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a century of service

The Council of Industry of Southeastern New York

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Manufacturing is Vital

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

New York State's fiscal situation is dire. State government spending commitments continue to grow ever upward while the private sector engine that pays for it continues to sputter and stall. One way to ease New York's fiscal woes is to enact polices that will fuel the private economy – allowing it to accelerate and in the process create jobs for New Yorkers and revenue for the state.

In my opinion, the best way to start is by freeing the state's manufacturing sector of many of the excessive regulatory and tax burdens that stifle its growth. I say this because of the simple fact that manufacturing adds value and creates wealth. By taking raw materials and through smarts and sweat and ingenuity, convert them to finished goods that are sold throughout the nation and the world, manufacturers bring capital and investment into a community. That capital and investment spreads through a community in the form of salary and wages, bank deposits, insurance premiums, construction projects and more. Economists call this a "multiplier effect" and multiplier for manufacturing is the highest of any sector of the economy.

Of course, by writing this column in the CI Newsletter I am "preaching to the converted" as readers of these pages know all too well both the potential of manufacturing and the obstacles it faces in New York State.

The Council of Industry Board of Directors agrees and at a recent retreat the Board identified a slight shift in the Council's strategic focus to bring this message to residents, workers, future workers and elected officials. Beginning this fall, the Council of Industry will start communicating a simple message to our region's citizens, workers, and leaders: **Manufacturing is Vital… The Council of Industry is vital to manufacturers.**

By the most common measures (staff, revenue) the Council of Industry is a very small organization, yet by acting strategically, we are able to maximize our effectiveness – providing value to our members and fulfilling our mission to support them. To communicate this message we will need to maximize our effectiveness and we will need the help of all of our members.

We will be calling on you to be a part of our campaign to educate and to inform. We will be asking you (and providing resources to help you) to communicate with your employees the importance of manufacturing and the work that they do to our economy. We will ask you to inform them as to the effects, both positive and negative, of certain local, state and federal government policies on your business. We will be asking you to participate in visits to elected officials both here in the Valley and in Albany. We may ask you to write a letter to the editor, or comment on a story. We may ask you to visit your local high school or middle school to talk about careers in manufacturing. We may ask you to show your support for manufacturing and the Council of Industry on your website. When we ask I hope you will be willing to help.

Our association is 135 companies and more than 7,000 employees strong. Together we can steer the public policy discussion to focus on manufacturing, its vital role in our economy and by strengthening it, the role manufacturing can play in putting New York State back on road to fiscal surety. I hope we can count on your help.

Inside this issue:

Council of Industry 2010 Golf Outing To be Held on Friday, Sept. 24th

There is still time to sign up and attend the Council of Industry's 2010 Golf Outing. Due to heavy rains the Outing has been rescheduled for Friday, September 24th at the prestigious Powelton Club in Newburgh, NY.

The day will begin with registration and Lunch, sponsored by **The Reis Group**, at 11:30 followed by a shotgun start at 1pm. The event will conclude with cocktails and a light supper at 5 pm. There will be a variety of prizes and giveaways sponsored by **Direct Energy Business** and a great deal of fun. This is a wonderful event to sponsor and show your support of Hudson Valley Manufacturing. To sign up to play or to become a sponsor e-mail hking@councilofindustry.org or call (845) 565-1355 or visit www.councilofindustry.org for more information.

Training and Education

Looking for Supervisor Training Courses? Try the Certificate in Manufacturing Leadership Program.

The Council of Industry's Certificate in Manufacturing Leadership is a program that has been a vital resource in supervisor training for dozens of manufacturing companies throughout the Hudson Valley over the last several years. Experienced, well trained supervisors are essential to a successful manufacturing company and this program is a comprehensive group of courses that prepares supervisors for their challenging positions at manufacturing facilities.

The program is designed to offer particular skill sets through concentrations of courses. Participants who complete the required courses are presented with the Certificate in Manufacturing Leadership by the Council of Industry and Dutchess Community College.

All courses are full-day classes (from 9am to 4:30pm) and are held at Dutchess Community College, Poughkeepsie, NY with breakfast and lunch included on site. Though participants are encouraged to complete the course series for the most comprehensive supervisory education, the Council welcomes individual course registration as well. We have just posted the dates for our 2011 Certificate Courses on our website www.councilofindustry.org and click on Training. For more information contact the Council of Industry at training@councilofindustry.org or call (845) 565 -1355.

Register now for Fall Training: Regulatory Refresher and Customer Service and Sales Training

Time is running out! Make sure you are up to date on the Regulatory Refresher Trainings below. Now is also a great time to increase your sales by attending our Customer Service and Sales Trainings.

DOT Hazardous Materials
When: September 22, 8:30 am – 12:30 pm **Where:** Dutchess Community College **Instructor:** HRP Associates
Cost: $120 single participant, $110 each for two or more from the same company, $145 single non-member

RCRA Hazardous Waste
When: October 6, 8:30 am – 12:30 pm **Where:** Dutchess Community College **Instructor:** HRP Associates
Cost: $120 single participant, $110 each for two or more from the same company, $145 single non-member

HAZWOPER
When: October 20, 8:30 am – 4:30 pm **Where:** Dutchess Community College **Instructor:** HRP Associates
Cost: $240 single participant, $220 each for two or more from the same company, $260 single non-member

Customer Service Training
When: October 14, 8:30 am – 4:30 pm **Where:** Dutchess Community College **Instructor:** Debra Pearlman, CEO of DP SalesPro
Cost: $185 single participant, $170 each for two or more from the same company, $225 single non-member

Sales Training
When: October 28, 8:30 am – 4:30 pm **Where:** Dutchess Community College **Instructor:** Debra Pearlman, CEO of DP SalesPro
Cost: $185 single participant, $170 each for two or more from the same company, $225 single non-member

To register for any of the above courses go to our website www.councilofindustry.org and click on Training, or e-mail training@councilofindustry.org or call us at (845) 565-1355.

