Workforce Incentive Program.

Should these sources of funding prove insufficient, the city should consider instituting its own program for providing loan guarantees towards defense conversion. From information gathered at the seminars, the city or the Chamber should develop a database containing the names of converted defense subcontractors and a listing of the former subcontractors' new commercial products. The database would serve as a clearing house linking the converted defense subcontractors with potential customers. Further, the Chamber or the city should publish a monthly newsletter informing area businesses of recently converted defense subcontractors and their products.

Recommendations Specific to the Closure of Carswell Air Force Base

As a final component of its proposed economic adjustment strategy for Fort Worth/Tarrant County, ACT recommends the immediate establishment of an outplacement center for civilian employees at Carswell Air Force Base, to provide job training and placement services in anticipation of the base's closure in 1992. By providing placement and job training assistance immediately, the city can reduce the increased unemployment which will result from the closure. An outplacement center was established in Fort Carson, Colorado, several months before an expected layoff of 289 workers. As a result of the center's efforts, only one person was without a new job by the time the layoffs actually occurred. Further, the Director of the Colorado Department of Labor estimates that the state realized \$700,000 in savings to the State Unemployment Program.²³

To limit the cost of the outplacement center, one of the local PIC's should coordinate with the base commander for the use of training facilities and a building for the

center. EDWAA or the Department of Defense's Economic Adjustment Committee can provide funds for the other costs associated with the center.

Conclusion

The Fort Worth and Tarrant County Metropolitan Area now stands at a crossroads. The potential for continued economic growth is great. Turning this high potential into actual economic development requires the area adopt a workable, pro-active adjustment strategy immediately, before our large pool of skilled displaced talent relocates to find employment.

Failure to act may result in the loss of Fort Worth/Tarrant County's high technology manufacturing base, still higher unemployment, and a further reduced tax base.

The choice is up to the citizens of Fort Worth/Tarrant County.

FOOTNOTES

¹ Ray Perryman, "Dallas-Fort Worth Metroplex: Long Term Outlook Holds Strength," The Perryman Report (Waco, Tx: Texas Economic Publishers, Inc., August 1991), p. 12.

² Texas Comptroller of Public Accounts, "Fort Worth MSA Economic Forecast", Texas Economic Quarterly, (4th Quarter, 1991), p. 18.

³ Texas Comptroller of Public Accounts, "Fort Worth Metro Forecast", Fiscal Notes 91, no. 10 (October, 1991), p. 11.

⁴ A Battele Corporation study confirms this assessment. As part of the study, Battelle conducted a review of active job applicants registered with the Texas Employment Commission in Fort Worth. The review revealed that a high number of individuals previously employed in technically skilled jobs, such as computer programming, machine set-up and control, and skilled assembly were seeking employment. The study also found the pool of engineers and technicians to be large. For more information, refer to the "Battele Summary Report: An Assessment of the Resources and Comparative Advantages of the Fort Worth Area and the Identification of Target Industries", October 1989, p. 14.

⁵ Using data from the Census Bureau's County Business Patterns, the location quotient is defined as the percentage of local employment accounted for by a given industry divided by the percentage of national employment in that industry. A location quotient is defined as the percentage of national employment in that industry. A location quotient of greater than one means that the industry is relatively concentrated in the locality.

⁶ Michael Porter, The Competitive Advantage of Nations (New York Free Press, 1990) pp. 512-517

⁷ The idea for the institute was conceived in 1983 by University of Texas at Arlington Dean John Grouse as a response to the critical lack of university-based manufacturing research in the United States. It receives funding from both the federal and local governments and corporate sponsors to include Tandy, General Dynamics, Bell Helicopter, and Southwestern Bell. Its budget for 1991 was 4 million dollars. For more information see Fort Worth Chamber of Commerce, Fort Worth Metropolitan Area, "1991 Statistical

Profile: Introduction" (Fort Worth: Fort Worth Chamber of Commerce, 1991) p. 3.

⁸ Texas Department of Commerce, Office of Advanced Technology, "Materials from a Briefing Pertaining to the Industrial Advisory Council's Recommendations on GD Technology Placement Project", May 2, 1991 (Photocopied by Texas Department of Commerce).

⁹ Texas Department of Commerce, Request for Funds: Emergency Dislocated Workers Project for General Dynamics Corporation - Fort Worth Division. (Austin, Tx. April 10, 1991), p. 6

¹⁰ Ibid., Attachment C.

Additional note: GD alone is estimated to have 190 subcontractors in the Fort Worth-Arlington area. See Attachment 1 for a list of subcontractors.

¹¹ Ibid., Attachment E.

¹² David Tucker, "New Beginnings through Business ownership: Vermont's Entrepreneurial Model", National Governor Association's Labor Notes No. 54 (September 30, 1990), pp. 9-13.

¹³ Ibid., p. 10

¹⁴ The following discussion is paraphrased from Texas Department of Commerce, office of Advanced Technology, "Minutes of General Dynamic's Technology Transfer Meeting", Austin, Tx, May 2, 1991 (Copy)

¹⁵ The Working Connection, "Title III PY 1990 Program Summary", p.42 (copy reproduced by Texas Department of Commerce).

¹⁶ Michael Porter, The Competitive Advantage of Nations, p. 172.

While Porter's book talks about declustering as a national phenomenon, the concept is applicable on the local level as well.

¹⁷ Texas Department of Commerce, Request for Funds: Emergency Dislocated Workers Project for General Dynamics Corporation - Fort Worth Division, Attachment C.

¹⁸ Texas Department of Commerce, Office of Advanced Technology "Minutes of General Dynamics'

Technology Transfer Meeting", p. 4.

¹⁹ Victoria F. Kohl, "Modernizing a Manufacturing Economy, a Michigan Model", National Governor Association's Labor Notes No 54 (September 30, 1990), pp. 7-8.

²⁰ Automation and Robotics Research Institute, "The Role and Scope of the Automation and Robotics Research Institute at the University of Texas at Arlington", Arlington, Texas, (November 18, 1988) p. 1.

²¹ Steven Vonder Harr, "Robotics Institute Picks Up State Grants", Fort Worth Star-Telegram, (October 29, 1991), p.B-3

²² "ARRI Wins Programs Aimed to Help Small Businesses", Automation and Robotics Research Institute Newsletter (4th Quarter, 1991), p. 2.

²³ Bob Greene, "Responding to Military Base Closures In Colorado, Early Intervention Is the Key", National Governors Association's Labor Notes, No 54 (September 30, 1990), pp. 16-17.

COMMENTS TO DEFENSE CONVERSION COMMISSION
FORT WORTH, TEXAS
August 27, 1992

Mr. Chairman, ladies and gentlemen of the commission.

My name is John Daeley of Arlington, Texas. a member of the staff of Texas Senator Chris Harris. Among his other committee assignments in the Senate, Senator Harris served on the Economic Development Committee during the last session of the Texas Legislature, and currently serves on the Interim Senate Economic Development Committee.

In spite of his strong personal interest in the economic well being of this metropolitan area, Senator Harris is unable to be here in person.

Senator Harris wishes me to express his appreciation to the commission for holding this hearing here in Fort Worth and giving individuals in the Metroplex an opportunity to express their concerns regarding the impact of recent reductions in Department of Defense Programs in this area.

In the interest of time, I will defer any further oral comments and provide you with Senator Harris's concerns in writing.

Thank you for your courtesy.

COMMENTS PREPARED FOR PRESENTATION BY SENATOR CHRIS HARRIS, TEXAS SENATE DISTRICT 10, TO THE DEFENSE CONVERSION COMMISSION AT THE PUBLIC HEARING HELD IN FORT WORTH, TEXAS, AUGUST 27, 1992

It is certainly no secret to anyone in the North Texas area that the Dallas-Fort Worth Metroplex has been on the receiving end of an economic triple whammy during the last several months. The general economic recession has been felt in this area in most respects the same as the rest of the nation. Coming as it did with a major dislocation in the petroleum industry and dramatic reduction in real property values, our people have shared this downturn with other parts of the nation.

Now we must add two other factors to the equation--the massive reduction in defense manufacturing projects in our area and the closing of Carswell Air Force Base.

We happily celebrate the end of the cold war. We are thankful as are our fellow Americans that the possibility of nuclear war has been diminished dramatically and that we can now expect peace in our time between the major powers in the world. We can appreciate the fact that this event will result in a major reduction in the need for weapons and their support systems. We understand the need for realignment of forces and the related reduction in base structure. We also share the pressure of the economic downturn that has impacted the entire nation, and are pleased that most if not all the economic indicators point upward.

The economy of this area is so closely tied to national defense programs that when a weapons system contract is completed or canceled, and our people experience extensive layoffs and dislocations, the entire North Central Texas area suffers. The list of major weapons systems contractors and their subcontractors and suppliers reads like a Who's Who of metroplex industry and business.

Carswell Air Force Base has been a fixture in West Fort Worth since the early 1940's. For over 50 years that installation has added millions of dollars and thousands of jobs to our economy. Carswell has become an integral part of our community and will be a difficult loss to absorb, not only from the economic point of view; we are losing a vital part of our community. There is a rather extensive history of successful conversion of closed military bases across the country. Many of the shuttered installations now provide as much economic benefit to their surrounding communities as they did as active military installations. However, few if any of these activities shared the local civilian

community with not one but several major defense manufacturers that are themselves being reduced in activity and scope. This situation adds significantly to the economic impact of military draw down in this area.

This area has been impacted by the recession as well, perhaps not as heavily as some other parts of the nation, but never the less, we have unemployment problems, business downturns, and have experienced the effects of a sagging economy.

There is no doubt that this area will survive these economic blows--the question is, how can we mitigate the impact on our citizens. What can be done to make the transition to a civilian economy? How can we provide the high tech jobs to enable this outstanding work force to continue to make a contribution to the economic health of our region?

- In my opinion, there is a need for increased sensitivity to the total consequences when proposals are considered to move manufacture and assembly of aircraft and other defense items off-shore. The impact on our national security is beyond the scope of my expertise, but the resultant loss of jobs and economic hardship is of great concern to me. Until such time as new products are developed to make use of the plant and labor force being displaced, it seems only prudent to make maximum use of these assets to meet the needs of other countries and not export those jobs and the related technology.

- As you examine proposals for converting Carswell and the major plants in this area, I urge you to avoid some of the policies of the past when the economic consequences were not so widespread. Specifically, the urge to reclaim sunk costs of these facilities should be avoided. The potential for their use is limited only by the imagination of entrepreneurs. This potential can be lost, however, if undue limitations are placed on the uses of the property, if it is made too difficult to obtain access, and the costs to new users are too high.

- This is not a "business as usual" situation and should be given the special treatment it needs for recovery. The very title of your commission--**Defense Conversion Commission**--is indicative of the responsibility of the Federal Government as we convert our forges and anvils into tools to build plowshares instead of swords. The action taken to maintain the hospital by a unique public-private partnership with the local Osteopathic medical community is to be commended. It would appear that similar initiatives could be used to keep the Commissary and other services available to serve the retired community now being served by Carswell facilities.

● New economic forces and new international programs are often the source of new business opportunities. An example is the potential for new business that could follow the passing of the Trade Treaty with Canada and Mexico. International free trade zones have been established for air freight activities around Dallas-Fort Worth International Airport and are proposed for Alliance Airport in Fort Worth. There is however, no similar free trade collection and distribution center for rail and truck transported goods. This in spite of the fact that two-thirds of the trade with Mexico now passes through Texas. Carswell offers an excellent site for assembly and distribution of goods, having both rail and truck access. We recognize that changes in the intra-state trucking regulations would be involved to insure competitive rates.

● Before **any** new federal facility is built in this area, or any new leases are signed for federal occupancy of real property, I recommend that the agency involved be required to certify that there is no facility on Carswell Air Force Base that could be used in its present configuration or modified for use if not presently suitable.

● Special consideration should be given to state facility requirements for such uses as substance abuse treatment facilities, or other low to medium security criminal justice installations. Since the name of the game is "conversion", it would seem appropriate to include grants to assist in the conversion of these facilities to a new mission.

You are no doubt aware of the activities of the local Task Force that was formed in response to the Carswell closing. Local government and business are working hard to meet the challenge presented by the circumstances, but this is a shared responsibility. They will do their part to bring our economy back. However, they look to this administration to exercise the consideration and concern for our people that their hard work and faithful performance over the years has earned for them.

Thank you for coming to Fort Worth, and thank you for listening.

ADDENDUM TO COMMENTS

Since the above comments were prepared our nation has been battered by Hurricane Andrew. Approximately 20 lives were lost and billions of dollars in damage were suffered by the communities in Florida, Louisiana, Mississippi and other states in the path of this devastating storm.

Among the casualties of this storm is Homestead Air Force Base, Florida. Network television pictures of the base showed near total devastation. The news commentator described the facility as being totally destroyed with no building on the base left undamaged. Among those losses described was the complete "blow out" of the base hospital. In his on-camera interview, the Commander stated that nothing had been left undamaged on the base and that his immediate goal was the reconstitution of the base so the mission of the base could be accomplished.

It is apparent that the reconstitution of Homestead Air Force Base has the potential to cost hundreds of million of dollars, and will take years to accomplish. Any construction in the south Florida area of the magnitude involved in a complete base reconstitution would doubtless create competition for resources and contractor capability that would add stress to an already strained construction industry. I believe it would be safe to say that the result of this combination of factors would be highly inflationary for the entire area.

