

Health Care Reform Provisions Will Impact Council Members

By Harold King, Executive Vice President, Council of Industry

On March 22 President Obama signed the Patient Protection and Affordable Care Act into law and a reconciliation law that will modified that law passed both houses March 25th. The new law will have a tremendous impact on our members . Some of those impacts will be felt nearly immediately, while others will take several years to be felt. Still others, such as those resulting from the “law of unintended consequences” may take decades to be felt. This article attempts to summarize some of the important consequences for Council members and their group health plans.

Small Employer Subsidies

Beginning this year, employers with no more than 25 employees and less than \$50,000 in average wages are eligible for a tax credit for employer-provided health coverage. Through 2013, the tax credit is up to 35% of the employer’s contribution if the employer contributes at least 50% of the premium. After 2013, available for two years, there will be a tax credit of up to 50% of an eligible small employer’s contribution for health coverage purchased through the Exchange.

Coverage Mandates

Effective six months after the new law is enacted, health plans must treat “children” up to age 26 as eligible dependents. Also effective six months after enactment, health plans may not impose pre-existing condition exclusions on children, and may not impose lifetime limits on the dollar value of coverage.

Beginning January 1, 2014, health plans may not impose annual limits on the dollar value of coverage. Also, beginning 2014, the new law starts setting maximum out-of-pocket costs for participants. Health plans – other than grandfathered existing health plans – must meet certain minimum benefit standards. (Details regarding minimum coverage standards will be discussed in a subsequent article.)

Tax Withholding and Reporting

Effective January 1, 2013, the Medicare portion of the FICA tax increases to 2.35% (from 1.45%) for earnings over \$200,000 for individuals (the threshold is \$250,000 for couples). Beginning with 2011, employers must report the value of each employee’s employer-provided health coverage.



Flexible Spending, Health Savings, and Health Reimbursement Arrangement Changes

Beginning with 2011, the new law prohibits tax-free reimbursements (e.g., from health flexible spending accounts, health reimbursement accounts, and health savings accounts) for over-the-counter-drugs. Effective January 1, 2013, it caps annual pre-tax contributions to health flexible spending accounts at \$2,500, subject to inflation adjustments. The Reconciliation Bill delays the effective date to 2013.

Employer “Pay-or-Play” Mandate

Beginning January 1, 2014, the following “pay-or-play” mandates apply: Employers with more than 50 employees will be required to offer health care coverage to employees or pay a penalty. The penalty for failure to provide coverage – *applicable if at least one full-time employee receives government-subsidized Exchange coverage* – is \$2,000 per full-time employee in excess of 30 employees. (The “Exchange” is a state-based program through which individuals can buy health coverage that includes subsidies for those with income that is 133%-400% of the federal poverty level.) The Reconciliation Bill provides for a 30-employee threshold and imposes a \$750 per full-time employee penalty. A “full-time” employee is one who works on average at least 30 hours per week.

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Training and Education

The Council Has Training to Get Your Projects in Gear

The Council of Industry has courses in Project Management and Lean Six Sigma Yellowbelt , which can help get your latest projects off the ground. Project Management will cover the project lifecycle from initiation through planning and execution all the way to termination. The Lean Six Sigma Yellowbelt course will teach the tools needed to problem solve and define, measure, analyze , improve and control .

Project Management

Dates: Thursdays, April 8-15-22-29 & May 6, 2010 **Time:** 9:00am - 4:30pm **Location:** Rockland Community College
Cost: \$600 Single participant - \$550 Two or more from one company **Instructor:** Evadne Gianinni, HospitalityGreen

This course will introduce basic concepts including the definition of a project and the project manager's job, how to develop success criteria, and how to engage project stakeholders. Topics will include:

- **Project Life Cycle**—Methodology, SOP's, Corporate Standards, Why DO projects fail?
- **Project Initiation**—Project Organization, Project Office, The Project Team, Needs Analysis, Project Management Tools
- **Planning**—Objectives and Benefits, Project Charter, Scope, Deliverables, Resources and Costs, Project Schedule
- **Execution** —Budgeting and Costs, Schedule Revision, Resource Allocation, Change Control Plan, Communication Plan, Progress Reporting, Risk Management Plan, Execution of the Plan, Monitoring the Plan, Measurement and Metrics (Key performance indicators and Repetitive processes)
- **Termination**—Project Post-mortems, Lessons learned, Ideas for Improvement, Final Decision

Lean Six Sigma Yellowbelt

Dates: April 20-22, 2010 **Time:** 9:00am - 4:30pm **Location:** Dutchess Community College
Cost: \$400 per person, groups with a minimum of 3 required for this course **Instructor:** Vinnie Buonomo and Dr. Don Baker RIT.

This is an approach to process improvement that merges the complementary concepts and tools from both Six Sigma and Lean approaches. The resulting approach will have greater impact than one that centers on only Six Sigma or Lean. Participants will learn a short history of each approach and how they can complement each other. They will be introduced to the Define, Measure, Analyze, Improve, Control improvement process and some of the tools associated with each stage. The following topics will be focused during the training: Resistance to Change, 5-S Visual Controls, Team Building, Problem Solving Process and Statistical Thinking.

During this interactive Yellow Belt training, each group of participants will identify opportunities within their respective work areas and ways to improve those areas utilizing taught problem solving tools. The teams will present their identified work area opportunity and suggested solutions.

