

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

February 5, 2009

BRIEFLY

USCIS delays rule changing list of documents acceptable to verify employment eligibility

U.S. Citizenship and Immigration Services (USCIS) announced that it has delayed by 60 days, until April 3, 2009, the implementation of an interim final rule entitled "Documents Acceptable for Employment Eligibility Verification" published in the *Federal Register* on Dec. 17, 2008. The rule streamlines the Employment Eligibility Verification (Form I-9) process.

The delay will provide DHS with an opportunity for further consideration of the rule and also allows the public additional time to submit comments. A notice announcing the delay was transmitted to the *Federal Register*. In addition, USCIS has reopened the public comment period for 30 days, until March 4, 2009.

Employers must complete a Form I-9 for all newly hired employees to verify their identity and authorization to work in the United States. The interim final rule will amend regulations governing the types of acceptable identity and employment authorization documents employees may present to their employers for completion of the Form I-9. Under the interim rule, employers will no longer be able to accept expired documents to verify employment authorization on the Form I-9.

The interim final rule and an informational copy of the revised Form I-9 will continue to be available for public comment at www.regulations.gov.

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Illinois Manufacturers' Association champions skills certification system for production workers

Manufacturing remains a vital part of the Illinois economy and the need for high skilled workers continues. Experts say some 30,000 new manufacturing workers will be needed each year for the next ten years to replace the retiring baby-boomer generation. "Despite the current recession, we are facing a 'pipeline' crisis," says Ron Bullock, Chairman of the Illinois Manufacturers Association Board of Directors.

In response to this challenge, on January 26 the IMA concluded an agreement with the nationally recognized Manufacturing Skill Standards Council (MSSC). This agreement gives the IMA exclusive rights to distribute and take the lead in marketing the MSSC Certification System in Illinois. This agreement builds on a September 2008 IMA Board resolution that encourages its 4,000 members to

take MSSC certificates into account in their recruitment and hiring processes.

The MSSC is an industry-led training, assessment and certification system focused on the core competencies needed by the nation's workers in all production occupations in all sectors of manufacturing. The nationwide MSSC Certification System, based upon federally-endorsed national standards, offers both entry-level and incumbent workers the opportunity to demonstrate that they have acquired the foundational knowledge and basic technical skills needed in the high-growth, technology-intensive jobs of the 21st century — the agile "Industrial Athlete of the Future."

The MSSC awards certificates to individuals who pass MSSC assessments in the four critical functions of production —

See **CERTIFICATION**, page 2

Small business gains when Regulatory Flexibility Act is followed

Oversight Of RFA saves small business \$10.7 billion in FY 2008

The Office of Advocacy of the U.S. Small Business Administration saved American small businesses \$10.7 billion in foregone regulatory costs in fiscal year 2008, by helping federal agencies comply with the Regulatory Flexibility Act (RFA). The RFA requires agencies to analyze the economic impact of proposed regulations on small entities and consider less burdensome alternatives that still reach the agencies' regulatory goals.

"Small businesses gain when their voice is heard during the regulatory process," said Shawne McGibbon, Acting Chief Counsel for Advocacy. "The Office of Advocacy is proud to bring small businesses' concerns to the attention of regulators in Washington, and we are especially proud of the \$10.7 billion in savings that resulted from our efforts."

The Report on the RFA, FY 2008 (www.sba.gov/advo/laws/flex/08regflx.pdf) outlines federal agency compliance with

the RFA, describes agency adherence to Executive Order 13272 that strengthens the RFA, and documents the results of Advocacy's Regulatory Review and Reform (r3) and Small Business Regulatory Flexibility Model Legislation initiatives.

Other highlights of Advocacy's efforts include:

- Submitting 33 public comment letters to federal agencies on regulatory proposals,
- Convening 28 roundtables to solicit opinions and concerns of small business stakeholders,
- Delivering the 2008 r3 Top 10 Rules for Review and Reform to agencies for their action, and
- Working with stakeholders in five states to pass regulatory flexibility legislation.

