



Changing Times

Vol. 6, No.2 LOCAL 704 Newsletter

August 2006

Working to Reach the 500 Goal!



President's Corner

Dear Brothers and Sisters:

You may have noticed that despite talk about the Nation's economic growth and positive economic indicators, your own personal economy is not thriving and growing. All of us are paying more for energy (gasoline, electricity, heating costs, etc.). The cost of food and other necessities has risen as well. As Federal civilian employees can we even hope to keep up? It certainly becomes even more difficult when you have to fight each and every year for a decent raise from Congress. However, I do note that our salaries wouldn't have grown half as well as they have, if it weren't for the heroic efforts of the five full-time AFGE lobbyists walking the halls of Congress on our behalf. As a result of their efforts, AFGE has secured an additional increase of 7.4% in federal pay raises over the past five years.

Thank you Beth Moten and AFGE lobbyists!

Membership and Power

I wonder how much more could we accomplish if our membership rose by 30 percent locally? You ask, "How do we do that in the midst of such a tight economy and so many future retirements?" "How do we attract new members?" Well, a common theme to all volunteer organizations appears to be the lack of volunteers, not to mention the lack of members. But one thing we do know: **The best way to get people to join is to personally invite them!** Rather than writing about

how to convince people to join, tell me what their reasons are for not joining! I am interested in learning what objections you are hearing. Please send me an e-mail (AFGE.Region5@epa.gov) with the reasons for not joining AFGE that you are hearing from your friends and colleagues. I will work with the Rochelle Marceillars, AFGE Local 704 Executive Vice President for Membership and Organization, and the Executive Board to come up with reasonable, rational answers for your use.

Reasons for Not Joining?

Interestingly enough, here are couple of reasons for not joining that I've heard, that I would like to share with you now.

I don't like the fact that the Union spends so much time and money representing the "bad apples."

Answer: Each and every person is innocent until proven guilty, and has a right to "due process." Even if an individual has violated a rule or policy, that doesn't make her or him a "bad apple." Our experience has taught us that employees tend to get on the wrong side of their supervisor or management at the same time they are going through some personal tough times: a death in the family; divorce; financial struggles; health issues; etc.

The Union is not getting these so-called "bad apples" off, but rather ensuring that their rights to due process are upheld in the workplace. The Union is ensuring that all of us are treated fairly and equitably, and that employees are even given a second chance, along with a little compassion. The fact that the Union gets those "bad apples"

off might tell you something, e.g. perhaps management is not following the rules?

Duty of Fair Representation

In addition, both the private and public sector unions have a statutory legal obligation to represent bargaining unit employees (often referred to as the “*Duty of Fair Representation*”). What better way for corporations and government to tax a union’s resources, than by forcing it to defend everyone, without regard to membership status or compensation, ... while at the same time not allowing closed shops or making it extremely difficult to have a **union shop** (more on that below)?

Not a Real Union?

Here’s another one of my all-time favorites: “*You’re not a real Union because you don’t have the right to strike.*”

Answer: Well, first of all, please tell me who wants to go on strike and lose salary? Do you think that you will make up the lost salary once the strike is settled? Think again. Secondly, let me ask you whether or not a private sector union can strike any time it wants to? **The answer is no!**

No Strike Clauses

First of all, most collective bargaining agreements in the private sector contain “*no strike clauses*,” in which the union pledges not to strike during the term of the agreement. If the union violates that clause, it can be held liable for the costs of the strike. Alternatively, states oftentimes have laws prohibiting municipal or state workers from striking. As you recall, this recently happened in New York with the Transport Workers Union, Local 100. The Union was found in contempt of court and was ordered to pay a \$1 million per day fine. New York State has what is called the “*Taylor Law*,” which forbids public employees from walking off the job.

“Right to Work for Less”

Private sector unions also have severe limitations placed upon them due to the 1947 Taft-Hartley

amendments to the National Labor Relations Act (NLRA) of 1935. Taft-Hartley outlawed secondary boycotts and closed shops, while allowing individual states to outlaw union security clauses (such as the “**union shop**”) by passing “*right-to-work*” laws (**unions call them “*right-to-work-for-less*” laws**). Currently, all of the states in the Deep South and a number of States in the Midwest, Plains and Rocky Mountain regions have “*right-to-work*” (*for less*) laws.

Closed Shops

Taft-Hartley outlawed closed shops, which were contractual agreements that required an employer to hire only labor union members. **Union shops**, while still permitted, require new recruits to join the union within a certain amount of time, but only as part of a collective bargaining agreement (the employer has to agree to it upfront in the CBA) and only if the contract allows the worker at least thirty days after the date of hire or the effective date of the contract to join the union. An example of this would be the **Union shop** at Jewel Food Stores, with the United Food and Commercial Workers, Local 1546.

Presidential Authority to End Strikes

Taft-Hartley requires unions and employers to give sixty days' notice before they may undertake strikes or other forms of economic action, and gives the U.S. President the authority to obtain legal strikebreaking injunctions if an impending or current strike “*imperils the national health or safety*;” a test that has been interpreted broadly by the courts.

