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Wisconsin's Business Voice

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From the Editor

Wisconsin’s economy is a bit like predicting a coin toss. There is good news one day and bad the next, which makes it difficult at best to determine if the economy is stagnating or recovering.

WMC’s latest economic outlook survey showed more than half of the companies surveyed plan to expand in Wisconsin in the next 24 months - the highest rate in 10 years. And 73 percent are expecting moderate to good growth this year. That’s encouraging.

But we also know that overregulation has a profoundly adverse impact on job growth in Wisconsin and nationally. Our member surveys cite the Environmental Protection Agency, National Labor Relations Board and the Affordable Care Act as the biggest factors of “uncertainty” that cause businesses to delay major investments.

Another is the Dodd-Frank Act. In its purest form, Dodd-Frank was intended to protect consumers by preventing another financial crisis and the need for additional government bailouts. But as some warned at the time of its passage, Dodd-Frank may turn out to be one of the leading factors keeping companies from investing in their businesses. In fact, The Wall Street Journal recently said Dodd-Frank’s “signature achievements are higher costs, reduced opportunities and weaker banks.”

This edition of Wisconsin Business Voice takes a look at the impact of Dodd-Frank on Wisconsin financial institutions and the businesses they lend to.

Katy Ryder Pettersen
Editor, Wisconsin Business Voice
kpettersen@wmc.org
Both major parties in the U.S. have moved to the far edges in recent years. That shift toward what party activists would term ideological purity arguably hurts Democrats more than the Republicans because Americans typically stand just right of center on the political spectrum.

That is certainly the case with the business community. Although we don’t specifically ask the question in our surveys, I think it is fair to say the majority of WMC’s member CEOs lean conservative, at least on business issues and fiscal matters.

What we do ask in our surveys may offer proof. In June 2011, just six months after Governor Scott Walker took office, an incredible 88 percent of WMC members said Wisconsin was headed in the right direction. That was up from just 10 percent a year earlier during the waning months of the Doyle Administration. By June 2012, the “right track” number improved to an astonishing 95 percent.

Clearly, Walker’s budgetary and pro-job reforms resonated with the results-obsessed business community, who sometimes view politics as a bizarre parallel universe. A major reason why is that in business, failing to solve problems can cost you your job and threaten the viability of the enterprise itself. But in politics, the opposite can be true. Politics doesn’t usually reward bold action. It too often encourages timidly that largely preserves the status quo.

The best dramatization of the very different approaches to public versus private sector problem solving is the Wisconsin recall. If Walker were the CEO of a corporation instead of governor and turned a proportionately sized loss (or deficit in government accounting terms) into a profit (surplus), he would be on the cover of every major business publication in the country. Instead, Walker nearly got fired.

**TAX, SUE AND REGULATE**

The business community also frequently finds itself at odds with the policy agendas pursued by government sector unions, trial attorneys and environmentalists. Those interest groups happen to be the most powerful members of the Democratic Party’s coalition, making conflict between Democrats and businesspeople all but inevitable.

For example, the government sector unions tend to want to expand government, which means they want more taxes to pay for it. Under Doyle, taxes and fees rose by $3 billion. Most of that was aimed at businesses through combined reporting and raising the capital gains tax. Doyle also added a new personal income tax bracket for the “rich.” But an increasing high percentage of businesses are S Corporations or another form of “pass through” entity. That means that shareholders pay the taxes, not the corporation.

Trial attorneys want more opportunities to sue businesses. A recent example is the supposed “war on women” as it relates to the deceptively named equal pay law. The law was enacted when Doyle was governor and Democrats controlled both houses of the Legislature (see Hogan’s column on page 6). It was repealed during the most recent GOP-led legislature, an action WMC supported along with 15 other business trade associations. The trial attorney lobby led the fight against repeal because the law made it easier to sue businesses.

By the way, the Milwaukee Journal Sentinel reported in a PolitiFact article that the equal pay law had never been used while it was on the books and repealing it still leaves women who are legitimate victims of workplace discrimination three other avenues to seek redress.

For their part, environmentalists want more regulation and often oppose major job-creating economic development projects like the proposed $1.5 billion iron ore mine in northern Wisconsin. I discussed the incredible growth of business regulations in my previous column, but it bears repeating especially as it relates to how regulations drive up energy costs. Wisconsin gets nearly 70 percent of its energy from coal, which is the EPA’s and the environmentalists’ most hated source. EPAs anti-coal policies are a major threat to Wisconsin’s economy (see Manley’s column on page 24).

Another dividing line between Democrats and business has been the Occupy Movement. Making businesses, i.e., employers, the scapegoats for the recession and the slow recovery may be good short-term politics, but it is a poor strategy for longer-term economic growth and job creation. Not to mention that in a nation made great by free enterprise, it is a shame that success is ridiculed instead of celebrated and the title “CEO” has become a pejorative to some.

In a nation made great by free enterprise, it is a shame that success is ridiculed instead of celebrated and the title “CEO” has become a pejorative to some.

Follow Kurt on Twitter @Kurt_R_Bauer
**Decision 2012 Series**

With the important elections of 2012 upon us, WMC launched the Decision 2012 Series providing high-level public policy programming by bringing in leading experts, policymakers and political candidates to address Wisconsin business leaders. In April, U.S. Congressman Paul Ryan (R-Janesville) spoke to a large crowd of WMC members in Milwaukee about the United States’ increasing debt stating that politicians need to address this issue and stop reckless spending. Congressman Ryan also took questions from the audience and addressed the recall election of Governor Scott Walker saying “courage is on the ballot.”

In May, the four Republican candidates for Wisconsin’s open U.S. Senate seat, former Governor Tommy Thompson, Speaker of the Assembly Jeff Fitzgerald, former Congressman Mark Neumann and businessman Eric Hovde, participated in a forum discussing issues affecting our nation’s business climate including healthcare, tax, regulation and debt. This event allowed members of the business community to compare each candidate’s vision for our nation.

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**Healthcare Update**

The Pfister Hotel, Milwaukee September (date tbd)

**EPA “Trainwreck”**

Congressman Reid Ribble (R–8th District) and Ross Eisenberg, Vice President for Energy and Resources Policy at National Association of Manufacturers

Bridgewood Hotel, Neenah October 24, 7–9:00 a.m.

Visit www.wmc.org for more information and to register for these upcoming events.
What did it mean when Governor Scott Walker successfully won the recall election of June 5, 2012? Simple.

Voters meant what they said in 2010. In 2010, voters across Wisconsin – and America – began moving in a new direction. They appeared to favor candidates committed to smaller government, lower taxes, less regulation, and more economic freedom.

Governor Walker was elected in that wave of elections and GOP majorities were established in both houses of the Wisconsin Legislature.

Upon being sworn into office, Walker invoked the frugality clause of the state’s Constitution in his inaugural address and commenced to govern in a new way. Walker immediately called the Legislature into special session on jobs – cutting taxes, reforming the civil justice system, and clamping down on regulations.

Faced with a $3.6 billion deficit, Walker and the Legislature also reformed the laws governing the way public employee unions operate in Wisconsin. The reforms required government union employees to pay a greater portion of their healthcare and pension costs. Governments at all levels stopped collecting union dues and unions needed to recertify annually. These changes saved the state millions of dollars and allowed local governments to more effectively manage their budgets. This saved taxpayers more than a billion dollars so far. And for the first time in many years the state budget was balanced without a tax increase.

The fallout from these impressive accomplishments was unpleasant. The government workers’ unions launched an orchestrated political tirade that put Wisconsin on the national stage for 18 months.

We witnessed protests at the Capitol for weeks on end. Legislators fled the state rather than vote on the proposals, school children walked out of classrooms in Madison, tens of thousands of union activists were bussed into Madison from around the country, doctors wrote phony medical excuses for protestors and average, hard working Wisconsin citizens became alarmed at the spectacle.

At that point, opponents of Walker’s reforms used Wisconsin’s unusually generous recall law and launched a wave of unprecedented elections aimed at state senators in the summer of 2011. Two GOP senators were defeated.

Then, in the fall, they launched the ultimate counter offensive – a recall of Walker and four more GOP senators. Governor Walker’s pro-business policy initiatives have set the stage for robust economic growth in Wisconsin in the months ahead. WMC defended the business community’s perspective in the court of public opinion with $5 million in issue ads educating the public about the importance of jobs and a strong business climate.

Ironically, the unions talked about everything BUT collective bargaining – attacking Walker and trying to select a candidate committed to reversing the collective bargaining reforms. The unions’ candidate – former Dane County Executive Kathleen Falk – lost in the primary.

So, Walker was left with a rematch of his race of 2010 against Milwaukee Mayor Tom Barrett.

Voters were confronted with a choice: move Wisconsin forward with Walker, or go back to the old ways with Barrett.

Voters chose Walker handily; he garnered 53 percent of the vote and won in 60 of Wisconsin’s 72 counties.

The lessons learned?

Wisconsin needs to reform the recall provisions of our Constitution that are too open-ended and lead to destabilization of our democracy. WMC will support recall reforms to our Constitution to ensure this dark chapter is not repeated.

And, the biggest lesson? Voters meant what they said in 2010. Smaller government is the path to economic growth, freedom and opportunity. And a focus on improving Wisconsin’s business climate needs to continue to be job one. We need to make sure that our state can compete with the best nationally in attracting new business and growing jobs. BV
**Educating Tomorrow's Leaders**

This summer, the campuses of Edgewood College in Madison and St. Norbert College in De Pere played host to hundreds of high school business students who lived on campus for four fast-paced days of hands-on competitions and activities focused on free enterprise education.

Students from all across the state, representing over 100 Wisconsin high schools, got the chance to run a mock company and make many of the same decisions facing real-world business executives.

Students formed a company, created a product, designed marketing materials, presented at a trade show, performed a commercial skit, listened to presentations from business professionals, toured a local company and presented their business plan to a panel of judges. An impressive accomplishment for kids who were strangers when they arrived at camp!

Business World has been going for over 30 years and with the growth of the mobile Mini Business World programs we are in touch with more communities, schools, kids and teachers than ever before! We hope you continue to support Business World in the coming school year. Together, we can help prepare the next generation of business leaders to be ready for the challenges and opportunities of our global economy. BV

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**U.S. Firms See Opportunity in Vietnam**

The triumph of the free enterprise system over centralized economic policies was on full display during a luncheon for the Vietnamese Ambassador to the United States. The event, held this spring in Madison, was hosted jointly by WMC and the U.S. Chamber of Commerce.

Ambassador Cuong said prior to adopting free market reforms in 1986 Vietnam had trouble feeding its population. Two years later, that problem was solved. Today, Vietnam is a net exporter of rice and many other agricultural goods, including cashews, pepper and coffee. Gross Domestic Product (GDP) during that time period averaged between 7 to 8 percent annually.