Certificate in Manufacturing Leadership: Effective Business Communication

Dates: April 21, 2010 **Time:** 9:00am - 4:30pm **Location:** Dutchess Community College
Cost: \$200 per person, \$175 each for two or more from the same company. **Instructor:** Rebecca Mazin

The Council of Industry's Effective Business Communication course is designed to enhance an employee's ability to effectively communicate information to others within the company. Course content discussed will relate directly to supervisory relationships, co-worker dynamics, customer contact and dealing with managers. This course teaches individuals the techniques and the theory behind effective communication in order to get your ideas across clearly and concisely with maximum input.

The course will cover:

- Listening Skills
- The Communication Model
- Effective Writing Skills
- Assessing Your Personal Communication Style



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To register for any of the above classes contact Ana Maria Murabito at anamaria@councilofindustry.org or call (845) 565-1355 or go to our website—www.councilofindustry.org

Council News

How to Stay Union Free HR Sub-council meeting Recap

When the Council of Industry began a century ago, the topic for one of its first meetings was probably very similar to the last Human Resources Sub-council presentation held on March 19th, a discussion of how to create a culture and climate in your workplace where Labor Unions have no success organizing your workforce. Today the threat of unionization is just as intimidating, perhaps more so with the EFCA looming in congress.

Michael Hekle from Jackson Lewis, LLP, presented the attendees with a great deal of information on ways to stay Union Free. Private sector union membership is at an all time low. This is due in large part to their own political successes. Traditionally workers join unions for job protection, benefits, and wages. Many of these issues are now addressed for workers through federal and state laws such as the FMLA, the FLSA, and the ADA, to name but a few. This decline in Union membership and the resulting loss of dues revenues has caused organized labor to push for changes in the rules that govern organizing to make it easier for them to be successful. Hence the proposed “Employee Free Choice Act”

Hekle explained there are a variety of signs to watch out for if an employer suspects unions are trying to infiltrate their workforce. Normally difficult employees suddenly become very easy going, job applicants that are over qualified and an increase in employees challenging supervisors are just a few of the signs to watch for. Unfortunately there are also many legal traps employers can fall into at this point. The best thing to do if an employer suspects unions are recruiting is to consult legal counsel, especially with the passage of the EFCA a very real possibility.

According to Hekle, the best thing employers can do is remind their workforce of all the benefits and perks that they have without having to pay dues to a labor union. It is also important to remain vigilant and listen to what is

going on within the workforce, both your own and surrounding companies.

The attendees came away with a far better understanding of the process of unionization and how the EFCA may affect that process. There was a wonderful tour of the Advanced Coating Technologies facility following the meeting and we would like to thank them for hosting us.



May HR Sub-council Meeting: Wage & Hour

The Council of Industry’s Human Resources Sub-council will meet on Friday, May 14th to discuss Wage & Hour law and the Fair Labor Standards Act coverage and exemptions. Joan Marie Dowling from Bond, Schoeneck & King PLLC will provide a presentation and answer questions on the topic which will include:

- How to maintain clear, accurate records that meet all FLSA requirements
- Critical information you must know if you deal with private contractors
- What circumstances could warrant an investigation by the Wage-Hour Division of the Department of Labor
- How to avoid penalties and lawsuits — clear up the confusion and make sure your organization is in compliance with the latest FLSA revisions
- Procedures for resolving wage and hour payroll issues for exempt and non-exempt employees

To register call (845) 565-1355 or e-mail abutler@councilofindustry.org.

Welcome New Associate Member:

Staco Energy Products— Power quality solutions. Contact: Rich Zuccaro.

This decline in Union membership and the resulting loss of dues revenues has caused organized labor to push for changes in the rules that govern organizing to make it easier for them to be successful. Hence the proposed “Employee Free Choice Act”



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Personnel Matters

A well-drafted social networking policy is essential because an employer's existing policies, such as those governing confidentiality or the use of the employer's computer systems, may not be broad enough to protect against employee misuse of these sites.

A Few Tips for Drafting Social Networking Policies

By Lauren Darienzo, From New York Labor and Employment Law Report at bsk.com

Social networking and blogging sites, such as Facebook and Twitter, continue to grow in popularity. The number of participants is staggering. Facebook alone recently reported that it now has more than 400 million active users.

Given the rise in use of social networking sites, employers should consider implementing a policy governing employee use of such sites. A well-drafted social networking policy is essential because an employer's existing policies, such as those governing confidentiality or the use of the employer's computer systems, may not be broad enough to protect against employee misuse of these sites. This post covers some of the issues to consider in drafting an effective social networking policy, and also discusses the practicalities of investigating alleged violations of such a policy.

One of the first things to consider in drafting a social networking policy is whether to allow employees to access the sites through the use of the employer's technology, such as computer and email systems or handheld devices, and whether access will be permitted during work time. The answer to these questions may depend upon the nature of the employer's business and whether there are business-related reasons for employees to use the sites.

A social networking policy should also prohibit inappropriate postings on, or the inappropriate use of the sites, and should advise employees what is considered inappropriate. Defining the line between appropriate and inappropriate, however, may be the most difficult challenge, particularly for those employers employing a relatively young workforce. Examples of inappropriate postings include comments and complaints that are disparaging to the employer, or the disclosure of an employer's proprietary or confidential information or of any information that is protected by law. Employers should also consider whether to forbid employees from posting any information about the employer, or if certain information would be permissible

with the employer's prior approval. Employees should generally not be allowed to speak on behalf of their employer, unless specifically authorized to do so.

