



Council of Industry Newsletter

Summer 2012
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Issue 7

Manufacturing Can Unite Us—thoughts from The NAM Manufacturing Summit

Editor's Note: Council of Industry Executive Vice President Harold King attended the National Association of Manufacturers (NAM) 2012 Manufacturing Summit in early June. While attempting to put his experience on paper to share with our members he came across this article by Mary Andringa and Doug Oberhelman that summed the event up perfectly.

We have made the trip from Pella, Iowa, and Peoria, Ill., to the nation's capital this week to advocate solutions that can turn the economy around and move us toward a more prosperous future.

And we're not alone.

More than 300 manufacturers have descended on Capitol Hill for the 2012 Manufacturing Summit, the official fly-in event of the National Association of Manufacturers.

Taking time away from our plants is a sacrifice for manufacturers. But in today's competitive global marketplace, our jobs extend far beyond the walls of our factories. Manufacturing today also entails advocacy — advocacy about the promise of manufacturing and what it will take to bring about a manufacturing renaissance in the United States.

But it's a necessity if we want to get the economy on track and put Americans back to work. Washington may be unpopular, but we still need it to work for us — and manufacturers have solutions that can break the gridlock.



NAM President and CEO Jay Timmons welcomes over 300 manufacturers to the 2012 Manufacturing Summit in Washington DC.

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Join Us for the Council of Industry Golf Outing Aug 27 at the Powelton Club



The Council of Industry will hold its Annual Golf Outing on Monday, August 27th at the Powelton Club in Newburgh. The Powelton is a beautiful course conveniently located just off of Route 9W in Newburgh, NY. Last year's event drew over 80 golfers from manufacturing firms throughout the Hudson Valley.

Registration and lunch sponsored by **Joe Pietryka, Inc.** will begin at 11:30 followed by a shotgun start

at 12:30. Cocktails sponsored by **Schatz Bearing Corp.** and a light dinner will follow at approximately 5:00 p.m.

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Training and Education

Tap Into Grants to Support the Cost of Training Your Staff

By Deb O'Connor, Associate Dean at SUNY Ulster

Investing in a well-trained staff is a proven way to increase a company's productivity and profitability. Government agencies such as the Department of Labor are well aware of the value of educational investment and as a result offer support through a variety of grant opportunities.

Savvy company managers can keep track of potential grant applications in a number of ways. Maintaining communication with industry groups such as the Council of Industry can provide a good conduit for grant news. Developing a relationship with your county's Community College as a training and grant resource is a proven method for obtaining funding. Contacting the Department of Labor and frequenting their web site at <http://www.labor.ny.gov/businessservices/funding.shtm> can alert your company to the availability of funds.

After you have identified a potential grant, reviewed the requirements, and determined that the grant fits your situation, it's important to understand how to make your proposal a winning one. Grants are competitive in nature and each grant has a unique set of requirements. For instance, there may be requirements for a cash match, leveraging of funds, specific types of training, or specific outcomes such as increases in wages. First and foremost, make sure that your proposal can meet those basic requirements. Then, to ramp up the competitiveness of your proposal, think strategically about the potential impact of the training you might do.

Manufacturing companies are well positioned for funding given the government's increasing emphasis on the importance of advanced manufacturing as a pathway to economic growth. There are a myriad of ways to demonstrate how training will improve a manufacturer's profitability (thus increasing the likelihood that the company will stay in-state, grow, and possibly create new

jobs). You can, for instance, demonstrate a clear connection between training employees on how to maximize the use of a piece of machinery and increasing the output from that machine. Investing in Lean Manufacturing or becoming Six Sigma certified can be directly linked to a decrease in waste and an increase in productivity. Improving management, finance and accounting, and computer skills generally result in an improved bottom line. Developing your employee's skills in topics such as blueprint reading, electrical wiring, geometric tolerancing, basic mechanics, project management, AutoCAD, Solidworks, PLC's, or CNC programming telegraphs the message that your company has a strategic plan for success.



A Customer Service Training with Debra Pearlman, CEO of DP Sales Pro, one of the many offerings available through the Council of Industry and the Hudson Valley Community College Consortium.

Federal and state officials view investment in employee skill development as a positive indicator for the economic health of the company. Training staff to take on higher level tasks has the potential to improve the company's productivity, to encourage wage growth, and, most importantly, to open up new jobs for entry level workers, as the incumbent workers advance to higher level positions.

Another rewarding approach is to apply for funding as part of a group of companies. The Council

of Industry has been a leader in this approach, consistently bringing companies together from across the region to access funds. Grantors frequently reward companies that band together to share training in order to control costs. There is an additional advantage to each company in that there may be instances where an employer needs to train only two or three staff members, or can only free two or three at any one time. Shared training often results in multiple offerings of a course, while eliminating travel costs and reducing the per participant cost. For example, perhaps you have two employees who need Solidworks training, but you can only send one at a time. Rather than send those employees to New York City for training, you could send your employees, one at a time, to a local course. This is the approach the Council of Industry and the Hudson Valley Community College Consortium has successfully used for almost ten years to access funds from the State University of New York. The power of a consortium proposal is that the total number of potential attendees allows multiple courses to be scheduled at a location convenient to the participants and at a reasonable cost. Accessing this type of funding is also relatively simple.