Vietnam, which is ironically officially known as the Socialist Republic of Vietnam, is in the process of what Ambassador Cuong calls “phase two” of reforms. He said the Southeast Asian nation already boasts the second highest GDP growth rate in Asia and is investing heavily in infrastructure like new sea ports, airports, rail and highways. It is also looking to attract more high technology investment.

Ambassador Cuong called the Asian-Pacific region the “most dynamic in the world” and the “engine for growth globally.” He said Vietnam’s advantage is its stable political system and its “very pro-business government.” The Trans Pacific Partnership (TPP), of which Vietnam and the U.S. are prospective members, is a model progressive multilateral trade policy essential to the economic development of the region. This far-reaching trade pact is currently in substantive political and trade-related negotiations.

In 2011, Wisconsin companies exported $22 billion in goods. Wisconsin companies have had success in Vietnam. In return, many Wisconsin-based companies see Vietnam becoming among the most competitive manufacturing centers in Asia, and indeed the world. BV

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Attendees at the spring meeting hosted by WMC and the U.S. Chamber of Commerce. From left to right: Ted Kiel, Wisconsin World Trade Center; Rick Chandler, Wisconsin Department of Revenue Secretary; Bill Rushing, Berntsen International; Nguyen Quoc Cuong, Vietnamese Ambassador to the United States; Dick Wilkey, Fisher Barton, Inc.; and Randy Dunham, UW Madison School of Business.
How a Bill Becomes a… War on Women?

By Rebecca Hogan, WMC Director of Health and Human Resources Policy

Prior to joining WMC, I was a state legislative staffer for about eight years. While at the Capitol, I had the privilege to see and participate in the creation of numerous Wisconsin laws. Diving deep into an issue and thoroughly understanding the benefits and consequences of a bill’s passage was a regular part of my day. It was this work that gave me a deep appreciation for the creation of public policy. It also made me keenly aware of the potential for negative consequences.

WMC worked diligently this session, on behalf of its members, to repeal Act 20 from the session prior. You may remember, Governor Jim Doyle allowed complainants, for the first time ever and with support of the democratic-controlled legislature and trial attorneys, to bring action in state circuit court to recover punitive and compensatory damages in an employment discrimination case. Governor Walker and the legislature were supportive of the repeal and the less-than-two-year-old law went away.

The non-partisan Legislative Council explains it well. Current law today, and prior to the implementation of Act 20, provides that a person alleging a violation of the Wisconsin Fair Employment Law may file a complaint with the Department of Workforce Development. If a hearing examiner finds a violation, the examiner may order such action as will effectuate the purpose of the Fair Employment law, including reinstatement of the employee and payment of back pay, attorney fees and costs.

So the difference between the law now and a session ago comes down to money, and how much you think is enough. Your side of the issue is determined by whether or not you think back pay, attorney fees and costs (and potentially punitive and compensatory damages in federal court) are sufficient for someone who has been discriminated against in the workplace. Let’s also be clear that the complainant can be a person of color, a person with a different religious background, a man, a woman. You get the point.

So the obvious response must be, “This is a ‘War on Women.’” Insert audible sigh here.

It is irritating when something so straightforward, frankly something that can be characterized as a simple swing in tort law, is so misconstrued.

It is political rhetoric that pushes people further into their camps. The internet generation posts sweeping generalizations and often inaccuracies that deepen the division. Legislators themselves make misstatements, intentional or not, that add to the confusion. What results is a populace who believe what they read and encourage misinformation.

I opened my Facebook page and saw a posting from a friend who grew up here and now lives in Minnesota - “Governor Walker repeals a woman’s ability to sue for workplace discrimination.”

Lilly Ledbetter, famed women’s activist, was writing columns for our state newspapers crying foul on the repeal of this law that creates “pay equity” in the workplace. (Let’s tackle the reality of the pay equity issue in another column, shall we?)

I wrote an April op-ed appearing in the Wausau Daily Herald dispelling some of the mistruths. PolitiFact gave a false rating to then gubernatorial candidate Tom Barrett for claiming Walker said “no” to equal pay for women. Yet the distortions continued.

It is likely that WMC, as Wisconsin’s leading business trade association, will routinely be involved in contentious issues. Let’s hope the policy debates moving forward will be based on facts instead of hyperbole and political gamesmanship. BV

Follow Rebecca on Twitter @Rebecca_Hogan
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This May, nine companies received the prestigious Business Friend of the Environment Award for leadership in pollution prevention, environmental innovation and environmental stewardship. An independent judging panel representing industry, the Department of Natural Resources, and academia selected the award winners from a pool of 25 nominees.

Celebrating its 23rd year, this awards program recognizes private industry companies headquartered or with significant operations in Wisconsin. Awards were presented at a luncheon at the Country Springs Conference Center in Pewaukee. Featured speakers included Senator Neal Kedzie (R-Elkhorn), pictured above left, and DNR Secretary Cathy Stepp, pictured above right.

### 2012 Business Friend of the Environment Award Winners

**Pollution Prevention**
- EOG Resources, Inc., Chippewa Falls
- Century Foods International, Sparta
- SC Johnson, Racine

**Environmental Innovation**
- Wisconsin Association of Independent Colleges and Universities, Madison
- Linetec, Wausau
- WS Packaging Group, Inc., Green Bay

**Environmental Stewardship**
- Monona Terrace Community and Convention Center, Madison
- Wisconsin Economic Development Corporation, Madison
- Phillips Plastics Corporation, Eau Claire

### 2012 Business Friend of the Environment Nominees

- 3M, Prairie du Chien
- Brillion Iron Works, Brillion
- Century Foods International, Sparta
- EOG Resources, Inc., Chippewa Falls
- Green Bay Packaging Inc., Green Bay
- J.F. Brennan Company, Inc., La Crosse
- Jennie-O Turkey Store — Barron, Wisconsin Plant, Barron
- Kimberly-Clark Experimental Mill, Neenah
- Linetec, Wausau
- Mercury Marine, Fond du Lac
- Milk Source, LLC, Kaukauna
- Monona Terrace Community & Convention Center, Madison
- Packaging Corporation of America (PCA), Tomahawk
- Phillips Plastics Corporation, Eau Claire
- R.A. Smith National, Inc., Brookfield
- Sargento Foods Inc., Plymouth
- SC Johnson, Racine
- SCA, Neenah
- St. Elizabeth Hospital (Affinity Health System), Appleton
- ThyssenKrupp Waupaca, Waupaca
- Veolia Environmental Services, Milwaukee
- Wisconsin Association of Independent Colleges & Universities, Madison
- Wisconsin Economic Development Corporation, Madison
- Wisconsin Public Service, Green Bay
- WS Packaging Group, Inc., Green Bay
Regardless of healthcare ruling, Wisconsin is moving forward with value-driven reform

By Eric Borgerding, Executive Vice President, Wisconsin Hospital Association

Five years ago, the Wisconsin Hospital Association (WHA) ran a full-page newspaper ad congratulating our members for helping Wisconsin achieve the top spot in the national quality rankings. Our message then was: “Congratulations to the leaders and caregivers at Wisconsin’s hospitals for your tireless pursuit of excellence in patient care. Improving healthcare quality and value is healthcare reform.”

Forward to March 25, 2011, when then-WHA Board Chair and Aurora CEO Nick Turkal told the Milwaukee Business Journal: “All the dialogue and all the debate has pushed the (healthcare) industry in a way that it is not going to come back from… changes around value-based reimbursement are coming, regardless of what happens in D.C., and I think for businesses and consumers that’s a good thing.”

One year later, WHA sent a letter to several leading Wisconsin business organizations engaging them in the healthcare quality discussion: “Improving quality and achieving better outcomes not only benefits our patients, but also helps create a more attractive Wisconsin business climate. High quality healthcare can make Wisconsin a more competitive place for employers to locate or expand.”

In many parts of the country, talk by healthcare leaders of improving quality, or shifting from generating volume to focusing on value, or the notion of outcomes-based payment would be considered foolhardy, or worse. But not in Wisconsin.

And today, on the heels of the U.S. Supreme Court’s healthcare decision, and with pivotal national elections on the horizon, many across the country are pondering the prospects for healthcare reform. But not in Wisconsin.

In Wisconsin, improving quality and value is healthcare reform that began before passage of the Affordable Care Act, and that will continue regardless of the Court’s ruling, Wisconsin providers, and many payers, are heading to a place they are “not going to come back from” and we need to keep our foot on the gas. Reform here is hastened by the combined forces of federal and state deficit reduction and, as importantly, the need for healthcare cost containment in a nationally and globally competitive economy.

In many ways Wisconsin is leading a national transformation, an effort to repurpose and retool the structures of healthcare delivery and financing. We are moving away from volume-driven, fee-for-service reimbursement, and toward a system that must both demand and reward better quality and better outcomes, and which will ultimately produce more value for our healthcare dollars.

Value-focused reform will set Wisconsin apart from other states. Here’s why:

• Last month, Wisconsin was ranked second in the nation for healthcare quality by the federal Agency for Healthcare Research and Quality.
• Wisconsin is home to emerging “accountable care organizations” that improve quality and reduce costs through more direct care coordination.
• Healthcare payment in Wisconsin is moving away from unit pricing/fee-for-service, toward rewarding outcomes and quality.
• Wisconsin health systems are reducing operating expenses through adoption of LEAN and other efficiency initiatives borrowed from industry.
• There is a good story taking shape in Wisconsin, and we should tell it. High-quality, high-value healthcare can be a competitive advantage for this state, and should be as much a part of our economic infrastructure as roads and utilities. Few other states are as well positioned to succeed, if not thrive, in the emerging value dynamic—a strength that, working together with business, we can transform into a Wisconsin competitive advantage.

What we said five years ago is more true today—improving healthcare quality and value is healthcare reform. Regardless of how the Supreme Court ruled on healthcare, Wisconsin must accelerate down this reform path. BV

Eric Borgerding is the Executive Vice President at the Wisconsin Hospital Association. He can be reached at (608) 274-1820.
Wisconsin is known worldwide for certain things, among them are our culinary delicacies – beer and cheese. And we’re darn good at making those. But we make some other really cool things here in the great Badger State, and we think many people don’t realize those products come from our own backyard. Here’s a smattering of products made in Wisconsin…

**Shrinky Dinks**

K & B Innovations, Inc. in North Lake, are the originators and manufacturers of Shrinky Dinks. If you were void the enjoyable experience of baking your own Shrinky Dinks as a kid, here’s a quick run-down to explain what they are… Shrinky Dinks are made from a shrinkable plastic in myriad designs, and when placed into an oven in your own home for two ‘magical’ minutes, they shrink to approximately one-third their original size while becoming nine times thicker. The very first Shrinky Dinks were sold on October 17, 1973 at Brookfield Square Shopping Mall. Since then, there have been more than 250 different Shrinky Dink creations.

