2015-16 Legislative Priorities
Continuing the Era of Reform
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Read insights on page 38 from Legislative Leaders of their priorities for the upcoming legislative session. Pictured here: Senator Scott Fitzgerald (left) and Speaker Robin Vos.
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From the Editor

Marsha Lindsay, Founder of Lindsay, Stone & Briggs ad agency in Madison, headlined our Future Wisconsin Economic Summit in December. Marsha is a highly respected leader in the marketing and branding world, having devised some of the most iconic brands of some Fortune 500 companies. She started her firm at a time, as she puts it, when “women didn’t open businesses.” That was in 1978. 1978! Living in today’s world it’s nearly impossible for me to believe that in my lifetime, it was so unheard of that a woman would open her own business that it is remarkable yet today.

I grew up believing I could do anything I wanted to, and I believe it still. As Vice President of one of Wisconsin’s most powerful, influential organizations, I’m happy things have changed since 1978. But there are some people who criticize business leaders and claim WMC wants to suppress women’s rights to equal pay. I can tell you WMC wants no such thing. Wisconsin’s business leaders want no such thing.

They do not want to suppress wages, move jobs overseas, pollute the air or water, or any of the other ridiculous claims made by our opponents. Business leaders live here. Raise their families here. Breathe the air and drink the water here. Support their communities here. It is in their self-interest to make Wisconsin the best place to live, work and play, and to make this the most competitive state in the nation.

And that is what WMC is all about.

The lead story starting on page 20 in this edition is all about WMC’s agenda for the 2015-16 Legislative Session, and you can read about The Future Wisconsin Project’s inaugural economic summit on page 24. Here’s to the start of a great new year. Thanks for your continued support – as the state chamber of commerce, we look forward to working with you in 2015 and beyond.

Katy Ryder Pettersen
Editor, Wisconsin Business Voice
kpettersen@wmc.org
Young People Should Fear Debt as Much as Climate Change (If Not More)

Kurt R. Bauer, WMC President/CEO

Young people have been indoctrinated to believe manmade global warming/climate change is the number one threat to their future. I disagree and not because I am a climate change denier (although I must confess to being skeptical considering that even the United Nations’ Intergovernmental Panel on Climate Change admits global temperatures have not risen for 18 years).

I disagree because the now $18 trillion national debt compounded by trillions more in unfunded entitlement obligations, like Social Security and ObamaCare, are chains around the necks of the Millennials (1980-2000) and Generation Z (2001-Present) that will hold back their upward mobility and quality of life.

Debt is a major reason why a recent Wall Street Journal/NBC News poll showed that 76 percent of Americans fear their children will be worse off economically than they are.

Unlike manmade climate change, a theory which relies on computer modeling that have thus far proved largely inaccurate, the threat posed by America’s massive debt is indisputable to all but the most stubborn of math deniers.

If you can count the shrinking number of taxpayers versus the exploding number of people who will be drawing benefits then you can see the problem, if you are willing to look.

So why are young people obsessed with being “green” and seemingly unconcerned about the debt they will be inheriting from their free-spending elders? Well, climate change certainly gets more attention (some might say hysteria) from politicians, the media and even Hollywood elites, like Leonardo DiCaprio. It has become a cause célèbre. Some have even likened it to a religion where heresy is not tolerated. If you don’t believe, you are mocked as a science denier or, as President Obama said, a member of the “flat earth society.”

By contrast, if someone suggests the need to address the national debt or the coming insolvency of entitlement programs, they are accused of fear mongering and wanting to impose austerity measures on the American public.

Case in point, Congressman Paul Ryan (R - Janesville) was depicted in a political advertisement tossing an old woman in a wheelchair off a cliff after offering an entitlement reform plan to avoid what he calls the “most predictable crisis in American history.”

Even small changes to government entitlement programs are met with heavy criticism. The AARP, formerly the American Association of Retired Persons, opposes common sense reforms like raising the age when people can begin drawing Social Security benefits from 64 to reflect the fact that people are living longer today than when Social Security was enacted in 1935 (life expectancy in 1935 was 61; today it is nearly 80). Unfortunately, there is no AARP-like group representing Millennials and Gen Z and, ironically, idealistic young people tend to support candidates like Barack Obama who embrace climate change but deny debt is a serious problem.

Climate change is also considered a crisis when the national debt isn’t because the solution to the former is more government, while the solution to the latter is less government.

To combat climate change you need to regulate and restrain the free market economy, which seems to be popular among young people who have been taught to distrust, if not despise, capitalism and industrialization. To combat debt, you need to shrink government spending to sustainable levels, which ultimately means taking something away from someone, which is never easy to do.

There is also big money behind the global warming movement. Billionaire hedge fund manager Tom Steyer alone spent $73 million during the most recent midterm elections in support of candidates who adopted the climate change orthodoxy, i.e., support the Environmental Protection Agency’s war on fossil fuels and oppose construction of the XL Keystone pipeline.

To be clear, I am not saying young people shouldn’t strive to be good stewards of the planet. But I think it is illogical for Millennials and Gen Z to fear climate change, while ignoring how the nation’s massive debt and entitlement obligations will adversely impact their economic future.

Follow Kurt on Twitter @Kurt_R_Bauer
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THE CASE FOR WORKPLACE FREEDOM

In his inaugural address in 1801, President Thomas Jefferson said a wise and frugal government would leave citizens “free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned.” The quote remains an enduring tribute to the principle of individual liberty.

More than 140 years later, U.S. Congress passed a law embodying Jefferson’s vision for individual freedom by enacting the Taft-Hartley Act of 1947. The law gave states the option of enacting Right to Work (RTW) laws giving workers the freedom to choose whether to join a union and pay dues, as opposed to forced unionization.

Since enactment of Taft-Hartley, 24 states have chosen the side of worker freedom by enacting RTW laws. For many reasons, Wisconsin must become the 25th state.

IMPROVED BUSINESS CLIMATE

There are many strong arguments in favor of RTW, perhaps chief among them is the improvement of Wisconsin’s business climate and our enhanced ability to attract investment. Site selectors routinely reference RTW as an important factor for businesses when deciding where to expand or locate. For example, Area Development Magazine’s 26th Annual Corporate Survey in 2012 found more than 75 percent of businesses rated locating in a RTW state as “important” or “very important.”

In fact, the absence of RTW can be a deal breaker. Mark M. Sweeney, a senior principal at McCallum Sweeney Consulting in Greenville, S.C., estimates three-fourths of his firm’s clients express an interest in RTW states only, according to the same article in Area Development Magazine. Decisions to eliminate states based on RTW criteria are often made before ever engaging local economic development officials, “so states are unaware of having been evaluated and cut from consideration because of RTW,” said Sweeney.

MORE JOBS

Quite simply, businesses view RTW states more favorably than forced union states and are therefore more likely to locate or expand in a state with workplace freedom. Those investments lead to jobs, which helps explain why RTW states grew jobs at an average rate of 5.3 percent during the ten-year period from 2004-2013 – more than twice the rate of growth in forced union states (2.1 percent).

During that same ten-year period, RTW states added 3.6 million jobs, which is 2.1 million more jobs than forced union states (1.5 million). Perhaps it’s not surprising RTW states had an average annual unemployment rate in 2013 of 6.5 percent, which is lower than forced union states at 7.0 percent and Wisconsin at 6.7 percent.

HIGHER WAGE GROWTH

While RTW states create more jobs at a faster rate than forced union states, they also have faster wage growth. U.S. Department of Labor data from 2003-2013 show RTW states with a 15.1 percent growth in private-sector employee compensation, while forced union states grew at 8.2 percent. A possible factor for the higher wage growth in RTW states is the advantage in manufacturing output over forced union states. From 2003-2013, growth in manufacturing GDP averaged 26.1 percent in RTW states, nearly double the rate in forced union states of 13.8 percent.

MORE PEOPLE

Like many other states, Wisconsin faces a significant demographic problem with an aging workforce. We simply do not have a sufficient pipeline of younger workers to fill the openings created by the retirement of Baby Boomers. Right to Work can contribute to the solution.

An analysis of U.S. Census Bureau data from 2003-2012 shows positive migration trends toward RTW states, while forced union states experienced significant flight resulting in a net loss of people. Specifically, RTW states collectively grew by 4.9 million people during the ten-year period, while forced union states lost 4.9 million people.

Some opponents of RTW may attempt to dismiss the strong migration pattern toward RTW states as little more than people flocking to warmer climates in the South. Survey data from Pew Research Center suggests otherwise. Pew Research conducted a nationwide scientific poll asking respondents why they chose to move to a new community, or why they chose to stay. The Pew data found the lure of economic opportunity as the most frequently cited reason for the decision to move. Specifically, the survey found “job or business opportunities” received the most responses as a “major reason” why people move. By contrast, only 18 percent of respondents cited “climate” as a major reason.

MORE DISPOSABLE INCOME

Opponents of RTW often argue against worker freedom because they contend RTW states have lower wages. However, analyses factoring cost of living into the equation find the opposite to be true: RTW states have higher disposable income.
It’s often difficult to make apples-to-apples wage comparisons between states because the cost of living can vary dramatically, and the cost of living is a factor that helps drive market wages. For example, the cost of living in Idaho (RTW state) is very different than those of New York or California (forced union states). Correspondingly, average wages in Idaho will be very different than expensive states like New York and California.

When applying state-by-state cost of living indices like those developed by the Missouri Economic Research and Information Center, U.S. Department of Labor data shows per capita disposable personal income was $38,915 in RTW states in 2013, compared to $36,959 in forced union states. Consequently, dual income families in RTW states have nearly $4,000 more disposable income than in forced union states when adjusted for cost of living differences.

**The Union Arguments against Worker Freedom**

For decades, unions have argued RTW laws would destroy the middle class, yet have never put forth credible evidence to support their claim. It’s hard to imagine how the additional jobs, higher wage growth, lower unemployment and higher disposable income in RTW states are somehow a devastating blow to middle class families. Moreover, the higher rate of growth in manufacturing output in RTW states suggests a higher concentration of manufacturing jobs. Manufacturing jobs pay roughly 30 percent more than the median wage and continue to provide family-supporting careers for middle class families at virtually every level of educational attainment.

If we are to believe the union argument that worker freedom laws will hollow-out the middle class and impoverish working families, then perhaps they should explain why forced union states have a considerably higher rate of welfare recipients than RTW states. Specifically, when looking at Temporary Aid to Needy Families (TANF) recipient data, forced union states averaged 16.7 welfare recipients per thousand residents in 2013, a rate nearly triple that of RTW states at 5.8 recipients per thousand.

We also hear union leaders describe RTW laws as an overt effort to roll back workers’ rights and destroy unions. I’ve never understood how giving workers the freedom to choose which organizations to support financially can be characterized as taking rights away from workers.

Far from destroying unions, the stronger economic conditions in RTW states have actually led to a more favorable trend in union membership in those states compared to forced union states. For example, recent data for the four-year period from 2010-2013 show RTW states collectively grew 57,000 new union jobs, while forced union states lost 248,000 union jobs.

Finally, unions frequently complain that being forced to represent workers who do not pay dues is unfair. Setting aside the irony of their argument that it’s unfair to force someone to do something against their will, it’s important to remember that “exclusive bargaining” agreements give them a monopoly on representation in the workplace.

The monopoly on representation has considerable value to unions, as was noted by the 7th Circuit of the U.S. Court of Appeals when they upheld Indiana’s RTW law in September, 2014. The Court noted “The reason the union must represent all employees is that the union alone gets a seat at the negotiation table... no information before us persuades us that the union is not fully and adequately compensated by its rights as the sole and exclusive member at the bargaining table.”

Businesses and membership organizations must demonstrate value to remain financially viable — it is not unreasonable to ask unions to do the same.

