

### THE MANUFACTURING ECONOMY

#### NAM CEO Outlook Survey Shows Manufacturers Trade Challenges Persist

As the review of the United States–Mexico–Canada Agreement gets underway, a majority of manufacturers report they utilize either Canada or Mexico for critical parts of their supply chains—at a time when trade uncertainty remains manufacturers’ top business concern, according to the National Association of Manufacturers Q1 2026 Manufacturers’ Outlook Survey. The survey also shows manufacturers’ optimism is rising, with 75.3% reporting a positive outlook for their company, up 5.4 percentage points from the previous quarter. Key findings:

- For the first time since 2023, manufacturers’ outlook topped the historical average of 74.3%, and manufacturers expect most indices to improve meaningfully over the next 12 months.
- 70.6% of manufacturers cited trade uncertainties as a top business challenge for the fifth consecutive quarter.
- For the second consecutive quarter, rising health care/insurance costs (69.8%) remained the second most-cited business challenge for manufacturers.
- Raw material and other input costs are anticipated to rise at the same pace as projected in Q4 (4.1%) and ranked as the third-highest business concern at 57.5%.
- Sales and production are projected to rise 3.8% and 3.5%, respectively, up from the previous quarter’s forecast of 2.8% and 2.4% growth.
- 54.6% secure critical inputs from either Canada or Mexico—82.2% of those manufacturers say they source raw materials or other inputs from either country.

#### Empire Manufacturing Survey: Activity Little Changed in March

Manufacturing activity held steady in New York State, according to the March survey. The general business conditions index fell seven points to -0.2, with just over 30 percent of firms reporting an increase in activity and the same percentage reporting a decrease.

- The new orders index was little changed at 6.4, pointing to a small increase in orders, while the shipments index fell six points to -6.9, indicating that shipments declined.
- The unfilled orders index rose two points to 10.8. The delivery times index rose ten points to 13.7, indicating that delivery times lengthened. Inventories moved higher.
- The supply availability index dipped three points to -3.9, suggesting that supply availability was slightly worse than last month.
- The index for number of employees rose two points to 5.8 and the average workweek index was little changed at 1.9.

- The prices paid index fell thirteen points to 36.6, and the prices received index was little changed at 21.4, indicating that input price increases moderated while selling price increases held steady.
- The index for future business conditions came in at 31.0, suggesting that firms continued to be optimistic about the outlook.
- The capital expenditures index rose three points to 21.6, a multi-year high, indicating that capital spending plans strengthened.

#### Tariff Refund Process Could Be Ready By The Spring, Customs Official Says

In a filing with the Court of International Trade March 27th, Brandon Lord, executive director of U.S. Customs and Border Protection’s trade policy and programs directorate, said the CBP is working on a new system that will simplify the process. He said it should be ready in 45 days and require “minimal submission from importers.” The filing comes after a judge earlier in the month ordered the government to start paying back all importers the illegal tariffs they paid – with interest.

In the filing, Lord said as of March 4, over 330,000 importers have made a total of over 53 million entries with CBP and paid about \$166 billion in tariffs that now have to be refunded. Lord estimated that under the current system, refunds would take more than 4.4 million man hours to complete. But he said the agency is confident they can develop and implement a new process that will streamline and consolidate refunds and interest payments. The system should be ready in 45 days, he said. “This new process will require minimal submission from importers,” he wrote. “It will also minimize errors by ensuring accurate IEEPA refund calculations through system validations and allowing for a review period for CBP to resolve any discrepancies with the importer and to confirm no other outstanding enforcement issues or no revenue is owed.”

### CLIMATE, ENVIRONMENT, SAFETY AND HEALTH

#### EPA Repeals Landmark Climate Finding In Huge Regulatory Rollback

The Trump administration in February overturned an Obama-era scientific finding that serves as the legal basis for federal greenhouse-gas regulation, the Environmental Protection Agency said. Repealing the so-called endangerment finding, a scientific determination that greenhouse gas emissions endanger human health, would remove the legal foundation for broader greenhouse gas regulation and would mark the Trump administration’s most wide-reaching climate policy rollback. The repeal is expected to be

published later this week and cited EPA Administrator Lee Zeldin saying it would amount to “the largest act of deregulation in the history of the United States.”

An EPA spokesperson said the endangerment finding was used by the Obama and Biden Administrations to “justify trillions of dollars of greenhouse gas regulations covering new vehicles and engines.” On January 30, a federal court ruled that the Department of Energy violated the law when it formed a climate science advisory group whose report was meant to support the EPA’s repeal of the endangerment finding, potentially making the final rule vulnerable to legal challenges. While many industry groups backed the repeal of vehicle emission standards, many were reluctant to show public support for rescinding the endangerment finding because of the legal and regulatory uncertainty it would unleash.