Council News

Council Members Learn How Their Power Factor can be Improved to Save on Energy Bills

Power factor is a measure of how efficiently you use the electricity provided to you by your utility. Most industrial facilities and many commercial and institutional facilities have many inductive loads, such as, motors, transformers and relays, which require magnetizing current to operate. This magnetizing current is measured in KVAR. When the utility supplies this KVAR it uses additional distribution capacity. That is why the Public Service Commission has mandated that utilities bill at a higher rate when a customer doesn't use power in an efficient manner. Hudson Valley Utilities will begin charging this higher rate this year for its largest accounts and phasing in its smaller accounts over the next 2 years.

Richard Zuccaro, of Council Member Staco Energy Products discussed how to calculate your power factor and various devices, such as capacitors, that can help you improve it. The Seminar was held at Central Hudson's Poughkeepsie auditorium and was attended by 22 people. Representatives from Central Hudson discussed the rate changes and were available to answer attendees questions.

Mr. Zuccaro explained the exactly what Power Factor is. All users need kilowatts to do the useful work done in any facility. This is referred to as "real power." However, an additional component of electricity, reactive power or KVAR, is needed to supply magnetizing current to motors, transformers and relays. The sum of these two components is referred to as apparent power or KVA. If the customer provides the KVAR by installing capacitors he can raise his power factor and reduce the apparent power (KVA) he needs. This reduces what the utility has to supply and consequently reduces the customer's electric bill.

Members listen intently to ways they can use electricity more efficiently.

Besides increasing the power factor, installing capacitors can also improve your voltage, increase your system efficiency by lowering your line losses and even increase your system capacity, reducing or possibly eliminating capital expansion expenses. This overall improvement to "power quality" can be important to operations that have sensitive equipment.

For more information on power factors, you can contact Rich Zuccaro at 937-253-1191 x185 or by email at zuccaror@stacoenergy.com

Fall Meeting Schedule Network Sub-councils

HR Sub-council Meeting on Immigration

The Council of Industry's Human Resources Sub-council will meet on Friday, September 24th from 8:30 – 10:30 am at the Orange County Business Accelerator in New Windsor, NY, to discuss various immigration issues that concern Hudson Valley manufacturers. There is no cost to attend for members.

Attorney Otieno B. Ombok from Jackson Lewis LLP will present information on the following topics :

- H-1B Visas
- I-9 Forms
- E-verify
- The Arizona Immigration law and how it affect immigration reform efforts in the government
- Your questions on immigration

Mr. Ombok is a graduate of Cambridge University in Britain, and advises both U.S. and foreign employers with regard to immigration matters. He works with employers to structure their immigration programs and develop long-term visa strategies for key employees. He has approximately 10 years of experience in obtaining non-immigrant work visas and employment-based immigrant visas for management, professional and specialized skill employees.

To register please contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

EHS Sub-council Meeting: OSHA Updates

On Friday, October 22nd, from 8:30-10:30 am, the Environment Health and Safety Sub-council will meet to discuss the changes taking place at the Occupational Safety and Health Administration. The meeting will be held at Rose & Kiernan in Fishkill, NY.

As part of the Alliance between the Council of Industry and OSHA, we will have representatives from OHSA present to discuss the latest changes and updates issued by the agency including the proposed Standards Improvement Project, the Severe Violators Enforcement Program, and President Obama's Protecting Our Workers and Ensuring Reemployment (POWER) plan. There will also be plenty of time for your own questions about OSHA issues.

There is no cost to attend this meeting for members of the Council of Industry. To register please contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

Personnel Matters

The Senate bill doubles the fee for firms employing at least 50 skilled foreign workers or for which 50 percent or more of their employees are on H1Bs or other temporary work visas.

A Costly Hike in Visa Fees

By Alex Nowrasteh, from The Boston Globe

In August, President Obama signed an emergency supplemental appropriations bill for border security. In addition to directing $600 million to the Southwest border to hire more border patrol agents and deploy aerial drones, the law increases fees on highly skilled work visas like the H1B. This is a grave mistake during a time of economic weakness for the nation. Congress should deregulate visas, not burden their users with more regulations and fees.

H1B visas are temporary work visas meant for specialty occupations. They are three years in duration and can be renewed once for an additional three years. They are limited to 85,000 per year for private firms (non-profit organizations do not face a cap). H1B visa workers can apply for a green card.

Fees for an H1B visa are between $2,000 and $2,500. The Senate bill doubles the fee for firms employing at least 50 skilled foreign workers or for which 50 percent or more of their employees are on H1Bs or other temporary work visas.

Every April 1, the US Citizenship and Immigration Service begins accepting applications for the limited number of H1B visas. In 2007, 133,000 applicants filed for the 85,000 available spots. As of early August 2010, just over 40,000 cap eligible H1B visa petitions have been accepted, but those numbers are bound to change as the economy improves. When that happens, the number of H1B visas will be woefully inadequate. In 2008, before the financial crisis, the cap was reached on April 7.

But even in a bad economy, some firms are expanding, and the number of H1B workers could exceed the 50 percent threshold at which increased visa fees would kick in. Thus, the increased fees will hinder business expansion in rough economic times, when it is most needed. In effect, they would be a big tax increase on expanding firms.