Types of Strikes Outlawed

Taft-Hartley outlawed: (1) **jurisdictional strikes** or union strikes in order to pressure an employer to assign particular work to the employees it represents; and (2) **secondary boycotts and common situs picketing** or actions in which unions picket, strike, or refuse to handle the goods of a business with which they have no primary dispute, but which is associated with a targeted business.

LMRDA

The Labor Management Reporting and Disclosure Act (LMRDA), passed in 1959, tightened the restrictions on secondary boycotts still further (particularly when it enacted new restrictions outlawing **hot cargo agreements**, which require an employer to cease doing business with other employers in some circumstances).

They Can Hire Replacements During A Strike!

As defined in the NLRA and court decisions, **during an economic strike** (a work stoppage whose sole cause is a union's unaccepted demands for higher wages, benefits, or other contract improvements), an employer can hire temporary or permanent replacements, to continue operations. When the strike concludes, temporary replacements must be dismissed to make way for returning strikers **but permanent replacements may be retained.**

An unfair labor practice (ULP) strike is a work stoppage wholly or partially caused by an employer's unfair labor practice, which is a violation of a rule derived from the NLRA. An employer is not permitted to hire permanent replacements during a ULP strike.

However, the NLRA does permit an employer to lock out the workforce in response to a union contract campaign activity ("**defensive**" lockout) or to exert pressure on the union to accept the employer's proposals ("**offensive**" lockout). In either lockout, under current law, **the employer may hire temporary replacements only.** When the lockout ends, workers must be restored to their original positions or their equivalents and replacements must be dismissed.

If Local 704 Can't Strike, What DO We Have?

What does AFGE Local 704 have rather than the "right to strike?" We have "official time" for officers, representatives and stewards, **which is unheard of in the private sector.** That is, the U.S. government pays the Union representatives', officers' and stewards' salaries and benefits. In addition, the U.S. government "*pays our rent,*" that is, provides Local 704 with office space,

equipment (computers, phone, and fax), etc. ***Again, this is unheard of in the private sector ...*** and talk about a dues increase! What if we all had to pay the GS salaries of our officers, representatives and stewards, as well as rent and equipment, etc.?

Finally, we have the Federal Service Impasses Panel (FSIP), which when it is properly staffed by fair-minded people, equitably decides negotiation impasses that otherwise would result in a strike in the private sector. Prior to using FSIP, we also have access to the Federal Mediation and Conciliation Service, as does the private sector unions.

My opinion is that, although having the ability to strike may sound like a powerful tool, it is not all it is thought to be. In addition, I believe we're not that bad off without it. If only we could get a fair-minded and labor-friendly administration ...

Stewards' Training Course

Kudos to Jeff Bratko for developing a new stewards training course! The training will be conducted here at 77 W. Jackson Blvd., by Professor Helena Worthen and staff of the University of Illinois, Chicago Labor Education Program. *The training will take place on Wednesdays in October (4th, 11th & 18th) and November (1st, 8th & 15th) of this year.* I personally am looking forward to participating in this training. I will request official time for each participant. **The training is open to Union Officers, representatives, stewards and stewards-in-training.** If you are not currently a steward but have been contemplating becoming a steward, now would be an excellent time to let me know. If approved by the Executive Board, you would then be able to participate in this training.

AFGE National Convention (Atlanta, GA)

I attended the AFGE National Convention, August 6-11, 2006. **AFGE National President John Gage** was reelected to another three years of hard work, leading the Federation in protecting the rights of Federal civilian employees. **Ms. Andrea**

Brooks will continue as our National Vice President for Women's and Fair Practices, promoting our shared values of equality and fairness for all. Finally, **J. David Cox** is the new National Secretary-Treasurer. **Congratulations to our leaders for the next three years.** *We pledge our support to AFGE and to NVP Andrea Brooks, NST J. David Cox and National President John Gage!*

Per Capita Tax Increase

The AFGE National Per Capita Tax was increased by \$2.00 per member per month, beginning in January 2007. That raises our monthly per capita to \$17.50 per member per month. To account for this increase, Local 704's dues will be raised to \$13.25 per pay period beginning in January 2007, or shortly beforehand, in accordance with our by-laws. On a yearly basis, our total dues amount to \$0.94 per day (365 days per year), a real bargain for what we get in return!

U.S. EPA/AFGE Locals Represented

AFGE Locals representing Boston, Chicago, Denver and New York were present at the Convention, along with our Council President, **Chuck Orzechoskie**. I hope that at the next AFGE National Convention in 2009, AFGE/U.S. EPA locals will be both better represented and will send more delegates, so we will have a greater say during the National Convention. In addition, I hope that AFGE Council 238 presents resolutions on human health and the environment for passage by the Convention, which would be publicized by AFGE afterwards.

AFGE Local 704 Swept Its Division!