When Taft-Hartley was enacted in 1947, the President of the American Federation of Labor William Green said the law would “destroy unions and wreck collective bargaining.” When Michigan passed Right to Work in 2012, the President of the International Brotherhood of Teamsters said the law would divide the state and cause a “civil war.” Neither happened.

History has shown that none of labor’s cataclysmic predictions about the destruction of unions or collective bargaining have come true. Today, more than 14 million Americans are members of a labor union. We think those workers deserve the freedom to make their own choices about union membership in the workplace. BV

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What a time to be young in Wisconsin!

Many people are celebrating as the economy continues to recover, with the Millennial generation cheering the loudest. This generation, born in the 80s and 90s, and raised by doting baby boomer parents, came to be known as the “trophy generation.” I happen to be one of these Millennials and grew up hearing, in the words of my adoring mother, “Sweetie you are the most special person in the world”. We were special darn it, and we could be absolutely anything we wanted to be! We graduated college with our heads high and chests puffed out, and walked right into the Great Recession.

The recent economic slump was one of the worst times in history for young adults to be looking for full-time employment. Thankfully, the economic outlook has brightened and unemployment is down. More Millennials are finding full-time jobs and finally moving out of their parents’ basements!

Opportunities are available everywhere. Wisconsin’s economy is diverse and balanced, and we embody the Midwestern work ethic. Employers are hiring in Wisconsin’s traditional sectors like manufacturing and agriculture as well as in more emergent clusters like biotech and aviation.

Young entrepreneurs like Fetch Rewards, LLC CEO & Founder Wes Schroll are breaking stereotypes and locating their start-up companies here in Wisconsin, taking advantage of the deep talent pool that our nationally renowned schools and colleges are producing. Wes was a featured speaker at our recent Future Wisconsin Economic Summit in Milwaukee. He spoke of the benefits of starting his company here in the Badger State, ultimately extending an encouraging challenge to the young minds in Wisconsin, “We’ve got great opportunities here in Wisconsin; it’s up to us to take advantage of them!”

It is not only startup companies hungry for young talent. Employers in well-established industries across the state are reporting there is a skills gap in Wisconsin. Openings are going unfilled because they cannot find workers with the skill sets that fit the job descriptions. This skills gap presents opportunities for Millennials to adopt careers that are in high demand right now. Cost of education and college debt is on the minds of Millennials and their supportive parents. Wisconsin’s technical college system is second to none – these two-year programs include intensive, hands-on experience-based learning programs that usually lead to job opportunities before students graduate.

Further improving the outlook for younger Millennials is the renewed energy and focus on career counseling and planning. Academic and Career Planning (ACP) is an exciting new program from the Wisconsin Department of Public Instruction which will be put into place for middle school students across Wisconsin. From their website, “ACP is a student-driven, adult-supported process in which students create and cultivate their own unique and information-based visions for post-secondary success, obtained through self-exploration, career exploration and the development of career management and planning skills.” This will be a wonderful improvement to the way we help young students identify careers that complement their talents. Middle school students will be more aware of the skills they need to develop for career success.

During every Business World program, I tell the high school students there are great opportunities available to young people in Wisconsin. What a time to have your future in front of you!

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WMC Foundation

The WMC Foundation is dedicated to building a better future for Wisconsin by providing business and economics education, workforce development initiatives, local chambers of commerce support, safety training programs and business best practices.

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For Republicans, the 2014 Elections were an almost ideal combination of a favorable political environment and a well-prepared political structure that could capitalize on these environmental advantages.

From the outset, the 2014 campaign reaffirmed the importance of quality candidates and quality campaigns. A microcosm of the success the GOP had in recruiting quality candidates and running quality campaigns could be seen in the U.S. Senate elections where Republicans avoided potentially disastrous primary outcomes in Kentucky, Mississippi, Iowa and Colorado as well as recruiting quality candidates in Arkansas, Alaska, Louisiana, Montana, Nebraska, North Carolina, Oklahoma, South Dakota and West Virginia.

The exit polls show voters were clearly frustrated with the status quo, pessimistic about the future and suspicious the federal government could be trusted to make appropriate changes. In the exit polls, a majority (65 percent) of voters thought the country was seriously off on the wrong track and more than three-in-four (78 percent) voters were worried about the direction of the national economy. A similar number of voters (75 percent) think the next generation will be worse off or about the same as today. The suspicion about the status quo solving these issues is seen in the majority of voters (54 percent) who think the government is doing too many things better left to businesses and individuals. It is also seen in the more than three quarters (78 percent) of voters who think the federal government can be trusted to do what is right only some of the time or never.

These anti-status quo attitudes and the multitude of Republican candidates able to run as credible alternatives lead to some impressive successes in this election. Republicans now control 69 of the 98 state legislative bodies and have 31 of the 50 Governors (not only reelecting governors in swing Midwestern states like Wisconsin, Ohio and Michigan, but winning the Governor’s Mansion in the President’s home state of Illinois). In Washington, Republicans also built on their majority, now at 244 Members in the House of Representatives, their highest gain since the 1930s, and took the Majority in the U.S. Senate (54) with a nine-seat gain.

While these overall successes are impressive, the successes they had with key demographic groups are equally noteworthy. The “war of women” rhetoric of Democratic candidates failed miserably. Republicans won male voters by sixteen points while losing women by just four points. In fact, Republicans won with married women (+10 percent) and with White women (+14 percent) by double digit margins. Republicans also won majority support from Independents (54 percent).

In addition, Republican electoral support from those frustrated with the status quo was impressive. As one would expect, Republican candidates received overwhelming support from voters who disapproved of the President’s job performance (83 percent) and from those who thought Obamacare went too far (84 percent). However, Republicans also received majority support from those with more philosophical concerns like those who thought government was doing too much (77 percent), those worried about economic conditions (58 percent), and middle class voters (67 percent).

In sum, massive “wave” electoral successes require some combination of three elements – a favorable political environment, quality candidates and a strong national party infrastructure. In 2014, Republicans across the country enjoyed the benefits of the GOP having an abundance of all three of these elements.

Ed Goeas is President and CEO of The Tarrance Group, a Washington DC-based Republican strategic research and polling firm. He is speaking at Business Day in Madison March 4.

Register today: www.businessdayinmadison.com
Kapco, Inc. Wins First-Ever Wisconsin Business Achievement Award

Grafton-based Kapco, Inc. is the first recipient of the Wisconsin Business Achievement Award, presented by the Flowers Family Foundation, Inc. The award, which was presented at WMC’s State of Wisconsin Business Event in October, 2014, honors the outstanding economic and philanthropic contributions of individuals or entities engaged in free enterprise.

Established in 1972 as a small, family-run metal stamping company, Kapco, Inc. has evolved into a full-service metal components manufacturer specializing in robotic stamping and welding, progressive die stamping, deep draw complete tool and die, heavy stamping, fabricating and wet coatings.

The award included a $50,000 donation from the Flowers Family Foundation, Inc. to a Wisconsin-based non-profit organization of the winner’s choosing. Kapco, Inc. selected Hometown Heroes. After September 11, 2001, Jim Kacmarcik, Kapco’s CEO, formed Hometown Heroes, a non-profit organization offering community support to neighbors in need, including veterans and first responders.

Join us January 9 for the Next Member-only Legislative Update Webinar

Members receive exclusive access to WMC’s government relations experts via biweekly conference call webinars throughout the legislative session. Visit www.wmc.org for more information.
OSHA Update: New Reporting Requirements Began January 1

Beginning January 1, 2015, there is a change to what covered employers are required to report to the Occupational Safety and Health Administration. Employers will now be required to report all work-related fatalities within 8 hours and all in-patient hospitalizations, amputations and losses of an eye within 24 hours of learning about the incident.

Previously, employers were required to report all workplace fatalities and when three or more workers were hospitalized in the same incident.

The updated reporting requirements are not simply paperwork but have a life-saving purpose: they will enable employers and workers to prevent future injuries by identifying and eliminating the most serious workplace hazards.

Employers have three options for reporting these severe incidents to OSHA. You can call the nearest area office during normal business hours, call the 24-hour OSHA hotline at (800) 321-OSHA (6472), or report online at www.osha.gov/report_online. Visit www.osha.gov/recordkeeping2014/ for more information and resources on the updated reporting requirements.
WMC Issue Advocacy Delivers Smashing Results

During the 2013-14 session, WMC Issues Mobilization Council, Inc. spent a record $12.2 million educating Wisconsin on important public policy matters facing the state – with smashing results.

Our policy victories supported by WMC IMC’s grassroots lobbying efforts include enacting comprehensive iron mining legislation, limiting frivolous lawsuits relating to asbestos, tax cuts, regulation reforms and educating the public about the Wisconsin Supreme Court.

The last two years were part of an aggressive tradition for WMC IMC dating back more than a decade and include grassroots lobbying campaigns on policies such as Card Check unionization, global warming regulations, runaway lawsuits, judicial activism, tax cuts and regulatory relief. WMC IMC takes on the tough grassroots advocacy battles for business in our state so the voice of business is heard by the public and policymakers.

This fall, WMC IMC continued its grassroots lobbying efforts, getting even more aggressive on certain policies receiving even greater public attention. Many of these issues were highlighted during the public debate on the policies involving the executive branch, the attorney general’s office and Wisconsin’s Senate and Assembly. WMC IMC made sure all state residents were educated on the importance of a pro-growth policy agenda.

Based on the results on November 5, the WMC policy agenda should do well in 2015. Governor Walker was reelected; Waukesha County District Attorney Brad Schimel was elected Attorney General; the Senate GOP majority expanded to 19-14 in the 33-member chamber and the Assembly GOP majority grew to 63-36, the largest since 1957.

Through its grassroots lobbying efforts, WMC IMC delivered a strong business message during the last two years. “As far as I can tell, they ran the table,” WTMJ-AM radio talk show host Charlie Sykes said of WMC’s issue advocacy efforts. Sykes and other observers lauded WMC’s advocacy efforts because of the courage of the WMC leadership to step into the public arena and deliver the business agenda message.

“They didn’t flinch,” Sykes said of WMC. But it is the WMC membership who did not flinch.

Under the fundraising leadership of the WMC Board of Directors, WMC members and others provided historic levels of support for WMC Issues Mobilization Council’s grassroots lobbying efforts.

During the last two years, WMC Issues Mobilization Council raised and spent a record $9.8 million on grassroots advocacy such as television, cable, radio, direct mail, public opinion research and digital advocacy. WMC IMC also embarked on more innovative ways to reach the public online with WMC IMC online advertising outpacing the industry averages for reaching the public.

Building on the successes of the last session, those innovations can now be used for continued grassroots lobbying outreach on business policies during the 2015-16 legislative session. We are constantly striving to improve our comprehensive advocacy efforts to affect public policy in the executive, legislative and judicial branches of government.

Three of the WMC IMC ads last year were nominated for recognition in a competition run by Wispolitics.com, an online newsletter. WMC’s advocacy urged the public to contact policymakers to tell them their point of view on taxes, job creation, neighborhood safety, government spending, health care reform, regulations and other issues important to businesses. None of the WMC IMC ads expressly advocated for the election or defeat of a clearly identified candidate. Instead, the focus of the ads was on important public policy issues facing Wisconsin.

In 2013-14, Wisconsin businesses delivered a message to our state – pro-growth, pro-jobs reforms work and must continue!

And now, the business community must remain united during the next two years to send even more pro-growth reforms to Gov. Walker’s desk to be signed into law. WMC members must be ready to speak out on key policies ensuring our business climate continues to improve for generations to come.

B nylon

Jim Pugh Treasurer, WMC Issues Mobilization Council, Inc.
YOUR WMC MEMBERSHIP INVESTMENT WORKS FOR YOU

Our team of five government relations professionals have expertise in every policy area confronting employers, making WMC the leading voice for businesses at the Wisconsin Capitol. Lawmakers and state agency officials alike look to WMC to understand how laws and regulations will impact businesses – we put you and your business’ interests at the center of policymaking at the Capitol, key state agencies and with the Wisconsin Congressional Delegation.

