

Wal-Mart Member Education Kit May 2005

Wal-Mart: A Great Place to Work?

Wal-Mart's biggest deception is its promise that Wal-Mart is a great place to work. As America's largest company – more than \$256 billion in sales, more than \$10 billion in profits – Wal-Mart has the responsibility to set the standard for employees and their families. As America's largest employer – 1.6 million employees – Wal-Mart has the responsibility to reflect America's values. But it doesn't.

- **Wal-Mart wages are among the worst in the retail industry.**

Wal-Mart pays an average hourly wage of \$8.23 an hour, according to independent experts. Wal-Mart claims to pay a national average hourly wage of \$9.68. Regardless, Wal-Mart's average hourly wage is below basic living wage standards and below the federal poverty level for a family of four.

The average Wal-Mart employee works less than 34 hours a week which Wal-Mart considers "full time." A full-time employee makes just over \$17,000 a year. However, the most common Wal-Mart job is "sales associate" and these employees make only \$8.23 an hour or \$13,860 annually. Cashiers make even less, an average of \$7.92 an hour or \$11,948 annually. Sales associates and cashiers are a third of Wal-Mart workers.

By comparison, grocery workers are paid an average of \$10.61 per hour, according to the Bureau of Labor Statistics. According to the United Food and Commercial Workers Union (UFCW), union-represented workers in the supermarket industry make 31% more than their non-union counterparts.

- **Wal-Mart's employee health insurance is well below the national average.**

Nationally, 67% of workers are covered by employer-paid health insurance. Only about 47% of Wal-Mart employees are covered by Wal-Mart health insurance plans (this estimate is larger than the company's own estimate of 500,000 covered employees). (*UFCW*)

The average Wal-Mart worker pays one-fifth of his paycheck for health insurance at Wal-Mart. Deductibles range from \$350 to \$3,000 for family coverage. (*UFCW*) Wal-Mart itself says, "Historically, Wal-Mart has paid about two-thirds of the cost of the Associates' Medical Plan. We insure more than 500,000 associates, including many family members, who pay as little as \$17.50 for individual coverage and \$70.50 for family coverage bi-weekly." This is \$141 out-of-pocket every month for family coverage.

Wal-Mart restricts the number of employees eligible for insurance by requiring six months of employment before they can purchase the company's health insurance.

The Wall Street Journal reports that Wal-Mart's spending on employee health insurance is almost 40% less than the average for all U.S. corporations and 30% less than the rest of the wholesale/retail industry.

Wal-Mart says it pretty well itself: "Currently, 86 percent of Wal-Mart hourly store associates surveyed have health insurance: 56% of those with coverage received (it) from Wal-Mart and the

remainder receive health care through another source such as another employee, a family member, the military or Medicare.”

- **Wal-Mart has been sued for child labor violations.**

After five years of investigations, the U.S. Department of Labor (DOL) found Wal-Mart violated child labor laws in three states by having young employees operate dangerous machinery. Instead of holding Wal-Mart accountable, the DOL agreed to a February 2005 deal requiring Wal-Mart to pay a \$135,000 federal fine. Besides the fine, the department will give Wal-Mart advance notice of its inspections in the future – the notice actually rewards Wal-Mart because other companies with no history of child labor violations are subject to unannounced inspections.

- **Wal-Mart has a history of alleged gender discrimination and unequal pay for women workers.**

Wal-Mart has two pay scales: Women earn 40 cents an hour less than male hourly workers in the same jobs (5-15% less than men). Women in management positions earn \$5,000 less than men in the same jobs.

Women are 72% of Wal-Mart’s hourly workforce, yet women account for only 33% of Wal-Mart managers and 15% of store managers. Women are stuck in the lowest-paying jobs: 92% of cashiers and 76% of sales associates are women. Wal-Mart employs fewer women in management today than its competitors did in 1975. (*UFCW*)

Current and former women Wal-Mart workers filed the largest gender discrimination lawsuit in U.S. history in June 2001. The case was filed in U.S. District Court, seeking class action status that would make it the largest class action lawsuit ever with more than 1.6 million participants. The suit charges that Wal-Mart discriminates against women workers in compensation, job assignments, and promotions to management. It claims that female Wal-Mart employees are assigned the lowest paying jobs and are systematically denied advancement in the company. A federal judge ruled in June 2004 that the suit can go forward.

Commenting on the lawsuit, USA TODAY said, “It appears that some old-fashioned attitudes and an emphasis on low costs may have permeated (Wal-Mart’s) workplace practices.”

- **Wal-Mart faces lawsuits for refusing to pay overtime and forcing workers to work “off the clock.”**

There are 38 federal and state lawsuits filed by hourly workers in 30 states, accusing Wal-Mart of forcing them to work long hours “off the clock.” There are many examples, one of which was in Colorado in 2000 when 69,000 current and former Wal-Mart hourly workers settled a suit, reportedly for \$50 million (terms are confidential).

In another Colorado case, Wal-Mart pharmacists sued the company for \$45 million in damages for failing to pay overtime and for shorting their checks for two years. The suit started in 1995 with four pharmacists and grew to nearly 600. They charged that their 40-hour weeks were typically 60 hours required by Wal-Mart management, but intentionally shown on time sheets as regular 40-hour weeks

There are also charges that Wal-Mart actually locks employees in the store and forces night-shift employees to stay all night without being able to get out of the store even for medical emergencies until a manager returns in the morning with a key.

- **Wal-Mart settled a four-year federal investigation into the company's immigrant employment practices in March 2005.**

The government concluded its investigation into Wal-Mart's employment of former undocumented, outsourced janitors with no criminal charges filed against the company. Instead, Wal-Mart agreed to pay a record \$11 million to the government and support the fair enforcement of immigration laws.

Wal-Mart reached the settlement with the government two months after it began a national publicity campaign to portray itself as a model employer.

Wal-Mart admitted that its company was not as vigilant as it could have been. The firm says, "Wal-Mart has already begun building stronger internal controls into its contractor review process. The company has also instituted a policy that requires floor cleaning at its domestic stores to be done by Wal-Mart associates." So now, on top of making only \$8.23 an hour on average, Wal-Mart workers will also clean the floors.

- **Wal-Mart shuts its stores when employees vote to join a union.**

In April 2005, Wal-Mart closed its Jonquiere, Quebec (Canada) store where employees had voted to join the UFCW, forcing the loss of more than 200 jobs. In 2000, one week after a meatcutting department in a Texas Wal-Mart voted to join the UFCW, the company announced that it was phasing out its in-store meatcutting practice – and the meatcutter jobs that went with it.

What is Wal-Mart's position on Labor Unions? Here it is, right from Wal-Mart's Web site: "It's all about taking care of our people. If we do that and do what is right for our communities, we will be fine. We will continue to foster an environment of open communications and encourage our associates to express their ideas, comments and concerns. We are not against unions. They may be right for some companies but there is simply no need for a third party to come between our associates and their managers."