Government Matters

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Making the Grade: Access to Information Scorecard 2015

by Sean Moulton and Gavin Baker

A building block of American democracy is the idea that as citizens, we have a right to information about how our government works and what it does in our name.

The Freedom of Information Act (FOIA) requires federal agencies to promptly respond to public requests for information unless disclosure of the requested information would harm a protected interest. But implementation of the law since its passage in 1966 has been uneven and inconsistent across federal agencies.

This is the second year we have conducted a very detailed comparative analysis of the performance of the 15 federal agencies that consistently receive the most FOIA requests. Combined, these 15 agencies received over 90 percent of all information requests for each of last two years. We examined their performance in three key areas:

- The establishment of clear agency rules guiding the release of information and communication with those requesting information;

- The quality and “user-friendliness” of an agency’s FOIA website; and

- The timely, complete processing of requests for information.

The number of requests each agency receives, the complexity of the requests, and the number of staff assigned within an agency to process them varies widely and can impact performance.

The results of our analysis: eight out of 15 agencies improved their overall scores this year, and in each of the three performance areas, more agencies received the highest grades (A). But only two agencies improved their FOIA policy guidelines, and processing scores actually declined in eight agencies. **Ten of the agencies failed to achieve a satisfactory overall grade.**

Fulfilling the promise of full, timely public access to meaningful government information is an ongoing, complex process that requires leadership and commitment. The Obama administration, Congress, and agency leaders need to ensure that agencies have the staff and resources they need to process requests in a timely manner.

Our Report Findings:

- **A majority of agencies – eight – improved their overall scores from last year. Performance at most agencies is moving in the right direction.**

- More agencies received the highest grades possible (A) in each performance area than last year, with significant enhancements in websites, but timely request processing remains a challenge.

- The Department of Agriculture (USDA) was the top performer, with a B grade, and the Social Security Administration came in second with a B-.

- **Despite these improvements, federal agencies are still struggling to effectively and consistently implement public disclosure rules.**

- Ten of the 15 agencies did not earn satisfactory overall grades, scoring less than 70 out of a possible 100 points.

- The scores of five agencies – the Equal Employment Opportunity Commission, the Department of Health and Human Services, the Securities and Exchange Commission, the Department of Justice, and the Environmental Protection Agency – fell marginally.

Moving Forward:

- **Every agency will need to develop its own unique plan for improvement, given the differences in content and staffing, but each can learn from the strong performers and the best practices identified in this report. Excellence is possible.**

- The gold standard of a modern access-to-government-information system is proactive, online, interactive disclosure. Getting there will require resources and incentives; digitizing data takes time, planning, staff, and up-to-date technology.

- Congress has already introduced another round of FOIA improvements, and the American people can encourage their members of Congress to support these bills. These legislative reforms would push agencies to update their policies and programs.

- The Obama administration is currently working on uniform FOIA rules and a centralized online FOIA request portal. If these efforts are successful, we could see significant improvements in performance across numerous agencies.

Are U.S. Oil Refineries Prepared for Climate Change?

by Amanda Frank

It's been a bad month for oil refineries. The nationwide strike against unsafe working conditions and other unfair labor practices is in its fifth week, with more than 7,000 workers participating. Two weeks ago, an explosion at a Los Angeles refinery demonstrated the validity of the United Steelworkers' health and safety concerns, injuring four workers and raining ash on surrounding neighborhoods.

Now a new report from the Union of Concerned Scientists suggests that refineries and the communities near them face yet another unaddressed risk: climate change.

Many U.S. refineries are located in coastal communities: this includes 69 major oil refineries and an additional 50 oil and gas storage facilities. Climate change is causing rising sea levels and more extreme storms, including more intense hurricanes. These conditions allow storms to reach further inland, causing enormous destruction to coastal development – including oil refineries.

Damage to refineries can result in toxic chemical leaks that threaten ecosystems and public health. Physical damage to facilities can also disrupt economic production and lead to higher gas prices.

We are already seeing such impacts. The Meraux refinery in Louisiana was damaged during Hurricane Katrina, leaking 25,000 barrels of oil and contaminating over a square mile of a local neighborhood. More recent hurricanes have halted oil refining, hurting the local economy and causing surges in gas prices.

To view an interactive map of coastal refineries, click here.

Oil companies are failing to disclose the risks climate change poses to their refining operations.

