WHAT WOULD COOLIDGE DO?

ILLINOIS STATE AND LOCAL GOVERNMENTS FURTHER REGULATE THE EMPLOYER/EMPLOYEE RELATIONSHIP
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message from the president

TMA Members & Friends,

It’s hard to understand the full implications of the presidential election, Brexit, and the rise of nationalistic movements in Europe.

It’s harder still to understand why the leadership of both political parties in the Illinois General Assembly don’t understand that we need real reform, a genuinely balanced budget, and a sustainable financial plan for the State of Illinois.

So it’s incomprehensible to me that in the face of these challenges and problems we have local governments in the City of Chicago and Cook County, two effectively bankrupt governments, deciding to interfere in the employer/employee relationship!

Both the City and Cook County have now passed ordinances establishing a higher minimum wage and mandating employee paid sick leave.

Keep in mind that the employer/employee relationship is already regulated by more than 10 different federal and state agencies. In spite of this, in a slowly recovering economy, where Illinois is clearly lagging the rest of the U.S., two local units of government with no expertise and apparently no understanding of employment law or regulation are pandering to a small group of activists and passing new, job-chilling regulations.

I’m astounded, and quite frankly fed up. For the last three years TMA has worked hard to cooperate with anyone and everyone to train unemployed and under-employed men and women. We have met with, and continue to meet with, government officials who want to bring jobs back to the metropolitan area.

And, you, TMA members, have upheld your end of the bargain. You’ve provide good jobs, good pay, generous benefits, and employer paid training. You’ve paid your property taxes, paid for workmen’s compensation insurance, and paid for unemployment insurance. And you’ve acted as payroll tax collectors for the state and federal government. You, the job-creating manufacturers, play by the rules, work hard, provide employee opportunity and help create wealth.

And your thanks for this? Criticism, regulation, interference, and indifference from the very elected officials asking you to help people find meaningful jobs.

I say enough. And I hope you say enough, as well.

State elected officials who haven’t passed a budget in years ... Get out of our way! School officials who are interested in our property taxes yet ignore our advice for helping provide students with meaningful skills ... Earn your pay! And county and city officials who think themselves qualified to regulate our relationship with our employees ... Get lost!

Elected officials who take our taxes and then spend them in a way that harms or hinders our businesses should be ashamed, and it is time we start telling them that.

Steve Rauschenberger
WHAT WOULD COOLIDGE DO?

The man who builds a factory builds a temple, and the man who works there worships there. To each is due, not scorn and blame, but reverence and praise.

~ President Calvin Coolidge

In 1925 when TMA was founded, Calvin Coolidge was President of the United States. Ninety-two years later he’s considered one of the most pro-business president’s the nation ever elected.

“The chief business of the American people is business,” Coolidge told newspaper editors. “They are profoundly concerned with producing, buying, selling, investing, and prospering in the world. I am strongly of the opinion that the great majority of people will always find these are moving impulses in our life.”

Coolidge believed that government must encourage and advance business, not hinder it. He understood that a business-friendly environment created jobs, which improved living standards and provided revenue to local, state and federal governments.

As a result, Coolidge’s administration saw seven percent economic growth and full employment.

As Amity Shlaes, the author of the 2013 biography Coolidge, said, “Coolidge didn’t cause the prosperity of the 1920s; he permitted it.”

Fast forward to 2017, and Coolidge’s ideas are turned on their head. Instead of government encouraging business, manufacturers find themselves defending their companies and trade against various levels of government determined to make it more difficult for them to create jobs, improve lives, and generate tax revenue.

The most recent attack on manufacturing comes from Chicago and Cook County, whose elected officials have inserted themselves in the employer/employee relationship and imposed two more regulations on business: 1.) Raising the minimum wage to $13 per hour, and 2.) Requiring paid sick leave for full- and part-time employees.

Minimum Wage

Any mandate that increases the cost of doing business could result in a number of consequences, mostly negative, writes Forbes contributor Mike Patton:

“First, it could cause prices to rise as businesses attempt to protect profit margins. Next, it could cause a loss of jobs if the business is forced to reduce expenses, again, to maintain profitability. It could also lead to an increase in automation, depending on the specific job. Finally, it could have little or no effect on small businesses, if an adequate profit margin already exists and the owner is willing (or able) to absorb the additional expense.”

Mandating a $13/hr. minimum wage may pacify the small groups of street protestors for a time, but it will cost society much more in the long run.

