

Pandemic Pay Plunder

Low-wage workers lost hours, jobs, and lives.
Their employers bent rules — to pump up CEO paychecks.
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Key findings

Topline: During the pandemic, more than half of the country's 100 largest low-wage employers rigged pay rules to give CEOs 29 percent average raises while their frontline employees made 2 percent less.

Of the 100 S&P 500 firms with the lowest median worker wages, 51 bent their own rules in 2020 to pump up executive paychecks.

- Common manipulations included lowering performance bars to help executives meet bonus targets, awarding special “retention” bonuses, excluding poor second-quarter results from evaluations, and replacing performance-based pay with time-based awards.

Among these 51 rule-rigging companies

CEO compensation averaged \$15.3 million, up 29 percent from 2019.

- Hilton CEO Christopher Nassetta pocketed the largest rigged-pay package. “Adjustments” to his stock awards inflated the hotelier’s total compensation to \$55.9 million, 1,953 times as much as the company’s median worker pay of \$28,608.

CEO-worker pay ratios averaged 830 to 1 in 2020.

- Auto parts maker Aptiv had the widest rigged gap between CEO and worker pay. By manipulating bonus metrics, the board pumped up CEO Kevin Clark’s compensation to \$31.3 million, 5,294 times the company’s \$5,906 global median worker pay.

Median worker pay ran \$28,187 on average in 2020, 2 percent lower than the 2019 worker pay rate.

- Aptiv also paid workers the least of all the firms in our low-wage corporate sample, followed by Under Armour, where half the workforce earned less than \$6,669. This apparel firm altered bonus metrics and replaced performance-based with time-based stock awards to shield CEO Patrik Frisk from pandemic risk. His pay came to \$7.4 million, 1,104 times the Under Armour median worker pay.

Sixteen firms ended 2020 in the red. This group of profit-losing, rule-bending corporations had the highest average CEO pay, at \$17.5 million.

- Carnival registered \$10.2 billion in net losses last year, the most of any corporation in our rigging sample. But that red ink didn’t stop the board from handing CEO Donald



Arnold special Covid “retention and incentive” awards valued at more than \$5 million. In a harrowing year for cruise line employees, Arnold’s total compensation came to \$13.3 million, 490 times as much as his company’s \$27,151 median worker pay.

Extreme CEO-worker pay divides increase gender and racial disparities and decrease enterprise effectiveness.

- Women and people of color make up a disproportionately large share of low-wage workers and a tiny share of corporate leaders. Black executives make up only 1 percent of CEOs at the 500 largest U.S. corporations, Asian executives only 2.4 percent, and Latino just 3.4 percent. Women occupy a mere 6 percent of top corporate CEO suites.
- Decades of studies back up Treasury Secretary Janet Yellen’s 1990 “Fair Wage-Effort Theory” that large pay disparities undermine employee morale and productivity.

The Tax Excessive CEO Pay Act now pending before Congress would incentivize corporations to narrow their pay divides by linking each company’s tax rate to the size of the compensation gap between its highest-paid executive and median worker.

- Corporations with CEO-median worker pay gaps less than 50 to 1 would owe no extra taxes under this legislation.
- Corporations with pay ratios higher than 500 to 1 would face the largest tax increase. Their tax rate would jump five percentage points over the base corporate tax rate.

If the Tax Excessive CEO Pay Act had been in place in 2020:

- **Walmart**, with a pay gap of 1,078 to 1, would have owed an extra \$1 billion in federal taxes, enough to annually fund 13,502 clean energy jobs.
- **Amazon**, with a 1,596-to-1 ratio between its highest and median pay, also would have owed an extra \$1 billion, enough to underwrite 115,089 public housing units for a year. Amazon’s Worldwide Consumer CEO David Clark took home \$46.3 million in 2020.
- **Home Depot**, with a 511-to-1 gap, would have owed an extra \$800 million, enough to create 18,329 jobs that pay \$15 per hour with benefits for a year.

Support for reining in extreme pay gaps is also growing at the state and local levels.

- San Francisco voters overwhelmingly passed a ballot initiative in 2020 that makes their city the nation’s second jurisdiction to impose a tax penalty on corporations with extreme divides in compensation. The nation’s first pay-ratio tax went into effect three years ago in Portland, Oregon.
- In nine state legislatures, policymakers have introduced similar proposals to discourage excessive executive pay and encourage higher compensation for ordinary workers.



Introduction

In 2008, executives chasing after huge paydays crashed the U.S. economy. That crisis left millions of Americans homeless and jobless. In the wake of that disaster, lawmakers on both sides of the aisle called for strict caps on CEO compensation at bailed out firms. But Wall Street banks and major corporations blocked those restrictions, arguing they couldn't possibly retain and attract "top talent" if they couldn't offer mega-million-dollar paychecks.

Today we're living through a period of even greater national suffering. Over the course of the pandemic, our frontline workers have repeatedly proven how absolutely essential their work remains, to both our economy and our health. And yet, as we document in this 27th annual Institute for Policy Studies *Executive Excess* report, corporate boards are performing cartwheels to protect huge paychecks *at the top* of our corporate hierarchies.

Back in 2008, we could trace the nation's economic collapse directly to the behavior of our corporate elite. Corporate executives in 2020, by contrast, didn't *directly* cause the pandemic. But they have certainly contributed to the pain. Their behaviors over recent years left working families much more vulnerable when the pandemic hit. By outsourcing massive numbers of U.S.-based jobs, by turning millions of the jobs that remained into low-wage, part-time work without benefits, American corporate executives had created a nation where, as the Federal Reserve [noted](#) in 2019, nearly 40 percent of families could not afford to cover a \$400 emergency.

American families have been simply unable, on their own, to bear the Covid crisis. Meanwhile, corporate chief executives in the United States have continued to score the sorts of windfalls that have ballooned billionaire wealth.

Our nation's growing pay divide has also driven gender and racial disparities. Women and people of color make up a [disproportionately large](#) share of today's low-wage workforce and a distressingly tiny share of corporate leadership. Black executives make up only [1 percent](#) of CEOs at the 500 largest U.S. corporations, Asian executives only 2.4 percent, and Latino just 3.4 percent. Women [occupy](#) a mere 6 percent of top corporate CEO suites.

Research [has found](#) that extreme pay gaps spell bad news for business productivity as well. In 1990, as an academic, Biden Treasury Secretary Janet Yellen co-authored a landmark [paper](#) on the "Fair Wage-Effort Theory." Large pay disparities, this work posited, cause resentment among lower-level employees, leading them to either quit or not give their all on the job. These negative outcomes, Yellen and her co-author observed, conform to both what our "common sense" tells us would be the case and "sociological and psychological theory and observation."



Unfortunately, few leaders of major U.S. corporations appear to have much common sense when it comes to CEO pay. In the years since Yellen’s paper appeared, the average pay gap between big company CEOs and their typical workers [has widened](#) from about 60 to 1 to more than 300 to 1. Our corporate compensation practices have, in effect, delivered prosperity for the few and precarity for the many. We need a new model for American business. Tax incentives and other policy measures could help create it.

Pay gaps at the largest low-wage employers

Despite the pandemic economic crisis, the [Wall Street Journal projects](#), CEO pay at major U.S. corporations will likely end up hitting record highs. This report zeroes in on those major corporations with the lowest median worker wages. We set out to see whether the pandemic and the resulting extreme hardship for millions of low-income families have led these firms to significantly rethink their pay practices.

The pandemic has brutalized low-wage workers, particularly workers of color. These employees suffered 2020’s [highest job loss rates](#). They also suffered the [highest Covid infection rates](#), in part because so many work at essential frontline jobs and stayed on, despite the health risks, to keep our economy running.

A majority of large low-wage employers, we have found, *did* alter their pay plans in 2020 — at the top end. Of the 100 S&P 500 corporations with the lowest median worker pay, 51 bent their own rules to pump up executive paychecks.

These 51 firms awarded CEOs bigger paychecks and typical workers smaller ones than their counterparts at other low-wage S&P 500 firms. At the compensation-manipulating companies, CEO pay averaged \$15.3 million, up 29 percent over 2019, while median worker pay dropped 2 percent, to a \$28,187 average. The CEO-worker pay ratio at these 51 firms averaged 830 to 1.

| Company group | CEO pay | | Median worker pay | | CEO-worker pay ratio |
|--|--------------|------------------|-------------------|------------------|----------------------|
| | 2020 average | Change over 2019 | 2020 average | Change over 2019 | 2020 average |
| 100 S&P 500 firms with the lowest median worker pay | \$13,936,558 | +15% | \$30,474 | 0% | 689 to 1 |
| The 51 lowest-wage S&P 500 firms that bent executive pay rules | \$15,262,378 | +29% | \$28,187 | -2% | 830 to 1 |

Sources: Most recent corporate proxy statements available as of April 26, 2021. See Appendix 1 for details on the 100 S&P 500 firms with the lowest median worker pay.