For more information and a complete copy of Report on the Regulatory Flexibility Act, FY 2008, visit the Office of Advocacy website at www.sba.gov/advo.

Safety; Quality Practices & Measurement; Manufacturing Processes & Production; and Maintenance Awareness. Individuals who pass all four assessments are certified as a full MSSC-Certified Production Technician (CPT). MSSC also offers training courses, MSSC Instructor Certification Training, Assessment Center Certification Training, and a "Diagnostic Tool" that benchmarks a company's production workforce against national standards.

"MSSC credentials offer Illinois manufacturers an opportunity to reduce recruitment costs, eliminate remedial training costs, and attract a motivated workforce," states Leo Reddy, MSSC CEO. "MSSC's industry-recognized credentials also allow high schoolers, college students, workers, and career changers to demonstrate that they possess the core skills and flexibility needed to keep pace with technological change in both current and future industries."

IMA President & CEO Gregory W. Baise adds, "The fact that the MSSC Certification System applies to all our members, irrespective of their industry sector is particularly appealing. We believe that our agreement with MSSC can help keep Illinois at the forefront of the nationwide effort to build a workforce with the advanced manufacturing skills required for U.S. manufacturers to compete effectively in the global economy."

IMA's Small Manufacturers Council invites you to participate

February 6, 2009, 1211 W. 22nd St., Oak Brook, 9:00–11:30 am

IMA's Small Manufacturers' Council is a group focused on the unique issues and challenges facing manufacturers employing fewer than 150 workers. The council meets four times yearly to explore current and emerging business trends and hear from leading experts on matters important to the manufacturing community in Illinois. The Council is the key avenue to assure that the needs and concerns of small manufacturers are distinctly heard by elected officials and state and local policy makers. As part of each meeting, an IMA staff member will provide a brief but informative review of Illinois politics. Council size is limited. Contact Jim Nelson at 800-875-4462 or email jnelson@ima-net.org.

History of the New York Mercantile Exchange

Commodity exchanges began in the middle of the 19th century, when market forums were organized to make buying and selling commodities easier. In 1872, a group of Manhattan dairy merchants got together and created the Butter and Cheese Exchange of New York and ten years later the name officially changed to the New York Mercantile Exchange (NYMEX), as trade had expanded to include eggs, dried fruits, canned goods, and poultry. As centralized warehouses were built into principal market centers such as New York and Chicago in the early 20th century, exchanges in smaller cities began to disappear, giving more business to the exchanges such as the NYMEX in bigger cities. Today, the NYMEX is the world's largest physical commodity futures exchange, handling billions of dollars worth of energy products, metals, and other commodities being bought and sold on the trading floor and via electronic trading systems. The prices quoted for transactions on the exchange are the basis for prices paid for various commodities throughout the world.

Natural gas accounts for nearly a quarter of all U.S. energy consumption and the NYMEX natural gas futures contract is widely used as the national pricing benchmark. Natural gas futures are traded in monthly intervals on the NYMEX for the current calendar year plus the next twelve years. The shape of the forward futures curve is important to natural gas market participants, with an upward sloping curve defined as contango and a downward sloping curve defined as backwardation.

Contango is considered "normal" for a non-perishable commodity and in the case of natural gas incorporates costs associated with storage, insurance, shrinkage, length of time until delivery, and the cost of money. The technical theory is that in times of supply-demand equilibrium, market participants will expect prices to remain in some form of historical trading range with risk premiums awarded to future months. The natural gas market currently reflects this type of mentality, with forward months and years trading at a premium to the prompt-month, but no contract trading at an exorbitantly high level relative to the historical range. On the other hand, backwardation is a signal that the commodity is perceived to be in short supply in the near term, driving the price of nearby futures above deferred months.

When natural gas began trading on the

NYMEX in 1990, price volatility was limited and the forward curve was relatively flat. However, as significant contango and backwardation started to appear, some market participants looked to take advantage of the spread between futures contracts. One such process is arbitrage, or the purchase and sale of an asset simultaneously in order to profit from a difference in price, and it is often utilized with regard to natural gas storage. If nearby prices are cheaper than deferred months, market participants are motivated to stockpile the commodity while locking in the future sale price. This can lead to aggressive storage injections during summer months and if contango remains in place, such a practice could occur this year.