The argument that raising the minimum wage helps “the working poor” falls short. The minimum wage targets workers, not the poor. It hurts marginalized groups and causes unemployment, Patton says.

Nonetheless, Chicago and Cook County voted to mandate annual, minimum wage hikes until the levels reach $13 per hour in 2020.
Paid Sick Leave

In addition to the minimum wage hike, the City of Chicago and Cook County passed another ordinance forcing businesses to grant five paid sick days to full- and part-time workers after 120 days of employment.

The measure not only requires paid time off, it allows employees to use that time off for their own illness or that of family members, for medical appointments or if either are victims of domestic or sexual abuse.

Measures like these disproportionately hurt small manufacturers, argues TMA lobbyist Jay Shattuck. “Manufacturers have far less means to handle the increased costs that will certainly come with this mandate. They need flexibility when determining what type of leave benefits work best for them and their employees.”

Unless a manufacturer offers a paid time off equivalent at the option of the employee or has a collective bargaining agreement explicitly waiving the mandate, they will have to change their benefit structure to accommodate the ordinance.

Interestingly, unionized construction companies, government-run school and park districts, and all City of Chicago sister agencies are exempt.

Opting Out

Home rule municipalities in Cook County that object to these decisions have two options: 1.) file a lawsuit, or 2.) exempt their municipalities from the mandate. As of this printing eleven have opted out, including Barrington, Oak Forest, Mount Prospect, Rosemont, Tinley Park, River Forest, Schaumburg, Palos Park, Elmwood Park, Streamwood, and Wheeling.

Not Just in Chicago or Cook County

As if these new regulations aren’t burdensome enough, the State Legislature is looking to mandate a minimum wage $15/hr as well as mandated sick leave.

A National Federation of Independent Business study predicts that these measures would cost Illinois more than 31,000 jobs by 2024, and a decrease in real output of $4.7 billion by 2024. The cumulative real output lost between by 2024 is estimated to be as high as $30 billion.

Small businesses would bear 54 percent of job losses and 52 percent of lost sales.

“What Illinois is bleeding jobs. These new regulatory burdens will do nothing to help attract and retain manufacturing jobs,” Shattuck said.

What Would Coolidge Do?

President Coolidge warned: “If the Government gets into business on any large scale, we soon find that the beneficiaries attempt to play a large part in the control. While in theory it is to serve the public, in practice it will be very largely serving private interests. It comes to be regarded as a species of government favor and those who are the most adroit get the larger part of it.”

To the politicians who run Cook County, the City of Chicago and the State of Illinois, minimum wage and paid leave are sold as “compassionate.” However, the reality is anything but.

“Workmen’s compensation, hours and conditions of labor are cold consolations, if there be no employment,” Coolidge said.

In 2017 those words may seem harsh to duplicitously “well intentioned” lawmakers. But as Illinois manufacturers know, the state’s road to hell has been paved with too many, so-called “good intentions.”

Ninety-two years after Calvin Coolidge and the founding of TMA, America’s - and Illinois’ - chief business is still business. So, the question may be less “what would Coolidge do?” and more “where is the Coolidge for Illinois?”
MEETING MANUFACTURERS’ REAL ESTATE NEEDS IN GOOD TIMES & BAD
MIKE MAGLIANO OF CUSHMAN & WAKEFIELD

By Fran Eaton

Mike Magliano has been serving Chicago’s real estate market for the last 15 years, working in the industrial segment through the best and worst of times.

Right now, the market is strong and business is good — very good — at Cushman-Wakefield.

“We’ve seen a complete 180 turnaround from 2009,” Magliano told TMA’s News Bulletin. That’s the year commercial real estate market tanked and vacancies skyrocketed in the greater Chicagoland area to nearly 13 percent. New construction stopped.

Landlords questioned where they would find tenants as economic activity slowed down. Lower lease and occupancy rates drove property values down by 30 to 60 percent.

“I remember calling property owners and hearing them question how long they could stay in business with the way things were,” Magliano said. “Landlords were willing to give away whatever they could, just to get tenants.”

Magliano said the recession in real estate and manufacturing forced him to dramatically change his business outreach approach. “Talking to manufacturers in 2009, I learned quickly that I needed to be more of a resource for them and not just a typical real estate broker,” he said.
Magliano began offering assistance in not only finding available properties that suited manufacturers’ needs, but in planning their moves and helping them understand the costs and hurdles moving would create for their businesses.

“Manufacturers could sometimes offset costs by having the landlord pick up some of the moving costs or setting up the building as they need,” he said. “And if they were buying, their banks could help to find creative financing.”