**Mathews Inc.**

In 1991, Matt McPherson invented single cam technology and revolutionized the archery industry forever. Since then, it’s been a fast and furious stream of innovations that have brought the modern compound bow to where it is today. Mathews Inc. of Sparta currently employs a staff of over 300 people and operates three local facilities to a diverse line of archery equipment, bow components and accessories for authorized retailers all over the world. Year after year, Mathews Inc.’s pioneered and patented technology improves bow performance and sets new industry standards.

**ST. Croix Fishing Rods**

We have to mention St. Croix fishing rods. These world-renown rods are made in Park Falls. Founded in 1948 and now employing more than 150 dedicated people, St. Croix is recognized throughout the world as a pioneer in the development of high performance fishing rods. From the original multi-section bamboo fishing pole, to the now more than 700 rod selections, St. Croix is a model company, located right in our backyard.

**Silver Spring Horseradish**

Ellis Huntsinger founded Huntsinger Farms, Inc. and its subsidiary Silver Spring Foods, Inc. in Eau Claire in 1929. Today, Silver Spring horseradish is grown on 9,000 acres in Wisconsin and Minnesota farmland, and is the number one retail brand in the United States. Currently owned by Ellis Huntsinger’s granddaughter and her two sons, the company has been family owned and operated for over 75 years and through four generations.

Contact Katy Pettersen, kpettersen@wmc.org if you are interested in having your product featured in Wisconsin Business Voice.
The Time to Support Pro-Business Lawmakers is Now!

WMC Conduit and PAC Fund Pro-Growth Candidates

By Jim Pugh, WMC Director of Public Affairs

I
n 2011, Wisconsin’s business community witnessed one of the most pro-growth legislative sessions in state history. Senators and Assembly Representatives worked with Governor Scott Walker to improve our state’s business climate, and we are seeing results.

Positive pro-growth reforms that were only a dream a few years ago are now law. We have seen passage of a manufacturers’ income tax credit, comprehensive lawsuit reform, significant regulation relief, a balanced budget and collective bargaining reforms for government unions. Wisconsin’s business climate has improved from near the bottom, according to CEO Magazine, to among the top half of states.

Now the legislators who passed those historic reforms will face the voters this fall. WMC’s analysis has found that 77 lawmakers voted for the business agenda more than 70 percent of the time. Those lawmakers are the WMC Working for Wisconsin Award winners.* And, they deserve the business community’s support! While WMC has become increasingly well-known and respected for our aggressive issue advocacy campaigns, we continue to offer other options for business executives to support pro-business candidates for Legislature.

Many business executives support candidates for the Legislature through direct giving to candidate campaign committee. WMC offers additional vehicles to provide financial support to strengthen the business agenda.

WMC PAC

WMC’s Political Action Committee provides support to pro-business candidates. The WMC PAC can also engage in express advocacy independent expenditure campaigns to promote the election or defeat of clearly identified candidates. The personal limit is $10,000 annually, and corporate donations are not allowed. WMC PAC can accept unlimited PAC-to-PAC transfers. In other words, if your company has a state PAC, it can make an unlimited transfer to the WMC PAC. PAC donations are disclosed under Wisconsin law.

WMC Conduit

Think of the WMC Conduit as your political checking account that provides the biggest bang for your buck in Wisconsin politics. Your donation is fully disclosed to the candidate of your choice, and it comes with a letter from WMC stating your donation came from the WMC Conduit. We remind candidates that our policy agenda is the top legislative priority for the business community. And our team of lobbyists follows up daily at the State Capitol!

You can deposit an unlimited amount of personal funds in your WMC Conduit account and all disbursements require your personal approval.

In 2012, Wisconsin will again be at the center of the political firestorm as President Barack Obama seeks re-election and tries to win our state. WMC spent $5 million to educate the public about the importance of jobs and the economy leading up to the recent recall elections. And the pro-jobs candidates won! That sent a clear message to our state that we are headed in the right direction.

We now need to capture the energy from those victories with even more success in the fall of 2012 by re-electing the lawmakers who supported the business agenda in the most recent legislative session.

Please, write a check today to the WMC Conduit to set up your personal account, then write a check to the WMC PAC. Mail them to WMC at P.O. Box 352, Madison, WI 53701. Contact me directly with any questions, jpugh@wmc.org, (608) 258-3400.

We need to keep the momentum going! Your financial support will help us get the job done in 2012 and beyond. BV

*Visit WMC’s website for more information on the legislative voting records: www.wmc.org/issues/issues-policy/legislative-voting-records
SOLVING THE WORKFORCE PARADOX –
WE’VE ONLY JUST BEGUN

By Jim Morgan, WMC Foundation President

Three thousand beautiful Wisconsin miles, 16 technical colleges, 1,200 people, some great success stories and, unfortunately, some continued frustration. That is as concisely as I can put the WMC Foundation’s efforts over the past three months as we continue to work on the workforce paradox in Wisconsin!

In the last edition of Business Voice, we outlined our plans for assisting employers, particularly manufacturers, in solving the workforce paradox – high unemployment, yet difficulty hiring.

Since the spring publication, the Foundation has:

• Traveled to all 16 Wisconsin Technical Colleges to deliver our message…hence the opening about 3,000 beautiful Wisconsin miles!! Although manufacturing and the skills shortage have received quite a bit of media attention lately, there is a long way to go. We know that about 30 percent of the jobs in Wisconsin will require a bachelor’s degree or more. That means 70 percent do not, with the vast majority of them requiring technical education beyond high school. What seems to be missing in the current system is a broader understanding by today’s students of the jobs available. They simply cannot select an occupation they don’t know exists. They do not know what a welder does; they do not know what a CNC operator is; they have never seen the inside of a modern day, advanced manufacturing facility; and they do not have accurate job data and salary information. The same applies to their parents. And all of us (e.g. employers, educators, parents, media) share that blame.

When the WMC Foundation recently conducted more than 50 listening sessions with over 300 manufacturers from around Wisconsin, we summarized a few key findings. One that I have been arguing is we need to change the definition of “success.” As a parent, you want your child(ren) to be healthy and happy, doing something they love, and able to live comfortably. If they accomplish that, I would argue they have achieved success. This is America, and everyone should be encouraged to pursue their passion. However, I believe we owe students a reality check and perhaps even a “Job Probability Index;” in other words, what are the odds I will find a job in my chosen field. We should discuss the passion they wish to pursue, provide information on what it will take to reach it, explore the costs involved, evaluate the job prospects upon completion, study the level of demand for their degree/career, review salary expectations and even, dare I say, consider the return on investment.

If every 16-year-old, and their parents, have the information and complete understanding of (and open mind to) the occupations available – particularly in manufacturing at this point – I believe we will work through this shortage. To accomplish that though, there is much work to do! For those of you old enough to remember The Carpenters singing duo, “We’ve only just begun.”

Next on the horizon for the WMC Foundation are the following initiatives:

• Interviewing students on their knowledge and understanding of manufacturing and manufacturing jobs and identifying the disconnects between perception and reality.

• Launching “Manufacturing Month” in October (see next page).

• Developing toolkits for local chambers of commerce, educators, employers and schools to provide assistance in connecting education and jobs.

• Working with elected officials on effective policy changes to ensure a quality workforce.

• Hosting the Second Annual Workforce Paradox Conference in spring 2013.

Right now, there are shortages of engineers, welders, CNC operators, machinists, and electromechanical technicians. Some of these positions require work experience, some apprenticeships, some technical degrees, and some four-year degrees or more. Our ability to match supply and demand in the workforce may very well be the strategic advantage that makes Wisconsin the most competitive state in the nation. BV

Follow Jim on Twitter @JimMorgan1960
This Quote From a Madison Newspaper Epitomized

The Problem

“All the Walker photo ops are in factories and it’s like he doesn’t get that manufacturing is the industry of the past. We need to be thinking about the future, about alternative energy, innovation and entrepreneurship.”

- Madisonian quoted in Capital Times, October 5, 2011

The Problem

- Nearly 7% unemployment, YET manufacturers can’t find employees
- A trillion dollars in student loan debt, YET so many unemployable
- Negative attitude toward manufacturing, YET it drives our economy
- A great need to communicate, YET some educators have never been in manufacturing plants, and some manufacturers have never reached out to schools
- 30% of jobs in Wisconsin require bachelor’s degree or more, which means 70% do not, with the majority of those requiring technical education beyond high school

Listening Session in Superior Kicked Off

WMC Foundation’s Working Wisconsin

- 3,000 miles traveled
- 50+ listening sessions at local chambers of commerce
- 300+ manufacturers
- 16 technical colleges
- Inaugural conference with 275+ attendees
- Reached 1,000+ people (noted in the background of the state graphic)

Wisconsin’s Elected Officials Attended Many of the Sessions

Best Practices Collected From Manufacturers and Technical Colleges

Wisconsin Business Voice

Next Steps: Feature October as “Manufacturing Month”

- Promote manufacturing tours for high school students, educators, parents, media, elected officials, etc.
- Create toolkits for companies on how to host a tour
- Gather best practices and ideas for local chambers of commerce and schools
- Collect information on manufacturing, its value to Wisconsin, careers, and more
- Design photo gallery and videos available on manufacturing
- Write opinion/editorials and schedule media visits
- Summarize our manufacturers’ sessions and results from survey/focus groups of teenagers from this summer’s Business World programs for high school students
- Request proclamations
- Plan classroom materials on manufacturing and opportunities available here in Wisconsin!

We Are Hearing Positive Feedback

“Your message of needing to change society’s perception of manufacturing really resonated with me.”

- Jeff Blumb, Partner, Nation Consulting

Surveyed 200+ High School Students About Their Knowledge of Manufacturing Through Our Business World Programs

The Listening Sessions Garnered Much Media Coverage Statewide

“But in the end, it’s simply about throwing away the old factory worker stereotypes and educating students, teachers and parents alike about how the manufacturing industry is growing and advancing and is ready to offer solid, good-paying jobs to those individuals with the skills needed to operate some serious equipment.” – Jim Morgan, WMC Foundation President, Northwoods River News, Rhinelander, June 2, 2012

We Are Hearing Positive Feedback

“…So I just wanted to encourage you to keep up the good work and fight the good fight.”