The protectionist aspects of the legislation are just as worrying. Many foreign technology companies — including the Indian giants Wipro, Infosys Technologies, and Tata — outsource thousands of technology workers to the United States. They will bear the brunt of these new fees, which will discourage investment in the United States and could lead to further protectionist measures worldwide.

American firms do not use H1B visas to lower wages. If that were the case, more H1B visa applications would be filed in bad economies, not fewer. In fact, foreign skilled workers push Americans into more lucrative managerial positions. That's because foreign skilled workers don't "take'' American jobs, they complement their American colleagues. Immigrants are imperfect substitutes for US-born workers, who may have different skills and strengths.

Highly skilled foreign workers are also a boon to public finances. Non-immigrant Indian H1B workers contribute over $1 billion a year in Social Security payments that they won't receive back in benefits.

The arguments advanced by restrictionists and others against the highly skilled, as immigrants or temporary workers, fail at every turn. Instead of raising fees and expanding regulatory costs, lawmakers should do away with workplace inspections, fees, quotas, and other restrictions. The economic case for the free movement of labor is as compelling as that for goods and services. In a faltering economy, it is more important than ever.

Alex Nowrasteh is a policy analyst at the Competitive Enterprise Institute.

More Personnel Matters

Sample Email and Internet Policies

It may be time to update your company's policy regarding employee email and internet usage. Below are some suggestions.

Email, and Internet usage assigned to an employee's computer are solely for the purpose of conducting Company business. Some job responsibilities at the Company require access to the Internet and the use of software in addition to the Microsoft Office suite of products. Only people appropriately authorized, for Company purposes, may use the Internet or access additional software.

Internet Usage
Internet use, on Company time, is authorized to conduct Company business only. Internet use brings the possibility of breaches to the security of confidential Company information. Internet use also creates the possibility of contamination to our system via viruses or spyware. Spyware allows unauthorized people, outside the Company, potential access to Company passwords and other confidential information.

Under no circumstances may Company computers or other electronic equipment be used to obtain, view, or reach any pornographic, or otherwise immoral, unethical, or non-business-related Internet sites. Doing so can lead to disciplinary action up to and including termination of employment.

Keep in mind that the Company owns any communication sent via email or that is stored on company equipment.

Email Usage at Company
Email is also to be used for Company business only. Company confidential information must not be shared outside of the Company, without authorization, at any time. You are also not to conduct personal business using the Company computer or email.

Please keep this in mind, also, as you consider forwarding non-business emails to associates, family or friends. Non-business related emails waste company time and attention.

Viewing pornography, or sending pornographic jokes or stories via email, is considered sexual harassment and will be addressed according to our sexual harassment policy.

Emails That Discriminate
Any emails that discriminate against employees by virtue of any protected classification including race, gender, nationality, religion, and so forth, will be dealt with according to the harassment policy. These emails are prohibited at the Company. Sending or forwarding non-business emails will result in disciplinary action that may lead to employment termination.

Company Owns Employee Email
Keep in mind that the Company owns any communication sent via email or that is stored on company equipment. Management and other authorized staff have the right to access any material in your email or on your computer at any time. Please do not consider your electronic communication, storage or access to be private if it is created or stored at work.

Consumer Price Index - July 2010

				Point	%	% Increase
Wage Earners & Clerical	Jul.'09	Jul.	Jun.	Increase	Month	Year
1967=100	627.09	637.14	636.96	0.18	0.0	1.6
1982-84= 100	210.53	213.90	213.84	0.06	0.0	1.6
All Urban Consumers						
1967=100	645.10	653.07	652.93	0.14	0.0	1.2
1982-84=100	215.35	218.01	217.97	0.5	0.0	1.2
Hudson Valley Unemployment Rate for July 2010 = 7.4 %						

Legislative Matters

The lack of significant spending constraint in this year's budget will likely result in at least a $7.5 billion structural gap in Fiscal 2012.

FY 2010-2011 New York State Budget Summary

Compiled by the Government Affairs staff of The Business Council.

In early August, the Senate gave final approval to the "revenue bill," and both houses passed a FMAP contingency plan, completing – for now - legislative action on the state's budget for Fiscal 2011.

With an extension of FMAP funding having moved through Congress, the legislature will have return to Albany to appropriate up to $800 million in new federal funds for health care and $600 million for education spending.

Governor Paterson, in July, also vetoed $800 million in spending approved by the legislature; it remains to be seen whether there will be attempts to override any of those spending vetoes.

Although the final spending plan figures have not been released, preliminary analysis from the State Comptroller shows that All-funds spending (including all state and federal funds) for the state will rise 7.6% to $136.5 billion. This figure includes $2.1 billion in education payments that were initially approved last year, but would be spent in the current fiscal year. Excluding this budget gimmick, overall spending increases by $5.4 billion, or 4.2% over last year's adopted figure – a rate of increase double the rate of inflation. These figures do not account for the new federal education funds that will increase All-fund spending to over $137.1 billion. The resulting 8.1% spending increase is nearly eight times the increase in the consumer price index.

The Governor's office has said that the budget contains $2.5 billion in "spending actions," including some actual cuts in spending, as well as reductions in anticipated spending increases. School aid, the second largest budget item, was reduced by about $580 million, or 3 percent – about half the reduction initially proposed by Governor Paterson. The Administration's description of spending actions is available here.