AFGE Local 704 swept its division in the **Editor's Association Newsletter Contest Awards** (Division II – Locals with 200 – 500 members), with awards for General Excellence, Best Union/Feature, and Best Layout! **Special thanks to current and former Newsletter Committee members:** Dan Bakk, Sheri Bianchin, Bettye Carter, Ethel Crisp, Lisa Holscher, Rochelle Marceillars, John O'Grady, and Kathleen Swan! **Special congratulations to Jeff Bratko, Vice**

President, Labor Relations - Professional Unit, for writing the award winning "Best Union/Feature story!"

Great Guest Speakers

The delegates to the Convention were also treated to a number of wonderful speeches and guest appearances by: U.S. Representatives **John Barrow** (D-GA) and **Jim Marshall** (D-GA); **Cecil E. Roberts**, President of the United Mine Workers of America; **Linda Chavez-Thompson**, Executive Vice President, AFL-CIO; and **Reg Weaver**, President of the National Education Association.

AFGE Local 704 10th Anniversary

Local 704's 10th anniversary celebration is scheduled for Tuesday, October 31st. **AFGE National President John Gage** will be our keynote speaker.

Please enjoy this edition of the *Changing Times*, the award-winning Union newsletter!



**Next General
Membership Meeting
October 17, 2006
GSA Room 328
12:00 Noon**



Stewards' Report

*By Jeffrey J. Bratko
V.P. Professional Unit, Labor Relations*

Arbitration Decision in Region 5

In February of 2006, AFGE Local 704 arbitrated a case involving a bargaining unit employee who was terminated by management in July 2005. The employee was hired under the Federal Career Intern Program (FCIP) and was still in that program when terminated. The Union challenged

management's termination of the intern through the grievance process. When the grievance process failed to provide the relief we requested, the matter was taken to arbitration. A private attorney and Union stewards from Local 704 worked on the arbitration. The arbitration hearing lasted almost 4 days and 15 witnesses testified.

Arbitrator Rules on "Grievability"

On July 17, 2006, Arbitrator Ann Kenis issued her decision in the arbitration. One of the key issues she addressed was whether or not the termination of an FCIP intern can be grieved. Management had tried to get the entire arbitration dismissed based on its position that FCIP employees have no right to grieve their termination. The arbitrator looked at the language in the Master Collective Bargaining Agreement (MCBA) between the Agency and AFGE and concluded that "...the parties do not appear to have intended that an alleged discriminatory separation of an FCIP intern would be beyond the reach of the grievance procedure." The arbitrator went on to state "The right of an FCIP intern to fair treatment without discrimination based on disability is explicit in the CBA and in the applicable policies, regulations and laws cited by the Union as the basis for the grievance. This, in turn, means that the separation of the Grievant for allegedly discriminatory reasons presents an arbitrable dispute...."

U.S. EPA Believes Interns Do Not Have Rights

It may seem obvious to most of us that U.S. EPA's FCIP interns ought to have the right to challenge discrimination but, incredibly, ***U.S.EPA took the position that FCIP interns have no right to challenge discriminatory treatment.*** Hopefully, the decision made by this arbitrator will cause U.S. EPA management to rethink its refusal to recognize the rights of FCIP interns. It is hard to imagine why any fair minded organization would not want employees to be able to challenge discrimination.

Not a Total Victory – But We Appealed

Unfortunately, the Arbitrator did not agree with the Union's position that the employee was a victim of

prohibited discrimination. As a result she denied our grievance. However, because this employee stood up to management, other FCIP interns will have a better opportunity to challenge any improper treatment they experience. The employee, with the assistance of the Union and his own attorney, has appealed the Arbitrator's ruling to the Equal Employment Opportunity Commission, Office of Federal Operations.

Recent Arbitration Decisions in Regions 2 & 10

Two important arbitration decisions involving U.S. EPA and AFGE were issued recently. These decisions are important because, in both cases, the arbitrators had to interpret the language in Agency policy and the MCBA and determine if the Agency violated applicable policy and the MCBA.

Sick Leave Restrictions

On April 5, 2006, an arbitrator partially sustained a grievance filed by **AFGE Local 3911** (U.S. EPA Region 2 – New York). The grievance concerned a sick leave restriction that the Agency imposed on a bargaining unit employee. Among the requirements the Agency imposed, was that the employee had to present a doctor's certificate for future claims of illness.

Key Issue

The key issue was whether or not the employee was counseled and given a chance to improve his use of sick leave, before being issued a sick leave letter of requirement. The arbitrator found that although the supervisor informed the employee that his use of sick leave was unacceptable, the supervisor never informed him that he was considered to be guilty of abuse of sick leave. The arbitrator also found that the supervisor never informed the employee that if he did not improve his use of sick leave within a reasonable period of time, he would be issued a sick leave letter of requirement. Rather, the supervisor merely told the employee that he would be considered AWOL, if his leave practices did not improve. The arbitrator ordered that the portion of the sick leave restriction memo that required the employee provide a doctor's certificate be expunged from the

employee's employment record. That was an important victory because the Agency could have cited the requirement in any subsequent actions taken against the employee.

The decision is also important because it points out the fact that counseling concerning sick leave abuse cannot consist of mere statements that your use of leave is unacceptable. A supervisor must very clearly state that he or she considers your use of leave to constitute sick leave abuse. You must also be given an opportunity to improve before a restriction is placed on your use of sick leave.