The 100 S&P 500 corporations we analyzed all paid median compensation under \$50,000 in 2020. Some did offer frontline employees paid leave and small pay increases during the pandemic, usually around \$2 per hour, but in nearly all cases this modest extra Covid support would be only temporary. By October 2020, a Brookings study [reports](#), few employers were still offering hazard pay, despite rising infection rates. The real largesse flowed only to C-suites.

How corporate boards bent their compensation rules to pump up executive paychecks

Most large U.S. corporations established their executive compensation plans in early 2020, before the pandemic's onset. In Appendix 1, we detail how 51 of the 100 low-pay firms subsequently modified their pay practices to inflate executive pay. These companies engaged in various rigging maneuvers. Among these tricks of the CEO pay trade:

- lowering performance bars to allow executives to meet bonus targets,
- awarding special “retention” bonuses,
- excluding poor second-quarter results from performance evaluations, and
- replacing performance-based awards with time-based awards.

Companies enlisted an army of “independent” compensation consultants in an effort to give all this rule-rigging a veneer of legitimacy. Carnival, for example, paid Frederick W. Cook & Co. [\\$423,274](#) to give its CEO “retention” bonus a stamp of fiscal probity as the company's profits cratered and workers suffered.

The empty gesture of CEO salary cuts

More than 500 publicly held U.S. companies announced cuts to their CEO base salary in 2020. These moves garnered laudatory press coverage, but had a negligible impact on actual pay levels for the simple reason that straight salary makes up, on average, only [10 percent](#) of total executive compensation. Since the start of the pandemic crisis, in numerous cases where CEOs accepted *salary* reductions, their corporate boards have rigged the rules to hand out unearned bonuses that dwarfed the value of those reductions.

Corporate boards have also taken pains to base incentive payouts on full *original* base executive salaries. This particular maneuver kept salary reductions in 2020 from impacting bonus levels, since corporations typically set bonus targets at a certain percentage of base salary.

Pandemic pay manipulation shreds the arguments of CEO pay defenders

The widespread manipulation of pay rules to protect executive pay that we have seen during this pandemic undercuts the three most prominent defenses that CEO pay apologists advance.



1. **The “exceptional risk” defense:** Corporate boards defend sky-high executive compensation levels by arguing that CEOs bear exceptional risk. Top executives — unlike lower-level employees rewarded via cash wages and salaries — receive most of their compensation in the form of variable pay tied to performance metrics or the value of the company’s share price. The 2020 pandemic-year pay results dramatically illustrate how corporate compensation systems operate in practice to shield only CEOs from real risk.
2. **The “long-term shareholder value” defense:** Large corporations go to great lengths to argue that their executive pay plans encourage responsible leadership strategies good for the company over the long haul and discourage short-term recklessness. CEO pay apologists point, for instance, to stock awards that typically vest gradually over three years and stock options grants that usually vest over four years. But companies typically hand out these grants *every* year, a timing that turns so-called “long-term” incentives into invitations for short-term maneuvers that inflate executive earnings.

In 2020, corporate boards demonstrated how easily they could dispense with the long-term façade of these grants altogether. Our sample teems with companies that either excluded 2020 financial results from the evaluation of executive payouts or beefed up short-term bonuses to make up for reduced long-term award payouts.

3. **The “pay for performance” defense:** [Study](#) after [study](#) has disproved the myth that high CEO pay correlates with high company performance. In real corporate life, distressed corporations regularly hand out exceptionally generous pay packages, arguing that only extraordinary incentives can retain and motivate “top talent” during challenging times. In our sample, not surprisingly, the 16 profit-losing, pay rule-manipulating corporations had the highest average CEO compensation, at \$17.5 million.

In bull markets, even inept corporate leaders can ride the rising tide and reap huge windfalls by cashing in their equity compensation. And if that “free ride” proves less than lavishly lucrative, executives can often count on Corporate America’s stock buyback flimflam. By repurchasing their own shares on the open market, companies can artificially inflate executive stock-based pay. In our sample, we spotted two examples of crisis-hit companies — Darden and Johnson Controls — investing deeply in stock repurchases.

The pay rule manipulations we describe in this report remain perfectly “legal.” In most cases, corporate compensation plans explicitly allow firms to take both “positive” and “negative” discretionary action to account for the impact of unusual, unanticipated events, particularly when those events may be beyond an executive’s control. In reality, corporate boards hardly



ever exercise “negative” discretion. In the hundreds of 2020 corporate proxy statements we reviewed, we spotted just one example: At [CVS](#), the board of directors slightly lowered bonus payouts to offset the company’s unexpected windfalls from Covid-19 testing and vaccine revenue, windfalls that in no way reflected executive prowess.

How will pandemic-privileged CEOs benefit from the rising stock market?

Most large corporations annually issue stock-based grants in March. In 2020, corporate grant awarding happened to coincide with the pandemic market crash. We spotted just a handful of instances where companies delayed grant awards to avoid potentially massive undeserved gains for executives once the stock market began to recover. In most cases, CEOs received piles of stock-based pay that has vastly increased in value over the past year. The CEO beneficiaries here include executives at many companies that replaced cash salary with stock compensation to boost liquidity early in the pandemic crisis.

The Institute for Policy Studies will continue to track these Covid stock windfalls. We fear a likely repeat of the pattern after the 2008 financial crash, when corporate boards doled out massive executive stock grants at the market bottom. These awards quickly ballooned in value while ordinary families were still suffering. A Harvard study found that such payouts drove up executive compensation at Russell 3000 firms by [37 percent](#), on average, between 2008 and 2010.

How the Federal Government Calculates CEO-Worker Pay Ratios

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act requires large U.S. publicly traded corporations to report the ratio between their CEO and median worker pay to the SEC on a yearly basis. Under the [SEC rule](#), companies key their ratios to two numbers:

CEO compensation. The SEC regulations require companies to include in their executive pay calculations all salary, bonuses, the estimated value of stock and stock option awards, changes in pension value, and perks. The SEC has long required publicly held firms to disclose this information for their top five executives. Under the currently pending Tax Excessive CEO Pay Act, the numerator in the ratio would be the highest-paid executive, not necessarily the CEO.

Median employee compensation. Part-time, temporary, and full-time U.S. and non-U.S. employees must be included, but not subcontracted employees. Companies can exempt non-U.S. employees from their ratio calculations only if these employees make up 5 percent or less of the total workforce. Under the SEC pay-ratio rule, companies cannot convert part-time and temporary employees into full-time equivalents.



Ten examples of corporate boards pumping up executive pandemic paychecks

We have drawn the following examples from our sample of the 100 S&P 500 corporations with median worker pay below \$50,000. These companies represent a range of sectors, from entertainment and accommodations to retail, food service, and manufacturing.

Carnival

Gave CEO a retention award while leaving employees stranded at sea

After an industry-wide pandemic shutdown last March, cruise lines scrambled to get paying customers home — often while [stranding employees at sea](#). Carnival, the world's [largest cruise operator](#), secured \$6 billion in low-cost financing in April 2020, thanks to a [Federal Reserve lifeline](#). As late as August, the company still had some employees [stuck on ships](#).

That same summer month, the company's board awarded CEO Arnold Donald special pandemic "retention and incentive" stock grants valued at more than \$5 million. Arnold's total 2020 compensation came to [\\$13.3 million](#), 490 times the company's [\\$27,151](#) median worker pay.

Tyson Foods

Awarded unearned bonuses to executives, including mega-billionaire chairman John Tyson

Tyson executives didn't meet their cash bonus targets last year. The ever-accommodating Tyson board gave them [stock awards](#) to make up the difference. CEO Noel White wound up with total compensation of nearly \$11 million, 294 times as much as Tyson's \$37,444 median worker pay. Another recipient of those special stock awards was company chair John Tyson, a billionaire hardly in dire need of special support. The heir and grandson of the company founder, Tyson has watched his personal wealth increase 72 percent during the pandemic — to [\\$2.6 billion](#).

Frontline Tyson workers, meanwhile, suffered more Covid-19 infections and deaths than employees at any other meatpacker. As of February 2021, more than [12,000](#) Tyson workers had been infected by the virus and at least 38 had lost their lives to it.

Hilton Worldwide

Rigged the rules to hand CEO the largest paycheck among the lowest-wage employers

The pandemic has been devastating for the hotel industry, but not so much for Hilton CEO Christopher Nassetta. His 2020 compensation package came to \$55.9 million, the highest among the 100 S&P 500 firms with the lowest median wages.