- Dane Deutsch, CEO, DCS Netlink

Wisconsin Business Voice
Tort Reforms Moving Wisconsin Ahead
By Jason Culotta, WMC Director of Tax and Transportation Policy

Given the rancor surrounding collective bargaining changes and the recall elections of the past two years, little attention has been paid to the significance of the tort reform measures adopted in Wisconsin last year.

WMC and our coalition partners in the Wisconsin Civil Justice Council led the way as the Legislature passed major tort reforms during the January 2011 special session followed by another series of proposals in the September 2011 special session. The chairmen of the legislative Judiciary Committees, Senator Rich Zipperer (R-Pewaukee) and Representative Jim Ott (R-Mequon), deserve special recognition for their roles in shepherding these bills through the process and seeing them signed into law by Governor Walker.

The January 2011 reforms were approved as a comprehensive package known as Act 2. Taken together, these changes reversed the “Alabama North” moniker The Wall Street Journal had famously applied to Wisconsin after our state Supreme Court issued several unfavorable opinions in 2005.

Act 2 contained the following provisions: establishing strict product liability using the same standard to prove a defect that 46 other states use; capping punitive damages at $200,000 or two times compensatory damages; eliminating use of the “Risk Contribution” theory adopted by the Supreme Court in 2005, under which Wisconsin was the only state in the nation to discard the traditional proof of direct liability for a product liability claim and instead made all manufacturers of a given product collectively liable for a defective product; improving expert witness testimony by adopting the Daubert standard used by the federal system and 30 states; and adopting a frivolous claims statute that allows those bringing such a suit to be held liable for the costs and fees of the lawsuit.

The September 2011 reforms included three bills which were signed into law. Act 69 changed the interest rate on judgments from a fixed 12 percent rate, one of the highest in the nation, to a more contemporary standard of the Federal Reserve prime rate plus one percent. Act 92 adopted a standard for determining how reasonable attorney fees are set, using factors defined by the state Supreme Court; in addition, Act 92 limited attorneys’ fees to no more than three times compensatory damages. The third law, Act 93, provided that a property owner does not owe a duty of care to a trespasser, placing case law into state statute.

In addition to these changes, the Legislature also repealed punitive and compensatory damages allowed under the Wisconsin Fair Employment Act (WFEA) in 2009 that were driving up settlement costs for employers. While criticized by some commentators as being a tool of gender discrimination (state statute has long called for equal pay for equal work and continues to do so), the new law – Act 219 – preserves the traditional remedies available to workers: reinstatement, up to two years of back pay, and the cost of legal fees.

WMC supports the existing equal pay for equal work statute.

Some of the reforms considered by the Legislature but left undone for 2013 include removing felony convictions from the list of protected classes under the WFEA and adopting a healthcare apology law which would make statements by healthcare providers to patients exempt from admission as evidence in civil and administrative proceedings.

The reforms adopted during the 2011 legislative session are helping to make our civil justice system more predictable and fair. While more work remains to be done, Wisconsin has taken a big step forward.

Follow Jason on Twitter @JGCulotta

According to the study by the Brookings Institution, the cities with the most manufacturing jobs in Wisconsin are:

- Sheboygan – 30.9% of total employment are manufacturing jobs
- Oshkosh-Neenah – 25.5% of total employment are manufacturing jobs
- Racine – 21.7% of total employment are manufacturing jobs
- Fond du Lac – 18% of total employment are manufacturing jobs

Among the top 100 metropolitan areas in the U.S., Milwaukee ranks 6th at 13.8% of total employment are manufacturing jobs.
DISC - MAXIMIZE YOUR MANUFACTURING INCENTIVES

By Patrick Sweet, President and CEO, Profit Point Tax Technologies

One of the very few things both political parties seem to agree on these days is the desire to boost American manufacturing. This goal has resulted in a set of manufacturing incentives - the Domestic International Sales Corporation (DISC) and the Domestic Production Activities Deduction (DPAD) - that can both increase exports and reduce federal income taxes on U.S. manufactured goods. While many companies know about these incentives, surprisingly few take full advantage of them.

When asked about these incentives, most companies think they have them covered. Unfortunately, they rarely do. They're like the individuals who overpay their income taxes by taking the standard deduction when they should be itemizing. Most companies are taking the equivalent of a standard deduction relating to these tax incentives.

Whether your company is large and publicly traded or small and privately held, where do you fall? Ask yourself these three questions:

PRIVATELY HELD COMPANIES: DO YOU HAVE A DISC?

Even if your export sales are relatively small, even if only 50 percent of your product is made in the U.S., or even if you don't export your product at all, but sell to a company that does, these tax incentives are available to you.

Privately-held exporters should be asking, “Are we maximizing the tax benefit available to us and, if not, why not?” The answer may lie in a DISC.

The DISC legislation was enacted in 1971 to encourage the exportation of U.S. manufactured goods. In 1984, the DISC legislation was replaced by the Foreign Sales Corporation (FSC) legislation, but the DISC legislation still remains. The DISC was rarely used between 1984 and 2003 and, because of this 20 year period of minimal use, some service providers are unaware it still exists, and few have the expertise and software to truly maximize the associated tax benefit.

By setting up a DISC (which can cost as little as $5,000), a company can lower its effective tax rate and increase cash flow. Whether you're a flow-through entity or a privately owned C-Corporation, a DISC can provide an annual tax savings because of the gap that exists between the Ordinary Tax Rate (currently 35 percent) and the Qualified Dividend Rate (currently 15 percent).

IF YOU HAVE A DISC, ARE YOU CALCULATING THE BENEFIT ON EVERY TRANSACTION?

The DISC is a transactional calculation and regulations provide 13 different ways to calculate the associated incentive for every transaction. Few companies provide transactional (SKU level) information to their accounting firm. So, how can your accounting firm maximize your DISC incentive without transactional detail? Put simply, they can't.

For one company that exports $3 million per year, the reduction in federal income taxes associated with their DISC without performing transactional calculations was $1,400 per year. Calculating their DISC benefit on a transactional basis reduced their federal income taxes by $26,000 per year. Another company that exports approximately $11 million per year saw their federal income taxes reduced by an additional $160,000 (their manufacturing incentive went from $140,000 to $300,000) by using transactional calculations. A transactional approach will often lead to at least a doubling of the tax benefit, without any change in business practices.

If you aren't performing a transactional calculation, you aren't taking full advantage of this incentive.

PUBLICLY TRADED AND PRIVATELY HELD COMPANIES: DO YOU HAVE A DPAD “GAP”?

Starting in 2005, Congress enacted the Domestic Production Activities Deduction (DPAD) so that a company no longer needs to export U.S. manufactured products in order to receive a manufacturing incentive. In fact, privately held companies are permitted to claim both DISC and DPAD incentives on every qualifying transaction.

Whether you are large or small, take a look at your Form 8903 from your most recent federal income tax return. If line 11 is greater than line 10b, you have a gap. Experience has shown that, through careful analysis, it is possible to further maximize the deduction and close the gap with the taxable income limitation. If you have a gap, it is likely that you aren't taking full advantage of this incentive. Period.

In the end, whether the tax benefit is $1,000 or $1,000,000, it belongs to your company. You have already done the hard part – manufactured and sold the products. Now you deserve the appropriate tax benefits. BV

Patrick Sweet is the President and CEO of Madison-based Profit Point Tax Technologies specializing in federal income tax manufacturing incentives focused primarily on transactional calculations.
BAD FOR BUSINESS?

The verdict is still out on how much the two-year-old Dodd-Frank Act will impact banks’ ability to lend

By Becky Nelson

It’s supposed to modernize capital markets regulation and end the practices that led the nation into economic despair.

Instead, the Dodd-Frank Wall Street Reform and Consumer Protection Act – a 2,300-page law signed on July 21, 2010 – is expected to add layer upon layer of regulation on Main Street financial institutions. Many worry the result will be increased costs to consumers and even tighter credit standards for both consumer credit and commercial lending.

Dodd-Frank is compared to the Glass-Steagall Act, the landmark banking law from the 1930s that separated commercial banks, insurance companies and investment banks. That law, as well as several others – the Securities Act of 1933, the Securities Exchange Act of 1934, the Commodity Exchange Act of 1936 and the creation of the Federal Deposit Insurance Corp. – was a direct response to the stock market crash of 1929.

Likewise, Dodd-Frank was a response to the economic crash of 2008, and it aimed to prevent future taxpayer-funded bailouts of those deemed “systemically important financial institutions.” But Dodd-Frank goes much further, impacting financial services companies of every size and even extending into non-financial dealings.

For example: one provision (introduced by former Democratic Sen. Russ Feingold) requires companies to examine their supply chain to avoid support for so-called “conflict minerals” from Africa. Perhaps the most daunting aspect of Dodd-Frank is the uncertainty of what’s to come.

The Act contains 398 rule-making requirements for various federal agencies. To date, there are 110 finalized rules, 144 proposed rules and another 144 rules that have not yet been proposed.

“There’s no speed sign like on the highway where you say, ‘OK, that’s the law, I’ve got to go 55.’ As an industry, to prove our compliance, we’re writing down all the time how fast we’re going – how fast at three o’clock, how fast at three-thirty,” said Mark Meloy, President and CEO of Madison-based First Business Bank.

The cost structure of a $100 million in assets can be compared to a manufacturer with $3 million to $4 million in annual revenue, Meloy said. Adding an employee to deal with added reporting and compliance, at an estimated $80,000 in salary and benefits, can be equal to the company’s annual profit.

“That’s the anxiety level at this point in time,” he said.

Changes for Banking

“The difficulty with Dodd-Frank is that there are 16 titles to it,” said Chris Timm, Audit Partner at Grant Thornton, Milwaukee. “There is an avalanche of small things that really add up to big compliance requirements. Our clients are struggling with interpreting, applying and implementing all of the rules.”

Some of the specific provisions that will cause the biggest impact on banks of all sizes, and their customers, are:

“Right now we’re seeing a heavy swing toward over regulation.”
**Mortgages.** One title is devoted specifically to mortgage lending – one of the areas bankers are most concerned about, said Rose Oswald Poels, President and CEO of the Wisconsin Bankers Association.

For example, mortgage lenders will have to scrutinize borrowers’ ability to repay more closely as one component of a loan that would meet the “qualified mortgage” category. In addition, under a new risk retention requirement, banks that sell their mortgages to a third party will have to retain a certain percentage of each loan in their own portfolio.

**Consumer laws.** Dodd-Frank created the Consumer Financial Protection Bureau, which opened on July 21, 2011, and is now led by former Ohio attorney general Richard Cordray. By next year it expects to have a staff of 1,400 and spend $448 million.

