

SEARS TAKES TAX CREDIT AND STILL PLANS LAYOFFS



As some of you may already know the Sears Company, which owns both Sears and K-mart stores, is in some serious financial trouble. The company was recently downgraded by Standard & Poor's to a level of credit rating that qualified as junk. The company is expected to show a pitiful fourth quarter earning, one that is actually going to be about, or even less than, half of the numbers that they showed in the same quarter in 2010, according to information released by the company. Even the Christmas shopping season, which is usually a freebie on profits for most retailers did not help the chain to get out of its slump. The company's pre-holiday shopping revenues were actually down by just over five percent. When you consider that K-marts were open both on Thanksgiving Day and in many locations on Christmas Day itself these losses are actually compounded, as workers who manned the stores had to be paid for days the store would normally be closed. If that sounds like a company teetering on the brink, and badly in need of a break, then you would be right. Late last year the company used what little pull it still has, jobs, in order to convince its home state to give them a tax credit. The tax credit, which totals about \$150 million, was given to Sears in order to keep their corporate headquarters in the state. The company was threatening to move, and take its jobs, out of Illinois and into Ohio. The company took the deal in December, and this week they are announcing layoffs. Chris Brathwaite, a spokes person for Sears, released a statement announcing that the company was ready to layoff about 100 workers. Interestingly enough, these layoffs are still within the scope of their deal. The company will, after this round of cuts, employ about 6,100 workers. In order to keep their tax credit the company only has to keep 4,250 positions at their headquarters. That means that under the terms of this agreement the company will be able to layoff just under 2,000 workers and still keep the \$150 million. The message from the office of state Gov. Pat Quinn to his people is basically that it could have been worse if the credit was not given. The official statement that a representative from his office made to a local reporter for the **NW Herald** was the following, "We're not happy with this news today. We're not happy when any corporation cuts jobs. But the bottom line is that the package protected 6,000 jobs and staved off job losses that would have been much, much worse." The current cuts will come from workers in a variety of departments, and the company is not releasing a great deal of information about who will be cut and what kind of severance, if any, they will be eligible for. We do know that these will not be the last of the layoffs, as the company is planning to close between 100 and 200 stores in the near future.

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