Nassetta — like so many other pandemic-era top executives — failed to meet his performance goals last year. Hilton board members, in response, thoughtfully inflated Nassetta’s paycheck by “restructuring” the company’s restricted stock awards. A zero performance payout to Nassetta, the board rationalized, would have “impaired the awards’ ability to retain key talent and align our management team with the actions needed to drive long-term performance.”

The hotel giant displayed no such concern about retaining frontline workers. Between 2019 and 2020, Hilton slashed its global workforce from [173,000](#) to [141,000](#) and median pay from \$43,695 to \$28,608. Those moves would widen the company’s CEO-worker pay ratio for 2020 up to 1,953 to 1. Hilton doesn’t disclose the demographics of its workforce, but in the hotel industry overall in the United States women make up [88 percent](#) and people of color make up 67.5 percent of maids and housekeeping staff.

Chipotle Mexican Grill

Changed bonus metrics to send CEO pay soaring to 2,898 times median worker pay

Chipotle CEO Brian Niccol received \$38 million in 2020 compensation, 2,898 times the restaurant chain’s median worker pay. The Chipotle board inflated Niccol’s bonus pay through two manipulations. In calculating whether the CEO had met his bonus targets, board members tossed out the company’s poor financial results from the peak shutdown period and excluded Covid-related costs, a bit of financial magic that artificially boosted Chipotle’s operating income and helped give Niccol a 136 percent raise over his 2019 compensation.

Niccol’s huge pay hike dwarfed the 10 percent base wage increase that Chipotle, early in the pandemic, gave hourly employees who were putting their own health at risk serving customers. The company cut that “hazard pay” [a few months later](#), leaving average pay for Chipotle crew members at just [\\$12 per hour](#).

The Chipotle proxy statement claims that the company expanded paid emergency leave benefits and offered 30-day personal leave for any Covid-related reason. But [workers say](#) managers didn’t inform them of this policy and told them to take unpaid leave instead. New York City officials have also just [filed a lawsuit](#) against Chipotle. They allege that the company violated fair scheduling protections for workers.

Aptiv

Manipulated bonus rules, resulting in the widest pay gap in the entire S&P 500

Aptiv PLC — formerly Delphi Automotive — had a wider pay gap in 2020 than any S&P 500 corporation. Chief executive Kevin Clark took in compensation valued at \$31.3 million, 5,294 times as much as the company’s median worker pay of \$5,906. The Aptiv board inflated Clark’s



paycheck by moving bonus goalposts and excluding 2020 results from the 2018-2020 performance period for long-term executive incentive awards.

The company justifies Clark's massive payout as nothing more than the product of "accounting adjustments" related to 2019 and 2020 stock awards. Without these adjustments, the CEO's compensation would have totaled a still robust \$13.5 million and the pay ratio would have shrunk to 2,279 to 1, the fifth-largest gap in the S&P 500.¹ Median worker pay at Aptiv dropped 19 percent between 2019 and 2020, an "adjustment" the company chooses not to emphasize.

Aptiv, a firm that operates in 44 countries, has not disclosed where its median employee labors. The company has [revealed](#) that CEO Clark himself works out of Boston, Massachusetts. The company itself has — for tax avoidance purposes — incorporated on the tax haven island of Jersey and placed its headquarters in Ireland.

YUM Brands

Touted CEO's voluntary salary cut, then gave him Covid bonuses worth 2.5 times as much

YUM Brands CEO David Gibbs engaged in a common sleight of hand for top executives during the pandemic. He garnered considerable positive publicity for giving up some of his salary while quietly pocketing far more in unearned bonuses and other forms of compensation.

In March 2020, YUM Brands — home to KFC, Pizza Hut, and Taco Bell — announced [with great fanfare](#) that Gibbs would donate \$900,000 of his salary to offset \$1,000 bonuses for restaurant general managers. A magnanimous gesture? Not quite. YUM Brands kept Gibbs more than whole by [changing the metrics](#) on his performance awards, a maneuver that handed him a \$1.4 million cash bonus and a stock grant valued at \$882,127. The special Covid bonuses that went to Gibbs equaled over two and a half times his voluntary salary cut. This largesse boosted Gibbs's total compensation to \$14.6 million, 1,286 times the YUM Brands \$11,377 median worker pay.

In 2020, YUM's median worker was a U.S.-based KFC restaurant employee working part-time, the status of about 85 percent of YUM-owned restaurant employees. The firm did not offer hazard pay to these frontline employees, whose hourly wages average just \$9.75, according to [Payscale](#) estimates. Nationwide, women fill more than [two-thirds of fast food jobs](#). Black and Latino workers also make up a disproportionately large share of the sector's workforce.

Dollar Tree

Held eight board meetings to devise a plan for protecting executives from missed bonus targets

This discount retailer's top executives all failed to meet their 2020 bonus targets. The Dollar Tree board of directors ignored that failure and awarded the executives restricted stock grants with



approximately the same value. For new CEO Michael Witynski, who spent less than six months in the top post in 2020, this translated into a bonus valued at about \$1.5 million, boosting his total compensation to \$11.3 million.² That compensation amounted to 715 times the pay of the company's median worker, a U.S. part-timer who earned \$15,816.

The Dollar Tree board apparently had to devote considerable brainpower to figuring out how to ignore the executives' missed metrics. "During eight meetings," the Dollar Tree proxy statement [notes](#), the board compensation committee "focused" on the problem of "how Covid-19 would financially impact the Company's performance and executive compensation."

How much brainpower did the Dollar Tree board expend deliberating over compensation for the firm's frontline employees? That remains unclear. Early in the pandemic, the company did offer a \$2 hourly pay increase to distribution center workers and store employees, but the firm cut off this "hazard pay" in [July](#).³

Coca-Cola

Awarded unearned bonuses that boosted CEO pay to more than 1,600 times median worker pay

None of this soft drink maker's top executives met their bonus targets last year, but the Coca-Cola board gave them all bonuses anyway. The justification? The board wanted to reward Coke's top executives for their "resilience" in the face of the pandemic.

For CEO James Quincey, his \$960,000 Covid bonus, combined with new stock-based awards, drove his total compensation package above \$18 million, over 1,600 times as much as the company's median worker pay. Coca-Cola's median employee earned \$11,342 in 2020 working part-time in one of the UK-based Costa cafes the company acquired in 2019.

In December 2020, Coca-Cola announced plans to cut [2,200 jobs](#), or 17 percent of its workforce, as part of a restructuring plan accelerated by the pandemic blow to the company's bottom line. Coke profits dropped by [13 percent](#) last year. About 1,200 of the layoffs will hit U.S. workers.

Darden Restaurants

Handed unearned bonuses to leading opponents of raising the tipped-worker minimum wage

Darden CEO Eugene Lee, Jr. gave up most of his 2020 base salary after the pandemic shuttered Olive Garden and the company's other full-service restaurant chains, losing \$170,240 in the process. But board members made sure Lee would feel no paycheck pain. They modified his bonus metrics to guarantee him a \$1.9 million payout, a manipulation that inflated Lee's total compensation to \$8.7 million, 538 times Darden's \$16,137 median.



Darden has also shielded shareholders from pandemic risk. In September 2020, on the same day the company revealed plans to cut [11 percent](#) of its corporate workforce, Darden announced plans to reinstate a [30 cents per share](#) cash dividend. In March 2021, the Darden board more than doubled that dividend and announced up to [\\$500 million](#) in stock buybacks, a move that artificially boosted the company's share prices to the benefit of investors and executives alike.

During the pandemic, in response to [advocacy pressure](#), the company has covered Covid sick leave and shelled out [\\$85 million](#) in emergency pay for furloughed workers. But the support frontline workers have received remains miniscule compared to the sums flowing to Darden's corner-office crowd. The company's Covid emergency pay fund is providing an average \$567 per worker, not much of a cushion for Darden's low-wage employees. This figure rests on the company's estimate that as many as [150,000 of its restaurant personnel](#) have been furloughed.

Darden, on the national scene, has been a leading opponent of raising the subminimum tipped minimum wage, a wage protection that has been stuck at \$2.13 per hour for decades. In April 2021, Darden announced that all its employees will be making [at least \\$10 in income per hour, a pay rate that includes tips](#). Company officials have not revealed their base *wage* data. The advocacy group One Fair Wage has just filed a [lawsuit against Darden](#), alleging that the firm's tipped wage practices increase sexual harassment and widen racial and gender income gaps.

Johnson Controls

Goosed CEO bonus while laying off thousands of workers.

