



**2016**  
 May 4-5



**Representing Our Tri-State Economic Basin**

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## About the La Crosse Area Chamber

**F**ormed in 1868, the La Crosse Area Chamber of Commerce continues to unite as one voice for approximately 730 businesses. Together, we call the economic basin surrounding La Crosse, Wisconsin home as our businesses, workforce, media and commerce flow back and forth throughout western Wisconsin, southeast Minnesota and northeast Iowa.

Enclosed are the issues that impact our regional economy and that bring us to Washington, D.C. for our eleventh visit. We hope you consider the enclosed information as you review bills before you, and we ask for your assistance in getting these issues resolved.

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# About the Greater La Crosse Area

## A Tri-State Economic Basin

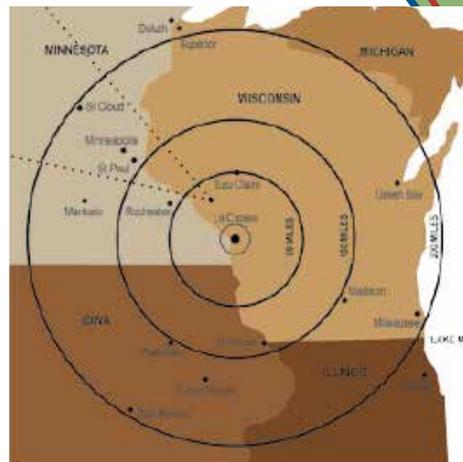
While La Crosse is the largest city, our location along the western border of Wisconsin is within a short driving distance of southeast Minnesota and northeast Iowa, creating a tri-state labor shed and trade area.

### Population (Source: Census)

Metropolitan statistical area: 135,298  
 50-mile labor shed (WI, MN & IA): 400,000+

### Top Employers (Source: Chamber)

Company	# Employees
Gundersen Health System	6,000
Ashley Furniture	3,000
Mayo Clinic	2,994
Trane	2,350
Fort McCoy	2,215
County of La Crosse	1,001



**Median Household Income** (Source: Census)  
 \$51,024

**Average Annual Wage** (Source: Census)  
 \$37,464

**Cost of Living Comparison** (Source: CNN Cost of Living Indicators): \$50,440 (La Crosse, W.I.) = \$80,000 (Washington, D.C.)

Prominent Industries in La Crosse County				
	Average Employment		5-year % Change	
	2012	2007	La Crosse	Wisconsin
Education Services	6,119	4,907	24.7%	7.1%
Food Service and Drinking Places	5,251	5,016	4.7%	-3.5%
Administrative and Support Services	2,671	2,855	-6.4%	-3.0%
Nursing and Residential Care Facilities	2,344	2,018	16.2%	9.1%
Social Assistance	2,276	2,084	9.2%	9.1%
Management of Companies and Enterprises	2,062	2,085	-1.1%	8.5%
General Merchandise Stores	1,848	2,058	-10.2%	-0.3%
Machinery Manufacturing	1,817	2,450	-25.8%	-4.5%
Ambulatory Health Care Services	1,797	1,561	15.1%	9.4%
Professional, Scientific and Technical Services	1,724	1,661	3.8%	0.5%

SOURCE: LA CROSSE COUNTY ECONOMIC AND WORKFORCE PROFILE - STATE OF WI - DWD



# Overtime for Salaried Employees

The rule recommends setting the salary threshold for exempt employees at \$50,440 annually, up 113 percent from the current \$23,660 annually. It also calls for annual automatic increases to the salary threshold.

The Department of Labor received more than 300,000 comments on the proposed rule. The Office of Management and Budget is taking meetings up to May 10. The final rule could come as early as that week. The administration has until roughly May 14 -15 to get a rule issued or risk facing the Congressional Review Act, which could kill the rule. The Secretary is scheduled to appear at the National Press Club on May 16 where it is believed he will also make a major announcement, potentially this rule.

The House's Committee on Small Business on April 28 urged the OMB to return the rule to the DOL for reconsideration citing concerns of the rule's impact.

