

The National Association of Manufacturers

# MEMBER FOCUS

*Leading Innovation. Creating Opportunity. Pursuing Progress.*

April 2012  
[www.nam.org](http://www.nam.org)



let us lead  
National Association of Manufacturers



# MEMBER FOCUS

Leading Innovation. Creating Opportunity. Pursuing Progress.

## NAM SPRING BOARD MEETING

Highlights (p.2)

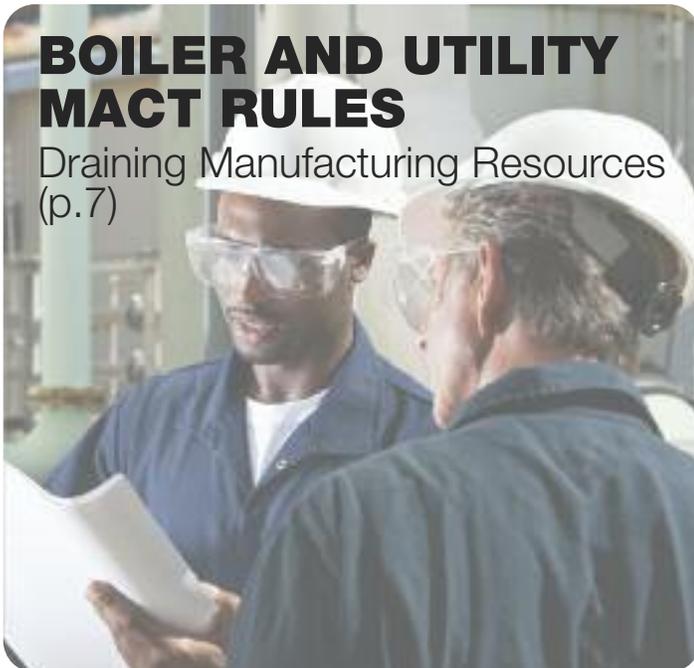
letuslead  
National Association of Manufacturers

### CONTENTS

- 5 **POLICY FOCUS**  
NAM Fights Back Against Aggressive NLRB Agenda
- 6 **CAPITAL CONNECTION**  
Join Your Fellow Manufacturing Leaders on Capitol Hill
- 8 **ECONOMIC ANALYSIS**  
Don't Overlook Small and Medium Manufacturers
- 9 **FOR MANUFACTURERS**  
NAM President Is Out Front
- 10 **MEMBER FOCUS**  
Education Is the Path to Success at United Technologies
- 11 **NEWS YOU CAN USE**  
House Approves Critical Legal Reform

## BOILER AND UTILITY MACT RULES

Draining Manufacturing Resources (p.7)



### MEMBER FOCUS

CHAIR OF THE BOARD	Mary Andringa
VICE CHAIR OF THE BOARD	Douglas R. Oberhelman
CHAIR, SMALL AND MEDIUM MANUFACTURERS	Kellie Johnson
PRESIDENT AND CEO	Jay Timmons
SENIOR VICE PRESIDENT, MEMBER AND BOARD RELATIONS	Ann E. Heins
SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER	Rick Klein
SENIOR VICE PRESIDENT, EXTERNAL AFFAIRS	Ned Monroe
SENIOR VICE PRESIDENT, POLICY AND GOVERNMENT RELATIONS	Aric Newhouse
SENIOR VICE PRESIDENT, STRATEGIC DEVELOPMENT	Jeff Pierce
SENIOR VICE PRESIDENT, COMMUNICATIONS	Erin Streeter
VICE PRESIDENT, MEMBERSHIP MARKETING	J. Cliff Johnson, III
CREATIVE DIRECTOR	Pam Lind
DIRECTOR, PUBLICATIONS, AND MANAGING EDITOR	Clare James Johnson
MANAGER, BRANDING AND MULTIMEDIA	Ronni Hutchason

Member Focus is published monthly by the National Association of Manufacturers.

© 2012 NAM. All rights reserved. Reproduction is prohibited except with the written permission of the NAM. Periodicals postage pending at Washington, D.C.

Postmaster: Send address changes to NAM Member Focus, attn: Marcie Cox, National Association of Manufacturers, 733 10th Street, NW, Suite 700, Washington, DC 20001. Phone: (202) 637-3000. Fax: (202) 637-3182. Website: www.nam.org

Printed on *Anthem*®, 80 lb. gloss cover and 70 lb. gloss text, from NewPage. Manufactured in North America.



## A Dubious Distinction

By Jay Timmons, president and CEO, National Association of Manufacturers

**T**he United States has a lot of superlatives. We're the world's largest economy. We have the biggest manufacturing economy on the planet. No other workers in the world are as productive as ours.