Johnson Controls CEO George Oliver agreed to trim his 2020 base salary by a little over \$150,000 in 2020, but his board more than made up for that gesture by manipulating metrics to increase his cash bonus to more than \$2 million. His total compensation came to \$13.7 million, 357 times the company's \$38,462 median worker pay. In 2019, median pay ran \$41,987.

The manufacturing firm has also shielded shareholders from pandemic risk. Between July and the end of September 2020, Johnson spent approximately [\\$750 million](#) on stock buybacks designed to inflate the company's share value. In 2020, CEO Oliver received stock and options awards valued at \$9.5 million.

Johnson Controls maintained employee salary levels in 2020, but chose *not* to maintain employees. The company is now completing the elimination of some [6,500 positions](#). Formerly based in Wisconsin, Johnson merged with a foreign firm in 2016 and shifted its headquarters to Ireland to avoid U.S. taxes. After decades of offshoring, [63 percent](#) of the firm's employees today labor outside the United States.



Taxing extreme gaps could generate significant revenue for a more equitable Covid recovery

The corporate pay gaps we see routinely in today’s United States would have been unimaginable just a generation ago. How can we bring some common sense to contemporary corporate compensation? We could place tax penalties on corporations that compensate their top executives at outrageous multiples of worker pay. Taking steps to tax extreme CEO-worker pay gaps would encourage large corporations to narrow their divides, either by lifting up compensation at the bottom of the corporate pay ladder, shrinking pay at the top, or, better yet, taking both steps together. Such taxes on extreme pay ratios, at this point in time, could also generate significant revenue to invest in a more equitable Covid recovery.

Under one bill currently before Congress, the [Tax Excessive CEO Pay Act \(S.794/HR 1979\)](#), the wider a company’s gap between CEO and median worker pay, the higher the company’s federal corporate tax rate would rise.⁴ The law would apply to all private and publicly held U.S. corporations with average annual gross receipts — for the three preceding years — of at least \$100 million.

Tax penalties under this legislation would begin at 0.5 percentage points for companies that pay their top executives between 50 and 100 times more than their median workers. The legislation’s highest penalty would apply to companies that pay top executives over 500 times worker pay. Companies with pay gaps of less than 50 to 1 would not owe an extra dime.

| Tax rate structure under the Tax Excessive CEO Pay Act | |
|--|---------------------------------------|
| If a company’s ratio between CEO and median worker pay runs: | Their corporate taxes would increase: |
| More than 50 but not more than 100 | +0.5 percentage points |
| More than 100 but not more than 200 | +1 percentage points |
| More than 200 but not more than 300 | +2 percentage points |
| More than 300 but not more than 400 | +3 percentage points |
| More than 400 but not more than 500 | +4 percentage points |
| More than 500 | +5 percentage points |

Enacting this legislation would create a distinct disincentive for offshoring since a company’s median pay figure would reflect that firm’s entire global workforce. Shipping jobs to low-wage countries would lower a company’s median wage and increase its tax liability. The bill would also increase the tax penalty on corporations that outsource jobs in order to manipulate their pay ratio.



In total, the Tax Excessive CEO Pay Act would raise an estimated [\\$150 billion](#) over 10 years. In the table below, we indicate just how much three particularly profitable and extremely inequitable U.S. corporations would have owed had this legislation been in place last year. We also offer examples of public investments that could be covered with that extra revenue. These estimates assume no change in corporate compensation practices in response to the tax. Ideally, of course, firms *would* change their behavior, by moving to narrow their internal pay gaps.

| What CEO pay gap taxes on specific firms would raise and could finance | | | | |
|--|----------------------------|---|--|---|
| Company | CEO-worker pay ratio, 2020 | U.S. pre-tax profit, 2020 (\$thousands) | Increase in liability if tax rate was 5 percentage points higher on pay ratios above 500 (\$thousands) | Tradeoff |
| Walmart | 1,078 | \$20,003,000 | \$1,000,150 | 13,502 clean energy jobs created for a year |
| Amazon | 1,596* | \$20,219,000 | \$1,010,950 | 115,089 public housing units for a year |
| Home Depot | 511 | \$16,013,000 | \$800,650 | 18,329 jobs that pay \$15 per hour with benefits for a year |

* Based on highest-paid executive in 2020, CEO of Worldwide Consumer David Clark, who had total compensation of \$46.3 million. **Sources:** For pay ratios, most recent corporate proxy statements as of April 26, 2021. Tax revenue: based on U.S. pre-tax profits reported in 10-K forms and assumes no change in behavior. Tradeoffs: Institute for Policy Studies, National Priorities Project [Tradeoff calculator](#).

City and state-level pay ratio tax proposals

Two U.S. cities have already approved local tax increases on corporations that pay their CEOs at triple-digit multiples of their median worker pay. In 2018, Portland became the first city to [apply a tax penalty](#) on publicly traded companies with wide gaps. The Oregon city's standard business license tax sets a 2.2 percent levy on adjusted business net income. The pay ratio surtax increases business tax liability by 10 percent for companies with CEO-worker pay ratios of more than 100 to 1 and 25 percent for companies with ratios over 250 to 1.

More recently, San Franciscans [voted](#) overwhelmingly this past November to pass a ballot measure that increases tax rates on local business with wide pay ratios. The pay-ratio penalties voters approved range from an additional 0.1 percent on corporations that pay CEO over 100 times their typical San Francisco worker pay to a 0.6 percent penalty on companies with pay ratios of 600 to 1 or more.

Legislators in nine states have introduced [similar pay-ratio tax legislation](#).



Conclusion

Not every major U.S. corporation last year rigged its internal executive pay rules to privilege chief executives at worker expense. Many companies simply proceeded on their normal executive pay autopilot. This reality may lead some cheerleaders for our corporate status quo to dismiss the rigging we have detailed in these pages as the work of “bad apples.”

But we have more than “bad apples” in Corporate America today. We have a poisoned tree that is delivering, year after year, bitter fruit for workers and the sweetest of sweet for top executives. The pay gap between U.S. CEOs and their workers has increased, on average, over 15-fold since the 1960s. No nation in the world has CEOs as lavishly compensated as the United States today. No nation in the developed world has workers as economically vulnerable as workers in the United States.

The CEO pandemic pay plunder we have profiled here has flowed naturally from the continuing outrageousness of this debilitating state of corporate affairs. We don’t need to toss “bad apples.” We need to plant a new tree.

Appendix 1: The 100 S&P 500 companies with the lowest median worker wages (2020 data)

| | Corporation, ranked by median pay | CEO | CEO pay | Median worker pay | 2020 pay ratio | What the board did to pump up executive pay |
|----|---|-------------------------|--------------|-------------------------|----------------------|--|
| 1 | APTIV PLC | Kevin P. Clark | \$31,267,329 | \$5,906 | 5,294 | "Reset" annual bonus metrics and shortened performance period for long-term incentive award to end in Dec. 2019. |
| 2 | UNDER ARMOUR INC | Patrik Frisk | \$7,365,232 | \$6,669 | 1,104 | Changed annual bonus metrics and replaced performance-based stock awards with time-based awards. |
| 3 | HANESBRANDS INC | Stephen B. Bratspies | \$7,287,515 | \$6,900 | 1,056 | Changed annual bonus goalposts. |
| 4 | GAP INC | Sonia Syngal | \$21,905,521 | \$7,037 | 3,113 | Divided bonus evaluation period between first and second half of the year. |
| 5 | WESTERN DIGITAL CORP | David V. Goeckeler | \$38,082,355 | \$7,719 | 4,934 | |
| 6 | ROYAL CARIBBEAN CRUISES LTD | Richard D. Fain | \$12,083,503 | \$8,664 | 1,395 | Excluded the impact of fiscal year 2020 on the attainment of long-term performance stock goals. |
| 7 | ROSS STORES INC | Barbara Rentler | \$17,518,158 | \$8,672 | 2,020 | Changed performance metrics for 2020 awards. |
| 8 | MCDONALD'S CORP | Christopher Kempczinski | \$10,847,032 | \$9,124 | 1,189 | |
| 9 | SEAGATE TECHNOLOGY PLC | William David Mosley | \$11,698,767 | \$9,471 | 1,235 | |
| 10 | L BRANDS INC | Andrew M. Meslow | \$18,494,939 | \$9,876 | 1,873 | Gave special cash retention awards. |
| 11 | COCA-COLA CO | James Robert B. Quincey | \$18,383,474 | \$11,342 | 1,621 | Gave cash awards to make up for lost bonuses. |
| 12 | YUM BRANDS INC | David W. Gibbs | \$14,631,451 | \$11,377 | 1,286 | Adjusted annual bonus metrics and gave CEO a special stock grant to make up for not hitting long-term incentive targets. |
| 13 | AVERY DENNISON CORP | Mitchell R. Butler | \$8,709,348 | \$11,460 | 760 | Moved bonus goalposts for some top executives (not the chief executive). |
| 14 | KOHL'S CORP | Michelle D. Gass | \$12,855,375 | \$11,708 | 1,098 | Changed the metric for both annual and long-term bonuses. |
| 15 | ALIGN TECHNOLOGY INC | Joseph M. Hogan | \$15,522,289 | \$11,961 | 1,298 | Adjusted bonus metrics. |
| 16 | STARBUCKS CORP | Kevin R. Johnson | \$14,665,575 | \$12,113 | 1,211 | Split annual bonus performance periods in two, excluded pandemic impacts from earnings calculations for performance stock payouts, and replaced some performance stock with time-based awards. Excluded financial results from the pandemic period and excluded Covid-related costs from operating income for the purpose of calculating bonuses. |
| 17 | ULTA BEAUTY INC | Mary N. Dillon | \$8,100,164 | \$12,476 | 649 | |
| 18 | CHIPOTLE MEXICAN GRILL INC | Brian R. Niccol | \$38,000,000 | \$13,127 | 2,898 | |
| 19 | AMPHENOL CORP | Richard Adam Norwitt | \$8,037,847 | \$15,009 | 536 | |
| 20 | DOLLAR TREE INC | Michael Witynski | \$11,312,662 | \$15,816 | 715 | Awarded stock grants to make up for reduced bonuses resulting from Covid-related impacts. |
| 21 | DARDEN | Eugene I. Lee, Jr. | \$8,688,707 | \$16,137 | 538 | Excluded results from the pandemic period from the calculation of bonus metrics. |