## Hochul Proposes Delays To Clean Energy Goals To Minimize Impact On New Yorkers

In an op-ed published in the Empire Report, the Governor wrote that while she stands by the stated goals of the CLCPA, its implementation should be pushed back to ensure its affordability for New Yorkers. The law has a stated goal of shifting 70% of the state’s total energy needs to renewable sources by 2030, with a 100% renewable grid by 2040. “I have repeatedly said that utility rates in our state are too high. And while the Climate Act is not the driver of the high energy prices we are experiencing, the undeniable fact is we cannot meet the Climate Act’s 2030 targets without imposing new and additional crushing costs on New York businesses and residents,” the Governor wrote.

The most clearly stated proposals in the Governor’s op-ed involve shifting the deadline to reduce the state’s greenhouse gas emissions from the end of 2030 to a new target, 2040 and changing the emissions limits are regulations are tied to. In addition, she proposed changing how emissions are measured under the law to align with international standards used by nearly every other state or risk failing, despite having spent billions of dollars. Any proposed changes would require passage through the New York State Legislature, which birthed the law in 2019 alongside the Cuomo Administration. Governor Hochul wrote that she will push for changes during state budget discussions.

## TECHNOLOGY AND CYBERSECURITY

### New ABB Study: Cybersecurity Now Ranks As Top Concern Among Automakers, Suppliers

Automotive manufacturing leaders rank cybersecurity as their top concern across all regions of the world and supplier tiers, beating out more traditional issues such as cost reduction and newer ones such as AI and flexible manufacturing, according to a newly minted survey. ABB Robotics’ Automotive Manufacturing Outlook Survey for 2025 found that 95% of vehicle makers rated cybersecurity as a significant manufacturing concern, with 53% ranking it “extremely significant.”

“Cybersecurity is no longer something manufacturers are thinking about for the future—it is something they must address at the heart of production today,” said the managing director of ABB’s automotive business line, Joerg Reger. “As factories become more connected, software-driven and data-intensive,

cybersecurity has become a core manufacturing discipline.” Across companies, OEMs and first- and second-tier suppliers ranked cybersecurity as the most significant area. The ranking also dominated across manufacturers in North America, Europe and the Asia-Pacific region. Cost reduction and automation and robotics followed closely behind.

## Jeff Bezos in Talks to Raise \$100 Billion for AI Manufacturing Fund

Jeff Bezos is in early talks to raise \$100 billion for a new fund that would buy up manufacturing companies and seek to use AI technology to accelerate their path to automation. The fund, described in investor documents as a “manufacturing transformation vehicle,” is aiming to buy companies in major industrial sectors such as chipmaking, defense and aerospace. It would dwarf the size of some of the world’s largest buyout funds and rival SoftBank’s \$100-billion, tech-focused Vision Fund.

Bezos was recently appointed co-CEO of Project Prometheus, a new startup that is building AI models that can understand and simulate the physical world. Bezos plans to use the company’s technology to boost the efficiency and profitability of businesses owned by the fund, a playbook that some investment firms are similarly deploying in sectors such as accounting and property management. Project Prometheus is separately in talks to raise up to \$6 billion in funding, according to people familiar with the matter.

## WORKFORCE DEVELOPMENT

### Rising Health Premiums Are Eating Into Worker Paychecks

Recent increases in U.S. health benefits costs are holding down increases in U.S. workers’ wages. Three economists at the Federal Reserve Bank of New York—Jaison Abel, Richard Deitz and Nick Montalbano—gave that assessment in an analysis. The data shows that average wage growth in the New York Fed’s region has fallen every year since 2022, to 3% this year, from about 6% in 2022, when the pandemic labor crisis reached its peak. Meanwhile employer health benefits costs have increased by about 20% over that same period.

In response to a February NY Fed Survey participants reported that their health benefits costs increased by an average of 13% this year. The employers with rising health benefits costs told the New York Fed that they had increased workers’ wages an average of 3.8%. If health benefits costs had not increased, the average increase in wages could have been 4.7%, the economists estimated. The 0.9-percentage-point reduction in wage growth is “the equivalent of a 20% drag on wage growth,” the economists said. “Since health insurance expenditures represent a significant portion of total labor compensation for many firms, the true cost of employing workers at these firms has been climbing faster than wage increases alone suggest potentially squeezing profit margins and making labor more expensive than it appears from the wage bill alone.”

### JOLTS Report: Openings and Hiring Fell in February, Manufacturing Openings and Hires Down

Total job openings declined 4.9% from January and -5.0% from February 2025 to 6.882 million in February from an upwardly

revised 7.240 million in January (previously 6.946 million), according to the Job Openings and Labor Turnover Survey. The number of unemployed increased while openings declined, meaning that the excess of unemployment over openings rose. The number of unemployed has exceeded the number of openings for seven consecutive months, highlighting the softening of labor market conditions over that period.