In response to shareholder pressure, the U.S. Securities and Exchange Commission (SEC) issued a guidance document in 2010 recommending that all publicly traded companies disclose to their investors the potential impact that climate change could have on "personnel, physical assets, supply chain, and distribution chain." Most companies have ignored this guidance.

The Union of Concerned Scientists report examined the SEC filings of the five major oil refining companies operating in the U.S. and found that only one company even mentioned climate risks. Valero Energy Corporation operates seven refineries on U.S. coasts, Phillips 66 operates five, Exxon Mobil Corporation operates four, Marathon Petroleum Corporation operates three, and Chevron Corporation operates four near-coast refineries. Only Phillips 66 disclosed any physical climate risks in its SEC filings.

Oil refineries contribute significantly to climate change but are not working to reduce those impacts or to make their facilities safer in the face of rising sea levels and more violent storms.

The first step in oil companies taking responsibility for reducing the risks they create for local communities is admitting they exist. This means analyzing potential climate change impacts and then preparing for them accordingly. Companies should be transparent about the risks from these facilities so that local communities can also be prepared to deal with them.

And it is time for the Securities and Exchange Commission to move from guidance to a rule requiring companies to disclose these risks so that investors and the public are fully aware of the potential financial and human risks of their businesses.

Communities living near refineries already face polluted air and the risk of catastrophic accidents from the everyday operation of these facilities; more volatile weather increases the probability that such catastrophes will occur. Disclosure of these risks will be a step toward acknowledging the real costs of fossil fuel production and the urgent need to shift to renewable energy sources.

Walmart Workers to Earn $10 an Hour; Walmart Heirs “Earn” $445,776 an Hour

by Scott Klinger

Thanks to three years of organizing, 500,000 Walmart workers will soon get a raise.

Over the last three years, strikes and pickets by Walmart’s low-wage employees have steadily expanded. Last Black Friday, protests were staged at more than 1,000 Walmart stores across the U.S. Dozens of employees were arrested.

Late last month, the nation’s largest private employer finally responded by agreeing to raise its workers’ pay to $9 an hour by April and $10 an hour by next February. The announcement means half a million Walmart employees – almost 40 percent of the company’s U.S. workforce – will be getting a raise, including 6,000 who currently make the federal minimum wage of $7.25 an hour.

After the raise, the lowest paid full-time Walmart worker will be making $20,080 a year; the typical 28-hour per week part-time employee, $14,560. The poverty line for a family of three is $20,090.

Walmart’s exceedingly low-wage structure has forced many of its employees onto public assistance programs to supplement their earnings. Public nutrition, health care, and housing assistance provided to

Walmart workers cost U.S. taxpayers $6.2 billion a year, according to a 2014 study by Americans for Tax Fairness. Walmart's recent announcement will lower, but not eliminate, the subsidies the American people pay to Walmart.

Walmart's retired CEO makes $1,070 an hour, even while he sleeps.

By contrast, Walmart's former CEO, Mike Duke, earned $44 million in his last three years at the company's helm – $4,751 an hour assuming a 60-hour workweek – and left with a retirement package valued at $140 million. If Mr. Duke converted his golden nest egg to an annuity, he would receive a monthly check for $770,000 – $1,070 per hour around the clock, even while he is sleeping.

But wait, it gets even more unfair: the Walton heirs "earned" $445,776 an hour on the increase in the value of the stocks they inherited – in just the last five years.

Together, Walton's daughter-in-law, Christy, and children Alice, Jim, and Rob Walton own half the company's stock and had a combined net worth of $157.5 billion last year, an amount equal to the combined net worth of 42 percent of America's families. They occupy slots six through nine on the Forbes 400 list of richest Americans.

While low-income Americans struggled through the Great Recession, the Waltons have seen their combined wealth more than double since 2009 (when it was just $79.4 billion). If their wealth gain over the last five years was converted to an hourly wage, each of the four would have "earned," on average, $445,776 each and every hour for the last five years.

The good news: the race to raise the wage floor in the retail sector is on.

Walmart was not the first retailer to significantly increase pay for workers at the bottom of the pay ladder. Furniture retailer IKEA announced it would increase the average minimum wage of its U.S. workforce to $10.76 an hour – with workers in low cost-of-living areas getting a boost to $8.69 an hour, and workers in highest cost-of-living regions seeing their paychecks bump to at least $13.22 an hour.