And now, as of April 1, we're number one in yet another category. At the beginning of this month, Japan cut its corporate tax rate, leaving the United States with the distinction of having the highest corporate tax rate in the developed world. No one was celebrating this milestone—except perhaps our competitors, who have to wonder why we impose obstacles to economic growth on ourselves.

When the United Kingdom recently announced it was going to continue reductions to its corporate tax rate, the country's top budget official George Osborne praised the move as "an advertisement for investment and jobs in Britain" and specifically drew the contrast between his country and the United States.

He told his fellow members of Parliament that the U.K. is adopting "a headline rate that is not just lower than our competitors, but dramatically lower: 18 percent lower than the U.S."

When other nations are touting their competitiveness by highlighting their advantage over the United States, that's a problem. Throughout our history, other nations have looked to the United States

as a land of economic opportunity, and we owe it to future generations to maintain our mantle of economic leadership.

The good news is that policymakers recognize the competitive disadvantage posed by our high corporate tax rate. President Obama has talked about lowering the rate, and Republicans in Congress have offered ideas of their own.

The focus of tax reform should be competitiveness. While the President has proposed a 28-percent rate and the National Association of Manufacturers (NAM) has proposed a rate of 25 percent or lower, policymakers should home in on the rate that will make the United States the best place to invest and

While there's no consensus on a path forward just yet, eventually Republicans and Democrats will have to rally around a plan. Otherwise, the gap between the United States and our competitors will continue to widen.

Indeed, we attained the distinction of having the world's highest corporate tax rate by doing nothing. Corporate tax rates haven't changed significantly since 1986.

In the quarter-century since, our competitors have lowered their corporate tax rates, so that today the average rate among industrialized nations hovers around 25 percent—and it's on the way down. The United States, on the other hand, has stood still.

Inaction is, of course, the easy choice for our elected leaders. But this country's prosperity was not achieved by deferring difficult decisions.

At the recent NAM Board of Directors meeting in Florida, Wisconsin Governor Scott Walker spoke about the need for our nation's leaders to

summon the courage to make the hard decisions needed to strengthen our economy and restore our nation's fiscal footing.

Pro-growth tax reform will require such choices, and all of us must send the message to our lawmakers that it's time to do the right thing. ●

“ We attained the distinction of having the world's highest corporate tax rate by doing nothing. Corporate tax rates haven't changed significantly since 1986.”

manufacture, whether that's 28 percent, 25 percent, 20 percent, or lower.

And our tax system should be designed to encourage economic growth and investment—to complement our free enterprise system, not distort it by rewarding special interests favored by politicians. In addition, reform must look at our tax system as a whole. We can't neglect the 65 percent of manufacturers who pay taxes at individual rates.

# Seizing Manufacturing's Moment: The 2012 Spring Board Meeting

Manufacturing is in the spotlight. Across the country, candidates for office are talking about manufacturing and its key role in job creation and economic growth. And as the National Association of Manufacturers (NAM) Board of Directors gathered in Boca Raton, Fla., for the 2012 Spring Board Meeting last month, the focus was on seizing this historic opportunity to advance a manufacturing agenda.

"We're here to make sure that our policymakers take the right path, not the path that is overused and littered with class warfare rhetoric and divisiveness—that road that pits business against business and industry sector against industry sector," said NAM President and CEO Jay Timmons in his address to the Board.

"We want our policymakers to take that road that's a little bit more difficult, that doesn't appeal to political populism, that's maybe a little bit risky, but recognizes that in order to maintain our mantle of economic leadership in the world, we

have to do the right thing. We have to promote manufacturing."

The Board heard from one leader who has taken the more risky path to create economic opportunities for the citizens of his state. Governor Scott Walker of Wisconsin set the tone for the Board meeting by outlining the bold agenda he has undertaken since taking office just over a year ago. Walker began implementing reforms to improve the state's business climate and rein in its

deficit on day one.

"If you had a company that was failing when you got it, you don't wait a year or six months or even a month, you start fixing it the very first day you take it over," he said. "If you had a company in trouble, you don't wait to see how things go, you come in with a plan and

politician and says why can't somebody stand up and do what we all know is right and is just and is needed and stop worrying about the next election and just worry about the next generation," he said.

Governor Walker was just one of the many great speakers who addressed

the NAM Board of Directors in Florida. The Board also heard from former Governor Jeb Bush, Commerce Secretary John Bryson, and Jim Albaugh, president and CEO of Boeing Commercial Airplanes. NAM Chair Mary

Andringa joined Vice Chair Doug Oberhelman, Meritor's Chip McClure and Small and Medium Manufacturers (SMM) Group Chair Kellie Johnson for a discussion about how the NAM shapes the debate in Washington and uses its influence to get results for our members.