To learn more about the NYMEX, please contact Constellation NewEnergy Gas Energy Sales Consultant Jeff Abeln at 312-704-8527, or via email at jeff.abeln@constellation.com.

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Ledbetter Fair Pay Act is first bill signed by President Obama

President Barack Obama signed his first bill into law last week over strong objections from the business community. Deemed the Lilly Ledbetter Fair Pay Act (HR 11), after a former Goodyear employee, this new law allows women to sue their employer for wage discrimination and receive damages going back two years. It

See **FAIR PAY ACT**, page 3

overturns a Supreme Court decision and eliminates current time limits for filing most discrimination charges, possibly resulting in employers being forced to defend against an avalanche of decades-old, potentially frivolous claims. Further, the new law creates a new cause of action for family members of those "affected by" the alleged discrimination and impacts many forms of compensation including pensions.

The Illinois Manufacturers' Association and employers support equal opportunity and are committed to vigorous enforcement of anti-discrimination laws including fairness in hiring, compensation, and job advancement. However, this new law will do little in preventing actual instances of unlawful discrimination while potentially increasing the number of lawsuits and litigation against employers.

December Employment Report shows U.S. unemployment at 7.2 percent

U.S. Secretary of Commerce Carlos M. Gutierrez released the following statement on the December Employment Report, which showed that the unemployment rate is 7.2 percent:

"This is a very challenging time for our economy. Today's report shows that unfortunately more Americans are out of work. We do not like to see a single citizen lose his or her job, so today's news is extremely disappointing. Our nation is going through a trying period, but just as we have weathered challenges in the past — from the recession to the attacks of September 11th to corporate scandals to devastating natural disasters — our country will make it through this difficult time as well. As stability begins to return to the financial sector, the housing

industry will strengthen, more businesses will be able to get credit to expand and hire, and our economy will recover."

Closer to home, 7.6 percent of Illinoisans were unemployed in December.

Midwest manufacturing output drops in December

The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 3.6 percent in December, to a seasonally adjusted level of 92.2 (2002 = 100). Revised data show the index decreased 2.3 percent in November, to 95.7. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) fell 2.3 percent in December. Regional output in December was down 14.8 percent from a year earlier—lower than the 10.0 percent decrease in national output.

All four regional industry sectors decreased in December: Regional steel sector output dropped 7.3 percent; Regional resource sector output moved down 3.6 percent; Regional machinery sector output declined 3.3 percent; and Regional auto sector production decreased 2.7 percent.

The region's steel sector output dropped 7.3 percent in December after declining 6.0 percent in November. The nation's steel output was down 5.2 percent in December. Regional steel output dropped 22.4 percent from its December 2007 level, and the national steel output declined 17.4 percent. The Midwest resource sector's output moved down 3.6 percent in December after declining 2.0 percent in November. All of the five sub-sectors of the resource sector — food, chemical, paper, wood, and nonmetallic mineral production — decreased from November to December. The national resource sector's output was down 2.4 percent in December. Compared with a year

See **MANUFACTURING**, page 4

DATES OF NOTE

More information/events may be found at <http://www.ima-net.org/calendar.cfm> and <http://www.ima-net.org/MIT/open.cfm>
Email: jstanley@ima-net.org

February 18-20, 2009

Doing Business in Brazil Webinar

From Export.gov, this Webinar is for suppliers of Automotive Parts/Services Eq., Computer Software, General Consumer Goods, General Industrial Eq./Supplies, Medical Eq., Pollution Control Eq. Learn about opportunities in Brazil without leaving your office. What are the best sectors for exporting to Brazil? Help I Need a Distributor. How do I calculate landed cost for Brazil (figuring duties, taxes and tariffs)? Where do I start — Sao Paulo, Rio, or Belo Horizonte? Pre-Register for this event by contacting Mark Cooper, Indianapolis Office Director, 317-582-2300, email mark.cooper@mail.doc.gov.

