MANUFACTURING NEWS

# BRIEFS

## THE MANUFACTURING ECONOMY

### NAM Survey: Mid-market manufacturing firms in an August survey reported revenue growth of 7.1%

Middle-market manufacturers reported average second-quarter revenue growth of 7.1%, which was higher than the average manufacturer, according to a National Center for the Middle Market survey. Tom Stewart of NCMM said midsize manufacturers display a combination of resiliency and growth orientation.

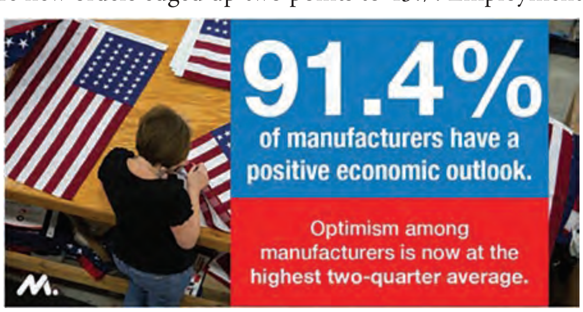
NCCM defines the middle market as companies with $10 million to $1 billion in annual revenue. Manufacturing has 22,200 companies in the sector employing 29.9% of the manufacturing workforce. These companies generate $1.1 trillion in revenue annually, just over 15% of all manufacturing revenue.

53% of mid-market manufacturers added jobs in the past year while only 8% decreased employment. Just as with their small and large peers, mid-market manufacturers are reporting that finding employees is a concern. Some 64% said finding staff is their top internal challenge. Manufacturers said their biggest needs were for professional and technical staff, followed by sales and then production workers.

### Empire State Manufacturing Survey: Business Activity Edged Lower in New York State

Manufacturing firms in New York State reported that business activity continued to expand strongly in September. After reaching a three-year high in August, the general business conditions index held steady at 24.4. Forty percent of respondents reported that conditions had improved over the month, while 16 percent reported that conditions had worsened. The new orders index climbed four points to 24.9, pointing to another month of solid gains in orders, and the shipments index advanced to 16.2. The unfilled orders index moved out of negative territory, its fourteen-point rise to 8.9 signaling an increase in unfilled orders. The delivery time index rose nine points to 14.6, pointing to longer deliver times, and the inventories index rose to 6.5, a sign that inventory levels were somewhat higher.

Indexes assessing the six-month outlook suggested that firms continued to be optimistic about future conditions. The index for future business conditions came in at 39.3, and the index for future new orders edged up two points to 43.7. Employment was expected to increase modestly. The capital expenditures index climbed thirteen points to 24.4, and the technology spending index moved up to 17.1.

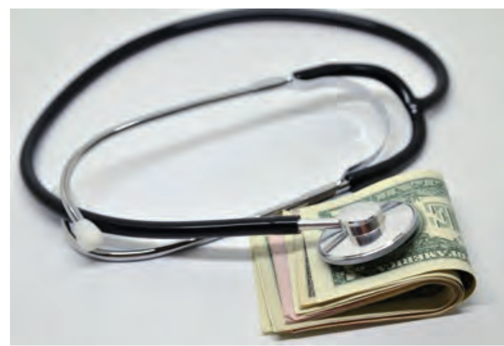



## LABOR AND EMPLOYMENT

### Cost Of Employer-Provided Health Insurance Rises Toward $19,000 a Year

The Wall Street Journal reports that the average cost of health coverage offered by employers pushed toward $19,000 for a family plan this year, while the share of firms providing insurance to workers continued to edge lower. According to an annual poll of employers performed by the non-profit Kaiser Family Foundation along with the Health Research & Educational Trust, a nonprofit affiliated with the American Hospital Association, annual premiums rose 3% to $18,764 for an employer plan in 2017, from $18,142 last year, the same rate of increase as in 2016.

The trend of relatively gradual premium increases has continued for several years, with the growth of premiums damped by a shift toward bigger out-of-pocket costs for employees in the form of high deductibles—a move that slowed this year, as average deductibles were roughly flat compared with 2016.



This year, 53% of employers in the survey offered health benefits, down from 56% last year and 61% in 2012. Just half of firms with 3 to 49 workers offered health insurance this year, the first time the share reached that threshold. Five years ago, 59% of companies in that category offered health benefits.

### Pay Data Reporting Obligation Postponed Indefinitely

According to Jackson Lewis, the Office of Information Regulatory Affairs (OIRA) has decided to postpone indefinitely the newly created pay data reporting component of the annual EEO-1 report. In a letter addressed to Acting EEOC Chair, Victoria Lipnic, OIRA explained it has stayed the effectiveness of the new obligation to take time to review data collection requirements and burden estimates associated with the new data reporting obligations.

