



Council of Industry Newsletter

September 2011
Volume 15
Issue 8

A Fantastic Day at the Council of Industry Golf Outing

The Council of Industry's Annual Golf Outing was held on Monday August 22nd, at the Powelton Club in Newburgh was a great success with a total attendance of 72 golfers, lovely weather, delicious food and fabulous golf. The course is one of the most beautiful and the weather was perfect with sunny skies, temperature in the low eighties, and only a momentary shower to freshen things up. The event began with a delicious picnic lunch on the lawn sponsored by **Joe Pietryka Inc.** followed eighteen rounds of golf. As four-somes returned to the clubhouse for cocktails sponsored by **The Chazen Companies**, the tallies were totaled and after a delicious buffet dinner the day's winners were announced.

There was unfortunately no Hole-in-one winner but we would like to thank **The Reis Group** and **Applied Underwriters** for sponsoring that event. The rest of the prizes were sponsored by **Eastern Alloys** and **JABIL** and the winners were as follows:

Closest to the pin – Stan Kosek , JABIL
Longest Drive Female – Stephanie Melick, Elna Magnetics
Longest Drive Male - Jason Smith, Pawling Corp.
3rd place Yellow Ball – Vanacore, DeBenedictus, DiGiovanni & Weddell
2nd place Yellow Ball – Jackson Lewis, Next Era Energy, Council of Industry
1st place Yellow Ball – Package Pavement
3rd place Best Ball – ITC Communications
2nd place Best Ball – Pawling Corp.

And the 2011 winner of the Council Cup was the team of Mark Kastner, The Chazen Companies; Gary Schlegel, AERCO; Al Lussier, Direct Energy; Melissa Masseni, Direct Energy.

All golfers received golf balls compliments of **Alcoa Fastening Systems** and golf shirts compliments of **Direct Energy** and the Council of Industry. We are also grateful to the following tee sponsors for their support of the Council of Industry and Hudson Valley manufacturing:

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Next Era Energy
Pawling Corp.
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2011 winners of the Council Cup: Mark Kastner, The Chazen Companies; Melissa Masseni, Direct Energy; Gary Schlegel, AERCO; Al Lussier, Direct Energy.



The winners of Yellow ball, Package Pavement Company

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Training and Education

Leaner Manufacturing, A Skilled Workforce and Global Competition

By Chad Moutray from NAM's Member Focus

The need for such a skilled workforce presents a challenge as well as an opportunity. For the nation to continue to grow its manufacturing sector, it will need to address the skills gap with which many businesses struggle.

Manufacturers in America have become more globally competitive. Many member companies are actively pursuing growth overseas to help expand their businesses. Recent trade statistics confirm that manufactured goods exports have risen 15 percent over the past year, boosting our overall economy and providing jobs. (The U.S. still has a large trade deficit, as imports also continue to grow rapidly.) Many factors have helped make this the case, including a competitive dollar, improvements in product quality and productivity gains.

Manufacturers are leaner today, thanks in large part to investments in capital and training that have made operations more efficient. Manufacturing productivity rose 121 percent over that time frame, with durable goods and nondurable goods manufacturers experiencing 159 percent and 80 percent jumps, respectively. In comparison, all nonfarm businesses had productivity gains just over 69 percent during that time period.

It is important to note that while manufacturers were becoming more efficient, they also continued to increase overall production and average compensation. Value added from manufacturing, for instance, grew from \$1.28 trillion in 1997 to \$1.58 trillion in 2009. (It was \$1.70 trillion in 2007, prior to the recession.) In terms of total compensation, the average manufacturing worker earned \$69,288 per year in 2009, or nearly \$24,000 more than the typical nonfarm

worker. This was more than double the compensation from 1987 in nominal terms. The number of high-skilled jobs in manufacturing grew 12 percent between 2003 and 2010—reinforcing that these well-paying jobs demand a skilled workforce.


The need for such a skilled workforce presents a challenge as well as an opportunity. For the nation to continue to grow its manufacturing sector, it will need to address the skills gap with which many businesses struggle. As President Obama said in June, "... strengthening our manufacturing sector requires workers getting the skills and training they need. Today, there

are more than four job-seekers for every job opening in America. But when it comes to high-tech fields, the opposite is true: Businesses say they're having trouble finding enough skilled workers to fill the openings that they have."

For this reason, The Manufacturing Institute and the National Association of Manufacturers (NAM) announced the goal of credentialing 500,000 workers with skills certifications aligned to manufacturers' hiring needs. President Obama highlighted The Manufacturing Institute's NAM-Endorsed Skills Certification System in June and announced key steps toward building the educated and skilled workforce U.S. manufacturers need to successfully compete in the 21st-century economy.

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Fall Training: Greenbelt & Regulatory Refresher

September 14—December 15: Lean Six Sigma Greenbelt Training - There are still seats open. 14 days over 3 months 8:30 am –4:30 pm at Dutchess Community College. Cost \$3,700 per person, \$3,400 each for 2 or more from same company.

Regulatory Refresher: 9/15 - DOT Hazardous Materials, 9/29 RCRA Hazardous Waste, 10/13 HAZWOPER, 10/27 & 28 10 Hour OSHA. Go to www.councilofindustry.org for more info and registration.