| | Corporation, ranked by median pay | CEO | CEO pay | Median worker pay | 2020 pay ratio | What the board did to pump up executive pay |
|----|---|-----------------------------|--------------|-------------------------|----------------------|--|
| 22 | DOLLAR GENERAL CORP | Todd J. Vasos | \$16,452,823 | \$16,688 | 986 | |
| 23 | SKYWORKS SOLUTIONS INC | Liam K. Griffin | \$21,800,439 | \$17,148 | 1,271 | |
| 24 | WALMART INC | C. Douglas McMillon | \$22,574,358 | \$20,942 | 1,078 | |
| 25 | DOMINO'S PIZZA INC | Richard E. Allison, Jr. | \$6,295,230 | \$22,076 | 285 | |
| 26 | WHIRLPOOL CORP | Marc Robert Bitzer | \$17,064,835 | \$22,113 | 772 | |
| 27 | NIELSEN HOLDINGS PLC | David W. Kenny | \$10,695,425 | \$22,621 | 473 | Adjusted performance metrics by excluding Covid costs from financial results. |
| 28 | SMITH (A.O.) | Kevin J. Wheeler | \$5,174,751 | \$22,826 | 227 | |
| 29 | TRACTOR SUPPLY CO | Harry A. Lawton III | \$15,971,242 | \$24,437 | 654 | |
| 30 | TARGET CORP | Brian C. Cornell | \$19,755,188 | \$24,535 | 805 | |
| 31 | LOWE'S COS INC | Marvin R. Ellison | \$23,075,881 | \$24,554 | 940 | |
| 32 | ADVANCE AUTO PARTS INC | Thomas R. Greco | \$8,056,454 | \$24,960 | 323 | Adjusted performance metrics by excluding Covid costs from operating income. |
| 33 | S&P GLOBAL INC | Douglas L. Peterson, M.B.A. | \$15,077,269 | \$25,324 | 595 | |
| 34 | MOSAIC CO | James C. O'Rourke, P.Eng. | \$12,788,259 | \$25,533 | 501 | |
| 35 | O'REILLY AUTOMOTIVE INC | Gregory D. Johnson | \$8,990,958 | \$25,958 | 346 | |
| 36 | AUTOZONE INC | William C. Rhodes, III | \$11,531,361 | \$26,759 | 431 | Adjusted financials (to account for employee leave benefits) to help executives meet bonus targets. |
| 37 | CARNIVAL CORPORATION | Arnold W. Donald | \$13,306,097 | \$27,151 | 490 | Gave special retention stock grant awards. |
| 38 | HOME DEPOT INC | Craig A. Menear | \$13,995,092 | \$27,389 | 511 | |
| 39 | PUBLIC STORAGE | Joseph D. Russell, Jr. | \$4,800,928 | \$27,976 | 172 | Gave annual and long-term incentive awards at 90% of target, even though benchmarks weren't met. |
| 40 | NIKE | John J. Donahoe II | \$54,451,903 | \$28,142 | 1,935 | Modified performance metrics and gave additional special discretionary bonuses. |
| 41 | TAPESTRY INC | Jide Zeitlin | \$4,911,860 | \$28,523 | 172 | Replaced performance-based stock grants with cliff-vesting grants. For annual bonus, revised the performance curves and replaced Diluted EPS as a metric with Inventory Turns. |
| 42 | HILTON WORLDWIDE | Christopher J. Nassetta | \$55,884,527 | \$28,608 | 1,953 | Modified performance goals for stock awards. |
| 43 | ESTEE LAUDER | Fabrizio Freda | \$18,423,928 | \$28,879 | 638 | Increased the value of both annual and long-term equity grants for 2021 to partially make up for lower bonuses in 2020. |
| 44 | NEWELL BRANDS INC | Ravichandra K. Saligram | \$9,804,500 | \$28,891 | 339 | Changed annual and long-term bonus metrics. Changed the weighting of long-term metrics to reduce the impact of 2020. |
| 45 | AMAZON | Jeffrey P. Bezos | \$1,681,840 | \$29,007 | 58 | |



| | Corporation, ranked by median pay | CEO | CEO pay | Median worker pay | 2020 pay ratio | What the board did to pump up executive pay |
|----|---|-----------------------|--------------|-------------------------|----------------------|--|
| 46 | LKQ CORP | Dominick P. Zarcone | \$7,843,673 | \$30,292 | 259 | Modified long-term incentive plan by excluding 2020 from the three-year performance period. |
| 47 | HERSHEY CO | Michele Gross Buck | \$19,115,059 | \$30,322 | 630 | |
| 48 | WESTERN UNION CO | Hikmet Ersek | \$10,336,400 | \$30,515 | 339 | |
| 49 | NORWEGIAN CRUISE LINE | Frank J. Del Rio | \$36,381,255 | \$30,635 | 1,188 | Awarded retention bonus and made other adjustments to boost executive pay. |
| 50 | MONDELEZ INTERNATIONAL INC | Dirk Van de Put | \$16,842,693 | \$30,937 | 544 | |
| 51 | BORGWARNER INC | Frédéric B. Lissalde | \$9,715,687 | \$31,250 | 311 | |
| 52 | COGNIZANT TECH SOLUTIONS | Brian Humphries | \$13,807,940 | \$33,358 | 414 | Revised annual bonus metrics. |
| 53 | MCCORMICK & CO INC | Lawrence E. Kurzius | \$19,546,334 | \$33,387 | 585 | "Adjusted" performance metrics for annual bonus. |
| 54 | WALGREENS BOOTS ALLIANCE | Stefano Pessina | \$17,483,187 | \$33,396 | 524 | Modified performance metrics for the annual bonus and excluded the year 2020 from the calculation of payouts for long-term (2018-2020) incentive awards. |
| 55 | ROBERT HALF INTL INC | Keith Waddell | \$6,595,507 | \$33,489 | 197 | |
| 56 | GENUINE PARTS CO | Paul D. Donahue | \$8,523,608 | \$33,733 | 253 | Gave only time-based stock awards instead of the usual mix of time-based and performance-based awards. |
| 57 | IRON MOUNTAIN INC | William L. Meaney | \$12,299,861 | \$35,247 | 349 | Adjusted bonus metrics. |
| 58 | MOHAWK INDUSTRIES INC | Jeffrey S. Lorberbaum | \$3,636,376 | \$35,331 | 103 | Changed performance goals so executives could receive annual bonuses. |
| 59 | COPART INC | A. Jayson Adair | \$25,776,922 | \$35,448 | 727 | |
| 60 | MGM RESORTS INTERNATIONAL | William J. Hornbuckle | \$14,000,684 | \$35,526 | 394 | Replaced cash awards with stock incentives. Increased the executive stock ownership guidelines to 6X base salary (from 5X base salary) for the CEO. |
| 61 | COLGATE-PALMOLIVE CO | Noel R. Wallace | \$14,364,118 | \$35,940 | 400 | |
| 62 | MARRIOTT INTL | Arne M. Sorenson | \$8,926,356 | \$36,352 | 246 | |
| 63 | IPG PHOTONICS CORP | Valentin P. Gapontsev | \$1,943,900 | \$36,416 | 53 | Split annual bonus performance period into two 6-month periods to reduce the impact of Covid on financial results. |
| 64 | TYSON FOODS | Noel White | \$10,993,649 | \$37,444 | 294 | Awarded special stock grants to compensate top executives for not meeting their bonus targets. |
| 65 | JOHNSON CONTROLS INTL | George R. Oliver | \$13,731,491 | \$38,462 | 357 | Adjusted annual bonus metrics. |
| 66 | MAXIM INTEGRATED PRODUCTS | Tunç Doluca | \$7,300,479 | \$38,849 | 188 | |
| 67 | FASTENAL CO | Daniel L. Florness | \$2,539,150 | \$38,939 | 65 | |
| 68 | KRAFT HEINZ CO | Miguel Patricio | \$6,140,131 | \$39,636 | 155 | |
| 69 | BECTON DICKINSON & CO | Thomas E. Polen | \$11,669,426 | \$39,669 | 294 | Changed bonus metrics and gave special stock award to some top executives (not the CEO). |