The Department of Defense is now in the process of closing a number of installations, some of which are complete air bases with all facilities and amenities in place and intact. The cost of reconstituting the Homestead Fighter Wing in one of these locations would certainly be less than reconstitution in place. The reconstruction of Homestead Air Force Base could absorb the funds available for military construction for a number of years with the resulting delays in needed construction at other locations.

Needless to say, I would propose Carswell Air Force Base for the new home of the Homestead mission. Carswell is completely operational. It has all the amenities needed to support the personnel and families of a major organization, and it certainly is available since the bomber/tanker mission has been deactivated. The support required from the local community is in place with plenty of housing available at reasonable rates, and a community relations atmosphere second to none.

I understand that the base closure legislation was drawn so as to deny any possibility for revisiting the closure list once the process was completed. That concept obviously did not take into consideration Hurricane Andrew or any

other natural disaster. On the basis of this special condition it would seem reasonable for the congress to make an appropriate adjustment to the closure list without damaging the process that they so carefully crafted when the program was passed.

In summary then, I would recommend that the mission now assigned to Homestead Air Force Base be reassigned to one of the air base installations now being closed, preferably Carswell Air Force Base. In my opinion, this action would save hundreds of millions of dollars in taxpayers money while expediting the return to mission ready status of the units now without a home base of operations.

BIOGRAPHY OF STATE SENATOR CHRIS HARRIS
DISTRICT 10

Christopher James Harris was born February 22, 1948. He graduated from Arlington High School and attended Texas Christian University. In 1971 he received his Doctor of Jurisprudence degree from Baylor Law School. He presently serves on the TCU Alumni Board of Directors.

Senator Harris is now serving his first term in the Texas Senate. He serves on the Criminal Justice Committee, the Economic Development Committee and the Health and Human Services Committee and was appointed by Lieutenant Governor Bullock to serve on the Redistricting Subcommittee on Congressional Districts. As State Senator for District 10, he represents Arlington, Azle, Benbrook, Crowley, Dalworthington Gardens, Edgecliff Village, Everman, Kennedale, Lake Worth, Lakeside, Mansfield, Pantego, River Oaks, Sansom Park, Westover Hills, Westworth Village, White Settlement and other parts of Tarrant County; Aledo, Annetta, Annetta North, Annetta South, Hudson Oaks, Weatherford, Willow Park and other parts of Parker County; Alvarado, Briar Oaks, Burleson, Godley, Joshua and other parts of Johnson County. Before serving as Senator, Chris served for six years as Representative from District 93, including Arlington, Mansfield and Grand Prairie in Tarrant County. As a Representative, Chris was chosen by a national group, the American Council of Young Political Leaders, as one of only two delegates from Texas to attend a conference on economic development and trade with Japan. Chris also attended trade talks with Mexico.

Chris has been honored by many groups during his service in the Texas Legislature. He was named "Legislator of the Year" in 1989 by the Texas Civil Justice League for his work on tort reform and workers' compensation and again received their award in 1991 as a member of the Senate. He was honored as Most Valuable Player by the family law section of the State Bar for his legislation on child support enforcement and by the Family Law Bar Association of Tarrant County in 1990 and 1991 for his outstanding contributions to family law. He was also honored by the Retired Teachers' Association, the Humane Society of North Texas, Future Farmers of America, and the Texas Municipal Officers' League.

The Fort Worth and Dallas Chambers of Commerce have both given Chris the "Distinguished Service Award" for his work in the legislature. Chris was honored in 1991 for his outstanding and distinguished legislature service by the Texas Association of Alcoholism and Drug Abuse Counselors, and named Legislative "Crime Fighter of the Year" by the Texas State Troopers Association.

Chris, his wife Tammy, and their family live in Arlington. Chris practices family law.

1991 IEEE FORT WORTH SECTION EMPLOYMENT SURVEY

- SUMMARY -

(Presented 27 August 1992 to the Defense Conversion Commission)

THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS (IEEE)

- IEEE is the world's largest technical professional organization with over 320,000 members (over 250,000 in the U.S.).
- Its purposes are scientific, educational, and professional - directed toward the advancement of the standing of the members of the profession it serves.
- The Fort Worth Section is the local operating entity serving 1800 members.

THE FORT WORTH SECTION EMPLOYMENT SURVEY

- The Section conducted a survey of professional members in late 1991 to determine employment status and the effects of defense cutbacks and recession.
- The questions addressed employment status, experiences with unemployment, opportunities for re-employment, transportability of skills, outlook for the future, and recommendations for assistance.
- The Section received over 400 responses (27%).

IN GENERAL, THE DATA SHOWS

- The typical member is 39 years old, making \$53,500, holds a Bachelor's degree and has fourteen years of professional experience.
- The typical UNEMPLOYED member is 41 years old, holds a Bachelor's degree, made \$46,500 prior to unemployment, and has fourteen years of professional experience.
- The section is heavily dependent on government funding — 45% of the respondents work for a company that is either totally or primarily dependent on government funding (compared to 26% in the national survey — 1991 IEEE Salary and Fringe Benefits Survey).
- IEEE has been conducting national salary surveys biennially for 20 years, and they report that traditionally, engineering unemployment has stayed below 1%. In 1975, members reporting that they were currently involuntarily unemployed peaked at 1.7%. In 1991, 1.5% were currently involuntarily unemployed and 5.5% some period of unemployment during the year.
- As a result of the defense cutbacks, unemployment in the section is higher than in other parts of the country. Sixteen percent of members reported some period of unemployment from 1/90 - 10/91. Nine percent were STILL UNEMPLOYED at the time of the survey.

ON DEFENSE ENGINEERS

- The majority of the engineers looking to change jobs are those wanting to move from defense to commercial industries. In addition, over half of the engineers thinking of returning to school are those wanting to leave defense.
- Even though most of the engineers employed in defense are contemplating leaving the industry, less than half have actually made the transition.
- Over 50% of all respondents recognized some barrier to the transition of engineering skills from defense to private industry. Generally categorized, those barriers are (in descending order):
 - Lack of jobs in the commercial or private sector
 - Defense engineers have the wrong type of experience for commercial jobs
 - Defense engineers are too specialized
 - Defense engineers are not cost conscious
 - Defense engineers have high salary requirements

- Defense engineers have the wrong skill set
- Defense engineers do not know how to work to schedules and under time constraints
- Various statements of bias or prejudice
- The defense and commercial sectors are just too different
- There are different standards (software, hardware, quality, etc.) between the two sectors
- In terms of what can be done to facilitate engineers moving from defense to commercial sectors, the responses are (in descending order):
 - Train or re-train the defense engineers to develop skills and understand the commercial ways of doing business
 - Educate the commercial industry and employers on the skills and abilities of defense engineers
 - Provide continuing engineering education programs, and possible incentives for engineers to pursue additional college education
 - Educate the defense industry on commercial standards and methods (assuming that they will adopt these methods)
 - Provide more jobs by stimulating growth of commercial and defense industries
 - Provide incentives to commercial companies to increase jobs and hire/retrain defense engineers
 - Promote government activities or legislation to result in more engineering jobs



IEEE

**IEEE
FORT WORTH SECTION
EMPLOYMENT SURVEY**

DECEMBER 1991

By:
Jean M. Eason
PACE

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1991 IEEE FORT WORTH SECTION EMPLOYMENT SURVEY

EXECUTIVE SUMMARY

In October 1991, the Fort Worth Section of the Institute of Electrical and Electronics Engineers (IEEE) sent out an extensive questionnaire to its members requesting information on several employment related issues. The purpose of the survey was to elicit the opinions of the members on the employment situation, to determine what their personal experience had been, and to discover what could be done to help. We hoped to obtain data to support our belief that engineers were being hit hard by the recession and defense cutbacks and that engineering skills are not as portable as they may appear.

The Fort Worth area is a major center for defense work and following the defense spending cutbacks, the section became aware of the need for detailed information on engineering employment in the local area. One event that precipitated the survey was an unsubstantiated report that the Texas Employment Commission was saying that, despite the fact that professional unemployment had reached record levels, engineers were not having trouble finding jobs. Federal money has been obtained and programs are in place to help in the relocation of many displaced workers, however, by and large, these programs are aimed at the non-skilled and semi-skilled blue collar workers and not the professionals. Our goal is to use the data we obtained to educate public officials on problems faced by the engineers, to educate the employers on what is happening to the people they have let go, and to initiate programs to help these people find employment.

Sixteen hundred questionnaires were mailed out to all of the professional (non-student) members of the section (based on member grade), and 27%, or 434 were returned. The 44 question survey was sent with a cover letter from the section executive committee and a postage paid return envelope was enclosed to encourage the members to respond. Data from the returned surveys was entered into a spreadsheet program running on an IBM PC. The analysis of that data and the results reported in this paper were generated by that program. A copy of the survey and the results to each question is attached.

A certain level of validation for the survey results can be obtained by comparing the Fort Worth numbers to the 1991 IEEE Salary & Fringe Benefit Survey in terms of salary, age, and level of

responsibility. Average salaries for the two surveys compare within 3%, median level of responsibility for both is roughly equivalent to staff engineer, and the average ages are within 6%. A comparison of age and years of experience indicates that the Fort Worth members are about three years younger than the U.S. average.

The analysis of the survey data resulted in a few surprises and confirmed several suspicions. First, and not surprisingly, the Fort Worth Section is (proportionally) heavily dependent on government funding for its industries. As a result of the reduction in defense spending, unemployment in the section is running higher than the average. Among the unemployed is a large group of older engineers with several years of professional experience. These engineers are having difficulty finding a new position. Another consequence of the defense cutbacks is that many members, whether unemployed or not, are in the market to find a new job, and a high percentage of this group are the engineers who would like to leave the defense industry. On the portability of skills, many defense engineers are finding that their skills cannot be transitioned to the commercial or private sector. And, an overwhelming majority of the section members hold a pessimistic opinion for the outlook of engineering in this country.

This first few sections of this report provide the groundwork for the above conclusions by examining statistics on the average section member and the salary levels. The next sections study skills transportability by examining the engineers who have changed jobs and determining what they perceive the barriers to employment/re-employment to be. The report goes on to discuss unemployment and the outlook for the future as viewed by the section members. And, finally, it concludes with some suggestions as to what can be done to provide help for unemployed engineers, to identify and build transportable skills for engineers desiring to move between defense and commercial industries, and to promote the engineering profession and technology in the U.S.

WHAT THE DATA SHOWS

THE TYPICAL ENGINEER

The typical member of the Fort Worth Section is a male, 39 years old, with fourteen years of experience, almost eight years of which has been with his present employer. He is a senior engineer, working for a large company which is not heavily dependent on government funding. He is employed in his primary area of technical competence, making \$53,500, and holds a bachelor's

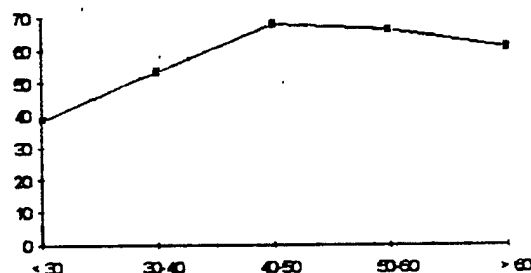
degree. He has not been unemployed within the past two years, but has worked for a company that has implemented layoffs and knows at least one unemployed engineer. This typical engineer views the employment outlook for engineering to be poor to bad, but stabilizing over the long term. He is not considering a job change, but feels somewhat insecure in his current position and views his opportunities for advancement as poor.

In comparison, the IEEE Salary Survey reported that the median income in the Dallas MSA was \$52,000, that (overall) the average age was 41.6 and the median age was 40, the average number of years of experience was 17, and the average level of responsibility was staff engineer (level-6, GS-13, full professor)..

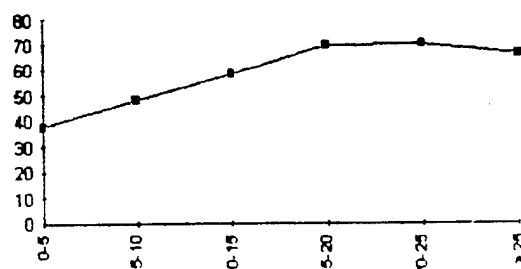
SALARY STATISTICS

Salary statistics on the Fort Worth data show that average salary peaks between forty and fifty years of age, or between twenty and twenty-five years of experience. The highest paying industries or services in the area (without consideration to age or experience level of the workforce) are Design/Development Engineering, Computer Software, and Power Generation. The average salary increases (from level to level) with higher education; 3.2% with a Bachelor's degree, 12% with Master's degree, and 11% with Doctoral degree.

