



FIAT CHRYSLER AUTOMOBILES

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Auburn Hills, Michigan
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“Jobs and Opportunities: Employer Perspectives on the Job Gaps”
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Chairman Smith, Ranking Member Davis, and members of the Committee, on behalf of FCA US LLC, thank you for the opportunity to contribute to this discussion on how to address industry-wide job gaps to ensure American businesses can grow and thrive in the years ahead.

My name is Barbara Pilarski and I’m Head of Human Resources at FCA US for our North American operations. I have been with the company in various roles for over 30 years. After spending nearly 20 years in Business Development, I became Head of Human Resources in September 2017.

FCA US is a North American automaker based in Auburn Hills, Michigan. It designs, manufactures, and sells or distributes vehicles under the Chrysler, Dodge, Jeep®, Ram, FIAT® and Alfa Romeo brands, as well as the SRT performance designation. The Company also distributes Mopar® and Alfa Romeo parts and accessories. Fiat Chrysler Automobiles is the eighth-largest automaker in the world based on total annual vehicle sales, having sold more than 4.5 million vehicles globally, including two million vehicles in the U.S. during 2017.

FCA US has more than 60,000 employees in the U.S., with more than 43,000 employees working in U.S. manufacturing facilities. Since 2009, the Company has created more than 28,000 jobs and invested more than \$10 billion in the U.S. Last year alone, we hired over 4,500 people to work in our U.S. plants to support our expanding product lineup and the increasing demand for our vehicles. Our U.S. manufacturing facilities include six assembly, four engine, four transmission, and two components plants, as well as five stamping facilities.

FCA is a place where every employee, regardless of their position in the company, is empowered to drive change, where bold challenges are taken on and an entrepreneurial spirit is ever present. One of the key challenges to our continued growth is finding employees who are prepared to fill technical positions. This is a consistent concern across all types of technical positions and all levels of employment, from engineers to electricians to line workers, but for purposes of our discussion today, I would like to focus on the talented people who work on the assembly line building our vehicles and components.

In 2009, FCA began the process of implementing a production methodology called “World Class Manufacturing” (WCM) in an effort to achieve manufacturing excellence through a culture of constant improvement. WCM differs from many other production methodologies because it not only focuses on compliance with production-related standards, it also relies heavily on

employee engagement and leadership on the shop floor. For example, our assembly line workers are expected to help us improve the design of their own job stations in a way that reduces the risk of human error, improves safety and ergonomics, and increases overall production efficiency. This can only be achieved if these workers are able to quickly diagnose problems and then develop effective solutions. Some of these assembly line workers will eventually become team leaders, with the responsibilities of managing a group of employees and delivering the related training, guidance and oversight required to ensure the success of the entire team.

The results of WCM have exceeded our expectations in terms of year-over-year improvements in health and safety, quality, productivity, morale and other key measures, allowing us to pursue targets previously believed to be impossible, such as zero accidents, zero defects, and zero waste. While WCM provides us the tools we need to efficiently build the increasingly advanced, high-quality vehicles that consumers demand, in order to fully leverage WCM, we need assembly line workers who are idea generators, problem solvers, good communicators, and critical thinkers, some of whom will also aspire to become team leaders in our plants.

To realize our WCM goals, we face two interrelated challenges. First, our high school education system does not adequately expose students – especially those who may not be interested in a four-year college degree – to the manufacturing sector and the attractions of careers in this area. Second, this same education system has been inconsistent in terms of providing all graduating students with the skills to keep pace with the evolution of the automotive industry, and in particular, the skills required by our WCM methodology.

Our suppliers also face challenges to their future growth. This has been made especially apparent during 2017 and 2018 as we began the production build for three new vehicles – the Jeep® Cherokee in Belvidere, Illinois; the Jeep® Wrangler in Toledo, Ohio; and the Ram Pickup in Sterling Heights, Michigan. During this process, a number of our suppliers expressed concern regarding their inability to find sufficient applicants for their manufacturing jobs. For instance, one of our suppliers in Michigan is opening a new production facility that will employ hundreds of workers and they are struggling to fill those spots. Not only does this situation put the supplier's business in jeopardy, it also jeopardizes our business when suppliers do not have the workers to build enough components to keep up with FCA's demand.

To address the workforce challenges that FCA and our suppliers are facing, we need to build a stronger pipeline of workers. In a number of ways, FCA has already begun to do this.

In 2013, we collaborated with Ivy Tech Community College in Kokomo, Indiana to launch the Integrated Technology Education Program (ITEP), a career pathway program designed to reach high school students in Howard, Tipton, and the surrounding counties in Central Indiana who are interested in manufacturing. ITEP's first class began in the fall of 2014 with 249 students from nine local high schools, including three in Congresswoman Walorski's district, along with support from three career centers. Since its inception, 45 other local businesses in the Kokomo

area have joined ITEP, increasing manufacturing opportunities for students who participate in the program.

Students start the ITEP Program during their sophomore year, when they begin taking manufacturing classes taught at their local high schools. Beginning in the spring semester of their senior year, students spend time shadowing employees who have volunteered to mentor them in one of our five Central Indiana plants or at worksites designated by the other participating businesses.

ITEP students earn post-secondary credit and receive a Certified Production Certification while participating in the program. Students who complete the three-years of high school training receive free tuition for a two-year Associate Degree from Ivy Tech in a technical field. Those interested in furthering their education also have the option to transfer the credits earned to a State college or university to complete a four-year degree.