Failure to Promote

On May 4, 2006, **AFGE Local 1110** (U.S. EPA Region 10 - Seattle, WA), received a decision in its arbitration over the failure of the Agency to promote a bargaining unit employee to a GS-14 position. In the Region 10 case, the Regional office used a nonstandard process to identify 9 employees who were eligible to be promoted to GS-14 positions. Using the inappropriate procedure, Region 10 promoted 8 of the 9 eligible candidates. The remaining candidate, who was not promoted, filed a grievance over the Agency's failure to promote him to a GS-14 position. The grievance was not resolved and ended up in arbitration.

The arbitrator described the dispute by observing that it was one of the most perplexing and difficult cases the arbitrator had faced in almost three decades as a practicing arbitrator. However, despite the complexity of the case, the arbitrator was able to conclude that the process utilized by Region 10 failed to protect employees from favoritism and discrimination, because it allowed Region 10 managers to select employees for promotion who they desired to recognize and reward rather than select job positions for upgrading. Although the arbitrator did not accuse managers of misconduct, he did observe that the process used by Region 10 would allow a manager to select for promotion an employee who was in favor with the manager, over a more deserving employee who was out of favor with the manager.

Although the arbitrator could not order the Agency to promote the grievant given the fact that the grievant's eligibility for promotion was based on a flawed and illegal process, he did order the Agency to cease and desist from utilizing its improper promotion process and that it make all future promotions either through a competitive process or through a job reclassification process.

This decision is important because Region 10 is now prevented from utilizing procedures that could result in promotions based on improper favoritism rather than merit. In addition, Region 10 management must now use proper procedures in the future when promoting employees.

Both these decisions would not be possible were it not for the active efforts of AFGE locals at EPA. It is because of efforts such as these that your rights in the workplace are being protected.



CEO Hall of Shame

CEOs at larger U.S. corporations on average earn \$430 for every \$1 earned by the average U.S. worker. Twenty-six years ago, CEOs received an average of \$10 for every \$1 earned by a U.S. worker.

Somewhere in that quarter-century, something went terribly wrong. CEO paychecks have morphed from compensation tools designed to motivate management to gluttonous buffets where executives graze on cash, bonuses, incentives, stock options, retirement packages, free cars, subsidized housing, corporate apartments, personal jets, free tax consulting, elite entertainment and dining on corporate tabs and personal security services.

William McGuire of UnitedHealth Group amassed one of the largest stock option fortunes of all time. Unrealized gains on these options are valued at \$1.6-billion, making McGuire the billion-

dollar man. It has been alleged that the timing of McGuire's awards may have been back-dated to make his options more profitable. UnitedHealth Group says it is looking into it.

It was good news when **Carly Fiorina** broke the glass ceiling for women to become CEO of a major tech company. But it was bad business for Fiorina to leave **Hewlett-Packard** with \$180-million over five years and a big going-away cash gift for a mediocre job of running the company.

Pfizer CEO Hank McKinnell ranks tops in a new study dubbed "*CEO Golden Years: The Top 25 Largest CEO Pensions*," done by the AFL-CIO and the Corporate Library, a corporate governance research group. Is McKinnell really worth \$6.5-million a year *after* he retires? And why should CEOs get such enormous payouts just as Corporate America sheds its obligations to provide pensions to its workers?

Then, there's **Ray Irani at Occidental**, another energy business. He made nearly \$173,000 a day, \$7,200 an hour or nearly *\$120 a minute* last year. Nobody is worth that!

A recent Corporate Library analysis shows **CEOs at 11 of the largest U.S. companies were on track to receive a total of \$865-million in pay, despite their presiding over an overall loss of \$640-billion in shareholder value.**

Oh, please don't forget to read about **Lee Raymond of Exxon Mobil** (see below: **Exxon's Earnings: No Apology Necessary?**). Talk about "golden parachutes," "golden handcuffs," etc. Call this one -- being "golden fleeced."



THE AVERAGE FEDERAL EMPLOYEE?

According to the Office of Personnel Management, the average federal employee most likely works for an executive branch agency, is 47 years old, rated

9.8 within the General Schedule and earns more than \$62,000 annually.

The average, annual base salary increased to \$61,714 in FY 2004, up 9.4 percent from FY 2003.

The total number of federal civilian employees decreased 0.1 percent between FY 2003 and FY 2004, leaving 2.71 million on the federal payroll. Since FY 2004, federal employment has decreased by another 258,000 employees.

The average federal employee's age increased to 46.8 years, up more than two years over the past decade. The average age has increased every year since 1994.

Men still dominate federal employment at 56 percent. The percentage rose one point from FY 2003 to FY 2004, but the percentage is the same as it was in FY 1994.

Progress has been made in employing minorities, who comprised 31.4 percent of the federal workforce in FY 2004, compared to only 28.5 percent in FY 1994.

The average employee ranks almost a GS-10, rating 9.9 in FY 2004. In 1974, the federal average was 7.9.