The Comptroller also cautioned that overly-optimistic revenue projections could leave the state with a $4.8 billion gap in the newly finalized budget. Moreover, the lack of significant spending constraint in this year's budget will likely result in at least a $7.5 billion structural gap in Fiscal 2012. Earlier, the Budget Division projected out-year deficits of up to $40 billion over the next three fiscal years.

Despite earlier pledges to oppose all new taxes and fees, the final budget includes over $2 billion in new revenue measures for Fiscal 2011; this figure increases to over $4 billion next year as the taxes, fees and deferrals take full effect.

The revenue bill passed this week contains about $1.2 billion in revenue actions. Previously, the legislature approved a $290 million increase in tobacco taxes, a tobacco tax enforcement initiatives expected to generate $150 million per year, and more than $200 million in various fees, fines and other revenue measures.

Business investment in New York will take a major hit through a three year deferral of most major business tax credits. This bill will deny New York firms over $200 million in tax relief and investment support this fiscal year, and over $1.2 billion each of the next two years.

Continued on next page

Despite pledges that the enacted budget contains no new borrowing, the revenue bill also included a provision to allow the state and local government to defer billions in present pension obligations although these payments will have to be made in future years at interest rates that could be substantially higher than current lending rates.

The budget included a number of significant policy changes as well. It:

- Adopted an amended version of the Governor's proposed Excelsior Program, which replace the expiring Empire Zones program, and which provides up to $1.2 billion in tax credits over the next ten years for capital investment, new jobs, R&D spending and real property taxes for businesses in targeted sector, limited to no more than $50 million in new credits per year for the next five years.
- Significantly increased the cap on the state's "film production credit," by $420 million for each of the next five years.
- Addressed unintended impacts of last year's "reform" package, including continuance of tax credits, such as the EZ investment tax credit, that are dependent on specific zones. It also makes QEZE decertifications under last year's amendments effective for 2008 tax year.
- Eliminated the Timothy's Law (mental health parity) subsidy for small businesses, thereby raising the cost of group health coverage for small employers.

Despite the overall dysfunction of the state's budget process, no final action was taken on any significant fiscal reforms or improvements in the budget process. Proposals such as a cap on state spending and further pension reforms were not enacted. The Senate did pass a broad local property tax cap, but the measure was not taken up by the Assembly.

Ways You Can Make a Difference

Manufacturers employ millions of Americans in some of the best jobs our country has to offer. To maintain and expand the high-paying jobs and generous benefits enjoyed by those working in facilities across the country, we must be active and engaged in the national issues that will shape the future of manufacturing in America.

The NAM (National Association of Manufacturers) Voter Toolkit includes comprehensive state and district information on voting deadlines, voter registration, polling locations and absentee ballots, as well as congressional voting records and candidate questionnaires. It is important for all voters to make informed decisions when they cast their ballots this fall. The "Manufacturing Matters" strategy documents are helpful resources you can use to communicate with candidates and elected officials on the policies that affect your job, your future and the economy. Follow the links below to pages on the NAM website with materials you can use to learn about the key issues impacting manufacturing and to stay updated on what your local officials and candidates in the upcoming elections are saying and doing on these crucial matters.

Share this information and these tools with your employees, your friends – anyone who values manufacturing.

- Key Election Deadlines – http://www.nam.org/~/media/9A9F27AC7BF44705B20C0CC7D7159FB1.ashx
- Congressional Profiles and Voting Records - http://www.bipac.net/profile.asp?g=nam
- Voter Tool Kit Main Page: http://www.nam.org/Get-Involved/Election-Center/Voter-Toolkit.aspx - This page also has links to the Manufacturing Matters documents with helpful information on current issues.

EHS Matters

One major sticking point is the proposed requirement that manufacturers assess all existing uses of a chemical that is being introduced into a new application. It also would require manufacturers to evaluate chemical levels in the environment.

Chemical Reactions

From IndustryWeek.com By Jonathan Katz

Proposed changes to a decades-old federal toxic substances law have the U.S. chemicals industry concerned that the proposed reforms could stifle innovation and move production offshore. Any changes to existing regulations also could have a far-reaching impact throughout manufacturing supply chains.

At issue are proposed reforms to the Toxic Substances Control Act of 1976. Representatives Henry Waxman, D-Calif. and Bobby Rush, D-Ill., introduced HR 5820, known as the Toxic Chemicals Safety Act of 2010, on July 22. The bill would strengthen the federal government's authority over chemical substances in the marketplace by increasing chemicals manufacturers' reporting requirements to the Environmental Protection Agency.

Manufacturers should be responsible for providing health and safety information on chemicals, Steve Owens, assistant administrator in the EPA's Chemical Safety and Pollution Prevention Office, said before a House subcommittee on July 29. If industry doesn't provide adequate information, EPA should have the tools and authority to require testing and take actions when necessary, Owens said. He noted that the current rules don't include a mandatory EPA review program of existing chemicals.

But manufacturing trade groups have voiced concerns that the amended law would place unnecessary, time-consuming burdens on chemicals producers. One major sticking point is the proposed requirement that manufacturers assess all existing uses of a chemical that is being introduced into a new application. It also would require manufacturers to evaluate chemical levels in the environment, says Cal Dooley, president and CEO of the American Chemistry Council. "Even if you could meet that standard, it would be so costly and time-consuming that it would result in the development of that product not occurring in the United States," said Dooley in a press briefing prior to testifying before the House subcommittee on July 29. "It would likely create an incentive for that product to move offshore."

