

February 2010

**The Manufacturers Association of the Hudson Valley**

Volume 14 Issue 2

## Manufacturing Day - Your Participation is Essential!

*By Harold King, Executive Vice President, Council of Industry*

On February 9<sup>th</sup>, the manufacturing Alliance of New York State is hosting Manufacturing Day in Albany, the purpose of which is to bring our collective membership together to advocate for issues that are important to the prosperity of the manufacturing sector in our state. The day long program includes:

- Issue briefings based on the results of the Alliance’s statewide survey of manufacturers.
- Legislative activity briefings by the leadership of both the chambers of the legislature.
- Meetings (already arranged) with your Hudson Valley legislators.
- A briefing from the Governor (invited) or a senior Executive Chamber staff person.
- A cocktail reception with legislators (more than 45 have already confirmed their attendance).



Even if you have never visited your legislator before in Albany, it is important to be involved. The voice of manufacturers needs to be heard in Albany and our elected officials need to know that manufacturing is still the engine that drives New York’s economy, and that they should want you to be successful. There is no

doubt that other groups will spend a lot of time and resources presenting their case in Albany this year.

I believe, for the first time in many, many years, we will find a receptive audience among legislators of both parties in Albany. The truth is that 2010 will be a very difficult year for New York State as revenues decline and spending demands in-



Council of Industry Executive Vice President, Harold King, discussing the issues with Western New York Assemblyman, Joe Giglio.

crease. Many more difficult years will likely follow unless policies are put in place to help us grow again. In fact our message that manufacturing can

once again be the engine of economic growth was echoed in Governor Patterson’s State of the State address when he called for a rebirth in the manufacturing sector.

To be an effective advocate for manufacturing you do not need to be a master of all the issues. You do not need to engage anyone in debate. You do not even need to know who your Senator or Assemblyman is! What you do need to do to be effective is to participate. Simply by investing one of your very valuable days attending this event and meeting with your legislators you will have a positive impact.

The Manufacturers Alliance of New York State, Inc. was founded in 2006 by The Council of Industry and our sister association in Syracuse MACNY to fill the need for statewide advocacy for manufacturers. Since then, the Chief Executive Network for Manufacturing of the Capitol Region (CEN), the Long Island Forum for Technology (LIFT), the Manufacturers Association for the Southern Tier (MAST), and the IMA have all joined the Alliance. Together we represent nearly 1,000 companies throughout New York.

**Please participate February 9<sup>th</sup> In Albany.**

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## Training and Education

**Many facility managers do not have a sufficiently adequate understanding of sustainability or the experience in change management to take advantage of the cost savings and performance improvements associated with "going green."**

### Lean Tools & Concepts

Lean Tools and Concepts is a great opportunity for companies to learn about LEAN manufacturing and how to implement it. This four day program, is being held at Westchester Community College and is meant to introduce manufacturing companies in depth to the concept of LEAN Manufacturing. The course will cover the history of LEAN and Toyota Production Systems, the objective of LEAN, categories of waste, opportunity identification tools, JIT inventory systems, theory of constraints, and implementation plans. Specific topics include:



- The history of Toyota Production Systems (TPS) and Lean Manufacturing
- The definition of lean manufacturing
- The definition of lean administration/enterprise
- The difference between Lean Manufacturing and Six Sigma
- How lean and Six sigma work together

**Dates:** March 15, 16, 17 & 18, 2010

**Location:** Westchester Community College

**Cost:** \$550 Single participant

\$500 Two or more from one company

**Time:** 9:00 am - 4:00 pm

**Instructor:** Christopher DiMarco

Change & Response Strategies, LLC

### Facility Manager "Green" Training and Implementation



Sustainability is fast becoming a necessity, with companies seeking to take advantage of the benefits of energy efficiency, renewable energy sources, and sustainable business practices. Unfortunately, many facility managers do not have a sufficiently adequate understanding of sustainability or the experience in change management to take advantage of the cost savings and performance improvements associated with "going green." In this six-week training program, resources, information, practical lessons and applications from field professionals will be provided for participants to complete a comprehensive facility assessment, develop a sustainability improvement plan, and take the first steps toward implementing sustainability practices including waste elimination, energy efficiencies, sustainable procurement practices, improvements to company culture and employee training and motivation. Topics to be covered include: green policy, green purchasing, marketing green, contractual negotiations, monitoring and record keeping, troubleshooting and compliance, green assessments and audits, and change management.

**Dates:** March 24 & 25, 2010

**Location:** Ulster Community College

**Cost:** \$250 Single participant

\$235 Two or more from one company

**Time:** 9:00 am - 4:00 pm

**Instructor:** Evadne Giannini,

Principal, HospitalityGreen, LLC



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To register for either class or for more information visit our website training page: [http://www.councilofindustry.org/programs/category\\_courses.html](http://www.councilofindustry.org/programs/category_courses.html) or contact Ana Maria Murabito at [anamaria@councilofindustry.org](mailto:anamaria@councilofindustry.org) or (845) 565-1355.