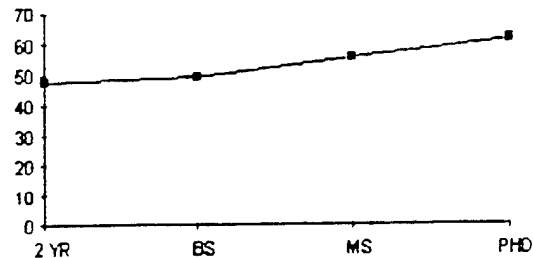
SALARY BY AGE	AVERAGE (\$ 000)
< 30 YEARS	38.5
30 - 40 YEARS	53.4
40 - 50 YEARS	68.1
50 - 60 YEARS	66.2
> 60 YEARS	60.8



SALARY BY YEARS EXPERIENCE	AVERAGE (\$ 000)
0 - 5 YEARS	37.7
5 - 10 YEARS	48.1
10 - 15 YEARS	58.5
15 - 20 YEARS	69.6
20 - 25 YEARS	70.1
> 25 YEARS	66.2



SALARY BY DEGREE	AVERAGE (\$ 000)
2 YEAR DEGREE	47.8
BACHELOR'S	49.4
MASTER'S	55.5
DOCTORAL	61.6



SALARY BY INDUSTRY	AVERAGE (\$ 000)
DESIGN/DEVELOPMENT	64.2
COMPUTER S/W	63.9
POWER GENERATION	61.6
AERO, COMMERCIAL	59.2
COMMUNICATION	58.7
EDUCATION	58.3
MANUFACTURING	57.0
COMPUTER H/W	54.7
OTHER	54.4
PETROLEUM	53.1
AERO, DEFENSE	52.0
ELECTRONIC COMP.	51.3
DEFNS ELECTRONICS	48.6
INDUSTRIAL CONTROLS	48.8
TRANSPORTATION	43.8

ON CHANGING JOBS AND THE TRANSPORTABILITY OF SKILLS

Lowering levels of job satisfaction are evident in the increasing numbers of engineers looking to change their current position. Although, on the average, our typical member is not contemplating changing jobs at the current time, a high percentage, 44%, are looking to change, and 76.6% know at least one engineer who is looking for a new job (Q6, Q7). This compares to 21% on the 1991 IEEE Salary Survey who reported that they were looking for a job either inside or outside their current companies. In Fort Worth, most of those looking (77%) intend to stay within their primary area of technical competence (Q8). But, on the other hand, 21% are thinking about leaving the engineering profession entirely (Q10). And, 40% of the engineers responding indicated that they are contemplating returning to school, either full or part time (Q9).

Those reporting that they actually did change jobs sometime within the last two years (27%), either voluntarily or involuntarily, also reported that it took an average of 15.3 weeks to accomplish

the change (Q12, Q13). The job search techniques that have been found by our members to be the most successful are, in order (Q20): networking, sending out resumes, answering ads, using headhunters, and going to job fairs. And, they view the current, major barriers to employment (in order) to be the condition of the national economy, the decrease in defense spending, and age, followed by the area of technical competence and geographic preferences (Q21).

Because of the defense spending cutbacks, 51% of the engineers looking to change jobs are those wanting to move from a defense industry to a commercial or private industry. Four of the survey questions addressed the problems faced by this group. Forty-five percent of the members work for an employer that is either totally or primarily dependent on government funding (Q34), while 38% of the respondents reported that they are contemplating moving from the defense to the commercial sector (Q11). This implies that most of the members currently employed in defense would like to leave. However, only 20% of those who changed jobs said that they had actually accomplished the transition (in other words, only half of the defense engineers wanting to make the change have successfully managed it). Over 50% of those thinking of returning to school are the engineers who are also contemplating the transition from defense to commercial. A detailed discussion of the barriers to the move from defense to commercial and ways to facilitate this transition are contained in a subsequent section of this report. Briefly, these barriers include the lack of jobs in the private sector, the wrong type of experience and areas of specialization for the engineers in defense, and the perceived inability of defense engineers to design to cost (Q22). Some of the suggestions to aid the engineers in this transition include training the defense engineers on skills required by the commercial sector (such as design to cost/schedule), educating the companies in both the defense and commercial sectors to emphasize their commonalities and shared skill areas, and continuing (formal) education for engineers (Q23).

ON UNEMPLOYMENT

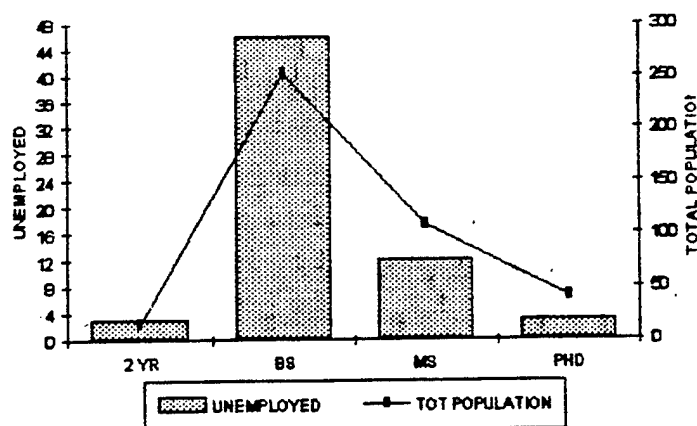
Unemployment in our area has been running higher than it has in much of the rest of the country. Almost 16% responded that they had been unemployed for some period of time since 1990 (Q17). Moreover, of this 16%, more than 9% indicated that they are STILL UNEMPLOYED (at the time of the survey) (Q18). This compares to the 5.5% on the IEEE Salary Survey who reported (question 12) that they had some period of involuntary unemployment in 1990.

The typical unemployed engineer in the Fort Worth Section is male, 41 years old with 14 years of total experience and a Bachelor's degree. At the time he was laid-off, he held the position of senior engineer with a salary of \$46,500. Those that are "still unemployed," are, on the average, the more experienced engineers at the senior and staff levels and between 50 - 60 years old.

The survey data highlights the fact that those laid-off fell into one of two categories: they were either the youngest, most recent hires or they were the older engineers not in the management ranks. The numbers also indicate that those holding higher degrees (Masters and Doctoral) have a better chance of remaining employed than those with a 2-year or Bachelor's degree.

UNEMPLOYMENT BY DEGREE	TOTAL	% TOTAL UNEMPL.
2 YR	3	4.5%
BACHELORS	48	68.7%
MASTERS	12	17.9%
DOCTORAL	3	4.5%
NO DEGREE	2	3.0%

Unemployment Relative to Degree Held



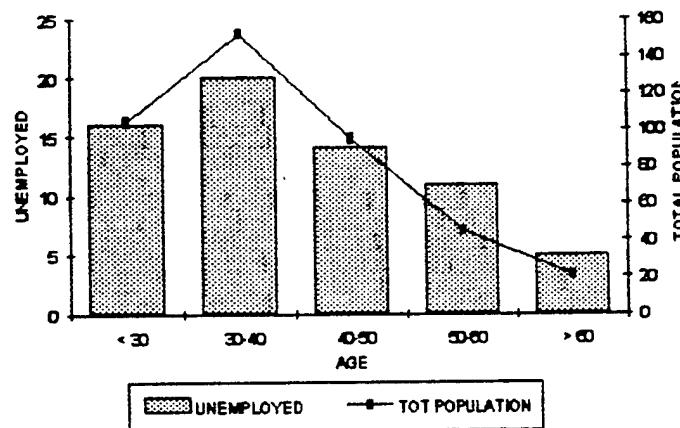
UNEMPLOYMENT BY EXPERIENCE	TOTAL	% TOTAL UNEMPL.
0-5 YEARS	24	35.8%
5-10 YEARS	4	6.0%
10-15 YEARS	11	16.4%
15-20 YEARS	12	17.9%
20-25 YEARS	5	7.5%
> 25 YEARS	10	14.9%

Unemployment Relative to Experience



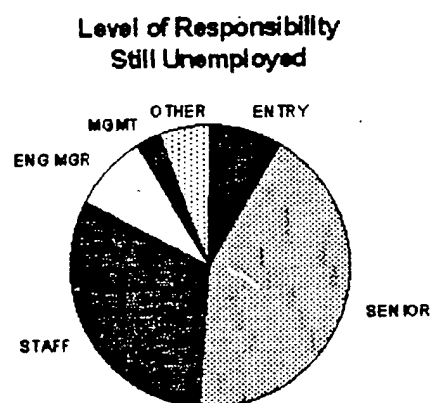
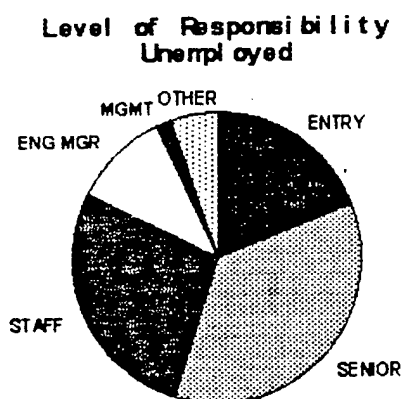
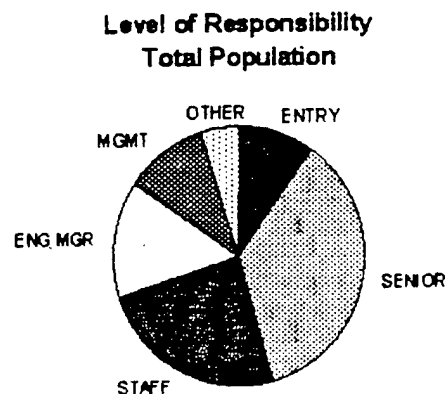
UNEMPLOYMENT BY AGE	TOTAL	% TOTAL UNEMPL
< 30 YEARS	16	23.9%
30-40 YEARS	20	29.9%
40-50 YEARS	14	20.9%
50-60 YEARS	11	16.4%
> 60 YEARS	5	7.5%

Unemployment Relative to Age



These graphs and the ones that follow provide evidence to support the opinion of many of our members that AGE is a significant barrier to employment/re-employment. Moreover, they show that age is not only a barrier, but it appears to be a discriminating factor in the decision of who will be terminated by an employer. It is easy to see that the percentages of senior and staff

engineers laid-off are proportionally higher than other levels (except entry level) and that these higher level engineers are having more than average difficulty in finding new employment.



The average length of time to find a new job for those who were unemployed sometime within the last two years was 14.1 weeks, compared to a 15.3 week average overall (including those that changed jobs, but were not unemployed). These numbers seem to reflect the relative ease with which the entry level engineers found re-employment. The average length of time for those that were still unemployed at the time of the survey was 33.3 weeks. The survey respondents also compared their new job to their old in terms of better, same, and worse (Q 18). The average length of unemployment for those who found better jobs (11.6 weeks) was less than that of those whose new job was the same as the old (12.8 weeks) and much less than those whose new job was worse (18.5 weeks), indicating that the latter group tended to take whatever came along first.

As a matter of fact, when asked about their employment search results (Q19), 70% said that it was "very difficult" to find a new job, 21% reported that they had to take a cut in pay, and 18% said they took the first offer.

RETIREMENT

The survey contained two questions regarding retirement in order to ascertain whether local companies were using retirement and retirement incentives in order to accomplish their downsizing goals. About 7% said that they retired before they had intended (Q15), most of them without incentives from the company. Seven percent reported that they were offered incentives to retire early (Q16) (compared to 8% on the IEEE Salary Survey), and 30% of those accepted and did indeed retire. Retired members were not included in the survey statistics for unemployment.

OUTLOOK FOR THE FUTURE

The survey asked a series of questions to determine how engineers viewed the future of electrical engineering. By and large, our members regard the current situation in the Fort Worth/Dallas area to be worse than the position of engineers in general throughout this country (75% poor to bad locally vs. 58% poor to bad in general) (Q24, Q25). Almost everyone (80%) disagrees with the Texas Employment Commission's 1985 report forecasting that, through 1995, engineering will be the fastest growing position in the local area (Q26). (Note: TEC is reportedly updating this forecast in light of the cut backs in defense spending, but cannot give a date as to when the information will be available.)

In considering job security, more than half of the members reported feeling insecure about their future with their current employer (Q29). Higher levels of security correlated with higher salaries and the higher levels of responsibility (engineering management and management) but not necessarily with higher (or lower) age groups. The most insecure industries are Defense Aerospace, Defense Electronics, Communications, and Computer Hardware.

The responses to the questions on long term outlook (Q27) indicate a trend toward optimism, but describe only those who view the current situation as other than bad. Those who responded that the current outlook was "bad," tend to view the long term demand more pessimistically. Most,

however, predict the future demand will be stable with, at best, improvements in a few selected specialty areas, such as computer science. The second half of question 27, "would you recommend that your son/daughter become an engineer?" was included to stimulate the respondents to think about their answer to the question of long term demand. It had a somewhat unexpected result, though: those who answered that long term demand would be good, would not necessarily recommend engineering as a profession to their children. In fact, nearly 50% said that they would not recommend engineering. The reasons for this varied and are outlined in a subsequent section.

COMMENTS FROM RESPONDENTS

Four survey questions, 22, 23, 27, and 28, were not presented in the typical "multiple choice" fashion, but required that the respondent formulate an answer in his own words. For this reason, the summarization of the data from these questions is somewhat arbitrary. The most common answers are categorized and ranked proportionally, however a large category of miscellaneous answers exists for each question. The following sections discuss the principal responses to each of these questions and synopsis of the answers to each is appended for those who wish additional detail.

LONG TERM DEMAND FOR ENGINEERS

On the question of how do you see the long term demand for engineers (Q 27), the answers are placed into three categories; good, fair, and bad. Those in the "fair" category include answers such as "demand stable," and answers with a qualifier, such as "demand good, but only in certain specialized areas" or "demand good, if economy improves." Generally, the older engineers tend to respond that demand is cyclical and that it will turn around (as it has always done in the past). The more dismal outlook is taken by those in the defense industries feeling the effects of the severe cutbacks and by the younger engineers, perhaps because they are experiencing a downturn for the first time.

