

Remarks as Prepared for Wal-Mart Store, Inc. CEO Lee Scott
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“A New Commitment for America”
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Governor Huckabee, thank you for those kind words. You're a wonderful leader for our state, and not just as our governor: The personal example you set is an inspiration to us all.

Let me thank each and every one of you for having me here today. There's been a lot of talk recently about Wal-Mart and health care in the states. So I very much appreciate the opportunity to share some of our thoughts. And I look forward to listening to your thoughts, as well.

Let me begin by taking a step back and looking at our country as a whole. America is facing some pretty tough challenges these days. That's nothing new of course. We've faced a lot of difficulties in our country's history.

But I do believe there's a new twist to our challenges, and that's how we need to solve them. We have to be more nimble and more innovative. And we have to pull from strengths throughout our society. That means pulling from the best in government, the best in business, the best in non-profits, the best in labor, and the best in the American people.

We have to take on the challenges facing America ... together.

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The fact is companies are struggling with the same issues in their board rooms that you're struggling with in your Cabinet rooms. This is especially true at Wal-Mart. Wal-Mart is at the intersection of American life. Actually, sometimes I feel like I'm standing in the middle of that intersection.

But think about it. We operate 3,800 stores across all 50 states. With 1.3 million associates, we're the largest employer in this country. Nationwide, more than 100 million customers shop our stores every week.

Obviously, those numbers tell you that Wal-Mart is big. But they should tell you something else -- and this is far more relevant to our talk today: Wal-Mart is a local company that touches the every day lives of working families, just like you do.

Our stores are in your neighborhoods. Our associates are the working men and women in your states. The customers we serve are the constituents you serve as governors. And just like you're held accountable at the polls, we're held accountable in our stores. In fact, one could argue that we're even more accountable: Twice as many Americans shop at Wal-Mart over the course of a year than voted in the last presidential election.

My point is that a lot of what's on your mind is on our mind too.

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Education is an example.

For many of our associates, Wal-Mart is the first step up the economic ladder. In one word, a Wal-Mart job means: opportunity. In fact, more than three-fourths of our store managers -- some of whom run hundred million dollar enterprises -- started as hourly associates.

But sadly, we're finding that many of the associates who join us today don't have the skills for the next job up. How do we work together to reform our education system to both produce and sustain a modern workforce?

We're also thinking about economic development.

Last year, Wal-Mart created 125,000 new jobs. And we created many of these jobs by building stores in neighborhoods that desperately needed the economic boost that Wal-Mart provides.

Let me give you one example. For some time, we tried to build a store on the South Side of Chicago. But the local aldermen would have none of it. So Evergreen Park -- a town just outside the city limits -- welcomed us in.

By the time we opened that store last month, 25,000 people had applied for just 325 jobs. And 98 percent of those applicants were from Chicago proper. Those men and women needed jobs. And they wanted Wal-Mart jobs. They were so proud when we hired them that they called themselves -- and I saw this in the media: "The Chosen Ones."

We were right about how we built that store. We were right to give those associates and their neighborhoods economic opportunity. And we want to keep getting it right. How do we work together to nurture a business climate that creates jobs, grows the economy, and offers opportunity to people and neighborhoods that need it?

The environment is another example.

We're very passionate about sustainability at Wal-Mart. That's because it's very, very good for the environment and also very, very good for business.

Let me give you an example: organic cotton. Last year, our Sam's Club division started selling an organic cotton yoga outfit. We ordered 200,000 units. We sold out in just 10 weeks. And we turned a nice profit. But just as important, by using organic cotton instead of regular cotton, we saved the equivalent of two jumbo jets of pesticides.

We're applying the same principle to conserving energy. We have a goal to double the fuel efficiency of our truck fleet within ten years. That will cut back significantly on our fuel use and greenhouse gas emissions. It will also save us \$300 million per year when we reach that goal. That's \$300 million per year we can invest back into lower prices for our customers.

As Jeff Immelt, CEO of General Electric, says: "Green is green." We're excited about sustainable business at Wal-Mart. And our country should be excited too. How do we work together to energize society about the mutual benefits of being a good steward of the environment?