## Council News

### International Trade Seminar: China

**When:** Wednesday, February 24<sup>th</sup>, 8:30 – 11:00 am

**Where:** Terrace Restaurant, SUNY New Paltz Campus

**Cost:** \$20 per person

On Wednesday, February 24, 2010, the **U.S. Department of Commerce** - Westchester Export Assistance Center; **State University of New York at New Paltz**; and the **Council of Industry of Southeastern New York** are pleased to present a breakfast seminar: **DOING BUSINESS IN CHINA**

We'll focus on:

- the business landscape, from the perspective of a U.S. company
- how U.S. companies can take advantage of the many opportunities in China
- how to overcome the significant challenges in the marketplace
- best prospects, both geographically within China (including second-tier cities), and sector-specific
- logistical hurdles and how to overcome them

Featured Speakers:

**Mr. Mark Lewis**, *Senior International Trade Specialist, U.S. Department of Commerce, White Plains, NY.*

**Mr. Sascha Peyer**, *Vice President - Trans-Pacific Tradelane, Panalpina Inc., Torrance, CA*

To register for more information follow this link: <http://www.buyusa.gov/westchester/china.html>

### Welcome New Member:

**Durable Systems**— Electronic ceramic manufacturing. Contact: Curt Colopy. Gardiner, NY.

### Welcome New Associate Member:

**TelecomDataStore**— Telecommunication, data and technology broker. Contact: Jeff Dodig. Catskill, NY.

### Legal Concerns When Employees Use Drugs

The way a company's workplace policy is written greatly influences the options they have to deal with drug and alcohol abuse in the work place. The Human Resources Sub-council met at Council member **Jabil** on Friday, January 15<sup>th</sup> with Devora Lindeman, Senior Counsel for **Greenwald Doherty LLC**, to discuss the legal concerns a company faces when employees use drugs or abuse alcohol.

Lindeman's presentation covered the privacy rights, confidentiality and process rights involved in drug testing employees as well as how to craft company policy to deal with Monday morning absences and other symptoms of drug and alcohol abuse. It is important to specifically state in your company policy that an employee cannot come into the work place high on drugs or alcohol. This is true even if they are an addict and may be covered under the disability discrimination laws. You can't fire someone for showing up to work "wasted", but you can fire them for violating company policy. In addition, if an employee is doing drugs on the weekend, but shows up for work and is keeping their job performance up, employers have little recourse.

**Continued on page 13**

### February EHS Meeting: Electrical Safety

**When:** Friday Feb. 26th, 9:00—10:30 am

**Where:** To be announced

**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

This presentation is a great refresher for EHS managers (you will probably learn a few new things too) or an excellent time to get questions about electrical safety answered.

**Contact Alison Butler to register or for more info—** [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org)

**The Chinese market, with over 1.3 billion people, continues to offer tremendous opportunities for U.S exporters, but the landscape can be difficult to navigate. Join us for a breakfast seminar to learn from experts how you can succeed in this fast-growing market.**



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## Personnel Matters

**Spousal carve-out is a plan provision that restricts coverage for employees' spouses who are eligible for other coverage, such as through the spouse's employer.**

### Spousal Carve-outs and Surcharges

*From Rose & Kiernan*

In order to reduce rising health care costs, some employers have adopted group health plan provisions restricting coverage of spouses. These provisions take the form of spousal carve-outs (also known as "working spouse provisions") or spousal surcharges. They can be cost-savings tools for health plans, particularly for plans with generous plan provisions for dependent care and plans where a significant portion of the enrolled population elects family coverage.

#### What is Spousal Carve-out?

Spousal carve-out is a plan provision that restricts coverage for employees' spouses who are eligible for other coverage, such as through the spouse's employer. One type of spousal carve-out provides that such spouses are not eligible for coverage under the employee's plan. Spousal carve-out shifts a large percentage of the employer's cost away from the plan. In effect, the employer's plan becomes a secondary payer to other plans where employees' spouses are covered.



#### Issues You Should Know

Some states have laws and regulations that limit the design of spousal carve-out and surcharge plan provisions. In many cases, these laws and regulations prohibit discrimination that can result from an employer adopting spousal carve-out or surcharge language in a plan.

For example, the Wisconsin Supreme Court has ruled that a spousal carve-out provision in a fully-insured school district health plan violated the Wisconsin Fair Employment Act.<sup>1</sup> The court found that the spousal carve-out provision was discriminatory against

married individuals because the plan did not require single employees who may have had coverage elsewhere to also make an election. The court noted that this type of plan language had a disparate impact on married employees.

The court implied that a spousal carve-out provision would not be a violation of the law if the plan limited duplicative coverage to any employee, rather than to any married employee. The court also suggested that a spousal carve-out provision would be lawful if the employer's plan was made secondary to any other coverage for which an employee might be eligible.

Check with your state insurance commissioner for any laws and regulations that may impact spousal carve-out or surcharge before amending your plan.

*Rose & Kiernan, Inc welcomes the opportunity to help your organization examine its plan design(s) and make recommendations for improvement.*

#### What is a Spousal Surcharge?

A spousal surcharge is an additional premium or contribution that an employee must pay for coverage for his or her spouse. The surcharge generally applies if the employee's spouse has other coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. Most spousal surcharges do not apply to spouses who are not employed or whose employers do not offer health insurance. They also are not applicable to coverage for children. The surcharge is designed to encourage spouses to use their own available health coverage and to contribute to the added cost of covering spouses who choose not to do so.