Governor Bush discussed the need for pro-growth policies and the many opportunities that a strong and growing economy will unleash. Secretary Bryson highlighted the Administration's focus



you start acting on it right away."

Walker's efforts have met fierce resistance, but as he told members of the Board, he is undeterred and will continue to push for reforms that strengthen Wisconsin's economy and the state's finances.

"When we prevail, I think it will send a powerful, powerful message far beyond our borders... I think it will be a victory for every one of us—not just those in politics, but every person who looks at a

on manufacturing. Albaugh sat down with Jay Timmons and discussed Boeing's momentous year, which saw the company deliver its first Dreamliner aircraft to a customer.

"I don't think we've ever had a year in the company where we had so many strategic milestones," Albaugh said.

While Albaugh noted Boeing's recent successes, he also highlighted challenges the aerospace industry will face in the future, including increased competition from abroad.

"The aerospace, commercial airplane business is a big one. Over the next 20 years, we think there will be some 33,500 airplanes above 125 seats that will be sold, and that's about \$4 trillion, so there are other people who want to get in this marketplace," he said, citing other nations that are eager to capture part of this market.

Increased competition from abroad requires the United States to adopt policies that encourage investment in our economy and allow manufacturers to grow and thrive. Albaugh highlighted the critical role of the Export-Import Bank in helping manufacturers of all sizes compete in the global marketplace and create good paying American jobs.

The NAM Spring Board Meeting inspired manufacturers to encourage their lawmakers to make the hard choices to strengthen manufacturing and grow our economy. The NAM also unveiled a new tool at the meeting to enhance its advocacy on behalf of its 12,000 members and the 12 million men and women who work in manufacturing.

The Board of Directors took a significant step to enhance the NAM's presence and advocacy by approving an administrative political action committee (PAC). This new tool will allow the NAM to convene fundraising events for candidates who are supportive of manufacturing. At these events, manufacturers will be able



**Pictured, from left to right:** Boeing Commercial Airplanes President and CEO Jim Albaugh, NAM President and CEO Jay Timmons, NAM Board Chair Mary Andringa and NAM Board Vice Chair Doug Oberhelman attend the 2012 NAM Spring Board Meeting.

to contribute directly to a candidate's campaign committee.

The Board's vote to establish a PAC was the culmination of a thoughtful and deliberative process, and now a similarly careful process will guide the NAM as it begins the process of forming the PAC. In June, the Executive Committee will name trustees, who will be tasked with forming bylaws and guidelines to direct the PAC's actions. The PAC will likely begin organizing PAC fundraising events in January 2013.

The drafting of the bylaws and guidelines will formalize how the new administrative PAC operates. While it will be limited in scope to hosting fundraising events for federal candi-

dates, the guidelines will determine, for example, the criteria for selecting candidates.

From the NAM's first-ever Presidential forum last fall, to our robust efforts on issue advocacy, this new tool is the next step in ensuring that the NAM has a world-class strategy that effectively promotes manufacturers' interests in Washington and ensures our members' energy and engagement is at an all-time high. •



**Ann Heins** is senior vice president of member and board relations.

# let us lead

## 2012 NAM Spring Board Meeting



■ NAM SMM Group Chair Kellie Johnson, NAM Board Chair Mary Andringa and NAM Board Vice Chair Doug Oberhelman discuss how the NAM is shaping the debate in Washington for its members.



■ The Honorable Jeb Bush, former Governor of Florida, takes time to meet attendees of the NAM Board meeting.



■ The Honorable Scott Walker, Governor of Wisconsin, addresses NAM Board meeting attendees.



■ The Honorable John Bryson, Secretary of Commerce, reviews *A Manufacturing Renaissance*.



■ Boeing Commercial Airplanes President and CEO Jim Albaugh discusses his company's milestone year.



■ NAM Board meeting attendees listen as policy experts discuss legislation currently moving on Capitol Hill.

# NAM Fights Back Against Aggressive NLRB Agenda



The battle to stop the aggressive tactics of the National Labor Relations Board (NLRB) continued in the courts last month when the National Association of Manufacturers (NAM) and the Coalition for a Democratic Workplace (CDW) filed a notice that they will appeal a U.S. District Court ruling upholding the NLRB's controversial "posting requirement."

The NAM—the first organization to file a lawsuit against the NLRB to block the requirement—believes that the Board once again has grossly overstepped its authority in advancing the 194-page rule. It would require both unionized and nonunionized employers to display a poster informing employees of their right to unionize, to join a union and to strike.