LONG TERM OUTLOOK	TOTAL	% TOTAL
GOOD	85	33.2%
FAIR	108	41.4%
BAD	85	17.2%

The more optimistic comments received from the respondents predict good long term demand for engineers and cite reasons such as the decrease in competent engineering graduates, the increase in technology in our society, and the growing needs of industry. Others, not quite so hopeful, forecast growth only in particular areas of specialization (most often computer science, biomedical, and environmental engineering) and predict possible future improvements in U.S. economy and competitiveness stimulating demand for engineers. In contrast, the pessimists, generally more outspoken than the others, do not reflect any hope for improvement, and cite the influx of foreign engineers to the U.S., the exportation of manufacturing and technology, the prevalence of Japanese technology, the general demise of U.S. industry, and a poor economy as the grounds for the decline of engineering profession.

... OR WOULD YOU RECOMMEND THAT YOUR SON/DAUGHTER BECOME AN ENGINEER?

This question formed the second half of question 27 and was intended to provide a basis by which the respondent could address the question of long term demand. Many respondents answered either the first or the second half of the question, however, many also answered both. Again, the responses in the "maybe" category are those that were qualified in some way. And, several respondents stated that they would not push their child into any profession and, therefore, were not counted in any of the categories. Unexpectedly, many of our members interpreted the two questions quite differently and the results indicate that there is little correlation between the answers: even those that feel demand will be good do not necessarily recommend engineering as a profession. Almost 75% of the respondents feel demand would be good or fair, however, barely half will recommend an engineering career.

WOULD YOU RECOMMEND ENGINEERING?	TOTAL	% TOTAL
YES	43	35.0%
MAYBE	22	17.9%
NO	58	47.2%

Many respondents feel that the rewards of an engineering career did not compensate for the requirements to enter or maintain a career in this field. Specific complaints include poor pay scales, lack of prestige both inside and outside the company, lack of respect from management, and poor job stability. Several members recommend studying engineering as a foundation for a career in another field, such as business, medicine, or law. Overall, it is surprising and disconcerting how poor an opinion many engineers have of their professions and careers.

BARRIERS TO THE TRANSITION FROM DEFENSE TO COMMERCIAL EMPLOYMENT

Many people, particularly those outside the field, believe that electrical engineering is a highly portable profession. As shown previously, a majority of our members employed with defense or government contractors are contemplating moving into private industry. Unfortunately, the move is not proving to be that easy, and few have actually made it (24 out of 114 who changed jobs made the transition). Over half of the respondents to the survey listed some specific problem in answer to question 22, barriers to the transition from defense to commercial, the most common being that there are not many jobs available in the commercial sector. This is followed by a variety of responses that illustrate how differently the two sectors view each other. Generally categorized, the responses, in decreasing order, are as follows:

- Lack of jobs in the commercial or private sectors
- Defense engineers have the wrong type of experience for commercial jobs
- Defense engineers are too specialized
- Defense engineers are not cost conscious
- Defense engineers have high salary requirements
- Defense engineers have the wrong skill set
- Defense engineers do not know how to work to schedules and under time constraints
- General statements of bias or prejudice
- The two sectors are just too different
- There are different standards (software, hardware, quality, etc.) between the two sectors

Many of the comments given in response to this particular question reflect a lot of bitterness and indicate that there is a great gap of understanding between the two areas. A lot of work will be required of anyone attempting to reconcile the differences between these two sectors. Several respondents complained that having experience with a defense contractor was like being "blackballed." From these responses, it is easy to see that someone with defense industry experience will have a difficult time in obtaining a job outside of that field, and the defense spending cuts are hurting these people more than we may have realized.

FACILITATING THE TRANSITION FROM DEFENSE TO COMMERCIAL

In looking at what can be done to help the transition between the defense and commercial sectors, the number one response is "retrain the engineers." Training, in this case is

differentiated from college credit courses and additional college degrees. The categories of answers, in order, are as follows:

- Train or retrain the defense engineers to develop skills and understand the commercial ways of doing business
- Educate the commercial industry and employers on the skills and abilities of defense engineers
- Provide continuing engineering education programs, and possible incentives to pursue additional college education
- Educate the defense industry on commercial standards and methods
- Provide more jobs by stimulating growth of commercial and defense industries
- Provide incentives to commercial companies to increase jobs and hire/retrain defense engineers
- Promote government activities or legislation to result in more engineering jobs

The common denominator in over half of the responses is TRAINING, either for the engineers or the companies. With the cooperation of commercial industry, a carefully designed, intensive training program for defense engineers could benefit both the profession and the industries, providing more experienced, trained engineers to promote advances in technology, and perhaps, prevent some of the continuing loss of U.S. competitiveness.

WHAT CAN IEEE DO TO HELP?

And, finally, what can IEEE, as a professional organization, do to help its members? As might be expected, employment assistance seminars, job fairs, and job banks are among the favorite responses to this question. However, interestingly enough, one of the other more popular answers is a request for IEEE to provide some type of government or legislative activity to bring the concerns of our members to the attention of the legislators, both locally and nationally, and push to implement solutions at that level. The responses can be categorized as follows (in descending order):

- Lobbying or other government activities to promote issues of concern to engineers, such as portable pensions, U.S. competitiveness, and R&D
- Provide employment assistance seminars and training opportunities for engineers
- Locate and publicize job openings

- Provide job fairs or opportunities for engineers to meet employers
- Provide training programs for enhancing engineering skills and staying abreast of technology
- Keep members informed of problems and trends
- Encourage and support continuing education
- Provide networking opportunities for members
- Increase public awareness of engineering
- Support/provide a resume database
- Continue to survey membership and publish results
- Forecast future trends in engineering

Many members reported that they appreciated the opportunity to express their opinions to the organization. Only four out of the 434 that completed the survey said that IEEE was a technical society and should not be concerned with professional or political issues. It has been our experience in the Fort Worth Section that many members and non-members are turning to IEEE for help in finding solutions to their employment problems. It is our hope that both the local and national levels of IEEE will study this data and initiate programs in response to the needs of its members.

APPENDIX A

EMPLOYMENT QUESTIONNAIRE

1. Check the one response that best describes your employment as of 1 October 1991
 - 82.9% Employed full time
 - 2.8 Self-employed, full time
 - 0.9 Employed part time
 - 0.9 Self-employed part time
 - 0.2 Unemployed, voluntarily
 - 7.8 Unemployed, involuntarily
 - 3.5 Retired
 - 0.7 Full time student
 - 0.2 Full time training/re-training
2. What is your zip code?

3. Has your employer (or any employer for whom you've worked during the last two years) implemented any layoffs?
 - 74.7% Yes
4. If so, what percent of engineers were terminated?
 - 25.1% no layoffs
 - 20.1 0-5%
 - 13.5 6-10%
 - 12.5 11-20%
 - 16.3 21-30%
 - 8.5 31-50%
 - 4.0 51% or more
5. How many unemployed engineers do you know?
 - 68% - at least 1
6. How many engineers do you know (employed or un-employed) who are looking for a job?
 - 76.6% - at least 1
7. Are you contemplating a job change?
 - 44% Yes
8. Do you want to move into, stay in, change, or move out of your primary area of technical competence?
 - 77.3% Move into
 - 2.7 Stay in
 - 10.0 Change
 - 10.0 Move out of
9. Do you contemplate returning to school, either full or part-time?
 - 40.3% Yes
10. Do you contemplate moving out of the engineering profession entirely?
 - 21.2% Yes
11. Are you considering a shift from defense to commercial industries?
 - 38.5% Yes
12. If you have made a job change since 1 Jan. 1990, did you move into, stay in, or move out of your primary area of technical competence?
 - 10.5% Move into
 - 64.9 Stay in
 - 24.6 Move out of
13. How long did it take for you to find a new position?
 - 15.3 avg, 10 median (weeks)
14. Did you transition from a defense related job to a job with a commercial company?
 - 21.1% Yes
15. Did you retire before you intended?
 - 6.9% Yes
16. Have you been offered incentives to retire?
 - 7.3% Yes
17. How many weeks total were you involuntarily unemployed since 1 Jan. 1990? (if 0, go to question 20)
 - 14.1 wks avg, 67 responses or 16% unemployed within last 2 yrs
18. How does your new job compare with your old?
 - 41.5% Better
 - 31.7 Same
 - 26.8 Worse
 - 40 engineers still unemployed, 9.6%
19. Describe your employment search and the results. (Check all that apply.)
 - 69.9% Very difficult to find a job
 - 4.8 Fairly easy to find a job
 - 14.5 Offer fell into my lap
 - 13.3 Found a great job
 - 15.7 Found an adequate job
 - 18.1 Took the first offer
 - 15.7 Got a raise in salary
 - 20.5 Had to take a cut in pay
 - 14.5 Other (please describe)
20. What job search techniques have worked best for you?
 - 41.6% Sending out resumes
 - 27.9 Answering ads
 - 26.6 Using a headhunter
 - 9.1 Using outplacement services
 - 0.3 Hiring a private consultant
 - 14.6 Going to Job fairs
 - 49.4 Networking
 - 0.3 Job retraining
 - 2.9 OJT
 - 10.7 Other (please describe)

21. What do you see to be the major barriers to employment or re-employment?

38.8% Age
2.8 Sex
5.9 Ethnic background
1.5 Disability
15.0 Educational background
31.3 Area of technical competence
25.6 Geographic preferences
60.5 National economic conditions
45.0 Decrease in defense spending
7.5 Other (please describe)

22. What do you see as the problems or barriers (if any) of defense industry engineers moving into the commercial or private sector?

see attachment

23. What can be done to facilitate engineers moving between defense and commercial sectors?

see attachment

24. What do you view as the outlook for engineering employment in Dallas/Fort Worth for the next year?

1.2% Good - easily find a job
23.5 Average
62.5 Poor
12.8 Bad - no jobs available

25. What do you view as the outlook for engineering employment, in general, for the next year?

3.3% Good - easily find a job
38.2 Average
54.0 Poor
4.0 Bad - no jobs available

26. According to a Texas Employment Commission report for Tarrant County (1988), there will be more job openings in engineering than any other field over the next few years (through 1995). Do you agree?

20.2% Yes

27. How do you see the long term demand for engineers? (or would you recommend that your son/daughter become an engineer?)

see attachment

28. What should organizations such as IEEE be doing to help (if anything)?

see attachment

The remaining questions provide background data for statistical purposes. Please take the time to answer.

If you are currently employed, answer 29-31

29. How secure do you feel in your current position?

36.2% Totally secure
50.1 Somewhat insecure
13.6 Very insecure

30. How long do you feel you will continue with your current employer?

5.3 yrs avg, although 17% said they would stay through retirement.

31. How do you see your opportunities for advancement with your current employer?

27.4% Good
24.9 Fair
35.5 Poor
12.2 Non-existent

The following questions refer to current employer if you are currently employed, and previous employer if you are currently unemployed.

32. What is the product or service provided by your employer?

32.1% Aerospace - defense
0.7 Aerospace - commercial
8.5 Defense electronics
Automotive industry/products
Basic research
Broadcast industry
12.3 Communications/communications equipment
3.9 Computer hardware/equipment
5.1 Computer software/data processing
0.5 Construction
1.2 Consumer electronics
1.4 Design and development engineering
6.3 Education/educational services
3.6 Electronic equipment/components
1.0 Government
1.0 Industrial controls
2.7 Manufacturing/production
0.7 Medical equipment/services
1.9 Petroleum/chemical industry/products
9.9 Power generation, transmission, etc
0.5 Power system equipment
1.4 Transportation equipment/services
5.1 Other

33. Estimate the total number of engineers at your location.

33.2% 1-50
10.7 51-100
20.7 101-1000
35.4 more than 1000

34. To what extent is your position dependent on government grants, contracts, or funds?

37.3% Totally
7.7 Primarily
12.3 Somewhat
42.7 Very little or none

35. What do you perceive to be the future business outlook for your employer?

45.5% Good
30.8 Fair
23.6 Poor

36. What is your level of responsibility?

10.0% Student
9.4 Entry level engineer
34.8 Senior engineer
23.2 Staff engineer
14.0 Engineering manager
9.9 Management
3.1 Not employed as engineer
4.6 Other

37. How long have you worked for your employer?
(0 if unemployed)

7.8 yrs. avg, 5.25 yrs. median

38. How long had you worked for your previous employer?
(0 if no previous employer)

5.5 yrs. avg, 3.5 yrs. median. 71.3% of respondents have worked for more than 1 employer.

39. How many years of professional and managerial experience do you have?

14.2 yrs. avg, 12 yrs median

40. Are you employed in your primary area of technical competence?

85% Yes

41. Indicate all degrees you have been awarded.

(highest only)

0.5% None
3.6 2-year degree
60.3 Bachelors degree
25.8 Masters degree
10.0 Doctoral degree

42. What is your sex?

94.7% Male

43. What is your age?

39 avg, 37 median

44. What is your salary range?

5.4% \$30000 or less
28.3 \$30001 - 45000
36.3 \$45001 - 60000
18.5 \$60001 - 75000
9.5 \$75001 - 100000
2.0 more than \$100000

\$53,000 weighted average

APPENDIX B

SURVEY QUESTION 22

(Excerpts)

What do you see as the problems or barriers (if any) of defense industry engineers moving into the commercial or private sector?

