

# Leadership Letter



A special bulletin for Illinois AFSCME leaders

Number 101

May, 2007

**Back to Square One** -- Despite the fact that Illinois corporations pay relatively little in taxes, business interests have been remarkably successful in tarring an attempt to make them pay their fair share of the costs for government services.

The proposed Gross Receipts Tax (GRT), aimed at companies taking in more than \$2 million annually, would raise desperately needed new revenue by establishing a new tax on corporate receipts. It's a sound plan—that's why AFSCME has endorsed it.

But scare tactics by the business lobbyists backed off potential support for the plan in the General Assembly based on false claims that the GRT would force Illinois companies to close or leave the state. Thousands of citizens, fearful of losing their jobs or having their communities disrupted, called, wrote, and visited their legislators to raise their objections to the proposed tax.

Fortunately, there are other alternatives to the GRT, because unless the next state budget has a massive infusion of additional revenue, the state's budget hole will only get deeper, and money to cover pension payments, hire more staff, provide raises for direct care workers, and to fund education and health programs simply won't be sufficient to meet the state's needs.

**Little Time Left** -- With only two weeks left before the scheduled end of the legislative session, there's lots of work still to be done to ensure that the needs of AFSCME members are addressed.

Thousands of members have written letters, made phone calls, and visited with legislators to drive home the message that more revenue is needed, but that effort must now intensify as the legislature approaches its projected deadline of May 31.

And if the legislative leaders can't fashion a budget that meets the needs of AFSCME members by that date, then the members of the General Assembly can do what AFSCME members are forced to do when there's work to be done -- they can work a little overtime.

**Heads I Win, Tails You Lose** -- At the end of March, Circuit City announced it was laying off 3400 of its employees because, according to the company, they were earning "well above the market-based salary range for their role."

Since there is no union contract to provide job security, the company planned to replace the laid-off workers "as soon as possible with employees who will be in the market range." Translation: they will be paid less.

A month later when Circuit City's Chief Financial Officer announced his voluntary departure, the company changed the rules on exercising his stock options, allowing Michael Foss to walk away with an extra quarter of a million dollars on top of his regular lucrative severance package.

**Merit Pay?** Emulate the private sector! That's the mantra of business leaders and editorial writers giving advice to public sector executives.

In 2006, a number of companies dumped their execs. After only 9 months at Radio Shack, CEO David Edmonson was fired for lying on his resume and was rewarded with \$1.2 million on his way out.

At Wendy's, CEO John Schuessler presided over poor sales during his five year tenure. His punishment? A \$5.8 million payoff, \$1 million per year of poor service.

And Bristol-Myers gave its CEO, Peter Dolan, an exit package of \$15.5 million because he was under federal investigation.

The union has represented a number of employees over the years who've falsified their applications, and others who've been investigated by federal authorities. The only thing management ever gave them was a boot out the door.

No wonder corporations don't want to pay taxes. They need the dough to pay their incompetents, and they have no shortage of them, either.

**Privatization Watch** -- According to the Richmond *Times-Dispatch*, the private prison in Virginia is having its problems.

At the private Lawrenceville Correctional Center, more than twice as many inmates were caught with drugs last year than at all other Virginia prisons combined.

Cell phones, which are considered contraband in the prisons, were four times more likely to be found at Lawrenceville than at a state-operated facility.

The one thing they have less of at Lawrenceville is officer pay. At \$20,176 annually, it's about one-third less than the \$29,340 the Virginia state prisons -- which are also non-union -- pay.

There's also trouble brewing in Texas. According to the *Dallas News*, Texas' attempt to replace state eligibility workers with privately run call centers resulted in people being improperly denied benefits, long waits to talk to a caseworker, and finally a termination of the prime contractor.

Advocates for low-income Texans blamed state legislators for believing that the private company could get the job done with 5000 less caseworkers than the state formerly employed and urged rehiring.

Sound familiar?

**April Elections** – A lot has already been written about the April municipal elections, but I want to take note of three AFSCME members who really made their mark.

In Fulton County, members of local 3433, led by President Trudy Williams, beat the oddsmakers and passed a referendum to raise taxes for the county's nursing home, which had been threatened with closure or privatization.

In Kewanee, Bruce Tossell, a member of AFSCME Local 801, won election as Mayor. He'll now be sitting across the bargaining table from his brothers and sisters in Local 764, which represents the Kewanee city workers.

And in Chicago, AFSCME member Joanne Thompson will be trading in her lieutenant's uniform at the County jail to suit up as a member of the Chicago City Council.

Congratulations to all!

In solidarity,

A handwritten signature in black ink that reads "Henry Bayer". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.