"Manufacturers will take every step necessary to rein in this rogue agency and protect our ability to work with employees to create cooperative, productive and innovative workplaces," said NAM President and CEO Jay Timmons. "We will appeal the court's decision on the numerous grounds

available in order to stop the Board's blatant overstepping and its potential to create hostile work environments where no conflict exists."

The Court ruled that while the NLRB has the authority to issue the rule, it does not have the authority to "make a blanket advance determination that a failure to post [the notice] will always constitute an unfair labor practice." Practically speaking, this means that, unless there is additional evidence of anti-union conduct, a failure to post the notice is not automatically a legal violation.

The NAM and the CDW—of which the NAM is a leading member—believe that the decision did not account for longstanding

case and legislative history regarding NLRB authority dating back to 1935.

In addition to the notice of appeal, the NAM filed for an injunction to prevent the posting notice from going into effect before the appellate court issues its decision on the U.S. District Court's ruling. The posting requirement will go into effect on April 30 until the court issues a stay or if it makes a ruling before that date.

The NAM's legal efforts on the posting requirement are a part of the association's larger campaign to push back against the NLRB's increasingly radical agenda. A series of actions by the NLRB—from the ambush elections rule to the *Specialty Healthcare* case to the now-resolved complaint against Boeing—seem designed to create disruptive and adversarial relationships between employers and employees. The NAM has responded by launching legal challenges, building support for legislative remedies in Congress and urging the Administration to stop the NLRB from reinterpreting established and effective labor policy.

"The manufacturing sector offers some of the best places to work in the country. Yet the NLRB continues to propose rules and issue orders that strain employer-employee relations," said Timmons. "If President Obama wants manufacturing to lead the economy, federal agencies like the NLRB have to stop overstepping their authority and imposing burdensome and growth-stifling policies."

The NAM will continue to pursue every avenue to block the posting requirement and to prevent further overstepping by the NLRB. Manufacturers of all sizes are urged to become involved in these efforts to provide real-world insight into how regulatory overreach in Washington thwarts economic progress and job creation. ●



**Joe Trauger** is vice president of human resources policy.



## Join Your Fellow Manufacturing Leaders on Capitol Hill

Last spring, nearly 400 manufacturers from across the United States convened at the National Association of Manufacturers' (NAM) *Manufacturing Summit* in Washington, D.C., to meet with lawmakers and make the case for job creation and competitiveness. Manufacturers talked face-to-face with members of Congress and explained how lawmakers' decisions directly impact our economic recovery and our ability to grow jobs. It was a very successful conference that helped advance manufacturing's legislative agenda.

Be sure to join the NAM again this summer in Washington for the 2012 *Manufacturing Summit*. Candidates from the White House to the court house are focused in on manufacturing, so it's never been more critical to have a politically engaged community.

With pending legislation, continuing high unemployment numbers and the elections in November, the stakes are higher than ever. This June, the NAM's *Manufacturing Summit* is your vehicle to emphasize to your elected officials and the Administration that manufacturers need policies that will spur vigorous economic growth and reduce the cost of doing business—policies outlined in the NAM's *A Manufacturing Renaissance: Four Goals for Economic Growth*.

Have you ever questioned a legislator's decision and wondered why he or she voted a certain way? Typically, elected officials take public positions based on input from friends, neighbors, community leaders—and most importantly—from voters.

According to Mary Andringa, NAM Board chair and president and CEO of Vermeer Corporation, the *Manufacturing Summit* provides a critical opportunity for manufacturers from around the country to visit their members of Congress and tell their stories. "It's a great time for manufacturing. Manufacturing is leading the

country out of a very difficult recession, but we do need help and we need policy changes on the Hill to help us be viable for the future," she said.

With grassroots advocacy in the spotlight at the NAM and around the country, the *Manufacturing Summit* is an occasion to make sure you are educated on key issues and communicating your needs to your members of Congress. During this two-day, action-packed fly-in, you'll hear from key leaders in Washington on important issues and best practices for communicating with elected officials; you'll network with manufacturing business leaders from across the nation; and you'll carry our political clout directly to Capitol Hill to tell manufacturers' story, explain our challenges and outline our opportunities.

These efforts pay off. Join together with hundreds of your fellow manufacturers and tell

Congress it's time to support manufacturing. According to David Taylor, executive director of the Pennsylvania Manufacturing Association, the *Manufacturing Summit* is a true opportunity: An opportunity "for all of us to be together in Washington, to go and meet with the members of our respective states where we have manufacturing capacity, political relationships and other connections to those districts—to make vivid to those members of Congress why manufacturing matters. To help them to understand how it adds value, creates jobs and upholds the quality of life for our communities. I'm really proud to be part of that. And it's something that we all need to commit to doing going forward. We all win when we work together."