Founded in 1911, Wisconsin Manufacturers & Commerce (WMC) is the state’s chamber of commerce and largest business association representing more than 3,700 employers of every size and from every sector of the economy.

2014 Savings

$3.56 Billion

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BUSINESS VICTORIES IN REGULATORY REFORM, LEGAL REFORM AND TAX REFORM = SAVINGS

- Fought to Freeze Property Taxes PASSED 2011 AB 40................................................................. $1.06B
- Defeated Global Warming Annual Energy Tax Hike DEFEATED 2009 AB 649....................................... $700M
- Fought for Personal Income Tax Cuts PASSED 2013 AB 40 & Jan 2014 SS SB 1, ................................ $416.6M
- Maintained Property Tax Exemption for Machinery & Equipment PASSED S. 70.11 (27) (b) .. $254.3M
- Capped Monthly Energy Bill Taxes PASSED 2011 Act 32.................................................................... $156M
- Enacted Manufacturing & Agricultural Tax Credit PASSED 2011 AB 40............................................ $72.3M
- Passed Sales Tax Exemption for Electricity in Manufacturing PASSED 2003 AB 507 ........... $107M
- Dedicated Property Tax Relief PASSED 2013 Act 46 & Act 145.......................................................... $466M
- Capital Gains Exclusions and Deferrals PASSED 2011 Act 32........................................................ $99.2M
- Unemployment Tax and Insurance Reforms PASSED 2013 SB 200 & AB 40 ........................ $86M
- Personal Property Tax Exemption for Computers PASSED S. 70.11 (39)......................... $76M
- Single Sales Factor Apportionment for Corporate Taxes PASSED 2003 SB 197....................... $45M
- Tax Deduction for Health Savings Accounts PASSED 2011 Act 1 .............................................. $21.2M
- Reduced Magnitude of Air Permit Fees PASSED 2013 Act 20..................................................... $4.5M

*Based on total Wisconsin workforce of 2,820,367, the 2013 monthly average employment according to the U.S. Department of Labor.

OTHER KEY BUSINESS SAVINGS

2011/12

WMC won a national award in 2013 for its efforts to enact reforms against lawsuit abuse, which is estimated to cost Wisconsin $4.5 billion per year.

2011

WMC supported Governor Walker’s reforms to collective bargaining laws for government workers that have saved taxpayers roughly $3 billion statewide.

2010

WMC implemented an award-winning advocacy campaign to defeat a $15 billion global warming energy mandate that was expected to cost businesses an average of $1,834 per year.

2007

WMC led the effort to defeat a payroll tax that would have cost an average of $2,600 per employee as part of a government run healthcare proposal.
1 UW – Madison Chancellor Rebecca Blank spoke to the WMC Board in October. She is pictured here with Dan Ariens, Ariens Co.; Bob Kamphuis, Mayville Engineering; and WMC’s Kurt Bauer.

2 Members of the WMC Board of Directors hosted a fundraiser for Governor Walker prior to his winning the November election. He is pictured here with WMC staff members.

3 Sen. Ron Johnson (R-Oshkosh) visited WMC’s headquarters last fall to update the Government Relations Council on the current state of the federal debt.

4 The 2014 State of Wisconsin Business Event hosted more than 500 business leaders. Pictured here is the afternoon panel. (L-R) Jim Morgan, WMC Foundation President; Damond Boatwright, President & CEO of Hospital Operations, SSM Health Care of Wisconsin, Inc.; Brad DeNoyer, Partner, Baker Tilly; and John Pfeifer, President, Mercury Marine.

5 The Wisconsin Safety Council was awarded the Honor Chapter Award from the National Safety Council. Pictured here with Janie Ritter (center), Director of the Wisconsin Safety Council, is National Safety Council president Debbie Hersman and NSC Board Chairman, Jeff Woodbury, Exxon Mobil Corporation.

6 More than 30 safety professionals attended an in-depth OSHA 10-Hour course held at the WMC/WSC headquarters.

7 The Wisconsin Chamber of Commerce Executives’ annual conference was held at the Landmark Resort in Door County, with more than 80 Wisconsin communities represented. Pictured here are Mary Jo Monday, Portage County Business Council; Bob Moses, Prairie du Chien Area Chamber; Krista Coon, Heart of Wisconsin Chamber; Jim Morgan, WMC Foundation President & WCCE Secretary/Treasurer; Phil Fritsche, Beaver Dam Area Chamber; and Karen Szyman, Chamber of Manitowoc County.
Baker Tilly CEO Elected to National Post

Tim Christen, CEO of Madison-based Baker Tilly Virchow Krause LLP, has been elected Vice Chairman of the American Institute of Certified Public Accountants (AICPA) Board of Directors. AICPA is a trade association representing more than 400,000 accounting professionals in 145 countries.

Christen, who recently resigned as WMC’s Board Treasurer in order to fulfill his new duties with AICPA, said his priorities in his new post will be the continued emphasis on Management Accounting, as well as positioning the accounting profession for continued relevance in the increasingly globalized and technology-driven economy.

“I enjoyed contributing to the success of Wisconsin business by serving on the Board of WMC,” said Christen, who served from 2007 to 2015. “The passion of WMC staff and volunteer Board members to make Wisconsin a competitive business environment is impressive and is making a difference. Seeing WMC annually inspire hundreds of high school students through the Business World program was particularly gratifying. I am proud to have served the organization.”

Oshkosh Chamber of Commerce Earns Highest Level of Distinction from U.S. Chamber

The Oshkosh Chamber was recognized with the highest level of distinction from the U.S. Chamber – the 5-Star Accreditation. This prestigious honor puts the Oshkosh Chamber among the top one percent of chambers nationwide. To put this in perspective, there are nearly 7,000 chambers of commerce in the U.S., among which only 213 currently remain accredited. Of this accredited group, only 89 chambers across the country have achieved this highest rating and only two in Wisconsin, the Oshkosh Chamber being one of the two.
Obamacare IN 2015

Signed into law by President Obama on March 23, 2010, the Affordable Care Act has proven to be an enigma for businesses, individuals, and even policymakers who voted for it. The fact this costly regulation still puzzles those trying to implement and apply it shouldn't be a surprise to anyone; after all, it was declared by former Speaker of the House Nancy Pelosi that “We have to pass the bill so you can find out what is in it, away from the fog of controversy.”

In late 2014 we all were given an additional glimpse into the inner workings of the White House while the law was being drafted in 2010. That’s when videos emerged of Jonathon Gruber, a key advisor to the White House on drafting the law, declared in front of audiences the bill was written in a “tortured way” in order to keep it from being scored by the Congressional Budget Office as a tax. Mr. Gruber further declared the law was written with a lack of transparency because that was a “huge political advantage,” relying on the “stupidity of the American voter” to pass the law.

Knowing the mindset behind those who drafted the law, they believed they had to hide aspects of the law from the American voters and Speaker Pelosi thought it was okay to pass the law without knowing what it actually did, it’s no wonder the implementation of the law has not been smooth. Nor is it a wonder that one of the key promises President Obama made regarding the law prior to signing it, “If you like your health care plan, you can keep it,” was later declared the 2013 Lie of the Year by PolitiFact.

Regardless of the “tortured” drafting and the poor implementation of the law, employers have no choice but to figure out how to comply with the law going forward. The following are a few key items to keep in mind for 2015.

Cost
According to data filed by insurance companies to the Wisconsin Office of the Commissioner of Insurance (OCI), on average plans offered in Wisconsin through the federal exchange will see a 3 percent increase. That ranges from plans with double digit decreases to plans with double digit increases, and will differ dramatically within each plan depending on the covered individual.

Health Insurance Tax
Part of the rise in the cost of health insurance is due to a sales tax the Affordable Care Act places on health insurance. The tax started in 2014 at $8 billion and will increase annually until 2018 when it will collect $14.3 billion from health insurance companies. In total, this one new tax imposed by the Affordable Care Act will cost $100 billion over the Affordable Care Act’s first decade. While the tax is on insurance companies, in reality consumers are the ones who will pay the bill through higher premiums. As Gruber admitted during one of his now famous presentations, according to the National Federation of Independent Business (NFIB), this tax increase will reduce the GDP by $33 billion by 2023 and will cost our economy up to 286,000 jobs.

Employer Mandate
The long-delayed employer mandate started phasing in January 1, 2015 for companies employing 100 workers or more. In 2015, businesses with 100 or more full-time employees have to provide health coverage to at least 70 percent of their workforce or face a $2,000 tax penalty per employee. In 2016, the mandate expands again and will require all employers with 50 or more employees to provide health coverage to 95 percent of their full-time workers. For these calculations, full-time employees under the law are those who work a minimum of 30 hours per week.

Individual Mandate
The individual mandate, which penalizes those who do not have minimum essential coverage, increases in 2015. In 2014, the tax penalty was the greater of $95 per adult, $285 per household, or 1 percent of household income. 2015 will see those figures rise to $325 per adult, $975 per household or 2 percent of household income. They will rise again in 2016 to the greater of $695 per adult, $2,085 per household or 2.5 percent of household income.

According to a special 25th Edition of America’s Health Rankings, Wisconsin ranks 23rd when compared with other states. The 2014 report illustrates Wisconsin has its share of strengths and challenges.

Wisconsin’s Strengths
• High rate of high school graduation
• Low prevalence of diabetes
• Low prevalence of physical inactivity

Wisconsin’s Challenges
• High prevalence of binge drinking
• High incidence of infectious disease
• Low per capita public health funding

This study is published by United Health Foundation in partnership with American Public Health Association and Partnership for Prevention. Visit www.americashealthrankings.org for more information.
Get an inside look at how KOLBE WINDOWS & DOORS MANAGES HEALTHCARE COSTS WITH THE HELP OF MINISTRY EMPLOYER SOLUTIONS
TRANSPORTATION FINANCE TAKES CENTER STAGE

On November 14, 2014, Secretary of Transportation Mark Gottlieb introduced the state Department of Transportation’s budget request for 2015-17. Submitting this proposal begins the first step in the difficult but necessary process of determining adequate financing for Wisconsin’s infrastructure needs.

The plan identified $974 million in needs the current mix of taxes and fees cannot cover during the upcoming two-year period. It contains a proposed $751 million in new revenues focused on two substantial changes - $573 million in transfers from the state’s General Fund and $42 million in transfers from a fund for environmental remediation of old gas tanks (the Petroleum Inspection Fund, or PIF).

The first of the substantial revenue proposals comprise significant adjustments to the gas tax, including utilizing the average wholesale price to set a five-cent-per-gallon increase on gasoline taxes and ten-cent-per-gallon on diesel and allow annual growth of up to 5 percent to the new base. These gas tax changes would generate $358 million over the next two years. Though gallons consumed have plateaued in recent years, the gas tax still provides 52 percent of current proceeds. The second idea is to assess a new tax of 2.5 percent of the manufacturer’s suggested retail price (MSRP) of new automobiles, which would generate $379 million.

WMC and other business groups recognize the pressure on the state’s transportation system but question the scope and content of the two new proposals. However, the need to finance improvements is unquestionable.

On December 1 last year, the state added three major highway projects to the highway program and removed some others, for a net increase of $500 million in long-term project costs. Two of these, I-43 north of Milwaukee and I-94 just east of the Twin Cities, were built in the 1950s and require upgrading.

In the last decade, borrowing provided most of the growth in transportation expenditures. As debt repayments consume nearly 20 percent of revenues today, the use of bonding has become too great and other options must be pursued.

The Legislature will undoubtedly demand greater efficiency in how existing funds are spent. Discussions will occur about community sensitive design (beautification expenses on major projects), bike-pedestrian accommodations mandated under Governor Jim Doyle, restricting the construction of new roundabouts and changes like increasing the prevailing wage threshold for local government projects. Ultimately, these and other issues will be considered but won’t produce savings on the scale necessary to meet the need.