## **GEORGE MASON UNIVERSITY STUDY RESULTS**

According to a new study from the Mercatus Center at George Mason University in Arlington, VA, employers are expected to respond by:

- reducing base salaries
- cutting overall compensation, and
- replacing workers with machines or higher-skilled workers (having skilled workers earning higher salary employee to do junior employee's surplus work)
- cut benefits such as commissions, equity holdings, bonuses, profit-sharing

One of the Department of Labor's stated goals of the overtime rule change is to improve health. The study found there is no evidence of negative impact on health from working just a little overtime, as is common in the case of the United States.

## **OUR CONCERNS**

We are concerned that the DOL has not fully researched the impact of this rule. An increase of 113 percent presents challenges for employers whose salaries tend to be lower, such as small employers, nonprofits, employers in industries that are price-sensitive (hotels and restaurants), and employers that have a lower cost of living, such as the Southeast and Midwest — i.e. the greater La Crosse Area.

## **WHAT WE'VE HEARD IN LA CROSSE**

Our Chamber had 185 responses to a survey with 42-percent said it will have an extreme impact. It is clear from these comments the business community needs more time to implement the requirements and the levels which should be implemented need to be adjusted including for cost of living.

- Riverfront, Inc. provides support to individuals with disabilities including community and work center employment and is funded significantly by federal funding. The majority of their staff earns less than \$52,000 per year — many who are salaried, human service professionals. When new labor rules are implemented without any intent to increase rates for services provided, the quality of services suffers. More and more providers of human services are going out of business annually due to these changes.
- The La Crosse Public Library: this change will severely limit the professional librarian's flexibility in scheduling instructional programs for the community.

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- The La Crosse Community Theatre: a small non-profit organization, said all of their employees are below the proposed minimum. To fulfill the mission of the Community Theatre, they will require a minimum of \$50,000 of unplanned increase that will result in layoffs.
- The People's Food Co-op: a cooperative grocery store, this would be an extreme change to how they currently structure the staff meaning fewer employees would get full-time work.
- The La Crosse Fairgrounds Speedway: a race track, would have to downsize the business
- The Family and Children's Center, a non-profit, "The impact will be devastating for us. We are a social service agency wherein over 50% of our employees earn less than the proposed minimum."

The conclusion is that this upside of this ruling in this middle-class, Midwest community is estimated to be very small — but the downside is significant.

### **RECOMMENDATION**

**Return the rule to the Department of Labor for further research.  
More time is needed.**

## **Transportation and Infrastructure Thank you!**

Last year we advocated for additional funding. The five year bill that was passed provides the Wisconsin Department of Transportation with the ability to make long-range plans and purchases. It provides the certainty they need for the next few years.



# Energy

Security of the electric grid is currently a hot topic. But it is not new to electric cooperatives—we have always taken grid security seriously and continually work to sustain the system.

## The Grid and Its Threats

The electric grid, by its very nature, has been and always will be vulnerable to outages. Natural phenomena are the most common threats to the grid—weather events happen often and electric cooperatives are experts at responding to those outages. Other examples include earthquakes, geomagnetic disturbances, and solar flares. Malicious damage to the grid are the results of accidents or deliberate sabotage by people, such as terrorist or cyber-attacks.

While we should prepare for all threats, the probability of such threats causing a major and widespread electric grid blackout are very low and should be kept in perspective. Such risks and threats are not new to those in the electric utility industry, nor to federal and state regulators. There are numerous grid security measures already in place, such as the Energy Policy Act of 2005, which charged the Federal Energy Regulatory Commission (FERC) with the responsibility to create and enforce mandatory reliability standards to protect grid integrity. The North American Electric Reliability Corporation (NERC) is empowered by FERC to work with the energy industry to develop and enforce reliability standards. NERC directs eight regional entities that work directly with the system owners/operators to interpret, audit and enforce the standards. Wisconsin is covered by two regional entities: The Midwest Reliability Organization in Western Wisconsin, and the Reliability First Corporation in Eastern Wisconsin.

In addition, the Department of Energy, the Department of Homeland Security, the Federal Bureau of Investigation, FERC, and state and local law enforcement agencies have specific roles and information sharing protocols.