Please join us for the NAM's *Manufacturing Summit* in Washington, D.C., June 6-7, 2012, at the Hyatt Regency Hotel. ●

### MANUFACTURING SUMMIT

# 2012

June 6–7, 2012 • Washington, D.C.



**Register TODAY!**

Please visit [nam.org/summit](http://nam.org/summit) or contact Tiffany Adams, the NAM's vice president of public affairs, at (202) 637-3118 or [tadams@nam.org](mailto:tadams@nam.org).

# Boiler and Utility MACT Rules Drain Manufacturing Resources

As the Environmental Protection Agency (EPA) marches on in its seemingly unstoppable pursuit of two of the most costly environmental regulations in history, the real-world application of the Boiler MACT and Utility MACT rules is forcing manufacturers to divert critical resources to compliance instead of investments in growth, jobs and competitiveness.

RockTenn, a 26,000-employee paperboard, packaging and marketing company based in Norcross, Ga., spent more than \$80 million to comply with the EPA's original Boiler MACT rule—which was subsequently vacated by the courts only months prior to the compliance deadline. The company has estimated that it may cost as much as \$200 million in additional capital expenditures to comply with the new Boiler MACT rule.

RockTenn is concerned that its capital investments made for compliance may be at risk a second time. The EPA is still reconsidering portions of the final Boiler MACT rule, and several grounds for legal challenges by both the environmental and regulated communities remain.

“When regulations such as the Boiler MACT rule create such uncertainty, investing in energy efficiency projects, modernization programs, or a new biomass boiler can be very risky, preventing investment and job creation in rural communities that desperately need it,” said RockTenn CEO James A. Rubright.

“Unfortunately, it is easier to see the jobs that are lost after the fact. But the greatest damage may be unknowable—the projects never built, the products never made, the jobs never created, or the entrepreneurial ideas drowned in the sea of red tape,” Rubright cautioned.

The costs incurred by RockTenn are not unusual. The Council of Industrial Boiler Owners (CIBO) estimates that the Boiler MACT rule would cost more than \$14 billion in capital plus billions more in operating costs and would put more than 230,000 jobs at risk. And the effects will be widespread: the



EPA estimates that about 13,800 boilers are located at large facilities, including refineries, chemical plants, food processors and paper mills. Approximately 187,000 boilers at hospitals, hotels and commercial buildings will also be covered by the burdensome rules.

A study conducted by Fisher International for the American Forest and Paper Association (AF&PA) found that as many as 36 mills across the country and more than 20,000 primary pulp and paper industry jobs would be at risk of elimination due to the costs of Boiler MACT and other air regulations. These job losses would amount to 18 percent of the primary pulp and paper industry workforce.

For manufacturers across the board, the costs will be significant. Many will have to install expensive new pollution control

devices on their boilers—or fuel switch to natural gas—to comply with the new Boiler MACT standards. The Utility MACT regulation will require the installation of pollution-control technology in coal-fueled plants to reduce mercury and other hazardous air pollutant (HAP) emissions. It will cost utilities an estimated \$10 billion annually, and will inevitably result in higher energy prices. As users of one-third of the energy consumed in the United States, an increase in electricity prices would severely harm manufacturers' ability to compete globally.

Facilities are already being forced to shut down because of the regulations. In Williamsport, Md., a power plant is closing in a community that can ill-afford to lose more

*continued on page 9.*



# Don't Overlook Small and Medium Manufacturers in Tax Reform

**P**oliticians from both parties are advocating for corporate tax reform—and there is a sense of urgency behind the move to make the U.S. more competitive globally. Effective April 1, U.S. corporations began paying the highest tax rates among developed nations.

Corporate tax reform proposals under discussion generally lower the corporate tax rate and broaden the tax base by reducing or eliminating some (or all) tax deductions and credits. The National Association of Manufacturers (NAM) strongly supports reducing the corporate tax rate from 35 percent to 25 percent. The NAM also supports moving to a territorial tax system as part of corporate tax reform, which would allow businesses to bring their earnings made elsewhere back into the United States without an additional tax on profits.

While corporate tax reform is a worthy and necessary goal, we cannot overlook that many small and medium-sized manufacturers are organized as pass-through entities like subchapter “S corporations” and pay taxes at the individual—not the corporate—rate.

Based on the most recent IRS data from 2008, almost two-thirds of all tax returns from manufacturing businesses were from pass-through entities, including S corporations, partnerships and LLCs.<sup>1</sup> These entities also accounted for over 20 percent of all net income that year.

In a recent NAM member survey, half of the survey respondents indicated that they operate as S corporations or other flow-through entities and pay taxes at individual rates. According to these companies, increases in individual tax rates, set to kick in at the beginning of 2013, will have a significant negative impact on business investment and also will impact job creation, retention and employee benefits.