Magliano attributes much of his knowledge about manufacturers’ real estate needs to the network at the Technology and Manufacturing Association, which he joined in 2011.

The first TMA event he attended was a panel hosted by the Young Leaders Committee. “I knew I wanted to get involved in the group and figure out how I could add value,” he said.

Within two years, the committee asked him to serve as their chairman. He accepted, and has continued leading the committee for the past four years. He also obtained TMA’s Diamond Ambassador Badge, which means he introduced TMA to 10 new manufacturing companies that later joined. He also served two years as the chairman of TMA’s Golf Committee.

Magliano teamed up with Ed Brandt to assist in TMA’s facility relocation from Rosemont to Schaumburg three years ago.

The Young Leader Committee has hosted several keynote speakers as well as networking events over the past few years. The next one is scheduled for May 16th, when the topic will be plant cost savings – how to produce better, quicker and still maintain high quality.

In the meantime, the area’s real estate market is on the path to recovery.

“We’ve had over 20 straight quarters of vacancy reduction. Vacancies are down to an historical low of six percent, which, in turn, has raised lease rates and values back to pre-recession levels,” Magliano said. “There is a lot of capital (investors) looking to invest in industrial real estate. This, combined with growth of manufacturing and distribution companies, has led to the shortage of product.”

Magliano believes that Illinois will always be the central transportation hub of the United States in logistics and manufacturing, no matter what economic conditions are. He says with the largest inland rail port in the Joliet/Elwood area, along with O’Hare Airport, Chicago is a major city with accesses that lead in every direction.

Still, some of Magliano’s clients are considering a move to Wisconsin or Indiana for lower land costs and relocation tax incentives. Those companies within 30 to 40 minutes of a state border and confident they won’t lose skilled labor with a move are prime candidates for relocation.

Magliano says he admires manufacturers and how they deal with the industry’s ups and downs.

“‘I’m passionate about manufacturing. I look up to any owner of a manufacturing company and how he or she faced challenges in the past 10 years. What they do is a life commitment, not a 9 to 5 job,’ he said. ‘I love hearing about how their companies started and their growth plans for the future.”

Those conversations with manufacturers are much different than they were in 2009, he said.

“Now they’re asking, ‘How do I efficiently grow within my current facility when there are space constraints? Should we do multiple locations or just pick up and move?’”

And hearing that about-face in manufacturers’ conversations about more work and how to get it done is good news for everyone.

Reach Mike Magliano at Cushman-Wakefield of Illinois, 9500 West Bryn Mawr Ave in Rosemont, IL – Phone: 847.529.7529 or Michael.magliano@cushwake.com
The skilled workforce crisis facing American manufacturers was the topic of a recent panel discussion at the Technology Center of DuPage. TMA’s Board Chairman Aaron Wiegel of Wiegel Tool Works and TMA member Aneesa Murtha of Pioneer Service shared their concerns and offered solutions.

 Asked about challenges facing manufacturers, Ms. Muthana explained how she had to re-train her entire workforce when she changed her business model due to overseas competition.

 Chairman Wiegel told the group: “We must have a pipeline of applicants. This means we need to do things like sponsor high school competitions, involve parents and provide summer jobs.”

 Wiegel said his company is focused on educating the next generation about manufacturing careers and encouraging them to consider apprenticeships.

 But one company can’t turn the tide alone, he said, manufacturers must work together with others to attract and retain talent.

 “Associations like TMA are key to promoting the career option of manufacturing and training the next generation of skilled workforce,” Wiegel said.

Focused on encouraging the next generation of skilled professionals, the TMA Education Foundation recently presented Cary-Grove High School with a check for $8,462.92.

 The school requested $5,462.92 to purchase an Automatic Tool Changer, and $3,000 for two Digital Readouts for the school’s mills. It plans to use the machinery in their Metals II, Drafting II and Engineering Design and Development courses, said Michael Manning of the school’s Industry and Careers Division.

 TMA Education Foundation Board member Nicole Wolter, Vice President of H.M. Manufacturing (pictured on the right) was on hand to present the check to Cary-Grove High School.

 For more information about how you can help, contact Greta Salamondo at gsalamando@tmaef.org.
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Illinois Governor Bruce Rauner stopped by Atlas Tool Works in Lyons, Illinois in late March to visit with the nearly 100-year-old precision metal machining company’s owners and employees.

The first term governor not only toured Atlas and its expanding facilities, he heard about the challenges the fourth generation company is facing from Zach Mottl, Atlas’ Chief Alignment Officer.