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Council News

NYS Congressman Chris Gibson Toured Fair Rite Products

Congressman Chris Gibson (R- 20) toured Council member firm Fair Rite Products in Ulster County’s Hamlet of Wallkill on Friday July 13th and held a roundtable with manufacturing ex-ecs.



Gibson is hoping to represent the new 19th Congressional District which will include all of Ulster as well as Green, Columbia, Delaware and as most of Dutchess Counties. The Congressman spent the better part of 3 hours at Fair Rite meeting many employees and the man-

agement team as well as learning about their industry and its challenges and opportunities. Gibson also discussed issues of greatest concern to manufacturers including health care costs, energy reliability and costs and the looming fiscal cliff of tax increases and sequestration.

Plant tours can benefit manufacturers and their elected officials by developing contacts and cementing relationships. Your member of Congress stays in touch with the electorate back home and you acquaint yourself with a legislator and key staff members who may be able to assist you. To find more information on holding a plant tour visit the Council of Industry’s Manufacturing is Vital webpage at: <http://www.councilofindustry.org/vital.html> . There is more info on the importance of advocacy and forming a relationship with your legislators on page 6 of this newsletter. You can also contact the Council of Industry to find out more at (845) 565-1355.



Ask the Experts – A Combined HR & EHS Sub-council Meeting

The Human Resources and Environment Health and Safety Sub-councils held a combined meeting on Thursday, June 28th, called “Ask the Experts” at the Council of Industry office in Newburgh, NY.



The Council put together a panel of experts on labor law, safety regulations and best practices in general. Participants came with questions to consult our experts.

The informal meeting took place in the living room and on the porch of the beautiful Desmond Campus at Mount St. Mary’s College where the Council of Industry offices are located. Everyone enjoyed a wonderful afternoon of networking and knowledge along with cookies and lemonade.

HR Sub-council September Meeting: Preparing for a DOL Visit

Topic: Keeping the DOL at your door and not at your dinner table

When: Friday, September 28th, 8:30—10am

Where: The Council of Industry Offices, The Desmond Campus, Mount St. Mary College, Newburgh, NY

Cost: None for Members

This presentation by Ken Dwyer, PHR, Client Support Manager at Staffline, is geared to inform businesses of the proper labor postings, required employee documents (Federal and State), job applications etc. To register contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

Welcome New Associate Members:

GKG CPA’s - Providing accounting services. Rockland County. Contact: Scott Goldstein and Steve Fultonberg

ADP - Providing payroll services. Dutchess County. Contact: David Birsner



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Personnel Matters

Handling Time Off: PTO vs. Traditional Plans

By Tammy Binford, from HRHero.com

It's summer and employers are deep into the peak vacation season — a time when they may be wondering if they're handling time off in the best way.

The paid time off (PTO) system has gained popularity in recent years although a 2010 survey by WorldatWork, a group focusing on human resources issues, found that the traditional system that divides time off into sick time, vacation time, personal days, and sometimes other categories was still more common than PTO.

PTO seems to be on the march, though. Its popularity rose substantially between the organization's first survey on the topic in 2002 and the 2010 survey.

How to make the switch

Aliza Herzberg, a partner in the New York office of Olshan Grundman Frome Rosenzweig & Wolosky LLP, presented a list of issues that PTO plans should include:

- An explanation of what PTO is. To reduce the possibility of confusion, the plan should spell out how the employer defines PTO.
- A PTO accrual schedule. The policy should spell out how time is accrued and when it can be taken.
- An explanation of how a probation period is handled. Employers starting new employees on probation need to include how it works with PTO. For example, some employers allow employees to accrue PTO during the probation period but not take it until after probation is completed.
- A list of paid company holidays. This list will help employees plan their time off.
- The mechanism for reporting absences. Employees need to understand their responsibility for calling in when they're absent.
- A method of tracking PTO. Employers need to decide how they will track and report time off. Employees — even those classified as exempt — can be required to submit a form reporting their time off. "While you can't have an exempt employee punch a time clock, you can certainly require an exempt employee to turn in an attendance sheet on a weekly

though.

- Also, no one should be left out of the tracking system, Herzberg said. Sometimes the most senior people in the company frequently travel for business and no one tracks what's business travel, PTO, vacation, or sick time. That causes a problem when determining what payment is owed on termination and whether time off carries over to another year.
- A method for resolving conflict when two employees want PTO at the same time. Employees need to know how such decisions are handled.
- The prior notification period for scheduled PTO. Herzberg said it may be helpful to distribute a calendar at the beginning of the year for employees to plot out their planned absences and report them as soon as possible.
- Carryover policy. The policy needs to specify how unused time will or won't carry over to the next year.
- Explanation of how payment upon termination will be handled. Herzberg says it's important to check state laws to see when employers are obligated to pay for accrued but unused leave.

Pros and cons

Employers considering a switch to PTO need to examine how the system might work in their organization. One advantage is that PTO is easier to manage and administer. HR doesn't have to track whether an employee is taking a day for vacation or some other purpose.

PTO also gives employees greater flexibility. With PTO, an employee can use accrued time off to care for a friend or family member's illness or for some other purpose.

"The hope is that it encourages employee honesty so that an employee who would have called in sick because they wanted to take a vacation day but didn't have any vacation days left will actually be honest and just schedule a vacation day in advance and not feel that they have to call in sick," Herzberg said.