In defining what constitutes impermissible conduct under the policy, employers must use caution to avoid infringing on employees' rights under Section 7 of the National Labor Relations Act. The policy cannot be drafted in a way that employees would reasonably construe as prohibiting discussion of wages, hours, and working conditions. A policy which prohibits and specifically describes a broad range of inappropriate communication is less likely to run afoul of the National Labor Relations Act.

Because enforcing a social networking policy can be difficult, the policy should require employees to report known violations to the human resources office or a member of management. As with other key policies, employees should be told that it is their "responsibility" to help the employer ensure compliance with the policy. The potential consequences of a violation of the policy should also be described. This can be as simple as a warning that an employee may be subject to discipline, up to and including discharge.

Once developed, the policy should be distributed to all employees, who should be required to acknowledge in writing that they have received it. The policy should be redistributed to employees periodically.

A social networking policy is most effective when developed in conjunction with a policy governing employee use of technology belonging to the employer. A policy of this kind should be designed to lower employees' expectations of privacy when using the employer's technology by including language stating that the employer reserves the right to access, intercept and monitor all information accessed, sent, or received through the employer's systems.



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More Personnel Matters

How To Boost Employee Morale On A Budget

From Forbes.com by Jane Applegate

"Money can't buy happiness" is not a cliché when it comes to boosting morale around the office. In these uneasy times, when many entrepreneurs are pinching every penny, knowing how to reward employees without spending a lot is crucial.

"You can do things for employees that don't cost anything, but are worth a million dollars," says Bob Nelson, author of *1001 Ways to Reward Employees*, now in its fifty-second printing. Better yet, "small businesses can do [these things] because they aren't constrained by a 500-page policy manual."

Stop fretting about not being able to shower your employees with cash, says Nelson, who runs a consulting company based in San Diego. For his doctoral dissertation, Nelson conducted a landmark survey of 2,400 employees in 34 companies.

Greenbacks are nice, of course, but barring those, Nelson discovered that most employees crave communication, involvement and autonomy. While a hearty pat on the back always feels good, extra attention and sense of ownership feel even better.

"Every employee should be given the chance to determine how best to do their jobs, as well as increased authority and leeway in the handling of company resources," says Nelson.

Taking an interest in your employees also means investing in their future. That's why training and development opportunities are energizing perks. Check out the local community colleges and university-extension departments for affordable classes, and foot

While a hearty pat on the back always feels good, extra attention and sense of ownership feel even better.

part or all of the tuition for eager employees.

Company picnics? Chuck them. Employees don't care--in fact, they find them a burden. Better to grant the flexibility for personal time to handle family obligations. Four-day work weeks are becoming popular (though they come with their own complications). If possible, consider letting people work from home one day a week--with gas at \$3 a gallon, that savings will feel a like a holiday bonus.

Kathy Taggares, chief executive of K.T.'s Kitchens, a Carson, Calif.-based maker of frozen pizza and salad dressing, needed a cost-effective way to thank her overworked staff for winning a multi million-dollar grocery account. The previous year's glitzy, five-figure Los Angeles harbor cruise with open bar was too expensive to repeat, so she booked a nearby go-kart track for a Friday afternoon.

"We mixed up people from production, quality control and maintenance," she says. The drivers ranged from 20-something women to a 74 year-old manager; non-drivers got into the act as cheering "pit-crews." The afternoon ended with a feast of Mexican food and gooey cake served in the party room at the track. Price tag for the 35-person celebration: about \$2,000.

"It was a great team-builder, because people from different departments are often at odds with each other," says Taggares, who handed out trophies to winning drivers. "You would have thought people were winning Oscars. Everybody was just thrilled."

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Consumer Price Index - Jan. 2010

				Point	%	% Increase
Wage Earners & Clerical	Feb. '09	Feb.	Jan.	Increase	Month	Year
1967=100	615.72	633.11	633.18	- 0.07	0.0	2.8
1982-84= 100	206.71	212.54	212.57	-0.02	0.0	2.8
All Urban Consumers						
1967=100	635.64	649.26	649.10	0.16	0.0	2.1
1982-84=100	212.19	216.74	216.69	0.05	0.0	2.1
Hudson Valley Unemployment Rate for February 2010 = 8.1						



Legislative Matters

The framework proposed by Senators Schumer and Graham takes a big step towards a workable immigration system by proposing a visa which would enable U.S. employers to hire foreign workers when they are unable to recruit U.S. workers. Providing a legal mechanism for meeting labor needs would go a long way towards reducing illegal immigration.

Senators Schumer and Graham Release Immigration Reform Framework

From JacksonLewis.com

Senators Charles E. Schumer (D-NY) and Lindsey O. Graham (R-SC) have outlined their vision and framework for immigration reform, proposing the use of biometric identifiers for better verification of employment authorization and expressing concern for the burden placed on employers under current law. The Senators, in a statement issued on March 18, 2010, acknowledged, "Our immigration system is badly broken. Although our borders have become far more secure in recent years, too many people seeking illegal entry get through. We have no way to track whether the millions who enter the United States on valid visas each year leave when they are supposed to. And employers are burdened by a complicated system for verifying workers' immigration status."

"Four Pillars"

The Schumer-Graham outline for reform is based on four pillars:

1. Implementation of an effective employment verification system that holds employers accountable for hiring illegal workers. All U.S. citizens and legal immigrants who want to work in the U.S. would be required to obtain a high-tech, fraud-proof biometric Social Security card. Each card's unique biometric identifier would be stored only on the card — no government database would house everyone's information. The cards would not contain any private information, medical information or tracking devices. Prospective employers would be responsible for swiping the cards through a machine to confirm a person's identity and immigration status. Employers who refused to swipe the

card or who otherwise hired unauthorized workers would face stiff fines and, for repeat offenses, prison sentences.