Since its inception, 1,248 students have enrolled in the program. FCA will be hiring students from its first cohort to work for us over the summer as production supervisors and we are looking forward to hiring many more of these students in the future.

We are also working on a program for those who have already completed high school. This fall, we plan to launch a pilot co-op program at a community college in Michigan. The two-year program was designed by FCA US and combines classroom learning for four days a week with one day a week of hands-on experience in a manufacturing facility. Successful graduates of the program will be interviewed for supervisory jobs in our plants. We are expecting about 15-20 students to participate in our first class, but we hope to expand in the years ahead.

What is traditionally taught in high school classrooms does not always align with what we, as employers, need to run our businesses. That is why employers like us have to think creatively about how to better prepare the good people we hire for the jobs they will occupy. For example, we recently hired a few thousand new employees to build pickup trucks in Southeastern Michigan and we are putting them through a manufacturing “boot camp” to acclimate them to what it is like to work in an assembly plant. We are also helping these new workers further develop the key skills, including critical thinking, required by our WCM methodology.

This new orientation process starts with an introduction to manufacturing in a controlled environment. Workers are placed in orientation groups and given practical experience at mock job stations with actual tools and parts to prepare for the physical rigors of manufacturing. We also teach these new workers shop floor standards and the safety rules associated with working in a plant. Those who successfully completed the orientation process reported that they were more confident about their roles and the responsibilities associated with their new positions, and that they felt a greater level of preparedness.

Unfortunately, about 11 percent of these workers did not complete the “boot camp”. Most of those who did not complete orientation were dismissed because of tardiness or absenteeism –

which is a prevalent problem across the entire manufacturing sector. On the surface, it would be easy to assume the worst about why people are late or miss work. But with an issue that pronounced, we have to take a closer look at the facts and circumstances. By doing so, we have learned that certain entry-level manufacturing employees have unique needs that can make getting to work on a consistent basis difficult, like lack of reliable transportation and childcare. To better understand what our employees are going through and how we can help, we have begun discussions with United Way of Southeastern Michigan to find ways to ensure that our employees are given the assistance they require. The initial goal is to connect employees who are struggling, or have the potential to struggle, with United Way partner organizations that offer services in their areas of need.

United Way provides assistance to people from all walks and stages of life in communities across America, from youth and young adults who are just getting started to others who may have been displaced and are having trouble getting back on their feet. We believe this population could serve as an additional pipeline to fill manufacturing jobs at FCA US. As such, we are exploring ways to create employment opportunities in our plants to support the meaningful efforts the United Way is undertaking to get people back to work. These conversations are still in the early stages, but we are very excited about this collaboration.

Access to health care is another resource that is important for growing a strong pipeline of workers. We are proud to offer quality health plans to our employees and their dependents, but work schedules can sometimes make it difficult for employees to schedule doctor's appointments. Locations and appointment times may also be inconvenient and some of the communities where we operate are experiencing a shortage of physicians. To help alleviate that burden, we are launching our own health clinic this summer in one of our plant communities to provide direct primary care. Services at this clinic will be available to those enrolled in our health plans, with hours that will be more convenient for our workforce. For workers and their families enrolled in certain health plans, FCA will provide these services with no co-pay. We would be happy to share more details with you this summer.

I would like to leave you with some suggestions on ways you can support employers like FCA as we strengthen our manufacturing operations in the U.S.

The important work that we are doing through the ITEP program is partially funded by a grant from the Department of Labor's Youth Career Connect program. Programs like these are critical as we look for ways to establish a career pathway for younger workers interested in manufacturing. We ask Congress to continue to support and fund these types of programs.

Another way to help promote the growth of the manufacturing workforce is to enhance support for vocational education at high schools and community colleges. Manufacturers are reaching out to local schools to generate interest, but these efforts are piecemeal and specific to each company. We need your help to take a much more comprehensive approach, especially in places like Michigan, Indiana, Ohio and Illinois, where manufacturing is prevalent. Investments should be made in programs that highlight jobs in manufacturing by incorporating

relevant content into the classroom as well as into afterschool programs. This is so important, not just for us, but for the suppliers and small businesses that we depend on for the components we utilize to build our cars and trucks.

We also need your support to help us stay innovative in keeping our workforce healthy. I mentioned our plans to open a clinic in one of our plant communities later this year. Our hope is to make primary care and disease management services available with no co-pay to all of our employees, but federal laws require us to charge enrollees in our high-deductible plans for these services. We need your help to be able to provide the same quality care without copays to everyone in the FCA family.

We are committed to producing vehicles in the United States. Reflecting this commitment, this past January, FCA announced a \$1 billion investment to modernize our Warren Truck Assembly Plant in Warren, Michigan to produce the next generation of Ram Heavy Duty trucks, which are currently produced in Mexico. This shift in production location will create 2,500 U.S. jobs.

We need these employees to come in job-ready. But for the reasons I've highlighted above, that is not likely to be the case for a segment of our new hires. To enable manufacturing to continue to grow in the U.S., these challenges must be overcome. FCA is committed to solve this issue by working with Members of the Committee and other officials in local, state, and federal government; with community organizations, like United Way; with local high schools and colleges; and with other manufacturers.

Thank you for your consideration of my testimony.

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