Consumer laws from other federal agencies now fall under the CFPB’s jurisdiction, particularly those related to mortgage lending. One of the agency’s first projects has been to re-write mortgage disclosures – one of which had just been revised in January 2010 – resulting in the need for new forms, software and training at minimum.

The CFPB also will regulate unfair, deceptive or abusive practices, which will extend beyond regulated financial institutions to non-traditional lenders, such as finance companies.

**Interchange fees.** The Durbin Amendment to the Dodd-Frank Act regulated what banks can charge for payment card transactions. The cap on each “swipe fee” was virtually cut in half, to 21 cents, severely limiting banks’ fee income. Viewed as another example of government intrusion on free enterprise, consumers will feel the result as banks end free checking accounts and card reward programs.

**Capital requirements.** At a basic level, Dodd-Frank imposes stricter capital requirements on financial institutions and their holding companies, reducing the money that banks have to lend and impacting the cost of funds.

“Even for smaller institutions that might not necessarily be directly impacted by Dodd-Frank, we’re going to see best practices that are going to be developing in addition to regulatory requirements. Regulators are definitely requiring a much higher capital cushion than they have historically required,” said Tom Homberg, a shareholder at Milwaukee’s Godfrey & Kahn, S.C. and Team Leader for the Banking and Financial Institutions Practice Group.

**Reporting requirements.** The Dodd-Frank Act amends the Equal Credit Opportunity Act to require that financial institutions collect and report information from credit applications made by women- or minority-owned businesses and by small businesses.

**Executive compensation.** The boards of publicly traded companies now have a “say on pay” vote by shareholders, which affects institutions such as Green Bay-based Associated Bank.

**Volcker Rule.** This rule prohibits larger institutions from engaging in proprietary trading and from having certain relationships with hedge funds and private equity investment, which will likely indirectly affect liquidity in the marketplace. Some say this rule, which goes into effect in July 2012, could have prevented JPMorgan Chase’s recent $2 billion trading loss. However, according to Forbes, when JPMorgan Chase’s CEO Jamie Dimon was asked about the Rule during the recent Congressional hearing, he answered: “I don’t know what the Volcker Rule is. It hasn’t been written yet.” Sen. Jack Reed continued with the Volcker questioning finally getting Dimon to say that it’s “possible” the trades would have been banned under Volcker.

On the positive side, Dodd-Frank changed the way banks’ deposit insurance premiums are assessed. Now calculations are based on assets rather than deposits, which benefits community banks.

The law also repeals the ban on the payment of interest on demand deposits. That’s good news for business customers. “Even though rates are very low right now, it provides opportunity for businesses,” Meloy said.

**Impact on Lending**

John Moniak, Senior Manager-Regulatory Compliance in the Financial Institution Practice at Wipfli LLP in Madison, said businesses haven’t yet begun to feel the impact of the two-year-old law or its unintended consequences. “The pressure we’re feeling right now is from regulations enacted prior to Dodd-Frank,” he said.

“I’ve been in regulatory compliance for more than 20 years and I’ve seen the pendulum swing both ways,” Moniak said. “Right now we’re seeing a heavy swing toward overregulation. It’s concerning because the effect will be constriction of lending to consumers and probably increased fees.”

How much is unclear. “Unfortunately, we can’t say it’s going to cost 10, 20 or 30 percent more because we really don’t know,” he said of compliance costs. “The consequences might be far-reaching in how a bank delivers products.”

“The impact of Dodd-Frank on business lending is sometimes overstated,”
Homberg said. “The reality is that we’ve been going through a very difficult economic cycle for many years now, perhaps one of the most difficult recessionary cycles since the Great Depression. There are all these other factors affecting lending and the industry as a whole.”

Regardless of the source of the pressure, the small business or manufacturer who has worked with a Wisconsin community bank or a relationship manager at a national bank with a strong presence in the state will likely see increased costs in the form of fees or rates fairly soon, explained Dan Gentges, shareholder in the Milwaukee office of Whyte Hirschboeck Dudek S.C. and leader of the firm’s Finance Practice Group.

Bank clients may also see a change in the way they work with lenders.

“If you’re in a cyclical industry, for example, and you have rough patches here and there – in the past, many of those clients have been able to work through those because they knew their banker, and the banker knew them and knew their business,” Gentges said. “But as a result of some of Dodd-Frank’s regulatory thrust, principally its concern with mitigating risk, they’re finding that they don’t have as much flexibility.”

Some businesses may be disproportionately affected. “If their risk profile is a little more on the edge, lenders are going to be a little less willing to make a loan they might have otherwise made,” he added.

How Dodd-Frank will affect their ability to fund and provide liquidity to small businesses is a major concern of regional and community banks. “They’ve got this excess capital and required reserves. That really drives lending decisions that are based on compliance with regulation and not necessarily the underlying credit risk,” said Grant Thornton’s Timm.

What’s clear is that Dodd-Frank is adding to the overall regulatory environment, and it works both ways.

“It’s all part of a bigger package,” said Daryll Lund, President of the Community Bankers of Wisconsin. “Banks still want to make loans. But the whole lending climate right now – including uncertainty in the tax and regulatory environment – impacts the confidence level of businesses to take on additional debt.”

Local and national business trade groups have been especially critical of the sluggish rate at which the regulators and Congress have introduced and implemented new rules. To date, two-thirds of the rulemaking deadlines have been missed.

In its Financial Regulatory Reform Report Card for 2012, the U.S. Chamber of Commerce largely gave the Dodd-Frank Act an “incomplete” grade. “Failure to get it right will deprive job creators of the investments, loans, and other forms of credit they need,” the Chamber wrote. BV

Nelson is a Madison-based freelance writer.
CURRENT AND UPCOMING CHALLENGES TO DODD-FRANK IN COURT

By Donald A. Daugherty, Jr., Whyte Hirschboeck Dudek S.C.

Like the Affordable Care Act (ACA), Dodd-Frank has been challenged in court since it first became law. Unlike the ACA, where the entire statute essentially turns on the individual mandate provision now being reviewed by the U.S. Supreme Court, Dodd-Frank is composed of numerous, disparate provisions, and some of them can survive independently of portions that courts may strike down. This article briefly overviews both current legal challenges to this sprawling, behemoth legislation, as well as others that are expected to come soon.

To a large extent, Dodd-Frank does not directly regulate the financial services and related industries, but grants broad authority to federal agencies to do so, as well as to new agencies created by Dodd-Frank. Thus, most suits have targeted rules promulgated by federal agencies under Dodd-Frank, and not the statute itself.

For example, challengers have persuaded courts to set aside regulations on the ground that they are not supported by a proper cost-benefit analysis, such as the Security and Exchange Commission’s “proxy access” rule, which made it easier for shareholders like union pension funds to nominate directors to corporate boards. Similarly, banking industry groups sued the U.S. Commodity Futures Trading Commission in December 2011, contending that its “position limits” rule on the number of futures and swaps contracts that any one trader can hold in markets like gold or oil, was formulated without an adequate cost-benefit analysis. More such suits are likely, given that a financial research group has found that nearly one-third of the regulations proposed under Dodd-Frank lack rigorous cost-benefit analyses. However, these suits may only stall the inevitable result, as courts generally send such rules back to the agencies to perform the required analysis. At the same time, delay is likely a goal in itself for plaintiffs hoping for more permanent, legislative relief after the November 2012 elections.

The first direct statutory challenge targeted Dodd-Frank’s limit on “swipe fees” that banks charge retailers when their customers use debit cards. However, a federal appeals court last year rejected the banks’ argument that such price controls amounted to an unconstitutional taking of their revenue without due process and just compensation.

Other suits contending that significant aspects of the regulatory structure created by Dodd-Frank are unconstitutional are all but certain. For example, courts should soon hear the argument that the statute’s grant of authority to regulators is too vague, giving them broad, discretionary authority without any real oversight by the President, Congress or the Judiciary. The Consumer Financial Protection Bureau (CFPB), created by Dodd-Frank to regulate consumer finance and enforce consumer financial laws, is most ripe for such a suit.

Another likely challenge will be to the procedure for liquidating failing financial institutions (including insurers) that regulators deem “systematically important.” Under Dodd-Frank, the U.S. Treasury Department initiates the process by filing a petition that the court can only reject on narrow grounds and must decide in secret within 24 hours, and the process cannot be stayed if the institution wishes to appeal to a higher court. These rules may very well violate due process because the targeted institution has no real notice or opportunity to be heard.

Finally, although not implicating Dodd-Frank directly, it is worth noting that in May 2012, the U.S. Supreme Court unanimously rejected the CFPB’s interpretation of the Real Estate Settlement Procedures Act (RESPA), which forbids providers of real-estate services – title insurance, appraisals and the like – from taking kickbacks or splitting the fees they receive. The court held that RESPA’s plain language covers only a settlement charge being split between two or more real estate professionals, not an exchange of fees of a company with itself.

Barring sweeping legislation that undoes the reforms intended by Dodd-Frank, courts will continue to decide disputes arising under the statute for the foreseeable future. BV

Donald Daugherty is a shareholder and leader of the Business & Commercial Litigation Team at the law firm of Whyte Hirschboeck Dudek S.C. in Milwaukee. He can be reached at (414) 978-5443 or ddaugherty@whdlaw.com.

WMC is working with the Wisconsin Economic Development Corporation to spread the word that “Business is good for Wisconsin, and Wisconsin is good for business.” This ad touting WEDC’s partnership with WMC and dozens of other economic development partners appeared in the Wall Street Journal in June.
Small Business is Still Heart of Wisconsin

Did you know that over 50 percent of WMC’s members are businesses with less than 100 employees?

A common misperception about WMC is that we are only for big business and that we don’t represent small business interests. Nothing could be further from the truth! In order to magnify the influence and voice of small businesses, WMC launched the Small Business Committee last year.

Under the direction of Chairman Aaron Powell, Partner at Flexion, Inc., the committee was tasked with representing WMC small business members in front of decision makers and legislators, assisting in WMC lobbying efforts, and providing WMC with feedback on legislative priorities. The committee has met quarterly to discuss issues including workforce development, recall elections, and small business regulatory reform with members of the legislature, the administration, and WMC staff. As a result, WMC now has small business legislative priorities that complement our overarching Jobs for the Future policy agenda.

WMC’s Small Business Committee has become a place for small businesses to learn from WMC and, more importantly, where WMC learns from small businesses. The passion the committee members feel for Wisconsin’s business climate and the role small business plays in our economy is second to none.