Developing consensus on identifying which financial levers to adjust will not be easy, but is essential. Wisconsin’s three largest economic sectors – manufacturing, agriculture and tourism – all depend on safe and reliable infrastructure. There is no alternative but to align the business community, transportation advocates, the Legislature and the public with a common purpose in meeting the strong demand for infrastructure investment.

Follow Jason on Twitter @JGCulotta
The annual awards competition is sponsored by:

2014 Nominees

Alliance Laundry Systems LLC, Ripon
Amerequip Corporation, Kiel
Apache Stainless Equipment Corporation, Beaver Dam
Didion Milling, Inc., Johnson Creek
E.K. Machine Co. Inc., Fall River
Ellsworth Cooperative Creamery, Ellsworth
EmbedTek, LLC, Hartland
Empire Screen Printing, Inc., Onalaska
EVO Plastics, DeForest
Fox River Fiber Company, LLC, De Pere
Frito-Lay, Inc., Beloit
Gamber-Johnson LLC, Stevens Point
General Plastics, Inc., Milwaukee
Global Finishing Solutions LLC, Osseo
Grede Holdings LLC, Menomonee Falls
Green Bay Packaging Inc., Green Bay
Hatco Corporation, Milwaukee
HUSCO International, Inc., Waukesha
Kolbe & Kolbe Millwork Co., Inc., Wausau
MEGTEC Systems, Inc.; dba Babcock & Wilcox
MEGTÉC (B&W MEGTEC), De Pere
MGS Mfg. Group, Inc. Germantown
Nicolet Plastics, Inc., Mountain
N.E.W. Plastics Corp, Luxemburg
Orion Labels LLC, Seymour
Plank Enterprises, Inc., Eau Claire
Plexus Corp., Neenah
Seats, Incorporated, Reedsburg
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Winners will be announced at the Awards Banquet at The Pfister Hotel February 26, 2015.
Visit www.wimoty.com to register.

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CONTINUING THE ERA OF REFORM

Right to Work
Not Right to Work
Wisconsin Business Voice

WMC’s Legislative Agenda for 2015-16

By Mark Crawford

Diverse views and opinions, changing politics, regulatory policies and increasingly competitive markets are constantly challenging the business climate in Wisconsin. What is the best way to move forward?

WMC’s role is to advocate for reasonable policies that make it easier to do business in Wisconsin and strengthen our communities. Having the right policies in place will create a vibrant, nation-leading economy, good job opportunities and a high quality of life.

Wisconsin’s new state legislature will be sworn in the first week of January 2015. These state leaders will meet shortly thereafter to adopt a calendar for floor debates for the 2015-2016 session.

It is always a challenge to build consensus. WMC has an ambitious agenda, with big issues that will have large impacts for the economic health of our state. Some will be controversial, like the right-to-work issue and sand mining regulatory reform – yet we welcome the opportunity to communicate these issues fairly and clearly so well-informed decisions can be made. Other agenda items are simply efforts to streamline regulations. It’s not so much changing the rules as making them consistent and easy to understand so companies won’t contemplate the question, “Is Wisconsin the place we want to be?”

If they do, our goal is to be sure the answer is “yes.”

With the session starting January 5, WMC leaders have been working hard to clearly define our agenda items and communicate our positions to individual legislators and state agencies. We are also partnering with other groups to form coalitions on key issues. Our proposed solutions, if passed, will help businesses attract capital investment, reduce operational costs and create a clear and consistent regulatory climate. Below are some of the key issues WMC will present to our legislative leaders in 2015.

**TAX REFORM**

WMC has two key tax goals this session: reduce the personal income tax and improve overall tax administration. Wisconsin is one of the highest-tax states in the nation, which has reduced its competitiveness. Wisconsin’s top state income-tax bracket is 7.65 percent – tenth-highest in the country, according to the DC-based Tax Foundation. Reducing this to 6.5 percent or 6.25 percent would be a tremendous asset to businesses and individuals alike.

“We must find a way to meaningfully contain medical costs in our Worker's Comp System.”

“More than three-quarters of businesses in Wisconsin don’t pay the corporate income tax – instead they pay individual income tax through pass-through entities like an LLC,” says Scott Manley, Vice President of Government Relations for WMC. “Eliminating the top income-tax bracket would provide significant tax relief to small and medium-sized business. They would have more money to expand their businesses, hire workers and increase wages and benefits.”

WMC also supports a package of common-sense tax administrative reforms that will reduce administrative costs and make taxes easier to report. These include streamlining “use” tax procedures and eliminating the personal property tax.

“The personal property tax is an administrative challenge for most companies,” says Jason Culotta, WMC’s Director of Tax and Transportation Policy. “Companies must know the value of every item – even a 40-year-old desk. It’s time consuming.”
The personal property tax is assessed by local governments. “Eliminating the personal property tax, however, takes away about $275 million annually from local governments,” continues Culotta. “Local governments also have levy limits on how much they can assess. We need to find an equitable way to make up the difference, with the state providing some of the funding.”

If taxes are reduced and the tax-reform package is passed, Wisconsin will be much more attractive to businesses. “If implemented quickly; tax relief could happen in 2015 or 2016 and Wisconsin would finally shed its long-held ranking among the top 10 highest-taxed states in the nation,” says Culotta.

**Workplace Freedom and Employment Law**

One of the most contentious issues WMC plans to address is workplace freedom by passing “right to work” legislation. Right to work (RTW) gives individual workers the right to decide if they want to belong to a union and pay the dues.

“This is really a workplace freedom issue,” says Manley. “We are increasingly hearing from our members and site-selection consultants this needs to happen for Wisconsin to stay competitive.”

Data show that, overall, right-to-work states experience greater economic development, faster wage growth and better in-migration (See Manley’s column on page 4). Even so, RTW is highly controversial and opposed by labor unions. “We have synthesized a lot of data on this issue that shows RTW doesn’t have a substantial impact on reducing unionization levels,” says Manley. “It does, however, increase the effectiveness of the state in attracting investment and creating jobs.”

Another goal is harmonizing Wisconsin’s Family and Medical Leave Act (FMLA) with the federal Family and Medical Leave Act. In 1988 Wisconsin enacted the first state FMLA in the country. Five years later President Bill Clinton signed the federal act into law. However, the laws are different in at least a dozen ways (for example, Wisconsin’s FMLA allows six weeks of leave off and the federal act grants 12).

This can make compliance challenging and burdensome, especially for employers operating in multiple states who must use two different sets of rules. It also increases the risk of litigation by employees, if mistakes are inadvertently made by the HR department. Therefore WMC supports blending the two laws into one state policy that meets federal requirements and is easier to understand and administer.

Medical costs are higher in Wisconsin than other states. This is also reflected in the cost of Worker’s Compensation (WC) insurance rates. WC medical bills are often more expensive than what a group-health insurance plan would cost.

“A bill for an injured worker can be two or three times higher than what the group rate would be,” says Chris Reader, WMC Director of Health and Human Resources. “Most states have enacted a fee schedule to control WC costs. We don’t have that here, which makes Wisconsin an outlier. We must find a way to meaningfully contain medical costs in our Worker’s Comp system.”

Unlike most states, Wisconsin has a law (Statute 103.85) that requires employers in certain fields (including manufacturing and retail) to give employees one day off per week. These employees can, however, volunteer to work on their day off – but need written approval from the Department of Workforce Development (DWD) to do so. Last year DWD received and approved 169 submitted requests – a waste of administrative time. “Repealing this requirement will allow workplaces to respond to ever-changing production demands quickly, with the help of workers who want to earn extra money without needing the government’s permission,” says Reader. Overtime rules still apply for any non-exempt employee working more than 40 hours per week.

**Environmental**

Sand mining in Wisconsin is experiencing tremendous growth, thanks to demand by the hydraulic fracturing industry (“fracking”). Wisconsin is the number-one producer of this industrial sand, which is a huge economic boost for west, northwest, and north-central Wisconsin (many of these counties now have a remarkable unemployment rate of about three percent).

People who are opposed to fracking are now trying to get towns and villages to pass their own laws (including their own air and water quality standards) that are designed to shut down sand-mining operations by making their local regulations impossible to comply with – even for a current operation.

“This would make it possible for a local government to close an existing $100-million sand mine if a new board is elected and decides to over-regulate that business,” says Eric Bott, WMC’s Director of Environmental and Energy Policy. “If this became a precedent, townships could pass quality standards that would impact paper mills, foundries and other industries.”

“We believe local environmental standards are illegal under current law,” adds Manley. “The legislature has given the DNR sole responsibility to establish uniform standards statewide. We want to make very clear in the statutes and codify that the DNR establishes
Another top environmental issue is high-capacity well permitting. Currently the DNR is undecided about the best way to regulate high-capacity wells, which are critical for the agricultural sector.

“Right now it’s questionable whether dairies can obtain permits to open new farms,” says Bott. “Wisconsin is first in the country for cheese production and second for food processing. We also have a significant milk shortage in Wisconsin. If we can’t grow the dairy industry, we put our agriculture and cheese industries at risk.”

Not only is the current permitting process slow, it’s expensive. In a contested case, it can cost $100,000 or more to go through the high-capacity well permitting process. “One of Wisconsin’s largest dairies went out of state to invest $30-$35 million in a new dairy farm,” says Bott. “It is paramount the legislature clarifies what needs to be done to protect groundwater and surface water and establishes reasonable requirements, costs and timelines for permitting a high-capacity well.”

**Transportation**

Wisconsin relies heavily on its highway system for delivering its goods and services to other states and global shipping points. Like many other states, Wisconsin’s Department of Transportation (DOT) does not have enough funds to properly maintain its infrastructure. Large projects that cost hundreds of millions of dollars are waiting to be completed. Therefore the state must devise new ways to increase transportation funding.

As a first step, the DOT submitted a budget request to Governor Scott Walker’s office. Funding mechanisms recommended by the DOT include increasing the gas tax (already above average compared to other states) including adding a diesel differential and adopting a 2.5-percent tax on the Manufacturers Suggested Retail Price beyond the already established sales tax on new cars.

“That would be another $1,000 on a $40,000 car, which would impact sales and dealers,” says Culotta. “Our members are also very concerned about the ten-cent diesel tax hike on trucking and transportation costs.”

There is no question something needs to be done – after all, the last gas tax increase (one cent) approved by the Legislature occurred in 1997.

“We all agree we need a safe, strong transportation network,” says Manley. “DOT proposed a thoughtful set of options, but there are also other options available for generating additional transportation revenue. We are concerned some of the proposed DOT funding mechanisms could put Wisconsin employers at a competitive disadvantage. That said, DOT’s request is a good first step toward finding transportation funding solutions that are fair and equitable. WMC is looking forward to helping with that discussion.”

Crawford is a Madison-based freelance writer.
If Not Us, Who? If Not Now, When?

The Future Wisconsin Project “officially” kicked off on December 3, 2014, with a host of insightful presentations, a variety of opinions and priorities, discussion and prioritization, and the blueprint for the start of a 20-year journey.

Led by six organizations, and recently adding the Wisconsin Department of Public Instruction, 400 leaders from business, academia and government spent the day listening to the challenges Wisconsin will face in the coming years from a demographic, competitiveness, entrepreneurial and branding perspective. They also heard from the Millennial Generation about what is important to our future leaders and what it is going to take to make Wisconsin an irresistible place to live, work and play.

Demographer and Futurist Ken Gronbach laid out the major population shifts that are going to happen in the world and the impact those will have on the U.S. and, more specifically, Wisconsin. He talked about the impact of a late-retiring Baby Boomer Generation, a small Generation X and the potential comeback that will be led by the Millennials.