Networks & Council News

Human Resources Sub-Council: Wage & Hour Law Issues

Topic: Wage Theft Prevention Act and Tax Consequences of Worker Misclassification

When: Friday, Sept 16, 8:30- 10:00 am

Where: Orange County Business Accelerator, New Windsor, NY

Cost: None for members

Wage Theft Prevention Act – Presented by *Michael D. Billok, Bond, Schoeneck & King, PLLC*. New dual language notice requirements; new content requirements for employee pay stubs; New record keeping requirements; New employer liability and enhanced penalties for certain violations; New powers granted to the NYS Dept. of Labor; Practical strategies for achieving compliance.

Mr. Billok concentrates his practice in employment counseling and litigation, and regularly represents employers in matters involving all aspects of the employment relationship. He has helped employers protect their trade secrets, as well as defend against claims of trade secret misappropriation. Mr. Billok has represented numerous clients through all stages of Occupational Safety and Health Administration ("OSHA") inspections and citations, including several sensitive, high-profile matters. He has handled cases before the New York State Division of Human Rights and the National Labor Relations Board ("NLRB"), and counsels employers to ensure their workforce is in full compliance with immigration laws.

Tax Consequences of Worker Misclassification – Presented by *Frank C. Mayer, Bond Schoeneck & King, PLLC*. New employment tax national research project; Triggers for IRS worker classification audits; Overview of the IRS 20 factor worker classification test; Civil and criminal penalties for the failure to collect or pay over employment taxes; Safe harbors and relief provisions.

Mr. Mayer's primary areas of practice include corporate and business law, tax planning for closely-held and public companies, and estate



planning and administration with a concentration in tax related matters. Mr. Mayer is also a Certified Public Accountant.

To register for this meeting online follow this link <https://connect.computility.com/form/index.php?id=5d2d8ee1ce64820e0e86f1b379e43d84> or e-mail abutler@councilofindustry.org with your name, company and phone number. For more information call (845) 565-1355.

[index.php?id=5d2d8ee1ce64820e0e86f1b379e43d84](https://connect.computility.com/form/index.php?id=5d2d8ee1ce64820e0e86f1b379e43d84) or e-mail abutler@councilofindustry.org with your name, company and phone number. For more information call (845) 565-1355.

Next Environment, Safety & Health Sub-council: Air Emission Regulations

The October Environment, Health and Safety Sub-council meeting will have a presentation from Groundwater Environmental Solutions



on Processes with Regulated Air Emissions, covering Title V and state permit information.

The meeting is tentatively scheduled for Friday, October 21st from 8:30—10:00 am with a location to be announced. As soon as the details are set a flier will be sent out.

More information will be in the October CI Newsletter and on our website www.councilofindustry.org as it becomes available.

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Personnel Matters

The Board has stated that its rules are designed to reduce the time for the scheduling of an election to as little as 10 to 21 days....roughly cutting more than in half the median time of 38 days for holding elections under the current system.

NLRB Update: The Rules May Change

The NLRB's initiative to upend the well-established, and by its own declarations "outstanding", representation election procedures took one step closer to reality when the initial period for filing comments on the proposed rules closed. The "quickie" or "ambush" elections contemplated by the NLRB's proposed rules represent an attempt to introduce sweeping change when there is no consensus that a problem in need of a solution even exists. In this initial filing period the NLRB received over 21,000 comments, another indication of the contentiousness of the issue.



Former NLRB General Counsel and current Proskauer partner Ronald Meisburg acted as Of Counsel to the United States Chamber of Commerce in the preparation and filing of [U.S. Chamber Comments On Proposed NLRB Rules.pdf](#). These comments are a thorough review of the legal, policy and practical implications of the proposed regulations. As the Chamber notes:

"The Board has stated that its rules are designed to reduce the time for the scheduling of an election to as little as 10 to 21 days....roughly cutting more than in half the median time of 38 days for holding elections under the current system. This is grossly unfair and threatens to deny the due process and free speech rights of employers and employees. Unions already win two-thirds of elections, and have months or even years of time to plan and organize the workforce before the employer may ever be aware of the campaign...."

Among other things, the Board has proposed the following changes to the current election process:

- Accelerate the initial hearing date following the filing of a representation petition;
- Mandate expansive pre-hearing discovery of issues by employers;
- Significantly curtail the ability of parties to litigate voter eligibility issues before an election;
- Eliminate the right to file post-hearing briefs;
- Bar pre-election requests to the Board to review regional decisions;
- Require lists of eligible voters be filed electronically within only two days after an election is directed; and
- Mandate that employers provide unions with prospective voters' phone numbers, and e-mail addresses.

(More information about the proposal is available from the NLRB website, at <http://www.nlr.gov/node/525>.)

Of course, the people most likely to be impacted by a rush to hold an election are the employees themselves. If employees only hear one side of the story their free and fair choice is diminished, notes the Chamber

"The Board's proposal threatens to seriously undermine the rights of employers and employees -- recognized under §8(c) of the Act and by the Supreme Court--to engage in a free and open discussion on the issue of union representation and collective bargaining."

Continued on page 15

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More Personnel Matters

10 Components of a Safety Management Plan

From Louisiana Workforce Commission

1. Management Policy Statement. This document shall be signed by the top executive of the company acknowledging management's responsibility and commitment to a safety plan and their intention to comply with all applicable local, state, and federal safety requirements and appropriate industry standards. Management shall commit resources, responsibility, and accountability to all levels of management and to each employee for the safety program.