| | Corporation, ranked by median pay | CEO | CEO pay | Median worker pay | 2020 pay ratio | What the board did to pump up executive pay |
|----|---|---|--------------|-------------------------|----------------------|---|
| 70 | GARMIN LTD | Clifton Albert Pemble | \$3,684,276 | \$39,888 | 92 | |
| 71 | COOPER COS INC | Albert G. White, III | \$9,584,027 | \$40,271 | 238 | Awarded annual bonus despite not meeting benchmarks. |
| 72 | MARATHON PETROLEUM CORP | Michael J. Hennigan | \$15,648,848 | \$41,285 | 379 | |
| 73 | CONAGRA | Sean Connolly | \$11,882,832 | \$41,468 | 287 | |
| 74 | WYNN RESORTS LTD | Matthew Ode Maddox | \$24,571,980 | \$41,551 | 591 | Excluded 1st half of 2020 financial results from calculation of annual bonus performance goals. Awarded special pandemic-related stock grant. |
| 75 | LABORATORY CP OF AMER HLDGS | ADAM H. SCHECHTER | \$14,735,561 | \$41,670 | 354 | |
| 76 | KELLOGG CO | Steven A. Cahillane | \$11,663,852 | \$41,815 | 279 | |
| 77 | OMNICOM GROUP | John D. Wren | \$11,147,649 | \$42,490 | 262 | Changed performance metrics. |
| 78 | LAS VEGAS SANDS CORP | Sheldon Gary Adelson (now since passed) | \$11,344,715 | \$42,809 | 265 | |
| 79 | METTLER-TOLEDO INTL INC | Olivier A. Filliol | \$6,331,828 | \$43,097 | 147 | |
| 80 | UNIVERSAL HEALTH SVCS INC | Alan B. Miller | \$13,246,214 | \$43,337 | 305 | |
| 81 | EXTRA SPACE STORAGE INC | Joseph D. Margolis, J.D. | \$6,782,212 | \$43,595 | 156 | |
| 82 | PPG INDUSTRIES INC | Michael H. McGarry | \$15,903,993 | \$43,783 | 363 | Used discretion to give bonuses even though the executives didn't meet performance targets. |
| 83 | LEGGETT & PLATT INC | Karl G. Glassman | \$8,753,015 | \$44,064 | 199 | |
| 84 | COTY INC | Pierre Laubies | \$21,660,857 | \$44,204 | 490 | Gave off-cycle stock option awards and a special cash bonus. |
| 85 | WESTINGHOUSE AIR BRAKE TECHNOLOGIES | Rafael Santana | \$11,044,418 | \$44,832 | 246 | Changed annual bonus metrics. |
| 86 | KANSAS CITY SOUTHERN | Patrick J. Ottensmeyer | \$7,135,912 | \$44,951 | 159 | |
| 87 | ASSURANT INC | Alan B. Colberg | \$11,855,966 | \$45,128 | 263 | |
| 88 | SYNCHRONY FINANCIAL | Margaret M. Keane | \$12,952,777 | \$45,978 | 282 | Changed bonus metrics. |
| 89 | ROLLINS INC | Gary W. Rollins | \$5,475,194 | \$46,121 | 119 | |
| 90 | PEPSICO INC | Ramon Luis Laguarta | \$21,486,982 | \$46,546 | 462 | Excluded Covid-related costs from financials when calculating bonus goals. |
| 91 | SHERWIN-WILLIAMS CO | John G. Morikis | \$15,323,284 | \$46,839 | 327 | |
| 92 | BAXTER INTERNATIONAL INC | Jos E. Almeida | \$15,865,396 | \$46,986 | 338 | |
| 93 | MID-AMERICA APT CMNTYS INC | H. Eric Bolton, Jr. | \$4,725,312 | \$47,432 | 100 | Used discretion to increase bonus award. |



| | Corporation, ranked by median pay | CEO | CEO pay | Median worker pay | 2020 pay ratio | What the board did to pump up executive pay |
|--|---|-------------------------|--------------|-------------------------|----------------------|--|
| 94 | KIMBERLY-CLARK CORP | Michael D. Hsu | \$13,465,320 | \$47,549 | 283 | |
| 95 | TELEFLEX INC | Liam J. Kelly | \$6,328,349 | \$48,067 | 132 | Awarded discretionary bonuses. |
| 96 | EXPEDITORS INTL WASH INC | Jeffrey S. Musser | \$7,405,851 | \$48,187 | 154 | |
| 97 | PERKINELMER INC | Prahlad R. Singh | \$9,017,969 | \$48,620 | 185 | |
| 98 | EMERSON ELECTRIC CO | David N. Farr | \$16,490,284 | \$48,786 | 338 | |
| 99 | DOVER CORP | Richard Joseph Tobin | \$11,982,338 | \$48,804 | 246 | Adjusted bonus metrics. |
| 100 | FEDEX | Frederick W. Smith | 11,138,548 | \$49,059 | 227 | Gave special "retention" stock grants and options grants to make up for not receiving annual bonuses. |
| AVERAGE: All S&P500 corporations with median pay below \$50k | | | \$13,936,558 | \$30,474 | 689 | |
| AVERAGE: 51 Low-wage S&P500 corporations that bent exec pay rules | | | \$15,262,378 | \$28,187 | 830 | |
| MEDIAN: All S&P500 corporations with median pay below \$50k | | | \$11,882,832 | \$31,094 | 371 | |
| MEDIAN: 51 Low-wage S&P500 corporations that bent exec pay rules | | | \$12,083,503 | \$28,891 | 473 | |

Sources: Most recent corporate proxy statements as of April 26, 2021. All corporations analyzed had fiscal years that ended May 31, 2020 or later. CEO compensation figures reflect those used for calculating the pay ratio, numbers that can differ from those reported in the summary compensation table.



Appendix 2: A catalog of CEO pay reforms

Tax penalties on extreme gaps in CEO-worker compensation represent one promising approach to building corporate pay equity. But activists and experts are also advancing a host of other innovative ideas for creating more equitable and effective corporate compensation systems.

This section offers the most comprehensive available catalog of policy options for reining in CEO pay. These options cover reforms in everything from corporate governance to government contracts and subsidies. Members of Congress have introduced legislation that speaks to some of these options. Others are pending before legislative bodies in U.S. cities and states — and nations around the world.

All these proposals, if enacted, would build on the progress against CEO pay excess registered over recent years. In 2010, the federal Dodd-Frank financial reform act put into place provisions that require corporate pay ratio disclosure, shareholder “Say on Pay,” and a variety of other reforms. Incredibly enough, some of the Dodd-Frank reforms enacted back in 2010 have still not gone into actual effect, thanks to massive corporate lobbying pressure on federal regulators.

How best to evaluate the CEO pay reforms currently pending in the United States and beyond? IPS has developed, as a guide, the following principles for effective and equitable corporate compensation.

Principles for a Better CEO Pay System

1. Encourage narrower CEO-worker pay gaps.

As top executives focus on funneling corporate resources to shareholders and themselves, workers are not getting a fair reward for their labor. Extreme pay gaps also endanger enterprise effectiveness. Management guru Peter Drucker believed that the ratio of pay between worker and executive can run no higher than 25-to-1 without damaging company morale and productivity. Researchers have documented that enterprises operate more effectively over the long term when they tap into — and reward — the creative contributions of all employees.