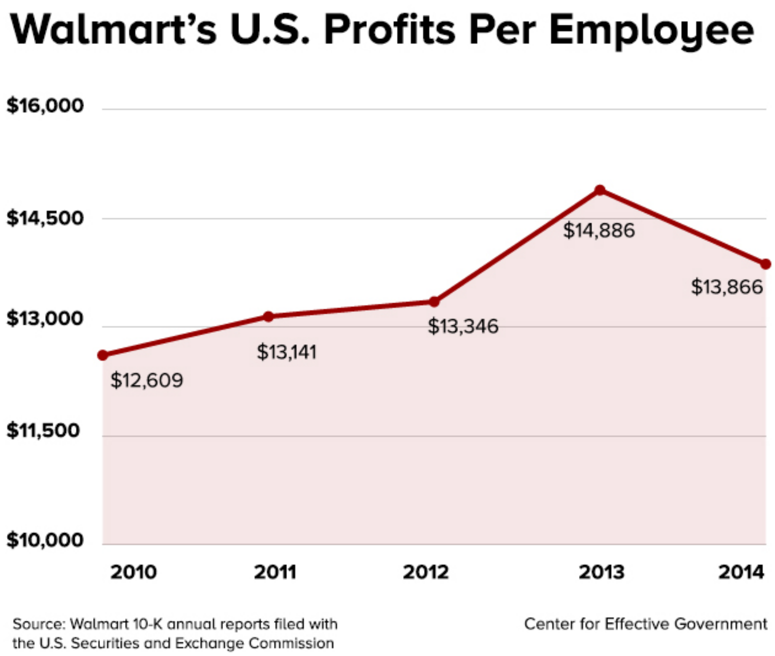
GAP also joined the wage-raising party last year, raising their workers' pay to $9 an hour in 2014, and $10 this year. Last month, health insurer Aetna raised the minimum pay for its lowest-wage workers to $16 an hour, which boosted pay for 12 percent of the company's workforce.

Costco, a direct competitor of Walmart's Sam's Club wholesale stores, uses a business model that stresses paying hourly workers well in order to keep turnover low. Costco pays its hourly workers an average of $20 an hour, far higher than the $11.39 an hour average for retail workers. Fewer than five percent of its workers leave each year.

Wal-Mart could do a lot more.

While Walmart's announcement is a step in the right direction, the company can and should do far more.

Today, Walmart generates pre-tax profits of $13,866 per employee in its U.S. operations. (Pre-tax profits are what remains after all of the expenses of the business – salaries, costs of merchandise, utilities, except taxes, are paid). Walmart's profits per employee are near the top of the retail industry. Moreover, Walmart's profits per employee have been trending higher over the last five years, having grown more than 10 percent since 2010.



Walmart also generates more profits from each employee's labor than most of its retail competitors.

Let's cheer for Walmart's wage announcement and then get back to pressuring the company to share more of its profits with the workers who have helped create such astounding wealth.

To learn more and support Walmart workers: Visit Making Change at Walmart.

What We Lose with a Privatized Postal Service

by Katherine McFate

This op-ed was originally published by OtherWords

America's founders recognized that commerce requires a common infrastructure.

Did you know that when you ship a package through Federal Express, the U.S. Postal Service often carries it the last mile?

Last year, the Postal Service delivered 1.4 billion packages for FedEx and UPS. In fact, it delivers the last mile for almost a third of FedEx packages. The 618,000 Postal Service workers also delivered nearly 66 billion pieces of first-class mail — that's more than 100,000 pieces per carrier.

The Postal Service can reach all 150 million American households because it's a ***public*** system that we've been investing in for over 200 years. Our Constitution tasked the federal government with creating a national postal system and told the Postmaster General to report to the president.

But in 1971, Congress made the service into an "independent agency" managed by a board of governors. And since then, it's been under attack by politicians who never met a public program they liked.

Yes, the rise of UPS, FedEx, and the Internet has created new challenges for your local post office. But the purported "fiscal crisis" is a manufactured one.

In 2006, Congress required the Postal Service — known as USPS for short — to "pre-fund" 75 years of its retirees' health benefits. This added $5.7 billion to its costs last year.

No other private company or federal agency has to pre-fund retirement health care benefits. If they did, many corporations would run huge deficits or tumble into bankruptcy. Without these retiree health payments, USPS would actually turn a profit.

Using the deficit created by this requirement as an excuse, the USPS board of governors is closing distribution centers, cutting worker hours, eliminating delivery routes, and slashing jobs. Over the past five years, USPS has cut 94,000 positions.