2. Responsibility for safety shall be defined in writing for executive and middle level operating management, supervisors, safety coordinator, and employees. **Submit Written Procedures For Components.**

3. Inspections shall be made of all areas of the work place at least quarterly by a supervisor at the site. A written report (check list or narrative) is to be completed for each inspection and retained for a period of one year. The report will be designed to cover the identification of recognized unsafe conditions, unsafe acts, and any other items inherent in a particular job. The form will include a space to indicate any corrective action taken. The responsibility for the correction of defects is to be designated by management.

4. An accident investigation of any job-related injury that requires a visit to a clinic or physician shall be initiated by the injured employee's supervisor as soon as possible on the shift the accident occurs. The accident investigation report will include information required to determine the basic causes of the accident by asking the questions who, what, where, when, and how. Corrective action to be taken and/or recommended to prevent a recurrence of a similar accident will be implemented. Complex accidents may require technical assistance to ensure an accurate investigation; however, the injured employee's supervisor should be included on the investigation team. The accident investigation report shall include information on the injured person, his or her job, what happened, basic causes, corrective actions required, the time frame to make corrections, and who will be responsible for



seeing that corrections are implemented.

5. Safety meetings shall be held by a supervisor with all of his/her employees at least quarterly. A record will be kept showing the topics discussed, date of meet-

ing, and the names of the persons attending. Safety meeting topics will be designed to instruct the employees on how to perform their jobs productively, efficiently, and safely. Hazard recognition and hazard control procedures; selection, use, and care of personal protective equipment; job procedures review; and good housekeeping are examples of the information employees should receive at a safety meeting. A review of the recent work area inspection results, the workers' compliance with safety procedures, and the accident investigations that occurred since the last safety meeting should be covered in the safety meeting.

6. Safety Rules. Management shall develop specific safety rules that apply to the operations being performed. The rules should be short, concise, simple, enforceable, and stated in a positive manner. The safety rules are to be followed and adhered to by all management personnel and all employees. The rules shall be written with a copy provided to each employee and documented.

7. Training. Management shall implement a training program that will provide for orientation and training of each new employee, existing employees on a new job, or when new equipment, processes, or job procedures are initiated. The training provided will consist of, but not be limited to, the correct work procedures to follow, correct use of personal protective equipment required, and where to get assistance when needed. This training should be accomplished by the employee's supervisor but may be done by a training specialist or an outside consultant such as a vendor or safety consultant.

Safety meeting topics will be designed to instruct the employees on how to perform their jobs productively, efficiently, and safely.

Continued on page 15

Legislative Matters

"While removing some modest burdens with this hand, with the other hand the administration is proposing new costly and unnecessarily burdensome rules that will wipe away all the savings that have been proposed today,"

Regulation Roll Backs Just a Drop in the Bucket

President Obama's effort to roll back costly regulations that are not needed could save more than \$10 billion over five years, but critics say that's a drop in the bucket.

A total of 26 federal agencies produced final plans that include more than 500 possible changes, including more than 100 at the Transportation Department—Congressional Republicans, along with the U.S. Chamber of Commerce, and the NAM have led the criticism of the Obama administration for piling on regulations they say will cost businesses billions of dollars. Tops on their list: the health care and financial overhauls of 2010 and a pending change in ozone standards sought by the Environmental Protection Agency.

Acknowledging those concerns, Cass Sunstein, administrator of the White House Office of Information and Regulatory Affairs, said Tuesday that the average year produces about \$5 billion in new regulations. During the first two years of Obama's presidency.

Obama announced the look-back on regulations in January. The result: more than 800 pages with more than 500 proposed changes. The savings: more than \$4 billion in the bank or in process, with an additional \$6 billion planned.

The changes "are going to make a real difference to the American people," Sunstein said.

Among the examples of rules rollbacks in the works are:

- Allowing doctors to practice "tele-medicine" in rural areas.
- Escalating Pentagon contract payments to up to 60,000 small businesses.
- Changing export rules and visa practices at the State Department.

Rosario Palmieri, vice president of regulatory policy at the National Association of Manufacturers in Washington, said the administration continues to add costly rules for businesses even as it modifies existing regulations.

"While removing some modest burdens with this hand, with the other hand the administration is proposing new costly and unnecessarily burdensome rules that will wipe away all the savings that have been proposed today," Palmieri said.

He cited the Environmental Protection Agency's proposal to tighten ozone standards, saying it may cost the economy an additional \$1 trillion annually between 2020 and 2030 and jeopardize 7.3 million jobs. He called it "the most costly rule that this administration has proposed."

The U.S. Chamber of Commerce was slightly more optimistic, but it withheld its full endorsement. "The administration's findings and determinations, on their own, are a worthy effort at making technical changes to the regulatory process," the chamber's Bill Kovacs said.



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Health Care Reform

11th Circuit Finds Individual Mandate Unconstitutional But Upholds Remainder of PPACA

From The National Association of Health Underwriters

The United States' 11th Circuit Court of Appeals ruled that the PPACA individual mandate requirement that requires nearly all Americans to buy insurance is unconstitutional. However, when ruling on the case that 26 states and the National Federation of Independent Businesses (NFIB) have brought against the federal government, the appeals panel did find that the law's expansion of the Medicaid program is constitutional and that the remainder of the law can stand.