The North American grid is divided into four distinct and individually operated electrical interconnection systems: the Eastern Interconnect (Wisconsin), the Western Interconnect, ERCOT (Texas), and Quebec. These four systems are tied together to allow each to support the others during emergencies. This also means an outage event on one system is highly unlikely to impact the other three systems, since the systems can be isolated from one another.

In addition, the North American grid has built in safe guards to automatically protect components from damage and stop the spread of blackouts, isolating disturbances to specific portions of the electric grid. In recent memory, these system safe guards and protections performed as designed and stopped the August 2003 East Coast Blackout from taking down the entire Eastern Interconnect system and in more recent events in the Southwest.

While standards are beneficial and utilities work diligently to maintain the grid in the face of all possible threats, it cannot be expected to defend against hostile nation-states or terrorist attacks, especially in the case of nuclear threats/EMPs. The Federal Government bears responsibility for protecting the country against nuclear devices and should address EMPs.

## DAIRYLAND IS PREPARED

Dairyland places a high priority on grid security; it is a key component of our Integrated Business and Strategic Plan. While major incidents are improbable, we are prepared and utilize a two-pronged, pro-active defense strategy:

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1. PREVENT—Protect the grid from malicious threats and natural phenomena.
2. RESTORE—In the event of an outage, restore service as soon as possible.

**DAIRYLAND'S EFFORTS TO PREVENT INCLUDE (BUT ARE NOT LIMITED TO):**

- We operate our system to withstand the loss of any piece of equipment. We're even prepared to withstand the simultaneous loss of multiple pieces of key equipment.
- Dairyland takes steps to physically secure and protect critical assets with physical security, such as: automated access control, 24/7 real-time monitoring, appropriate fencing and gating, and trained security personnel.
- Dairyland uses strong and layered electronic and cyber security controls; industrial control systems are electronically segregated and firewalled from the corporate network or the public internet.
- Dairyland actively monitors our IT network and the industrial control network for any threats or intrusion attempts. We use best practices to test and probe our networks on a regular basis to identify and rectify potential flaws. In the event of a cyber-security incident, Dairyland has a response plan to guide staff.

**DAIRYLAND'S PLANS TO RESTORE INCLUDE (BUT ARE NOT LIMITED TO):**

- Dairyland maintains and operates a fully redundant backup control center at a location geographically diverse from our primary control center.
- We have a Business Continuity Plan for disaster recovery and exercise it annually.
- Dairyland has a Power System Restoration Plan, to address an unanticipated shut-down of the grid. Dairyland coordinates with other regional utilities to exercise our plan multiple times a year.
- We participate in the Restoration of Power in Emergencies program, where rural electric cooperatives and municipal utilities assist one another in emergencies.
- We participate in the Midwest Mutual Transmission Assistance Group—a consortium of Upper Midwestern transmission utilities who assist one another in emergencies.
- Dairyland has a process in place for the routine back-up of all critical systems and exercises the restoration of these systems on a regular basis.
- By policy, Dairyland maintains a reasonable minimum supply of fuel on generation sites in the event of severe disruption to infrastructure networks.
- We maintain an inventory of spare equipment in the event of a major disaster or the failure of critical components; the material is staged around the Dairyland footprint for geographic diversity and to enable quick responses in emergencies.

**RECOMMENDATION: Threats to the grid must be kept in perspective. Through proper preparation, almost all impacts can be minimized. Only the Federal Government can defend the grid against major hostile attacks on the grid. It must do so to prevent incidents from impacting our citizens and our economy.**



# Health Care

## Lift geographic and originating site restrictions on tele-health services

The CMS requirement that tele-health consults be confined to authorized originating sites, such as hospitals and clinics, prevents home bound residents with chronic conditions from receiving quality home monitoring. While travel time and distance can be important factors, there are many patients in both urban and rural settings whose limited mobility makes it equally problematic to travel from home to a clinic. A patient may live in a rural area; however, the closest originating site may be in the hospital located in the nearest small city with a population of 50,000, making the visit ineligible for tele-health coverage. Medicare tele-health restrictions do not recognize the advances in technology, cost savings and patient demand for remote health care delivery – especially in our rural communities.