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## More Personnel Matters

### Facebook, MySpace, and Twitter (Oh, My)

From [www.employmentlegalblawg.com](http://www.employmentlegalblawg.com)

There have been a number of legal developments involving Facebook, MySpace, and Twitter lately, all demonstrating that the intersection of traditional employment law and social networking sites has yet to be fully mapped.

Part of the problem seems to be that users of these sites believe themselves to be invisible, at least to their employers. For example, according to an article on Workforce Management, investigators looking into employee workers' compensation claims search social networking sites for photos of employees engaged in activities that are incompatible with their claimed injuries -- such as bowling a perfect game, taking judo classes, or riding a bucking bronco. Then, there's the recently reported case filed by a Canadian woman, who says that her sick leave insurance benefits for depression were improperly cut off after an agent for the insurance company found photos of her on Facebook vacationing and taking in a show at Chippendales.

Even employees who take precautions to make sure employers can't view their posts are finding that management has its ways. In a recent case in the District Court of New Jersey, for example, some employees at Houston's restaurant created a group on MySpace for the stated pur-



pose of venting about their jobs. The group was private and could be joined only by invitation. However, an employee member of the group showed it to a manager (she testified that she felt pressured to do so), a number of managers read it, and the employees who set it up were fired. The court recently upheld the jury's verdict in favor of the employees.

Some companies are so concerned about what employees -- or even the friends of employees -- might be saying about them online that they have instituted content rules or outright bans on social networking. According to an article in the National Law Journal, more than half of the companies responding a survey said that they prohibit employees from visiting social networking sites while on the clock. And, some companies have adopted rules about the content of employee posts. The Associated Press, for example, is reported to have not only set strict rules for employee pages (including that they should not express political affiliations or take a stand on contentious issues, even if their pages are restricted only to friends), but also asked employees to police the content others post on their pages.

**Some companies are so concerned about what employees -- or even the friends of employees -- might be saying about them online that they have instituted content rules or outright bans on social networking.**

### Consumer Price Index - Dec. 2009

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
<b>Wage Earners &amp; Clerical</b>	<b>Dec.'08</b>	<b>Dec.</b>	<b>Nov.</b>	<b>Increase</b>	<b>Month</b>	<b>Year</b>
1967=100	610.08	630.60	631.49	-0.89	-0.1	3.4
1982-84= 100	204.81	211.70	212.70	-1.00	-0.5	3.4
<b>All Urban Consumers</b>						
1967=100	629.75	646.89	648.03	-1.14	-0.2	2.7
1982-84=100	210.23	215.95	216.33	-0.38	-0.2	2.7
Hudson Valley Unemployment Rate for Dec. 2009 = 7.2						

### Place Your Company's Ad Here

The Council of Industry's monthly newsletter has a mailing circulation of 250 manufacturers and an online circulation of hundreds more.

Contact Alison Butler at [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org) or call (845) 565-1355 for more information.



## Legislative Matters

### Business Council Says Executive Budget Shows Spending Restraint

ALBANY— “Gov. David Paterson’s executive budget moves New York in the right direction by restraining spending,” said Kenneth Adams, president and CEO of The Business Council of New York State, Inc. “The Governor’s budget shows necessary restraint. We urge the legislature to follow his lead and adopt a no-growth budget, and avoid adding spending and taxes which our economy cannot afford.”

“While the Governor’s budget contains important reductions in state spending, the proposal raises approximately \$1 billion in new taxes on specific sectors including health care, soft drinks and cigarettes. The Business Council views any tax increases as damaging in this economy,” added Adams.

“The Business Council is also opposed to the inclusion of prior approval for health insurance rates in this proposal. This proposal is simply government price fixing and will damage the health insurance market,” said Adams.

“The Business Council supports the Governor’s call for mandate relief to allow local governments to reduce spending. New York also needs a property tax cap to prevent a shift in the tax burden from the state level to the local level,” said Adams.

“New York’s citizens need relief from an overwhelming tax burden caused by years of government overspending. It is the only way to create jobs and join in the national economic recovery. The Governor’s budget proposal recognizes that New York cannot continue its chronic overspending. If the legislature adds taxes and spending to the final budget it will damage the state’s chances of recovery,” concluded Adams.



### Business Council: Property taxes killing jobs in New York

ALBANY— Despite a deep recession and falling property values in many places, New Yorkers paid \$2.5 billion more in property taxes in 2009 than in 2008, according to an analysis by the Public Policy Institute, the research affiliate of The Business Council of New York State, Inc. Property owners in New York State paid a staggering \$46 billion in property taxes in 2009. Businesses paid 40 percent of the amount collected last year, or \$18.5 billion, making the property tax, which is paid to local governments for basic services, the largest non-federal tax by far on private sector employers.