This ruling is contrary to the original federal court ruling in the case, where Judge Roger Vinson found the individual mandate provision unconstitutional and ruled that since PPACA does not contain a severability clause, the whole law was invalidated. The Court of Appeals' ruling also all but ensures that this case will ultimately be decided by the U.S. Supreme Court, which begins its next term in October. Of all the pending challenges to PPACA making their way through the court system, there are several strong reasons why the Supreme Court will likely take up this particular case. First of all, it is the largest and most high-profile challenge, as it stems from 26 states and a large national business group. Also, two circuit courts have now ruled in opposite directions on this case—the U.S. 6th Circuit Court of Appeals upheld the individual mandate in the Virginia challenge case earlier this year—giving the Supreme Court a compelling reason to act. Finally, in all likelihood the Obama administration will be the one seeking out the Supreme Court appeals request, and the high court almost always agrees to review cases when requested by the federal government, particularly when the case is high profile.

The Department of Justice has not determined what their next step will be, simply issuing the following statement: "The Department of Justice believes—as the Court of Appeals for the 6th Circuit held, and the dissenting judge in the 11th Circuit concluded—that the Affordable Care Act is constitutional. We strongly disagree with the court's decision. We are considering the next appropriate steps."

To move the case forward, the Obama administration essentially has two options—appeals directly to the Supreme Court or asks the entire 11th Circuit to review the case first (called a review en banc). However, asking for the en banc review of the case would merely delay the matter, since whoever is the losing party will eventually appeal to the Supreme Court. Also, the administration probably wouldn't fare well in an en banc review, since six of the 11th Circuit Court judges were appointed by GOP presidents and one of the court's five Democratic judges, Frank Hall, has already ruled against them. The only reason why the Obama administration might try that tact would be to attempt to delay Supreme Court action beyond the 2012 presidential election.

In addition to the 11th Circuit Court, the 9th Circuit Court of Appeals also issued a much less controversial ruling in a PPACA-challenge chase. They upheld a lower court's ruling and rejected a challenge brought by a former California state lawmaker and the Pacific Justice Institute, finding that neither party had a legal standing to challenge the law.

To move the case forward, the Obama administration essentially has two options—appeal directly to the Supreme Court or ask the entire 11th Circuit to review the case first



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EHS Matters

Ergonomics: Separating Fact from Fad

From Industry Week, By Jill Jusko

Fads are forms of behavior that tend to be followed enthusiastically for brief periods of time, typically only to fade away when the general body of knowledge catches up. Facts, on the other hand – and by Humantech’s definition -- make a “measurable contribution” to good ergonomic practice or behavior.

There are facts and there are fads, and when it comes to ergonomics it sometimes becomes difficult to know which is which. Do anti-vibration gloves work? What about anti-fatigue mats? Should you implement a corporate stretching program?

Ergonomics consulting firm Humantech recently discussed these ergonomic solutions -- and more -- in an effort to separate fact from fad.

“Fads tend to obscure the facts,” says Jim Good, president of Humantech, during a recent webinar. Fads, he explained, are forms of behavior that tend to be followed enthusiastically for brief periods of time, typically only to fade away when the general body of knowledge catches up. Facts, on the other hand – and by Humantech’s definition -- make a “measurable contribution” to good ergonomic practice or behavior.

Humantech experts addressed several ergonomic solutions, including:

Anti-fatigue matting: Such matting is a fact supported by scientific evidence, says Humantech. Standing for long periods of time on hard surfaces leads to poor blood circulation and fatigue, two challenges anti-fatigue matting can address. The slightly unstable surface and “cushy” feel of the matting prompts movement and adjustment, which aids circulation.

That’s not to say it is required everywhere. The consulting firm suggests its use at standing work stations and in areas of high foot traffic. Provide industrial mats for workers who stand for at least 90% of their working hours, Humantech advises.

ing surfaces.

Back belt for manual material handling. The consulting firm described the back belt as a fad, reporting that evidence suggests it can be either detrimental or beneficial to a worker. Given the lack of scientific evidence to show back belts prevent a first injury, and muddy additional evidence, Humantech experts say universally prescribing the use of back belts is typically not the best means to reduce or prevent back injuries.

They instead suggest addressing the root cause of back injuries and eliminating those causes. That may include lightening loads that require lifting or making the loads heavy enough that an individual would not consider moving it manually without the aid of an engineering solution.

Workplace stretching. Stretching may not help in preventing injuries, Humantech stated, which led its experts to label stretching a fad when it comes to reducing workplace injuries.

In particular, the experts cited corporately mandated stretch programs as less than justified. Many folks may not do the stretches properly, the ergonomic experts said, and for others it may even be contraindicated.

The seminar leaders were quick to clarify they were not saying stretching is bad, only that rolling it out “en masse” is not recommended. They identified it as a good element of an overall wellness program.

Anti-vibration gloves. Such gloves are an ergonomic winner, according to Humantech, provided the correct solutions are selected. The consulting firm noted the existence of both ISO and ANSI standards by which to compare the performance of such gloves.