Site Selector Mike Mullis talked about the growing competition for business – between the states and around the world. He challenged Wisconsin to differentiate itself from the competition in the areas of top priority for companies looking to expand or move:

- logistics integration;
- workforce – availability, skill set transferability, training, participation rate, cost and productivity;
- regulatory environment;
- how energy (electric and natural gas) influence manufacturing;
- and workforce freedom.

Entrepreneur Wes Schroll walked the audience through his journey of starting a tech-based company in Madison, the challenges he faced and the partners he found along the way. He also shared his recommendations for attracting and keeping young talent in the Badger State.

Branding expert Marsha Lindsay completed the morning with a tutorial on branding and suggested Wisconsin is beyond the curve. Other states understand their brand is critical to attracting capital, talent and business, and have set a course to develop an emotional bond between them and their target audiences.

Finally, a panel of 20-somethings provided insights on Wisconsin and what their peers are saying about our state. Shae Kellner, a Northcentral Technical College welding student; Austen Scudder, a University of Wisconsin-Milwaukee graduate and Rockwell Automation engineer; and Tyler Hackbarth, a Milwaukee School of Engineering graduate and CEO of Searium Solutions shared a Millennial’s point of view on The Future Wisconsin Project.
Shhhhh… I’m From Wisconsin

Coke’s formula. Google’s algorithms. KFC’s recipe. The location of Jimmy Hoffa’s body.

Those are just a few of the best kept secrets in the world. Add Wisconsin to the list.

At the inaugural Economic Summit of The Future Wisconsin Project, the 400+ participants heard from a nationally recognized demographer/futurist, a leading site selector, a Wisconsin entrepreneur, and one of the best branders in the world. Each shared their experiences and insights, and brought them home to Wisconsin. The common thread? We Badgers are humble, friendly, unlikely to pick a fight and TERRIBLE storytellers!

• We have 20,000 miles of snowmobile trails and 26,000 miles of streams
• We have a diverse economy that features almost every business sector
• We have outstanding Universities, Colleges and K-12 schools
• We have great lakes, and the Great Lakes
• We have quiet and we have excitement
• We are innovators, builders and entrepreneurs
• We have a work ethic that is second to none
• We have four incredibly beautiful seasons
• We have quaint small towns and bustling big cities
• We have cutting edge technology and some of the smartest people in the world

But you know all of that, you live here. Now it is time to tell someone else!

Last March, North Carolina launched their first state branding campaign asking citizens, “What does North Carolina mean to you?” They are collecting opinions from citizens and executives, looking at the state’s core values, questioning site selectors and soliciting opinions from out-of-state.

Two years ago, Kentucky unleashed a campaign under “Kentucky Unbridled Spirit.” The brand has had a positive impact upon consumers’ perception of the state (23 percent more favorable) and their intent to visit the state (48 percent more likely). The most important fact learned in the study is that more people now say they want to visit the state.

In Michigan, the Pure Michigan campaign is summed up like this: “Until recently, the Pure Michigan brand stood for travel and tourism in our great state and, along with it, a movement was created rallying around Michigan to be proud of everything our destination offered — both the grit and the grandeur. But now, we face the shared opportunity of making Pure Michigan stand for more than that. We have a pro-business approach to creating an attractive and re-invigorated environment for business, coupled with the brand’s proven strength and resonance. With those things, we can leverage Pure Michigan to incorporate and make relevant all of Michigan’s incredible resources (natural, academic, cultural, business and human) to a broader constituency that includes employers, entrepreneurs and talent, in addition to tourists and our own residents.”

It seems everyone is telling their story. Perhaps we should, too!

Branding expert Marsha Lindsay, CEO of Lindsay, Stone & Briggs in Madison, challenged attendees at the Summit with the following:

1. Right now, no one has the authority or responsibility to identify, confirm or own the emotional appeal.
2. If and when someone does, they will need resources to engage the entire state to celebrate it.
3. There is currently no source or commitment for the sizable and consistent funding necessary to overcome negative stereotypes and build emotional attraction.
4. If the first three can be figured out, whoever manages the campaign must be free from politics and changes in administration.
5. The “who” managing it must be knowledgeable of best brand management practices and be given authority to build-out on-brand programs.
6. There is no sense of urgency, yet others are already way ahead of us marketing to Millennials, venture capitalists and high-growth sectors.

As part of The Future Wisconsin Project, the state partners will explore the feasibility of a branding campaign for Wisconsin. Your thoughts would be appreciated. But don’t tell anyone, it’s a secret.

Site Selector Mike Mullis at The Future Wisconsin Economic Summit

Branding Expert Marsha Lindsay
IN涉及 versus commitment: State Partners Commit to The Future Wisconsin Project

The difference between involvement and commitment is like ham and eggs. The chicken is involved; the pig is committed! While it would be rude and socially unacceptable to call the partners of The Future Wisconsin Project the “pigs” in this analogy, in this case it is a term of endearment!

- The Future Wisconsin Economic Summit in Milwaukee had more than 400 business people, educators and government officials participate – all invited by the Project’s six state partners (Since the Summit in December, the Wisconsin Department of Public Instruction has been added to the state partners’ list):
  - University of Wisconsin System (UWS)
  - Wisconsin Association of Independent Colleges and Universities (WAICU)
  - Wisconsin Department of Workforce Development (DWD)
  - Wisconsin Economic Development Corporation (WEDC)
  - Wisconsin Manufacturers & Commerce (WMC)
  - Wisconsin Technical College System (WTCS)

The leadership of these institutions has been instrumental in the progress made by this initiative since its onset 18 months ago. At the end of the Summit, each partner defined their commitment to the project. While the final work plan is still being developed, here is a preliminary list of initiatives:

- Establish a state “dashboard” of key measures critical to Wisconsin's long-term success
- Expand Fast Forward training in high-demand employment areas
- Establish European-style apprenticeship programs in each of the seven economic development regions
- Develop and communicate better labor market data to help students and parents better understand careers
- Increase participation in dual enrollment opportunities, improving student education and employment options
- Conduct a “Brand Wisconsin” feasibility study
- Support academic and career plans being developed for every student in grades 6-12
- Establish a “Future Jobs Survey” that will consider upcoming job expectations rather than historical data
- Improve the connection between school and work at all education levels so students, parents, educators and counselors are better positioned to make well-informed decisions

Again, this is a preliminary list based on comments the partners made at the close of the Summit. Those comments were based on the presentations made that day and real-time prioritization
that took place during lunch discussions. Once finalized, these initiatives will become part of TFWP’s action plan for 2015. Each item will have a timeline and list of measurable outcomes.

It is never easy to move a large organization, especially one that has a multitude of voices… as each of these state partners do. Special thanks to the leaders of The Future Wisconsin Project:

- Kurt Bauer, President/CEO, WMC
- Ray Cross, President, UWS
- Morna Foy, President, WTCS
- Reed Hall, CEO and Secretary, WEDC
- Reggie Newson, Secretary, DWD
- Rolf Wegenke, President, WAICU

Looking Back and Going Forward: The Roadmap for Success

2011-12 Manufacturers’ Meetings – 350 manufacturers in 50 communities shared workforce needs and strategies.

March 2012 Workforce Paradox Conference – 300 business and education professionals gathered in Madison to discuss talent shortages.

May/June 2012 Workforce Paradox Meetings – 1,600 people participated in discussions on talent shortages.

March 2013 Second Workforce Paradox Conference – Best practices in career development are shared at Briggs & Stratton Corporation in Wauwatosa.

January, 2014 WMC Board of Directors’ Meeting – Business leaders grapple with the question, "Who is responsible for Wisconsin’s future?” and commit to a 20-year economic strategic plan.

January, 2014 The Future Wisconsin Project is Formed – Leaders from the University of Wisconsin System, Wisconsin Economic Development Corporation and Wisconsin Technical College System met for the first time.

April 2014 Future Wisconsin Communities Recruited – The Chamber of Manitowoc County is the first of more than 68 local chambers of commerce to endorse The Future Wisconsin Project and become the local voice of the initiative.

May/June 2014 Technical College Focus Groups – More than 1,200 people set the stage for The Future Wisconsin Project by sharing their expertise on what it would take to make Wisconsin competitive.

May, 2014 Priorities Set – Six areas are identified as keys to Wisconsin’s success: Talent Development, Attraction and Retention; Business Competitiveness; Global Engagement; Government Effectiveness; Life Quality; and Entrepreneurial Spirit. Talent Development, Attraction and Retention, and Business Competitiveness become the top priorities.

August, 2014 State Partners Added – The Wisconsin Department of Workforce Development and the Wisconsin Association of Independent Colleges and Universities are added to the state team.

August, 2014 Advisors Selected and Engaged – Based on suggestions and recommendations from all six partners and attendees at previous events, experts are selected to advise the project in the areas of Talent Development, Attraction and Retention, and Business Competitiveness.

December, 2014 Economic Summit Held – 400+ business, academia and government officials attend to hear Governor Scott Walker and presentations from a demographer, site selector, entrepreneur and brander, as well as a panel of Millennials.

December, 2014 State Partner Added – The Department of Public Instruction is added to the state team.

January, 2015 Program of Work/State Partner Commitment – The list of initiatives and the metrics by which they will be measured will be released.

January-March, 2015 Future Wisconsin Communities Recommitment – Communities endorsing The Future Wisconsin Project will be asked to re-commit to the initiatives outlined by the state partners. Media events will be held throughout the state.

April-September, 2015 Regional Meetings and Advisor Planning Meetings Held – To continue the momentum of the Project, regular updates will be provided.

December, 2015 Economic Summit II – The second Economic Summit will be held with an update on progress made on the metrics laid out in January, and next steps released.
**Machining Centers/Grinding Units**

- Removes all oils and the negative effects of oily machining fluid, including tacky fluid, oil misting, odors and dermatitis from bacteria caused by oil contamination.
- Removes suspended metal fines and solid particulate down to 1 micron, thereby increasing tool life and providing a better part finish from particulate removal.
- Increases coolant bath life and eliminates coolant change outs, reducing down time, coolant purchases and waste disposal while increasing production.
- Eliminates continuous treatment methods and product purchases such as biocides oil skimmers and absorbent pads.

**Mop Water Recycling**

- Removes all oils and suspended solids from used mop water solution, while maintaining cleaning chemistry levels. ‘Recycled’ solution allows for continued use in mopping and floor cleaning operations. Recycling mop water solutions provides soap purchase savings and eliminates the need for discharge or disposal.
A Place Where Business and Industry Thrive

By Rebecca Blank

Here's one of the most important statistics at the University of Wisconsin-Madison (outside our football and basketball scores, of course): The University brings more than $1 billion in research funding into Wisconsin, most of it from the federal government.

The federal government’s investment in our research enterprise allows us to advance our knowledge in medicine, engineering, agriculture and many other areas. But you may not know what that infusion of funding means to you or your neighbor.

Because of its research activity, UW-Madison is one of the main drivers of the state economy. Along with its affiliated organizations and startup companies, UW-Madison supports 128,146 Wisconsin jobs and generates $614 million in state tax revenue, according to a 2011 study.

UW-Madison research has fostered the formation of at least 283 startup companies in Wisconsin that support more than 21,000 jobs.

In my previous position as Acting Secretary in the U.S. Department of Commerce, I spent a lot of time traveling to areas that were successful in attracting inbound investment, growing exports, building supply chains and generating regional growth. In every one of these places, there was a recipe that contained the right ingredients for regional growth.

First, “buy-in” occurred at all levels of the public sector – the city, county and the state. Second, private sector leaders were committed to working with the public sector to bring new businesses to the area. And third, the heads of the various educational enterprises in the area – K-12 schools, tech schools, colleges and universities – were deeply involved.

In each of these areas, there was also a large research institution that played a crucial role in attracting and retaining globally competitive, high-tech businesses. Here in Wisconsin, UW-Madison is the institution that plays that key role.

