

# Congress of the United States

Washington, D.C. 20515

September 13, 2018

Mr. Doug McMillon  
President and CEO  
702 SW 8th St.  
Bentonville, AR 72716

Dear Mr. McMillon:

As elected representatives of Americans from across the country who are deeply concerned about the health of the retail industry and the jobs it provides to millions of American workers, we are writing to inquire about the impact of H.R. 1, the Tax Cuts and Jobs Act (TCJA), on your business plans and the workers you employ.

Although we did not support that bill, we participated in the debate and heard its proponents claim repeatedly that it would incentivize employers to give their workers a big pay hike, increase domestic investment, end outsourcing and significantly expand job growth. Although its tax cuts primarily benefit corporations and wealthy individuals, the bill's advocates claimed it would improve the economic well-being of middle-class workers by providing wage increases and better benefits.

Walmart supported the bill, but it is not clear how your corporation is using your expected \$2.2 billion in annual tax cuts to help your more than 1.4 million workers in the U.S. In January, you announced bonuses of up to \$1,000 for hourly employees and a \$1.00 raise in your starting wage to \$11 an hour, citing the tax law as motivation: "The President and Congress have approved a lower business tax rate," you wrote, "So, we're pleased to tell you that we're raising our starting wage to \$11 an hour for Walmart U.S., Sam's Club, Supply Chain, eCommerce and Home Office hourly associates effective in February." We note that a Walmart hourly employee making \$11 an hour who works 34 hours a week, the company's definition of full time, earns only \$19,501 per year—below the federal poverty line for a single parent with two children.

At the same time, we learned of negative impacts on Walmart workers, specifically lay-offs of up to 11,000 employees due to the closing of 63 Sam's Club locations. Additionally, we have heard that the starting wage increase is not distributed up and down the wage ladder at the company and may have been more likely due to pressure to comply with 18 states that have already increased their minimum wages in January. Moreover, it was largely lost in media reports that an employee would need 20 years of service to collect the full \$1,000 bonus, and given the tremendously high turnover at your company, the average bonus pay out was closer to \$400. Your closure of 63 Sam's Club stores and lay-offs of 11,000 people, we note, occurred during that same time period, clearly denying those workers any bonuses or wage increases.

We also took note of the announcement last October, when a big corporate tax cut looked like a fair bet, that the Walmart Board of Directors had authorized \$20 billion in stock buybacks. Such repurchases—which artificially raise the company's stock price—overwhelmingly benefit wealthy shareholders and top executives.

A recent SEC filing reveals that the CEO-to-median-worker ratio at Walmart was an astonishing 1,188 to 1, and that the majority of this compensation comes in the form of stock options, rather than salary. The Roosevelt Institute recently released a report estimating that if Walmart had directed \$10 billion towards

worker salaries, hourly worker compensation could have been increased by more than \$5 per hour, which would transform the lives of many of these workers and provide a living wage.

Further, there are media reports that indicate you recommended against shareholders creating an employee stock ownership program so that workers could share in the company's success, a proposal which was voted down this year at your annual shareholders meeting. In addition, the United Food and Commercial Workers (UFCW) International union has provided us with hundreds of Walmart worker testimonies showing the hourly pay rate as far below the company's claim of an average wage of \$13.79 for hourly associates. A 2014 report by Americans for Tax Fairness finds that because many Walmart workers are paid so low they rely on government assistance programs to survive, U.S. taxpayers pay an estimated \$6.2 billion annually in welfare for Walmart workers. For example, in Louisiana, dependents of Walmart workers comprise the largest pool of recipients for the state-funded children's health insurance program (CHIP).

