



THE GROWING EDGE

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Dear John,

A week ago Thursday, lawyers from a leading national labor law firm presented an update for members of the Greater Statesville business community on several pieces of pending and recently passed legislation which have the potential to significantly change employment law in the United States and to affect the ability of American businesses to compete globally. The article which follows details the threats to our local economy which these laws represent, but on a more personal and practical level, I want to appeal to you to make your opinion on these issues known to your elected representatives, especially those in Congress who will, over the next several months, cast votes on these matters.

Although the GSDC does not generally take sides on national political issues, the threat to our business community represented by this legislation is so significant that we feel we must speak out, and we urge you to do the same. If EFCA were to be enacted in its current form, it would eliminate one of the most powerful tools which North Carolina economic developers have in our recruiting toolbox -- our reputation as a business-friendly environment -- and potentially cost our region both jobs and new investment. Potential foreign investors, in particular, have expressed concern about EFCA and the role which unions might play in the future of their American operations.

For 7 of the past 8 years, North Carolina has been recognized as having the #1 business climate in the United States. For roughly that same period, we have also had the least unionized workforce. While many factors contribute to our status as a great place to do business, the lack of a strong union presence here cannot be discounted as a major component of our success.

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NEW



In The News

The Statesville Record & Landmark recently published an article on EFCA which featured statements by local labor and business leaders. [Click here to read this article.](#)



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Congressman Patrick McHenry
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Best regards,

John

Labor Law Update Draws Local Business Leaders

Legal experts say pending laws will significantly affect North Carolina economy

Employment law experts from the firm of Constangy, Brooks & Smith LLP (CG&S) addressed a group of Greater Statesville business leaders on February 19th. The presentation included updates on the Employee Free Choice Act (EFCA) and other current labor law issues, including amendments to the FMLA bill and the recently passed Lilly Ledbetter Fair Pay Act.



EFCA, sometimes referred to as the "card check bill," is pending legislation which would, according to the speakers from CB&S, eliminate NLRB-supervised secret ballot elections, institute mandatory binding arbitration of initial labor contracts and dramatically increase penalties for companies that violate the National Labor Relations Act. Under current labor law, a union which wishes to organize a plant or facility must get valid signatures from at least 30% of the employees. The NLRB then schedules a secret ballot vote 42 days after the signatures are submitted and verified. In reality, however, a union will not request an election unless it can collect signatures from 65% of the employees, because typically 1/4 of the employees who sign union cards do NOT vote for the union in the secret ballot election. Under the so-called "card check" system, the union would only need to collect signatures from 50% of the employees plus one. There would be no election, no information period and no opportunity for employees to carefully consider their options. More insidiously, the elimination of the secret ballot would subject employees to coercion and intimidation.

But EFCA doesn't stop with "card check," it further ties employers hands by mandating binding arbitration if a contract is not reached in what the legislation's framers consider a "reasonable" time. Under the current system, the parties bargain in good faith until a mutually-acceptable agreement is reached. Under the proposed legislation, the newly recognized union can demand negotiations begin within 10 days of certification, and if the parties cannot reach an agreement within 90 days, a federal arbitrator will impose a two year contract.

Finally, EFCA dramatically increases penalties for employer violations of the National Labor Relations Act to \$20,000 per infraction, while having no impact on violations from labor organizers.

The Lilly Ledbetter Fair Pay Act of 2009, which was signed into U.S. law on January 29, 2009, states that the 180-day statute of limitations for

pay discrimination resets with each new discriminatory paycheck. This means that there is essentially NO statute of limitations on such lawsuits. The law was enacted in response to *Ledbetter v. Goodyear Tire & Rubber Co.*, a U.S. Supreme Court decision holding that the statute of limitations for filing an equal-pay lawsuit begins at the date the pay was agreed upon, not at the date of the most recent paycheck, as a lower court had ruled. This precluded lawsuits by plaintiffs who alleged ongoing pay discrimination but who did not discover it until years after the discrimination began. This opens companies who are guilty of nothing more than conducting reasonable contract negotiations and exercising managerial discretion to potential liability reaching back decades.