2. Eliminate taxpayer subsidies for excessive pay

Ordinary taxpayers should not have to foot the bill for excessive executive compensation. And yet they do. Government contracts and subsidies routinely make mega millionaires out of corporate executives, and tax loopholes such as the preferential treatment of investment fund managers’ carried interest income perpetuate our out of control executive pay system.

3. Encourage reasonable compensation limits and counter short-termism

The greater the annual reward an executive can receive, the greater the temptation to make reckless decisions that generate short-term earnings at the expense of long-term health for the corporation and the broader economy and environment. Government policies can encourage more reasonable compensation levels without micromanaging pay levels at individual firms.



4. Bolster accountability to shareholders

On paper, the corporate boards that determine executive pay must answer to shareholders. In actual practice, top executives typically dominate corporate boards. Recent reforms have made some progress toward forcing boards to justify to shareholders the compensation they award to executives.

5. Extend accountability to broader stakeholder groups

In August 2019, the Business Roundtable declared that the purpose of a corporation is not just to serve shareholders (their official position since 1997), but “[to create value for all our stakeholders](#).” To go beyond rhetorical statements, pay practices need to encourage CEO decisions that take into account the long-term health of the planet and the interests of all corporate stakeholders, including consumers, employees, and communities.

CEO PAY REFORMS RELATED TO TAX POLICY

| | |
|--|--|
| Raising the tax rate on firms with wide gaps between CEO and worker pay | <p>In addition to the currently pending federal bill, the Tax Excessive CEO Pay Act, several cities and states have either adopted or are considering tax penalties on corporations with large CEO-worker pay gaps. In Oregon, the city of Portland began collecting revenue from the world’s first such tax in 2018. Firms with a business presence in Portland that pay their CEO more than 100 times their median worker pay owe an extra 10 percent of their business tax bill. Firms over 250 times face a 25 percent extra tax. San Francisco has adopted a similar tax after a successful 2020 ballot initiative. A number of state lawmakers have also proposed tying tax rates to CEO-worker pay ratios.</p> <p>In the UK, the Labour Party has called for a new 2.5 percent corporate tax on any executive pay that runs over 20 times the national living wage and a 5 percent tax on pay that runs over 20 times the national median wage.</p> |
| Ending the preferential capital gains treatment of carried interest | <p>Under current rules, managers of private equity, real estate, and hedge funds pay the discounted capital-gains tax rate on so-called “carried interest” (earnings tied to a percentage of the fund’s profits). This income actually amounts to compensation for managing other people’s investments and should be taxed as ordinary income.</p> <ul style="list-style-type: none"> • Sen. Tammy Baldwin and Rep. Bill Pascrell introduced the Carried Interest Fairness Act of 2019 to eliminate the “carried interest” loophole. This legislation would generate between \$12 billion and \$14 billion over 10 years. This bill has been reintroduced by Rep. Pascrell in 2021. • The Stop Wall Street Looting Act, introduced in July 2019, would also eliminate this loophole, as part of a broader plan to end private equity’s predatory practices. |
| A luxury excise tax on excessive CEO pay | <p>Former CEO and corporate board veteran Steven Clifford has proposed a 100 percent tax on any pay beyond \$6 million. As Clifford points out, “numerous studies have shown that large financial incentives at the CEO level harm performance by narrowing vision, limiting creativity and innovation, and focusing exclusively on short-term results.”</p> |
| Limiting the deductibility of excessive pay | <p>In 1993, Congress amended the tax code to prevent corporations from deducting off their taxable income the amounts they pay top executives in excess of \$1 million per executive — unless the compensation came as stock options and other forms of “performance” pay. This huge loophole encouraged corporate boards to hand out massive bonuses that dramatically widened pay gaps between corporate executives and rank-and-file workers.</p> <p>The Tax Cuts and Jobs Act of 2017 closed this “performance” pay loophole, but only for compensation going to a corporation’s CEO, CFO, and three other highest-paid employees. As</p> |



| | |
|--|---|
| | <p>part of the recently enacted American Rescue and Recovery Act, Congress took another step forward by closing the loophole for compensation going to an additional five executives (10 in total). Pay above \$1 million going to other highly paid employees — such as traders at large Wall Street firms — remains fully deductible.</p> <ul style="list-style-type: none"> • Sens. Jack Reed (D-RI) and Richard Blumenthal (D-CT) and Rep. Lloyd Doggett (D-TX) have sponsored legislation that would extend the \$1 million deductibility cap to all forms of compensation for all employees, generating an estimated about \$20 billion over 10 years. • Rep. Barbara Lee's Income Equity Act would deny employers a tax deduction for any excessive pay that runs greater than 25 times the median compensation paid to full-time employees or \$500,000. • Richard Freeman and Douglas Kruse of Harvard University and Joseph Blasi of Rutgers University have proposed that Congress only allow tax deductions for executive bonuses when corporations award as much incentive pay “to the bottom 80 percent of their workforce as they do to the top 5 percent.” |
| Making firms pay for the dislocations excessively paid execs help cause | <p>Firms with excessive executive pay have contributed to gentrification pressures that have made finding affordable housing increasingly difficult for people of modest means, particularly in high-cost cities.</p> <ul style="list-style-type: none"> • In 2016, San Francisco housing advocates proposed a 1.5 percent tax on the lush payrolls of the city's high-tech sector to fund affordable housing and homeless services. Firms affected would include Google, Twitter, Uber, Airbnb, and Salesforce. The proposal, fiercely opposed by the tech industry, has been stalled, as has a proposed IPO tax. |
| Limiting deferred pay | <p>Most CEOs at large companies now legally shield unlimited amounts of compensation from taxes through special deferred accounts set up by their employers. By contrast, ordinary taxpayers face strict limits on how much income they can defer from taxes via 401(k) plans. These special deferred compensation plans burden U.S. taxpayers and widen the divide between executives and ordinary workers, whose pension benefits have declined significantly.</p> <ul style="list-style-type: none"> • In 2007, the Senate passed a minimum wage bill that would have limited annual executive pay deferrals to \$1 million, but the provision was dropped in conference committee. |
| Financial transaction tax | <p>Another way to generate much-needed revenue while curbing executive excess would be through a financial transaction tax on Wall Street trades. Various legislative proposals in the Senate and the House along this line would curb the lucrative short-term speculation that has inflated Wall Street bonuses while adding no significant value to the real economy.</p> |

PAY DISCLOSURE REFORMS

| | |
|----------------------------------|--|
| Gender pay gap disclosure | <p>The average U.S. woman earns 82 cents for every dollar a man earns. For women of color, that ratio runs far less. African-American women earn 63 cents to every dollar a white man earns, Native American women 60 cents, and Latina women just 55 cents. Requiring corporations to disclose their own gender pay gaps would help reveal which firms are contributing the most to gender disparities.</p> <ul style="list-style-type: none"> • Congress could require U.S. corporations with 100 or more employees to disclose their gender pay gaps to the public. This would impose very little cost on companies, since a new EEOC rule requiring reporting of pay data by race and gender will be soon going into effect. The Trump administration tried to roll back this 2016 Obama reform, but a federal court defended it. That court required the EEOC to gather data from around 60,000 companies. In February 2020, that same judge closed the data collection process. A report will likely appear sometime in 2021. |
|----------------------------------|--|



| | |
|---|---|
| | <ul style="list-style-type: none"> In the UK, where the government is already requiring gender pay gap disclosure for private and publicly held companies with over 250 employees, the Equality Trust has proposed additional gender-related reforms. These include requiring all large corporations to prepare and report on action plans for reducing their gender pay gap and requiring corporations with large gender pay gaps to conduct audits to investigate the cause of the disparities. The Equality Trust proposal would also make corporate access to government grants and contracts dependent on having a robust strategy to address gender pay inequality. |
| Racial pay gap disclosure | <p>As of the last quarter of 2020, median white workers make 27 percent more than the typical Black worker and around 36 percent more than the median Latino worker. Requiring disclosure of racial pay gaps would reveal which corporations have the greatest pay discrepancies.</p> <ul style="list-style-type: none"> Congress could require U.S. corporations with 100 or more employees to disclose their racial pay gaps. This would impose very little cost on companies, as noted above, since a new EEOC rule is about to go into effect that requires reporting of pay data by race and gender. |
| CEO-worker pay gap disclosure for privately held companies | <p>Only publicly held firms must now report to the SEC the compensation of their top executives and their CEO-median worker pay gaps. But extreme pay divides at large privately held corporations pose equally significant threats to our economic health. These divides contribute to our country's extreme economic inequality and encourage high-risk executive behavior.</p> <ul style="list-style-type: none"> The Tax Excessive CEO Pay Act would require this disclosure, as part of a broader tax reform. Congress could also expand on the 2008 Government Funding Transparency Act, which requires certain federal contractors to disclose their five top-paid officers' pay. The rule applies to companies that earn at least 80 percent of their revenue from federal contracts, grants, and loans and received \$25 million in federal funding the previous year. |
| Disclosure of executive versus worker raises | <p>Rep. Nydia Velázquez (D-NY) has introduced the Greater Accountability in Pay Act (H.R. 4242), legislation that would require publicly held corporations to annually disclose the ratio between pay raises for top executives and median employees.</p> |
| Increased disclosure of government support | <p>Corporations should be required to disclose more information about how they benefit from contracts, subsidies, and specific tax breaks. How much are they funneling into executive pockets versus worker pay and other long-term investments?</p> |