UW-Madison matters in this state because of our strong commitment to this state and to outreach beyond our campus…what we call the Wisconsin Idea. We operate literally hundreds of programs that reach into the state to improve health and well-being, serve communities, and help spark new businesses and create jobs.

But we need partners to be effective. To facilitate that, in the last year we’ve built a team that is closely involved in economic development. John Biondi leads our new Discovery to Product (D2P) initiative, which facilitates technology transfers and entrepreneurship. Susan La Belle has come onboard as our Director of Corporate Relations and Aaron Olver is now directing our University Research Park.

This team and I understand the need for research universities to work as partners to nourish entrepreneurship, support innovation and promote economic development. UW-Madison is an economic force in Wisconsin – both as a source of highly skilled labor and a source of innovation and discovery.

But we can always be better. We need to expand our connections across the state to help make Wisconsin a place where new technologies thrive and new businesses want to locate. I look forward to finding new and creative ways to work together and would welcome your ideas as well as your criticisms. We want to be a partner with others in the state to help make Wisconsin a place where business and industry thrive.

Rebecca M. Blank is Chancellor of the University of Wisconsin-Madison and former Acting U.S. Secretary of Commerce.

Focus on Manufacturing Breakfast

February 27, 2015 • 7:00 - 9:00 A.M.

The Pfister Hotel, Milwaukee

Register online: www.wmc.org/focus

Major Sponsor

Bank Mutual
Wisconsin Companies Know Energy Efficiency

By Craig Schepp for the Focus on Energy Large Users Program

Often times our own Wisconsin companies stand out and shine as leaders – leaders because they’ve discovered ways to innovate, manage state-of-the-art operations and have sustained decades of profitability. They value continuous learning, adopting new technologies and commandeering resources needed to create positive change.

While many Wisconsin companies demonstrate this leadership, it is worth mentioning a few who have weathered economic storms and continue to be world leaders. These companies not only manufacture products for some of the world’s most well-respected brands, but have also made operating energy efficiently a strategy for success.

Kohler

Founded in 1873 by John Michael Kohler, this world-renowned company produces the finest plumbing and bathroom fixtures in the world. In order to be competitive, the company is vigilant on all inputs to operating costs including energy. For this reason, Kohler takes an aggressive approach in identifying better ways to utilize the energy they purchase. When opportunities arise the company partners with its utility, Alliant Energy, and the Focus on Energy Program to improve its understanding of energy efficient technology and combine Kohler internal resources with program financial incentives.

Since 2010, Kohler has implemented motors, lighting, compressed air, HVAC, manufacturing process and control measures that now save them approximately $650,000 in annual energy costs.

Kohler has completed LED lighting retrofits in manufacturing spaces (exterior lighting and interior hi-bay lighting) and in several Kohler Hospitality properties (The American Club, Sports Core, Cucina Italian Restaurant and Whistling Straits). In 2015, Kohler plans to replace an existing chiller used for air conditioning the Kohler Campus with a more energy efficient chiller.

Over the next two years Kohler plans to implement two HVAC projects that will ultimately save almost 750,000 kWh and reduce power demand by about 100 kW. In addition, the company will reduce natural gas usage by almost 400,000 Therms. The new system will replace the existing steam heating system with an energy efficient natural gas-fired system with energy recovery ventilation units. Focus on Energy will provide over $300,000 in incentives to support this project.

Kohler’s energy reduction efforts are part of Kohler’s environmental footprint reduction strategy to achieve Net Zero carbon and solid waste footprint by 2035. According to Peter Pavelic, Energy Staff Engineer for Kohler Energy Management, “We look at projects through an energy and sustainability lens, and every project we do considers these inputs.”

Procter & Gamble

In 1837, a candle maker, William Procter, and a soap maker, James Gamble, combined resources to establish this new company. Well known for producing a diverse array of products, including Ivory soap, Gillette Razor, Tide, and Tampax, to mention only a few, the company’s facility in Green Bay produces the famous Bounty, Charmin, and Puffs brands of tissue paper.

Wisconsin’s largest industry is paper making. Energy usage can often account for more than 20 percent of operating costs. Therefore, it’s no wonder Procter & Gamble pays close attention to its energy usage and finds ways to reduce its costs.

The Fox River facility has invested significant capital resources in improving its lighting, compressed air, and process drive efficiency. One large project uses recovered waste heat from a paper dryer to pre-heat combustion air for space heating and process make-up air. Completed in April 2014, this project was awarded a large grant from Focus on Energy in partnership with Wisconsin Public Service Corporation. The annual natural gas savings total 942,000 Therms, enough to heat almost 1,200 homes for one year.

Energy savings pertain to Focus on Energy project sites located in Wisconsin.

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<tr>
<th>Energy Savings since 2010</th>
<th>Demand Reduction (kW)</th>
<th>Electric Savings (kWh/yr)</th>
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Incoming power feed to the Kohler Campus. The iconic KOHLER water towers are shown in the background.
If you run a business, you know. The most valuable things are also the hardest to get.

Your business didn’t grow overnight. It came from years of hard work, confidence in what you could do, and making smart decisions. That’s why it’s so valuable.

So protect it with an insurance policy from West Bend. We’re a Wisconsin business, too, and have been insuring manufacturers since 1894. You’ll get coverages specifically tailored for your business, along with our Silver Lining® claim and loss prevention services.

And it’s all backed by the knowledge and experience of an independent insurance agent.

West Bend. Insurance you buy when you can’t afford anything less.

To find out more, contact an official supplier of the Silver Lining®. Visit thesilverlining.com for the name of the one nearest you.
Remember these three numbers: $13.4\text{ billion} - \text{29 percent} - \$484. The Department of Natural Resources (DNR) and our public utility regulator, the Public Service Commission of Wisconsin (PSCW) estimate it will cost Wisconsin as much as $13.4\text{ billion} to implement the Environmental Protection Agency’s (EPA) proposed rule regulating carbon dioxide emissions from power plants. That’s before taking into account the costs of new infrastructure such as transmission lines and natural gas pipelines.

Economic modeling conducted by PSCW indicates electricity rates could increase by up to 29 percent in Wisconsin, again excluding substantial transmission costs. Natural gas prices are expected to increase as well.

Finally, a recent study by Energy Ventures Analysis predicts the average Wisconsin household will see electricity and heating bills increase by more than $485 annually by 2020. Other pending rules such as EPA’s proposal to significantly lower the Ozone standard will exacerbate this financial hit to Wisconsin families.

The costs associated with EPA’s pending carbon regulations are exceptional but of equal consequence is the transformation in American energy policy that is taking place almost overnight and by executive fiat. No longer will energy policy be dictated primarily by the public service commissions and similar entities of the states. Moving forward the EPA will be a chief determiner of where Americans get their energy and how much they will have to pay.

This is a monumental shift in American policy, impacting every business in every sector of our economy. Every family will bear the financial burdens associated with these rules. Each state will struggle with implementation. Yet what voice did the states or the public have in the creation of EPA’s carbon regulations? Where is the congressional vote authorizing what amounts to a national cap and trade program, a national renewable portfolio standard and a national energy efficiency mandate?

This case highlights a growing problem in American governance. A mountain of administrative law is burying businesses and citizens alike in evermore confusing and costly red tape. While Congress passed 72 bills in 2013, federal agencies, which lack the accountability of our elected representatives, issued 3,659 new rules. One proposal to address this growing accountability gap and the economic turmoil it creates has been dubbed the Regulations from the Executive in Need of Scrutiny Act or REINS Act. Simply put, the REINS Act would require congressional approval of any new regulation with an economic impact exceeding $100 million. It strikes a healthy balance, allowing agencies to proceed with their responsibilities while restoring a level of accountability and transparency to the most impactful rules.

Like so much legislation in recent years, REINS passed by wide margins in the House but died a slow death in the Senate. Congress should give the act another look in its next session. The Wisconsin legislature would be wise to do the same.

Major state rules can be even more harmful than federal regulations because of the regulatory island effect. Wisconsin-only rules make it hard for our employers to compete and create incentives for corporations to shift investment from their Wisconsin facilities to those in other jurisdictions. A recent DNR survey of businesses impacted by a particularly costly regulation found a majority of Wisconsin employers planned to cut production in response to the rule and large minorities planned to shift production to other states or lay off workers.

Governor Walker’s administration has thus far steered clear of promulgating costly new regulations but there’s no telling when a future administration might return to the bad old ways of legislating through the bureaucracy. Putting some additional checks into place such as a state REINS Act would provide employers with greater long-term regulatory certainty and further advance Wisconsin’s business climate and competitiveness.

Follow Eric on Twitter @BottWMC
Supreme Court: Justice Bradley is Left of Center

By Rick Esenberg

When I was a law student, one of my professors warned us about “lay naivete” and “lay cynicism” when it came to public attitudes about the law. The former was a belief that judges simply apply the law in the same way that a doctor practices medicine: that politics is unimportant and the only thing that matters in selecting judges are “qualifications,” i.e., skill in legal reasoning and expression. That view is false. No sophisticated lawyer, legal academic or judge really believes it.

But the latter view – a cynicism that reduces the judiciary to just another political branch of government – is equally false. Judges are limited by what the law can reasonably be claimed to be and by the conventions of legal analysis. It is important to keep this mind when assessing candidates for the Wisconsin Supreme Court.

Looking at the 2015 spring elections and keeping this qualification in mind, I think it is fair to say the incumbent Justice Ann Walsh Bradley is firmly ensconced on the legal left. She is more likely to support the claims of criminal defendants and less likely to find merits with claims of economic liberty and property rights. She is deferential to the interests of regulators and supportive of the claims of those minority interests typically regarded as disfavored by the American left.

One can see this by looking at coherence statistics – the degree to which particular justices vote together. Justice Bradley is highly likely to vote with Chief Justice Shirley Abrahamson, a nationally celebrated legal “progressive.” In the past two terms, for example, Justice Bradley agreed with the Chief Justice in 94 and 100 percent of cases in which the Court was sharply divided.

Viewed in a slightly different way, Justice Bradley is less willing than a majority of her colleagues to support the position favored by business interests. According to statistics compiled by the Wisconsin Civil Justice Council, Justice Bradley voted for a “pro-business” position only 27 percent of the time, a rate exceeding only the Chief Justice’s and less than half the rate of any other member of the Court.

A particularly instructive case is Madison Teachers, Inc. v. Walker, the recent 5-2 decision upholding Act 10, Wisconsin’s historic collective bargaining reform. While space does not permit a full treatment of the case here, Madison Teachers should have been easy. It is well established that there is no constitutional right to collective bargaining and the challengers to Act 10 did not ask the Wisconsin Supreme Court to recognize one.

While our First Amendment freedoms do include the right to associate, i.e., to join with others to advance a particular point of view, Act 10 does not impair that right. All of us, including public employees, remain free to associate to advocate for whatever we wish, including higher wages and particular work rules for public employees. Act 10 simply denies to unions what no one else has – the right to have an exclusive agent with which the government must bargain subject to legal claims for “bad faith” negotiation or arbitration of impasses.

But the Chief Justice and Justice Bradley dissented, supporting the unions’ claims. Justice Bradley wrote that Act 10 impaired the unions’ right to “organize into a collective bargaining unit.” The problem is obvious. If there is no right to collective bargaining (and Justice Bradley conceded there was not), then there can be no right to associate for collective bargaining. To be sure, public employees (and anyone else) can associate for the purpose of advocating that collective bargaining be permitted or expanded, but not permitting collective bargaining – or limiting its scope – does not restrict this constitutional freedom.

Madison Teachers, then, is instructive as to Justice Bradley’s judicial philosophy and confirms her position as a jurist decidedly to the left of center. This April, Wisconsin’s voters will have to decide if that is the type of justice they want.