The National Association of Manufacturers (NAM) voiced similar concerns after the bill was introduced, saying increased EPA control would create uncertainty for manufacturers. "In its current form, the bill hurts manufacturers' ability to innovate and remain competitive in a global marketplace," said Keith McCoy, NAM vice president for Energy and Resources Policy, in a July 23 statement. "It dramatically expands the scope of the Environmental Protection Agency's authority over every sector of our nation's economy, sets unrealistic standards and timeframes and puts unnecessary burdens on manufacturers with new and inconsistent statutory requirements."

NAM declined to comment further on specific concerns.

The proposed legislation calls for chemical manufacturers to substantiate their claim that certain information submitted to the EPA is proprietary and deserving of protection, says Stephen Giblin, a corporate environmental law attorney with Jones Day in Cleveland. He says there is concern about what criteria the EPA will identify "in terms of what needs to be submitted and what demonstration needs to be made in order to qualify certain information as worthy of protection as confidential business information."

Giblin says he doesn't expect action on the legislation until the next Congress convenes.

CI Calendar—What's Ahead

Sept 22	Refresher Training: DOT Hazardous Materials - 8:30 am–12:30pm at Dutchess Community College, Poughkeepsie, NY. Cost: $120 for a single participant, $110 each for two or more from the same company. Instructor:
Sept 24	HR Sub-council Meeting: Immigration Issues — 8:30 - 10:30 am at the Orange County Business Accelerator, New Windsor, NY. No cost for members. Call (845) 565-1355 or e-mail abulter@councilofindustry.org to register.
Sept 24	New Date! Council of Industry 2010 Golf Outing — Registration and lunch begin at 11:30 am, shotgun start at 1 pm at the Powelton Club, Newburgh NY. Golf is followed by cocktails and a light dinner. $145 per person or $540 for a foursome. Sponsorships still available. Call (845) 565-1355 or e-mail abutler@councilofindustry.org for info.
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Oct 15	EHS Sub-council Meeting: OSHA Update — 8:30 - 10:30 am at Rose & Kiernan, Fishkill, NY. No cost for members. Call (845) 565-1355 or e-mail abulter@councilofindustry.org to register.
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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.

Financial Matters

The New York State Insurance Department approved a 7.7% increase in loss costs for workers' compensation, a change set to go into effect Oct. 1 of this year.

"Loss Costs" Increase in Workers' Comp Benefits Will Mean Higher Premiums

The New York State Insurance Department approved a 7.7% increase in loss costs for workers' compensation, a change set to go into effect Oct. 1 of this year.

In the state's recently adopted workers' comp rate system, the setting of loss costs is the first step toward premium rate changes. "Now it's up to the companies to file new loss cost multipliers," said Michael Rasnick, senior policy adviser and counsel at the department. In 2009, the top five writers of workers' compensation insurance in New York were: the State Insurance Fund of New York, with 38.3% of market share; American International Group Inc., 14%; Liberty Mutual Insurance Cos., 9.7%; Hartford Insurance Group, 6.2%; and Travelers Group, 4.7%, according to BestLink, which provides online access to A.M. Best's Global Insurance & Banking Database.

The new rate approval is based -- according to law -- on a report from the New York Compensation Insurance Rating Board. According to this year's NYCIRB report, filed in May, the recommendation was for a 7.7% change, "based on the latest statistical data reported by the rating board's member carriers and reflects the application of generally accepted actuarial principles and methodologies."

As required by New York State Workers' Compensation "Reform" statute, the maximum rate of payment for New York State Workers' Compensation claimants injured on or after July 1, 2010 will increase from $600.00 per week to $739.83 per week. The maximum weekly benefit rate will now be set as 2/3 of the New York State average weekly wage for the last calendar year as calculated by the New York State Department of Department of Labor.

The Department of Labor has determined that for the calendar year 2009 the average weekly wage was $1,109.75 per week. 2/3 of that amount will now be the maximum weekly benefit or $739.83 per week.

The rate increase will only affect those injured after July 1, 2010 having actual average weekly wages in excess of $1,109.75 per week.

"We reviewed that filing ... carefully and closely," Rasnick said. Changes based on 2007 reforms led to increased costs. This year we had a big increase in the wage-replacement benefits," he said. "That was the single biggest driver."

Workers'-compensation rates surged in the early 1990s says Rebecca Meinking, president, Associated Builders & Contractors (ABC)-Empire State Chapter. In 1996, Gov. George E. Pataki initiated sweeping workers'compensation reform. when he signed into law the New York State Employment, Safety, and Security Act. In the past 11 years, rates have dropped about 30 percent, according to the New York State Workers' Compensation Board. That drop in rates, however was largely offset by an increase in premium "assessments".

Manufacturing Matters

Make Government Your Customer

From Rockland Economic Development Corporation's (REDC) Procurement Technical Assistance Center (PTAC)

Rockland Economic Development Corporation's Procurement Technical Assistance Center (REDC's PTAC) Program is a comprehensive resource for small businesses that seek to market and sell its products and/or services to government agencies—the U.S. Department of Defense (DoD), federal, state and local governments and their prime contractors— improving their chance of success.

Nationally, there are 94 PTACs dedicated to assisting businesses seeking to compete successfully in federal, state and local government contracting. The REDC PTAC was established to improve the general local economy by assisting businesses in obtaining and performing under DoD, other federal agencies, and state and local government contracts. PTAC offers FREE assistance with the acquisition process that enables small, small-disadvantaged, women-owned, minority-owned, veteran and disabled veteran-owned businesses to receive awards and bid from government agencies. In 2009, REDC's PTAC clients were awarded more than 5,100 contracts totaling over $249 million.

