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Big business backs Trump tax cuts with bonus payouts



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By Dave Boyer - *The Washington Times* - Sunday, January 14, 2018

House Minority Leader Nancy Pelosi has belittled the burgeoning number of tax cut bonuses handed out by employers to millions of employees as “crumbs,” but to workers receiving them, it’s welcome cash in their pockets.

Old Dominion Freight Line decided to give \$500 bonuses to all 22,000 non-executive employees nationwide due to the Trump tax cuts that lowered the corporate tax rate from 35 percent to 21 percent. CEO David Congdon told employees the one-time bonus was intended to thank them for their excellent service “and to share part of our anticipated 2017 tax savings with you.”

“The president has signed a historic tax reform bill that should reduce OD’s taxes and also generate growth for the U.S. economy,” Mr. Congdon said in a note to workers. “We expect that the anticipated improvement in the economy will create additional opportunities for use to win market share and grow our company more than originally anticipated.”

One trucking-company employee in Georgia who received a \$500 bonus said of Mrs. Pelosi on Facebook: “It’s crumbs to her because she has no idea what it is like to work paycheck to paycheck. My company gave everyone \$500 and paid the taxes on it and I was very grateful for that because they really don’t owe us any of it.”

She added that her employer is “investing millions in new trucks and trailers plus opening 40 new terminals this year. All of that creates more jobs for everyone.”

By last weekend, at least 2 million U.S. workers had received bonuses, pay raises or other new benefits from more than 130 companies as a result of the tax cuts, according to a tally by Americans for Tax Reform. The employers included AT&T (\$1,000 bonuses to 200,000 employees) to Copperleaf Assisted Living in Schofield, Wisconsin, (\$200 to \$600 bonuses for 175 employees), to Fiat/Chrysler (\$2,000 bonuses to 60,000 workers).

President Trump said at a Cabinet meeting last week that the bonuses are a happy but unintended consequence of the tax cuts.

“We didn’t think about it, we just knew a lot of good things were going to happen,” Mr. Trump said.

That was a day before Walmart, the nation’s largest employer, announced it was raising starting hourly wages and giving bonuses and other benefits due to the tax relief.

Not a single Democrat in Congress voted for the tax cuts, and Mrs. Pelosi, California Democrat, has pooh-poohed the bonuses as thin gruel for the working class.

“In terms of the bonus that corporate America received versus the crumbs that they are giving to workers to kind of put the schmooze on — it’s so pathetic,” she said. “I think it’s insignificant.”

In 2011, however, Mrs. Pelosi trumpeted the extension of a \$40 payroll tax cut by President Obama as a “victory for all Americans.”

“One hundred sixty million Americans will continue to receive their payroll tax cut — nearly \$40 per paycheck in the pockets of the average family,” she said at the time. “I salute the work of the unified House Democratic caucus on behalf of the American

people.”

Sen. David Perdue, Georgia Republican and an ally of the White House, said the media aren't giving Mr. Trump enough credit for the good economic news.

“If this were any other president getting the results that we're getting right now in the economy, we would be crowing about the results — 2 million new jobs created last year,” Mr. Perdue said Sunday on Fox News' “Sunday Morning Futures.”

Noting an announcement by Chrysler to move jobs back to the U.S. and a 77th record day in the stock market, Mr. Trump tweeted, “American business is hot again!”

After years of stagnant wage growth, many in the private sector say the tax cuts have provided a boost for middle-class workers even before the expected relief starts showing up in their paychecks next month.

“It's a big win not just for businesses but for employees, and not just employees at big companies,” said Rob Wilson, president of Employco USA, a human-resources firm in Westmont, Illinois. “Bonuses like that for people who don't typically get bonuses, that could be 3 percent [of their salary]. Across the board, we've seen many companies increase bonuses.”

He said the employment situation and wages this year should continue to improve, and that the bonuses are also a sign of companies trying to hold onto workers in a tightening labor market. He said surveys are showing that about two-thirds of employees will be looking for better jobs this year, with companies adding better benefits.

“It's businesses trying to remain competitive,” Mr. Wilson said. “It does have a ripple effect for other businesses, not just wages but benefits. How can you attract and retain employees?”

With the unemployment rate already at a 17-year low of 4.1 percent, the improving job market also will provide more opportunities for people who had left the workforce permanently.

“One of the things that really has been ignored but was a big issue under the Obama administration was the ‘underemployed’ and the ‘unreported,’” Mr. Wilson said. “There's now incentive for the underemployed to get back into their original careers. For those people who were not working, there's an opportunity to get back out in the workforce.”

The workforce participation rate, a measure of how many people dropped out of the workforce altogether, has ranged between 62.5 percent to 63 percent during the last few years of the Obama administration. It hadn't been so low since the 1970s.

The labor force participation rate, at 62.7 percent, was unchanged in December and hovered around that mark all last year. The number of long-term unemployed declined by 354,000 in 2017.

Some analysts believe the job market also would improve if Congress did away with the 30-hour rule under Obamacare, which defines a full-time employee as someone who works an average of 30 hours a week. Critics say it encouraged employers to hire more part-time workers to avoid the health-coverage requirements. (The rule doesn't apply to companies with fewer than 50 workers.)

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