

**“THE WAL-MART TAX”
AD BACKUP
April 20, 2005**

<p><i>How much does Wal-Mart cost American taxpayers every year?</i></p>	<p>Wal-Mart Costs American Taxpayers An Estimated \$1,557,616,500.00 Each Year.</p> <p>The \$1.5 billion estimate is an extrapolation based on available data. The House Committee on Education and the Workforce, Democratic staff, estimated in 2004 that one Wal-Mart store with 200 employees may result in an annual cost to federal taxpayers of \$420,750. That amount was multiplied by 3,702, the total number of Wal-Mart stores in operation as of January 2005. The actual amount may far exceed the estimated \$1.5 billion, as the House figure did not include subsidies like TANF, Medicaid, or the federal energy assistance program LiHEAP. [Democratic Staff of the Committee on Education and the Workforce, U.S. House of Representatives, “Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart,” 2/16/04; Wal-Mart 10-K Filing/Annual Report, 3/31/05]</p>
<p>Year after year, Wal-Mart’s low pay and meager employee benefits force tens of thousands of employees to resort to Medicaid, food stamps, and housing assistance. Call it the “Wal-Mart Tax.” And it costs you \$1.5 billion in federal tax dollars every year.¹</p>	<p>¹ “Paltry Pay” Forces Wal-Mart Workers to Resort To State And Federal Assistance.</p> <p>Across the country, Wal-Mart workers resort to public assistance, such as Medicaid, to support their families. For example, in Alabama, 3,864 children of Wal-Mart workers receive Medicaid and in Iowa, 845 Wal-Mart workers receive Medicaid. In fact, as the <u>Associated Press</u> reported from an August 2004 study by the UC Berkeley Labor Center, <u>“Wal-Mart's paltry pay scale forces the retailer's workers to supplement their incomes with Medicaid, food stamps and other taxpayer-backed assistance programs at an unusually high rate.”</u> More results from state studies are detailed below. [<u>Associated Press</u>, 2/23/05; <u>Associated Press</u>, 3/4/05; <u>Arkansas Democrat-Gazette</u>, 3/17/05; <u>Associated Press</u>, 8/2/04; “Everyday Low Wages,” 2/16/04, emphasis added]</p>

<p>Wal-Mart brags about its employee health care plan. Their ads claim that “Associate premiums begin at less than \$40 a month.”²</p>	<p>² Wal-Mart Claims Its Employee Health Premiums Start At Less Than \$40 Per Month.</p> <p>In the corporation’s recent two-page advertisement in the <u>New York Review of Books</u>, the text read: “Associate premiums begin at less than \$40 a month for an individual...” [Wal-Mart Advertisement/Open Letter from Lee Scott, <u>New York Review of Books</u>, 4/7/05]</p>
<p>What they don’t tell you is that the deductible is \$1,000.³ That’s right, a \$1,000 health insurance deductible for sales clerks who, on average, make less than \$14,000 per year.⁴ No wonder so many Wal-Mart employees have to apply for public health assistance.</p>	<p>^{3,4} Wal-Mart Health Care Plan Deductible Is \$1,000; Sales Clerks Average \$14,000 Annually – More Than \$1,000 Below Poverty Line.</p> <p>Wal-Mart provides health-care options to their employees and families that “have a deductible of \$1,000, meaning that care is paid for by the employee until that ceiling is reached.” Wal-Mart workers are burdened with this high deductible despite the fact that, according to a report in the <u>New York Times</u>, “its sales clerks average about \$8.50 an hour, or about \$14,000 a year, while the poverty line for a family of three is \$15,060.” [<u>Cox News Service</u>, 2/27/04; <u>New York Times</u>, 10/19/03]</p>
<p>The \$1.5 billion Wal-Mart Tax doesn’t even include <u>state</u> tax dollars spent on Medicaid, food stamps, and housing assistance.⁵</p>	<p>⁵ <u>THE WAL-MART TAX ACROSS THE STATES:</u></p> <p>ARKANSAS: In Wal-Mart’s Home State, Nearly 4,000 Employees Receive Public Assistance; Taxpayers Bear Over \$39 Million in Medicaid Costs. In Arkansas, headquarters to the world’s largest company, 3,971 of Wal-Mart’s 45,106 employees are on public assistance. The average annual cost to Arkansas for each Medicaid recipient is \$4,083, for a maximum total cost of \$39.6 million. Wal-Mart has “shifted the cost to employees increasingly, and many employees aren’t able to bear the cost of that family coverage on their own,” said Kevin Ryan of the Arkansas Center for Health Improvement. [<u>Arkansas Democrat-Gazette</u>, 3/17/05]</p> <p>CALIFORNIA: In California Alone, Taxpayers Spend \$86 Million Annually For Wal-Mart Workers’ Health Care and Other Public Assistance. A 2004 study conducted at the UC Berkeley Labor Center found that California taxpayers spend \$86 million in public assistance for Wal-Mart employees. That \$86 million includes \$32 million a year providing health care to Wal-Mart workers and \$54 million a year in other</p>