PTO isn't without its disadvantages. Herzberg said some employers fear a PTO system will lead to "presenteeism" in which employees come to work sick so they can save their PTO time for vacation. To reduce the likelihood of presenteeism, an employer needs a culture that encourages employees to stay home when ill.

"It is important to understand that a PTO policy alone without some attendant cultural messages is not enough," Herzberg said. "You need to have those cultural messages out there. You need to teach the employees what the point of all this is, and part of it is that we're expecting the employees to choose when they take off and when they do not take off. But we're also expecting them to recognize when they can't safely come into the office.



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or monthly basis," Herzberg said. It shouldn't say what hours are worked,



More Personnel Matters

The Responsibility of Leaders to Tell the Truth

By Linda Dulye

No one likes being lied to. It's deceitful and disrespectful, especially when it happens on the job. But, the truth is...lying in the workplace happens.

I've seen it over and over again with big and small companies—and, increasingly, during challenging times. In the face of bad news, there is a tendency for leaders to soften the blow by not fully disclosing how tough business really is, how sales have dropped or how customer complaints have climbed.

It reminds me of one of my favorite episodes of "Mad Men" when Jon Hamm's character, advertising exec Don Draper, convenes an all-employee meeting to announce the crushing blow of losing the firm's largest client. His message to the troops: "Nothing should change. Nothing will change." Of course, things did change, quickly—namely, layoffs and cash flow woes.

Less-than-truthful communication is a surefire trigger for zapping trust in the workplace. And, believe me, the degree of difficulty required to rebuild lost trust is far greater than communicating honestly and frankly about a lost contract or disgruntled client in the first place.

Don't underestimate the ability of people to accept reality and rally in the face of adversity. Straight talk fosters respect. So with that said, here are seven tips to help leaders tell it like it is, even during the most difficult times:



No. 1: Don't own it all. Whether you are a small business owner or vice president in a large corporation, the challenges and setbacks of business are not yours to own alone. Every member of the team contributes to the performance of the company (and if that's not true, question seriously why you have someone on your team who doesn't add value). Employees need to feel your disappointment and understand their role in the recovery – especially if you are going to call on them to work longer hours or fewer hours or do more with less.

No. 2: Communicate often. Strike a rhythm of ongoing formal and informal conversations about the company with small and large groups of employees. Don't hold a big meeting with a big message and go dark for three months. "Be upfront with employees and create an open dialogue environment" was among the leading recommendations in a recent poll of FoxBusiness.com readers conducted by my firm about truth—and lying—in the workplace.

No. 3: Present the facts. Don't bombard people with voluminous, flashy presentation decks or hefty files of spreadsheets. Find a few stats that illustrate the story of change and challenge. Use visuals, like arrows and colors, to illustrate performance

changes. A red, downward-pointed arrow universally signals negative performance—a cause for concern! Skip the MBA lingo and stick to simple words. Strive to educate employees about the reality of the situation and how they can help make things better.

No. 4: Highlight sensitive information. Whenever you discuss "company sensitive" information, explain the reason for sharing it and the high level of trust you have in your team to handle it properly. Stamp conversations with the same "company sensitive" message that accompanies sales reports and financial documents.

No. 5: Strike a balance. Don't go overboard with doom and gloom. Balance the message of what's not going well with comments about positive performance areas. Publically recognize great teamwork, where associates are going above and beyond to fix problems and support customers. Sincere words of appreciation, accompanied by a firm hand shake and pat on the back, are the most powerful perks that a boss can give.

No. 6: Coach people to act responsibly. Many leaders stifle bad news because they don't want workers to spread the word to clients and other external stakeholders. Avoid damaging leaks by helping employees understand their responsibility for handling performance data. Explain the risks of a tell-all posting on Facebook or sidebar conversation in the supermarket check-out line. Open, honest discussions about the business can foster a strong personal connection that gets people talking about "my company" and "we" instead of "they" and "them."

No. 7: Explain limits. Some information will need to be withheld. When pressed to comment or reveal off-limits information, just say no. Confidently explain, "For various reasons, that is topic that I cannot discuss at this time." Then move the focus to information that you can share.

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Legislative Matters

NAM's Manufacturing Works: Make Your Voice Heard

By Ned Monroe, NAM senior vice president, external affairs

Manufacturing Works is a nationwide, interactive online advocacy program that helps NAM members and industry allies strengthen our impact in Washington, D.C., and around the country.

America's manufacturers face both challenges and opportunities when it comes to public policy. That's why the National Association of Manufacturers (NAM) created Manufacturing Works: Advocacy on the Move. This advocacy program brings manufacturers together to support American jobs, innovation and competitiveness.



Want to easily and effectively communicate with lawmakers? To make your voice heard, visit ManufacturingWorks.nam.org.

Manufacturing Works is a nationwide, interactive online advocacy program that helps NAM members and industry allies strengthen our impact in Washington, D.C., and around the country. This community helps friends of manufacturing engage and build valuable relationships with lawmakers, advance our policy issues through pro-business legislation and cast our ballots on Election Day for the candidates of our choice.

In addition to an important presidential and congressional election, 2012 brings an aggressive legislative agenda and an economy struggling to recover. This will be a year when members of Congress and the President turn to their constituents for input and guidance on the legislative agenda.

We need to make sure our communications with members of Congress count. Whether you send an e-mail or letter, place a phone call, visit your elected officials, attend a town hall event, it is imperative that you have a dialogue with those in office.