Other pending legislation seeks to eliminate the "right to work" clause in applicable states (such as North Carolina), to allow unions to target specific operating units within an organization, to decrease or eliminate the minimum business size requirement for the Family and Medical Leave Act (FMLA), and to compel employers to compensate employees for time taken under FMLA..

To assist businesses in understanding and engaging employees and elected officials on the Employee Free Choice Act, the National Association of Manufacturers has created an EFCA "Tool Kit" which includes polling data, Congressional voting records, a sample employer communication to elected officials, an employee poster and more. [Click here](#) to access.

Survey Shows Small Business Owners Are Resilient

Despite challenges, most would go into business for themselves again

A survey of small-business owners finds that 87 percent don't regret their decision to go into business for themselves and would do it over again if they had to.



The survey by PayCycle, an online payroll service, found just 10 percent were unsure if they would start a business again. Three percent said they would not.

More than two-thirds said they started their business because they wanted the freedom to work for themselves. Six percent said they did so because they had been laid off, while 5 percent were continuing a family business. Twenty-two percent cited other reasons, including wanting to spend more time with their families and running a side business to supplement income.

Among the challenges facing small-business owners:

- Twenty-nine percent cited finding good employees.
- Twenty-six percent cited dealing with legal and accounting issues.
- Twenty-one percent cited finding customers.
- Sixteen percent said finding funding was the biggest challenge faced when starting their businesses.

The survey, conducted between Jan. 27 and Feb. 2, was compiled from responses by 478 small businesses randomly selected from PayCycle's more than 75,000 small-business customers.

Kewaunee Scientific Earnings Rise 10%

Statesville-based company a bright spot in local economy

Kewaunee Scientific Corp. reported a 10 percent increase in earnings for its third fiscal quarter ended Jan. 31.

The Statesville-based company posted net income of \$882,000, or 35 cents per diluted share, in the latest quarter, up from \$802,000, or 31 cents per diluted share, in the same period a year earlier.



Sales rose 19 percent to more than \$26 million.

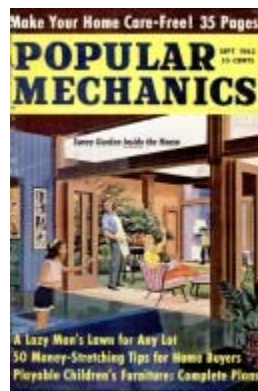
"We have not yet noticed any significant impact from the global economic slowdown on our business or opportunities in the domestic laboratory furniture marketplace, but we remain keenly aware of this serious situation," says William Shumaker, chief executive. "We are diligently pursuing a number of strategies that will help position the company in case of an economic downturn in our industry and, at the same time, make the company even stronger when the economy rebounds.

Kewaunee (NASDAQ:KEQU) designs, manufactures and installs scientific and technical furniture. The company has subsidiaries in Singapore and Bangalore, India, that serve the Asian and Middle East markets.

Just for Fun

Every issue of Popular Mechanics now online

Want to know how to repair a leaky faucet? Have an interest in which car models provide the best value... in 1973? Thinking about building a tree house? Then you will be fascinated by Google's latest project; putting every issue of *Popular Mechanics* (that's 106 years of magazines) online in a searchable format. The articles are interesting, but the ads might be even more informative. Check out the cigarette ads from the 60's, for instance, or how the prices of some things (cars especially) have gone way up, while the prices of some things (televisions and radios) have stayed the same or decreased.



The Greater Statesville Development Corporation (GSDC) is a public-private partnership of local governments and business leaders. Our purpose is to promote the industrial and commercial development of the City of Statesville, the Town of Troutman and the surrounding area of upper Iredell County, North Carolina. We provide a variety of services and assistance to help locate, maintain and expand new and existing businesses and industries in our area.

View available [sites and buildings](#).

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