WMC is eager to continue magnifying the voice of small business in our lobbying and advocacy efforts with the WMC Small Business Committee. Please contact Amber Schroeder at (608) 661-6907 or aschroeder@wmc.org if you are interested in learning more about the committee or would like to audit a committee meeting. BV

Ask the WMC Board

Jay Smith, Chairman/CEO
Teel Plastics, Inc., Baraboo

What is your company doing to be more competitive in the global economy?
Teel Plastics has been investing in new technologies and new product offerings that are designed for narrowly defined global markets. As a result we have experienced a growth rate exceeding 20 percent in each of the past two years. If we had relied on historic products our growth rate would have been considerably less. We are also investing in the science of our materials so we can offer improved product properties and cost saving advantages. To accomplish this we are expanding our analytical laboratory capabilities.

If there are uncertainties in your business in the near future, to what do you attribute them?
A future uncertainty in the business is our ongoing ability to attract the skills necessary to achieve our objectives. As we expand it takes far too long to locate additional people with the desired skills in sales, engineering and the sciences. This issue will be the key to Teel Plastics meeting its real growth potential.

Aaron Powell, of Flexion, Inc. and Chair of WMC’s Small Business Committee, meets with Amber Schroeder, WMC Director of Membership.
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Andis Company Celebrates 90 Years
Product Line Has Grown from a Single Clipper to Hundreds of Hair Styling Tools

The next time you get a haircut, take a look at the clippers your stylist uses. There’s a good chance it was manufactured right here in Wisconsin. This year marks Andis Company’s 90th anniversary. From its simple beginnings in 1922 when founder Mathew Andis first produced an electric clipper that he engineered, the company’s product line has grown dramatically to include everything from clippers, trimmers, and a full range of blades to hair dryers, flat irons, curling irons, and products for the hospitality industry.

The company manufactures these products for a wide variety of markets, including barbers, stylists, consumers, groomers for dogs, cattle and horses, and hotels around the world.

“By focusing on excellent quality and listening to our customers, Andis has increased its products and steadily expanded its markets,” notes Matthew K. Andis, President of Andis. “We are honored to be one of the top companies in our markets. We are especially grateful to our dedicated associates who have made countless contributions that have helped us expand our presence globally.”

Production of the company’s first clipper began in the basement of the Andis family home in Racine. American barbers quickly embraced it, and the manufacturing facility relocated into an industrial building. Today, Andis has over 400 employees at its 160,000 square foot facility in Sturtevant, Wisconsin.

The fourth generation of the Andis family is now in charge of operations. Matthew K. Andis was named President on June 1, 2010, and shares the responsibility of guiding the company with his two sisters, Marcia Andis, Senior Vice President, Market Development, who oversees marketing, product engineering and international alliances, and Laura Andis Bishop, Senior Vice President, Finance, responsible for IT, finance, and human resources. Matthew L. Andis, their father, still serves as Chairman.

Andis continues to grow globally. Almost 80 years ago Andis introduced its products to Europe, and they are now available in 90 countries around the world. Barbers, stylists, groomers, and consumers everywhere continue to reach for Andis clippers, trimmers, dryers, blades, curling irons and flat irons when they want to rely on top performing tools. BV

First Annual “Moving New Berlin Forward” Career and Job Fair

Top Floor Technologies joined efforts with the School District of New Berlin, the City of New Berlin, New Berlin Chamber of Commerce and local businesses to host the first annual career and job fair in May. More than 800 high school students had the chance to meet recruiters and marketers from 50 businesses. The experiences for both the students and businesses were inspiring and rewarding.

The career fair took place at New Berlin West High School and featured three sessions: a career and job fair for students, job recruiting for community members, and a luncheon featuring keynote speaker Lt. Governor Rebecca Kleefisch and business leaders.

“The goal of the job fair was to provide a face-to-face networking opportunity among local government, schools and businesses,” said Dan D’Amore, Top Floor Technologies Senior Account Executive. “We wanted to create awareness for the high-quality, good-paying jobs that are available and close to home.” BV

Stealth Learning
How Fun and Science Merge to Educate the Next Generation of Manufacturers

With the energy and excitement of a statewide sports championship, the atmosphere at the BotsIQ Wisconsin competition in May definitely gave a different vibe from that of a stereotypical science fair.

The BotsIQ program gives high school students the opportunity to form teams and build a robot to compete in “Battlebot” style contests. Two robots compete in three-minute bouts where the robots attempt to inflict damage on their competitor to disable the other robot.

Mike Retzer of Strohwig Industries called this “stealth learning” - giving students the opportunity to learn about science and technology in a manner that’s fun and exciting. The program also gives students education and tools about the high-tech manufacturing opportunities that are available in Wisconsin. BV
AMERICA’S SELF-DEFEATING ENERGY POLICY

By Scott Manley, WMC Director of Environmental & Energy Policy

Play to your strengths.
It’s the foundation of any successful business model. Unfortunately, it doesn’t accurately describe our country’s approach to energy. On the contrary, our national energy policy is a textbook example of how to snatch defeat from the jaws of victory.

The United States has the largest combined oil, natural gas and coal reserves of any country. We could literally lead the world in production of abundant and affordable energy – but we don’t. Instead of utilizing these bountiful resources to our nation’s competitive advantage, we have largely placed them off limits, and unnecessarily driven up their cost with misguided policies and regulations.

Worse yet, we continue to senselessly prop-up more expensive and less reliable energy sources with government mandates and massive subsidies – at considerable cost to taxpayers.

Consider the facts. We have enough recoverable oil to meet our nation’s petroleum consumption for 200 years. We also have enough recoverable natural gas to meet demand for at least 100 years. However, federal policies restrict exploration of onshore energy potential to less than six percent of land resources, and only two percent of offshore resources. As a result, much of this energy has been placed off-limits.

We are on the cusp of a potential energyrenaissance by unlocking billions of barrels of oil trapped in shale rock formations through hydraulic fracturing or “fracking” technology. We also have roughly 2.6 trillion barrels of recoverable oil shale resources located in three western states.

To place this potential into perspective, our oil shale deposits are five–times larger than Saudi Arabia’s proven oil reserves. Yet one of the Obama Administration’s first acts after assuming office was taking these promising resources off the map by withdrawing oil shale leases for research and development.

Our energy playbook continues to get worse when you consider the treatment of coal. Our country has the largest coal reserves in the world – 261 billion tons. It’s enough mineable coal to last 485 years at current rates of consumption. This abundant and affordable fuel provides about 65 percent of Wisconsin’s electricity, and powers production for thousands of manufacturing jobs in our state.

Despite our vast coal resources, the Obama Administration appears intent upon regulating coal out of existence. Making good on his 2008 campaign promise to “bankrupt” coal, President Obama’s EPA has written a slew of new rules that make using coal economically infeasible.

For example, the EPA has recently targeted coal with costly global warming regulations, new air quality standards, and untenable mercury rules. Many of these rules are on a list released by the White House last year with projected costs expected to exceed $1 billion each.

The fact that a federal agency can proceed with rules costing consumers and businesses many billions of dollars without the consent of Congress bespeaks the need for immediate regulatory reform.

Moreover, the EPA’s latest rule establishing global warming emission standards for power plants essentially bans the use of coal as a source of electric generation in the future.

Do we really want unelected bureaucrats at the EPA making policy decisions about our country’s energy profile, or should those decisions be left to the officials we elect to Congress?

The biggest problem with handing energy policy over to EPA regulators is that they take their cues from the environmental lobby – and neither of them understands how markets operate.

They advocate replacing affordable, reliable and market-tested energy sources like coal with expensive and less reliable alternatives. Disrupting the market by mandating or subsidizing less efficient and costlier “alternative” energies is a losing proposition for consumers and taxpayers.

For example, federal subsidies for solar and wind power in 2010 were $775.64 and $56.29 per megawatt hour respectively. By contrast, federal subsidies for coal and natural gas were orders of magnitude lower at 64 cents per megawatt hour. The highly publicized failure of Solyndra, despite $535 million in taxpayer-funded loans, underscores the folly of investing in uncompetitive technology.

Compounding the poor economics is the practical question of how to replace coal as our primary source for electricity – a question heretofore left unanswered by the EPA. Last year, wind and solar accounted for only 2.94 percent of our electric generation – we simply cannot expect to replace fossil fuel generation with niche energy sources.

Our country is in desperate need of an energy policy overhaul, and unfortunately, it’s a self-inflicted problem. We are blessed with plentiful energy resources, but have failed to leverage them to our strategic advantage by adopting restrictive policies and punitive regulations.

If we want to revitalize our economy and grow jobs in the future, businesses and consumers must have access to affordable and reliable energy. The resources are there – will policymakers and regulators continue to stand in the way, or allow us to unleash their potential? BV

Follow Scott on Twitter @ManleyWMC
According to a survey released last week by Wisconsin Manufacturers and Commerce, 62 percent of employers in the state say they plan to add employees over the next six months, an increase from 53 percent a year ago and 44 percent in December. Overall, the survey reported, 73 percent predicted moderate to good growth at their own companies and more than half said they planned to expand in the state in the next two years – the highest rate in a decade. – The Wall Street Journal, June 4, 2012

“While most of Wisconsin is still talking about Tuesday’s divisive recall elections, a delegation of state, university and business people are presenting a united front overseas. The group— including UW-Madison Chancellor David Ward, Wisconsin Economic Development Corporation Secretary Paul Jadin, state Agriculture Secretary Ben Brancel, and Wisconsin Manufacturers and Commerce president Kurt Bauer—is scheduled to land in Shanghai this weekend to tout Wisconsin products and build relationships. It’s a good and needed reminder that we’re all in this together after the bitter and unprecedented recall campaigns over the last year. And cooperation so often leads to the best results.” – Wisconsin State Journal Editorial, June 10, 2012

Gearing Our Tax Climate for Growth

By Richard G. Chandler, Secretary, Wisconsin Department of Revenue

When I talk with job providers about how Wisconsin ranks as a place to do business, they give our state good marks for having a hard-working, innovative workforce, a strong education system, good infrastructure and a high quality of life. They also say that a competitive tax structure is an important part of creating a good business climate.

In the last year, we passed several key initiatives to create a pro-growth tax structure and help our middle-class families.

First, Governor Walker signed a manufacturing and agriculture tax credit that will provide a strong incentive for companies to locate their production activities in Wisconsin. The manufacturing and agriculture sectors have traditionally been the twin drivers of Wisconsin’s economy. If those sectors bring money into the state, other sectors will thrive as well, including construction, real estate, retail, and tourism.

Advanced manufacturing businesses using sophisticated new technologies and modern agriculture businesses create high-productivity, well-paying jobs that support innovation and research. These sectors will lead the way as the nation rebalances its economy. The new tax code will help us build on our longtime strength in these sectors.

Second, we created an incentive for people to invest in Wisconsin-based businesses. If someone invests in a Wisconsin-based business and keeps their investment in place for at least five years, there will be no tax on the gain generated when the investment is sold.