This year alone, your company profited \$9.9 billion, of that, one-third will be paid to the Walton family and \$22.8 million will be given to you in compensation, while many Walmart workers continue to struggle. UFCW has also provided testimony from Walmart employees struggling with stagnant wages, inadequate benefits, irregular and unfair corporate scheduling, the elimination of holiday pay, and the daily impacts of trying to survive on a Walmart wage. In addition, half of your 1.4 million U.S. workers are part-time, hourly associates and still do not receive any maternity or parental leave benefits, and any associate averaging less than 30 hours per week has no access to employer-funded healthcare.

To get an accurate understanding of how the Tax Cuts and Jobs Act has impacted your business decisions and Walmart employees, we would appreciate answers to the following questions:

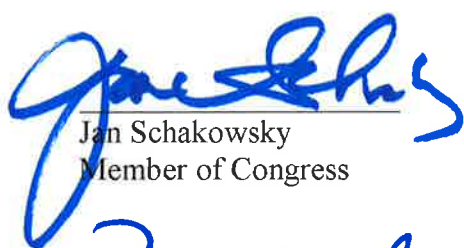
1. Does Walmart's minimum wage of \$11 an hour apply to part-time workers?
2. When was the decision made to raise the minimum wage to \$11? Was the decision due to the TCJA or due to competitive pressures and low unemployment?
3. Did Walmart workers earning at or above \$11 an hour receive a wage increase? If so, was it due to the TCJA?
4. Do you have additional plans to further raise wages?
5. Do you have additional plans to close more Sam's Clubs or other Walmart retail stores?
6. Have you reduced Walmart's outsourcing levels as a result of the Tax Cuts and Jobs Act?
7. What role did the TCJA play in your recent stock buybacks announcement?
8. Do you have plans for additional stock buybacks?
9. What, if any, role did the TCJA play in the compensation committee's discussion at the May 30<sup>th</sup> meeting?
10. Why did you oppose the proposal to create an employee stock ownership program at your most recent shareholder meeting?
11. How much of the reinvestment into the company (capital stock, machinery) that you promise will come from the TCJA tax breaks do you expect will be directed into technologies to surveil and monitor employees, as opposed put into capital investments that boost productivity by enhancing job security and worker safety?

12. Since you were appointed by President Trump to his Strategic & Policy business advisory council<sup>1</sup> and participated in his “Women in the Workforce” discussion earlier this year<sup>2</sup>, what conversations did you have with The President regarding corporate tax cuts leading up to the TCJA announcement?

We recognize that even before passage of the Tax Cuts and Jobs Act Walmart has taken some steps over the past years to raise wages, improve benefits, and invest in worker training and retention. We hope those efforts will continue. However, we hope you will provide comprehensive answers to our questions about the impact of the new tax law on your employment practices. As the nation’s largest private employer, and one of the leading employers of women and of people of color, Walmart’s policies have a profound impact on the labor market.

We respectfully request that you answer us no later than September 28<sup>th</sup>, 2018.

Thank you,



Jan Schakowsky  
Member of Congress



Mark Pocan  
Member of Congress



Raúl Grijalva  
Member of Congress



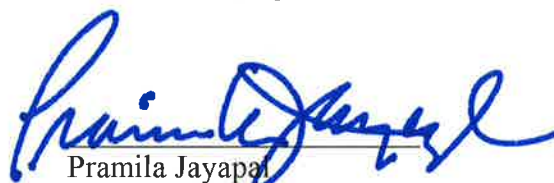
Rosa L. DeLauro  
Member of Congress



Gene Green  
Member of Congress



Brian Higgins  
Member of Congress



Pramila Jayapal  
Member of Congress



Marcy Kaptur  
Member of Congress



Barbara Lee  
Member of Congress

<sup>1</sup> <http://thehill.com/blogs/blog-briefing-room/news/346654-walmart-ceo-wont-resign-from-trump-advisory-council>

<sup>2</sup> <http://time.com/money/4659450/men-advise-trump-women-workplace/>



Eleanor Holmes Norton  
Member of Congress



Bobby L. Rush  
Member of Congress



Tim Ryan  
Member of Congress



Mark Takano  
Member of Congress