To put this in perspective, unless Congress acts before the end of this year, these pass-through business owners will face significant tax increases beginning January 1, 2013. These include an increase in the top marginal rate from 35 percent to 39.6 percent, a 0.9 percent increase in the employee portion of the hospital insurance wage base, and a new 3.8 percent surtax on the investment income

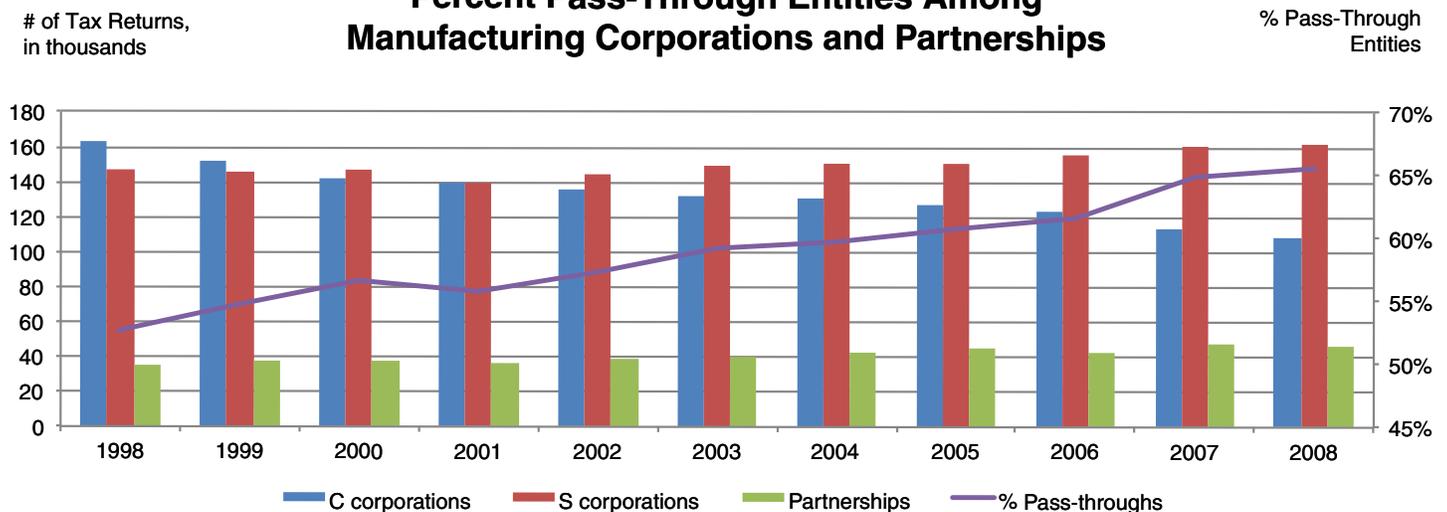
of high-income taxpayers (defined by AGI as \$200,000 for single and \$250,000 for joint filers).

Manufacturers believe that a fundamental goal of tax reform should be the creation of a simplified, pro-growth, permanent tax code that does not create distortions or create winners or losers. With that, we also believe permanent lower rates for small businesses are essential in order to create a system that will facilitate—not hinder—economic growth. Any effort to undertake tax reform without addressing the real implications of a new plan on pass-throughs will fail to meet that basic tenet.

The NAM supports comprehensive tax reform that makes the tax code more pro-growth, pro-competitive, fairer, simpler and predictable. This would help to make manufacturers and all businesses more competitive globally. ●

<sup>1</sup> See [www.irs.gov/taxstats/bustaxstats/article/0,,id=152029,00.html](http://www.irs.gov/taxstats/bustaxstats/article/0,,id=152029,00.html).

**Percent Pass-Through Entities Among Manufacturing Corporations and Partnerships**



## NAM President Is Out Front



■ On March 1, NAM President and CEO Jay Timmons spoke at the Motor and Equipment Manufacturers Association (MEMA) 2012 Annual Legislative Summit in Washington, D.C.



■ On March 19, Timmons addressed the 2012 Federal Economic Development Forum, sponsored by the International Economic Development Council, in Alexandria, Va. Timmons' panel was entitled "Global Trends Driving a Renaissance in U.S. Manufacturing."

*Continued from page 7.*

jobs. Another company announced earlier this year that the EPA's new environmental regulations led to a decision to shut down six older, coal-fired power plants in Ohio, Pennsylvania and Maryland, affecting more than 500 employees.