- **Defense engineers have a lack of business knowledge. Need more professional communication skills**
- **Defense engineers have a lack of awareness of their personal contribution to profit. Poor communication skills.**
- **Employers want experience in private sector and are reluctant to let us show how our skills are applicable.**
- **Employers want specific expertise, not expertise in a related field.**
- **Defense engineers don't have much technical competence. Their lack of technical skills limits moving into the commercial sector.**
- **Defense engineers seem to be afraid of change and not confident in their ability to transfer skills.**
- **Perception that defense engineers can't design to cost.**
- **Awareness of real economic constraints.**
- **Defense engineers are not cost conscious. They are not oriented to large scale production.**
- **Commercial sector is more competitive with tighter budget and schedule constraints.**
- **Perception of excessive cost and waste in defense industry.**
- **Private sector projects are economic based, defense are not.**
- **Defense engineers need to learn to design at cost and that time to market is more important than paperwork.**
- **Perception that commercial goals (shorter time to market, reduced cost, superior quality, and design for manufacture) are not cultivated in defense.**
- **Preconceived notions about defense engineers not being cost/schedule conscious. Hard to even get in the door.**
- **Specialized skills from defense difficult to correlate to commercial.**
- **Defense engineers are too specialized. They work with out dated or obsolete parts.**
- **Many senior defense engineers are unattractive due to the cost to train and high salary requirements.**
- **Defense industry engineers are not flexible in skills. They need more diverse training.**
- **Defense engineers are not used to the fast pace, wearing many hats, and having limited support staff. They are not self-motivated.**
- **Number of private sector jobs also decreasing. Lack of competitive position will continue to reduce the number of jobs.**
- **Too many laid-off defense engineers to be absorbed by the private sector.**

- Defense engineers need to develop a not frills attitude for commercial jobs.
- Commercial jobs can't compete in salary. They are afraid you will go back to your old job as soon as the company is re-hiring.
- Commercial technology is ahead in my field.
- Defense engineers are perceived as out of touch with the real world. Too slow.
- Defense is slower paced, with excessive paperwork/documentation. Engineers have little decision making capability.
- There is a stigma attached to defense engineers that they cannot complete assignments in a timely, cost effective manner.
- Defense engineers are not accustomed to designing with the cutting edge of technology.
- There are different requirements for products in defense. Longer product development cycles.
- I have no training or experience in commercial sector. Completing masters degree did not help.
- Defense engineers don't know how to design for consumer market. They do not have the "hands on experience" necessary for "on time" and "on budget" design.
- The products are different. Commercial employers generally want specific experience that is unique to the commercial sector.
- Defense engineers usually have a narrow range of overall experience.
- Private companies do not want to retrain or pay for experience not directly transferrable when they can hire a new graduate.
- Defense engineers are unfamiliar with commercial practices, standards, suppliers, and regulations.
- Commercial employers view defense engineers as unqualified to compete. They are unwilling to evaluate individuals.
- Perception that defense engineers can't adapt to the commercial way of doing business.
- Perception that defense engineers are uncompetitive and technically incompetent.
- Defense engineers have a bad reputation of having poor output.
- It's very hard to make the transition. It's almost like being blackballed.
- View of defense as a form of government welfare.
- Specialized skills from defense are difficult to correlate to commercial.
- Different corporate objective. Different regulatory environment.
- Design/development processes in defense contracts are outdated; bureaucratic, and don't apply to the real world.
- Private sector expects you to leave when you find a defense job for more \$. I had a hard time getting hired as a car salesman.
- Defense engineers are probably not as "real world" productive as commercial sector requires.
- Defense engineers technologically behind.
- Inability of those hiring to recognize the fact that engineers can re-adapt their skills to the job requirements.

SURVEY QUESTION 23

(Excerpts)

What can be done to facilitate engineers moving between defense and commercial sectors?

- **Help employers understand the background and training of engineers in both sectors.**
- **Convince commercial companies that any engineer can rapidly come up to speed in their industry,**
- **Break the mindset. An engineer with good background can use his skills to ramp up quickly from defense to commercial.**
- **Educate HR recruiters to evaluate basic skills not specific applications. To quote one recruiter, "We don't build airplanes." Neither do I: I'm a software engineer.**
- **More understanding from managers in the commercial sector to realize that defense work does not make one incompetent.**
- **Commercial employers need to realize defense engineers are capable of performing – if experience doesn't exactly match, we will learn our new jobs, just like we did the old ones.**
- **Accelerated retraining to facilitate adaptation to new environment.**
- **Defense needs to use more commercial products and technology**
- **Defense industries need to pursue commercial markets to exploit the technologies they have developed.**
- **Restructure the defense procurement process for stronger emphasis on economically sound system design.**
- **Identify closely related jobs in defense and commercial sectors. Provide cross-training.**
- **Provide training – non-credit courses to improve job skills for commercial.**
- **Defense design engineers may be re-trained. Non-design engineers may not be recoverable.**
- **Provide OJT for commercial methods. Provide educational assistance for retraining.**
- **Improve engineers awareness of business factors, cost effectiveness.**
- **Provide training in skills needed by commercial sector (communications, C, Unix). Provide information on what commercial employers look for in job applicants so defense engineers are better prepared.**
- **Educate engineers that commercial companies have to sell a product in a competitive market.**
- **Provide a workshop on the differences between commercial and defense work.**
- **Provide seminars on design to cost and other issues that are important to market oriented commercial environment.**
- **Retraining – tuition support. Sponsor development of courses at universities and community colleges.**
- **Cross-training to improve versatility.**

- Educate defense engineers on differences in product development cycles. Help to pinpoint skills learned in defense that can be transferred.
- Work with commercial employers to determine what training is needed to facilitate transition. Provide incentives to employers to hire and retrain defense engineers
- Improve health of the private sector – reduce deficit, improve economy, increase U.S. competitiveness.
- Stimulate existing commercial markets.
- Schools need to be in touch with industry and provide classes to give defense engineers commercial industry exposure.
- Provide incentives for education (grad school) as an intermediate step.
- Government research grants to create jobs. Train engineers for market/business skills.
- Help commercial sector to pul out of the slump. Cut taxes and lower deficit by cutting domestic spending and repealing counterproductive laws.
- Provide private business incentives to hire ex-defense engineers.
- Offer commercial companies tax incentives to hire and train defense engineers.
- Provide federally funded incentives for commercial firms to train former defense workers.
- Use professional organizations to promote networking.
- Learn Japanese.
- Sponsor a "get acquainted with the private sector" seminar.
- Provide technical short courses. Promote PE registration.
- Correct the poor public opinion of the defense industry.
- Run a series of articles on the differences in engineering practices between the defense and commercial sectors to bridge the gap of understanding.

SURVEY QUESTION 27

(Excerpts)

How do you see the long term demand for engineers? (or would you recommend that your son/daughter become an engineer?)

- Long term — good, because of the declining educational capabilities of students. Short term — bad.
- Always a strong demand for good engineers.
- Long term outlook remains positive. Current economic state is the immediate problem.
- Engineers and technicians will be like the farmers of the past, the most abundant and important part of U.S.
- As society becomes more technical, the demand for engineers should continue to rise.
- Engineers are a vital part of our industry.
- Demand should be good, but the trend will be toward specialization.
- Demand should increase steadily. Fewer people each year have the competence or interest in engineering.
- Demand will remain good, however, salary and compensation will not.
- Long term — good. Better for engineers with little or no experience than for experienced engineers.
- Demand will be good. But must change from engineering after 10 - 15 years.
- Demand good, but will depend on area of specialization.
- Not too bad for foreign engineers.
- Long term demand will be good if U.S. remains competitive. Will not be good if we lose markets or decide to retrench and spend less on R&D.
- I feel that many companies cut their labor forces more than necessary and will need more engineers to complete their tasks.
- Demand will increase for young engineers. Senior level engineers will have difficulty finding a job.
- Demand should improve if business and government rebuild the U.S. technology and manufacturing base. Return manufacturing and assembly jobs to U.S.
- There will be a demand for more experienced engineers since they are available and willing to take a pay cut for an entry level job in order to have a job.
- There will be a demand for engineers. I am concerned about the country's ability to continue to compete.
- Long term demand will be poor. No budget for research. We will be depending on foreign engineers to implement the future.
- There will be a weak demand for foreign engineers and little or no demand for a native or aged engineer.
- Long term demand looks bad — U.S. engineering is moving overseas.

- Weak demand for all but software intensive positions.
- General demise of U.S. industry does not bode well for future engineering jobs. Defense work has been a prop which is now being removed.
- In my area, communications, companies have less engineers than 10 years ago. Many positions once filled by an engineer are now filled by someone without an engineering degree or with no degree at all.
- Long term outlook is just as bleak as the short term outlook. As we become a technology importing nation, we lose our engineering competence.
- Continued shrinkage in demand due to lack of manufacturing and lack of cheap capital for manufacturing. Focus of the CEO is on the stock market. Remaining engineering jobs will go overseas.
- There will be no more engineers needed.
- I would recommend engineering, but have two or more areas of expertise.
- Yes, I would recommend engineering, but not to get wealthy.
- Engineering is a good field to be trained in and work in for less than 10 years. After that, get another degree and get out of engineering.
- I would possibly recommend engineering in very specialized fields like bio-med or environmental.
- Obtain an engineering degree, but learn as much as possible about finance and marketing.
- Yes, I would recommend engineering, but as a foundation for another occupation.
- Engineers are poorly paid relative to other professionals.
- No, I would not recommend engineering — the payback is not commensurate with the education requirements.
- The reward/risk for engineers is not on par with other professionals.
- I would not recommend anyone go through the rigor of an engineering education, only to find no job at graduation.
- I would not recommend an engineering career. For the past couple of years, my company has been laying off people only to hire new college grads for less money.
- I would not recommend — too long hours and too low pay. Engineers receive no respect throughout the company/organization. Engineers are treated not much better than secretaries.
- I would not recommend — too many business people tend to take advanced technology for granted.
- Engineering is too risky. No job stability. U.S. is not competitive with Japan and European countries due to the lack of government support of key technologies.
- I would not recommend engineering. Oversupply will continue to prevent pay from keeping up with inflation. Continued immigration of foreign engineers willing to work for low pay will continue to depress economy.

SURVEY QUESTION 28

(Excerpts)

What should organizations such as IEEE be doing to help (if anything)?

- Joint conferences and job fairs with other technical societies, other business groups, local officials and politicians.
- Hold informal get-togethers for engineers and potential employers.
- Hold job fairs. (Note: most recent IEEE job fair was very poor). Organize professional job placement/recruiting service.
- Provide unemployment assistance in terms of resume databases, job search skills classes, job fairs, counselling.
- Support a free employment agency that includes openings provided by members. Encourage industry to retrain present employees.
- Help develop contacts between job seekers and employers.
- Publicize openings, hold job fairs, job search seminars. Publicize areas where growth is expected or shortage of engineers exists.
- Provide a database of job openings. Provide information on engineering companies and their products and services, particularly smaller companies.
- Provide a forum to help engineers to obtain contacts with hiring companies. Educate the commercial sector on the added value of defense engineers.
- Stop wasting time on resume collecting and job fairs. Each unemployed engineer should be assigned a tailored network.
- Point out new areas and/or technologies where engineers are needed.
- Organize a professional job placement/recruiting service.
- Establish job bulletin board.
- Mailings to keep engineers aware of job openings. Resume book to put competent engineers in contact with prospective companies.
- Bulletin board for jobs in DFW area. Research and publish the real needs of local companies.
- Registry service for engineers seeking employment. Promote registry to employers.
- Get more funds for unemployment and funds for start-ups. Make it easier for individual to get and hold patents.
- Pension transportability. Professional certification. Limit foreign engineers. Change media stereotypes. Anyone can be called "engineer" and management tends to think that all engineers are interchangeable.
- Define skill needs, current and future. Work with academia to provide training.
- Encourage government to provide incentives to industry to retrain engineers.
- Provide consulting to industry on cost effective utilization of engineers.

- Lobby for more support of commercial ventures and increased R&D.
- Active, unified lobbying activity at both Federal and state levels — especially for improving R&D, competitiveness, and production concerns.
- Lobby to prevent age discrimination.
- Push for improvement in technology and U.S. competitiveness. Lobby for education and research.
- Lobby for stable defense budgets. Publicly chastise companies that go through rapid hiring/layoff cycles.
- Investigate and report on age discrimination, foreign engineer immigration, salary and employment surveys. IEEE needs to counterbalance the self-serving reports of engineer shortages.
- Promote legislation that will provide incentives for employers to hire/rehire older engineers. Pension plans should be consistent and portable between employers. Full Benefits provided for employees laid-off.
- Portable pensions. Alarming rise in the cost to maintain professional registration and memberships in professional societies.
- Lobby for long term planning in technical areas — like Japan.
- Promote active learning cells.
- Encourage continuing education, reduce the cost of IEEE education materials. Make IEEE periodicals more oriented to the working engineer and less single minded directed to PhDs and academia.
- Programs to upgrade engineering skills as technology changes. IEEE national office gave little support when I was seeking help after being laid-off. Members of local section would not respond to letters and phone calls.
- Provide programs to give students and new grads real-time work experience.
- Seminars/classes/workshops focusing on the needs of commercial engineering. Keep fees reasonable and/or offer subsidized enrollment for unemployed engineers.
- Project future trends and keep members informed of changes and demographics.
- Study and publish "lifetime" career agenda/curriculum for sustaining skills. Forecast near-term needs in various fields. The objective is to help the EE that has started down a career path stay ahead of the curve and competitive with the new graduates.
- Change manager's perception of engineers as labor instead of professionals.
- Establish engineering as a honorable profession. Recognize engineers for their achievements and the progress of technology.
- Protest the "disposable" engineer attitude. Publicize more National Engineers Week.
- Publicize the waste of un- under-employed engineers. Emphasize the impact on the economy.
- Pressure business leaders to reward engineers for achievements.
- Work with other professional organizations to explore and create new fields.
- Get more involved with local universities. Give feedback on the needs of local engineers.
- Devote regular space in spectrum to national job picture.