Working with a team approach, PTAC harnesses for the benefit of its clients the resources and expertise of various federal, state, local, regional and private sector entities. PTAC offers its clients daily notices of government bids that are based on their unique profile containing industry codes and key words or phrases describing their goods or services. Businesses are provided access to opportunities for conducting business with the government and, in turn, have a demonstrable economic impact in local communities through business expansion, job creation and retention.

In addition, PTAC offers:

- Confidential one-on-one counseling sessions to introduce businesses to government contracting
- Guidance about applications and registrations, bid preparation, subcontracting and quality requirements
- Educational seminars to assist business growth through electronic commerce
- Assistance with creating a targeted *Marketing to the Government* plan

Government agencies are looking to contract for a variety of products and services in today's market including, but not limited to: computer hardware & software, musical instruments, baked goods, medical equipment, food preparation and serving equipment, construction materials, rescue and safety equipment, lighting fixtures, and so much more.

REDC's PTAC serves businesses in the Lower Hudson Valley Region including Rockland, Orange and Westchester Counties. Its programs and services are made possible through a cooperative funding agreement between the U.S. DoD and REDC, in cooperation with Rockland County, the Orange County Chamber of Commerce and the County of Westchester Industrial Development Agency.

REDC's PTAC offers free business assistance and much more. To learn more about PTAC or to set-up an introductory, one-on-one counseling session, contact **Liz Kallen, PTAC Program Manager**, at 845.735.7040 or lizk@redc.org.

Come and discover how to make government your customer—you'll be glad you did!

PTAC offers FREE assistance with the acquisition process that enables small, small-disadvantaged, women-owned, minority-owned, veteran and disabled veteran-owned businesses to receive awards and bid from government agencies. In 2009, REDC's PTAC clients were awarded more than 5,100 contracts totaling over $249 million.

Member Profile

Schatz has excellent engineering capabilities that allow them to solve problems in current applications as well as create innovative solutions for new products.

Member Profile: Schatz Bearing Corporation

Founded: 1895 (1985 see timeline below)

Location: Poughkeepsie, NY

# of Employees: 75

Website: www.schatzbearing.com

Schatz Bearing Corporation is a company with a long rich history of manufacturing here in the Hudson Valley. Theirs is a story similar to many other industrial companies over the past century, but unlike most this one has a happy ending.

In 1895, Adolf Schatz and his son, Herrman, opened a metal specialties shop in New Haven Connecticut. In 1900 this business was incorporated as The Schatz Hardware Manufacturing Company and a few years later the Schatz Manufacturing Company incorporates the hardware company and the Acme Ball Bearing Co. In 1910, Schatz moved to one story building on Fairview Ave. in Poughkeepsie, NY, and employed 75 people and five years after that, Schatz organized Federal Bearing Co. to manufacture high grade ball bearings. Throughout the next four decades of the company flourished. There were numerous additions and by 1950 employment climbed to over 1200 people.

This golden era couldn't last forever though. In the late 60's a fifteen month strike took its toll and in 1979 Schatz lost its account with NAPA Auto Parts. By 1980 (with an approximant workforce of 800 employees) there were major layoffs and Schatz filed for bankruptcy.

The next year the company closed down and assets were liquidated, but the Schatz name and many pieces of equipment were purchased and in December of 1981 the "new" Schatz emerged from the ashes. With a workforce of ten people the company moved from the old Schatz-Federal plant down the street to the current location at 10 Fairview Ave. In 1985, the Pomeroy family purchased Schatz and in 1989, the current President, Dr. Stephen Pomeroy began his career there. In 1990, the company once again expanded and currently employs 75 people.

Schatz Bearing Company still manufactures bearings from bearing quality steel and stainless steel. These are used in a wide variety of industries including aerospace, defense, medical and semiconductor.

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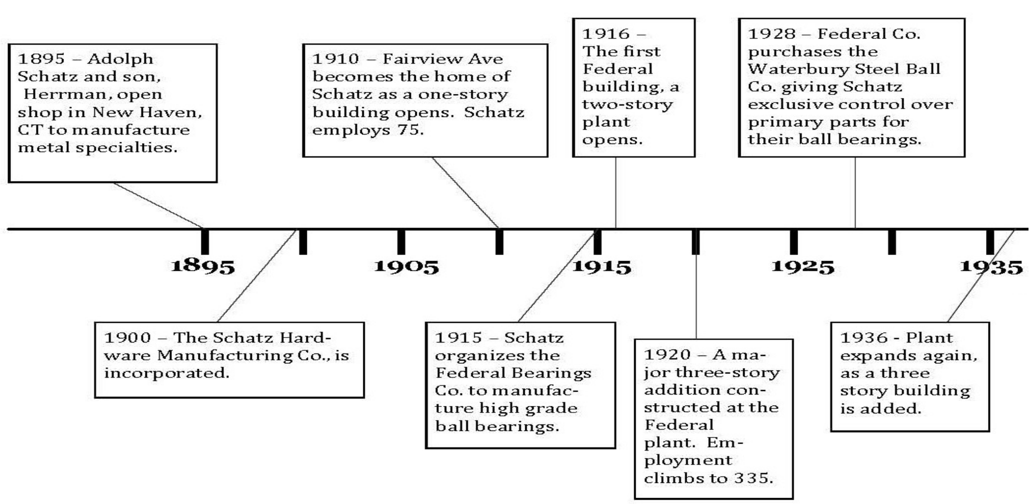
This timeline shows some of the milestones in the history of Schatz Bearing Company.



The applications in which these bearings are used often requires Schatz to be an "approved supplier" and the products must pass stringent testing and approval processes. In some cases government approvals are also required.