The letter confirmed EEOC may continue to use the previously approved form to collect race/ethnicity and gender information. This means no EEO-1 report is due in 2017 and the report filed in March 2018 will include only race/ethnicity and gender information, not pay data or hours worked.

## Reminder: Start Using New Form I-9 In September

The U.S. Citizenship and Immigration Services (USCIS) recently released a new version of Form I-9, which must be used on and after Sept. 18, 2017. This new form has a revision date of July 17, 2017, and is the current (and only) version that is available on the agency's website.

Although the revisions are modest, all employers must still comply. This new version of Form I-9 will probably be short-lived, because the USCIS will need to provide another update to Form I-9 in the event that the Entrepreneur Parole Rule (EPR) is implemented. Currently, USCIS anticipates the effective date of the final EPR will be in March 2018, but the agency has also signaled that it may eliminate the rule later this fall or early next spring.

# WORKFORCE AND TRAINING

## Trump Administration Announces Plan to End DACA

On September 5, 2017, Attorney General Jeff Sessions announced the Trump administration's formal plan to end the Deferred Action for Childhood Arrivals (DACA) program.

Bond, Schoeneck & King report that DACA was implemented in 2012, through an executive order by former President Barack Obama. DACA allows illegal immigrants who entered the U.S. as minors to receive a renewable two-year period of deferred action. In addition, DACA recipients are eligible to receive an employment authorization document (EAD), which allows them to work legally in the U.S. Currently, about 800,000 individuals are participating in the DACA program. The Trump administration's decision to phase out the DACA program will end the work authorization of DACA beneficiaries and open the doors for their deportation.

The DACA program is scheduled to end in six months, on March 5, 2018. As of September 5, 2017, the Department of Homeland Security (DHS) no longer accepts new DACA/work permit applications. Individuals whose DACA/work permit expires prior to March 5, 2018 may apply for a two-year renewal, but their application must be received by the DHS on or before October 5, 2017.


Meanwhile, for planning purposes, employers may wish to identify those individuals who are employed pursuant to DACA work permits by reviewing the I-9 forms and copies of the I-9 documents (if any) already on file.

## NAM: Recruiting the Next-Generation Workforce

On Labor Day, The NAM rolled out their "Creators Wanted" campaign to inspire and recruit the next-generation workforce, with the help of a new partnership with longstanding National Association of Manufacturers' (NAM) member Pfizer.

Supported by research efforts by the NAM's affiliate, The Manufacturing Institute, you'll find the new website, CreatorsWanted.org, where the story of modern manufacturing come to life through the voices of workers—at manufacturers of all sizes, including these pioneer contributors: Anheuser-Busch, BTE Technologies, Dell, Edward Marc Chocolatier, Emerson, General Electric, HELM Boots, Honda, Jamison Door Company, Marlin Steel Wire Products, PPG and STIHL, as well as Pfizer.

Research shows that when parents get to know modern manufacturing their kids see our industry as an attractive career path and we have access to a new talent pipeline. That's why these new tools and videos, along with helpful conversation guides for parents, open the doors to our workplaces—and unveil the opportunities that lie beyond them.

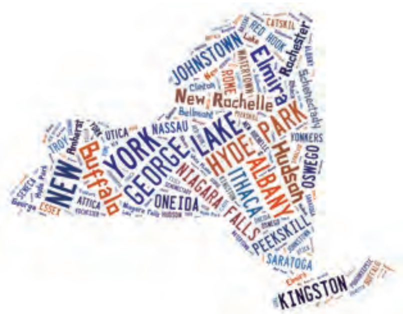
So, visit CreatorsWanted.org and the Council of Industry's own GoMakeIt.org and share these stories with your employees and your networks.

## NYS Comptroller: Nine Million New Yorkers Employed, Highest Count Since 2008

For the first time since the Great Recession, more than 9.1 million New Yorkers were working in 2016, according to a report released in September by State Comptroller Thomas P. DiNapoli. Yet regional growth remained uneven, with downstate regions experiencing the highest employment growth while most upstate regions saw declines.

While each of New York's 10 labor market regions saw unemployment decline sharply from 2011 to 2016, in half of those markets, the number of people with jobs also dropped. Factors could include worker migration or workers dropping out of the labor force. A shrinking workforce can dampen economic growth, affecting the vitality of local communities and raising fiscal issues at state and local levels.