The job loss alone is a travesty, but a bigger principle is at stake.

Our nation's founders understood that a universal, affordable, and yes, ***public*** postal system helps knit us together as a nation. They recognized that commerce requires a common infrastructure and public institutions that belong to and benefit the entire country.

Instead of shrinking the Postal Service, we should build on it. That means, first of all, appreciating that the USPS can be much more than a delivery service.

In many small towns, the local post office continues to be a community hub, a place to meet neighbors and get news. And postal carriers don't just deliver letters — they often keep an eye on the elderly and homebound, and alert first responders if things look amiss.

They could do even more. The Postal Service's fleet of vehicles — the largest in the country — could be equipped to detect air pollutants and report potholes, water leaks, and other infrastructure repair needs.

Why stop there?

The USPS could raise tens of billions of dollars each year by reinstating post office savings accounts and banking services, which it efficiently provided for 55 years in the first half of the 20th century.

Customers received 2-percent interest on their savings accounts, and the post office loaned their money to community banks, which then made loans to local businesses. This virtuous circle benefitted the entire community. At its peak, 4 million Americans took advantage of these services, saving $36 billion in 2014 dollars.

Today, 34 million American families live in places without traditional banking services. High-interest payday lenders and check-cashing services charge low-wage working families in those communities an average of over $2,400 a year. Experts estimate that low-cost banking services could save American workers a trillion dollars a year.

Instead of selling off the assets we built together over two centuries, let's invest in our Postal Service — a public system that has served our nation since its birth.

Katherine McFate is the President and CEO of the Center for Effective Government in Washington.

Think Corporate Tax Cuts Create Jobs? Think Again.

by Scott Klinger

Nine million unemployed Americans want to work, but they can't find a job. Nearly seven million more are working part-time but want full-time work. We still have a job shortage in this country. Many in Congress think the solution is more corporate tax cuts.

The theory sounds nice: if a business owner has more money in his pocket, he will plough that money into business expansion and hire more employees. But it doesn't work that way in real life.

We took a look at large corporations with the highest and lowest effective tax rates between 2008 and 2012 to see how many jobs they created. What we found should be mandatory reading for those who argue that corporate tax cuts create jobs.

Companies with the lowest tax rates destroyed 63,087 jobs.

The 14 large corporations with the lowest tax rate – firms like General Electric, Verizon, American Electric Power, and Duke Energy – shed more than 63,000 jobs altogether, a 10.8 percent decline in their workforce over the five year period.

These low-tax firms collectively reported $107 billion in pre-tax profits, yet none of them paid federal income taxes between 2008 and 2012.

Now what about those with the highest tax rates? Those 14 firms – companies like Lowe's, Bed, Bath & Beyond, CVS, and JM Smucker – paid at least 32.9 percent of their $168 billion in profits in taxes between 2008 and 2012. And they created more than 115,000 jobs, a workforce expansion of 12.7 percent.

Conclusion: High corporate tax rates don't stifle growth or inhibit profitability.

Company	08-12 Tax Rate	08-12 Profits ($million)	2012 U.S. Employees	2008 U.S. Employees	Change in # of Employees 2008-12
LOWEST PAYERS					
Pepco Holdings	-33.0%	1,743	5,040	5,131	-91
PG&E Corp	-16.7%	7,035	20,593	20,050	543
NiSource	-13.6%	2,473	8,286	7,607	679
Wisconsin Energy	-13.5%	3,228	4,504	4,985	-481
General Electric	-11.1%	27,518	157,700	155,000	2,700
Center Point Energy	-8.5%	4,078	8,720	8,568	152
Integrys Energy	-8.2%	1,623	5,287	5,231	56
Atmos Energy	-7.7%	1,486	4,759	4,653	106