This encourages entrepreneurs to start new companies that will flourish here and become major employers as our children and grandchildren enter the workforce. This new investment incentive will build on the momentum created by a bipartisan “angel investment” credit adopted in 2003.

Third, Wisconsin adopted a state tax deduction that helps middle-class families manage their health care costs, along with simplifying Wisconsin’s tax law. Last year, Wisconsin adopted a state income tax deduction for contributions to Health Savings Accounts that parallels the federal deduction. In particular, this helps self-employed individuals and small businesses’ employees manage their health care costs.

Finally, we passed a job creation deduction to help companies expand their operations in Wisconsin and pay for job training, as well as a relocation credit for companies considering moving their operations to Wisconsin.

We’ve made great strides in improving Wisconsin’s tax climate. These initiatives will help bring new business to Wisconsin, grow our existing sectors, and generate family-supporting jobs across the state. BV

The Wisconsin Department of Revenue helps formulate state tax policy, administers the state’s major tax laws, collects individual and business taxes, and provides state financial aid to local governments. Learn more at www.revenue.wi.gov
The Results Are In

By Janie Ritter, Director of Wisconsin Safety Council

This year marks the second year the Wisconsin Safety Council (WSC) conducted a statewide ‘State of Wisconsin’s Workplace Safety’ survey designed to help WSC better understand the current conditions of safety and health programs in Wisconsin companies. As the state’s leading provider of workplace safety training, we use the results of this survey to monitor trends in workplace safety and to guide our program offerings to the needs of safety professionals.

We are encouraged by the results of this year’s survey which show 56 percent of respondents said they see their employee safety training increasing in the next year. Issues of top concern to employers center on government regulation/compliance, employee turnover, aging workforce, ergonomic injuries and motor vehicle safety. Competition with production, the lack of time and resources for training, management support, and complacency/absence of employee buy-in are cited as the biggest obstacles when implementing safety initiatives.

More and more companies are focusing on an all-employee approach for safety and health training, noting it is everyone’s job to ensure the safety and well-being of fellow workers. To help with this growing focus, WSC offers a popular course entitled Creating a World Class Safety Culture which drives the premise that a safety program should not be driven by compliance, but because it protects your most valuable assets – your employees. Making changes in attitudes and behaviors in the workplace have been found to make major improvements (reductions) in the losses due to accidents and illness.

Not only do employers focus on safety in the workplace, there is an ever growing awareness that safety is a 24/7 issue. In fact, 84 percent of our survey participants provide safety information and supplies to employees for use both on and off the clock. Employers realize risks continue to present themselves outside the workplace, potentially resulting in absenteeism and lost production.

Finally, we asked what safety and health topics employers would like WSC to offer in the future. The most popular requests focused around the new Globally Harmonized System (GHS), programming for advanced safety professionals, and additional health-related courses.

WSC appreciates and values the feedback we received from the nearly 400 survey respondents. We will work hard to continue to provide the safety and health programming Wisconsin companies need to ensure the safety and well-being of employees.

The Wisconsin Safety Council is a division of WMC and partners with more than 4,000 members to make Wisconsin safer and healthier. Through training at our office or yours, and in many locations around the state, WSC is dedicated to keeping Wisconsin workers safe. Contact us today; we look forward to helping you with your safety training needs.

Follow WSC on Twitter @WISafetyCouncil

21st Annual Autumn Safety & Health Conference & Exposition

September 20, 2012
Holiday Inn, Manitowoc

In Partnership with The Chamber of Manitowoc County Safety Council

www.wisafetycouncil.com
WMC Joins UW-Madison in China

Wisconsin’s Kurt Bauer recently returned from China where he participated in UW-Madison’s Innovation Conference in Shanghai held in conjunction with the opening of the University’s new Innovation Office.

During the 13-day visit, Bauer met with government officials and representatives of Wisconsin companies with Chinese operations, including Caterpillar, Emerson (Insinkerator), GE, Johnson Controls, Joy Global, Modine, Oshkosh Corporation, Rockwell Automation, 3-M, Paper Machinery Corporation and Promega.

Bauer also toured Brady's ShenZhen facility, which manufactures high tech components for smart phones and other electronics.

The Wisconsin delegation included a mix of UW-Madison and state government officials. Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) Secretary Ben Brancel and Wisconsin Economic Development Corporation (WEDC) Secretary/CEO Paul Jadin took part, as did WMC Board Member Mark Bugher, who is Director of University Research Park in Madison.

Brady’s Thong Phan (center) led Kurt Bauer (left) and Mark Bugher (right) on a tour of the company’s ShenZhen facility located just north of Hong Kong in mainland China.

From left to right are Bauer, DATCP Secretary Ben Brancel, WEDC Secretary Paul Jadin and Mark Bugher at a Wisconsin Alumni Association event in Shanghai.

Bauer (right) met with the CEO of the American Chamber of Commerce in China, Christian Murck, while in Beijing.

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WMC Joins UW-Madison in China

The Wisconsin Safety Council, a division of WMC, is the reason more people go home safely every day from manufacturing plants, offices, and construction sites. WSC offers training throughout the year at locations across the state.

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**WISCONSIN DELLS AREA**

**OCTOBER 15-18**
Safety Management Techniques (SMT), part of the Advanced Safety Certificate Series

**OCTOBER 24**
HazCom, Train-the-Trainer

**NOVEMBER 5-8**
Worker’s Compensation Case Management & Workplace Anatomy

**AUGUST 21**
Effective Team Safety

**OCTOBER 30-NOVEMBER 2**
OSHA 30-hour Voluntary Compliance Course for General Industry

**AUGUST 8**
Coaching the Lift Truck Operator, Train-the-Trainer

**AUGUST 20-23**
Worker’s Compensation Case Management & Workplace Anatomy

**DECEMBER 6**
Team Safety

**DECEMBER 11**
Safety Communication & Training Techniques

**AUGUST 24**
HazCom, Train-the-Trainer

**OCTOBER 2**
RCRA Compliance for Hazardous Waste Generators Overview

**OCTOBER 12**
Worker’s Compensation Law Symposium

**OCTOBER 24**
HazCom, Train-the-Trainer

**DECEMBER 13**
Lockout/Tagout, Train-the-Trainer

**AUGUST 8**
Coaching the Emergency Vehicle Operator Fire or Ambulance

**AUGUST 13-16**
Principles of Occupational Safety & Health (POSH)

**SEPTEMBER 11**
Incident Investigation

**SEPTEMBER 18-21**
OSHA 30-hour Voluntary Compliance Course for General Industry

**OCTOBER 2**
DOT Hazmat Transportation Refresher Overview

**OCTOBER 9**
Coaching the Lift Truck Operator, Train-the-Trainer

**DECEMBER 4-5**
OSHA 10-hour Voluntary Compliance Course for General Industry

**NOVEMBER 7**
(Stevens Point)
Incident Investigation

**NOVEMBER 14**
(Shullsburg)
Supervisor Development: Safety & Health Fundamentals

**DECEMBER 12**
(Stevens Point)
Safety Inspections

**SEPTMBER 20**
(Manitowoc)
21st Annual Autumn Safety & Health Conference/Exposition

**OCTOBER 10**
(Eau Claire)
Coaching the Lift Truck Operator, Train-the-Trainer

For a complete schedule and registration information, visit www.wisafetycouncil.org
Giving High School Students a “Second Chance”

Ask any manufacturing company in Wisconsin about its need for skilled labor and you’ll likely be told there isn’t enough of it.

This persistent search for capable, “can-do” employees never lets up, and one organization based in the greater Milwaukee area is taking significant steps to help; not only is it developing a new generation of trained workers, it’s giving a second chance to high school students at serious risk of dropping out.

Second Chance Partners for Education (Second Chance) is a one-of-a-kind, alternative high school program that immerses young people in real-life business and manufacturing settings, inspiring them to learn through an innovative and engaging approach to education.

Earlier this spring, Second Chance graduated 40 students, its largest graduating class to date. This fall, the program is expecting enrollment of 120 to 130 students.

For these young people, high school did not come easy. Early on, they struggled with feeling academically disengaged and many were considered academically at-risk. But thanks to Second Chance Partners, they stayed the course.

Students in the Second Chance program attend class at one of the program’s eight education centers located in manufacturing facilities throughout Wisconsin. During the 21-month Second Chance program, students typically spend two hours per day learning in the classroom and about six hours applying their knowledge to manufacturing-related jobs they hold. From plastics to diesel mechanics, these students receive an intense, hands-on experience in the workforce where they are able to train with the experts.

Second Chance graduates earn a diploma from their home high school, a youth apprenticeship certificate through the Wisconsin Department of Workforce Development, and can boast nearly two years of work experience. About 60 percent of the graduates enter the workforce immediately. Thirty percent continue their education at a technical college or four-year university, and the remaining 10 percent enter the military or enroll in an adult apprenticeship program. Regardless of the specific path they choose, students show tremendous initiative and the desire to learn. And whether it’s welding or reading blueprints or simply being productive and responsible citizens, these students are skilled at what they do.

Zachary Kwitech, one of this year’s graduates, says Second Chance has been a tremendous stepping stone in his life. “Two years ago I didn’t even think graduating would be possible with my small number of credits and poor work ethic. Now I’m ready for the real world,” he says, adding that he wants to pursue a career in the automotive industry.

Michael Tuff, another graduate, says that his decision to join Second Chance’s program was the best decision he’s ever made. “My whole mindset has changed, and I have become so much more responsible. I don’t hate having to get up early and go to work every day now, and I actually even enjoy it,” he explains. He plans to study mechanical engineering while continuing his work in the manufacturing field.

At Second Chance’s recent graduation ceremony, Executive Director Stephanie Borowski was moved by everyone that has rallied around the students. “Surrounding this amazing group of graduates are not only devoted friends and family but also a tremendous support network of 65 businesses that open their doors to our students and give them a life-changing education,” she says. “These manufacturing companies represent the very best in Wisconsin, from plastics and packaging to tool and die and power systems. They all have a vested interest in our students, because our students’ bright future is the same as Wisconsin’s bright future.”

Second Chance operates education centers in Waukesha, New Berlin, Burlington, Menomonee Falls, Germantown and Green Bay. This fall, Second Chance will open four new education centers, in West Allis, Oak Creek, West Bend and Appleton. More information about Second Chance Partners for Education can be obtained by visiting the website www.secondchancepartners.org or calling the Second Chance office, (262) 695-7981.
1. WMC was onsite June 5 in Waukesha to witness first-hand the only Governor to survive a recall election. Congratulations to Governor Walker.