Now that the United States has the highest corporate tax rate in the world, Congress needs to

ways to stimulate the economy, the manufacturing industry's strong job creation message will need to be front and center.

Through the NAM's interactive online advocacy center, you can:

- Send an e-mail to your lawmakers in two easy steps.
- Get briefed on the latest issues before Congress.
- Learn talking points on critical issues.
- Check out the NAM's official congressional voter scorecard.
- Access all the tools you need to vote on Election Day.
- View and register for the NAM's advocacy related events.
- Document if you have a relationship with your members of Congress.

Take Action and Contact Your Member of Congress

Visit ManufacturingWorks.nam.org to log in to the NAM's one-stop advocacy center, where you can contact Congress on a legislative issue, register to vote or research your lawmakers. To take action on an issue, you will need to log in, which can be found at the top right corner of the site. Your login will always be your last name and work e-mail address.

1. Click on the "Take Action" tab on the right side of the page. Under this tab, you will find all of the NAM's action alerts. Look for the issue that you would like to take action on. Pay special attention to the alerts marked "Hot Topic."

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hear your support for reducing the U.S. corporate tax rate to 25 percent or lower. Manufacturers must continue to push back against overreaching agency regulations. And as Congress continues to look for



More Legislative Matters

Toll Hike Leaves New York Anything but "Open for Business"

Twenty business groups, including the Council of Industry, have joined together to oppose the New York State Thruway Authority's proposed 45% toll increase on commercial vehicles. The groups represent over 13,000 companies of all sizes, ranging from farms and grocery stores, to fuel suppliers, lumber mills and manufacturers, who expect to see a significant negative impact on their business as a result of the proposed toll increase.

"The Thruway Authority appears to have no regard for the impact their actions will have on all consumers who rely on the goods delivered by truck," said Brian Sampson, Executive Director of Unshackle Upstate. "Every time a truck toll is raised, it increases the cost to the consumer. Everything you use, consume or touch will cost more. This does not just hurt the trucking industry. It hurts every manufacturing business and every farmer. As a result, this new increased tax will be absorbed by every taxpayer in New York."

Nearly 90% of New York's communities rely exclusively on trucks to deliver their goods. Transportation costs factor into the price of any commodity.

"Trucks are used in nearly every part of the manufacturing process," said Randy Wolken, President of The Manufacturers Association and The Manufacturers Alliance of New York. "Raw materials are transported by truck, so the cost of manufacturing will increase as the tolls on trucks increase. Consumers won't just see their 'shipping and handling' charges increase, they'll see the cost of every product increase."

The Thruway Authority has proposed a 45% toll increase on commercial vehicles with 3 axles or more, to support their 2012-15 capitol plan, which does not include the planned \$5 billion replacement of the Tappan Zee Bridge, spanning the Hudson River between Rockland and Westchester counties. The Thruway Authority was unable to complete the projects in their budget with the revenue from toll hikes for their 2005-2011 capitol program, leaving many concerned about the mismanagement of toll revenue.

The Thruway Authority's questionable financial decisions are well-documented. In 2008, the New York State Comptroller found the authori-



ty's planned (and subsequently implemented) toll increases were not justified and that the authority needed to undertake a review to control spending and find alternative revenue options. Additionally, it found that the authority's capital planning process allowed practices that did not sufficiently consider the need for accountability and transparency.

The Thruway Authority raised the toll regardless and took no action on the comptroller's recommendations. "The Thruway Authority has mismanaged their finances for years and to make up for it, they're asking average consumers to foot the bill through increased transportation costs," said Kendra Adams, President of the New York State Motor Truck Association. "They are showing total disregard for what it will do to consumers, how it will impact communities along alternate routes and what it will do the economy of New York. And make no mistake, every New Yorker will foot the bill."

Gov. Andrew Cuomo, who has declared New York "open for business," while discussing the use of the Port Authority of New York and New Jersey's toll increases to fund the building of the Ground Zero site in Manhattan stated, "The taxpayer, the toll payer, is not an endless, bottomless well for government to dip into to cure their incompetence."

"Every time a truck toll is raised, it increases the cost to the consumer. Everything you use, consume or touch will cost more. This does not just hurt the trucking industry. It hurts every manufacturing business and every farmer. As a result, this new increased tax will be absorbed by every taxpayer in New York."

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EHS Matters

Machine Guarding

By Ronald Coons, CSC, President, New World Solutions

Quick tips to consider for your machine guarding

- Evaluate the guards on your machines and the ability for the operator to bypass the guard.
- Remember that when you buy equipment, the manufacturer is not obligated by any law or OSHA to provide proper guarding..that is your job, believe it or not!
- Understand the “points of operation” for every piece of equipment you own. Knowing both the moving and non-moving hazards will help to understand what types of guarding is necessary.
- No guard can do the job without the cooperation of the person operating the machine. Full accountability must be given to the operator for operating a guard-less machine, the supervisor for not overseeing safety in his/her department, and even maintenance for not putting the guard back in place (if that is the case).
- What is your policy for wearing loose clothing, watches, rings, necklaces, long hair, and string from hooded sweatshirts around running machinery? Consider adopting and enforcing a policy to prevent these types of hazards from injuring your workers.



There is something to be said for a safer workplace. A conscientious employee works with greater confidence knowing that a machine is fully protected and as a result will likely produce more for you.