These are just a few of the questions we're asking at Wal-Mart and other companies are asking throughout the country. And I'll bet you're asking the same questions in your states.

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Let me now turn to the issue that you've been talking about this weekend -- health care. Wal-Mart approaches health care from a perspective rooted in our history and our purpose in society. Again, this goes back to Wal-Mart at the intersection of American life.

In 1962, Sam Walton built the first Wal-Mart in Rogers, Arkansas. It was a risky move that many thought was sure to fail. At the time, discount retailers were mostly in major markets. And they were serving more affluent customers. Working families were being left behind.

Sam Walton changed that. He offered quality goods at affordable prices to people who needed them most. His mission was to raise the standard of living for working families. And that's still our mission today.

Working families depend on us to put food on their kitchen tables, to dress their kids in decent school clothes, to have aspirin on our shelves when loved ones get sick. Working families are who we are, who we serve, and who make us a success.

So when we look at health care, we want it to be affordable and available to America's working families.

That's why every Wal-Mart associate, full-time and part-time, can become eligible for our health benefits. That's why, in a handful of markets, our plans start for as little as \$11 per month and only 30 cents more per day for kids -- no matter how large the family. That's why no plan has a lifetime maximum after an associate has been on our health coverage for one year.

Wal-Mart plans are affordable and accessible. We know this because 30 percent of associates who have our health coverage were uninsured before they started working at Wal-Mart. We also know this because we insure more than one million Americans.

Still, we're determined to do better. We know our benefits aren't perfect. Even if they were, we'd try to make them better. That's just the way we are. We've never been afraid of change. We always want to improve. In fact, some of the recent changes we made to our health benefits are already showing promise.

Last year, we introduced a plan that no other company is offering. We're really proud of this. It's called the Value Plan.

Think about a single mom. Maybe one of her kids has a mild form of asthma. The other might have a habit of picking up strep throat at school. But overall, they're a pretty healthy family. The mom just wants to make sure that her kids get the care they need at a price she can afford.

The Value Plan protects her family from high or catastrophic medical expense. It also comes with some first-dollar coverage: Each family member gets three doctor visits and three generic prescriptions per year before the deductible kicks in.

The only out-of-pocket expenses for these services are your typical co-pays. And listen to this: The monthly premium for the Value Plan costs between one and two hours of work at our average full-time hourly wage.

Our goal is to give working families the opportunity to buy coverage that they can afford, that they need, that they'll use.

And we're making a lot of progress toward that goal. During our most recent open enrollment period, we signed up more than 70 thousand current associates who hadn't taken our insurance before. And 50 thousand of those working men and women were previously uninsured.

This is just a start for Wal-Mart. In the weeks ahead, we're going to take significant steps to make our health benefits even more affordable and accessible to the working families we employ.

Let me just give you a small preview today. First, we're going to significantly reduce the waiting period for our part-time associates. Second, we'll be extending the availability of our Value Plan for \$11 per month and \$.30 more per day for kids to about half of our associates by next year. Third, all children of part-time Wal-Mart associates will be eligible for health coverage as soon as their parents become eligible. Right now, part-time associates can only become eligible for individual insurance.

We're determined to make our health benefits even more affordable and accessible than they already are. And we're confident that these steps, as well as the comprehensive package we'll announce in the coming months, will make even more progress.

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We're committed to affordable and accessible health care as an employer. We're also committed to those principles as a business.

Right now, we're experimenting with health clinics in nine of our stores. These are run by outside firms with a lot of experience in the delivery of health care. Any customer can walk in, without an appointment, and see a trained medical professional. There's complete price transparency, which helps patients be better health care consumers.

But what's most exciting about these clinics are the folks who are using them. The nurse practitioner who runs the Fayetteville, Arkansas clinic tells me that almost half of her patients are uninsured. And about 20 percent of her patients come to her clinic rather than go to the emergency room.

As we all know, the emergency room is the most expensive part of our health care system -- sometimes costing hundreds of dollars per visit. How much is a visit to one of our clinics? About \$45 to \$50.

The possibilities for these clinics are very exciting. And they're a great way to serve working families. That's why our goal is to roll out more than 50 new health clinics this year.