2. WMC and its affiliate, the Wisconsin Safety Council, proudly celebrated June as National Safety Month.

3. Rebecca Hogan, WMC's Director of Health and Human Resources Policy, stands with Governor Walker and Senator Van Wanggaard (R-Racine) following the Technical Education bill signing, the bill authorizing a school board to grant a technical diploma to help address manufacturers’ need to engage a skilled workforce.

4. U.S. Senator Ron Johnson (R-Oshkosh), center, spoke to the WMC Board of Directors in May. He stands here with Raj Sheth, Chairman/CEO of Mead & Hunt, Inc., Todd Teske, Chairman/President/CEO of Briggs & Stratton Corporation, Robert Keller, Chairman & CEO of J.J. Keller & Associates, Inc., and John Casper, President/CEO of Oshkosh Chamber of Commerce.


7. The Wisconsin Chamber of Commerce Executives (WCCE) is an integral part of WMC, and their board held a planning meeting at WMC in April.

8. U.S. Representative Ron Kind (D-La Crosse) met with Kurt R. Bauer, WMC President/CEO and James Buchen, WMC Senior Vice President of Government Relations.

9. Scott Manley, WMC’s Director of Environmental & Energy Policy, watches as Governor Walker signs a workforce development bill.
Ask Wisconsin’s Legislators

In an ongoing effort to reach out to our state’s lawmakers, Wisconsin Business Voice asked Senator Mark Miller and Representative Robin Vos questions on issues that affect Wisconsin businesses.

**BUSINESS VOICE:** In your view, what are the three main impediments to growth of the Wisconsin economy, and what do you think the State Assembly/Senate can do to rectify those problems?

**SENATOR MILLER:**
I believe job creation in this state starts with a quality education system and sufficient resources invested in our quality post-secondary systems: the Technical Colleges and the UW System. We create problems when Wisconsinites get priced out of training opportunities and higher education. We need to train more folks immediately in the skills employers say they need to fill current job vacancies. We also could do more to help small businesses with capital, instead of small tax credits that many of them do not benefit from.

It is difficult to argue against enhancing job training opportunities and ensuring taxpayer-funded subsidies are tied to real jobs.

The State Senate and the Assembly can work on and pass legislation now to create jobs now and in the future.

**REPRESENTATIVE VOS:**
The answer is simple: overregulation, over-taxation and the need for more partnerships in workforce training. We have made progress in these areas but more needs to be done. This summer I’m the chair of a Legislative Council committee that will study income tax reform in Wisconsin. Our current system has been in place for 100 years. I think it’s time to take a good look at the code. We need to make it flatter, fairer and not riddled with special interest tax breaks that we all have to pay.

We have often said there is no one magic bullet that will jump start our economy and we often have to remind people that government is not in the business of creating jobs. However, we have helped improve our business climate and most agree our economy is headed in the right direction.

**BUSINESS VOICE:** Milwaukee appears to be in total disarray with a poorly performing school system, unemployment rates much higher than the rest of the state, and an infrastructure that is failing. What do you think is an appropriate role for the legislature to play to help solve these critical problems that are affecting the entire state?

**SENATOR MILLER:**
When Wisconsin’s economy is struggling, Milwaukee’s economy is usually hit especially hard. We cannot drastically cut Milwaukee schools and expect them to improve. We cannot restore Milwaukee’s proud manufacturing tradition if we cut aid to technical colleges. A better-educated, more-skilled workforce is critical to Milwaukee’s future. The legislature has and can work with Milwaukee to ensure the residents of Milwaukee continue to find new opportunities to improve the lives of their residents and their workforce. We should all be interested in improving Milwaukee’s economy, because as our state’s largest city it does affect the rest of the state.

**REPRESENTATIVE VOS:**
Too many kids in the Milwaukee Public Schools fail to graduate. We know that without a high school diploma, the path to success is often a dead end. We need to keep these kids in school and get them trained for the workforce. Education reform is essential to help spur economic growth. This past legislative session, we took some initial steps toward education reform by passing initiatives that focused on reading and teacher effectiveness. We also expanded school choice in Milwaukee.

In addition, there is a need for more public-private partnerships. One great example is the $100 million initiative called “Transform Milwaukee.” The project’s goal is to restore economic vitality to depressed areas of Milwaukee.

**BUSINESS VOICE:** Some would argue the old saying “good policy trumps good politics” is no longer true and politics now overshadows good policy. Do you agree? Is that a good thing for policymaking in Wisconsin?

**SENATOR MILLER:**
Good policy is always being worked on by legislators and organizations, it is just not always reported on. Many times the controversial issues make the headlines, while policy discussions on issues are ignored. How do we eliminate waitlists at technical colleges so more workers can be trained and how do we get more people to buy Wisconsin products? These questions truly deserve the headlines. I believe Republicans and Democrats would agree these are
valuable policy issues they can work on together.

Representative Vos:
I believe good policy still trumps good politics. We have shown that by making tough decisions and tackling tough problems, we’re more concerned about the future of Wisconsin than the next election. However, the June recall elections proved that even with all the politics surrounding this past legislative session, Wisconsin citizens understood the positive impact of Act 10 on the state and local budgets. More than $1 billion tax dollars have been saved. Voters saw through the misleading political rhetoric from opponents and resoundingly gave Governor Walker a full-term in office.

Business Voice: Many suggest the discourse in the Capitol is no longer productive. In your leadership role, how do you facilitate a healthy debate on the critical issues facing Wisconsin?

Senator Miller:
Most people who work with me know that my door is always open. Real honest discussions are important in everyday life and they are important in politics. I believe we can move forward and discuss issues and differences at the table, as long as everyone is invited to the table.

Representative Vos:
It’s often said that past practice is the best predictor of the future. My time on the Joint Committee on Finance has been a valuable and rewarding experience. During the past six years, I made some great friendships, many of which are with lawmakers who don’t have the same beliefs as I do. I believe there is a way to argue passionately about the issues and respect each other’s opinion.

Each month, Minority Leader Representative Peter Barca and I have a civil dialogue on a program for WisEYE television. I am hopeful that more legislators reach across the aisle to discuss possible solutions for our state. The best solutions are often found when we listen to each other.

BV
A common refrain on the campaign trail is the free enterprise system is under attack. What exactly does that mean? If some Americans have the goal to take down the free enterprise system, how and why would they go about it? Could it be the forces that threaten our economy are not connected to any organized effort?

By definition the free enterprise system is an economic system characterized by private ownership of property and productive resources, the profit motive to stimulate production, competition to ensure efficiency, and the forces of supply and demand to direct the production and distribution of goods and services. It follows, logically, that real threats to the system aim to undermine one or more of these principles.

One often-mentioned attacker is what I might label “overly aggressive workers’ rights advocates.” The premise of this argument is that militant workers’ rights groups do not accept the notion that the value related to intellectual property, capital equipment, customer relationships, etc. compares to the value contributed by those who work to build a product or deliver a service. This idea, of course, is rooted in classic Marxist theory and a clear challenge to the principle of private ownership of property. And since workers vote, there will be politicians who will abide this idea.

But, is this really a serious threat to our economic system? Certainly there are examples of aggressive union demands beyond bargaining for wages, benefits and work rules. When the U.S. Government took a hefty stake in GM, the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) was granted a partial equity stake in the company. Many conservative pundits pointed to the auto bailout/restructuring as an example of the federal government overstepping by insisting the UAW be allocated an equity stake in the company. But this case is an outlier and one could argue it required the UAW to have

skin in the game for the sake of the company’s survival.

The Boeing case in South Carolina is a compelling example of the federal government drifting into new territory that some view as a challenge to free enterprise. When Boeing announced it would build a new factory in South Carolina and the workers there would not be organized, the National Labor Relations Board ruled Boeing chose South Carolina in an effort to exact retribution on its organized workforce in other states. Free enterprise advocates rightfully asked why an American company needs permission from the federal government about where it builds a manufacturing facility and whether or not workers are unionized. Again, make your own judgment. Reasonable people can disagree without being disagreeable.

A second source of an alleged attack on free enterprise is said to be emerging from a particular religious pedagogy and from human rights advocates. Often the idea is packaged under the banner of social justice. In other circles it is more bluntly labeled along the lines of profits are immoral. My reading of this thread can be summed up by the notion that these ideas are founded on the fixed pie world view, i.e. there are only so many resources and dividing them up “fairly” involves a moral judgment.

There are real threats facing our economic system, but they are not directly related to a movement dedicated to dismantling private property rights, eliminating the profit motive, eliminating competition, or totally subjugating the forces of supply and demand.

The real battles are about other

enormously important questions. Foremost is the growing tension between those who believe in a merit-based economy versus those who embrace some form of distributive justice. This is about the extent to which governments have the right to appropriate your earned income, investment income, and accumulated wealth to provide resources for far more than security, a functioning legal system, our nation’s infrastructure, and education systems. This is a tussle between those who want Americans to take more responsibility for their own needs and those who want the full menu of retirement security, education assistance, subsidized health care, housing, food, and green energy.

Americans have argued about fairness and entitlements for decades. The difference now is our mushrooming national debt, addiction to underfunded entitlements, and the potentially disastrous implications of a system collapse that will dramatically impact our way of life if we don’t find a way forward.

I believe we can find that way forward. There will be days when the supercharged political rhetoric and the snarky business bashing in the national news will give you pause. My advice is let those days motivate you to double down on your commitment to make your business a success. When you leverage your private property rights, invest in your business, compete in the free market, and earn a profit, you are showing others how free enterprise works. When you create jobs, pay taxes, make charitable contributions, and offer your time and talent to worthy causes, you are part of the solution; part of the way forward. BV

There will be days when the supercharged political rhetoric and the snarky business bashing in the national news will give you pause.

John Beckord is the President of Forward Janesville, Inc. He can be reached at (608) 757-3160
Client service should be EXCEPTIONAL, not the exception.

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NEED TO KNOW WHAT SALES AND USE TAX LAWS ARE APPLICABLE TO MY MANUFACTURING COMPANY.

As a manufacturer, every transaction you make could have potential sales and use tax implications. With over 120 years of combined experience including experience working for the Wisconsin Department of Revenue, Wipfli’s sales and use tax experts can help. Join us for Wipfli’s Sales and Use Tax for Wisconsin Manufacturers Web Forum — a four-part web series providing concise, industry-specific sales and use tax information and education. Each webinar is 1.5 hours.

Defining the Manufacturing Process
August 14, 2012
Consumables: What Qualifies for Exemption?
October 9, 2012

Defining Equipment Exemptions
September 11, 2012
Utilities and Use of Estimates
November 13, 2012

Visit www.wipfli.com/salestaxforum for complete details and to register.