Humantech provided additional detail about these solutions and commented on several additional ergonomic solutions during its webinar, which has been archived. It can be viewed without cost at [Ergonomic Solutions: Fad vs. Fact.](#)



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Neither is all anti-fatigue matting created equal. Humantech offered several guidelines, including the need to place the edge of the padding at least eight inches underneath a work station to prevent an employee from operating on uneven stand-



CI Calendar of Training and Events

Sept. 14 Thru Dec. 15	<u>Lean Six Sigma Green Belt Certification Program</u> — 8:30 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Course takes place on 14 days over 3 months. Cost: \$3,700 per person, \$3,400 per person for two or more from the same company.
Sept. 15	<u>DOT Hazardous Materials Training</u> — 8:30 am—12:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost to attend: \$120 single member, \$110each for two or more from the same company, \$145 for a single non-member.
Sept. 16	<u>Human Resources Sub-council Meeting: Wage & Hour Issues</u> — 8:30—10:00 am at the Orange County Business Accelerator, New Windsor, NY. No cost for members. See page 3 for more info.
Sept. 29	<u>RCRA Hazardous Waste Training</u> —8:30 am—12:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost to attend: \$120 single member, \$110each for two or more from the same company, \$145 for a single non-member.
Oct. 13	<u>HAZWOPER</u> - 8:30 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost to attend: \$240 single member, \$220each for two or more from the same company, \$145 for a single non-member.
Oct. 27 & 28	<u>10 Hour OSHA Training</u> -8:00 am—1:00 pm at Dutchess Community College, Poughkeepsie, NY. Cost to attend: \$120 single member, \$110each for two or more from the same company, \$145 for a single non-member.

*You can find more information on the courses and events listed in our calendar by going to our website:
www.councilofindustry.org or if you are reading the electronic version just press Ctrl and click the course title*

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Energy Matters

Weather, Light Bulbs, and Energy Legislation

Because of EISA, lighting companies can no longer manufacture 100-watt incandescent bulbs in 2013, 75-watts will cease production, and 40- and 60-watt bulbs will stop in 2014.



There has been quite a bit of energy news this summer. Among the topics, the hot summer and its effect on energy grids throughout the Midwest, South, Atlantic Seaboard, and into the New England area; the incandescent light bulb phase-out; and the Congressional promise to take up energy legislation upon its return from its summer recess.

First, the weather. No doubt, the summer of 2011 will go down as one of the hottest on record in some parts of the U.S. But, while much of it was baking – thousands of new record highs were reported in July alone – other areas of the country were very pleasant, such as California where the winter snowpack and rains have almost filled many of the state's reservoirs to capacity. In fact, rain-fall and snow amounts are running nearly 150 percent of normal.

Regarding the light bulb debate, remember that the 2007 Energy Independence Security Act (signed by President George W. Bush), called for substantially increased EE efforts, of which the light bulb was probably the most prominent issue. Because of EISA, lighting companies can no longer manufacture 100-watt incandescent bulbs in 2013, 75-watts will cease production, and 40- and 60-watt bulbs will stop in 2014.

Many Republicans in Congress have tried multiple times to repeal the requirement, but have met with very limited success. Many people have mixed feelings about this because they don't like the government telling them what they can or cannot have in their own home. CFLs have improved greatly since they were first introduced, but, they are expensive, and if anyone bothers to read the disposal instructions I doubt they'd be in such demand.

Energy efficiency is something that is best driven by the market, and peer pressure. But, sometimes such movements as efficiency need to be kick-started by the government. The federal government is almost always the lab for new technologies and reduction requirements, as evidenced by the mandated energy and carbon reduction rules, largely unfunded by the way. These mandates are done in the hopes of spurring the private sector to adopt similar measures. And, since the federal government is the largest buyer of American goods, its buying power and subsequent supply-chain requirements, do bring about compliance.

Now for Congress' intent of taking up energy legislation when it returns from its summer break. How many times have we heard plans to take up energy legislation in the last four decades? We certainly have a serious energy problem, and we should include all of the costs of being dependent upon foreign sources of energy when determining an energy policy. Costs that are often not included are those associated with protecting energy resources, including the current efforts around the globe.

Senator Harry Reid (D-NV) says that Washington has not done enough on energy and he intends to make it a signature issue for the next couple of months. We've seen what happens when Congress shines its bright light on signature issues for a short period of time. Don't hold your breath for any substantive energy legislation in the next two years.

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Manufacturing Matters

Empire State Manufacturing Survey

Released by the New York Federal Reserve Bank

The Empire State Manufacturing Survey, released by the New York Federal Reserve Bank, shows manufacturers contracting their output for the third straight month. The index of general business conditions fell from -3.8 to -7.7. Measures for new orders, unfilled orders and inventories worsened for the month.

There were marginal, and positive, improvements for shipments and employment. Moreover, pricing pressures continue to ease, but remain highly elevated, with the index for prices paid decreasing from 43.3 to 28.3.

Manufacturers in New York remain positive about the next six months, but their levels of optimism have diminished significantly over the past few months. Showing the depth of this decline, the index for expected general conditions was 59.0 in January; it is now 8.7 in August, after falling from 32.2 in July. Indices for new orders, shipments, the number of employees, capital expenditures and technology spending all fell, but remained positive.

Respondents, however, see the number of unfilled orders and delivery time contracting over the next six months, with inventories gaining. Pricing pressures are expected to remain elevated.

In a series of special questions, the survey asked about manufacturers' ability to find skilled workers. Employees with advanced computer skills were among the most difficult to hire, according to the respondents. This was followed by the difficulty in finding workers who were punctual and had strong interpersonal skills. On average, businesses spent 6.5 percent of their total compensation on training last year, and these firms are expecting the typical workers' wage and salary to rise by 2.4 percent over the next 12 months.

