

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
COMMERCE
HEALTH, EDUCATION,
LABOR, AND PENSIONS

April 16, 2024

Scott W. Wine
Chief Executive Officer
CNH Industrial
6900 Veterans Blvd.
Burr Ridge, IL 60527

Dear Mr. Wine:

I am deeply disappointed by your recent decision to lay off over 200 workers at your facility in Racine, Wisconsin. Moreover, I understand that you are threatening further layoffs in Racine, possibly reducing force down to as low as 150 workers. That would be a tragic outcome for your company, which traces its roots in Wisconsin back to 1842—before Wisconsin was even a state. Agricultural machinery has been made in Racine by your workers for over 175 years—they have made Case-New Holland into the international manufacturing powerhouse it is today.

Your company has communicated that these layoffs are part of the company-wide reorganization that you announced in November 2023. The fact that this decision comes so shortly after you signed a new collective bargaining agreement with these workers raises concerns that this layoff was made as retribution for the workers daring to go on strike last year to secure the gains in that contract. While your corporate communications claim the pain from the restructuring will be shared with management, a closer look reveals that you merely changed the name of your executive team from Senior Leadership Team to the Global Leadership Team and reduced the number of executives on the team through restructuring rather than layoffs. I suspect that the majority of the burden of the \$150 million in cost reduction you have planned will fall almost entirely on the shoulders of your unionized workforce in the United States, particularly in Wisconsin.

Moving production to Mexico as you are considering would not only be a slap in the face to the workers who have given so much, it would destroy the institutional knowledge that your workforce has developed over decades of building agricultural equipment. For this reason, I doubt that a move to Mexico will reap the savings you project. It is doubly frustrating that these cost cuts are coming despite your company's recent strong financial performance. According to your own financial reports, CNH is breaking profit records. This quote is from your annual report, released just a few months ago:

“the Company delivered *record* full year revenue and [Earnings Before Interest and Taxes] margins across both Agriculture and Construction segments, while the Financial Services segment achieved a *record* receivable portfolio balance and segment net income, bringing the consolidated company to achieve *record* net income and earnings per share.”

Despite delivering record profits for your company, your workers in Racine are being told their services are too expensive and are no longer welcome. An average worker at your Racine plant

earns \$52,000 annually. Last year, you made nearly 350 times that, \$18 million. In 2022, you made \$22 million and in 2021 you made \$44 million. During those three years, you have earned more money than you paid to all of the workers in Racine—the ones you have now told they are too expensive to invest in—*combined*. Additionally, CNH spent \$652 million on stock buybacks last year, or four times more than the \$150 million you hope to save by reducing your workforce.

I am also aware that CNH has recently been awarded four contracts by the Defense Logistics Agency at the Department of Defense worth a total of \$1 million—a sizable investment in CNH by American taxpayers. As a member of the Senate Appropriations Committee and Defense Appropriations Subcommittee, it is always my expectation that when we spend taxpayer dollars, we should be investing those dollars in American workers.

While workers have been laid off, as of this writing, your company has still not filed a layoff notice with the Wisconsin Department of Workforce Development (DWD). Wisconsin's Business Closing and Mass Layoff Law requires employers that make a reduction in force which affects at least 25 percent of its workforce to provide 60 days' notice to: the workers; the DWD; any collective bargaining unit representative; and, the highest official of the municipality where the employment site is located. Notifying DWD unlocks funding for the agency to deploy to the laid off workers to help them file for unemployment, update their resumes, and connect with workforce training programs. Forgoing the notice is not only illegal, but it denies your workers these benefits to which they are entitled. To my knowledge, your notification to your workers and their representatives were well short of the 60 days required by law. I have shared a copy of this letter with DWD Secretary Amy Pechacek should her Department decide to investigate the matter.

While I am disappointed by your recent leadership of CNH, there is still time to reverse course. I encourage you to re-commit to your American workforce, particularly the workers in Racine who have delivered your company its record profits. Abandon plans to move production to Mexico and make clear to the workers in Wisconsin that you are committed to manufacturing the best agricultural equipment in the world in the city where it all started—Racine, Wisconsin.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin
United States Senator