The benefits of improved safety and health practices

It goes without saying that improved safety and health practices will reduce the likelihood of workplace fatalities, injuries, and illnesses. But also remember that there are likely to be savings in your workers compensation premiums as well. Direct and indirect costs associated with injuries resulting from unguarded machinery such as medical expenses and lost production can be substantial.

There is also something to be said for a safer workplace. A conscientious employee works with greater confidence knowing that a machine is fully protected and as a result will likely produce more for you. Improved morale, increased productivity and employees going home the same way they came in; alive with all their fingers and arms is what good companies are all about.

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When navigating through your CFR1910, make sure to familiarize yourself with the following; all of 1910.212 and know the differences between 1910.217 & 1910.219 and how they apply to your facility.

Ron Coons is the president of NewWorld Solutions, For all your Safety Training, Coaching & Consulting Needs. He can be reached at Email: ron@newworld-solutions.com, Mobile: (845) 416-2845, www.newworld-solutions.com.



CI Calendar of Training and Events

Aug 27	<u>Council of Industry Golf Outing</u> — 11:30 am lunch, 12:30 shotgun start at the Powelton Club, Newburgh, NY. Cost: \$155 per person, \$575 per foursome. Sponsorships are available. Follow the link to register or e-mail abutler@councilofindustry.org .
Sept 20	<u>DOT Hazardous Materials Training</u> — 8:30 am –12:30 pm at a location TBD. Cost to attend:\$120 single member, \$110 each two or more from the same company, \$145 for a single non-member.
Sept 28	<u>HR Sub-council: Keeping the DOL at Your Door and Not at Your Dinner Table</u> — 8:30—10:00 am at the Council of Industry Office, Newburgh, NY. This presentation is geared to inform businesses of the proper labor postings, required employee documents (Federal and State), job applications etc. No cost for members.
Oct 4	<u>RCRA Hazardous Waste Training</u> — 8:30 am –12:30 pm at a location TBD. Cost to attend:\$120 single member, \$110 each two or more from the same company, \$145 for a single non-member.
Oct 18	<u>HAZWOPER Training</u> — 8:30 am – 4:30 pm at a location TBD. Cost to attend:\$240 single member, \$220 each two or more from the same company, \$260 for a single non-member. Subject to change based on availability.
Nov 1,2	<u>10 Hour OSHA Course</u> — two days, 8:00 am –1:00 pm at a location TBD. Cost to attend:\$120 single member, \$110 each two or more from the same company, \$145 for a single non-member. Subject to change based on availability.

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 our electronic version just press Ctrl and click the course title.

Manufacturing Job Opportunities

If you have job openings and positions to fill:

- *Post it on the Council of Industry Website www.councilofindustry.org*
- *Look at resumes from our member recommended **For Hire page***

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



Healthcare Reform Update

Although future challenges to the implementation of some or all of the Act will occur through the electoral process, additional litigation, and the legislative process, those challenges are unlikely to result in any significant changes in the requirements of the Act before the end of this year at the earliest.

With The Supreme Court Upholding Most Of Health Care Reform, Employers Must Focus On Immediate Compliance Deadlines

From Bond, Schoeneck & King, Council of Industry Associate Member

On June 28, 2012, the United States Supreme Court ("Court") issued its landmark decision on the constitutionality of the Patient Protection and Affordable Care Act ("Act"), and ruled that all of the challenged health care reform provisions in the Act are constitutional other than a portion of a Medicaid expansion provision. Although future challenges to the implementation of some or all of the Act will occur through the electoral process, additional litigation, and the legislative process, those challenges are unlikely to result in any significant changes in the requirements of the Act before the end of this year at the earliest. In the meantime, there are a number of new requirements in the Act that covered employers will need to comply with in the near future, including:

- Finalizing the Summary of Benefits and Coverage that most employers will be required to provide on the first day of open enrollment this fall;
- Taking the steps necessary to comply with the \$2,500 annual limit that will apply to health flexible spending accounts beginning in 2013, including making sure that open enrollment materials that will be distributed to eligible employees prior to the beginning of the 2013 plan year accurately describe the new limit;
- Implementing any procedures necessary to track and record health coverage costs in 2012 to prepare for the new Form W-2 reporting requirement for group health plan coverage costs that will apply to Forms W-2 that will be issued by certain employers in January of 2013; and
- Coordinating with any applicable insurer or administrator to make sure that the research fees that will be imposed by the Act on specified issuers of health insurance policies and plan sponsors of self-insured health plans starting with the first plan or policy year ending on or after October 1, 2012 are timely paid in 2013.

In addition to these requirements, the Act will impose numerous other requirements on covered

employers in the next few years that should be planned for in advance of the applicable deadlines. Some of the more important of those requirements are described below.

What Were the Major Decisions Made By the Court With Respect to the Act?

The Anti-Injunction Act Did Not Preclude a Current Ruling on the Constitutionality of the Individual Mandate -- The Act requires most individuals to have minimum essential health coverage in 2014 or pay a penalty (this requirement is commonly referred to as the "Individual Mandate")

The Individual Mandate is a Constitutional Exercise of Congress' Right To Impose Taxes -- The Court held by a 5 to 4 majority that the Individual Mandate is constitutional, because it can be construed as a "tax" that may be imposed by Congress as part of its general constitutional right to impose taxes.