- Manufacturing openings fell 71k, the first decline in three months.
- Total hiring plunged 9.3% m/m (-498k) to 4.849 million in February, the lowest level since April 2020, from 5.347 million in January (previously 5.294 million). The hiring rate slumped to 3.1%, also the lowest since April 2020, from 3.4% in January.
- Total separations fell 3.4% m/m (-173k) to 4.971 million in February from 5.144 million in January (previously 5.203 million). The separation rate slipped to 3.1% from 3.2%. The February reading was the lowest separation rate since March 2013.
- Within private sector separations, quits declined 157k, layoffs rose 62k and other separations fell 67k. Quits are generally voluntary separations initiated by the employee.
- Even though layoffs have risen in each of the past two months, they have moved little since last fall.
- Low levels of quits indicate that there is more difficulty finding a new job, while flattish layoffs indicate that firms are less willing to lay off existing workers, a general theme of the current economic environment.

### Council of Industry Adds Project Manager to List of Trades Offered Through Apprentices Program

The Council of Industry Leads the Manufacturing Intermediary Apprenticeship Program (MIAP) in the Hudson Valley. MIAP is an employer-led program to help manufacturers upskill their workforce utilizing New York State Department of Labor registered manufacturing apprentice trades. Apprenticeship has two basic elements, On-the-Job Training (OJT), consisting of a skilled employee person capable and willing to share their experience with an apprentice, in a hands-on manner, and Related Instruction (RI), the learning of more theoretical or knowledge-based aspects of a craft. This program makes apprentice training accessible to all manufacturing firms in the region.

Project management is emerging as one of the most essential disciplines in modern manufacturing. Organizations are increasingly dependent on skilled project professionals who can translate strategy into execution, balance complexity with clarity, and deliver measurable value. The Council of Industry's 12-month long project management trade is tailored to develop Project Managers who possess these necessary skills.

## COUNCIL NEWS

### Meet the 2026 Manufacturing Champions

We are proud to announce the 2026 Manufacturing Champions - Leaders who are strengthening manufacturing in the Hudson Valley. Manufacturing Champions build businesses, develop talent, create innovative programs, and strengthen partnerships that help the region's manufacturing community grow and succeed.

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**Cedric Glasper, President & CEO, Mechanical Rubber**

- Cedric Glasper is a manufacturing leader known for his commitment to both industry and workforce. Since 1995, he has helped revitalize struggling facilities and preserve jobs through four strategic acquisitions that prevented plant closures and restored opportunities for displaced workers.

**Ben Katzenstein, President & Owner, Star Kay White**

- Star Kay White, Inc. is a fifth-generation manufacturer that has produced ice cream ingredients, frozen desserts, and specialty flavorings since 1890. In 1984, Star Kay White employed 16 people and was transitioning from a 15,000-square-foot plant in the Bronx to a new 30,000-square-foot facility. Under Ben's leadership, the company has expanded to four buildings across 15 acres totaling approximately 170,000 square feet and now employs more than 150 people, many of whom are local Hudson Valley residents.

**Dr. Jonah Schenker, District Superintendent, Ulster BOCES**

- Dr. Jonah Schenker has served as District Superintendent of Ulster BOCES since March 2023 and been part of Ulster BOCES since 2010, serving in a range of instructional and leadership roles, including founding principal of the Hudson Valley Pathways Academy. He recently led the expansion of the Career and Technical Center into its new location at iPark87, a project that serves as a state and national model for advanced manufacturing education. Dr. Schenker has aligned the BOCES curriculum with industry needs by collaborating directly with business leaders.

**The Gene Haas Foundation** - The Gene Haas Foundation was formed in 1999 with a simple but important mission: "To introduce to and educate individuals for the field of manufacturing technologies specifically CNC machining." The Foundation's philosophy is simple: if you give a student the right tools, you give them a career for life. Across the Hudson Valley, you can find workers whose journey started because of a Haas scholarship or a program supported by their grants. They have fundamentally changed the landscape of technical education in our region.

**Empire State Development Names the Council of Industry the Mid-Hudson Region's Manufacturing Extension Partner (MEP)**

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The Council of Industry will be the Mid-Hudson Region's MEP beginning this Spring. The Manufacturing Extension Partnership (MEP) is administered by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST). The program's primary mission is to strengthen and empower small and medium-sized U.S. manufacturers through state-designated MEP Centers located across the U.S. and in Puerto Rico. In New York State the program is run by NYSTAR (New York State Division of Science, Technology and Innovation) a division of Empire State Development (ESD) that fosters tech-led economic growth.

The Council of Industry will use its MEP status and funding to strengthen its programming and build upon its 116-year history serving manufactures in the Mid-Hudson region.

"MEP funding will help us scale and expand our program offerings," said Johnnieanne Hansen, Council of Industry CEO. "We look forward to the opportunity to work more closely with our education, economic development, and other association partners across the region to help Mid-Hudson manufacturers grow and meet the challenges of global competition."



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