While CMS recently expanded coverage slightly to include rural census tracts within a Metropolitan Statistical Area (MSA), we encourage Congress to direct CMS to remove all geographic and originating site limitations.

### A LOCAL EXAMPLE

Katherine, 87, has multiple chronic medical conditions. Using tele-health, nurses monitor her health daily with no need for Katherine to travel to a medical facility. Because she lives in a rural area 20 miles from the nearest metropolitan statistical area, Medicare covers her tele-health services. However, if Katherine lived 20 miles from the nearest healthcare facility, but within a MSA, Medicare would not cover her tele-health services.

**RECOMMENDATION: follow the lead taken by most state Medicaid programs, which have lifted these arbitrary geographic and originating site restrictions enabling patients to receive connected care services regardless of location.**

## Improving coordinated care: Reform the Antiquated Stark Law and Anti-Kickback Statutes

The Stark Law's oversight of compensation arrangements is anchored in a fee-for-service environment where physicians were predominately self-employed, hospitals were separate entities, and both billed for services on a piecemeal basis. The Stark Law is outdated and not suited to the new models and should not be the locus of oversight for these new arrangements. The statute and its complex regulatory framework are designed to keep hospitals and physicians apart – the antithesis of the new models.

Increasingly, public and private payers are holding hospitals accountable for reducing costs and improving quality, and using financial incentives, which we strongly support. Achieving Congress's goals for value-based care and innovative community delivery models can be accomplished only through teamwork among hospitals, physicians and other health care providers across sites of care. Existing Stark Laws are significant barriers to developing innovative community-based care models to help patients recover faster and stay out of the hospital, ultimately reducing healthcare costs.

**RECOMMENDATION: Congress should adopt a single, broad exception that cuts across the Stark law, the anti-kickback statute and relevant CMPs for financial relationships designed to foster collaboration in the delivery of health care and provide incentives and reward efficiencies and improvements in care. We recommend that the exception be created under the anti-kickback statute and arrangements protected under the exception be deemed compliant with the Stark Law.**

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## Advancing Value-Based Care

Health providers and systems in the Coulee Region continue to support the movement away from a volume-driven delivery and payment system to one that rewards value-based care. A study by the Medicare Payment Advisory Commission (MedPAC) found the La Crosse, Wisconsin region to have the lowest utilization of Medicare services per beneficiary than any other region in the nation.

The current Medicare reimbursement system rewards volume over value, which is a system that doesn't recognize the quality of care and is unaligned with medical practice in Western Wisconsin. We were very pleased with the strong support of enacting of H.R. 2 – the Medicare Access and CHIP Reauthorization Act (MACRA) into law last year, a significant step towards value-based care payment and delivery models. We believe the continued movement to a value-based system will result in significant future cost savings in healthcare programs.

**RECOMMENDATION: We ask Congress be amenable to legislative modifications to MACRA to ensure success of the new payment system in Medicare Part B. Congress should also explore a similar value-based policy approach for Medicare Part A hospital services.**

## Strengthen Audit Fairness: H.R. 2156—the Medicare Audit Improvement Act

Payment integrity and auditing are very important in maintaining the viability of taxpayer funded programs. However, in recent years, health providers have experienced a significant increase in medical record requests from Medicare Recovery Audit Contractors (RAC). Appeals can take months, even years to resolve while consuming significant resources. Currently, there lacks sufficient performance-based metrics for auditors; for example, there are no limits on the number of audit requests that can be made to hospitals and no repercussions for incorrectly denying payment claims. A better balance of program integrity measures and reduction of administrative burden to providers, hospitals, and health system is possible.

**RECOMMENDATION: Endorse and co-sponsor H.R. 2156. This bill will increase efficiency, fairness, and implement performance-based measures to improve auditor performance, and increase transparency in the Medicare auditing process. Thank Representatives Reid Ribble (R-WI), Glenn Grothman (R-WI), and Rod Blum (R-IA) for their co-sponsorship.**

## Training the next generation of health providers

To ensure access for our nation's seniors and future generations, this bill creates 15,000 residency positions eligible for both Medicare Direct Graduate Medical Education (GME) and Indirect Medical Education (IME) support. H.R. 2124 would add 3,000 residency positions each year from 2017 through 2021, with at least half designated for shortage specialty residency programs.