Civilian benefits cost the federal government \$56,631 in FY 2004, per employee. In FY 1992, the federal government spent \$33,788 on benefits.

The number of quality step increases declined between FY 1994 and FY 2004, from 60,919 to 51,643, but the QSI's average value rose from \$595 to \$979.

Time-off awards increased by more than 50 percent from FY 1999 to FY 2004.

The Factbook can be found at <http://www.opm.gov/feddata/factbook/index.asp>



America's Ballooning Debt

The U.S. economy is being kept afloat by a splurge in consumption that is being financed by awesome debt.

Americans carry an average of eight credit cards per household and pay interest charges of 19% to 25% on their balances.

Between 1990 and 2003 the number of people holding credit cards jumped by 75% -- from 82 million to 144 million -- but the amount actually charged exploded by 350%, up from \$338 billion to \$1.5 trillion.

Editorial Policy

To Our Readers: This newsletter is the voice of your Local 704. This is our media vehicle for bringing you, on a regular basis, the views and actions of the Local. Through the newsletter, we explain union policies and show how your dues are spent.

The newsletter is also the voice of the members. We welcome articles and success stories from members. However, we do not encourage the use of government time and equipment for submissions. All submissions should be received at the following address:

AFGE Local 704
ATTN: Newsletter
P.O. Box 0799
Chicago, Illinois 60690-0799

While we welcome your contributions, we ask that they be constructive. All articles should contribute positively to the welfare of this Union and all of its members. We will accept a thoughtful discussion of all related issues, and reserve the right to reply to those that seem to reflect a misunderstanding of the union and its policies.

We reserve the right to edit all submissions for layout and design. Articles indicating authorship reflect the views of the author, not necessarily those of the Editorial Board or the Local. Articles from any source are considered for publication by the Editorial Board. All submissions must be signed. We look forward to hearing from you.

Americans spend more than they earn.

For every \$1 that they earned in 2004, debt-engulfed Americans spent \$1.04. Their mantra became, "I shop, therefore I am."

Household Debt

Jumped from 50% of GDP in 1960 and 60% in 1980 to more than 95% at the end of 2005. "The top one percent of Americans in 2000 had as much

disposable (after tax) as the bottom 100 million, or 35 percent of the population."

Elderly Hurt

The debt and credit explosion hit many groups of Americans, but none more than the elderly. Those reaching retirement during the 2000s were less likely to own their homes than before. Those already over 65, said The New York Times, not only have the fastest-growing home debt but also the fastest-growing share of bankruptcy filings and the biggest growth in demand for credit counseling.

More and more of the elderly are in outright financial distress. One in seven households headed by someone 45 or older was considered heavily indebted in 2001 -- devoting at least 40 percent of their income to debt payments.



California Public Employees/ Retirement System (CalPERS) Takes Aim at UnitedHealth

Calling a \$2.4 billion stock option package "intolerable", the California Public Employees' Retirement System urged Minnesota-based UnitedHealth Group Inc. to revamp its executive pay practices.

CalPERS wants UnitedHealth officials to address concerns over stock options, including a \$1.6 billion grant to chief executive **William W. McGuire** and an apparent two-tier retirement package for McGuire. CalPERS wants to meet with UnitedHealth officials before the company's annual meeting.

"The (health-care) prices for all our members are going through the roof," said Rob Feckner, board president of CalPERS, the \$207 billion fund and the nation's third largest purchaser of health care. "People on the bottom end are paying for those salaries."



Exxon's Earnings: No Apology Necessary?

Exxon Mobil announced in March 2006, that it earned **\$10.3 billion in the fourth quarter of 2005**, up 23% from the same quarter in 2004.

The company's earnings for 2005 totaled \$36.1 billion, the most profitable year for any company in U.S. history. However, if we simply divide Exxon Mobil's net income by sales, we discover that the company reported a 10.7% profit margin in the quarter. Amazingly enough, that's probably a bit above the U.S. industrial average, but it is hardly remarkable. *At least, so say today's economists and business leaders.*

Generous Retirement Package

Exxon's retiring chairman appears to be reaping the benefits. **Mr. Lee Raymond is receiving** one of the most generous retirement packages in history, **nearly \$400 million**, including pension, stock options and other perks, such as a \$1 million consulting deal, two years of home security, personal security, a car and driver, and use of a corporate jet for professional purposes. Wow! Now I know why gas prices are so high?!

In November 2005, when he was still chairman of Exxon, Mr. Raymond told Congress that gas prices were high because of global supply and demand. Mr. Raymond also indicated that his 2004 bonus was over \$3.6 million. *Oh, excuse me ... let me correct the record.* **Corporate documents filed with the Securities and Exchange Commission revealed that Mr. Raymond's retirement deal included a \$51.1 million paycheck in 2005.** That's equivalent to \$141,000 a day, nearly \$6,000 an hour. It's almost more than five times what the CEO of Chevron made ... now that's something to complain about.



