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Making Change at Walmart Responds to Walmart's Wage & Benefit Changes

Walmart's Public Relations Stunt Comes on Same Day It Lays off Thousands

Washington, D.C. -- In response to Walmart's [announcement](#) that it plans to raise its starting wage to \$11/hour beginning in February and give bonuses to some of its workers – a measure the company directly [attributes](#) to Trump and Congress lowering corporate taxes – Making Change at Walmart director Randy Parraz has issued the following statement:

“While pay raises are usually a good thing, this is nothing but another public relations stunt from Walmart to distract from the reality that they are laying off thousands of workers and the ones who remain will continue to receive low wages. The fact is that Walmart is not permanently investing the estimated \$2 billion it will receive annually from Trump's tax giveaway to its workers – it is keeping almost all of it. This announcement is attempt to repair a crumbling image, while ignoring thousands of its workers who struggle year after year to pay their bills or depend on government assistance.

Once you crack the veneer, you see that Walmart's wage increases does not raise hourly wages for many of its workers. Hourly wages for those workers making above \$11 dollars will essentially stay the same. Workers will get a one-time bonus or raise, but not both.

Instead of taking Walmart at its word, we would hope that the Members of Congress, civic and state leaders, and the media, ask Walmart for actual facts about what this means for workers. Empty words will not lift Walmart workers out of poverty, an actual living wage will.”

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Background:

- In December, President Trump signed the Tax Cuts and Jobs Act, cutting the corporate tax rate from 35% to 21%, beginning this year.
- During the previous fiscal year, Walmart [paid](#) an effective tax rate of 30%, about the retail industry [average](#). Assuming Walmart pays a rate of 21% going forward, that would represent savings of nearly a third, or about \$2 billion every year from now on.
- The announced wage increase will [cost](#) a reported \$300 million, and it “[applies](#) to all hourly associates in the U.S., including stores, Sam's Clubs, eCommerce, logistics and Home Office.”
- The one-time bonuses will [cost](#) a reported \$400 million and will appear on Walmart's books in the current fiscal year, which ends January 31, 2018.

- Workers who don't benefit from the wage increase are eligible for a one-time bonus.
- While the largest one-time bonus is \$1,000, in reality—given that Walmart has about 1 million hourly workers—the average bonus will likely be closer to \$400, based on Walmart's reported total bonus cost of \$400 million.
- In total, Walmart could save an estimated \$1.85 billion on taxes annually. The \$400 million that the company plans to spend on one-time bonuses amounts to about 2% of the company's estimated cumulative tax savings over the next ten years.
- Walmart is closing 63 Sam's Clubs, a nearly 10% reduction in Sam's Club stores. There are 100,000 Sam's Clubworkers in the U.S. and an estimated 150-160 working in each store, which could mean estimated layoffs of about 9,700 workers.