forms of public assistance like school lunches and food stamps. Moreover, the families of California Wal-Mart employees use an estimated 40% more in publicly funded health care assistance than the average for families of employees at other similar retail organizations. [Dube and Jacobs, "Hidden Cost of Wal-Mart Jobs: Use of Safety Net Programs By Workers in California," UC Berkeley Labor Center, 8/2/04]

FLORIDA: Wal-Mart Gets Millions in State Incentives From Florida; Has Most Medicaid Enrolees Of Any Statewide Company. "Wal-Mart, which receives millions of dollars in state incentives to create jobs in Florida, has more employees and family members enrolled in Medicaid - 12,300 - than any company in the state." [St. Petersburg Times, 3/25/05]

GEORGIA: State Health Program "Packed" With Children of Wal-Mart Employees; One In Four Receives State Health Assistance. A survey of 2002 employment data found that Georgia's children's health care program is "packed with kids of Wal-Mart employees." In the state, "one of every four Wal-Mart employees has a child in the state's PeachCare health program...Over 10,000 of the 166,000 children covered by PeachCare have a parent working for Wal-Mart; no other employer in the state has a comparable share of its employees in the program." In fact, Wal-Mart's PeachCare enrollment figure is fourteen times higher than the next largest Georgia company. [Dollars & Sense, 1/1/05; Atlanta Journal Constitution, 2/27/04]

OHIO: Concerns Mounting That State Aid Is Becoming A Crutch for Wal-Mart. Although neither the state nor Wal-Mart has released employee data in Ohio, John Begala of the Cleveland Center for Community Solutions cited concerns from other states and recently told state lawmakers "the state-federal Medicaid health insurance program had become 'Wal-Mart's health care program.'" [Cleveland Plain Dealer, 3/17/05]

TENNESSEE: Nearly One in Four Of Wal-Mart Workers Receive Tennessee Health Insurance. Wal-Mart, Tennessee's largest private employer, has the most enrollees in TennCare – 9,617 of its 37,000 employees, nearly 25 percent of its workforce – according to a state survey. The health program costs Tennessee \$8.7 billion. A Wal-Mart spokesperson, Dan Fogelman, expressed ignorance: "If there are some of our associates who have decided for some reason not to participate in our health plan, we don't know the reason." Michael Drescher, TennCare spokesperson, remarked, "A lot of people have access to insurance, but they can't afford it. The state can't continue to keep bearing that

	<p>cost.” [Chattanooga Free Press, 1/20/05, Knoxville News-Sentinel, 1/30/05]</p>
<p>And it doesn't include the millions of dollars that communities pay every year to provide new roads, electricity, sewer, and water lines for Wal-Mart stores.</p>	<p>Taxpayers Bear Burden of Over \$1 Billion In Wal-Mart Infrastructure Subsidies.</p> <p>According to a study by Good Jobs First, Wal-Mart has benefited from over \$1 billion in at least 244 taxpayer subsidy programs from state and local governments. These subsidies include infrastructure improvements such as driveways, electricity, sewer, and water lines for Wal-Mart stores. Communities have criticized this practice, for “Wal-Mart refusing to pay for sewer and street improvement.” And the practice is not new, as this 1999 San Francisco Chronicle item noted: “Wal-Mart often receives millions of dollars in free roads, land, sewers and tax abatements from local governments as incentives to locate, according to the Institute for Local Self-Reliance. That means the local variety store...is seeing its taxes help subsidize a windowless, 140,000-square-foot Wal-Mart.” [Good Jobs First, “Shopping for Subsidies,” 5/04; Spokane Spokesman Review, 2/27/04; San Francisco Chronicle, 12/12/99]</p>
<p>The company has a \$10 billion annual profit, but won't even build the driveways to its stores.⁶</p>	<p>⁶Over \$10 Billion Annual Profit.</p> <p>Listed as Fortune magazine's Number 1 company, in 2004 Wal-Mart's profits rose thirteen percent, to more than \$10 billion. [Fortune, 4/4/05]</p>