House Appropriations Subcommittee Recommends Deep Cuts for EPA and Interior

On May 4, 2006, the House Appropriations subcommittee with jurisdiction over budgets for the Environment Protection Agency and the Department of Interior voted on spending for fiscal year 2007. The Subcommittee's bill would provide \$25.9 billion overall to programs under its jurisdiction, which is \$418 million more than President Bush's request, but \$145 million less than current spending. The bill provides \$7.56 billion to EPA, \$55 million less than current funding but \$254 million more than the administration request.

EPA programs that would suffer the steepest cuts under the proposed spending plan are programs contained within the state and tribal assistance grants account, including the Clean Water State Revolving Fund (CWSRF). The spending bill provides \$3 billion to the State and Tribal Grant (STAG) programs, which is \$209 million below current funding, but \$207 million above the President's request.

While the subcommittee provided greater spending than the President's request for STAG, it followed the President's request for the CWSRF, which is funded at \$687.5 million, \$200 million below current levels. The subcommittee also followed the President's request for the Drinking Water State Revolving Fund of \$841 million (approximately the same as current funding).

During the subcommittee meeting, Ranking Member Norm Dicks (D-WA) stated that the proposed spending levels are "*roughly \$700 million below the levels necessary to maintain current services*" for programs covered under the bill. The bill now goes to the full House Appropriations Committee for approval. The Senate has yet to take up its version of the Interior/EPA spending bill.



WalMart – Part Two “The Pay Gap”

*CEO Compensation 871 times as high as
U.S. WalMart Workers, 50,000 times as much as
Chinese Workers*

WalMart company documents released April 15, 2005, revealed that CEO H. Lee Scott, Jr., made \$17,543,739 in total compensation in 2004 – nearly twice the average of \$9.6 million for leading U.S. CEOs as a whole. WalMart’s generous compensation for top executives contrasts sharply with the wages of the people who produced or sold the goods that earned the company \$10.3 billion in profits on sales of \$285 billion last year.

Pay for American WalMart Workers

Currently, according to WalMart, the firm’s full-time U.S. employees earn on average \$9.68 per hour. WalMart’s full-time pay rate of \$9.68 is about 37 percent lower than the national average wage of \$15.35 for production and non-supervisory workers. As a result of WalMart’s low wages, **many employees of the world’s largest company must rely on government healthcare, food, housing and other aid.** A study by Congress estimated that WalMart workers receive on average \$2,103 per year in federal subsidies alone.



*“The union demands are much too reasonable.
I need something I can reject out of hand.”*

Pay for Employees of WalMart Suppliers Because of its dominance in the global marketplace, WalMart has tremendous power to squeeze its

more than 68,000 suppliers, demanding that they cut costs to the bone. It is the thousands of developing country workers who produce goods for

WalMart’s shelves that bear the biggest brunt of the company’s vice grip on suppliers. WalMart claims that it requires its suppliers to follow all national laws in the countries where they operate and that they are developing monitoring systems to ensure compliance. According to one company report on its monitoring program, *“We [WalMart] also know our customers and stakeholders expect our merchandise to be made in factories where workers are treated fairly and have superior working conditions.” Really?*

Rampant Violations of Worker Rights

Watchdog groups charge that there are rampant violations of worker rights in factories that produce goods for WalMart shelves. An increasing number of WalMart’s suppliers are located in China, the source of about \$18 billion worth of goods imported by WalMart into the United States in 2004. **While WalMart workers in the United States fight WalMart’s underhanded union-busting tactics, in China WalMart workers face an official ban on independent unions.** A study by the National Labor Committee found that workers in China’s Guangdong Province who made toys for WalMart toiled as much as 130 hours per week for wages averaging 16.5 cents per hour (below the minimum wage) and no health insurance.

International Labor Rights Fund (ILR)

The ILR has documented similarly abysmal wages and brutally long working hours, often without legal overtime pay, in a number of other poor countries.

Bangladesh

In Dhaka, Bangladesh, workers reported earning about the same as those in China – 17 cents per hour. Workers related that they often worked 15 hours per day, seven days a week, without proper overtime pay, in order to meet WalMart’s production quotas. The ratio between the pay of

the WalMart CEO and these Chinese and Bangladeshi workers is about 50,000 to one.

Nicaragua

In Managua, Nicaragua, one of the countries that signed the Central America Free Trade Agreement (CAFTA) recently passed by the U.S. Congress, workers also complained of exceedingly long work hours. Some workers alleged that doors were locked and they were not allowed to leave the garment factory until the WalMart quota was filled. For this they made about 23 cents per hour.

Indonesia

In Bogor, Indonesia, one woman reported working 270 hours per month for about \$125 (46 cents per hour) as an employee of a WalMart contractor. The worker alleged that her manager had claimed that he couldn't pay overtime because WalMart did not pay enough to cover her legally-mandated wages.

Swaziland

In the small nation of Swaziland in southern Africa, garment workers in the city of Mastapha reported that their employer, a WalMart supplier, violated national overtime pay rules. WalMart's CEO made 16,000 times the 53 cent per hour wages of these Swazi workers

WalMart CEO Claims Profit Margin Too Low

In a two-page advertisement in the *New York Review of Books*, CEO Scott claimed that the company's profit margin per worker is too small to allow them to pay workers more. This argument does not consider that higher wages for WalMart workers would likely benefit the company through higher sales. Putting more money in the pockets of WalMart's 1.3 million U.S. employees could have an enormous impact on national consumer spending; including spending at WalMart. Better pay and working conditions for the company's developing country producers would strengthen their domestic markets.