Wal-Mart is stepping up with solutions to the health care challenges facing America's working families. We're making health care more affordable and accessible to our associates. And with the clinics, we're using our business strengths to do the same for our customers and our communities.

That's good for America's working families. It's also good for you, the states you lead, and the nation as a whole.

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That's what Wal-Mart can do. But we cannot do it all. No business can. No business should have to.

We've all heard about the threat that soaring health care costs pose to the auto industry. But we'd be fooling ourselves to think any company in America is immune to those same pressures.

No doubt, some companies will be able to hold out longer than others. I've noticed that you'll hear from Exxon Mobil tomorrow. They earn almost \$300,000 in profit per employee. They have some room to work.

But our business model at Wal-Mart doesn't afford us that luxury. We earn about \$6,000 in profit per employee. And our health care costs have risen 19 percent in each of the last three years.

This is a fact: The soaring cost of health care in America cannot be sustained over the long term by any business that offers health benefits to its employees. And every day that we do not work together to solve this challenge is a day that our country becomes less competitive in the global economy.

We have to solve the health care challenges facing America. We have to do it together. And we have to start now.

Healthy America is the right kind of approach. It's government, businesses, non-profits and individuals working together for a healthier country. And it's a thoughtful approach -- focused on action and solutions. That's why we're supporting Healthy America so vigorously.

Wal-Mart is certainly proud of the improvements we've been able to make in food labeling. We're also proud to put sustainably caught fish and organic produce and dairy products within the reach of working families.

But we need to do more to encourage wellness at Wal-Mart. We need to have a better understanding of exactly what we can and should do for our associates and our customers. But that's why you started Healthy America -- to challenge all of us to do better. And we will.

Our country needs more solutions like Healthy America from our leaders in government. We particularly need solutions that make health care more affordable and accessible. But unfortunately, we're not seeing enough solutions that will have an impact on that problem.

In fact, I believe we're seeing a little too much politics. I think we all know that's what these employer mandate bills are all about. Why else would dozens of editorial boards and health experts from Washington, D.C. to Washington State denounce these bills as horrible public policy?

By requiring companies to spend an arbitrary percentage of their payroll on health benefits, these bills discourage companies from offering quality health care at a lower cost. Even worse, they won't do a single thing to control the cost of health care for working families or businesses.

These bills may score short-term political points, but they won't solve America's health care challenges. To date, ten state legislatures have recognized this and dealt major setbacks to employer mandates. We applaud those states and are encouraged by their focus on real solutions.

Let me say again: We know our benefits are not perfect at Wal-Mart. Do we want more of our associates' kids on our health plans? Of course we do. But have many states made their Medicaid programs far more generous in order to cover the kids of working families? Yes they have. Are you right to want to make sure that the kids of working families have health coverage -- even if it's Medicaid? You bet you are.

So let's commit, right here and now, to working together on this problem. I make this pledge to you: I'll travel to any state capital to talk with any governor in this room. The only thing I ask is that we talk about real solutions to the health care challenges facing working families.

Now if all 50 of you call me, I can't visit everyone in one month. But we'll get there. We'll listen to your thoughts, and we'll offer some things of our own. We'll offer our expertise in designing health plans that working families can afford and will want to purchase. We'll offer ideas about how we can partner to help move working families off Medicaid and onto private insurance. We'll offer our expertise in technology and supply-chain management to help make health care systems more efficient and affordable.

We're already talking with a few governors about doing some of these things. I appreciate you keeping an open mind and looking for ways we can partner to take on this challenge. Know that we welcome the opportunity to talk with each and every governor about these solutions.

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At the end of the day, this is not about me. It is not about Wal-Mart. And it is not about you. It is about all of us, and what we can do together to keep this country great.

What's lacking right now, I believe, is a commitment to work together. We have common goals. We're asking the same questions. But we're not answering with enough solutions to overcome America's challenges. And the American people know this.

We need to regain their trust in institutions. We need a new commitment for America. We need to join the great institutions of this country and commit them to solutions. And we should start with ways to ensure healthy people in a healthy America.

Wal-Mart stands ready to work with each and every one of you in your states. So let's pull from all of our strengths and help make America an even better place for the working families we serve.