***"Off-the-charts property taxes in New York are an anchor on economic growth and job creation," concluded Adams. "The governor and legislative leaders must approve a property tax cap and reduce Albany mandates that drive up the cost of local government services."***

"As they debate ways to reduce the state’s budget deficit, Albany lawmakers must pause to recognize that New Yorkers are already struggling to pay a \$46 billion property tax bill at the local level," said Kenneth Adams, president and CEO of The Business Council. "They have to understand that this is by far the biggest tax in the state, it's simply overwhelming and they must do something about it," he added.

"The property tax levy is so huge it is killing jobs and economic recovery before the budget hearings in the Capitol even get started," said Adams. "New taxes from Albany are simply out of the question," he added. "To create jobs businesses need property tax relief just like homeowners. That is why the state must enact a property tax cap that covers all properties and not just a “circuit-breaker” that will provide relief to homeowners and shift more of the burden to business property.”

In New York City, residential and commercial property owners together shelled out \$16 billion in property taxes. Across the rest of the state, local governments collected \$30 billion for schools, health care, public safety, libraries and other services from local property owners. In comparison, California taxpayers paid roughly the same amount, despite the fact that the California levy is spread among a population of 37 million people rather than New York’s 19.5 million people.

"Off-the-charts property taxes in New York are an anchor on economic growth and job creation," concluded Adams. "The governor and legislative leaders must approve a property tax cap and reduce Albany mandates that drive up the cost of local government services."

## More Legislative Matters

### Legislative News Briefs From the National Association of Manufacturers

From [www.nam.org](http://www.nam.org)

#### What's Next on Health Care?

The results of the special election in Massachusetts, which broke

Senate Democrats' 60-vote filibuster-proof majority, have forced the White House and congressional leaders to rethink their strategy for moving health care legislation quickly. Senator-elect Scott Brown (R-MA) is expected to be sworn into office in the coming days, and it appears unlikely that further action on health care will occur before he takes office. House Speaker Nancy Pelosi says she does not have the votes to pass the Senate health care bill. House Democratic leaders are reportedly discussing other options, including a scaled-back bill that could include some insurance market reforms and measures to cut costs and help small businesses, to name a few.

#### New Report: Manufacturing, Essential for Growth and Prosperity, Faces Major Challenges.

A new report released by the NAM and the Council of Manufacturing Associations on January 21 confirms that manufacturing fuels economic prosperity but requires pro-growth policies to create jobs and remain globally competitive. Written by economists Joel Popkin and Kathryn Kobe, the report recommends numerous strategies to create manufacturing jobs and enhance manufacturing innovation and productivity, including: reducing the corporate income tax rate; making the R&D credit permanent; making commitments now that will guide private-sector R&D decisions on investments in clean energy technologies; improving our education system, especially in the science, technology, engineering and math fields; assuring the health of small businesses by widening the lowest corporate income tax bracket; and investing in all levels of infrastructure.

#### Senator Introduces Resolution To Block EPA Carbon Emission Regulations.

Sen. Lisa Murkowski (R-AK) is expected to soon introduce a joint resolution disapproving the Environmental Protection Agency's (EPA) December "endangerment finding." The EPA's decision allows the agency to begin regulating carbon emissions under the Clean Air Act. Sen. Murkowski's resolution would use the Congressional Review Act (CRA) – the law Congress utilized in 2001 to block the ergonomics regulation – to prevent EPA from moving forward. CRA resolutions that have the support of at least 30 senators can be brought to the floor under expedited procedures. Floor action could occur this spring. The NAM opposes EPA's endangerment finding and supports Sen. Murkowski's efforts.



#### Industry Coalition Comments on EPA Environmental Justice Enforcement Priorities.

The Business Network for Environmental Justice (BNEJ), which is housed and managed by the NAM, submitted comments to EPA earlier this week regarding the agency's national enforcement priorities on environmental justice. The BNEJ believes EPA's "proposed approach – having the EPA regions work with local communities to identify environmental and health threats within particular geographic areas, and then target enforcement activities within those identified communities – is a sensible and productive enforcement strategy....that

encourages a collaborative, less confrontational, approach to problem-solving." Moreover, targeted enforcement "avoids the vexing legal and factual problems encountered in trying to identify so-called disparate impacts," the BNEJ noted.

#### EPA Proposes More Severe Smog Standard.

The EPA on January 7 proposed a more severe ozone standard than the eight-hour, 75 parts per million (ppm) standard issued by the agency in 2008 under the Bush Administration. The stricter standard proposes to reduce smog levels to between 0.060 and 0.070 ppm. The EPA will hold three public hearings – February 4 in Arlington, VA and in Houston, TX, and on February 9 in Sacramento, CA – where manufacturers can express their views on the proposed standard. The NAM opposes the stricter standard and will be forwarding our concerns via written comments to the EPA in the coming weeks.

***The EPA on January 7 proposed a more severe ozone standard than the eight-hour, 75 parts per million (ppm) standard issued by the agency in 2008 under the Bush Administration. The stricter standard proposes to reduce smog levels to between 0.060 and 0.070 ppm.***

## International Trade

### China on Path to Become Second-Largest Economy

By [EDWARD WONG](#), *The New York Times*

BEIJING — China said on Thursday that its economy rose by 10.7 percent in fourth quarter compared with a year ago, as the country continued to surge forward even as many other nations are still trying to punch through the global recession. That was up from a revised growth rate of 9.1 percent in the third quarter.