2. An increase in border security and interior enforcement. This

would be aimed at expanding domestic enforcement to better apprehend and deport criminals and establishing an entry-exit system.

3. Creation of a rational process for admitting temporary workers which would allow U.S. employers to hire foreign workers if employers can demonstrate that they cannot find qualified U.S. workers to do the job.

4. Implementation of a tough but fair path to legalization for the approximately 11 million undocumented aliens currently in the U.S. They would be required to admit to immigration violations and to pay their debt to society by performing community service and paying fines and back taxes. These individuals would be required to pass background checks and be proficient in English before going to the end of the line of prospective immigrants to earn the opportunity to work toward lawful permanent residence.

Other Factors

The Schumer-Graham outline also includes: Giving legal permanent residence to immigrants who graduate with advanced degrees from U.S. universities. The plan would award green cards to foreign students who receive a Ph.D. or master's degree in science, technology, engineering or math from a U.S. university.

Zero tolerance for illegal immigrants who commit crimes and expand enforcement of immigration laws.

White House Response

The White House praised the Schumer-Graham framework. The President stated that he was "...pleased to see that Senators Schumer and Graham have produced a promising, bipartisan framework which can and should be the basis for moving forward. It thoughtfully addresses the need to shore up our borders, and demands accountability from both workers who are here illegally and employers who game the system." The White House indicated its commitment to work with Congress to forge a bipartisan consensus this year "...so we can continue to move forward on comprehensive immigration reform."

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More Legislative Matters

New York State Budget Likely Late Again

As of this publication there are a few things that are certain about the New York State FY 2010-2011 budget: It will include tax increases, it will include spending cuts, and it will be late.



The negotiating positions of the state Senate and Assembly became clearer in late March as Assembly Democrats (the majority) offered a 2010-11 budget plan that cuts less school aid than the Senate's blueprint but allows the state to borrow \$2 billion as part of a "Recovery Act" devised by Lt. Gov. Richard Ravitch. The Assembly embraced other aspects of the Ravitch plan, including the creation of a special review board that would have to sign off on the budget. If the board didn't approve the plan as framed by the legislative and executive branches, the governor would have broad powers to withhold funds. "This is not a budget anybody is thrilled to be supporting," Assembly Speaker Sheldon Silver said minutes before the chamber passed its budget plan. "The cuts contained in this proposal are painful and a reflection of the weakened state of our economy."

The Assembly plan cuts \$4.3 billion, compared to \$4.9 billion that Gov. David Paterson has proposed. The Assembly Budget proposal is for \$136.7 billion, including federal funds. The Senate plan approved Monday comes in at \$136.2 billion. The Governor's plan seeks \$134 billion. School aid offers a major problem. Paterson and Senate Democrats want to cut \$1.4 billion, but Assembly Democrats want \$800 million in reductions.

After Friday, lawmakers will be out of session for the Easter and Passover holiday periods, and aren't scheduled to be back until Wednesday, April 7. So the chances of an on time budget are very slim.

Other Assembly proposals include:

- Increased regulation of health insurance rates. The move, desired by the governor as well, would mark a return to the pre-Pataki

days when health insurers needed state approval to raise rates. It's not in the Senate plan.

- Increased taxes on hospitals;
- A \$1 dollar per pack increase on cigarettes, bringing the tax to \$3.75 for a pack of 20;
- The legalization of mixed martial arts exhibitions, which would be taxed;
- The rejection of a proposed delay to the increase of welfare grants;
- The addition of another \$25 million to the Environmental Protection Fund, bringing the total to \$168 million. The fund pays for activities such as land purchases for preservation and parks.
- A measure -- also supported by Paterson -- to tax cable companies to pay for health education.
- The restoration of \$126 million in health care cuts asked by the governor.
- The \$2 billion in borrowing was part of a five-year recovery plan offered by Ravitch, who has said he believes that closing the current budget gap of more than \$9 billion in an election year without such a move is politically impossible.

Assembly Democrats said they adopted most of Ravitch's plan, which includes putting the state on a GAAP or Generally Accepted Accounting Principles budgeting system.

Some of the details in the Assembly's bill tweaked the Ravitch plan, such as the amount of time needed to determine whether a budget was in balance or not. The Assembly Democratic proposal provides more time, which officials said was more realistic.

"This is not a budget anybody is thrilled to be supporting," Assembly Speaker Sheldon Silver said minutes before the chamber passed its budget plan. "The cuts contained in this proposal are painful and a reflection of the weakened state of our economy."



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EHS Matters

OSHA eTool Explains Ways to Protect the Safety of Electric Power Workers

From www.osha.gov

OSHA's eTools are stand-alone, interactive Web-based training tools on occupational safety and health topics that include modules for answering questions and providing advice on how OSHA regulations apply to users' worksites.



Approximately 80 workers die from electric shock each year while working on electrical equipment or related utility operations. To help prevent such deaths, the Occupational Safety and Health Administration recently published the "Electric Power Generation, Transmission and Distribution Standard" eTool.

Recent deaths have illustrated the dangers of working with electric power. A worker installing decorative lights on a tree was electrocuted after touching a high-powered overhead electrical line. Another worker was electrocuted after contacting an overhead high-voltage line with a portable light tower while working at a water main repair site.