- Promote the establishment of new enterprises through initiation, capital gathering, management, voluntary consultants, etc.
- Develop more accurate way to assess supply and demand for EE. Lobby for more competitive policy regarding R&D.
- Work towards bringing in new manufacturing and research business.
- More articles in Spectrum about employment type problems.
- Encourage companies to "share a piece of the action" with engineers who develop new product ideas on their own and contribute them to the company.
- Continue current activities. Give this response wide publication.
- Push for money for education and R&D. Must strive to be the world leader through more educated base of professional EEs.
- Help define age discrimination and other discrimination. Help engineers file complaints.



August 27, 1992

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As the President, I am representing the FWJSEC. The Fort Worth Job Service Employer Committee (JSEC) is composed of employer representatives who volunteer to serve in an advisory capacity to the Texas Employment Commission (TEC) and as liaisons between the employer community and TEC. Our membership base covers a wide variety of employment areas from industry to hospitality. We provide a non-partisan forum for voicing the employer's view on vital issues effecting business, such as the defense cuts we have been experiencing and the future closing of Carswell AFB.

Here are some of the facts, during 1991, Tarrant County lost 12,368* manufacturing jobs. The majority of the jobs lost were directly related to the defense industry. Defense spending is an important component of our local economy. In 1990, Tarrant County defense spending amounted to over \$3.6 billion, about one fourth of the total in Texas. Of defense-related workers, 30% (92,083) were employed in the Fort Worth/Dallas Metroplex area and 17% (52,180) were employed in the Fort Worth area. (Hannah, 1992)

The Texas Employment Commission in 1991 processed 65,128** new unemployment insurance claims, a 7.7% increase over 1990. However, the TEC Employment Service staffing is at an all time low and unemployment is at a 10 year high. Many of the unemployed waited as long as 2.5 hours to be helped. With the closing of Carswell AFB, the trend will only continue.

TEC reports that the local labor market cannot absorb the available skills of the displaced worker. This requires retraining and/or relocation of the workers. New jobs coming into the area have been primarily in the service industry. These are typically lower paying jobs than the manufacturing

jobs lost which make it difficult for the worker to make ends meet.

Along with high unemployment, the effects of reduced purchasing power have impacted other industries as retail (July 1990 to July 1991) reported a drop in sales of 6-8 percent. Real estate prices have dropped with an increase in foreclosures.

City and county government are facing critical budget deficits due lower sales tax revenue and reduced property values.

In addition, because General Dynamics and Carswell are adjacent to each other, west Fort Worth will have the greatest adverse indirect impact with further defense cutbacks. The majority of personnel live and spend their money in this area. The majority of businesses are extremely small (10 or less) and most are local businesses rather than branch businesses. This makes them more vulnerable to business failures. (Impacts on Small Businesses in Tarrant County)

We are in a crisis and doing the best we can with the resources we have but additional assistance is needed now and in the future to secure our quality of life in Tarrant County.

*Texas Employment Commission Economic Research and Analysis
Department

** Texas Employment Commission

Riane Van Meter, JSFC President

Appendix K

August 27, 1992

HEARING BEFORE DEFENSE CONVERSION COMMISSION

Fort Worth, TX

I am Barbara Deeter, Vice-President of the League of Women Voters of Tarrant County and Chair of the Economic Conversion Committee for the League. I am testifying today representing the Tarrant County League of Women Voters.

I appreciate the opportunity to speak before you - I know you will be hearing today from many people with various points of view on what to do about the changes taking place in the defense industry.

The transition from military dependence to civilian dependence can be viewed as a sign of hope for the future - but it is certainly not one without problems - such as the dislocation of workers. It is all necessary if we want to put this state and this country in a better position economically.

We all understand the US has an alarming budget deficit - that our manufacturing has slowed - that we are not as competitive as we might be nor do we have the means to invest in the future as we would like to be able to - all of these partly because much of the Federal dollars for R&D has gone to military industry rather than civilian industry. All of us know that the military industry has offered high paying jobs and benefited the economy of local areas. Consequently, now that the world is a different place it becomes difficult to make necessary change - even though we know that our national security is tied to our ability to respond to

global changes - in this case, the end of the Cold War.

However, there is the need to change and to look with new eyes toward the scaledown of the defense industry and address the problems and possibilities for the future of this country. It is apparent to many of us that conversion is a viable alternative to looking for new markets for weapons production.

The Dallas, Plano, and Tarrant County League of Women Voters undertook a LOCAL Study on Economic Conversion in 1990. I will be giving you some information from that Study - I will summarize a limited survey we undertook interviewing local defense contractors, sub-contractors, and local political people - I will give you the League's Position on Economic Conversion that we arrived at only after studying the pros/cons of it. The Study did not include information on Carswell Air Force Base for obvious reasons - we were interested in the defense industry.

We define Economic Conversion as the process by which an economy dependent upon military industry is redirected toward production of non-military products and services. We approached Economic Conversion without a pre-conceived idea of whether it was viable or not - but with our own League NATIONAL positions in mind.

In the LWV NATIONAL position - NATIONAL SECURITY is tied more closely to the ability to compete in the world economy rather than in military competition. In our position on EQUALITY OF OPPORTUNITY AND URBAN POLICY we support measures promoting occupational education, re-training, and broadening the economic base of cities.

As we gathered information we found that one reason this area

has felt the impact of less defense spending and will continue to feel the impact is that the DFW region received more than 78% of the committed Pentagon Funds for the state of Texas ; that the DFW Region received over 56% of the committed Pentagon Funds for the Region (TX,AR,AZ,LA,NM,OK).(Defense Contract Admin. Services Region DCASR)

In our limited SURVEY - briefly, we found:

1. People have various notions of what is Conversion and Diversification.

(DIVERSIFICATION = continuing building same weapons/planes but maybe buying another company that might be producing a commercial product - GD did this when they bought Cessna a few years ago; CONVERSION = actually taking same space, converting equipment or buying new equipment, re-training and re-tooling industry)

2. Responses indicated that some planning efforts exist, as well as some of the working components for a model on Economic Conversion.

3. What we found at that time, compiling our information early in 91,is - there were few strategies for any long term conversion planning and little linkage with re-training and re-tooling for changes in the industry.

4. We also found some interest in working with local business, defense people, and educational bodies on planning; most were interested in having that planning coordinated by an existing agency rather than creating a new planning group.

5. The survey did discover some problem areas:

a. Costs of Conversion vary widely - depending on the company and the products it makes. Costs can be prohibitive for a few - when the existing equipment is single-use - or ownership of property and equipment is shared by the Government. This last statement - some of equipment is owned by the Government - could be a good reason for Government involvement in actually encouraging conversion.)

b. Another problem with some companies actually converting is that management decisions are not made locally and therefore change is less accommodating for the different areas and the choices of what could be done are limited.

LEAGUE OF WOMEN VOTERS POSITION (*Tarrant County L.W.V.*)

After completing the survey and Study we came up with a broad Position statement - The Local League of Women Voters of Dallas, Plano, and Tarrant County support involvement of local government, citizens, educators, and the private sector in the process of economic conversion from military industry into civilian industry; a temporary task force would make recommendations - We encouraged governmental leaders to form a task force on economic conversion - I'm pleased to say that the Governor indeed put together a task force - which I'm sure all of you are aware of -
(Certainly this Task Force Committee is an excellent start.)

We believe local government could provide financial incentives and assist with the coordination of organizations to offer educational programs. The private sector could be encouraged to:

provide re-training and re-education of employees, to do research and development of new products, and to work with other companies and community groups to facilitate the conversion.

The US does have experience in Economic Conversion. - before WWII was over, the US began planning how to shift back to civilian industry. Many state and city governments set up agencies to plan post-war public works projects, aid to business and vocational training.

The US Chamber of Commerce, the National Association of Manufacturers both published conversion planning reports. Government and business planned together. There was planning in various companies making the switch.

All of this does require a willingness to change management structure as it is now - and listen to the workers on the job - to look more broadly at the future and assess the needs we have as a country.

It only makes sense to do planning on ways to use the highly trained workforce in the defense industry, even though it will take a long term commitment and investment money.

Economic Conversion seems to be the most comprehensive of all change within the defense industry, although diversification and economic adjustment may be helpful now, they tend to not make the shift necessary for long term change.

. . . There have been failures in conversion. Grumman had poor luck building a flexible bus, for one example.

There is room for real optimism and the following are some

suggestions:

1. Long term planning at the local level - involving the business community, city government officials, management and workers, along with union people.

2. Assessment of future needs of the area and market. We certainly have many needs in this country - roads, bridges that need to be repaired, sewer and water systems that need to be fixed, environmental problems that need to be addressed.

3. Assessment of equipment and workforce skill of the industry. Recently in Business Week Magazine it was stated that the important question here is how can we keep capable people employed in this state? Engineers and Scientists are our key to economic growth. Defense industry has employed many of them.

4. Re-training and re-tooling of the workforce,

5. R&D of new products - funding for R&D might be made with tax credits; maybe direct subsidies to encourage conversion.

6. Government needs to provide incentives for contractors and sub-contractors to convert; According to Lawrence Korb, a Senior advisor in the Reagan administration, \$1 billion a year could be given to aid communities in the transition.

We need to make it very attractive to convert as we have made it very attractive to build up our defense system.

7. There needs to be involvement of other companies and community groups helping facilitate the change.

8. Communities need to be developing policies to aid in conversion.

That concludes my remarks. Changes in military expenditures area a given - how much is the question. But it seems to us that this is an opportunity as well as a crisis - an opportunity to consciously determine what is the best direction to take and how to take it -.

ECONOMIC CONVERSION

Facts & Issues

**The League of Women Voters of Dallas
The League of Women Voters of Plano/Collin County
The League of Women Voters of Tarrant County**

April 1991

ECONOMIC CONVERSION FACTS AND ISSUES

Introduction

"The United States and the Soviet Union fought the Cold War; Germany and Japan won," says Seymour Melman, Professor Emeritus of Industrial Engineering at Columbia University. The economy of the USSR is near collapse; the United States has a large and increasing national debt plus a balance-of-payments problem. Germany and Japan, with their much smaller defense budgets, have become the leading industrial nations. The United States has problems with its industrial competitiveness in global markets. The infrastructure in this country is in need of repair; bridges, highways, water systems, and environmental clean-up are all demanding attention.

The U.S. defense is shrinking after a buildup of more than ten years. When military contracts are terminated, there are several options available to the defense industry, one of which is economic conversion. Economic conversion, simply stated, is the process by which an economy dependent upon the defense industry is redirected toward production of non-military products and services. Whether those products and services are VCRs, health care, public transportation, etc., depends upon the human and technological resources made available in any given economic community undergoing conversion. As the results of conversion are numerous and varied, so too are the initial reasons for beginning a conversion process. This study will focus on those reasons most pertinent to the economy of the greater Dallas/Fort Worth Metroplex.

League of Women Voters-U.S. Positions

The League of Women Voters of the United States has several positions which provide the framework for a League study on economic conversion. Among these are:

"The League of Women Voters of the United States believes that the current federal deficit should be reduced. In order to reduce the deficit, the government should rely on reductions in the defense spending through selective cuts . . ." (Fiscal Policy)

". . . The League believes that national security has many dimensions and cannot be limited to military policy alone . . . Key elements include the country's ability to implement social and environmental programs and to maintain cooperative relationships with other nations. Other important components are effective political leadership and a strong economy. Therefore, in decisions about the federal budget, political leaders should assess the impact of U.S. military spending on the nation's economy and on the government's ability to meet social and environmental needs." (Military Policy and Defense Spending)

Under League positions on Equality of Opportunity and Urban Policy, one can find language supporting measures promoting occupational education and retraining as well as measures that broaden the economic base of cities.

Background Issues

Our local study of economic conversion began with a conference in January, 1991, at which speakers from the business community, union officials, civic leaders, educators, medical specialists, and other professionals expressed a variety of viewpoints on ways to achieve economic diversity in North Texas, and to alleviate the trauma of workers laid off from defense industry jobs.

Dr. Lloyd Jeff Dumas, Professor of Political Economy at UT-Dallas, stated that three forces will continue to change this country's spending on defense:

- fiscal realities in the U.S.
- changes between the US/USSR
- problems with industrial competitiveness in the U.S.

Fiscal Realities

The U.S. has been financing its increased spending by

borrowing from other countries and has now become the world's largest debtor nation with a \$2.8 trillion debt. The interest alone on this debt is second only to the defense outlay. (It is predicted to be the single largest item in our budget expenditures by 1992.)