Ensuring access to care is often provided through medical residency programs beyond graduate medical education funding levels, especially in the Coulee Region. In fact, to address a critical need, programs in western Wisconsin has had great success, amongst the highest in the country, with placing physicians in rural areas to serve the greatest need.

**RECOMMENDATION: Ask members to support and co-sponsor H.R. 2124/S. 1148, which has more than 100 bi-partisan co-sponsors, including Tim Walz (D-MN) and Mark Pocan (D-WI).**

## Investing in Rural Communities: H.R. 3225 – the Save Rural Hospitals Act

Ensuring long-term health and sustainability of rural hospitals make fiscal sense. Critical Access Hospitals make up nearly 30% of acute care hospitals, but receive less than 5% of total Medicare hospital reimbursement. There are many rural hospitals in the Coulee Region. H.R. 3225 will stabilize rural hospitals by halting numerous reimbursement reductions, and providing commonsense regulatory relief, including the 96 hour hospital admissions rule.

**RECOMMENDATION: Support and co-sponsor H.R. 3225 and thank Representatives Glenn Grothman (R-WI), Ron Kind (D-WI), Reib Ribble (R-WI), Tim Walz (D-MN), and Mark Pocan (D-WI) for their co-sponsorship.**



# LIFO Accounting Method

LIFO, which stands for “last in, first out,” is an inventory accounting method used by many companies across multiple industries in the U.S. since the 1930s to determine both book income and tax liability. Primarily, LIFO is used to manage the cost of inflation. If inventory costs are rising, LIFO is a more accurate way of measuring financial performance and calculating tax. LIFO takes into account greater costs of replacing inventory, thereby giving a more conservative measure of the financial condition of the business and the economic income to which tax should apply.

LIFO is NOT a tax loophole, as some have claimed – it is an accounting method. If the business utilizes inventory that can go up and down in price on a consistent basis, LIFO accounting helps balance out that dynamic to ensure the business is getting an accurate measure of performance. If inventory costs are rising, using the LIFO method may mean less tax liability in a given year than under the FIFO (“first in, first out”) method. However, if inventory prices fall, the taxpayer would repay the LIFO benefit through greater tax liability.

Once a company elects to use the LIFO method, it requires IRS approval to change its accounting method. Taxpayers may not pick and choose between LIFO and

FIFO at a moment’s notice in order to get the best tax outcome. So, once a business decides to use the LIFO method, that business also assumes the ongoing risk of increased tax costs if fluctuating inventory costs go down.

## SITUATION

The Administration and some in Congress have suggested repealing LIFO as a way of reducing the federal deficit and increasing revenue without increasing taxes. However, abolishing LIFO as an accounting method would be discriminatory and retroactively increase taxes for hundreds of thousands of American businesses that have fluctuating inventory costs. The detrimental impact of LIFO repeal would reverberate across the economy as small businesses would be forced to take yet another blow from the government.

Repeal of LIFO would hurt American businesses. It would significantly hinder the competitiveness of U.S. businesses in the worldwide marketplace by placing a significantly increased tax liability on those companies that use LIFO.

**RECOMMENDATION: Take LIFO Repeal Off the Table: The LIFO Coalition Stands Together in Opposing New Proposal to Repeal Accounting Method.**

## Marketplace Fairness

The blending of the traditional and online marketplaces has become the new reality of 21st Century commerce. But one thing has not changed—when payment is rendered in exchange for goods, a sale has occurred. For those states with a sales tax, all of these purchases are currently subject to a tax.

## CONCERNS

Out-of-state sellers are not currently required to collect the sales tax, which means that the responsibility falls to consumers to report it to their state department of revenue. The playing field isn’t level for all sellers and states are unable to collect more than a fraction of the revenue that’s owed.

