

Jack Schron, Jr.  
President  
Jergens, Inc.

Good afternoon. Thank you for allowing me to testify today on this very important subject, the Benefits Cliff.

My name is Jack Schron, I am president of Jergens incorporated, located in Cleveland OH. Jergens is an 84-year-old manufacturing company of which I represent the third generation of the business. We manufacture workholding parts used in various industries to include aerospace, defense, entertainment and we also manufacture a precise electronic screwdriver.

The universal problem faced by most manufacturers today is the skills labor shortage. Jergens is facing this same problem. We cannot find the trained and experienced workforce. The alternative is to hire people with low or no skills and train them. Because of the lack of a skills in the workforce, manufacturing businesses start the new teammates at a lower base salary during the training period. It is our desire at Jergens to accelerate the pay as quickly as the new teammate can learn.

This is where the benefit cliff can have an impact on the individual. As the individual learns and their pay increases through incremental steps, their public social benefits can be put in jeopardy. We can see if their health care benefits cross over because employees elect with Human Resources to change to our attractive health insurance. However, Human Resources is not aware if benefits like Snap and Child Care are impacted as an individual increases in pay unless they happen to mention it. We do know that some employees have said to HR they wanted to examine the pay increase to see how it might impact them.

Jergens encourages growth and pushes to increase pay based on skills learned so people know when joining Jergens they are entering career. We want to eliminate someone from being put in a position of electing growth and pay increases vs. social benefit it would seem that a better approach would be that as pays transitions upward that social benefits should transition downward on a similar pattern vs. a cliff. As skills are learned the pay does not go straight up it goes up in steps. For the individual it would seem benefits should follow that same step concept and not be a cliff drop off just because of a pay increase of an extra \$.50 or \$1.00 an hour.

In Ohio someone is actually better off being paid \$15/hour and receiving their full SNAP and child care support than being paid \$18/hour when the Cliff has its worst impact. This

problem continues in Ohio up till \$22 when earning \$15/hour still yields a slightly better position.

Focusing now not on the Benefits Cliff but looking at the bigger societal picture, it would seem it better transitioning from receiving Social Benefits allowing a person to someday stand on their own. This transition means that the individual now takes pride in themselves and is engaged in their community. Whatever we can do to make this transition from dependent on Social Benefits to having a tax paying job should be encouraged.

At Jergens we have seen a similar result as we have led a program for second chance individuals to enter the manufacturing workforce following their return to society. The self-worth the 500 people now working in manufacturing has resulted in a recidivism rate of less than 1%. There are similarities of self-worth that the individual sees when their pay going up in incremental steps is powerful. Like our changes with second chance in manufacturing so too should be change from a cliff program to transitioning social benefits and someday people will be fully able to support themselves without this benefit. The individual and their family wins, the community wins, the business community wins and society would win if Social Benefits would change from a Cliff formulary to a transitional method with this change.