Over the whole year, the Chinese gross domestic product grew 8.7 percent, surpassing the 8 percent growth-rate benchmark that Chinese leaders assert is necessary to maintain social stability. If China keeps up that growth rate, it will very likely replace Japan as the world's second-largest economy by the end of this year.

The National Bureau of Statistics also announced on Thursday that industrial production in December increased by 18.5 percent and retail sales rose by 17.5 percent. The December consumer price index grew by 1.9 percent and producer price index by 1.7 percent.

The numbers were generally in line with earlier predictions.

Chinese officials are clearly worried about inflation and bubbles, especially in real estate, but the latest economic statistics will no doubt drive the triumphant tone of recent official pronouncements on the Chinese economy.

Much of that commentary has emphasized the contrast between China's relatively successful weathering of the global recession and the severe downturn that still afflicts Western economies, including the United States.

A front-page signed editorial on Jan. 5 in the People's Daily, the official mouthpiece of the Communist Party, praised the party for its far-sighted economic policies and lauded the Chinese economic model.

“When the financial crisis forced the neoliberal economic system into a dead end, the shortcomings of the capitalist system were exposed for all to see,” the editorial said. “But a China that was pushed to a

crossroads proved its ‘national capabilities’ in taking on a crisis by answering with the advantage of the socialist system with Chinese characteristics.”

Economic numbers released on Thursday also showed China's export industry was still responsible for much of its growth. Some Chinese economists have said China must restructure its economy so that it begins to rely more on domestic consumption and less on exports, which are greatly affected by the overall health of the world economy.

Chinese officials remain concerned about inflation, excessive bank lending and loan defaults. In recent weeks, they have acted on several fronts to address those issues.

On Jan. 7, the central bank raised a key interest rate, the first time it had done so in nearly five months. Five days later, regulators ordered state-owned banks to set aside a larger share of their deposits as reserves against failed loans. Investors and analysts had not expected such a move until the second quarter of this year.

On Wednesday, Bank of China ordered its credit officials to halt any new renminbi loans in an attempt to curb overheated fast lending growth in the first few weeks of this month.

Economists said China would move to further tighten bank lending to confront inflationary fears and swelling asset bubbles.

“The first half of 2010 is likely to be characterized by gradual policy tightening, chiefly through administrative measures,” Jing Ulrich, director of the China equities and commodities division of J. P. Morgan in Hong Kong, wrote in a report on Thursday. “Concerns about capital inflows and the health of the export sector will limit the scope for interest rate tightening, but we do expect to see a moderation in new bank loans and the use of reserve requirements to manage the volume of money supply.”

Other countries, especially the United States, have also said the artificially low value of the renminbi gives China an unfair advantage in exports, and governments will most likely press China much harder this year to strengthen its currency.



**Find out more about doing business in China at our breakfast seminar for U.S. Exporters on February 24th. See the article on page 3 for more information.**

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## CI Calendar—What's Ahead

Feb. 4	<b><u>Executive Strategic Management Series: Marketing Strategies</u></b> — 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.
Feb. 9	<b><u>Manufacturing Day in Albany</u></b>
Feb. 10	<b><u>Certificate in Manufacturing Leadership: Making a Profit</u></b> –9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company, \$375 for a single non-member.
Feb. 18	<b><u>Executive Strategic Management Series: Human Resources &amp; Strategic Management</u></b> — 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.
Feb. 24	<b><u>Certificate in Manufacturing Leadership: Environment Safety &amp; Health Management for Supervisors</u></b> -9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company, \$375 for a single non-member.
Feb. 24	<b><u>International Trade Seminar on China</u></b> —8:30 am—11:00 am at the Terrace Restaurant, SUNY New Paltz Campus, New Paltz, NY. Cost : \$20 per person.
Mar. 4	<b><u>Executive Strategic Management Series: Strategic Global Engagement</u></b> — 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.
Mar. 10	<b><u>Certificate in Manufacturing Leadership: Problem Solving and Decision Making</u></b> -9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company, \$375 for a single non-member.
Mar. 15 –18	<b><u>Lean Tools and Concepts</u></b> —8:30 am—4:30 pm at Westchester Community College. Cost \$550 for a single participant or \$550 each tow or more from the same company.
Mar 17	<b><u>Positive Motivation and Discipline</u></b> —9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company, \$375 for a single non-member.
Mar 24, 25	<b><u>Facility Manager “Green” Training and Implementation</u></b> — 9:00am—4:30 pm at Ulster Community College. Cost \$250 for a single participant or \$235 each for two or more from the same company.

### Manufacturers Electricity Aggregation

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## Financial Matters

### Invest Excess Company Cash Wisely

From VDDW Bridge Newsletter

**Calculate a monthly cash budget and a daily cash position that forecasts the extra cash you have available. Then, investigate options that enable you to earn interest, yet still have access to the funds when you need them.**

Business owners face a constant balancing act when it comes to deciding how much cash to keep in their regular checking accounts.

On one hand, the money in these accounts is available in case of an emergency or great business opportunity. But on the other hand, banks are prohibited by law from paying interest on regular business checking accounts.