Moreover, Scott's argument ignores the fact that at a company with more than \$10 billion in annual profits, pay decisions reflect corporate priorities.

Somehow or another, WalMart executives have found enough funds in their coffers for a media blitz to counter its critics. The firm ran full-page advertisements in 100 papers on the same day, in addition to airing expensive TV advertisements and gathering journalists from around the country at WalMart's Arkansas headquarters for a press event. Cutting their PR budget would be one way to free up money to raise pay for workers. Cutting executive compensation would be another.

Top Executives Make Out

During the past five years (2000 through 2004), the top five executives at WalMart made \$219,684,584. If instead they had received a still generous \$300,000 per year during those five years (\$7,500,000 combined), they could have taken the rest of their compensation and used it to double the pay for one year for nearly 200,000 workers making products for WalMart in China or given a \$5 per hour raise for one year to 20,000 U.S. WalMart workers.

Actually, You're Paying for WalMart Employees

In fact, WalMart's refusal to pay decent wages and provide affordable health insurance is costing taxpayers millions to provide health care coverage to WalMart workers. As employer-based health care declines, many working families have been forced to rely on public health care programs to secure coverage. ***The result has been exploding Medicaid costs that are breaking state budgets.***

Health Care Disclosure Act

Three states have enacted the **Health Care Disclosure Act**, which requires them to report which employers' workers are relying on taxpayer-funded health care programs to cover their families. Thanks to public pressure from the AFL-CIO, unions, and allies, 23 states total have issued public reports.

The reports show that WalMart's workers rely on public funds for health care more than employees from any other company. In at least 19 of the 23 states reporting, WalMart was the No. 1 employer with workers on the public health care rolls.

In **Washington State**, almost 20 percent of WalMart employees get their health benefits from the state. In **Arizona** and **Maine**, 10 percent got state coverage. In **New Jersey**, WalMart is the eight-largest employer, but it has more workers on the public health rolls than anyone else.

WalMart is the nation's largest employer, with 1.39 million workers in 2005. It rakes in profits at a rate of more than \$21,000 per minute. Its CEO earned \$17.5 million in 2005, and five members of the Walton family are on the list of the 10 wealthiest Americans. And the company has wrung at least \$1 billion in economic development assistance from state and local businesses in the past 20 years. ***Yet despite record profits, WalMart still refuses to provide decent health care coverage for its workers.*** The result is millions and millions of dollars drained from state coffers as taxpayers pay health care costs for many WalMart employees.

The good news is that lawmakers in more than 30 states are working to pass the ***Fair Share Health Care Act***, already enacted in **Maryland**. The legislation would make sure that large, profitable companies like WalMart pay their fair share of covering their own employees' health care in those states.



The Poor Get Richer?

Good News and Bad News

The good news is that income inequality in the U.S. -- after 30-plus years of steadily increasing -- may be decreasing. The bad news is why that trend is reversing. *It looks like another lesson in how profoundly a globalizing economy is upending what we thought we knew.*

Rising income inequality has settled comfortably into America's big economic picture as a reliable--and much lamented--mega trend. Starting around the late 1960s, U.S. incomes started to become more disparate. The trend was remarkably steady.

Recessions might slow it down or briefly reverse it, but mostly it just marched on.

While such a large tendency has many causes, the chief explanation centered on education and skills. The late 1960s were arguably high summer of the era in which a man with 12 years of schooling could work in a unionized factory or trade and earn a solid middle-class or even upper-middle-class income. Then began the age of the info-based economy in which higher education really started to pay. *The "skill premium" began growing dramatically.* The college graduate's income started beating the high school graduate's income by a wider margin every year--and income inequality began to swell.

That explanation makes sense, and the data support it. But now it appears just possible--based on the latest research available--that the whole chain of causation is falling apart. Wait before you cheer.

The evidence is in a new Fed study of family finances, the latest in a triennial series. It shows modest but clear signs of incomes converging rather than diverging. Between 2001 and 2004 (the most recent year for which data are available), incomes of the poorest 20 percent of families increased while incomes of the richest 20 percent fell. Basically, the poorest families' share of total incomes grew, and the richest families' share shrank. Incomes became just a little less unequal.

What could that trend reversal mean? The most obvious explanation seems highly counterintuitive: The skill premium, the extra value of higher education, must have declined after three decades of growing. The Fed researchers didn't pursue that line of thought, but economists Lawrence Mishel and Jared Bernstein at the Economic Policy Institute did, and they found supporting evidence in the new Economic Report of the President, issued within days of the new Fed survey. It cited Census Bureau data showing that the premium had indeed fallen sharply between 2000 and 2004. The real annual earnings of college graduates actually

declined 5.2 percent, while those of high school graduates, strangely enough, rose 1.6 percent.