Changes in the US/USSR

Changes in the Soviet Union and its former satellites have ended the Cold War with the United States. The time is ripe to consider the nature of the threat faced by the U.S. Most experts say the major military threat today is from Third World nations; the Persian Gulf War is an example. What weapons and personnel will be needed for the nation's future defense?

Problems with Industrial Competitiveness in the U.S.

While the nation concentrated on the Cold War, industrial competitiveness dropped in the U.S. However, according to Business Week Magazine, military research and development has risen from 45% to 67% of all R&D in the last 10 years. Mark Wynne, of the Federal Reserve Bank of Dallas, wrote that, "High levels of military R&D spending drain productive resources from the private sector that otherwise would be used in development of new products and technologies by private firms." Such development is essential to retaining and increasing market share in the face of international competition. According to Dr. Dumas, "American industry must have more access to investment dollars and talented people." Other observers say that the defense and civilian industries combined simply have created more jobs for talented people than either could have done alone.

Proposed Defense Budget

The President's Office of Management and Budget has submitted the FY 1992-3 budget requests; there is a real (factoring in inflation) drop of 1% in military spending. Defense Secretary Cheney's long-range plan is to reduce the defense budget 34% by 1996. However, it is still difficult to clearly define all military spending since other categories also include defense spending: (• see chart) part of the net interest, veterans' benefits, pensions, energy (nuclear weapons), science, space and technology (SDI), and international affairs, which includes military aid to

foreign countries. In addition, Congress and the President agreed not to include the cost (close to \$15 billion) of Desert Storm.

1992 BUDGET: Blueprint for Wartime

Budget Outlays in Key Areas				
Fiscal year data in billions of dollars				
	1990 Actual	1991 Estimate	1992 Proposed	1993 Proposed
Defense •	\$ 299.3	\$ 298.9	\$ 295.2	\$ 292.0
International affairs •	13.8	17.0	17.8	15.3
Science, space and technology •	14.4	15.8	17.5	19.1
Energy, environment and natural resources •	19.4	21.4	23.3	24.9
Agriculture	12.0	15.9	15.3	14.2
Commerce and housing credit	67.1	119.5	92.8	60.4
Transportation	29.5	31.5	32.7	34.7
Health and education	96.2	114.0	126.8	137.2
Social Security and Medicare	346.7	373.4	402.4	411.0
Federal pensions, unemployment and other income security •	147.3	173.2	184.8	194.1
Veterans' benefits •	29.1	31.5	33.0	33.9
Net interest •	184.2	197.0	206.3	212.0
Other outlays	20.7	31.9	32.4	30.2
Offsetting receipts	36.6	19.1	40.8	51.7
TOTAL OUTLAYS	\$1 251.7	\$1 409.6	\$1 445.8	\$1 454.2
TOTAL REVENUES	\$1 031.3	\$1 091.4	\$1 165.8	\$1 252.7
DEFICIT	\$ 220.4	\$ 318.1	\$ 280.0	\$ 201.5

NOTE: Outlays may not add to totals because of rounding.
Source: Office of Management and Budget

U.S. Legislative Proposals

Whereas the original euphoria of a "peace dividend" to be reaped from large defense budget cuts and applied toward the solution of domestic problems has rapidly waned in recent months, our massive budget deficit remains and defense trimmings are inevitable. Not only do the Secretary of Defense's proposed budget and long term spending goals reflect this need, but various legislative proposals in the 1990 Congressional session attempted to address the probable consequences of a declining defense budget.

A bill to liberalize eligibility requirements for economic adjustment assistance (HR 3999) and to create a cabinet level council to coordinate federal assistance programs to communities eventually passed, altered and pared down, as the National Defense Authorization Act. It set aside \$200 million of Economic Adjustment Funds for communities hit by defense cuts. While helpful, these funds are considered by experts to be highly inadequate to provide meaningful relief.

First in 1989, then again in 1990, a comprehensive "economic conversion" bill, known as the Weiss Bill, was introduced, but eventually failed to pass, even

though it had substantial support, notably from then Speaker of the House Jim Wright. The stated purpose of the bill was "to provide the means through which the United States can promote orderly economic adjustment which will (1) minimize the dislocation of workers, communities and industries, (2) assure that such dislocations do not compound recessionary trends, and (3) encourage conversion of technologies and managerial and worker skills developed in defense production to projects which serve the civilian sector." The provisions of this bill would be funded by a 1 to 1.5 percent trust fund set aside from Pentagon purchasing funds.

The Weiss Bill has been introduced again as HB 441 in the 102nd Congress, but it is difficult to predict under the current very fluid international conditions, both in the Middle East and the USSR, how this Congress will react to legislation involving economic conversion.

State and Local Initiatives

At the state level, plans to offer relief to areas heavily impacted by defense cuts have been developed in South Carolina (Rapid Response Team), California (California Economic Adjustment Team), and Massachusetts (Emergency Response Teams). Maine and Wisconsin have actually enacted plant closures legislation and Massachusetts has established a Massachusetts Government Land Bank to aid in the conversion and the redevelopment of certain lands formerly used for military activities to non-military uses. In Washington state, legislation has been passed to direct various state agencies to investigate potential diversification in an area heavily dependent on nuclear reactors and related facilities.

The National League of Cities has created a Board of Directors Task Force on economic conversion that is currently concentrating on a plan to seek a five-year 30% cut in defense spending with mandatory reallocation of the savings to the needs of cities affected by this defense budget trimming.

Parameters of Local Defense Spending

According to Texas Monthly, this state ranks third among defense industry states; one out of ten people in Texas works for the defense industry. The

Dallas/Fort Worth region has one of the most highly defense dependent economies in the nation. All together, our region employs over 200,000 workers in over 500 companies. DFW prime defense contractors have over 16 billion dollars in Pentagon contracts.

While San Antonio's five major military bases and Killeen's Fort Hood make them more visibly dependent upon Pentagon decisions, the Dallas/Fort Worth metropolitan area is clearly the center of the military/industrial complex in the state of Texas:

	DFW Region	Rest of TX
Committed Pentagon Funds	78.6%	22.4%
Prime Contractors	44.4%	55.6%

And in the six state region (Rest of TX, AR, AZ, LA, NM, and OK)

	DFW Region	Rest of Region
Committed Pentagon Funds	56.5%	43.5%
Prime Contractors ¹	28.5%	71.5%

¹ The reason our prime contractors consume such a high share of the budget obligations is because of their relatively large size, material cost they consume, and their technical complexity.

The above Defense Contract Administration Services Region (DCASR) figures do not include the budgets of General Dynamics, LTV and Bell-Helicopter-Texttron, three of our largest employers, because these companies each have direct and interactive contracts with specific military branches and are on their own accounting system. The above figures also do not include the employment and costs of Carswell AFB, the Naval Air Station, the Texas Air National Guard, local recruiting and reserve offices, the Army and Air Force Exchange Office, NASA (space weapons) and Department of Energy (nuclear weapons) contracts; and they do not include millions of dollars of research grants on SDI (Star Wars) for our colleges and universities such as SMU, UT-Arlington, and UT-Dallas.

The exact size and scope of our region's receipt of defense spending is obviously difficult to determine. The amount of work sub-contracted into and out of the Dallas/Fort Worth Region is unknown. The size and extent of secret contracts is unknown. Foreign sales are not always made public, and there is defense

work done in companies that also do non-defense work (and their records are not made public).

Effects on non-defense sectors

In addition to direct employment, and the wealth brought into the region by highly paid personnel, defense industries and the Department of Defense (DOD) are deeply involved in our community. Their corporate leaders serve on many public and private boards, and they support many civic activities, for example: Texas Industries alone contributes 10% of the budget of United Way of Greater Dallas, and General Dynamics, Bell and LTV combined contribute 27% of the total budget of United Way in Tarrant County. Numerous other charitable non-profit organizations in the area also benefit from contributions.

Local political changes

When large employers, such as General Dynamics or Texas Instruments, lay off thousands of workers at a time because of governmental decisions, it is important for the communities affected to understand how these political non-market economic forces work, and what the consequences of action, or inaction, might be.

Political clout determines where and how public tax resources in general, and defense dollars in particular, are spent. It is politics which decides if a new plant is built or moved to a Fort Worth Congressional District, or a Georgia or Pennsylvania Congressional District. The seniority and the party leadership systems in Congress still determine who has this kind of political clout.

Sam Rayburn, Lyndon Johnson, Jim Wright, John Tower, and others, had political clout for many years and used it, in part, to expand the defense industries in our metropolitan region. As a result, this area has benefitted from a wealth of defense contracts. Today, new congressional representatives must compete against more senior representatives and committee chairs just to maintain what we have.

Social and Economic Needs

Security is a basic need in every nation; citizens generally agree that an adequate defense is essential

and they are willing to pay for one. Few, however, can grasp how large the cost is in modern times. The city of Fort Worth could increase its budget many times and not approach the total tax dollars spent at General Dynamics. In Dallas, the annual city, county, school and hospital district budgets taken together only account for a fraction of the federal tax dollars spent at Texas Instruments to build anti-radar missiles and defense electronics. Yet our social, health, environmental, and educational needs remain inadequately met year after year.

The same is true in the country at large. There is little disagreement that the nation's infrastructure has been neglected and is in need of repair. The environment at all levels is threatened. Education for children, health care, and housing for the needy are also high priorities on the social agenda. In 1980 the government spent one dollar for housing for every seven dollars on defense; the ratio today is one dollar on housing for every forty-two dollars on defense. Germany and Japan spend 7 to 15 % of their GNP on building and maintaining their infrastructure; the U.S. spends less than one-half of one percent in that area. Now, with a clear national commitment toward scaling down defense spending, an opportunity exists for adjustments to be made between defense and social allocations that would strike a balance among all the country's current needs.

It is to be noted that in the 1990 budget package a provision was included which prevents savings achieved in one sector, such as defense, to be applied to another sector, for example, housing or education. All savings are to contribute to the reduction of the deficit. This effectively eliminates the so-called "peace dividend" - at least until the deficit is satisfactorily reduced. However, the defense industry itself, with imaginative re-tooling of its factories and retraining of its work force, could significantly contribute to the solution of at least one major problem facing the nation: the loss of its ability to successfully compete in the world markets of consumer goods. Most importantly, on the local level, it can save our economy from a downturn by keeping highly skilled workers and their dependents in this area to produce goods we can all use or sell here and abroad.

Options for Defense Contractors

When faced with the loss of Pentagon contracts, defense industries have four options: (1) lobbying for continued funding, (2) exportation of weapons, (3) plant lay-offs or closings, and (4) conversion or diversification.

Lobbying for continued funding

Defense contractors can mobilize political support through their workers, management, and members of Congress. Recently we saw this when funding for the Bell Helicopter V-22 Osprey was resurrected. Some say this was an important step to keep jobs in the area. Others question the fiscal responsibility of funding a questionable military program.

Exportation of weapons

Exportation of weapons is a growing industry. This is a short-term fix which can cause long-term problems. For example, many industrialized countries (the U.S., USSR, France, Germany, China, even Brazil) supplied Iraq with its panoply of arms. Edward Luttwak, writing in the New York Times recently stated, "To keep the U.S. military production lines going by selling to other countries only delays the release of capital and skilled labor to civilian industries now struggling to compete internationally." Others see selling arms as a market that will be tapped, whether U.S. companies participate or not.

Plant lay-offs or closings

Faced with the loss of contracts, some defense contractors might opt to let "market forces" operate in dictating what steps to take, if any. Advocates of a free market might object to any government intervention. A well-run business, they say, should analyze, plan, diversify, reinvest, retrain, redirect, and/or shrink as a matter of course to remain viable as circumstances change. These people say this is what shareholders expect of sound management; failure to plan adequately should sink any business.

General Dynamics has laid off about 7,000 people since January 1, 1991. Some would say that a contraction like this is an example of a company doing the right thing - becoming leaner and more competitive for the market. GD has stated in the past they will not diversify nor convert; they don't own

their facility (the government does) and plan to continue to do what they do best - defense work. Others say this is short-sighted. Pat Lane, of the International Association of Machinists at GD, said he thought in 1985 GD was going to diversify when they bought Cessna, a commercial aircraft company, but that didn't happen.

Conversion or diversification

Many defense contractors, however, have developed products for commercial use or have diversified. Bell Helicopter, which is the largest provider of civilian-use helicopters in the world, has successfully opened new markets in emergency, media, and corporate use. Recently the president of Raytheon, the maker of the Patriot missile, stated that the best opportunities for long-term growth in his company are in the non-military sector, which includes home appliances, small aircraft manufacturing, engineering, and even a textbook publishing subsidiary. Locally, Texas Instruments can be added to the list of defense contractors already partially diversified, therefore likely to survive.

However, inside the defense industry, there are contractors who have never had any other client but the Pentagon. Conversion, for them, is not just diversification. They are high-performance, high-cost oriented, and know little about competition in the market place. They are vulnerable to lay-offs and traumatic dislocation of workers. They may be willing to look for help and help may have many faces: local and regional networks such as Chambers of Commerce, Small Business Administrations, institutions for higher learning, economic development organizations, planning commissions, labor organizations, etc.

