STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

Wisconsin Department
of Employee Trust Funds
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Correspondence Memorandum

Date: September 10, 2019

To: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

From: Cheryllynn Wilkins, Board Liaison
Office of the Secretary

Subject: Board Correspondence

This memo is for informational purposes only. No Board action is required.

The Department of Employee Trust Funds occasionally receives correspondence on behalf of the Employee Trust Funds (Board) regarding proposed or recent changes to the Wisconsin Retirement System and other benefits.

Since the June 20, 2019, Board meeting, the following communication has been submitted for the Board's consideration:

1. June 15, 2019 – Mail Correspondence[1]
2. August 23, 2019 – Mail Correspondence
3. September 2, 2019 – Mail Correspondence

Correspondence for Board consideration is welcome via email to BoardFeedback@etf.wi.gov or postal mail to Department of Employee Trust Funds, c/o ETF Board Liaison, P.O. Box 7931, Madison, WI 53707-7931.

Staff will be at the Board meeting to answer any questions.

[1] The correspondence is not being made available to the public on the ETF website. The correspondence constitutes a medical record as defined in Wis. Admin. Code ETF s.10.01 (3m) and provides protected health information covered by the Health Insurance Portability and Accountability Act (HIPAA).

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary
Pamela L Henning
Electronically Signed 9/16/19

Board	Mtg Date	Item #
JM	9.19.19	4F

CC19-041

Fiduciary Duty Of "Political" Corporations?

RECEIVED
EMPLOYEE TRUST FUNDS
2019 AUG 26 AM 9:19

From: james pawlak (jamespawlak1@yahoo.com)

To: tgerstein@law.harvard.edu

Cc: jsbiz@journalsentinel.com; info@brt.org; wsj.ltrs@wsj.com; cavuto@foxnews.com; milwaukee@bizjournals.com

Date: Friday, August 23, 2019, 10:10 AM CDT

<https://thehill.com/opinion/finance/458525-major-companies-have-to-prioritize-workers-in-new-corporate-missions>

8706 West Oklahoma Ave. (#255)
West Allis, WI 53227
USA
(414) 545-1884

Greetings:

After reading the above-cited offering some questions came to my mind.

Are corporations which enact the policies-and-programs you and Ms. Flanagan support are acting in accordance with their fiduciary duty to their share holders?

Have you considered the financial interests the millions (Myself included) of *workers* whose retirement plans-and-incomes are invested in such companies?

Could such workers (*ie* As individuals or, more likely, through the managers of their retirement programs, bring *very costly*, judicial, actions against such corporations (*ie* Even against their CEOs and Board Members *as individuals*) for failing to comply with such fiduciary duties?

Curiously yours,
James Pawlak

cc Ms. Jane Flanagan
Et. Al.

THE HILL

Major companies have to prior workers in new corporate miss

BY TERRI GERSTEIN AND JANE FLANAGAN, OPINION CONTRIBUTORS — 08/23/19 10:00 AM EDT
THE VIEWS EXPRESSED BY CONTRIBUTORS ARE THEIR OWN AND NOT THE VIEW OF THE HILL

© Getty Images

The Business Roundtable, made up of the chief executive officers of nearly 200 major corporations, has announced what could be a seismic shift. It issued a statement proposing that instead of focusing solely on traditional shareholders, a reimagined corporate mission should take into account consumers, workers, communities, and the environment.

Many questions remain about this pledge signed by household names like Amazon, Apple, Boeing, FedEx, Fox News, and Marriott. Will they convert these words into action or is this a public relations move responding to the mood across the nation? Is it possible to prioritize all the interests of these stakeholders simultaneously? Are more benevolent corporations what society needs or, as shareholder groups and others have argued before, do we instead need an effective and empowered government?

Along with these questions, it is important to imagine after decades of shareholder primacy what a corporation 2.0 would actually look like for workers. The statement commits the signatories to investing in workers, paying fair compensation, providing important benefits, training and education, and fostering diversity and inclusion. As a skeletal vision of principles, this is a good start. But putting this statement into action would require some profound changes by the signatory businesses. Consider what it would it look like to put some flesh on these bones.

