March 4, 2019

Member of Ways and Means:

First, we want to congratulate you on your selection to serve on the Ways and Means Committee for the 116th Congress. We look forward to working with you and the other members of the Committee on issues important to the working people who are members of our unions.

One such issue is the impact of the Tax Cuts and Jobs Act. The changes to our tax code as a result of this bill have been in place for just over one year. We urge you to use your tax policy oversight to investigate if the many dramatic improvements promised to working Americans by Republican Congressional leaders, President Trump, and especially the corporate champions of this $1.5 trillion tax cut, have actually been delivered.

Our experience and public data suggest they have not. While President Trump promised that American workers would see a $4,000 increase in annual income, wage growth continues to lag, and economic growth and gains are being wiped out by inflation. Speaker Paul Ryan stated on his website that the bill would put an end to incentives for American corporations to offshore jobs, but economists found that the bill actually encourages offshoring. Corporate profits from the reduction in the corporate tax rate have increased substantially, yet big companies are laying off thousands of workers and sending jobs overseas.

AT&T CEO Randall Stephenson was one of the most visible and aggressive supporters of the corporate tax cuts. In his public statements in the media and to employees, he promised that AT&T would create at least 7,000 new jobs if the tax cuts were to become law. Instead, since the tax law has gone into effect, AT&T has eliminated over 11,780 union jobs.

The company has closed or announced its intent to close four U.S. call centers while maintaining a robust global network of offshore call centers. Meanwhile, AT&T earned over $4 billion in 2018 from the reduction in the corporate tax rate and is boasting about its record-setting free cash flow. The Tax Cuts and Jobs Act is enriching AT&T's top executives and large shareholders, but the company's workers are losing ground.

General Motors presents another example of an iconic American company that received a 40% reduction in its U.S. corporate tax rate (from 35% to 21%), but then turned around and announced corporate restructuring that harms American workers. Despite recently reporting bottom line net income of over $8 billion for fiscal year 2018, GM has announced plans to shutter four plants located in Michigan, Ohio, and Maryland, while also laying off 8,000 American white-collar workers. In total, the lives of nearly 12,000 American workers will be directly harmed. This does not include the substantial impact that the restructuring will have on GM's parts suppliers and numerous other small businesses surrounding communities such as barber shops, restaurants, and grocery stores.

Additionally, there has also been no evidence to date that the corporate tax cuts have encouraged GM to bring back any production from Mexico to the U.S. In fact, GM continues to manufacturer some of its most popular and profitable products in Mexico – just to be shipped back to the U.S. for sale. GM is now the largest automaker in Mexico, and by 2020, nearly a third of all of its North American vehicles are projected to be produced in Mexico. Our experiences are not unique. For example, Wells Fargo is predicted to benefit more from the tax cuts than any other bank. These predictions appear to becoming true with Wells Fargo beating Wall Street analysts' expectations in the fourth quarter of 2018 with annual profits of over $6 billion total. Instead of using this windfall to increase employment, Wells Fargo announced it was reducing its 265,000 workforce by 10 percent. Citing "changing customer preferences", CEO Tim Sloan said the bank would lay off up to 26,500 people in the coming months. In reality, the U.S. Department of Labor has investigated several of the announced layoffs in recent months and found that the jobs were being offshored primarily to the Philippines and India.

Reporting and analysis have demonstrated that corporate profits are indeed up as a result of the corporate tax cuts driving the record level of corporate stock buybacks in 2018, surpassing the $1 trillion mark. Recently only 4% of businesses reported increasing hiring because of the tax cuts and only 10% reported that they increased investment in things like purchasing new equipment, expanding factories or buying new software.

We, at CWA, have tried ourselves to determine what these corporations have actually done with their windfall from the tax cuts. We have asked AT&T directly. They have refused to provide the information. Our efforts to appeal to the NLRB to require the companies to provide the information have been rejected by the Trump NLRB. All efforts to determine what has happened with these news profits resulting in substantial policy changes have been rebuffed.

That is why we are urging you and your colleagues on the Ways and Means Committee to use your authority to determine what is happening with this new influx of corporate profits. Randall Stephenson, Mary Barra, Tim Sloan, and other corporate leaders whose corporations have significantly benefited from the tax cut, should be required to explain why the predictions made by the authors and supporters of this major tax policy change were so seriously incorrect when they promised thousands of new American jobs and rising wages.

We believe it is critical that the new Congress look at policies that will create jobs, grow wages and stem offshoring. Our members and tens of millions of working Americans want to see that as a top priority for our elected representatives. It would appear from the facts we are seeing that the major tax policy changes enacted last year have done exactly the opposite. We urge you to hold hearings to examine the impacts of the tax law on corporate profits, wages, job creation and offshoring. And that corporate executives' be asked to explain directly to the Committee how their actions differ from the promises that were made just over a year ago.

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