Although the ball bearing itself looks much the same, the engineering design and use of ball bearings has evolved from those days in the early twentieth century. Schatz also produces linear motion bearings, bushings, and linear slide assemblies. There is a constant flow of new products on the market that generate the need for new bearing designs. Schatz provides engineering design services to customers in addition to manufacturing the product. Pomeroy explains, "The challenge in these applications is to keep up with the significant improvements in manufacturing technology. Foreign competition is a constant threat. Bearing manufacturing is considered by many emerging nations as a core industry in addition to steel, automotive and aerospace."

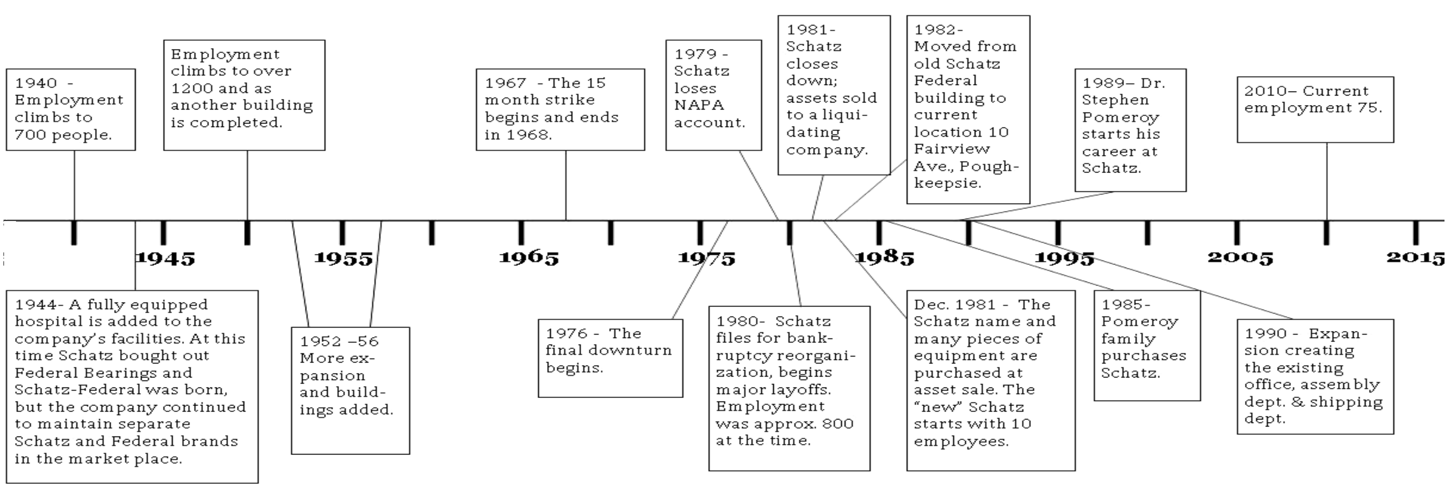
Schatz Bearing Corp. has found its niche in serving safety critical industries such as aerospace, ones that require domestic production such as defense, and ones that need highly engineered designs such as medical and semiconductor. Schatz has excellent engineering capabilities that allow them to solve problems in current applications as well as create innovative solutions for new products. They have diverse manufacturing capabilities that allow them to meet the various needs of their customers.

Schatz is a company that isn't just on the cutting edge of technology but also a forerunner in the "Green Movement," conserving energy and reducing waste. On the Schatz website there is a page called

Schatz Going Green which outlines the company's green projects which include state of the art high efficiency lighting, high efficiency compressed air system, float switches on pumps, weatherization projects and material recycling. Dr. Pomeroy credits the Council of Industry with indirectly spurring Schatz's efforts to conserve energy. "When the Council first got involved with the electricity purchase consortium, it got me thinking about ways that we could modernize our facility from an energy consumption standpoint." He looked into and found great technology and government incentives that combined with the benefit to the environment make "going green" an excellent investment.

Inspiring a shift towards energy conservation isn't the only influence the Council of Industry has had on Schatz Bearing Corp. Schatz Bearing and the Council of Industry have a history together that goes back almost a century itself. From participating in training programs and becoming better aware of available government grants, Schatz has had significant participation in Council programs over the last several years. "I have always had the feeling that the Council is truly trying to help companies first. If they don't have an offering that is a best fit for our company, they won't try to force it just to sell us something (or "they won't try to sell us something just for the sake of making a sale"). It's an intangible but something that is vital," explained Pomeroy.

The story of Schatz Bearing Corporation could have ended like many other local manufacturers in the 1980s, but fortunately this company was able to rise like a phoenix to a new life. By being innovative, finding the right markets and by being willing to try new ways of doing things, like the "Going Green" project, new life and vitality have been instilled in this historic company.



Health Care Reform Update

The regulations illuminate the agencies' interpretations, thus far, on the Health Care Reform Law's grandfathering provisions.

Regulations Illuminate agencies' Interpretations on the Health Care Reform's Grandfathering Provisions

From Jackson Lewis, llp

Editor's note: *The Patient Protection and Affordable Care Act, commonly referred to as Health Care Reform, is a very complex law with many provisions that are only now being interpreted through rules and regulations by various federal agencies. As these provisions become clarified by these various agencies the CI Newsletter will inform its readers as to their content and impact on employers. Our purpose, as always, is to provide you with the information and resources you will need to comply with this law.*

Throughout the debate over healthcare reform President Obama consistently declared that, under any new system, those who liked their plans would be able to keep them. Thus the somewhat confusing and vague "grandfather" language in the new law. The Departments of Labor, Treasury and Health and Human Services have jointly issued interim regulations on the grandfathering provisions under the Patient Protection and Affordable Care Act of 2010 (PPACA) as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA) (together, "Health Care Reform Law").