A Portion of the Medicaid Expansion Provision Was Held to be Unconstitutional

What Are Some of the More Important New Requirements in the Act That Employers Will Need to Comply With in the Near Future?

Summary of Benefits and Coverage Requirements -- The Act generally requires a group health plan to provide to participants and beneficiaries a Summary of Benefits and Coverage ("SBC") on the first day of the first open enrollment period beginning on or after September 23, 2012. The SBC is intended to be a short summary of the applicable benefits and coverage that can be used by participants and beneficiaries to compare different health plans. To the extent not already done, employers should verify that the required information for their SBCs is being compiled and will be ready for timely distribution. Carriers should be able to provide SBCs to companies to distribute to employees.



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Continued on next page



New Annual Limit for Health Flexible Spending Accounts -- The Act and subsequent guidance provides that, for plan years that begin after 2012, an eligible employee may not make elective salary reduction contributions to a health flexible spending account ("Health FSA") in excess of \$2,500 per year (this \$2,500 limit will be indexed for inflation beginning in 2014).

New Form W-2 Reporting Requirement For Group Health Plan Coverage Costs -- Employers that provide "applicable employer-sponsored coverage" under a group health plan (other than certain "small employers" and certain federally recognized Indian tribal governments) are required to begin reporting the cost of group health plan coverage on the Forms W-2 that generally are required to be issued in January of 2013. This new Form W-2 reporting is for informational purposes only, and does not cause otherwise non-taxable employer-provided health coverage to become taxable. If not already done, employers subject to this new reporting requirement should make sure that adequate procedures are in place to track and record health coverage costs in 2012 in order that such information will be ready to be reported on the 2012 Forms W-2 issued in January of 2013.

Research Fees That Will Be Owed By Many Health Plans and Insurers -- The Act imposes research fees on specified issuers of health insurance policies and plan sponsors of self-insured health plans, starting with the first plan or policy year ending on or after October 1, 2012. The first payment deadline for the research fee is July 31, 2013, and IRS Form 720 should be used to pay the research fee.

What Are Some of the Other Important Upcoming Requirements in the Act That Employers Should Be Considering Now?

Preventive care requirements for women that certain health plans will have to implement starting with plan years that begin on or after August 1, 2012;

2013 increases in Medicare payroll taxes and FICA taxes for certain highly compensated individuals;

Certain employers will be required to provide a notice to their employees in March of 2013 about the health insurance exchanges that will become operational in 2014 (in addition to this notice requirement, certain employers will want to do an analysis in 2013 about how the health insurance exchanges might impact the health coverage they provide);

The employer mandate requirement (commonly referred to as the "pay or play" requirement) that will apply in 2014 to certain employers having at least 50 full-time equivalent employees, which will require those employers to decide whether they will provide minimum essential health coverage to their full-time equivalent employees in 2014 or pay a financial penalty;

Nondiscrimination requirements for certain insured group health plans that will apply after the applicable regulations are issued; and

Numerous other requirements that will apply to many group health plans in 2014 or later, including expanded dependent coverage rules for "grandfathered" health plans, new preexisting condition exclusion requirements, a restriction on eligibility waiting periods that exceed 90 days, a requirement to eliminate all annual dollar limits for covered group health plans, new incentive/penalty requirements for wellness incentives, new minimum essential coverage requirements, new clinical trial coverage requirements, new provisions regarding guaranteed availability and renewability of insured health coverages, changes to Medicare Part D coverage, new automatic enrollment requirements that will apply to certain employers after the applicable regulations are issued, and a new "Cadillac" plan excise tax that will apply in 2018 if the aggregate value of certain health coverages exceed a specified amount.

Employers that provide are required to begin reporting the cost of group health plan coverage on the W-2 Forms that generally are required to be issued in January of 2013.



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Financial Matters

Will 2013 Be the Year of the Tax Debate?

By Chad Moutray, NAM chief economist

The 2012 election cycle is well underway, and the outcome will have an outsized and dramatic impact on a daunting list of fiscal and economic challenges facing the nation in 2013 and beyond. The result of November's contests will undoubtedly shape our tax and spending priorities for the coming years. It will also (hopefully) put us on a path toward greater fiscal discipline.

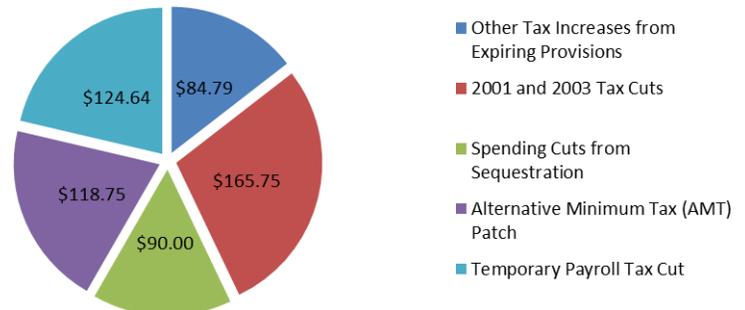
This will not be a painless process for businesses or individuals. Addressing our fiscal challenges likely will entail additional spending cuts and various methods of raising tax revenue. I have written previously about the need for comprehensive tax reform to make our tax code both pro-growth and pro-jobs for corporations and pass through entities. Beyond tax reform, though, a number of tax and spending changes will go into effect in 2013 unless Congress acts before year-end.