Meanwhile, in Congress, efforts to delay and improve the Boiler MACT and Utility MACT rules continue. Sen. Susan Collins (R-ME) offered an amendment last month to the Senate transportation authorization bill that would have delayed the boiler rules for a defined period, extended the compliance period from three to five years and provided some certainty for job creators. It also afforded the EPA adequate time to re-propose the rules, accept additional public comments, and to review, revise and craft a realistic and achievable rule. Unfortunately, the amendment fell eight votes short of the 60 votes needed for approval.

Similar legislation (H.R. 2250) has already passed in the House of Representatives. The House also has passed a bill (H.R. 2401) to delay implementation of the Utility MACT rule, and Sen. James Inhofe (R-OK) has introduced a Congressional Review Act Resolution of Disapproval (S.J. Res. 37) that would repeal the entire rule. The Senate is expected to take up the resolution this summer, and the National Association of Manufacturers (NAM) is encouraging manufacturers to contact Congress in support of this legislation. NAM members can take action at [manufacturingworks.nam.org](http://manufacturingworks.nam.org).

"Manufacturers are looking to Washington for policies to enable investment, growth and job creation, not more burdensome regulations from the EPA and other agencies," said NAM President and CEO Jay Timmons. "Congressional efforts to repeal or at least delay the Boiler MACT and Utility MACT rules will help give manufacturers more certainty while stopping an extremely harmful regulation." ●



**Chip Yost** is vice president for energy and resources policy.



# Education Is the Path to Success at United Technologies



Natalie Morris is director of employee benefits and HR systems at United Technologies Corp. (UTC) in Hartford, Conn.

**Member Focus (MF):** United Technologies recently announced it has invested \$1 billion in employee education. Why?

**Natalie Morris (NM):** Our employees develop some of the world's most innovative technologies and products. But they couldn't design and build the next generation of jet engines or helicopters or elevators without the right tools, and education is one of those tools. We believe in lifelong learning, and the Employee Scholar Program (ESP) helps make it possible.

The ESP began in 1996 with one goal: to have the most educated workforce in the world. Since then, UTC employees have earned more than 32,000 degrees in 50 countries. It is the combination of highly skilled and educated employees that enables United Technologies to stay innovative and competitive.

**MF:** What sets the UTC Employee Scholar Program apart from education benefits avail-

able at other major companies?

**NM:** The variety and extent of benefits make our program unique. First, ESP is open to all full-time employees. They can study whatever they want, at an accredited college or university, and it doesn't have to relate to their job. Employees are eligible to pursue an associate, bachelor's or master's degree. Second, they never see a tuition bill. UTC covers the cost of tuition, fees and books, and we pay schools directly. Third, employees are not required to pay UTC back or even stay with the company. Finally, we understand all of this takes time. So we also offer paid time off—up to three hours per week—to study.

As a result, our ESP graduates are more likely to stay with the company and more likely to be promoted than non-participants in the program. Currently, more than 10,000 employees are enrolled, and we expect 2,000 of them to complete their degrees by year end.

**MF:** Why does the company place such a strong emphasis on educating its employees?

**NM:** The idea of constantly improving yourself and of learning throughout your career is part of the United Technologies culture. It isn't just the corporation that needs to continuously improve; we as individuals are also expected to improve.

**MF:** What else do you think should be done to close the skills gap in this country?

**NM:** We realize no company can ever guarantee lifelong employment. But we think responsible companies can offer employees a way to better themselves and adapt to changing market conditions and new opportunities—and that is what ESP does.

**MF:** What do employee participants have to say?

**NM:** Employees love the program and what it has done to improve their careers and their lives. Each has a story about why they got involved and what the program means to them. I know a Pratt & Whitney employee who is studying to become a high school math and science teacher upon retirement. A Carrier employee, who started with the company out of high school, went on to earn three degrees. Today, she supervises an air conditioner production line and dozens of workers.

**MF:** What might other companies be able to learn from UTC's efforts?

**NM:** We want to inspire other companies to help raise the bar on employee education programs. We all want the same thing: students who graduate with real world, practical skills to use on the job. At UTC, we focus on highly skilled manufacturing and engineering programs. Together, we can work to make lifelong learning the model for education in the future. ●

## News You Can Use

### House Approves Critical Legal Reform, Repeals Advisory Board

Last month, the House of Representatives passed H.R. 5, the Protecting Access to Healthcare (PATH) Act of 2012, which provides important medical liability reforms and will lead to manufacturing jobs. The NAM key voted the measure and has long supported medical liability reform, as it reduces the cost of health care insurance for employers and restores fairness to the legal system.

Manufacturers in America also lead the world in innovation when it comes to developing life-saving technology. Our legal system can discourage innovation in the United States and can place manufacturers at a global competitive disadvantage. Medical liability reform is a common-sense way to reduce health care costs and promote new products and technologies here at home.