The regulations illuminate the agencies' interpretations, thus far, on the Health Care Reform Law's grandfathering provisions. The provisions added to the excise tax rules by these interim regulations are set to expire June 14, 2013, but are expected to be replaced before that date. Some of the agencies' interpretations surprised unions and employers, as well as commentators and practitioners, as they appear to advance a policy agenda beyond what actually is provided in the Health Care Reform Law.

What is grandfathered health plan coverage?
Group health plans and health insurance coverage in effect on March 23, 2010, may be "grandfathered" from certain Health Care Reform Law requirements.

From which provisions of the new law is a grandfathered plan exempt?
Exempted provisions include those requiring coverage for clinical trials and preventive health services, prohibiting discriminating in favor of highly compensated employees, and affording certain new appeals, reporting and disclosure requirements. (The U.S. Department of Labor has published a table showing how the relevant provisions of the Health Care Reform law apply to grandfathered plans at http://www.dol.gov/ebsa/pdf/grandfatherregtable.pdf.)

What provisions of the new law apply to a grandfathered plan?
Even a grandfathered plan (effective as of the first day of the plan year beginning on or after September 23, 2010) must provide extended dependent coverage to "children" up to age 26, refrain from rescinding coverage, eliminate lifetime dollar value limits on essential benefits and pre-existing condition exclusions for children under age 19, and restrict annual limits on essential benefits in accordance with regulations (yet to be issued). Additionally, in the next couple of years, a grandfathered plan must provide uniform explanations of coverage, eliminate entirely annual limits on essential benefits and pre-existing condition exclusions, and eliminate waiting periods in excess of 90 days. The DOL's table (http://www.dol.gov/ebsa/pdf/grandfatherregtable.pdf) also lists the provisions that apply to grandfathered plans.

Does a grandfathered plan exempt the employer from the new law's employer "pay or play" penalty?
No, a grandfathered plan does not exempt the employer from the employer "pay or play" penalty. The employer would be subject to the pay-or-play penalty provisions of the Health Care Reform Law effective as of 2014.

Continued on next page

What changes will cause a grandfathered plan to lose its grandfathered status?
The new regulations contain plan changes that will cause a plan to lose its grandfathered status. Initially, the regulations reiterate the Health Care Reform Law's provision that a grandfathered plan will not lose its grandfathered status by adding family members of already-covered participants or by adding new employees. ***However, changing insurance carriers will cause a plan to lose grandfathered status.*** Also, the regulations add "anti-abuse" rules to prevent corporate re-organizations and plan mergers from being used to make plan changes without losing grandfathered status.

Finally, an otherwise grandfathered plan loses its grandfathered status if, compared to the plan in effect as of March 23, 2010: benefits are eliminated; any cost-sharing percentage is increased; a fixed cost-sharing amount (like a deductible or maximum out-of-pocket limit), other than a fixed co-payment, is increased by more than the "medical inflation" rate plus 15%; a fixed cost-sharing co-payment amount is increased by more than $5 plus medical inflation or by more than the medical inflation rate plus 15%, if greater; the employer contribution amount is decreased by more than 5%; or an annual limit provision is added (or an existing annual limit threshold is decreased).

What else must a grandfathered health plan do to retain its status?
In order to maintain grandfathered status, the regulations require a plan to be maintained in writing (reflecting terms in effect on March 23, 2010, and available for agency examination) and to disclose in plan materials that "it believes it is a grandfathered plan." (The regulations provide model language for this purpose. See the "Model Notice" on the DOL's website, http://www.dol.gov/ebsa/healthreform.) The notice must be included in "any plan materials provided to a participant or beneficiary describing the benefits provided under the plan."

Are there any special rules for collectively bargained plans?
Yes. A special rule is applicable to insured plans maintained pursuant to one or more collective bargaining agreements ratified before March 23, 2010. These plans have additional grandfathering protection until the last such collective bargaining agreement expires. However, one surprise for many such plans is the agencies' pronouncement that even these plans are subject to certain "consumer protection" mandates that apply to all other plans. These include the requirement to cover dependents to age 26, the prohibitions against lifetime limits and coverage rescissions, and the restrictions on pre-existing condition exclusions and annual limits that go into effect as of the first day of the plan year beginning on or after September 23, 2010.

What if a plan does not comply with a change required by the new law?
The basic penalty for failure to comply, for example, with the mandates and prohibitions that go into effect for plan years beginning on or after September 23, 2010, is a non-deductible excise tax of $100 per failure per affected individual per day. Generally, this penalty is capped at $500,000 per year for a single employer plan and the amount may be reduced for timely corrections and for failures that are due to reasonable cause and not willful neglect.

Is there a transition period for complying?
Yes. Under special transition rules, if an employer: (a) made changes to its plan after March 23, 2010, pursuant to a contract entered into before that date, or (b) adopted amendments prior to March 23, 2010, that were effective after that date, the changes may be considered part of the plan's terms as of March 23, 2010. Other changes made after March 23, 2010, and adopted before June 14, 2010, if revoked before the first day of the plan year beginning on or after September 23, 2010, will not cause the plan to lose grandfathered status.

* * *

Although the interim regulations were issued without the usual full rulemaking notice-and-comment period (giving the public an opportunity to comment beforehand), the agencies now invite public comment on whether additional plan changes should result in loss of grandfather status and other grandfathering-related issues.

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