

1. Corporate Welfare

Many US workers earn so little that, to provide for their basic needs, their families are forced to rely on government programs. Food stamps, Medicaid, Temporary Assistance for Needy Families, school meals, low-income housing assistance, child care assistance, assistance for home energy bills, and earned income tax credit are just a few of the approximately 80 government assistance programs that help millions of low-income families and individuals. An analysis of the recipients of government assistance programs, conducted by the UC Berkeley Center for Labor Research and Education, revealed that 52% of the recipients of these programs are members of working families. The annual cost to US taxpayers to support public assistance for working families is nearly \$153 billion. Critics argue that taxpayers are effectively subsidizing highly profitable businesses such as McDonald's and Walmart, whose workers receive such low wages that they qualify for low-income government assistance.

A McDonald's press release dated January 23, 2015, announced that net income for fiscal year 2014 was \$4.75 billion. The salary for McDonald's CEO tops a million dollars annually, with an incentive (as of May, 2015) that can add another 160% to the base salary. By comparison, the average hourly wage for McDonald's employees of company-owned restaurants—which account for 10% of McDonald's restaurants—was \$9.01, according to an April 1, 2015, article in *Crain's Chicago Business*. An employee who works a forty-hour week, fifty-two weeks a year, at an hourly wage of \$9.01, will earn \$18,740.80. The US Poverty Guidelines, published by the Department of Health and Human Services sets the poverty threshold at \$20,090 for a family of three, living in the contiguous United States. (The threshold is higher for those living in Hawaii or Alaska.) The raise does benefit workers at McDonald's franchise restaurants, where the franchisees determine employee compensation.

Walmart is the world's largest retailer, with a 2014 net income of \$16.1 billion, according to Walmart's official website. CEO Doug McMillon's compensation package for 2014 was worth a little more than \$19 million. Still, as reported in *Forbes*, Walmart employees qualify for and receive approximately \$6 billion annually in low-income government assistance. In addition, 18% of all food stamps redeemed in the United States are redeemed at Walmart stores (April 15, 2014).

In contrast to McDonald's and Walmart, Whole Foods company policy limits CEO pay to nineteen times the average employee's salary.

Case from the 2016 Intercollegiate Ethics Bowl National Competition

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