"We cannot allow these tragedies to continue," said Assistant Secretary of Labor for OSHA David Michaels. "This eTool informs employers of their obligation to protect electrical workers from serious injuries and death, and also lets workers know the preventive steps their employers must take to assure worker safety."

This eTool addresses OSHA's standard and explains preventive measures for protecting workers' safety and health such as providing personal protective equipment, using lockout/tagout procedures to prevent startup of energized equipment and following safety requirements when working on or near power lines.

OSHA's eTools are stand-alone, interactive Web-based training tools on occupational safety and health topics that include modules for answering questions and providing advice on how OSHA regulations apply to users' worksites.

Under the Occupational Safety and Health Act of 1970, employers are responsible for providing safe and healthful workplaces for their employees. OSHA's role is to assure these conditions for America's working men and women by setting and enforcing standards, and providing training, education and assistance. For more information, visit <http://www.osha.gov>.

EHS Sub-council Meeting: Electrical Safety

When: Friday, April 16th, 9:00—10:30 am

Where: H.O. Penn, Poughkeepsie, NY

Cost: None for members

The next Environment Health and Safety Sub-council meeting will cover electrical safety. Steven Enright, safety engineer, will cover:

- General electrical safety
- OSHA standards
- Qualifications for working w/ electricity
- Protective measures
- Fundamental considerations
- Safety controls



There is still room if you would like to attend -

Contact Alison Butler to register or for more info— abutler@councilofindustry.org

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CI Calendar—What’s Ahead

Apr 8	Executive Strategic Management: Authentic Leadership Development — 5:00 pm –9:00 pm at SUNY New Paltz, School of Business, Van den Berg Hall. Cost: \$125 for a single participant, \$100 for 2 or more from the same company.
Apr 8, 15, 22, 29, and May 6	Project Management — 9:00am — 4:30pm at Rockland Community College. Cost: \$600 for a single participant or \$550 two or more from the same company.
Apr 16	EHS Sub-council Meeting: Electrical Safety — 9:00–10:30 am at H.O. Penn Machinery Co., Poughkeepsie, NY. No cost for members.
Apr 20, 21, 22	Lean Six Sigma Yellowbelt Training —9:00am — 4:30pm at Dutchess Community College. Cost: \$400 per participant, a minimum of three participants required per company.
Apr 21	Certificate in Manufacturing Leadership: Effective Business Communication — 9:00 am—4:00 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 for a single participant, \$175 each for two or more from the same company.
May 5	Certificate in Manufacturing Leadership: High Performance Work Teams — 9:00 am—4:00 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 for a single participant, \$175 each for two or more from the same company.
May 12	Certificate in Manufacturing Leadership: Worksite Training Skills— 9:00 am —4:00 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 for a single participant, \$175 each for two or more from the same company.
May 14	HR Sub-council Meeting: Wage & Hour — 9:00–10:30 am location to be determined. No cost for members.
May 19	Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement — 9:00 am—4:00 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 for a single participant, \$175 each for two or more from the same company.
May 26	Certificate in Manufacturing Leadership: Human Resources Management Issues in Manufacturing — 9:00 am—4:00 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 for a single participant, \$175 each for two or more from the same company.
Jun 3	The Council of Industry’s 100th Anniversary Gala — 6:00 pm at the Grandview in Poughkeepsie, NY. Tickets: \$150 per person, \$1,350 for a table of ten.

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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 + click the course title.



Marketing Matters

Every contact a customer has with your organization must be focused on increasing customer loyalty and their image of you as a value add partner. Every employee within your organization, no matter the department, should understand and be empowered to make decisions that will result in a win-win solution.

Lean, Green Sales with the S.H.A.R.P. Sales Training™: Increase Profits while Reducing Wasted Time, Energy & Dollars

By Debra Pearlman, CEO of DP Sale Pro

Over the course of the next several months, this column will take an analytical look at each step within the sales process. Intertwined with the steps will be the philosophy and psychology often employed by successful sales professionals. The philosophy is that by providing sales and customer service agents training, support and direction on a consistent basis, they will feel empowered, motivated and willing to take ownership over their own, as well as the organization's, success. The results will be increased profits and revenue as a consequence of improved customer relations; shortened sales cycles; and reduced employee turnover.

Creating a successful and sustainable sales process allows the organization to realize a higher ROI on the time spent analyzing and adjusting current practices. The sales process encompasses each and every step, action, communication and document that moves your prospect from the initial inquiry through the final shipment and implementation of your product or service. This includes verbiage utilized in both telephone and email scripting and marketing materials. Every contact a customer has with your organization must be focused on increasing customer loyalty and their image of you as a value add partner. Every employee within your organization, no matter the department, should understand and be empowered to make decisions that will result in a win-win solution.

Every contact your customers have with your organization should be looked upon as an opportunity to increase customer loyalty and thus revenues. Front line employees have the ability to make or break relationships simply by the words and tone used either face to face, over the phone, or in an email transmission.

Performing due dili-

gence and investing time, energy and money into running your sales and customer service departments as lean and efficient as other departments offers an extremely high ROI both immediately and long into the future.



You can take the initial steps now. Begin by clearly defining the goals and mission of the organization. What was the impetus for starting your business? Where do you see your organization in 1 year? 5 years? 10 years? Without clearly defined goals, it will be virtually impossible to build a roadmap that will take your organization there. Without defined goals your employees will flounder with no motivation to take ownership or pride in their responsibilities. Unmotivated employees become disgruntled and as they are your first line in terms of customer contact, disgruntled employees typically become problematic.