Long Island had the highest labor force participation rate of any region in 2016, at 63.8 percent. Participation rates in the Capital Region and the Hudson Valley also topped 60 percent, followed by New York City; The workforce is aging in New York and nationally, with the number of workers aged 65 and over rising by 26 percent in New York over the past five years, compared to a 19 percent increase nationwide; New York's labor force is well educated, with 40.6 percent holding a bachelor's degree or higher compared to 34.7 percent nationwide; and nearly 24 percent of workers in New York belonged to unions in 2016, the highest participation rate of any state and more than double the national figure.




### Council of Industry Launches Manufacturing Alliance Apprenticeship Program

*(See Related Article on Page 11)*

The New York State Manufacturers Alliance – of which the Council of Industry is a founding member – has been successful in obtaining funds in the State Budget for the creation of a New York State Manufacturers Alliance Apprenticeship Program (NYSMAAP). Administered in the Hudson Valley by the Council of Industry NYSMAAP will be an employer-led public-private pilot program for registered apprentices in manufacturing occupations.

This apprenticeship has two basic elements. The first, On-the-Job Training (OJT), consists of a journey-level, craft person capable and willing to share their experience with an apprentice, in a hands-on manner. The second, Related Instruction (RI), consists of learning more theoretical or knowledge-based aspects of a craft.

This registered apprentice program will typically be three to four years in duration and include the following trades: Machinist (CNC), Electro-Mechanical Technician, Electronics Technician, Maintenance Mechanic (Automatic Equipment), Quality Assurance Auditor, Toolmaker and Welder.

## GLOBAL TRADE

### J.P. Morgan: Global Manufacturing PMI at 75-month High in August

The J.P. Morgan Global Manufacturing PMI increased from 52.7 in July to 53.1 in August, its fastest pace since May 2011. The underlying data rose across the board, including new orders, output, exports and employment. The hiring data mirrored the headline index, with employment growth at a pace not seen since June 2011. Looking ahead six months, manufacturing leaders continued to be very upbeat in their outlook, with the index for future output unchanged at 63.5. Readings greater than 60 suggest robust growth for the next six months, illustrating the optimism for the second half of 2017.

Europe continued to dominate the list of the top export markets with strong manufacturing growth. Those countries with the highest PMI readings in the sector in August included the Netherlands, Germany, the United Arab Emirates, the United Kingdom, France, Canada and Taiwan. Specific to the Eurozone, manufacturing activity grew at its highest rate since April 2011, illustrating just how much the continent's economies have turned a corner over the past year.

## ENERGY

### Hurricanes Harvey and Irma Impact Energy Operations and Markets

Bloomberg Reports that U.S. fuel prices are poised to remain elevated for the rest of the year in the aftermath of hurricanes Harvey and Irma, costing consumers billions.

Harvey knocked out 25% of the nation's fuel-making capacity at the height of the storm's flooding in Texas. More than 12% is still shut as of September 15th with three plants idle and 11 struggling to resume operations. A week later, Irma compounded fuel shortages in the Southeast, as millions of people fled in a mass evacuation that emptied gasoline stations. A record amount of fuel was pumped out of storage tanks in the week ended Sept. 8, according to federal data, to keep East Coast gas pumps working. It was the largest one-week drawdown in U.S. gasoline stockpiles since 1990.

While some pump prices have drifted lower, increases could persist in some areas for months, analysts and economists said. An extended increase of 25 to 50 cents a gallon would translate to billions of dollars in costs to consumers over the course of 60 to 90 days, according to federal data on U.S. vehicle miles traveled and average fuel efficiency.

### Feds Overrule State's Permit Denial for Pipeline to CPV Wawayanda plant

The Federal Energy Regulatory Commission ruled September 15th that the New York State Department of Environmental Conservation waived its right to review Millennium's application for a crucial Clean Water Act permit by failing to act within a year of receiving it. According to the Times Herald Record the DEC denied the permit in late August, demanding that an additional environmental review be completed, taking into account not only the direct impact of the pipeline, but also the emissions that would be generated by the power plant.

Competitive Power Ventures, the developer of the 650-megawatt Valley Energy Center, expects to complete the plant early next year.

Millennium plans to cooperate fully with the (DEC) on all issues related to water quality and will hold to the agreement to accommodate their requests on water crossings and wetlands. The company plans to use a technique called horizontal directional drilling for portions of the route that include wetlands or bodies of water. That approach, while more expensive than digging trenches, is considered less intrusive on the environment. The project is expected to cost about $57 million.