February 24, 2009

IMA seminar: New Family & Medical Leave Act Regulations: A closer look

(See box, this page, lower left, for details)

IMA-MIT Event: Kanban/Pull System/ Inventory Reduction

March 16, 2009 — Decatur Conference Center & Hotel, US Hwy. 36, Decatur

March 17, 2009 — DePaul University, 150 W. Warrenville Rd., Naperville

A key component of most Lean Manufacturing strategies, this one-day Kanban workshop incorporates basic skills necessary to participate in Kanban implementation. Designed for individuals who may use or facilitate the use of Kanbans to move material and reduce waste. Kanban automates manufactured and purchased parts inventory cycles to reduce unwanted inventory and create waste-free processes.

IMA-MIT Event: Mistake Proofing

March 30, 2009 — Decatur Conference Center & Hotel, US Hwy. 36, Decatur

March 31, 2009 — DePaul University, 150 W. Warrenville Rd., Naperville

Designed to expedite effective application of Mistake Proofing methodology, this workshop focuses on effective methods of applying Mistake Proofing as a practical method of improving and maintaining process. Learn about standard inspection, Mistake Proofing principles, red flag conditions and review practical examples.

IMA-MIT Event: ISO 9001: 2008 Revisions

April 20, 2009 — Decatur Conference Center & Hotel, US Hwy. 36, Decatur

April 21, 2009 — DePaul University, 150 W. Warrenville Rd., Naperville

This one day program addresses potential effects of the recent changes to ISO 9001 and proposes practical strategies for company compliance. The revisions to ISO 9001 will be reviewed and compared with the 2000 standard. Participants will gain a basic understanding of the new requirements and useful approach for making the transition. All employees need to understand these changes to facilitate company-wide compliance.



New Family & Medical Leave Act Regulations: A closer look Tuesday, Feb. 24 — NIU, Naperville

The Department of Labor has made many significant revisions to the Family and Medical Leave Act that went into effect January 16, 2009 including the new regulations regarding leave for family members in the military. To help employers familiarize themselves with these changes, the IMA and member law firm Neal, Gerber & Eisenberg will offer a half-day seminar taking a closer look into the regulations, examining their impact on your business operations and providing employers with "best practices." Bring your specific questions as there will be a 30 minute question & answer session following the presentation.

Tuesday, February 24, 2009, Northern Illinois University—Naperville Campus — 8:30 a.m.–12:30 p.m.

Fee: \$125 IMA members; \$100 each add'l member attendee from same company; \$200 non-member

To register for this important and informative seminar please visit our Website www.ima-net.org.

**Questions? Contact Kimberly McNamara at kmcnamara@ima-net.org
or 800-482-0462, Ext. 2109.**

ago, regional resource output was down 8.7 percent in December, and the national resource output declined 7.9 percent. The Midwest's machinery sector output declined 3.3 percent in December after decreasing 3.1 percent in November. The nation's machinery output moved down 2.9 percent in December. Regional machinery output in December was 10.4 percent below year-earlier levels, and national machinery output was down 7.5 percent.

Regional auto sector production decreased 2.7 percent in December after edging up 0.5 percent in November. The nation's auto output decreased 0.6 percent in December. The Midwest's automotive output was down 26.4 percent in December relative to its year-ago value, and the nation's auto output was down 15.8 percent.

Statement of U.S. Trade Representative Susan C. Schwab regarding entry into force of the Peru FTA

U.S. Trade Representative Susan C. Schwab made the following statement regarding the entry into force of the United States-Peru Trade Promotion Agreement:

"With the President's issuance of a proclamation to implement the U.S.-Peru Trade Promotion Agreement as of February 1, 2009, I am very pleased to be able to celebrate the entry into force of this important trade agreement.