Mottl shared how the company’s sales are growing double digits annually after surviving devastating losses after the telecom burst in the 90s. He told the governor how his family has invested millions in machines and facility updates.

“Manufacturers like us are the growth engine for the economy,” Mottl said. “We’re not corporate fat cats. Businesses like ours invest any profit back into the company to increase growth and jobs.”

During the same time, Illinois has been a difficult place to do business, he said. Atlas, as well as other Illinois manufacturers, faces an uphill climb competing not only with neighboring states for business, but on a global scale.

“Decades of broken policy in Illinois has put a damper on business,” Mottl said.

He pointed to high workers’ compensation costs, high property taxes and burdensome regulations coming out of Springfield.

“Companies in other states and China do not have to deal with the same kind of burdens,” he said.

Mottl said his Cook County-located company pays $2 per square foot in property taxes annually, creating an approximate $140,000 tax bill each year.

“Lawmakers in Springfield put the cart before the horse. They spend money before they have it,” Mottl said. “They set up well-intentioned programs with no way to pay for them. Instead they look to businesses like ours to shoulder a higher and higher tax burden.”

Governor Rauner answered Mottl’s comments while addressing Atlas employees.

“I love to visit small businesses like this and to visit with people like you,” he said. “I want businesses like Atlas to grow and thrive so they can pay you more, and they can have a great career for you and you can be all you want to be through your career at Atlas and other companies like this one.”

Rauner acknowledged the challenges Mottl mentioned and pointed to areas he was trying to improve.

“We’re working to change the situation by producing a balanced budget, bringing in more jobs, bringing down property taxes, properly supporting schools and changing the state’s political system so it works for you,” Rauner said.

Illinois workers’ compensation system is unfair for employers
and employees, the governor said.

The current system allows employees to claim injuries not work-related as work-related, causing employers to pay higher fees for something that was not their fault.

The comp system needs to be for work-related injuries, Rauner said.

“We need a fair system that provides good health care for injuries not related to work – they should be taken care of separately,” he told the employees. “Employers should pay only for work-related injuries.”

A few of the employees asked questions of the governor. One said he was bothered by state workers’ generous pensions and guaranteed benefits – something for which most people working outside government jobs can only wish.

“You’re paying the taxes to pay for these benefits for others you can only dream of,” Rauner said. “We need the system to be fair.”

Rauner asked Atlas employees to contact their Springfield lawmakers and encourage them to work with him on reforming the state’s system.

“We appreciate the governor’s visit, and hope he’s able to work with the legislature to make Illinois a better place to do business,” Mottl told reporters after the visit.

Mottl also serves as chairman of TMA’s Government Relations Committee.

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**TMA DIRECTOR MEETS WITH PRESIDENT TRUMP**

TMA Director Patricia Miller recently met with President Trump to discuss the future of American manufacturing.

Photo Below Left: Patricia Miller listening to President Trump. Photo Below Right: President Trump listening to TMA Director Miller.
“The future of the economy is in STEM,” says James Brown, of the STEM Education Coalition in Washington, D.C. “That’s where the jobs of tomorrow will be.”

Data from the U.S. Bureau of Labor Statistics says that employment in occupations related to STEM—science, technology, engineering, and mathematics—is projected to grow to more than 9 million by 2022.

That’s the reason TMA and local manufacturers once again reached out to kindergarten to 12th grade girls from the Chicago area and Northwest Indiana at the 6th annual STEMapalooza Science Expo hosted by the Girl Scouts.

“The Women of TMA Committee saw the opportunity to engage students and help to change their perceptions about manufacturing. Better yet, they saw an opportunity to make that connection fun,” TMA’s Greta Salamando said.

The Line Group, Imaging Industries, Gatto Plating, Temple Steel, Perfection Spring & Stamping provided small metalworking items for the girls to make into jewelry. Other members of the Women of TMA Committee volunteered to assist at the display.

“We had to stay after closing to make sure all the girls that wanted to make earrings or necklaces had a chance at our booth,” Salamando said. “We didn’t want to disappoint anyone.”

STEMapalooza is held annually on the first Saturday of March at the Girl Scouts’ facility in Country Club Hills, Illinois.

Photos courtesy of Fiona McLaren, McLaren Photographic - mclarephotographic.com
The state program, which will go into effect next year, offers Illinois businesses with at least 25 employees, that have been in business for two or more years, and which do not currently provide a qualified savings plan, the option of either offering a private market savings vehicle, or automatically enrolling their employees into Secure Choice.