Business Conditions Continue to Deteriorate

Business conditions weakened for New York State manufacturers for a third consecutive month in August. The general business conditions index

fell four points to -7.7. The new orders index also fell, inching down to -7.8; the negative reading—the third in a row—indicated that orders had declined. The shipments index held steady at 3.0, a sign that shipments were slightly higher over the month. The unfilled orders index continued to drift down, falling three points to -15.2. The delivery time index was little changed at 0.0. The inventories index dropped two points to -7.6, suggesting that inventory levels were down slight

Price Increases Moderate Further

The prices paid index continued its marked decline in August, dropping fifteen points to 28.3—an indication that the pace of input price increases slowed over the month. This index has now fallen a cumulative forty two points since May. The prices received index retreated three points to 2.2, suggesting that selling prices were little changed. Employment indexes hovered close to zero. The index for number of employees was little changed at 3.3, indicating a small increase in employment levels. Although the average workweek index rose after a sharp decline in July, it remained below zero at -2.2, indicating a slight drop in the length of the average workweek.

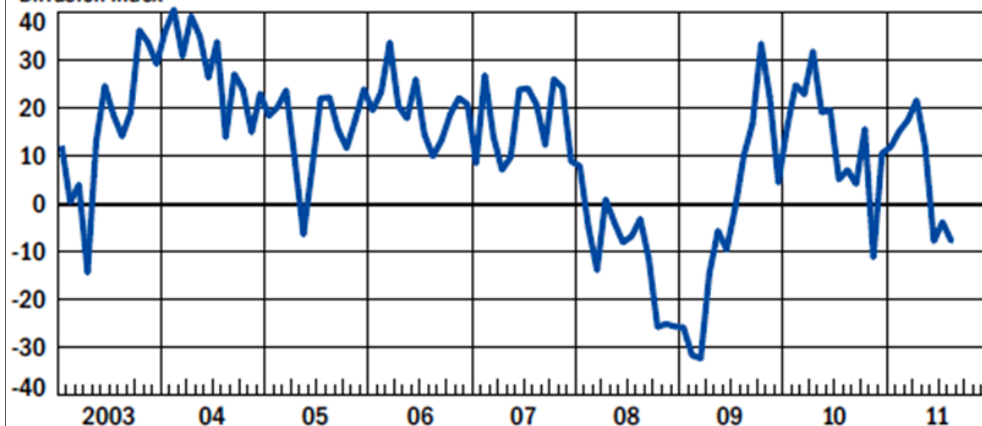
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General Business Conditions

Seasonally adjusted

Diffusion index



Member Benefits

Advocacy and the Manufacturing is Vital Campaign

By increasing the public's awareness of the important role manufacturing plays in our local economy and letting local legislators know the magnitude of regulations and legislation that impact the manufacturers in our area, we hope to influence them to enact policies that support our sector's growth and success.

The Council of Industry is constantly working to educate people on the vital role manufacturing plays in our economy and our community. As part of our "Manufacturing is Vital" campaign we encourage our members to invite the media and legislators to tour their facilities. Several Council of Industry member companies have been featured in the local media in the past few weeks and some have even given tours to their local elected officials. By increasing the public's awareness of the important role manufacturing plays in our local economy and letting local legislators know the magnitude of regulations and legislation that impact the manufacturers in our area, we hope to influence them to enact policies that support our sector's growth and success.

One example of a member in the news recently include Elna Magnetics, in Saugerties, who recently hosted U.S. Senator Kirsten Gillibrand. Senator Gillibrand announced a new "Made in America" manufacturing agenda. She was joined by Congressman Maurice Hinchey and Ulster County Executive Michael Hein.



Ulster County Executive Michael Hein, U.S. Senator Kirsten Gillibrand, Congressman Maurice Hinchey and Joseph Ferraro, president of Elna Magnetics.
Photo credit: MidHudson News.com

Gillibrand praised Joseph Ferraro, president of Elna Magnetics, for his leadership in the high tech manufacturing sector. The company, founded in 1955, moved its factory from Woodstock to Saugerties in March 2009. Since that time, Elna's workforce has grown by about 50 percent. Ferraro gave officials a tour of the factory floor.

Hinchey is co-sponsoring Gillibrand's initiative in Congress, by introducing the Buy America Enhancement Act in the House of Representatives. "I'm very optimistic about this industry's future," he predicted.

Gillibrand's agenda includes proposals for the Made in America block grant, providing resources and strategies allowing small companies to retool; expanded tax credits with the Advanced Energy Manufacturing Tax Credit, the New Markets Tax Credit Extension Act, plus Security in Energy & Manufacturing (SEAM) Act.

"New York's lost more than 123,000 manufacturing jobs just between 2005 and 2010 alone," Gillibrand said. "Here in the Hudson Valley more than 11,500 manufacturing jobs in those same five years. ... But despite these job losses there are areas of industry that are growing and those are areas in which New York excels. Computer and electronic manufacturing industries increased manufacturing by nine percent."

Although Ulster County's 8.2 percent unemployment rate in June and July were the highest since 1994, it would not qualify for funding under the Made in America legislation, which calls for the rate to have been at least 10 percent for any six consecutive months between January 2007 and December 2010.