H.R. 5 also repeals the Independent Payment Advisory Board (IPAB) created under the health care reform law enacted two years ago. The IPAB was formed to provide oversight of the Medicare reim-

bursement system in an effort to reduce costs. The NAM supported repeal of the IPAB because of concerns over what impact arbitrary reductions to Medicare reimbursements will have on private-sector health plan costs. Cost-shifting from Medicare onto the private market is already a significant issue for employers. Manufacturers believe that comprehensive reform is the way to fix Medicare—not short-term reductions that place a drag on innovation.

### Senate Plays Politics on Ex-Im Bank Reauthorization

On March 20, the Senate failed to pass an amendment to reauthorize the Export-Import Bank (Ex-Im). The 55-44 vote was five votes shy of the 60 votes required under Senate rules. Many Republicans who opposed the bill, including Minority Leader Mitch McConnell (R-KY), indicated that they strongly support Ex-Im reauthorization and were prepared to support a freestanding bill. The NAM is urging lawmakers to take up Ex-Im legislation quickly. More than 85 percent of Ex-Im Bank's transactions

are with small and medium-sized manufacturers—the engines of our economy—impacting jobs, competitiveness and the manufacturing supply chain. To contact Congress, visit [manufacturingworks.nam.org](http://manufacturingworks.nam.org).

### Keystone Back in the Spotlight

President Obama traveled to four states in March to endorse various energy production projects and his “all of the above” energy plan. While in Cushing, Okla., the President requested an expeditious process for the construction of the southern portion of the Keystone XL pipeline. While the NAM agrees with the move, it appears to run contrary to the President's recent decision to veto the permit for the northern leg of the Keystone pipeline. Manufacturers need a consistent policy that supports all available domestic energy development and production—including expanded exploration of the Outer Continental Shelf, additional development of shale, clean coal and the approval of the Keystone XL pipeline.

# We're moving!

Effective April 23, our new headquarters address will be:

733 10th Street, NW, Suite 700  
Washington, DC 20001



## NAM on Capitol Hill

In February, NAM leaders met with Sens. Bob Corker (R-TN), Ben Nelson (D-NE) and Mark Begich (D-AK) on Capitol Hill to discuss manufacturers' top concerns, including the economic recovery, energy regulations, taxes and the environment. They also emphasized how members of Congress can work to promote policies that allow the manufacturing sector to create and retain high-quality jobs for American workers and bolster our nation's economy — policies outlined in *A Manufacturing Renaissance: Four Goals for Economic Growth*.



## Manufacturing Works

ADVOCACY ON THE MOVE

- Stay informed and take action on key issues.
- Protect your industry, company employees and customers.
- Connect with other manufacturing advocates.

Manufacturing Works, the National Association of Manufacturers' (NAM) advocacy program, brings us together to support American jobs, innovation, and competitiveness.

To learn more, visit [ManufacturingWorks.nam.org](http://ManufacturingWorks.nam.org) today!

# CUT & PASTE STRATEGIES DON'T WIN.

**Growing companies are innovative, not formulaic.**

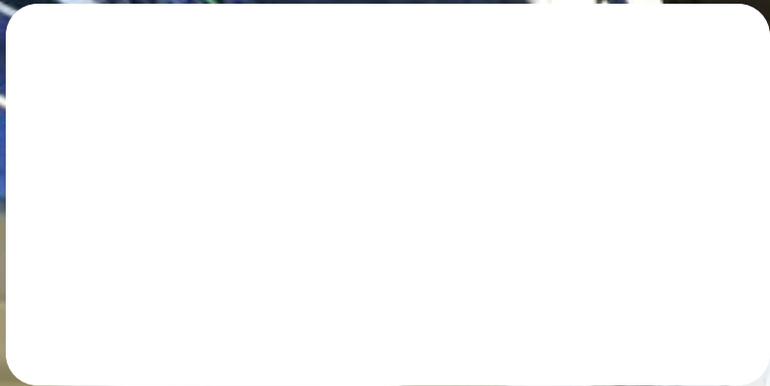


Now is the moment to revise your go-to-market strategy, or invest in an expansion plan. Because to grow tomorrow, you have to strategize today. Dynamic companies work with us because we know what succeeds for growth. See what wins at [growthwins.com](http://growthwins.com).



**Grant Thornton**

An instinct for growth™



## DID YOU KNOW?

Manufacturing Has a Presence in  
Every Congressional District in the U.S.

 NATIONAL ASSOCIATION OF  
Manufacturers

*Leading Innovation. Creating Opportunity. Pursuing Progress.*

[www.nam.org](http://www.nam.org)