The best method for clarifying the ultimate goal and the steps necessary in achieving it, is to use visualization. If your sales and customer departments were operating at its peak potential, how is that picture described? Include every aspect from the verbiage used for incoming calls to the method in which the sales and customer service departments relate with the other departments within your organization. Do you see meetings and training sessions? Are there visits to customer sites by sales and customer service agents? Do your agents understand your industry and know your competitors?

Goal setting is the starting point. Once you have defined a clear vision of what you want your organization to look like, developing the steps and strategies to get your organization there will become simpler.

Debra Pearlman, CEO of DP Sales Pro, can be reached at Debra@DPSalesPro.com or call (845) 649-2727 or go to her website at www.DPSalesPro.com.

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Manufacturing Matters

Are You Ready For The Manufacturing Recovery? SMED Setup Reduction Can Help

By Arnold Most, President, Most Business Improvement Solutions

Many economists are forecasting growth in the manufacturing sector over the next few years. If and when this growth occurs your firm will want to be in a position to capitalize on any opportunities that present themselves. That means, among other things, being flexible, efficient and lean.



Is your factory as efficient as it could be? If you need the capacity are your tools ready? Have you reduced your setup times, organized your work spaces with 5S, Have you removed as much non value add from your processes as is possible? Have you implemented all the lean manufacturing principles you have learned? Do you have to train your workforce in lean?

Maybe now is the time to get ready. I'd like to discuss one of the tools mentioned above, setup reduction. Setup reduction is a powerful tool for finding capacity in your existing tool set. If the orders start to build and you don't have the capacity to respond, you will be greatly limiting your business potential.

Setup reduction or SMED (single minute exchange of die) is a technique that can be taught to your workforce and can reduce your setup time from hours to minutes. Every minute of setup time reduced is another minute you can use to produce product and satisfy your customers.

What does it mean by satisfy your customers? Customers are looking for suppliers that can deliver product at cost, on time, and defect free. If you are able to reduce your setup time you have more tool time to be responsive to your customers. You don't need to produce a lot of WIP (work in process inventory) to cover long setup times. This reduces your cost and also increases your responsiveness. SMED focuses on reducing trial runs and producing parts right the first time. This reduces defects and cost and that equals satisfied customers.

The process to implement SMED involves training a team of your employees in the 4 step process. This training is best handled by a qualified consultant trained in SMED techniques and that has an ability to teach and motivate your employees.

Why use your employees rather than just having a consultant "do it"? Setup reduction requires change. Your employees are following a process now. They may be comfortable with that process. Change can be threatening. If they are involved in the development of the new setup process there is a better chance they will embrace it.

You can contact Harold King at the Council of Industries for resources to help with setup reduction or any other lean tool you might need.

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Financial Matters

New Hiring and Retention Incentives For Employers

From VDDW Bridges Newsletter



On March 18, 2010, President Obama signed the new *Hiring Incentives to Restore Employment Act* (HIRE) into law. This federal legislation creates brand-new tax breaks for hiring and retaining unemployed workers, extends the enhanced business equipment de-

duction that was available last year, and reinforces the "Build America Bond" program.

Here's a quick rundown on these three key tax breaks:

1. Employers Get a Payroll Tax Holiday for New Hires -- Plus a Potential Tax Credit Bonus. Normally, an employer is required to pay its share of Social Security taxes on wages earned by employees. For 2010, the portion of the tax is 6.2 percent on the first \$106,800 of wages.

Under the *HIRE Act*, an employer is effectively excused from paying its share of the 6.2 percent tax on wages received by "qualified employees." This exemption applies to wages paid after the date of enactment through the end of 2010. The maximum value for each qualified employee is \$6,621.

Example: If a qualified employee is hired in March and receives \$50,000 in wages in 2010, the employer saves \$3,100 (6.2 percent of \$50,000) in Social Security tax.

The new law defines a "qualified employee" as someone who meets all of these criteria:

- Begins work after February 3, 2010 and before January 1, 2011.
- Has not been employed for more than 40 hours during the previous 60 days (ending on the start date).
- Was not hired to replace another employee unless the former employee separated from employment voluntarily or for cause.

Is not related to the employer and does not own more than 50 percent of the business, either directly or indirectly.

Notes: A qualified employee may be either a full-time employee or a part-time employee. There is no minimum requirement for the hours worked. The payroll tax forgiveness does not apply to the 1.45 percent Medicare portion of payroll tax. And household employers (for example, hiring nannies) cannot claim the new tax benefit

The exemption officially begins with wages paid in the second calendar quarter of 2010. Employers entitled to tax relief for the first quarter will be credited against their general Social Security

liability for the second quarter.

Another tax credit bonus: In addition to the payroll tax forgiveness, an employer can claim a tax credit if it retains a qualified worker for a minimum of 52 consecutive weeks. The credit is equal to the lesser of: \$1,000 or 6.2 percent of the employee's wages paid during the 52-week period. If the employee quits or is fired before the end of the one-year period, no credit is allowed.

The new law requires that employers get statements from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for someone else during the period. The IRS is currently developing a form employees can use to make the required statement.

Consult with your tax adviser to determine if these tax breaks make it advantageous for your business to hire new employees now and to ensure you comply with the documentation rules to qualify.

2. The Super Deduction for Purchasing Business Equipment Has Been Extended. Section 179 of the Internal Revenue Code allows an employer to "expense," or currently deduct, qualified business assets placed in service during the year, up to a specified maximum. So instead of depreciating equipment over several years, you can write off the entire cost in one year if you qualify and make this election. The maximum deduction is phased out on a dollar-for-dollar basis for the cost of assets exceeding a threshold amount.