"We have worked closely with the Government of Peru to ensure that the obligations and responsibilities of each party have been met under this Agreement. We have engaged in this effort as true partners, and I want to thank President Garcia and his government for their hard work and dedication over the course of the last year.

"I want to thank those in Congress who worked with the Administration to develop a bipartisan trade policy template, paving the way for the approval of the U.S.-Peru Trade Promotion Agreement. This is the first free trade agreement (FTA) in force that will reflect the enhanced labor and environmental standards set out in the May 10, 2007, agreement between the Administration and the congressional leadership.

"Today's proclamation marks an important milestone in our relationship with Peru, one of our strongest allies in Latin America. For the first time in history, American exporters will be able to sell the

vast majority of their products into the Peruvian market duty-free. Through this Agreement, we have seized the opportunity to lead by strengthening our partnership and helping promote economic growth, prosperity and well being in Peru and throughout the hemisphere."

"Trade and trade expansion will be a vital component of our effort to restore economic growth in the global economy. The additional market openness brought by this agreement will enhance our trade and prosperity in the future and support existing and future high-paying American jobs, particularly in manufacturing and agriculture."

Background:

Currently, the United States and Peru enjoy a two-way trade relationship of nearly \$9.4 billion annually. The U.S.-Peru Trade Promotion Agreement will further open this dynamic and growing export market of 28 million consumers to U.S. workers, farmers and entrepreneurs. For Peru, the agreement will make permanent and build upon the temporary trade preferences that have benefitted Peru's farmers, workers and entrepreneurs through the Andean Trade Preference Act.

On the first day this agreement enters into force, 80 percent of U.S. industrial and consumer products and more than two-thirds of current U.S. farm exports will enter Peru duty-free. Among U.S. exports that will receive such treatment are technology products; mining, agricultural, and construction equipment; and agricultural products such as wheat, high quality beef, fruits and vegetables, and other processed foods.

In addition, this Agreement will remove barriers to U.S. services; provide a secure, predictable legal framework for investors; and provide strong protection for intellectual property, labor rights and the environment.

NAM: Nomination of Sen. Gregg as Secretary of Commerce is good for manufacturing

Gregg has 100 percent NAM voting record on key manufacturing issues

The National Association of Manufacturers (NAM) welcomed President Barack Obama's nomination of Senator Judd Gregg (R-NH) as Secretary of Commerce, calling Gregg a "champion of

manufacturing who has consistently acted to strengthen U.S. competitiveness," according to NAM President and CEO John Engler.

"Sen. Gregg's 100 percent voting record with the NAM demonstrates that he has a true understanding of manufacturing's key role in the strength of the American economy and how to keep U.S. manufacturing globally competitive," said Engler.

"The Secretary of Commerce is critical to U.S. manufacturing with respect to international trade and innovation," Engler noted. He said the Commerce Secretary works to open global markets, ensure compliance with U.S. trade agreements and trade laws, promote U.S. exports, foster America's innovative leadership by protecting intellectual property and promoting technology, and implement the Executive Branch's Manufacturing Initiative.

"All signs point to Sen. Gregg providing strong leadership in shaping the competitive environment for American manufacturers and their employees," Engler continued.

"President Obama's choice of Sen. Gregg to lead the Department of Commerce reflects his continuing determination to assemble a highly-qualified, bipartisan team of Cabinet leaders who can meet the extraordinary challenges that we face as a nation," he said.

"The NAM looks forward to working with the new Secretary of Commerce and his team to improve the competitive landscape for U.S. manufacturers and their workers," Engler concluded.

February is American Heart Month

To most people, February means Valentine's Day and the romantic needs of the heart. But it's also a time with a more serious theme — it's American Heart Month. This year's observance focuses on heart disease and women, with Friday designated as "Wear Red Day," to recognize all the women who have been affected by cardiovascular disease. Experts say the risk of heart attacks and strokes for both women and men can be reduced with a balanced lifestyle involving physical activity, weight control and moderate use of salt and alcohol. While heart disease has claimed the lives of fewer people in recent years, it is still America's number one killer — responsible for more than 652,000 deaths annually.