



Low Wages, Always

As working families struggle with rising oil prices and food shortages, a small number of people do not have a care in the world. In fact, the top 200 wealthiest people in the world control more wealth than the bottom 4 billion.¹ According to the Wall Street Journal, in the United States, “a recent study found that the top .01% or 14,000 American families hold 22.2% of wealth — the bottom 90%, or over 133 million families, just 4% of the nation's wealth. Unfortunately, the latest wage numbers from the Labor Department do not show a change in this trend as wages continue to spiral downward. “...Wages decreased 0.9 percent in June after adjusting for inflation, and were down 2.4 percent over the last 12 months.”²

The current contrast between the earnings of the 1.4 million U.S. Wal-Mart employees and the earnings of the Walton family provide a striking example of the widening income gap in America. Since November, the Walton family has made more than \$20 billion on the rise in Wal-Mart's stock price alone. Meanwhile, the “average” wage for a Wal-Mart worker is in decline – failing to even keep pace with inflation. Despite numerous studies that show Wal-Mart can raise wages without sacrificing its profit margins, the retail leader fails to lead on wages.

What about the Walton Family?

The Walton family is now worth over \$100 billion. With over 1.7 billion shares, or 43% of Wal-Mart stock, the Walton family wields enormous control over the company.³ Even by Walton standards, 2008 has been a good year for the family. From November 2007 to September 2008, the stock prices rose by over \$21. This means the Walton family made around \$35 billion off the stock price increase alone! [Forbes 400 Richest People in America, 2008]

The Walton family could afford to raise wages. That same \$35 billion could provide every Wal-Mart employee with an \$11 an hour pay increase for one year or raise the company's minimum pay to \$14 an hour for the next three years. [Internal calculation with help from UC Berkeley Labor Center]

Executive compensation out of control?

Wal-Mart CEO H. Lee Scott is the highest paid retail executive. The value of Scott's 2007 Compensation Packet is around \$31.6 million. H. Lee Scott's compensation package rose by roughly \$2 million in value compared to previous years. Three Wal-Mart executives are on the top ten list - with a combined compensation packet totaling \$59.8 million. [Women's Wear Daily, 7/24/08]

Through direct and indirect control, Lee Scott holds over 4 million shares of Wal-Mart stock. From November 2007 to January 2008, Scott made over \$30 million from the stock price increase. Scott's total shares, including those he directly and indirectly owns, are estimated around \$202 million.⁴

The Wal-Mart wage gap widens. An average "full-time" employee at Wal-Mart would have to work roughly 1646 years in order to accumulate what the Wal-Mart CEO receives for one year. Furthermore, a Wal-Mart associate would have to work 3114 years, to meet the annual compensation of the three highest paid Wal-Mart executives. [*Women's Wear Daily*, 7/24/08]

How Bad Are Wal-Mart's Wages...

Wal-Mart offers poverty level wages. Using Wal-Mart's figures, a "full-time" employee at 34 hours per week, making the Wal-Mart average wage of \$10.86 per hour, will earn \$19,200.48 per year. The federal government's definition of poverty for a family of four in the contiguous United States is \$21,200. [2008 Wal-Mart Employee Handbook; 2008 HHS Poverty Guidelines]

Hourly Wages for Full-time Employees:		Adjusted Wage in 2004 Dollars:	
2004	\$9.68		\$9.68
2005	10.15		9.82
2006	10.40		9.74
2007	<u>10.83</u>		9.87
2008	<u>10.86</u>		9.36

Sources: Wal-Mart Economic Opportunities Fact Sheet; CPI Inflation calculator

Wal-Mart refuses to release a median wage. To defend its treatment of workers, Wal-Mart releases statistics on its average hourly wage for full-time employees. However, Wal-Mart has never published its median wage -- a data point that would give a clearer sense of what workers earn. Instead, the store uses misleading language that masks the fact that hourly managers earn higher wages than hourly floor workers -- a fact that skews the "average" wage of "store associates" -- and refuses to release wage levels for specific job functions. [Walmartfacts.com]

Most Wal-Mart Retail Jobs Pay Far Below the National Average Wage. Of Wal-Mart's top retail jobs (Sales Associate, Cashier, Team Leaders, Overnight Stocker) Wal-Mart typically pays 26-37% less than the national average for the same jobs in the retail industry. [Brennan Center for Justice, Economic Policy Brief, No. 2, August 2005, http://walmartwatch.com/img/documents/brennan_center.pdf]

Study Shows Women Earn Less and Hold Fewer Senior Positions at Wal-Mart. In 2003, Dr. Richard Drogin, Professor Emeritus from California State University, conducted a study on the wages of female employees at Wal-Mart. Among his key findings were that: women hourly workers earn up to 37 cents less per hour than their male counterparts; female managers earn nearly \$5,000 less than male managers in yearly salary; women comprise 72 percent of Wal-Mart's total workforce, but only 33 percent of its managers; and women comprise 92 percent of Wal-Mart's cashiers, but only 14 percent of Wal-Mart store managers. [Wal-Mart Class, Plaintiff's Expert Dr. Richard Drogin's Statistical Report, <http://www.walmartclass.com/staticdata/reports/r2.pdf>; *New York Times*, 12/30/04]

Fortune 500 List

Wal-Mart tops Fortune 500 list – surpassing oil giant Exxon-Mobil once again. In FY 2008, Wal-Mart's annual revenue grew to \$378 billion, placing the company at the top of the corporate heap. Since 2002, Wal-Mart topped Fortune's list in every year except 2006 when Exxon-Mobil reached the top slot "...because the world price of oil had risen 50 percent" in that year. [Charles Fishman, "*The Wal-Mart Effect*," 2006; Wal-Mart 2008 Annual Report; *Fortune*, 5/8/08]

Costco Wages – Setting the Standard

"I figured that if I was making something like 12 times more than the typical person working on the floor, that that was a fair salary" – Costco CEO Jim Sinegal [ABC News, 8/2/06]

Higher wages means lower turnover rate. According to Costco CEO Jim Sinegal, "In my view, some of these industries that pay minimum wage are constantly turning their people over. They spend more on turnover than they would in paying the additional wages." [Washington Post, 1/30/07]

Costco offers a higher average wage. In addition to a low turnover rate, Costco average wage is around \$17 an hour while Wal-Mart's average was hovers below \$11. Coincidentally, Wal-Mart's number represents the average pay of the lowest paid employee at Costco. [Washington Post, 1/30/07]

Costco CEO Jim Sinegal's annual salary is \$350,000 plus bonuses. His salary is about double the salary of a Costco warehouse manager and less than ten times the salary of a Costco cashier with three-and-a-half years on the job. According to the *New York Times*, Mr. Sinegal turned down bonuses in 2001-2003: "I rejected my bonus because we had a couple of years where we hadn't performed up to our standards," he said. "We were more profitable than the year before, but we didn't hit the standards we had set for ourselves, so we didn't think we were entitled." [New York Times, 4/4/04; InsideWork, 4/14/05]

¹ <http://www.pbs.org/moyers/journal/06132008/profile2.html>

² Bloomberg, 7/16/08; <http://www.bloomberg.com/apps/news?pid=20601087&sid=aYIkIEM6BPhE&refer=home>

³ <http://finance.aol.com/company/wal-mart-stores-inc/wmt/nys/institutional-ownership>

⁴ Form DEF 14A: Wal-Mart Stores, Inc. Official notification to shareholders of matters to be brought to a vote (Proxy). 4/22/08. <http://www.walmartstores.com/Investors/SECFilings.aspx>

Last Updated 1/27/09