Richard M. Esenberg is President & General Counsel of the Wisconsin Institute for Law & Liberty.
The Wisconsin Idea of the 21st Century: Talent Development

By Ray Cross

When Governor Bob La Follette and University of Wisconsin Chancellor Charles Van Hise developed the Wisconsin Idea in 1904, they were not only being bold and innovative, they were being practical. The state was facing serious challenges and the University was uniquely qualified to help address those challenges. In other words, the Wisconsin Idea really was the Wisconsin Solution.

By leveraging the experience, research and expertise of the University, the Wisconsin Idea helped enhance the daily lives of all Wisconsinites and helped expand Wisconsin’s largest industries of the day. Wisconsin’s agribusiness and other industries are still benefiting from that relationship.

Today, Wisconsin continues to look for innovative solutions. While our economy and our employers are demanding more talent, demographics indicate that talent will be harder to come by. We have flattening workforce numbers, with projections showing an aging population and fewer workers entering the workforce, leaving employers without the talent they need.

While demographics are a challenge, we are also not developing the talent we do have well enough. According to the Department of Workforce Development, more than half (51 percent) of all new and replacement jobs by 2030 are projected to require at least an associate degree, with 41 percent requiring a bachelor degree or more. Currently, only about one-third (36 percent) of working-age adults in Wisconsin have at least an associate degree and only one in four (26 percent) has a bachelor degree or higher. That is a talent gap and it is holding back our economy.

These challenges are why the UW System is focusing its budget request on the development of high-impact talent. We call it the Talent Development Initiative.

First, the talent path is essential because it allows us to begin tackling some of the many serious challenges to getting more qualified students into and through the “pipeline.”

For example, the cost of college credits will be reduced for high school students through the Course Options program, and college credits will be more portable through the expansion of our transfer program. Additionally, former students will be able to leverage both their existing credits and their professional experience through the UW Flexible Option Degree program.

The UW System also needs to further invest in the academic programs that are in highest demand. In addition to providing support for more STEM (science, technology, engineering and mathematics) and health-care students system-wide, our plan includes competitive grants to be awarded to campuses that can demonstrate the funding will be used to meet the needs of Wisconsin’s economy. Only programs focused on high-demand careers will receive this funding. That is what we call investing in the talent infrastructure.

At UW-Madison, for example, approximately 58 percent of all faculty teach STEM-related courses. That number hasn’t changed in over 14 years, even though the student and employer demand for those programs has increased significantly. In order to produce more talent in these critically important fields, we intend to direct more resources into high-demand programs.

Third, we need to continue building a talent-based economy. For talented graduates to achieve their potential, we must also invest in their efforts beyond the classroom. That’s why our plan includes continued funding for Economic Development Incentive Grants. These grants will be awarded on a competitive basis to UW institutions for projects that promote business and job growth and development in Wisconsin. This is an ongoing effort that started in 2013 with investments in UW-generated innovations so ideas can be more rapidly developed and businesses can be built more quickly.

These faculty/student initiatives strengthen our communities and provide a strong basis for job creation statewide.

These efforts are happening at a time of belt-tightening and increasing cost consciousness across the UW System. We have embraced a tuition freeze for an additional two years for in-state students, and we are currently working on a comprehensive effort to reengineer, refocus and realign our academic and professional services. Our commitment is to ensure that taxpayers’ investment in the UW is used effectively and efficiently, and our focus is on maintaining the quality of the education provided at an affordable cost.

In short, we still believe the boundaries of the University are the boundaries of the state. The UW System and our institutions possess the greatest capacity to develop the type of talent needed to grow our economy. That’s why our partners in the private sector, who are counting on us to deliver the talent they need, must call on our legislature and our Governor to make investing in higher education a priority in the upcoming budget.

A partnership with state government, the private sector and the UW System working together is the best way to move Wisconsin forward. BV

Ray Cross is President of the University of Wisconsin System.
Milwaukee Area Technical College

Did you know the students at Milwaukee Area Technical College manufacture beautiful, hand-crafted chess sets? Students in the CNC Machine Tool and Cabinet Making departments create the chess sets as part of their training in order to develop and hone the necessary skills they will employ in the working world. The chess boards are wood and the pieces are crafted from a variety of different metals such as aluminum or pewter. This project is a unique way for the students to showcase their aptitude and refine their craft, and the end result is a one-of-a-kind gift the college president can give to dignitaries.

Watertown High School

The CNC Machining course at Watertown High School is not your average shop class. The students manufacture aluminum coasters that are CNC milled on a Hass Vertical Machining Center, mimicking an industrial mass production unit in class. Each student runs a four-hour shift, loading and unloading parts, inspecting finished parts and fulfilling orders to mass-produce these coasters in an industry simulation set-up. Once the Coasters are made, they are then shipped to a company in Milwaukee for anodizing. Sometimes coasters include personalized, custom engraving – and there’s even a coaster available with a universal bottle opener built-in. Also available for purchase are coffee table-style coaster stands and an office desk-style stand which includes an area to display the coaster and one to hold business cards.

Northwoods Manufacturing (Hurley High School students)

Northwoods Manufacturing is a student-run business located out of the Hurley High School Technology Education Department whose main focus is to give students a real-world manufacturing experience within school walls. The 27 students involved in the business manufacture all the products Northwoods Manufacturing sells. In their woods department, their services range from small, wooden hand-turned pens to products produced on their ShopBot CNC router. On the metals side, they have the capability to produce a variety of fabrication jobs, welding projects and machined parts on their Sharp CNC machining center. They produce a huge variety of items such as manual rotating chicken grills, hitch plate covers, hand-turned pens, pizza cutters and shaving kits, and they take orders for custom projects. These items are available for purchase on their website.
Red Arrow's passion is creating great-tasting flavors that help their customers develop signature foods with unique appeal. From hundreds of Condensed Natural Smoke™ and Cooking Method Flavors™ to custom development of proprietary flavors, Red Arrow is dedicated to providing savory flavor solutions that are natural, authentic, healthy and environmentally friendly. Their technical capabilities and state-of-the-art manufacturing expertise enable them to deliver products in formats suitable for customer specific applications and processes around the world.

Red Arrow's entry into international markets began in the mid-1980's when several of their domestic customers requested they ship Red Arrow Condensed Natural Smoke products to their plants in Mexico, Canada and Japan.

The primary barriers Red Arrow faced in expanding internationally involved internal processes such as export packaging, quality assurance and product labeling that complied with foreign requirements. Initially this was done by a Milwaukee export management company, but Red Arrow formed a subsidiary company in 1991, Red Arrow International (RAI), which quickly took over all international export functions.

RAI's export distribution model is to contract with exclusive stocking distributors who purchase Red Arrow products and resell them in their specific markets. RAI provides comprehensive technical and commercial assistance to these distributors and direct customers through its Territory Managers and technical staff located mainly in the U.S. but also in China, Guatemala, the Netherlands and Germany. RAI's technical ability and active participation in local markets sets them apart from their competitors.

RAI has sales in more than 100 countries through 73 distributors and direct sales. Red Arrow also owns a sales office in Bremen, Germany and a manufacturing facility in Sweden which makes equipment to apply smoke condensate products in smokehouses.

Chris Gutman, RAI's Managing Director, indicates effective exporting is a key to Red Arrow's success. It adds to the company's overall stability by diversifying their business risk exposure and provides great growth opportunity, which in turn, drives Wisconsin employment. All Red Arrow products are made in Wisconsin, and 30 percent of Red Arrow sales are international. Red Arrow employs about 240 people total, all but 30 of whom are in the Red Arrow facilities in Manitowoc and Rhinelander.

Red Arrow is currently shipping three to five 20-ft. containers per day. At an average weight of approximately 40,000 pounds, this totals 120,000 to 200,000 pounds of product shipped each day to international markets. Given this container shipping volume, like many other exporters, Red Arrow is experiencing shortages in containers and drivers, and is facing slowdowns in key U.S. ports.

In 2003, the European Union Commission on Flavorings in Brussels began the process of evaluating all flavors sold in Europe. Condensed Natural Smokes were categorized by the EU as smoke flavors. Although they had been exporting product to Europe for over 25 years and have been approved in the U.S. for almost 50 years, Red Arrow and their competitors were required by EU law to perform a comprehensive food safety evaluation of their products. Red Arrow's customers in Europe were heavily invested in the equipment required to apply Red Arrow's condensates to their products, making this an extremely important issue for Red Arrow's survival in the European market.

Finally, after a challenging 11 years during which Red Arrow had to develop new test processes and reporting protocols, and educate the European regulators on the constituents and proper uses of their products, the European Food Safety Authority (EFSA) recommended, and the European Commission published, a final ruling approving the use of Red Arrow products. Red Arrow's relentless pursuit of EFSA and European Commission approval of their products built trust with their customer base and has put them in a place of great marketing strength from a food safety and environmental standpoint.

Chris Gutman's advice to companies considering exporting products, particularly food products to the European Union, is to do research and know how your product is categorized and regulated; to be informed and involved in the regulatory processes in the EU; and to be flexible and creative enough to turn a challenge into a benefit for your company. These words of advice come from a company that has successfully implemented an international expansion plan in a highly regulated industry. BV
Wisconsin Exports to Europe on the Rise in 2014

Europe continues to be a major export destination for Wisconsin companies as more than $4 billion in goods were exported there in 2013.

More than 17 percent of the state’s total exports went to Europe last year – Germany, the United Kingdom and France all were in the top 10 export destinations for Wisconsin companies.

After several years of decline, Wisconsin exports to Europe, which includes 28 European Union countries as well as Switzerland, Norway, Russia and several other countries – were on the rise in 2014. For the first nine months of the year, total Wisconsin exports to Europe were up by 6.2 percent over the same period in 2013, with exports to the United Kingdom jumping by 24.6 percent. State exports to France rose by 7.6 percent in the first three quarters of the year, while exports to Germany were up 6.2 percent.

That kind of trend means there are many opportunities for Wisconsin companies, particularly in sectors such as industrial machinery, medical devices and supplies, pharmaceuticals, agriculture and food processing.

In the United Kingdom, for example, the medical device market was valued at more than $8.5 billion in 2012, and nearly 90 percent of those products were imported. In total, more than $1 billion worth of medical devices and supplies came from the U.S. The top markets for medical devices and supplies in the U.K. are syringes, needles and catheters.

While France is well known for its cheeses and wines, it also is major importer of food – particularly U.S. processed food. France is the third-largest packaged food market in Europe (after Germany and the U.K.), with retail sales estimated more than $90 billion. High-growth categories include spreads, bakery items, chilled processed food, sweet and savory snacks, noodles and sauces, dressings and condiments.

Companies doing business in Europe will benefit from the Single Euro Payments Area (SEPA), which was rolled out to all EU countries in 2014, with an additional five non-Euro member states to be added by October 2016. SEPA is meant to decrease transaction processing times and costs and make them more secure, with resultant improvements in credit management. The effect should boost cross-border business opportunities and pose significant savings for exporters.

The Wisconsin Economic Development Corporation (WEDC), the state’s lead export organization, has a team of overseas trade representatives who assist with exporting efforts in 19 European countries. Those trade representatives, along with WEDC’s in-state market development directors, provide companies with the insights and contacts you need to develop and execute market-specific business development strategies.

Visit www.inwisconsin.com/exporting for more information on exporting to Europe or other parts of the world. BV
By Senator Scott Fitzgerald (R – Juneau)

Senate Majority Leader

Wisconsin is continuing to see positive signs that Governor Walker and the Republican Legislature are moving the state in the right direction. We are on track to end the current biennium with a balanced budget, we shored-up the largest Rainy Day fund in Wisconsin history, and we decreased statewide unemployment to 5.4 percent in October; the state’s lowest rate since 2008. Through responsible fiscal policies, we have been able to do all of this while still returning over $2 billion to Wisconsin’s taxpayers. With the recent news that Wisconsin has received its highest rating ever on Forbes’ annual rankings of statewide business climates, consumers and businesses are confident Wisconsin is on the right track.