Congress often discusses proposals to change the law, but in the meantime, you have to be creative to earn the highest rate of return on your company's money.

**The best approach:** Calculate a monthly cash budget and a daily cash position that forecasts the extra cash you have available. Then, investigate options that enable you to earn interest, yet still have access to the funds when you need them. Below are three bank investment options:

**1. Certificates of Deposit**, or CDs, are normally single deposit investments that have maturity options that range from seven days to more than a year. They can pay a set or variable interest rate.

With CDs, you usually earn a higher interest rate than you get on other bank deposit investments. The reason is simple: The bank feels comfortable that the funds will stay in your account until the maturity date.

The drawback, of course, is that withdrawals from a CD before maturity generally result in a penalty. However, look for advertised bank promotions that offer CDs with *no* early withdrawal penalty. In some cases, this no-penalty option can be

exercised after a certain length of time - sometimes as brief as two weeks. In other cases, you can withdraw money at periodic dates throughout the life of the CD.

Another smart strategy is to *stagger* maturity dates on several CDs, rather than having one deposit make up a single CD. That way, you get access to your cash on a continuing basis.

In any event, keep in mind that interest rates may be negotiable, based on the strength of your banking relationship.

**2. Money Market Accounts** pay interest and give you some access to your funds. With these accounts, you can write checks and make deposits whenever additional funds be-

come available. However, you can usually make only a limited number of withdrawals during a given period, say, three in a month.

Unfortunately, money market accounts aren't designed to handle all of your checks or withdrawals. But with basic cash management, they can be an easy way to earn interest and have access to the funds on a limited basis.

**3. "Sweep Accounts"** are essentially checking accounts in which you give the bank permission to invest or "sweep" some money into an interest-bearing account on a day-to-day basis. These accounts aren't always promoted by banks so you may have to ask if they are available.

Here's an example of how they work: Let's say your company routinely keeps large amounts of cash on deposit for short periods. With a sweep account, you instruct the bank to transfer any amounts in excess of, say, \$25,000 into investments like overnight paper or repurchase agreements.

In essence, you transformed a no-interest account into one that pays you interest.

**Continued on page 13**



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## Manufacturing Matters

### California Announces First-in-Nation Green Building Standards Code

Last week the California Building Standards Commission unanimously adopted the nation's first mandatory Green Building Standards Code, called CALGREEN, that requires all new buildings in the state to be more energy efficient and environmentally responsible. The standard takes effect next January, and is designed to achieve major reductions in greenhouse gas emissions (GHGs), energy consumption, and water use, and effects all new residential, commercial, hospital and school buildings in the state.

"With this first-in-the nation mandatory green building standards code, California continues to pave the way in energy efficiency and environmental protection. Today's action lays the foundation for the move to greener buildings constructed with environmentally advanced building practices that decrease waste, reduce energy use and conserve resources," Governor Schwarzenegger said in a press release.

This new code is not just a simple addition to the existing code. Rather, it is much more comprehensive than any other state building code. Anyone familiar with all that goes into building codes knows how difficult and time consuming it is to make any changes. Plus, rarely is there unanimous agreement. Specifically, CALGREEN will require that every new building constructed in California reduce water consumption by 20 percent, divert 50 percent of construction waste from landfills and install low pollutant-emitting materials. It also requires separate water me-

ters for nonresidential buildings' indoor and outdoor water use, with a requirement for moisture-sensing irrigation systems for larger landscape projects and mandatory inspections of energy systems (e.g., heat furnace, air conditioner and mechanical equipment) for non-residential buildings over 10,000 square feet to ensure that all are working at their maximum capacity and according to their design efficiencies.



**"With this first-in-the nation mandatory green building standards code, California continues to pave the way in energy efficiency and environmental protection."**

The California Air Resources Board estimates that the mandatory provisions will reduce greenhouse gas emissions (CO2 equivalent) by 3 million metric tons equivalent in 2020. Upon passing state building inspection, California's property owners will have the ability to label their facilities as CALGREEN compliant with-

out using additional costly third-party certification programs.

The code stems from Governor Schwarzenegger 2007 directive to the California Building Standards Commission (BSC) to work with specified state agencies on the adoption of a green building standard for all construction. California's property owners can simply build according to the state's CALGREEN Code, at no cost for certification.

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## Member Services

### Employees of Council of Industry Members Are Eligible for Affinity Insurance Program

As a member of the Council of Industry, your company has access to a variety of benefits and services such as the Affinity Insurance Program through Ulster Insurance Services and Travelers Benefits Plus. This program leverages the more than 8,000 employees of the Council's 130 members to provide discounted Auto and Home insurance to all employees of Council of Industry member firms.

Employee recruitment and retention are critical to the success of Council member firms. Any tool that can be employed to help in this area can be a valuable tool. In employee benefits surveys, results consistently show more than 70% of employees would like a discounted home and auto insurance program available to them through their employer. Ulster Insurance Inc. can satisfy that request through their Travelers Benefits Plus program now available to all Council of Industry Members.