The Council of Industry is working with the Manufacturers Alliance of New York to make this legislation better by adjusting the requirements to better meet the needs of the manufacturing community.



Regulatory Matters

Loss Cost Revision for New York State Workers Compensation

The New York State Insurance Department has approved an average increase of 9.1% in workers compensation loss costs to become effective on policies with rating anniversaries October 1, 2011 and thereafter. The 9.1% increase is comprised of an average change in classification loss costs of 9.3% and no change in the catastrophe provisions for terrorism, natural disasters and catastrophic industrial accidents.

Concurrent with this change, please note the following:

- Maximum and minimum remuneration amounts have been updated.
- Deductible premium credits, expressed as loss elimination ratios are not changing with this revision.
- The New York State Assessment is changed from 18.1% to 20.2% of standard premium. Please note that carriers do not have to file to adopt this surcharge, effective October 1, 2011.
- The Workers Compensation Security Fund surcharge is not changed and remains at 0.0%.

In addition, since the Rating Board is no longer producing manual rates or other factors that include expenses, the following information should be carefully noted:

- The revised loss costs are automatically effective for all carriers as of October 1, 2011. Consequently, carriers *do not* have to file to adopt the new loss costs.
- Carriers that have loss cost multipliers currently approved by the New York State Insurance Department *do not* have to refile their multipliers in order to utilize the October 1, 2011 loss costs. If a carrier opts to change either its loss cost multipliers or any other previously approved rating factor or value, it must file these changes for approval with the New York State Insurance Department prior to use.
- Manual pages, displaying the loss cost for each employment classification will be published in the online version of the Rating's Board's manual; these are *NOT* rates – carriers must apply their approved loss cost multipliers to the loss costs in the manual in order to develop final rates.
- The manual pages display loss costs, *NOT* rates, for terrorism and for natural disasters and catastrophic industrial accidents; carriers must apply their loss cost multipliers to the approved loss costs in the manual in order to develop final rates for these exposures.

The approved October 1, 2011 loss cost filing, the 2011 classification pure premium experience, a schedule of loss costs by classification and other information will be posted in the loss cost

section of the Rating Board's website, www.nycrib.org.

Note: *Your attention is directed to Part One of the General Rules of the New York State Manual for Workers Compensation and Employers Liability Insurance, which stipulates that canceled and rewritten policies must use the identical rates which applied to the canceled policy until one year after the anniversary rating date of the canceled policy. No policy may be canceled and rewritten for the purpose of avoiding this rule.*

Because workers compensation costs continue to be a drag on our members and New York State Manufacturers the Council of Industry, in cooperation with Applied Underwriters and The Reis Group, created a program to help select companies better manage these costs. The program is group based but individually underwritten. ***Underwriting criteria is very strict and only those members most committed to a safe workplace will be able to participate.*** Most of our members will meet these strict criteria and we therefore believe this program will result in significant savings to those who choose to participate.

- Program's benefits include:
- Both small and larger risks can share in the underwriting profit by controlling their losses.
- This program IS NOT A TRUST - there is no joint & several liability amongst members.
- There is low pricing for groups with minimal loss experience.
- Only the claims experience which occurs during your participation in the program is pooled for your profit sharing calculation. Prior or subsequent claims experience of the group does not impact your cost.
- The program allows for the efficient use of collateral; risk funding is paid real time based on your groups developed loss experience.
- Based on the group's claims experience, this program can provide immediate cash flow benefits and financial reward unlike other plans that require waiting for cumbersome retrospective or uncertain dividend calculations that can run for years beyond the policy expiration.
- Payroll services are offered to reduce inside administrative costs to members and making audits a routine matter.

To learn more about the program, determine your eligibility and receive, no obligation quote contact myself, hking@councilofindustry.org or Paul Casciaro of the Reis Group (845-338-4656), paul@reisinsurance.com or follow this link www.reisinsurance.com.



Financial Matters

Disaster Assistance Loans Related to Tropical Storm Irene May be Available from the Small Business Administration (SBA)

As of the time of publication of this newsletter there was not yet a federal disaster declaration for the Hudson Valley. Once a determination is made that the extent of the damage warrants a presidential declaration, and this is likely, assistance will become available to those firms affected. The time frame between the damage assessment and the actual declaration varies.

If and when a federal disaster declaration is issued the Mid Hudson SBDC will be available to guide affected business owners with the process of applying for disaster funds much as they did after 9/11 and the 2008 Mid-Hudson floods. Since expediency is important, at this time you should contact SBDC for a preliminary assessment of your situation and support in seeking effective assistance.

Arnaldo Schwerert

(845)339-0025

(845)339-1631

Email Address: sbdc@sunyulster.edu

Continued from page 2 Training Matters

The NAM-Endorsed Manufacturing Skills Certification System is a group of stackable credentials applicable to all sectors of the manufacturing economy. These nationally portable, industry-recognized credentials validate the skills and competencies needed to be productive and successful in entry-level positions in any manufacturing environment, and they can be learned and earned in secondary and postsecondary education. The result is a professional and technical manufacturing workforce with valuable industry credentials, making companies more innovative, more competitive and more marketable.

Manufacturers and their workers have benefitted from investments in innovation. To stay competitive moving forward, we need a highly-skilled workforce to help grow the economy. The Manufacturing Skills Certification System, which is already available in 31 states and continues to expand, can help manufacturers achieve the trained workforce they demand.