The tax rate cuts enacted in 2001 and 2003 will expire on December 31, 2012. President Obama has pledged to keep them in place for taxpayers making under \$250,000. Republicans, on the other hand, would extend all the lower rates, ideally on a permanent basis. If lawmakers fail to reach an agreement, marginal tax rates for all Americans who pay income taxes will go up in 2013 to levels not seen since 2001. A host of other 2001 and 2003 tax relief measures will expire at the same time, including reduced tax rates for capital gains and dividends (with the top rate for both currently at 15 percent). All in all, failure to act on the expiration of the 2001 and 2003 tax cuts would result in a tax increase of more than \$165 billion just in 2013.

Also set to expire is the temporary payroll tax cut first enacted in 2011 and extended earlier this year through 2012. This relief cuts payroll taxes for all Americans by 2 percentage points. While it does leave workers with more money in their paychecks, it comes at a cost of more than \$120 billion.

A host of other tax provisions are expiring at the end of the year,

Breakdown of the Nearly \$600 Billion in Spending Cuts Breakdown of the Nearly \$600 Billion in Spending Cuts and Tax Increases for 2013 if Congress Does Not Act Before the End of 2012



and Congress has not addressed a number of provisions that expired at the end of 2011. Manufacturers are keenly interested in extensions of several tax provisions that expired at the end of 2011—notably the research and development (R&D) tax credit, deferral for active financing, the “look-through” rules for U.S. global companies and several energy related incentives.

In addition, some \$22 billion in new taxes included in the Patient Protection and Affordable Care Act are slated to start in 2013, assuming the law survives its Supreme Court challenge. On top of that is the impact of some \$1.2 billion in spending cuts called for under last summer's Budget Control Act.

From an economic perspective, lack of congressional action means that Americans could face tax increases and spending cuts totaling nearly \$600 billion in 2013. The impact on our still-struggling economy could be enormous. At least one economist has suggested that this would reduce real GDP by 3 percentage points next year. That, of course, assumes current policies hold and each of these tax cuts are allowed to expire.

The outlook is murky, and the November elections will play a significant role in the future of many of these tax changes and the direction of future deficit and spending reduction efforts. One thing is certain: the impacts of the tax and spending provisions in current law that are set to change beginning January 1, 2013, will have an outsized negative impact on real GDP unless Congress and the President act beforehand.



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Energy Matters

NYISO 'Power Trends 2012' Examines State of the Grid

Earlier this Spring the New York Independent System Operator (NYISO) issued its annual review of the forces and factors affecting New York state's electric system, "Power Trends 2012: State of the Grid."

"The state of the grid is good, and the near-term outlook for New York's electric system is positive. However, a complex array of factors affecting future supply and demand requires close attention. Power Trends 2012 is intended to enhance understanding and promote awareness of the issues facing New York's energy future," said Stephen G. Whitley, NYISO president and CEO.



The issues that face the electric system are complex, dynamic and frequently interrelated. Economic, political and technological factors are changing the industry in a number of ways. Power Trends 2012 includes discussion of several key energy issues, including:

Natural Gas— The significantly increased availability of natural gas already has begun to transform the electric power industry. Power produced from natural gas in New York state grew from 27,000 gigawatt-hours (GWh) in 2004 to more than 50,000 GWh in 2011. The abundance of these resources has had a dramatic impact on prices. In turn, this has changed the landscape for power generation, system planning and grid operations.

Aging Infrastructure— With various components of New York's power system requiring upgrading or replacement, efforts are underway to address this pressing concern. Much of the state's power system infrastructure is a legacy from a different time, and the strategies for addressing aging infrastructure are aimed at supporting current and future needs. A recent study by the owners of New York's transmission facilities found that nearly 4,700 circuit-miles of the state's 11,000 circuit-miles of transmission lines will require replacement within the next 30 years, at an estimated cost of \$25 billion.

Policy Coordination— Governmental policy plays a significant role in shaping the electric power industry. Current initiatives include efforts to upgrade and expand high-voltage transmission facilities, protect and enhance environmental quality, improve energy efficiency, promote renewable power resources and close a nuclear facility in the downstate New York region. The cumulative effect of these initiatives has the potential to impact power system reliability as well as electricity market dynamics. New York State's energy planning process provides a valuable venue for coordination of policy considerations.

Regional Collaboration— New York State has long played a central role in the electric power system serving the Northeast. Recent, ongoing efforts to optimize resources, mend seams between the region's power systems and plan with a regional, collaborative focus have strengthened the state's connections with its neighbors. Among the improvements being achieved by a "Broader Regional Markets" initiative are measures reducing the need to use more expensive local power if less costly power is available from a neighboring grid operator and shortening the time commitment for moving power into and out of the state, which allows faster responses to changing conditions.

Consumer Price Index for May 2012

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>May '11</u>	<u>May '12</u>	<u>Apr '12</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	664.11	674.97	676.20	-1.23	-0.2	1.6
1982-84= 100	222.95	226.60	227.01	-0.41	-0.2	1.6
All Urban Consumers						
1967=100	676.89	688.42	689.23	-0.81	-0.1	1.7
1982-84=100	225.96	229.82	230.09	-0.27	-0.1	1.7

Hudson Valley unemployment rate for May 2012 = 7.6 %

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**Continued from front page
2012 Manufacturing Summit**

Getting things done in Washington doesn't have to be as difficult as people perceive it, especially because Republicans and Democrats agree on a number of issues. Manufacturers are taking commonsense messages to Capitol Hill in an effort to build on these areas of agreement and chart a path forward.