That is so contrary to the conventional view of this major economic trend that it demands explanation. One possibility is that it's just a blip. Could be, but remember that 2004, when the readings started going haywire, was a year of strong economic growth, low unemployment, and rising productivity, offering no obvious reason to expect weird results.

The other main possibility is that something unexpected and fundamental is changing in the way the U.S. economy rewards education. We don't yet have complete data, but anyone with her or his eyes open, can see obvious possibilities. *Just maybe the jobs most threatened by outsourcing are no longer those of factory workers with a high school education, as they have been for decades, but those of college-educated desk workers.* Perhaps so many lower-skilled jobs have now left the U.S.--or have been created elsewhere to begin with--that today's high school grads are left doing jobs that cannot be easily outsourced--driving trucks, stocking shelves, building houses, etc., so their pay is holding up.



College graduates, by contrast, look more outsourceable by the day. New studies from the Kauffman Foundation and Duke University show companies massively shifting high-skilled work--research, development, engineering, even corporate finance--from the U.S. to low-cost

countries like India and China. That trend sits like an anvil on the pay of many U.S. college grads.

We need more evidence before concluding that we're at a major turning point in the value of education to American workers. But it certainly feels like one, based on what we can observe. *Higher education still confers an enormous economic advantage. Just not as enormous as it used to be.*

As for income inequality, pretty much everyone has always hated it, and its growth was a certain cue for hand wringing and brow furrowing. Well, it's not growing anymore. Because our best-educated workers are earning less, and the incentives for higher education may thus be declining, *the result could be a more uniform--and lower--standard of living.*



DON'T Get the Facts on Unionfacts.com

Unionfacts.com is a project of the Chamber of Commerce, according to an anonymous source which claims that, in a meeting of the State Chambers of Commerce National Conference held on Sanibel Island in Florida, *the State Chambers announced they were spending \$8 million a year to launch this anti-union campaign.*

Corporations are pooling their resources to fight back against workers' efforts to roll back corporate power. It's no accident that the Chamber and its members launched a major initiative as the AFL-CIO and its unions launched *Fair Share Health Care* in 30 states, helping record numbers of workers win unions outside the flawed NLRA process (e.g., Cingular), and taking on giant corporations, like WalMart. Unionfacts.com is a project of The Center for Union Facts which is run by Richard Berman of

Berman and Company. Here are examples of the types of campaigns they run:

Attacking **MADD (Mothers Against Drunk Driving)** on behalf of the alcohol industry, describing **MADD** as a group of "*professional fund-raisers*" who try to "*scare us away from even responsible drinking.*"

Representing the tobacco lobby against the **CDC (Centers for Disease Control)**, criticizing the **CDC** for its warnings about salmonella-related food poisoning "*For nearly three decades, [CDC] has been whipping up fear over food while remaining virtually unchallenged by the press or the scientific community. By generating more heat than light, [CDC] helps create fear . . . over . . . food products.*"

Other organizations reportedly attacked by Berman and his organizations include: Action on Smoking and Health; American Medical Association; Center for Food Safety; EarthSave International; Environmental Working Group; Friends of the Earth; Harvard School of Public Health; National Association of High School Principals; and the Surgeon General.

Berman's "*Guest Choice Network*" characterized former New York Mayor Rudy Giuliani's proposal to confiscate the vehicles of people convicted for drunk driving as a "*car-theft ring.*"

Berman has been quoted as saying "*...[There is a] lack of evidence that second-hand smoke causes cancer.*"

For further information on this organization, please consult the Washington Post, which did an expose on Berman and his organization: **The Escalating Obesity Wars** Nonprofit's Tactics, Funding Sources Spark Controversy *By Caroline E. Mayer and Amy Joyce*, Washington Post, Wednesday, April 27, 2005

<http://www.washingtonpost.com/wp-dyn/content/article/2005/04/26/AR2005042601259.html>



FOLKS ... IT DOESN'T LOOK GOOD!

In a June 8, 2006, Memorandum addressed to Assistant Administrators, the General Counsel, the Inspector General, and Regional Administrators, Lyons Gray, U.S. EPA Chief Financial Officer, presented some rather potential draconian measures regarding the FY 2008 budget process. In particular, the Agency's top management will be making decisions in the near future that will be:

"...critical, difficult, and will have long-term consequences. We must evaluate our programs across the Agency to identify priorities, reduce duplication, and identify opportunities for consolidation and streamlining."

Mr. Gray's memo calls for:

(1) proposals targeting FTE buyouts/early-outs for GS-12 thru GS-15; (2) Regional FTE realignments; (3) creating "Centers of Excellence;" (4) laboratory consolidations; (5) Centralized IT Service Consolidation Implementation Plan; and (6) long-term space consolidations.

When one reads Mr. Gray's memo alongside Deputy Administrator Marcus Peacock's May 1, 2006, Memorandum entitled, "ECO-REGIONS" (see below), I can only guess that there are serious plans underway to reduce not only the number of EPA laboratories, but also the number of Regional Offices.

Let's get ready to tighten our belts, folks. Maybe we should also fight this one in Congress? Are you willing??