The Council of Industry in partnership with the Manufacturers Alliance of New York (MANY) and the State University of New York (SUNY) have applied for Federal Department of Labor funding to support this Skills Certification program in the Hudson Valley region. We should know by the end of October if we will receive the funding and will provide further information to Hudson Valley manufacturers about the program at that time.

Consumer Price Index for July 2011

Wage Earners & Clerical	July 2010	July 2011	June 2011	Pt. Increase	% Month	% Increase Year
1967 = 100	637.138	663.314	662.826	0.488	0.1	4.1
1982-84 = 100	213.898	222.686	222.522	0.164	0.1	4.1
All Urban Consumers						
1967 = 100	653.066	676.762	676.162	0.6	0.1	3.6
1982-84 = 100	218.011	225.922	225.722	0.2	0.1	3.6

Hudson Valley Unemployment Rate for July 2011 = 7.1%



Fidelity NavigatorSM
Mutual Fund Newsletter

The Fidelity Navigator will be coming to your desk monthly, courtesy of the Council of Industry's endorsed 401(k) company.

845-297-3810 • navigatornewsletters.com



Continued from page 5 More Personnel Matters

Training shall be provided to all persons in operating supervisory positions in conducting safety meetings, conducting safety inspections, accident investigation, job planning, employee training methods, job analysis, and leadership skills.

8. **Record Keeping.** In addition to OSHA logs which are retained for five years (a federal requirement), each firm shall maintain other safety records for a period of one year from the end of the year for which the records are maintained (a state requirement). These will include inspection reports, accident investigation reports, minutes of safety meetings, training records, and the LWC-WC-1017A form.
9. **First Aid.** Management shall adopt and implement a first aid program which will provide for a trained first aid person at each job site on each shift. A first aid kit with proper supplies for the job exposures will be maintained and restocked as needed. Emergency phone numbers for medical services and key company personnel must also be maintained.
10. **Emergency Preparedness Program.** Management shall develop a written emergency preparedness plan to ensure to the

extent possible the safety of all employees, visitors, contractors, and vendors in the facility at the time of emergency situations, such as but not limited to natural disasters, fire, explosions, chemical spills and/or releases, bomb threats, and medical emergencies. Emergency shutdown and startup procedures will be developed in industries having equipment that requires several steps to properly shutdown and secure. Employees shall be trained in these procedures to reduce the incidences of additional injuries, property damage, and possible release of hazardous materials to the environment. Emergency plans shall comply with all governmental regulations and state and local emergency response committee requirements. All employees and contractors shall be trained in the facility's emergency plan. A facility training drill will be conducted at least annually to test the emergency plan. The emergency plan will be reviewed annually and revised as required. Employees shall be trained in the updated emergency plan. Monthly inspections of all access and egress aisles and doors will be conducted to determine that they are clear, unobstructed, and operable. Evacuation routes shall be posted in all work areas showing primary and secondary routes for employees' evacuation to a safe, predetermined location for a head count.

Manufacturing Job Opportunities

If you have job openings and positions to fill -

- Post it on the Council of Industry Website
- Look at resumes from our member recommended For Hire page

Contact Alison Butler at
abutler@councilofindustry.org
for more info

Continued from page 4 More Personnel Matters

The comments are well worth reading in their entirety to give one a complete understanding of the vast nature of contemplated change. Portions of proposed rules that are just as important as the proposed shortened election timeframe, but have received less attention in public discourse, are discussed at length

The requirement that the employer not only agree or disagree with a union's proposal, but to go further and make a proposal itself, amounts to a forced pleading and raises serious due process and free speech concerns. It is the union that seeks to organize employees, not the employer, and it is the union's responsibility to propose a unit appropriate for collective bargaining. Section 9(b) of the Act states that "[t]he Board shall decide in each case. . . the unit appropriate for purposes of collective bargaining. . ." **The rules should not attempt to absolve the Board of its responsibility, on a case by case basis, to make an appropriate unit finding in proceedings under Section 9(a) of the Act.**

Also, the discussion in the comments of the studies cited by the NLRB as justification for the proposed rules are a must read for anyone interested in gaining a greater understanding about how the passions attached to labor relations can sometimes take the place of objective facts.

There is a 14 day reply comment period, so one can expect another flurry of activity on this issue right after Labor Day. The NLRB membership goes down to three as of Saturday August 27, when Chairman Liebman's term expires.

Continued from page 11 Manufacturing Matters

Future Indexes Fall Sharply

Although most of the future indexes remained positive, they were down sharply, suggesting that the level of optimism about the six-month outlook deteriorated significantly in August. The future general business conditions index fell twenty-four points to 8.7, its lowest level since February 2009. The future new orders and shipments indexes dropped to their lowest levels since September 2001, and the future unfilled orders index fell below zero. Future price indexes declined but remained above zero, suggesting that both input prices and selling prices are expected to increase in the months ahead, but at a slower pace than was expected last month.

The index for future number of employees fell eleven points to 6.5, while the future average workweek index dipped below zero. The capital expenditures index dropped fourteen points to 8.7, its lowest level in more than two years, and the technology spending index fell ten points to 2.2.



Council of Industry

The Manufacturers Association of the Hudson Valley

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**Manufacturing is Vital.
The Council of Industry is
Vital to Manufacturing.**