Tenet Healthcare	-6.0%	854	59,164	63,264	-4,100
American Electric Power	-5.8%	10,016	18,513	20,861	-2,348
Duke Energy	-3.3%	9,027	26,885	17,800	-915
First Energy	-3.0%	7,236	12,284	14,534	-2,250
Interpublic Group	-2.1%	1,305	17,600	19,000	-1,400
Verizon	-1.8%	30,203	179,262	235,000	-55,738
				TOTALS	**-63,087**
HIGHEST PAYERS					
Humana	37.1%	8,226	31,260	25,000	6260
Altria	37.0%	26,052	84,700	84,000	700
Lowe's	36.0%	14,846	244,820	216,000	28,820
Ross Stores	34.5%	4,319	57,500	39,100	18,400
Apollo Group	34.3%	4,766	42,064	36,418	5,646
Nordstrom	34.2%	4,394	60,800	55,000	5,800
Bed Bath and Beyond	34.0%	5,840	44,273	39,000	5,273
JM Smucker	33.9%	3,238	3,625	3,250	375
CVS Health	33.9%	27,319	280,000	280,000	0
Discover Financial Services	33.7%	11,709	13,009	12,800	209
Molina Health	33.4%	360	5,800	2,300	3,500

Centene	33.3%	601	6,800	3,100	3,700
WellPoint	33.1%	22,530	38,400	41,700	-3,300
UnitedHealth Group	32.9%	33,887	106,665	67,000	39,665
				TOTALS	**115,048**

Sources: Corporate tax rates and pre-tax profits come from *The Sorry State of Corporate Taxes*, Citizens for Tax Justice; corporate jobs numbers come from company 10-K annual reports filed with the U.S. Securities and Exchange Commission. Employment numbers for Lowe's and JM Smucker include small but undetermined number of Canadian employees. 2012 employment numbers are adjusted to reflect major acquisitions and divestments between 2008 and 2012. Merger-related employment data came from both company press releases and general media articles.

Special tax rules allow corporations to kick their tax obligations down the road.

Most of the low-tax firms benefitted from the special bonus depreciation rules enacted as a part of the Recovery Act after the Great Recession. These rules enable companies to write off the cost of new investments in equipment more quickly than they otherwise would. The result: they are able to put off for years (or even decades) the taxes they would normally owe.

Policymakers provided this business incentive to keep the economy from declining further, and it was intended as an emergency measure in a dire situation. But as so often happens, this "temporary" corporate tax break has continued even as the economy recovers. Congress last extended this policy in December for another year, and a contingent of lawmakers would like to make it permanent. If Congress continues renewing this costly and ineffective corporate tax break, it will cost the country $244 billion over the next decade.

That lost revenue means we haven't been investing in public needs like roads, bridges, water systems, or quality education. Investing public money in infrastructure and education would create far more jobs than corporate give-backs.

Corporations are sitting on mountains of cash, but they aren't investing it in new jobs.

U.S. corporations continue to report record profits, but if they are not investing their profits in new products, new markets, and new jobs, what are they investing in? Mostly they've been buying back their own stock, which does nothing to help the economy grow or to create jobs. Since 2004, corporations have spent 54 percent of their profits buying back their own stock. Stock buy backs increase stock prices, creating a windfall for corporate executives whose pay is increasingly linked to stock performance. Stock buybacks started growing after 1982, when the Securities and Exchange Commission relaxed rules governing stock price manipulation. Before this, CEOs were afraid to buy back company stock because they might have been prosecuted as stock manipulators.

We could bring back old rules that encouraged companies to invest in workers and jobs.

Another change that has simultaneously encouraged lower corporate tax payments and less domestic job creation came in the 1986 reform of the U.S. tax code. From 1909 until 1986, corporations paid a 15 percent tax on excessive piles of cash they allowed to build up on their balance sheets. Congress wanted to encourage corporations to either distribute cash to workers in the form of higher wages, to shareholders in the form of dividends, or to reinvest the funds in new products, markets, and jobs.

Corporations hated this rule and lobbied hard to change it. In 1986, they succeeded with a law that excluded profits held offshore from the tax on undistributed profits. The race was on, and corporations began building cash hoards overseas, often in tax haven nations. U.S. corporations have been moving a reported $2 trillion in profits to countries like the Cayman Islands. We can rewrite the rules and end this loophole, which costs the nation $90 billion a year.

The bottom line: there's no relationship between tax cuts and job creation.

Examining these 28 large companies, we find no relationship between tax rates and job creation. In fact, if we were only looking at this sample of companies, the evidence would suggest higher taxes lead to more job creation. But we all know that many factors shape a company's expansion decisions, and we know that asserting a relationship doesn't make it real.

Accepting assertions like “cutting taxes creates jobs” without critically examining the evidence behind them leads to dangerous policies that transfer public wealth into the pockets of CEOs and wealthy corporate shareholders, precluding the possibility of instead investing in public assets like infrastructure and education that would benefit us all.

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