Manufacturers, whether they pay taxes at the corporate or individual level, want to fix the tax code and make it competitive. Members of both parties agree that the tax code is too lengthy and complex and speak favorably about tax reform. We're encouraged by the attention tax reform has received and the serious proposals on the table for discussion. We want to encourage that process to continue and result in competitive tax policy.

Congress has not made a significant change to corporate tax rates in 25 years, and now the United States has the highest corporate tax rate among developed nations. We need comprehensive business tax reform that will lower tax rates and provide certainty for all businesses. We also need to move to a competitive territorial tax system in line with other major industrialized nations.

Manufacturers are also talking to their Members of Congress about the need for an "all of the above" energy strategy, a concept that President Barack Obama endorsed in his State of the Union address. North America has abundant energy reserves, and it's time for policymakers to stop placing these resources off-limits. Without reliable and affordable energy, manufacturers, who use one-third of the energy produced in the United States, will face obstacles in competing with our rivals abroad.

And manufacturers are discussing the challenges they face finding workers with the skills required in modern manufacturing. Millions of Americans are looking for work. Meanwhile, 600,000 manufacturing jobs are going unfilled because of a lack of skilled workers. Congress has created a number of job-training programs. Why not make sure these programs are providing workers with the skills needed to fill open manufacturing jobs?

Washington can't solve every problem. We shouldn't expect it to — nor should we want it to. But where the federal government has a role to play, manufacturers must be engaged.

Mary Andringa is president and CEO of the Vermeer Corp. and chairwoman of the board of the National Association of Manufacturers. Doug Oberhelman is chairman and CEO of Caterpillar Inc. and vice chairman of NAM.

Continued from front page – Golf Outing

Golf was first played at the Powelton Club in 1892 and is on the National Register of Historic Places. The present course is known to be both challenging and memorable, accentuated by wonderfully quick greens, tight fairways with deep rough and troublesome pin placements.

The \$155 fee (\$575 per foursome) includes: lunch, golf, cart, cocktails, hors d'oeuvres, dinner, prizes and giveaways. Members can register online at the Council website (www.councilofindustry.org) or contact Alison Butler at abutler@councilofindustry.org or (845)565-1355.

We would like to thank our sponsors for helping to make this event possible:

Lunch: **Joe Pietryka, Inc.**

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A variety of sponsorships are still available. Sponsors help make this event possible and one of the most enjoyable of the golfing season. Please support the Council of Industry and Hudson Valley manufacturing by becoming a sponsor. For more information go to www.councilofindustry.org/event-sponsorship-opportunities.html or call (845) 565-1355.

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**Continued from page 6
Legislative Matters**

2. To read updated developments on the issue, click on “View Details.” To send an e-mail directly to your members of Congress, click on “Take Action.” You may send any or all of the posted alerts.

3. Under the following “Send a Letter” page, you will find that you have already been matched with your federal and state elected officials. Read over the provided message content and add any personal information about your business experience. Remember, personal stories and statistics have the most impact on members of Congress — it shows how their vote will impact or is impacting your business.

4. Because you are logged into the site, your contact information will automatically load into the e-mail.

5. Click “Send Letter” to complete your outreach.

Thanks for taking the time to communicate with your members of Congress. Your advocacy efforts make a difference.

For more information about the NAM's Manufacturing Works program, contact Meredith Nethercutt, NAM director of public affairs and grass roots advocacy, atmnercutt@nam.org or (202) 637-3121.

**Continued from page 2
Training Matters**

Reaching out to your local Community College, One Stop, or the Council of Industry can provide a pathway to join a consortium. At this time of year, you should be thinking of your Community College since all Community Colleges have access to Workforce Development Grants. These grants, typically due at the end of August, are an excellent and easy way to access your first grant. Unlike many other grants, the Workforce grant application is written by a College administrator on your behalf. College staff will work with you to gain an understanding of your training issues, secure vetted training professionals, negotiate reasonable training prices, write the grant narrative, and manage the grant budget.

With the end-of-August deadline in mind, if your company is planning to hold any training in the next year you might want to consider applying for a SUNY Workforce Grant now. The term of the grant is typically from September through July, approximately a year. These grants require, at minimum, a 10% cash match from the company, though the greater the match, the more competitive the proposal. In addition, training must be held during normal working hours. An individual company

or a consortium of companies is eligible to apply for up to \$50,000.

The funds can be used for most types of training. If you are interested in applying for a SUNY Workforce grant, it's easy! The grant process requires the following actions from the applicant company:

- A letter on company letterhead that includes a description of the company, a statement of need for the training and a list of training topics.
- A wrap-up letter at the conclusion of the grant stating how the training impacted the company.
- A stated commitment from the company to pay the required cash match, the amount of which is determined at the time of application.

To learn more you can contact your Community College or contact the Council of Industry. The Council partners with the Colleges on this and many other grant opportunities.

If you have specific questions feel free to contact Deborah O'Connor, Associate Dean, SUNY Ulster at (845) 802-7166 or via email at oconnord@sunyulster.edu, or Harold King at the Council of Industry, (845) 565-1355 or hking@councilofindustry.org.

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