The Program offers benefits to your company including:

- More satisfied employees because of enhanced benefits package
- Added benefit to attract higher quality employees
- Increased employee retention
- No Direct Cost
- Administration handled by insurance company and agent
- Demonstrated commitment to employees

- Helps offset rising costs of core benefits
- A popular voluntary benefit - Hewitt Associates says 35% of employers will offer group auto programs in the next 3 years!
- Value Added Seminars for your employees including:
  - ◊Identity Theft Protection
  - ◊Stress Management
  - ◊Life Planning Review
  - ◊Insurance – What you NEED to know!
  - ◊Child Safety Seat Checks
  - ◊Vehicle Identification Number Etching Program
  - ◊Home Replacement Cost Analysis

There are also obvious advantages to your employees including:

- Free insurance checkup by a local agent, Walter Sierra
- Special rates on products they MUST buy anyway
- Direct billed to employee, but discounted because of the Council of Industry Association Program
- Several convenient payment options – including no fees for EFT
- Voluntary participation – Open Enrollmentment
- Quotes by phone, fax or email to local agent




Every Council Member firm is eligible to make this, or similar, announcement to their employees-

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## Continued from page 10 Financial Matters

There are several variations on this theme. For instance, with a "reverse sweep account," your company keeps almost no money in a regular checking account. When you write checks, the bank pays them with funds that are swept from an interest bearing account.

*A word of caution:* Sweep accounts may not be federally insured. This happens when your excess funds are swept from an insured bank or credit union account to an investment that is not covered by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). If the financial institution fails, you may lose some of your money. With a traditional account, federal insurance generally only covers the first \$250,000 on deposit at each institution. (This amount was temporarily increased until 2013 from \$100,000, thanks to the passage of the *Emergency Economic Stabilization Act of 2008* and a Congressional extension.)

## Continued from page 3 Council News— Legal Concerns When Employees Use Drugs

Ms. Lindeman emphasized that front line supervisors and managers know what steps to take if an employee is suspected of drug or alcohol use that is affecting their work performance. Human Resources should educate employees, and especially managers and supervisors in the steps that should be taken to address the situation – most notably to notify HR and let them handle it.

Companies should clearly spell out what is acceptable and not acceptable in the company policy. Drug testing procedures and search and seizure policies should also be carefully spelled out.

The Family and Medical Leave Act (FMLA) provides time for an employee to attend rehabilitation, and reasonable accommodations should be made for an employee to receive treatment. However, employers are will within their rights to dismiss employees who did not show up to work on Monday because they were partying too hard on Sunday.

The presentation was excellent and attendees asked several questions that helped clarify issues. If you have questions on this topic contact Devora Lindeman, [dl@workplaceattorneys.com](mailto:dl@workplaceattorneys.com).

## Continued from page 11 Manufacturing Matters

To many it is surprising that the state would introduce mandatory legislation during a recession that has hit California hard. The state is all but financially bankrupt, and many businesses have left in the last few years because of excessive taxes and other costs. But, it not only shows that the state is committed to environmental protection, it is also preparing the population for higher energy costs. Remember, the only way for alternative energy, sustainability, climate change action (whatever you want to call it) to succeed is through high, sustained energy costs. There is simply no other way, and most politicians, including President Obama, have publically stated this.

Proponents state that a mandatory code will allow California's builders to build to a certifiable green standard will actually save money compared to other third-party programs (such as LEED). However, the cost of the extra provisions in the CALGREEN standard could be significant, causing project delays or cancellations, and possibly encouraging would-be developers to focus on existing properties. They likely won't have long to wait for similar standards for existing buildings.

Commercial property owners and developers around the nation are watching this closely, concerned that if adopted nation-wide it will drive their construction costs higher, thus driving down the number of potential new building projects



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## Member Profile

**Member Profile:** FALA Technologies, Inc.

**Location:** Kingston, NY

**Founded:** 1946

**Member since:** 1993

**Product:** New equipment technologies for the semiconductor and nano-scale industries.

Darwin's theory of survival of the fittest certainly applies to the evolution of manufacturing. Many companies founded in the last century were started because a need arose during a time of difficulty in our country. As times and circumstances changed, the companies that survived were the ones that adapted to the changing needs of the customer. FALA Technologies, Inc. is one of these.

The company was conceived in the 1940's by Frank Falatyn Sr., (father of FALA's current president Frank Falatyn Jr.). While Frank Falatyn Sr. was still in high school, during World War II, he began working in local factories making items for civilian and war use. Falatyn and some classmates worked after school in a shop in Kingston, NY, making wooden toys. One day they noticed large machines being hoisted outside the building to one of the upper floors of the building. A large machine shop was opening above them, and given the shortage of skilled machinists and tool-makers during the war, Falatyn and some of his friends went to work for this new company making metal machine parts for the war.

During the war, manufacturing was in high gear and the machine shop would receive stacks of drawings of parts to be made. The machinists would pick out a drawing and start manufacturing it. Once the part was finished, they would go back to the pile to find another one to work on. These shops had kids like Falatyn and older men working side by side. Falatyn had a natural gift for being a skilled toolmaker and was soon running all the various machines in the shop.