Corporations would pay not just the minimum wage, but a living wage, as well as providing robust health insurance, retirement benefits, and paid

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leave, among other things. This new corporate vision would also include taking a hard look not only at direct employees but at how the company engages with subcontractors, labor providers, temporary workers, and other businesses in its supply chain. Many signatories like Amazon contract out some important aspects of their businesses. A reimagined corporation would take responsibility for the people performing core aspects of their work. It would also refrain from doing what FedEx and others have done by restructuring jobs so that workers who were previously employees are now treated as independent contractors.

A reimagined corporation would invest in training and allow workers to use it. It would provide meaningful pathways to advancement and career tracks. Too many jobs these days lead to nowhere, partly because of the fissured workplace. A janitor working at Eastman Kodak back in the 1980s could have the chance to move up in the company, but a janitor for a cleaning subcontractor for Apple today frankly has nowhere to go.

A reimagined corporation would certainly not force its employees to sign arbitration agreements as some companies like Best Buy do. Arbitration favors employers and bars workers from vindicating their rights in court. Ending it would also be an important step toward diversity and inclusion, since its secrecy has prevented sexual harassment and discrimination from being addressed at companies like Fox News among others.

If workers were truly stakeholders, then companies would give more weight to worker interests and explore all possible alternate solutions when a downsizing or relocation is under consideration. They would not, as Boeing did, relocate jobs to avoid an active union. A reimagined corporation would take a different approach to lobbying. It would not reflexively oppose legislation like minimum wage increases or expanded overtime, but rather would stay quiet or actively support such measures. After all, with better universal standards, employers who take the high road can more easily compete with those that pay the bare minimum.

But perhaps most importantly, a reimagined corporation would not fight tooth and nail against workers who take collective action or organize into unions. It would not produce training videos against unions, as Amazon did, or play hardball with workers who go out on strike, like Marriott did. Most developed countries have less adversarial labor relations than the United States. After all, companies and their workers share an interest in the success and prosperity of their businesses. At their core, unions are simply a method for workers to have and raise a collective voice.

These examples of actions against workers taken by signatories are not unusual or outliers. They are common examples of how many mainstream American businesses have long operated, underscoring the hard truth that putting the Business Roundtable statement into practice will require serious fundamental changes. Signatories will need to adjust operations, shift shareholder and management expectations toward an equitable sharing of the spoils, and provide workers with a voice at the table.

These ideas should not make business leaders across the nation feel uneasy. They are not radical reforms and the sky will not fall if they are implemented. The choice between treating workers well and running a profitable business is a false dichotomy. There are companies who have actively chosen to invest in their workforce as a conscious operational decision, not an act of charity, and they have done just fine. It is true that things will look different if workers get a seat at the table and a bigger slice of the pie. But in the end, it will be a healthier future for everyone.

Terri Gerstein leads the state and local enforcement project at the Labor and Worklife Program of Harvard University Law School and is the former labor bureau chief in the Office of the New York Attorney General. Jane Flanagan is a government leadership fellow at Open Society Foundations and visiting scholar at the Chicago Kent School of Law. She is the former workplace rights bureau chief in the Office of the Illinois Attorney General.

TAGS GOVERNMENT AMERICANS ECONOMICS CAPITALISM BUSINESS UNIONS LABOR POLICY

THE HILL

I Am Profiting Corporate America

From: james pawlak (jamespawlak1@yahoo.com)

To: jsedit@jrn.com

Cc: guy.bolton@jrn.com

Date: Monday, September 2, 2019, 10:18 AM CDT

<https://www.jsonline.com/story/money/business/2019/08/30/should-corporations-focus-only-increasing-profits-stockholders/2150490001/>

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TO THE EDITORS, THE *MILWAUKEE JOURNAL SENTINEL*:

I and millions like me have put some of the money earned by the physical and mental "sweat of our brows" into those retirement funds/programs which are, in large part, based on investments in corporations. We millions of your fellow Americans, in our later years, depend on the profits and grown-in-value of shares to provide us with a reasonable retirement income.

Maintaining that income (And providing a defense against inflation) is a (The?) core social responsibility of the boards and officers of corporations.

I must wonder if your quoted experts know how many of my fellow, retired, Americans depend on those profits and growths-in-value.

That ***fiduciary duty*** was not addressed in the above cited article.

Exactly yours,
James Pawlak