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# Gainful Employment

**G**ainful employment (GE) is intended to hold debt-to-discretionary-earnings ratio in alignment for students graduating with degrees or certificates and to ensure that they are finding jobs in their field.

## CONCERNS

Without Congressional intervention before this fall, U.S. Department of Education regulations scheduled to take effect as soon as this September have the potential to cause serious harm to our state/district in the form of lost commerce within the community, the potential loss of a significant number of higher educated professionals within the workforce, and quite possibly the loss of institutions and all of their employees that have served our community for decades.

## IMPACT

While Senate Health, Education, Labor, and Pensions (HELP) Committee Chairman Lamar Alexander and House Education and the Workforce (E&W) Chairman John Kline have stated publicly that a full reauthorization of the Higher Education Act, they both have expressed their intent to pursue a smaller package of Regulatory Reforms this year. In order to help ensure that efforts to repeal or modify GE are included in these bills we are requesting two immediate steps to support regulatory reform of the Gainful Employment regulations.

## RECOMMENDATION

### Short Term:

**Immediately Contact HELP and E&W Committee Leadership informing them of the dire consequences if repeal of, or at least some revisions to, the gainful employment regulations are not included in the soon to be developed legislation.**

### Long Term:

**Support of 25 higher education associations and organizations, including The American Council of Education (ACE), the National Association of Student Financial Aid Administrators (NASFAA), and many others. These organizations support S. 559 & H.R. 970 - The Equity in Education Act.**

We need a commerce structure that is vibrant, viable and equitable for everyone. The reality is that what was adequate 20 years ago is no longer effective in today's marketplace and today's technology and services make collection possible for sellers of all sizes.

**RECOMMENDATION: It is time to pass federal legislation that empowers states to update their sales and use tax laws to level the playing field for all sellers, protect states' rights, and make life simpler for consumers.**



# Persons with Disabilities

Organizations that work with people with disabilities continue to have issues arise that are of concern. Some of these concerns are generated through Overtime for Salaried Employees Proposal. The following concerns continue to arise.

## FOREMOST CONCERN

Proposals that limit employment and living options for people with disabilities.

## DEFINING PEOPLE WITH DISABILITIES

"People with disabilities" define a diverse population. They include people who may have a minor physical limitation such as a loss of a hand or leg function to those with multiple, severe challenges including developmental or intellectual deficiencies combined with dangerous behavior and physical challenges. The first and in most cases, the best choice for programming is community-based services that enhance independence. Believing that only community-based programming will support all of these individuals is a naïve position at best and creates a dangerous situation for those people with severe disabilities as well as for those who may come in contact with them. Programming options are needed to address the unique challenges of individuals with disabilities so they may have effective opportunities to gain independence or remain independent.

**We Oppose:** restrictions to work in skill development centers for individuals, who are not able to work in community-based jobs, but can work and be paid commensurate wages based on their productivity in center-based production positions.

### **We Support:**

- Person-centered planning that allows people with disabilities choices among a wide variety of community or center service options that fit their broad range of needs and preferences.

- Additional opportunities for individuals with disabilities to be competitively employed in community-based jobs.
- Support an increase in rates paid for services for people with disabilities. Flat reimbursement rates for many years have led to low wages, minimal skills training and thin organizational infrastructures to support workers who must assist people with disabilities. Rural areas are of particular concern where economies of scale do not exist.
- The 14(c) sub-minimum wage provision in the Fair Labor Standards Act. 2. Sub-minimum wage opportunities are highly regulated. Regular studies must be done to determine prevailing wages. Regular time studies must be completed to determine piece rate values. Individual performance must be assessed every six months. The 14(c) law allows people who could not keep up with other employees an opportunity to earn a wage and have pride in their accomplishment. At Riverfront, the average productivity rate is 10- to 20-percent for individuals who have not been placed in community employment, yet have center-based employment options. These are individuals, who have significant barriers to employment, benefit from employment training and experience offered by sheltered workshops.
- Visiting Wisconsin providers of services to people with disabilities to understand how community-based services work with center-based programs to support independent living and community integration.

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