This session, we are lucky to be able to continue these reforms with an even stronger Republican majority, and we intend to retain last session’s focus on creating jobs and developing our workforce to ensure that Wisconsin continues to be an attractive state for business. Last session, we created a strong foundation for job growth, dramatically increasing funding for worker training programs, creating the Labor Market Information System and bolstering our state’s technical colleges through a funding increase of more than $35 million for workforce training programs. We plan to continue these efforts to get Wisconsin back to work through economic and workforce development.

We have already begun work on the next biennial budget and will continue to practice the responsible fiscal management that has allowed us to invest in our priorities while saving for Wisconsin’s future. As we retain our focus on funding our state education system, building infrastructure, defending public safety and growing the economy, both Gov. Walker and the Legislature will again ensure that protecting our state’s taxpayers is a priority as we work through the coming budget. We returned last session’s savings to Wisconsin’s taxpayers in an array of cuts totaling over $2 billion; this session we hope to provide even further savings to Wisconsinites through additional property tax reductions as well as by continuing our push for government reforms that increase efficiency and slash waste, fraud and abuse to build on the over $3 billion already saved by Act 10.

Wisconsin’s voters have acknowledged that Republican reforms have set Wisconsin on the path to economic recovery, and have sent us back to Madison with an even larger majority to continue the work we have started. We have proven that we are responsible stewards for our state and we intend to keep moving Wisconsin forward.

Senate Majority Leader Scott Fitzgerald (R – Juneau) represents the 13th Senate District which covers portions of Dodge, Jefferson, Waukesha, Washington, Dane and Columbia counties.

By Senator Jennifer Shilling (D – La Crosse)

Senate Minority Leader

Job creation will continue to be a top priority for Senate Democrats in the upcoming legislative session. We know Wisconsin has amazing potential, but we need a clearer plan for long-term economic success.

While our state has seen modest economic growth, too many workers remain unemployed and our aging infrastructure is preventing many businesses from expanding. Additionally, budget shortfalls and the state’s fiscal uncertainty continue to present significant challenges. With Gov. Walker’s administration recently declaring a $2.2 billion budget deficit between state agency requests and projected revenue growth, many businesses and residents are already bracing for another round of difficult budget cuts and sacrifices.

As we seek to balance the budget and invest in future growth, Senate Democrats are committed to preparing citizens for the workforce, improving workplace flexibility and investing in needed infrastructure upgrades.

Unfortunately, without adequately investing in our future, Wisconsin will continue to lag our neighboring states in job growth and prosperity. Most notably, lengthy technical college waiting lists for high demand programs are preventing students from getting the training they need and contributing to Wisconsin’s skills gap. By making targeted investments in our schools we can improve education outcomes at all levels from pre-K to our technical colleges and universities.

Senate Democrats will also look for ways to help businesses improve workplace productivity, reduce employee turnover and provide greater workplace flexibility. Whether it is a lack of access to affordable childcare or rising health care costs, we want to eliminate the barriers that are preventing employers and employees from succeeding in a competitive global marketplace.

One of the most important ways government can help private enterprise is by maintaining a strong public infrastructure. From repairing aging roads and bridges to encouraging broadband access in urban and rural areas, we need to ensure our infrastructure is an asset, not a liability, to businesses growth and expansion.

As the Senate Democratic Leader, I look forward to working with Gov. Walker and my colleagues on both sides of the aisle to strengthen relationships, find commonsense solutions to our challenges and move Wisconsin forward.

Senate Minority Leader Jennifer Shilling (D – La Crosse) represents the 32nd Senate District, which covers portions of La Crosse, Vernon, Crawford and Monroe counties.
By Speaker Robin Vos (R – Burlington)
Speaker of the Assembly

When the 2015-2016 legislative session begins, the Assembly Republican majority will be 63 members strong, the largest in more than 50 years. The citizens of Wisconsin sent a clear message of support for smaller government and lower taxes. Assembly Republicans are starting the session with an agenda that was developed with the input of our members and constituents over the course of the past few months. The centerpiece of the Forward Agenda is jobs. We will do everything we can to create a better business climate, limit the growth of government and help more Wisconsinites find work.

In order to help our economy grow, we must first balance the state budget without a tax increase, keep taxes as low as possible and eliminate unnecessary regulations that stand in the way of business growth. Assembly Republicans will continue the Right the Rules project to examine the state's administrative rules and erase overly burdensome regulations that don't serve a purpose. We'll also look for a mechanism to sunset new regulations so future lawmakers don't have to revisit this effort.

Assembly Republicans also will work to limit the growth of government. At a time when resources are at a premium, we must reduce redundancy and waste in government. We will strive to hold the growth of government to projected personal income growth.

Another main focus of the Forward Agenda is to make sure everyone who wants a job can find a job. That’s why we must remove any barrier that keeps people from securing work. Assembly Republicans want to increase worker training programs, reform regulatory licensing requirements and create a self-employment training program.

In order to prepare students for college and/or the workforce, we must continue to improve and reform our schools. There should be no boundaries, physical or financial, in education. We will explore expanding the open enrollment and school choice programs as well as developing Wisconsin-based academic standards and accountability measures for every school receiving state aid.

Visit www.WisconsinAssemblyRepublicans.com for more information on the Forward Agenda and to provide your input. By working together and implementing the Forward Agenda, we can build an even better Wisconsin.

Speaker Robin Vos (R – Burlington) represents the 63rd Assembly District which includes the communities of Rochester, Burlington, Town of Burlington, Yorkville, Dover, Union Grove, Mount Pleasant and Sturtevant.

By Representative Peter Barca (D – Kenosha)
Assembly Minority Leader

With election season behind us and the new Legislative session set to begin soon, Democrats are ready to continue fighting for the issues that matter most to Wisconsin families. Unfortunately Wisconsin continues to lag behind our neighbors and much of the nation on job creation and economic growth, so it is more important than ever that we as legislators work to reverse that trend.

We have heard from many people all over Wisconsin who said they want us to work together on these and other important issues, and we are ready to advance an agenda focused on our citizens' top priorities.

Our primary focus will be on a bold, vibrant agenda to emphasize economic development efforts that create family-supporting jobs. Last session, Democrats put forward two dozen jobs bills focused on important issues like job training, promoting Wisconsin manufacturing, assisting small businesses, helping start-ups receive needed capital, encouraging purchasing of Wisconsin- and American-made products and supporting clean energy development. We plan to re-introduce many of these proposals, including some of the economic development measures advanced by Gov. Walker in his 2011 call for a special session, as well as develop more creative ideas to bring forward in the coming session.

We believe there is room for Republicans and Democrats to come together and find common ground on these issues. It is vital that elected officials on both sides of the aisle work together on initiatives to help support the creation of family-supporting jobs, invest in our workforce and help advance partnerships between the public and private sectors.

Moving forward our priorities will not be without challenges. With an expected state budget deficit of $2.2 billion looming and the recent history of partisanship trumping common-sense solutions in the legislature, we clearly face serious obstacles. But it is absolutely critical that we focus our energy and efforts on the issues that matter most to the people of Wisconsin, not get sidetracked by issues like politicizing the non-partisan Government Accountability Board or restricting research at the University of Wisconsin.

Now that we are past Inauguration Day, Democrats will continue to stand up for Wisconsin families, small businesses and communities and work to bring all sides together to solve problems. Additionally we will examine ways to strengthen the middle class, which helps provide purchasing power that small businesses depend on to sell their goods and services. That is what our constituents expect and deserve, and we are more determined than ever to accomplish those goals and uphold the values we all share as citizens of Wisconsin.

Rep. Peter Barca (D – Kenosha) represents the 64th Assembly District which includes much of the city of Kenosha and the town of Somers.
We ARE Making a Difference

By Suzanne Kelley

There’s nothing more rewarding than an “aha moment” when you have the opportunity to truly see the positive impact your work has had on someone else’s life or business. For a chamber professional, it’s especially rewarding to see the direct positive impact your chamber has had on a member business. My recent encounter with Brandon Schindel, an employee at Hydro-Thermal Corp. of Waukesha, provided one of those moments.

I was a guest at Hydro-Thermal’s 80th anniversary celebration walking through the plant and enjoying the sight of many employees who had dressed up for the occasion in costumes from the early days when the company was founded. Company President Jim Zaiser had brought in portrait artists and Charleston performers to mark the occasion. This was not your typical day on the manufacturing floor!

A young man in a snazzy 1930s-style cap walked up to me, extended his hand and said, “I just want to say thank you. You’re the reason I’m working here!”

Brandon explained that he was introduced to Hydro-Thermal as a high school student on one of the Waukesha County Business Alliance’s Schools2Skills™ tours. After graduation, he returned to the company to apply for a job and successfully launched his career in manufacturing.

The Alliance initiated Schools2Skills in 2010 after our manufacturing members repeatedly told us they couldn’t find skilled workers for open positions. The term “skills gap” was not as widely known as it is today, but our manufacturers expressed concern about the future, as the younger generation seemed to know little about manufacturing and did not see it as a career path.

Schools2Skills was our initial response to addressing this problem. On each day-long tour, students get to see three different manufacturing plants, speak with the CEOs and other company leaders, learn about a variety of manufacturing jobs and related salaries, and get exposed to the excellent training available at Waukesha County Technical College. Nearly 1,500 students, educators and parents have participated in the program since its inception. Hydro-Thermal is one of more than 40 local manufacturers who partner with us to host the tours.

However, Schools2Skills was only a first step. We’ve also worked with partners in the Milwaukee 7 region to create a manufacturing website targeting millennials (www.dreamitdoitwi.com), started active business/education partnerships at area school districts, collaborated with Discovery World in Milwaukee to get elementary students interested in manufacturing, supported and promoted National Manufacturing Day/Month activities led by WMC, participated in various local, regional and state forums addressing the skills gap and given our “Manufacturing is Alive & Well” presentation to school boards, parent-teacher organizations, rotary clubs and any group that will host us.

All of these efforts require a tremendous amount of resources – time, talent and treasure – from our manufacturers, our partners and the chamber staff. That’s why meeting Brandon was so gratifying. His story is tangible evidence these efforts are having an impact and we are making a difference.

It’s also gratifying to see how far our state has come in addressing the skills gap over the last five years. Many chambers of commerce are working hard on this issue with their area businesses, schools, technical colleges and others. I know there are many examples like Brandon throughout Wisconsin.

At the state level, Governor Walker and agency leaders have made workforce development a top priority and are working together. WMC also has identified talent development, attraction and retention as a key component of The Future Wisconsin Project (www.FutureWI.org). I believe the level of attention being placed on workforce development is unprecedented and will make a difference if we all continue to collaborate.

The Waukesha County Business Alliance is proud to partner with our fellow chambers to address this critical issue.

Suzanne Kelley is President of the Waukesha County Business Alliance. Visit www.waukesha.org for more information.

CHAMBER FUN FACT

Two Rivers - Birthplace of the Ice Cream Sundae

In 1881, George Hallauer asked Ed Berner, owner of a soda fountain, to top his dish of ice cream with chocolate sauce, hitherto used only for ice cream sodas. It became a popular concoction, but was only sold on Sundays. One day, a little girl asked for one, saying they could pretend it was Sunday. Voila – sundae (the spelling is attributed to a mistranscription on the check).
Wisconsin Family Business of the Year Award 2015

NOMINATIONS ARE NOW OPEN!

If you are a family business in Wisconsin doing great things like creating jobs and supporting your community, we want to hear your story.

The Wisconsin Family Business of the Year Awards highlight the accomplishments and contributions of family businesses making an impact on the Wisconsin business community.

Deadline for nominations is April 1, 2015.
Winners will be announced on May 7, 2015 at a banquet in Madison.

For more information and nomination forms, visit www.familybusinessaward.com.
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