Examples of diversification/conversion

An example of successful diversification can be found in the hard-hit steel industry. In Pittsburgh city leaders called upon the county, state, and other public agencies as well as academic and business communities to devise a plan for the future. Launched in the late seventies, Pittsburgh was designated the "Most Livable City in America". In 1988 the "Remaking Cities" Conference recognized Pittsburgh as a model of successful economic transition and invited urban planners, architects, and other

professionals worldwide to study Pittsburgh's methods of conversion.

Another example is the Tri-Cities area in Washington (Richland, Kennewick, and Pasco), faced with the shutdown of nuclear reactors and related industries. A study mandated by the state legislature was undertaken by local community leaders with the help and guidance of the Department of Trade and Economic Development in Washington State. Based on that study, an aggressive program of diversification and re-direction was implemented. More than 250 business, political, and civic leaders participated in planning strategies. Funds came primarily from the private sector, and the program itself contributed to an important community-wide goal of reducing dependency on government at all levels.

Conclusion

Given that we do live in a region heavily dependent on the defense industry and that Pentagon contracts will continue to decline because of changing international circumstances, plus domestic budgetary pressure, it would seem more advance planning would be prudent. What form this planning will or could take, and who should be involved, is the first question.

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Researched and written by the Metroplex Committee on Economic Conversion: Roger Kallenberg and Barbara Deeter, co-chairs. Special assistance from Liz Lerner, Dallas and Sally Hollemon, Fort Worth.

Tarrant County Junior College

Statement on Defense Conversion

presented to the Defense Conversion Commission
Fort Worth, Texas • August 27, 1992

Tarrant County has experienced the highest unemployment rate in Texas because of defense cutbacks, plant closings and workforce reductions. This new demand on TCJC's services has prompted the College to develop special programs and activities to assist the dislocated worker.

The following are examples of services we are providing under four distinct service areas.

Dislocated Worker Assistance

Our goal is to respond quickly to the needs of dislocated workers, helping them return to the workforce as soon as possible. During the 60-day notification period of termination, we work jointly with Texas Department of Commerce, local JTPA and other organizations to complete counseling, testing, career exploration and job search training so that workers will be ready for employment or retraining when their employment ends.

Normally, our retraining programs are offered in a "Fast Track" format, with workers attending class six to eight hours per day, Monday through Thursday or Friday. This allows, for example, the person in our Auto Service and Repair Program to complete an entire brake job portion in one class session. Since the terminated worker normally has a good work record, very little time is spent on "work concepts" such as absenteeism or the importance of being on time. We use the "add-on process," building onto students' existing skills those needed in areas where employment exists. Examples of services provided:

- **Crisis Counseling** — following the notice of termination
- **Testing, assessment and vocational counseling**
- **Career exploration** — How to select a new career
- **Job search training** — How to search for a new job
- **Retraining and upgrade training** — Preparing an adult for a new career in areas such as computer-assisted drafting, health care, and office professions
- **Small Business** — How to start and operate a business

Response to High Demand

The College is able to respond quickly to meet the training needs of specific industries in the area, particularly those where demand for trained employees is high. Because of the concentration of aviation-related industries in our area, FAA-certified airframe and powerplant mechanics and avionics technology are demand occupations. TCJC has responded by acting to double enrollment in aviation maintenance programs. The College has also doubled enrollment in the Associate Degree Nursing program to help meet the shortage of Registered Nurses. Other programs directly resulting from industry demand include Graphite Composite Fabrication, Computer Assisted Drafting (CAD), Nondestructive Testing, Office Professional Career Program, Patient Care Attendant, and other health care programs.

More than 800 employees from Bell Helicopter, for example, have enrolled at TCJC South Campus for the Graphite Composite Fabrication course. The new skills learned in this course prepared them to upgrade into the V-22 Osprey Program.

TCJC offers more than 50 one- and two-year associate degree and certificate programs in areas ranging from accounting to welding. Additionally, we offer a wide range of adult vocational continuing education courses. Each semester, more than 800 different courses are offered to adults.

Customized Training Courses

Each year, TCJC enters into 50 to 60 contracts with employers, tailoring instruction to meet specific needs. These courses range from basic skills upgrading of individuals who operate high tech equipment to new work concepts such as TEAMS (Quality Circle) or TQM (Total Quality Management). We developed a special accounting course for Tandy Corporation store managers. We offer a tailored microbiology course for Alcon Laboratories workers who make eye care products, and we created a technical writing for aerospace firms. Through our ITFS television station, we link our business community to the world through satellite teleconferences.

Small Business Assistance

Through our Small Business Assistance Center and the Small Business Development Center, we conduct surveys and seminars for small business owners, providing specific information on how to do business with the federal government. Topics range from how to become a subcontractor to bidding on supplies used by the Superconducting Supercollider or the Treasury Department's Printing and Engraving Plant. Other seminars include doing business with large corporations, such as American Airlines.



C. G. (SAM) KRHOV
PROVOST

Economic Development

TARRANT COUNTY JUNIOR COLLEGE (817) 839-7000
Community Campus (817) 429-38
1500 Houston Street
Fort Worth, Texas 76102 (817) 877-929

TCJC is a member of the area chambers of commerce and other organizations dedicated to economic development and retention. As a team member, we help provide start-up or retraining services to new or existing companies. We assist the companies by developing specific training programs for their workforce. We also seek funding, state or federal, to offset some of these costs.

Examples of the services:

- **General Motors Assembly Plant, Arlington, Texas** — General Motors closed its assembly plant during the summer of 1987 to retrain employees in a new work concept called "TEAM MEMBER," more commonly referred to as Quality Circles. TCJC developed and managed the proposal, and more than 3,500 were retrained. Today we are working with GM as it looks toward adding 1,200 new workers for 1993.
- **National Semiconductor** — NSC opened a new facility in southeast Tarrant County to produce "wafers" that would later be scribed in microcircuits. TCJC developed and managed the proposal, training the semiconductor supervisors how to teach 75 subsequent new hires. We have also just concluded training 50 new hires for NSC's new sales and customer service complex. An additional expansion of the production line is scheduled for 1993.
- **Keebler Company** — Keebler opened a new facility in Tarrant County to produce and distribute its "salt snacks" products. TCJC developed and managed the state-funded proposal, and 250 persons were trained.
- **General Electric Corporation** — GE consolidated its wiring products operation into one large facility adjacent to D-FW Airport. TCJC prepared a start-up training proposal, funded through the state, and 150 adults were trained.
- **Page AVJET** — For this Florida-based corporation that established an aircraft maintenance facility in Fort Worth, TCJC developed a customized aircraft sheet metal workers' course. Federal training funds will be used to offset the training costs.
- **Motorola, Inc., Communication, Mobile Products Division** — Because of Motorola's upgrading to a more technical assembly and testing process for two-way radios, a large part of the workforce required basic skills upgrading. TCJC developed and conducted these special courses at the Motorola facility, and 300 persons were retrained.

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August 27, 1992

Honorable David J. Berteau
Chairman
Defense Conversion Commission
1825 K Street, N.W.
Suite 310
Washington, D.C. 20006

Dear Chairman Berteau:

Mr. Chairman and members of the Defense Conversion Commission, I commend all of you for coming to Fort Worth to conduct this hearing on what should be done in terms of defense adjustment. I believe that you will hear some interesting statements today and I hope that the commission will be able to implement some of these recommendations.

I regret that I am unable to be at today's hearing due to a prior commitment, but I appreciate the opportunity to submit a brief statement for the record.

As the Representative for the 12th Congressional District of Fort Worth and Tarrant County, I have witnessed the impact that reduced defense spending has had on the families of this community. The 12th Congressional District has suffered more defense and defense-related layoffs than any other community in the United States. Our community has lost approximately 20,000 direct jobs and nearly 27,000 indirect defense related jobs since 1989.

The largest defense employer in this area is General Dynamics, GD. GD recently announced that it would be cutting 5,800 jobs over the next 2 years as a result of the decline in the acquisition of the F-16 fighter aircraft that is manufactured at the Fort Worth facility. GD has cut its workforce from 30,000 jobs in 1989 to its current level of approximately 20,000 jobs. The most recent layoff announcement will reduce GD's Fort Worth employment level to 14,200 by the end of 1994. This coincides with the reduced production of the F-16 fighter aircraft from 150 a year prior to 1990 to 48 in 1992 to an expected 24 aircraft in 1993.

I am currently working with my House colleagues to strongly urge the Administration to approve the sale of 150 F-16s to Taiwan. These F-16s would be entirely built in Fort Worth and would preserve over 3,000 of the expected 5,800 layoffs that may occur at

the GD facility by 1994. In addition, the proposed sale to Taiwan would save over 11,000 American jobs nationwide between now and the end of the decade and would provide between \$12 to \$15 billion dollars to our economy.

The second major defense contractor in this area is Bell Helicopter. Bell is currently developing the V-22 aircraft, an aircraft that takes off like a helicopter and flies like a plane. The V-22 is the number one priority of the U.S. Marine Corps and the V-22 will also have significant civil aviation applications. Development and production of the V-22 will be a tremendous boost to this community, to the Marine Corps, and to the other agencies that will utilize this advanced technology.

Last year, the citizens of this community worked very hard to keep the Carswell Air Force Base off the base closure list. As you may know, the Base Closure Commission voted to close this facility in 1993. The community worked very hard to save Carswell and is now working harder to find alternate uses for this facility.

Today, you will hear from a number of members of the community that have been involved in the efforts regarding Carswell, the Air Force acquisition of the F-16, the development of the V-22, and from other citizens who care deeply about their community. These witnesses will tell you the hardships that have occurred affecting the families of employees who have been laid-off, and you may hear recommendations on additional steps that should be taken to assist these workers, as well as the future workers that will be displaced.

As a result of the changes that have occurred throughout the world, reductions in defense spending will, and should, occur. But, we must take all appropriate steps to preserve our human talent pool, and to ensure that everything is done to lessen the hardship that these reductions will have on the workers and their families. These good people have dedicated their lives to making this country the strongest and safest nation in the world, and it's only prudent policy to mitigate the harmful impact of these cuts on the communities in which they live.

Mr. Chairman and members of the Commission, your recommendations will have a major impact on how the Secretary of Defense and U.S. Congress address the future defense budget reductions and layoffs that are certain to occur.

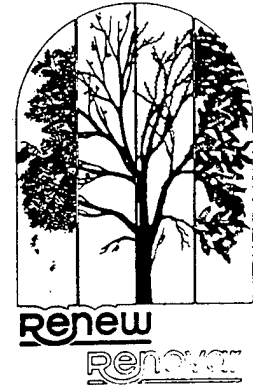
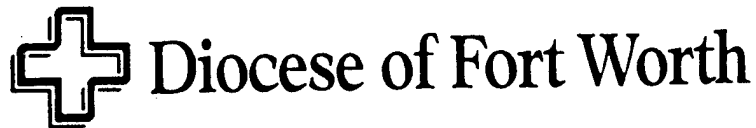
I hope that the experiences of this community will be helpful to you and I look forward to working with the commission in the future.

Sincerely,



Pete Geren
Member of Congress

PG:lc



August 27, 1992

TESTIMONY AT THE ECONOMIC CONVERSION HEARINGS
(Rev.) Carmen Mele, O.P.
Coordinator of Parish Justice Ministries
Diocese of Fort Worth

Good afternoon. My name is Carmen Mele. I am a Catholic priest working in the Diocese of Fort Worth as Coordinator of Parish Justice Ministries. I am grateful for this opportunity to testify today on behalf of economic conversion.

The Catholic Church has traditionally placed a high value on work and, especially, on workers. Over 100 years ago, Pope Leo XIII wrote of the role of government to assure workers' rights to a safe environment and to benefits commensurate with maintaining human dignity.

The social responsibility of providing jobs for workers has been expressed in more recent times. In their statement on the U.S. economy, the National Conference of Catholic Bishops wrote:

We must first establish a consensus that everyone has a right to employment. Then the burden of securing full employment falls on all of us--policymakers, business, labor, and the general public--to create and implement the mechanisms to protect that right.

The Catholic Church has also taken notable stands against massive arms production. In 1976 Pope Paul VI said at the United Nations that the arms race "is to be condemned unreservedly" as "an act of aggression, which amounts to crime, for even when they are not used, by their cost alone armaments kill the poor by causing them to starve." The pope's sentiments were echoed in the United States bishops' pastoral letter on war and peace seven years later. If you remember, the bishops in that letter questioned the country's policy of deterrence and advised that the programs such as the MX missile were misguided.

In the post-Cold War age the Church's concern about workers and its critique of arms production merge together. "Jobs are basic," as Archbishop May of St. Louis recently said in a newspaper column admonishing the community not to mindlessly lobby Congress for the sale of locally-produced fighter planes to Saudi Arabia. But it is more important to create products that will benefit humankind and assure work in a competitive, free-market than to narrow-mindedly persist in making weapons of war for the controlled and volatile arms market. Archbishop May concluded his column by calling for economic alternatives:

As a community, we must create alternatives--not merely choosing between foreign military sales and unemployment. Instead of lobbying for weapon sales, this community could call for enactment of the conversion plans already in place:

revolving loan funds; new product and market development; management networks.

We might all meet in St. Louis. What Archbishop May seeks for his community should be envisioned for every city in the country that is invested in the arms race. Economic conversion is not a plan for government dole. Quite the contrary, it plans for communities and industries too long dependent on government and military-related contracts to become self-sufficient and economically competitive through limited, initial government involvement. It is a sane policy that is hopeful for humanity. It looks to a fair world as well as a world's fair.

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