Under an earlier stimulus law, the maximum Section 179 deduction allowed for 2009 was \$250,000, while the phase-out threshold was set at \$800,000. Without an extension, the Section 179 deduction for 2010 had reverted to \$134,000 and the phase-out threshold was \$530,000. Now the new law preserves the higher limits for qualified assets placed in service in tax years beginning in 2010.

Notes: The *HIRE Act* does not extend the "bonus depreciation" tax break that was also available for business equipment purchases in 2009. However, it does continue to allow businesses to currently deduct the cost of off-the-shelf software placed in service in 2010.

Similarly, the law did not provide alternative minimum tax (AMT) relief or any revision of the estate and gift tax laws. However, these issues are addressed in other legislative proposals that are currently working their way through Congress. Stay tuned. We'll tell you about additional tax changes as soon as they pass.

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Member Services

The Council of Industry's Employment Services

Finding talented employees with the skills that match your company's needs is one of the biggest challenges Hudson Valley manufacturers face. This is true even given today's relatively high unemployment rate. For nearly all of our 100 years the Council of Industry has helped its members fill key positions with the most talented workers available. The following are some of the ways we can help.

Perhaps the Council of Industry's most valuable resource for employment services is McAleer & Associates, Inc. For over 10 years McAleer & Associates (formerly Cornell Associates) has provided Council of Industry members with employment placement services for jobs from CEO to Machinist. To find out more contact them at (845) 565-8860 and mention you are a Council of Industry member to receive a 25% discount. Their website is www.mcaleerassociates.com.

Our "For Hire" page on the website is another great resource to help companies fill positions. The "For Hire" page contains brief descriptions from candidates that have sent their resumes to us along with a recommendation from one of our members. If you are interested in a candidate, just e-mail abutler@councilofindustry.org with the reference number.

Council of Industry members can post job openings on our website's Job Opportunities pages. Ads of approximately 100 words run for thirty days for only \$75. It is very easy to do, just e-mail a brief job description along with any qualifications and contact information to Alison Butler at abutler@councilofindustry.org.

There are also several associate member of the Council of Industry who can help you find that key person employee or temporary worker. They are Ethan Allen Personnel Group, Aerotek and Knapp Personnel and their contact information can be found on the Council website www.councilofindustry.org.



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3. Tax Credit Bonds Are Made More Attractive. Under the *American Recovery and Reinvestment Act of 2009*, state and local governments were authorized to issue "Build America Bonds." These bonds have proven to be popular among institutional investors, such as municipal bond funds. To increase participation in this program, the *HIRE Act* allows issuers of qualified tax credit bonds to elect to receive direct payment from the federal government in an amount equal to the allowable tax credit. The tax credit bonds include new renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds and qualified school construction bonds.

What is NOT Included in the Legislation?

The *HIRE Act* does *not* include a number of tax breaks that people are waiting for and Congress continues to discuss. We are likely to see new legislation this year that covers the extension of several tax breaks that technically expired after 2009, such as the Research Tax Credit, the higher education tuition deduction, the state and local sales tax write-off and a variety of other business and individual tax breaks.

Continued from page 4

Employers should also obtain the express consent of employees both to monitor communications and to access stored communications. This is best accomplished by requiring employees to sign written consent forms. Alternatively, an employer can establish that employees have consented to the monitoring and accessing of communications by requiring them to click on a pop-up screen acknowledging consent to the employer's policies before access is granted to the employer's computer systems.

Even with a well-drafted social networking policy in place, investigating potential violations, such as an allegation that an employee has posted something inappropriate on a site, can be challenging. It may be difficult to verify that the alleged misconduct occurred because the information may be posted on a secured site not accessible to the public or it may be deleted before the investigation has been completed. If the posting was prepared or accessed using technology belonging to the employer, an employee's consent to access that information could be obtained through the type of technology use policy discussed above.

If the employer's technology was not used, it may be impossible to view the posting without the employee's consent. In that scenario, an employer may have no recourse other than to simply question the employee about the posting, and to speak to any co-workers who may have seen it. Employers should hesitate before asking employees for their personal log-in information. Aliases or similar surreptitious means to access a secured site should not be used, and an employer should take steps to protect an employee's privacy in the investigation.

If an investigation concludes that an employee has violated the social networking policy, appropriate discipline should be considered, but an employer should use caution when meting out discipline. Public employers should also be aware that the First Amendment may protect an employee who speaks on what is considered to be a matter of public concern.

Member Profile

Blaser Swisslube has been manufacturing most of its water miscible cutting fluids and cutting oils that are sold in the United States, Canada, Mexico and Brazil, ever since they moved to Goshen.

Member Profile: Blaser Swisslube, Inc.

Founded: 1936, in Goshen since 1981

Location: Goshen, NY

Product: Manufacturing and distribution of metalworking fluids and lubricants.

Website: www.blaser.com

Blaser Swisslube is a manufacturer of high quality metalworking fluids for the metalworking industry with its headquarters in Hasle-Ruegsau, 10 miles from Bern, the capital city of Switzerland.

Ever since the company was founded by Willie



Blaser back in 1936, its activities and presence have gradually expanded to 46 nations. One important step in the growth

pattern of Blaser Swisslube was its decision to build up a presence in the USA. Operating out of White Plains NY originally in 1981, the company quickly saw a need to build a production facility five years later. It was in 1986 when Blaser Swisslube moved into its new office, laboratory and production facility in Goshen, NY.