Secure Choice participants will be enrolled in a default target date Roth IRA with a default three percent payroll deduction, but could choose to change their contribution level or fund option at any time, or choose to opt-out of the program altogether. Accounts are owned by individual participants and will be portable from job-to-job.

An estimated 1.2 million workers could be added into the state’s employer-based retirement savings plan through Secure Choice. Individual accounts will be pooled and managed by a private investment company, selected by the program’s board through a competitive bidding process.

TMA continues to offer its top-notch 401k retirement fund to association members. The treasurer was invited to speak with TMA members at the invitation of TMA’s Vice President and General Manager John Rauschenberger, who also serves on the state’s Secure Choice board.
TRUMP REVERSES OBAMA ENERGY POLICY
SIGNS EXECUTIVE ORDER HALTING CLEAN POWER PLAN

Manufacturers use one-third of the energy in the U.S., which means the nation needs an all-options policy approach to energy, not one that picks winners and losers.

On March 28, 2017 President Donald Trump signed an executive order reversing the previous administration’s policy that National Association of Manufacturers’ (NAM) President Jay Timmons said presented a “false choice” between favoring the environment or jobs.

“That false choice today gives way to a ‘show-and-tell’ story—about our ability to protect the environment and create jobs simultaneously—that manufacturers are eager to lead,” Simmons said.

American families have suffered at the hands of far-reaching regulations; 297,696 federal restrictions on manufacturers alone have stifled job creation and reduced the capital that is spent on innovating new technologies to improve the environment. Thanks to the groundbreaking innovation of manufacturers, emissions have been reduced by 10 percent since 2005, while their value to the economy increased by 19 percent over that same period.

The immense regulatory burden on manufacturers certainly drove NAM to lead the charge to stop the previous administration’s so-called Clean Power Plan—an unprecedented power grab by Washington that would have devastated our nation’s reliable and affordable energy advantage and targeted the jobs of many hardworking Americans.

“President Trump and manufacturers know that Americans have the capacity to create more manufacturing jobs, make American energy secure and unleash innovation for a better environment all at once. We are grateful the president kept another campaign promise,” Simmons said.

You do business where we do business.
We should meet.

At Huntington we believe a stronger business community makes the whole community stronger. That’s why we work so hard to truly understand your business goals, and to deliver the insights that can get you there. We’re proud of the place we call home, and together we can make it even better.

Peter Gillespie, Regional President
312-263-0016
**MAY 11**

**Lunch & Tour: Precision Zone**
Precision Zone repairs, exchanges, retrofits and sells hi-tech electronic machinery components used in CNC, Robotics, Motion Control, Factory Automation, Crane Elevator and other industries.

**TIME:** 11:30am - 1:30pm

**COST:** $35 (includes lunch)

**LOCATION:** Wheeling, IL

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**MAY 15**

**Manufacturing Career Fair**
TMA in partnership with Township High School District 214 is hosting a manufacturing career fair featuring manufacturing technology students from Wheeling, Rolling Meadows, and Elk Grove High Schools.

**TIME:** 12:00pm - 2:00pm

**COST:** Display Table: $50

**LOCATION:** TMA Schaumburg

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**MAY 16**

**Cost Saving Strategies for Mfg.**
Need new ideas on how to save money in your shop? Learn how to get creative from fellow manufacturers Dan Zeman of Zeman Mfg.; Ryan Wiegel of Wiegel Tool Works, Jeff Majewski of KrissDee & Assoc., and JT Belknap of 3S Advisory Group.

**TIME:** 4:30pm - 6:30pm

**COST:** $35

**LOCATION:** TMA Schaumburg

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**MAY 17**

**Safety Peer Group**
Join your peers to discuss "Noise and Hearing Conservation Programs." Noise exposure can be easily overlooked. If your machinery creates noise, has your company documented the noise levels to determine your employee’s exposure? Find out how.

**TIME:** 11:30am - 1:30pm

**COST:** Free

**LOCATION:** TMA Schaumburg

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**MAY 25**

**TMA 2017 Related Theory Graduation**
The convocation for the TMA Related Theory class of 2017 will be held at the Stonegate Conference Centre in Hoffman Estates, IL. Join the graduates, their families and employers to celebrate.

**TIME:** 5:30pm reception + dinner

**COST:** Sponsorships Available

**LOCATION:** Hoffman Estates, IL
WORK SMART AND HARD

TRAIN WITH TMA

For more information, or to register, email: education@tmaillinois.org