Once the war ended, two of the older men from the machine shop decided to start their own shop, and recognizing Falatyn's talents, they asked him to be a partner. Since he was still in high school,



he had to get permission from his father who agreed but with the condition that Frank would first go to

college to earn an engineering degree. In fact, because he was so young, Falatyn's older sister had to sign the incorporation papers in his stead.

Falatyn and his partners choose to call their company Ulster Tool and Die because at that time, tools and dies were the most accurate types of metal parts one could make. After graduating from high school, Falatyn was accepted at Pratt Institute in Brooklyn, NY. Because the war had just ended, Falatyn had to delay college a year to give returning service men a chance to attend first. For that first year and on weekends and summers afterward, Falatyn machined precision parts and built machines for customers while attending Pratt during the week. Designing and manufacturing precision parts, subassemblies and complete machines are still a core business of FALA Technologies.

During the next few decades Ulster Tool and Die went through some changes. Once IBM and other computer related companies took root in the Hudson Valley, many companies, including Ulster Tool and Die, started to invent, design, and manufacture the products needed to help create this new emerging information age. Ulster Tool and Die developed a broad set of engineering and manufacturing services specific to the semiconductor industry.

There were several large computer related companies besides IBM in the Hudson Valley at this time such as Ferroxcube, National Micronetics, and G.E., which were in need of precision machining and engineering. During the 1960's, Ferroxcube, located in Saugerties, NY, started making first generation computers based on early technology involving a wired electromagnetic grid. The grid looked like a window screen except at each junction where the horizontal and vertical line intersected there was a magnetic ferrite core. This early computer required an extremely precise, difficult to make "frame strip" which accurately positioned the ferrite cores. Falatyn invented a special manufacturing process to make these frame strips and the company worked day and night to keep up with orders for this product. This helped establish the company.

**Continued on next page** ↓

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***Ulster Tool and Die became FALA Technologies, Inc. in 1996. The name change more accurately reflected the technology development work which was now FALA's main business. The changes didn't stop there, though; FALA built a new 60,000 square foot facility that was four times the size of the old machine shop.***

The “frame strip” business was soon replaced by other opportunities with IBM. During the 1980’s and 90’s Ulster Tool and Die offloaded precision machining work from IBM’s internal Machine shop. Each project for IBM involved working with their engineers and scientists to invent the first version of every new technology later adopted by the semiconductor industry. IBM led the way and Ulster Tool and Die, as well as other small companies in the Hudson Valley, continued to advance their manufacturing and engineering skills to help create these new cutting edge technologies.



Change came again in the late 1990’s when the computer industry migrated away from the core main frame computers and the personal computer became more popular. IBM closed its Kingston plant and down-sized in several other Hudson Valley locations. This contraction

of IBM’s hardware business caused a severe challenge to all of IBM’s vendors and contractors, causing many to go out of business. FALA struggled for a time, but decided to reinvest in their business and adapt to IBM’s new demand for outsourcing of complete equipment design and build programs. Instead of having local machine shops make and machine parts and components designed and engineered by IBM engineers, they now required that the equipment be completely designed and built by outside contracting firms. It was during these changes that Ulster Tool and Die became FALA Technologies, Inc. in 1996. The name change more accurately reflected the technology development work which was now FALA’s main business. The changes didn’t stop there, though; FALA built a new 60,000 square foot facility that was four times the size of the old machine shop. The new facility’s equipment work flow and processes were structured in accordance with Lean Manufacturing principles. FALA also invested heavily in expanding their engineering depart-

ment to provide IBM and other semiconductors companies with complete equipment design and build services.

Currently, FALA provides their design and build services for many companies other than IBM, which is less than 4% of their business; over 85% of their customers are located outside of the Hudson Valley. The core business is still designing, manufacturing and systems integration of precision tools and instrumentation for the semiconductor industry. The focus is on helping customers develop their new technologies into products.

FALA has also developed a series of their own semiconductor products centered on ultra-clean handling of wafers and lithography reticles used to make computer and microdevice chips. One of FALA’s product divisions manufactures a series of specialty bearings used to rebuild robots and much of this product is exported to semiconductor chip factories in Asia.

During the last ten years, FALA has provided design and engineering services to customers in the medical industry. FALA is also expanding into the renewable solar energy field with the founding of The Solar Energy Consortium (TSEC). In fact, recently FALA launched a new subsidiary business called PVI Solar to nationally market and sell solar signs and lighting products. The microprocessors, electronics and energy storage technologies used in the solar sign and lighting products are an extension of FALA’s semiconductor equipment building knowledge.

FALA has developed an energy management system that efficiently harvests solar energy collected from photovoltaic panels to light LED products custom developed by FALA for solar signs and lighting. Looking towards the future, FALA is working on adapting these energy management technologies to



new forms of solar lighting products and are partnering with many of the new solar energy manufacturing companies that TSEC is attracting to New York State.

The story of FALA, like that of many other successful small manufacturers here in the Hudson Valley, is one of adaption. FALA adapted to fulfill the needs of the industrial society, growing and transforming from machining parts and tools to semiconductors to the emerging solar technology. According to Darwin it is only those species that are willing to adapt that will survive, based on the story of FALA Technologies, this applies to the manufacturing industry as well.

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