While expanding the Goshen, NY production and warehouse facility two times, Blaser Swisslube has been manufacturing most of its water miscible cutting fluids and cutting oils that are sold in the United States, Canada, Mexico and Brazil, ever since they moved to Goshen. The products are sold through a well trained and highly motivated Sales Team supported by experienced and dedicated distributor sales organizations that have been in the industrial supply industry for many years.

The reasons why Blaser Swisslube has been able to continue to grow over all these years are multifold. One major contributing factor is the company's long tradition and emphasis in how



its employees are treated and being taken care of. The fact that Blaser Swisslube did not lay

off any employees based on the most recent economic downturn is testament to the company's priorities towards its people.

Another reason for continued growth can be attributed to the product portfolio. Blaser Swisslube offers a broad range of products that emphasize:

- People friendliness
- System friendliness
- Tool life and Performance

The metalworking fluids, also referred to as Liquid Tools®, offered by Blaser Swisslube are characterized by its customers as high performing, exceptional in service life, highly compatible with human skin, protective for parts and machine and cost effective. These are reasons why customers in the medical, aerospace, automotive, electronics, energy, heavy industry, machine tool industry and job shops continue to buy from Blaser Swisslube.



One of Blaser Swisslube's products, Blasocut, in action. Blasocut is used in the machining and grinding of ferrous and non-ferrous materials.

As a result, it is no surprise to find highly motivated, capable and experienced employees at Blaser Swisslube that are here to service and support customers. The team works well together and is always looking forward to taking on new challenges that the ever evolving industry presents. Motivated by Marc Blaser, CEO since early 2010 and grandson of the founder of the family business, Blaser Swisslube has the ideal foundation to tackle the next 25 years of its success story.

Continued from front page

Even if the employer does offer coverage, the employer still must pay an annual penalty if at least one full-time employee receives the government-subsidized coverage. In general, eligibility for the government-subsidized coverage depends on availability and affordability of employer coverage: If employer coverage “with an actuarial value of at least 60%” is unavailable or if an employee’s cost for employer coverage exceeds 9.5% of household income, a full-time employee would be eligible for the government-subsidized coverage. The penalty in this case is equal to the lesser of: (a) \$3,000 multiplied by the number of full-time employees who receive the premium tax credit, and (b) \$750 multiplied by the number of the employer’s full-time employees.

In addition, employers must provide a “free choice voucher” to each employee who: (a) has income below 400% of the federal poverty level, (b) would otherwise have to pay more than 8% of the premium for employer coverage, and (c) enrolls in a plan in the Exchange.

Waiting Period Prohibition

Beginning January 1, 2014, waiting periods for health plan eligibility cannot exceed 90 days. The Reconciliation Bill eliminates the penalties imposed under the Senate Bill for waiting periods between 30 and 90 days.

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Beginning in 2013, or possibly earlier (the effective date is not actually clear), an employer with more than 200 employees must automatically enroll its employees in the employer’s group health plan. An employee thereafter may “opt-out” of the employer’s group health plan coverage and either obtain other coverage or pay the individual penalty.

Beginning with 2014, virtually everyone must have at least a minimum level of coverage or pay an individual tax penalty for failing to do so. The penalty will be phased in over three years, beginning with 2014 and, in 2016, will be the greater of

\$695 per individual per year, up to a maximum of \$2,085 per family per year, or 2.5% of household income.

Cadillac Coverage Excise Tax

Beginning with 2018, employers must pay a 40% excise tax on single coverage, to the extent the value is in excess of \$10,200, and family coverage with a value in excess of \$27,500 (with higher thresholds for certain “high-risk” occupations). The Reconciliation Bill amends the Senate Bill by postponing the effective date from 2013 to 2018 and increasing the dollar thresholds from \$8,500 and \$23,000, respectively.

The continuing rise of health insurance is consistently one of the biggest concerns for members of the Council of Industry and other small and mid-sized manufacturers. Our members are frustrated that they seemingly have little or no control over the cost of this integral component of their compensation program. Whether its community rating or state mandated coverages – our members feel helpless against this rising tide of costs.

On its face, it appears the *Patient Protection and Affordable Care Act* does little to change this situation and may, in fact, make it worse. The Council of Industry, however, is working on an alternative approach. Recently I was introduced to a health insurance group captive program from Berkley Risk that, for the right companies, offers a solution to these frustrations.

The program – entitled EmCap – allows small and medium sized employers to access the alternative insurance techniques used by large companies to stem the rising cost of health insurance. The program provides employers with transparency and control. Control affords employers the opportunity to reduce insurance costs.

This program is not for everyone – underwriting criteria are very strict. Most Council of Industry members, however, because of their long standing commitment to their employees, are likely to qualify.

If you are an interested manufacturing member I invite you to join with other Council member CEOs and CFO’s in attending one of the 2 scheduled information sessions with representatives from Berkley Risk. The first meeting will be held from 4:00 – 6:00 April 8th at the Council of Industry office. The second will be held 8:00 a.m.- 10:00 a.m. April 9th at the Reis Group Office on North Front Street in Kingston.

The presentation will include the program structure, its underwriting standards, examples of other groups, the financial commitments and the potential savings for participants. There will be plenty of time for questions and answers as well.

Call or email me at the Council office to register for one of the information sessions, (845) 565-1355

hking@councilofindustry.org.

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