PAY REFORMS TIED TO CONTRACTS, SUBSIDIES, OTHER PUBLIC SUPPORT

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| Leveraging government procurement dollars to discourage excessive executive compensation | <p>By law, the U.S. government denies contracts to companies that discriminate, in their employment practices, by race or gender. Our public policy sends the clear message that our tax dollars should not be subsidizing racial or gender inequality. We could also leverage the public purse to discourage extreme economic inequality.</p> <ul style="list-style-type: none"> Sen. Bernie Sanders released a broad pro-union Workplace Democracy Plan in August 2019 that includes a ban on federal contracts to firms with CEO-worker pay ratios of more than 150 to 1 or that outsource jobs, pay workers less than \$15 an hour, or engage in union busting. As part of his presidential bid, Sanders committed to achieving these contracting reforms by executive order. Rep. Jan Schakowsky introduced the Patriot Corporations of America Act (HR 929) in 2013 to extend tax breaks and federal contracting preferences to companies that meet good behavior benchmarks, including CEO-worker pay ratios of 100-1 or less. |
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| | <ul style="list-style-type: none"> At the state level, a Rhode Island bill would give preferential treatment in state contracting to corporations that pay their CEOs no more than 25 times their median worker pay. A Connecticut bill would disqualify companies with CEO-worker pay ratios of more than 100 to 1 from gaining state subsidies and grants. The UK Labour Party has proposed a ban on government contracts to companies that pay their top execs over 20 times what their lowest-paid workers are making. |
| Pay ratio-linked corporate subsidies and bailouts | <p>All forms of federal, state, and local corporate welfare could be required to incorporate CEO-worker pay ratio guidelines in their qualification standards.</p> <ul style="list-style-type: none"> In 2015, then-Republican congressman Mick Mulvaney authored an amendment designed to prevent the U.S. Export-Import Bank from subsidizing any U.S. company with annual CEO pay over 100 times median worker pay. The European Union already applies similar pay ratio standards to state aid for failing banks. Bailed-out banks operating within the EU have to cap executive pay at no more than 15 times the national average salary or 10 times their average employee wage. |
| CEO pay limits at public (or publicly supported) institutions | <p>In several states and countries, lawmakers and other groups have worked to crack down on executive excess at firms receiving taxpayer support.</p> <ul style="list-style-type: none"> A 2013 New York State executive order prohibits service providers that annually average over \$500,000 in state support and receive at least 30 percent of their annual in-state revenue from state funds from using more than \$199,000 in state funds to pay individual executive compensation. The prohibition has survived court challenges. Unions pushed ballot initiatives in both Massachusetts and California in 2014 aimed at limiting CEO pay at hospitals that receive taxpayer subsidies. In both cases, the unions withdrew the initiatives after popular support helped them win other concessions. Former French President François Hollande capped executive pay at firms where the government owns a majority stake at 450,000 euros, or essentially 20 times the minimum wage. Management consultant Douglas Smith has called for a similar pay ratio limit on U.S. firms receiving taxpayer funds. |
| Fannie Mae and Freddie Mac executive pay caps | <p>Fannie Mae and Freddie Mac operate as quasi-public private institutions founded by the federal government to make housing affordable for lower-income families. In 2008, with both enterprises on the verge of collapse during the housing crisis, the federal government took operating control. In 2015, Congress passed a bill to cap the paychecks of Fannie Mae and Freddie Mac CEOs at no more than \$600,000. In recent years, Fannie and Freddie have exploited loopholes in the law to boost pay to as much as \$4.2 million for top executives. Each enterprise has shifted duties from the pay-limited CEO position to the uncapped positions of president and other top executives. This loophole should be closed.</p> |
| Rein in CEO pay at nonprofit organizations | <p>Under the 2017 Republican tax law, nonprofits may no longer deduct executive compensation above \$1 million off their federal taxes. This represents a positive step, but more could be done to ensure that taxpayers are not subsidizing excessive pay at nonprofits that already receive preferential tax status.</p> <ul style="list-style-type: none"> Economist Dean Baker has proposed that paying executives no more than \$400,000 per year — the salary of the U.S. president — should become a condition of keeping nonprofit status for tax purposes. Another approach would be to set the cap at no more than 20 times the pay of a nonprofit's lowest-paid worker. In Connecticut, a state lawmaker has introduced a bill that would require nonprofit hospitals that pay executives more than \$500,000 to pay property taxes. |



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| Leveraging public pension funds to encourage narrower CEO-worker pay ratios | <p>Public employee pension fund investments offer state governments a significant opportunity to influence corporate pay behavior.</p> <ul style="list-style-type: none"> The city of San Francisco has adopted an advisory resolution urging the San Francisco Employees Retirement System to consider executive compensation and pay ratios during decision making on investments and proxy voting. The system holds \$21 billion in assets. The resolution asks the pension board to report CEO-worker pay ratios at firms where the pension system invests and to set guidelines for what constitutes “excessive” pay. The New York State Pension Fund has a similar agreement that urges several large corporations to reexamine their CEO and executive pay and adopt policies that take into account the compensation of the rest of their workforces. |
| CEO PAY REFORMS LINKED TO CORPORATE GOVERNANCE | |
| Stock buybacks | <p>Since 1982, SEC Rule 10b-18 has allowed corporations to repurchase their shares on the open market, with certain limitations. As William Lazonick and other analysts have pointed out, stock buybacks artificially inflate executive pay and drain capital that could be put to productive purpose. Buybacks have become a pervasive form of legal stock market manipulation. In the first year after the 2017 Republican tax cuts, U.S. corporations announced a record-setting \$1 trillion of stock buybacks. Repurchases have dropped off during the pandemic, but some analysts note that corporations have accumulated large cash reserves and predict a resurgence.</p> <ul style="list-style-type: none"> Sen. Tammy Baldwin (D-WI) has introduced a bill that would ban open market buybacks. Sen. Bernie Sanders (I-VT) and Rep. Ro Khanna (D-CA) have authored a bill that would prohibit buybacks where CEO pay exceeds 150 times the compensation that goes to a company’s median pay. Sen. Sherrod Brown (D-OH) has introduced a bill requiring public companies to issue a worker dividend equal to \$1 for every \$1 million spent on stock buybacks. In the last congressional session, Senators Cory Booker (D-NJ) and Bob Casey (D-PA) introduced a similar Worker Dividend Act. |
| Corporate board diversity | <p>In at least a dozen European countries, workers have the right to representation in their company’s top administrative and management bodies. This has had a moderating effect on CEO pay levels. In Germany, a nation with one of the world’s most highly developed systems for including workers in corporate decision-making, average CEO pay levels ran less than half the U.S. average in 2016, according to Bloomberg. In a 2018 poll of likely U.S. voters, 52 percent support placing workers on major corporate boards and only 23 percent stand opposed.</p> <ul style="list-style-type: none"> Sen Elizabeth Warren (D-MA) has introduced the Accountable Capitalism Act to require corporations with annual revenues over \$1 billion to allow employees to pick at least 40 percent of board members. |
| Signing and merger bonus ban | <p>“Golden hellos” and merger bonuses give executives a powerful incentive to wheel and deal instead of working to build enterprises fit for long-term success. In 2013, Swiss voters adopted a national ballot initiative that, among other provisions, prohibits executive sign-on and merger bonuses.</p> |
| ‘Skin in the game’ mandate | <p>Small-scale entrepreneurs seldom behave recklessly because they have their own personal wealth tied up in their business. Executives of large corporations, on the other hand, face little downside risk for irresponsible behavior.</p> <ul style="list-style-type: none"> In September 2019, Rep. Katie Porter (D-CA) introduced a bill requiring publicly held corporations to disclose whether they have established procedures to recoup |



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| | <p>compensation from top executives to cover the cost of fines or penalties against their company.</p> <ul style="list-style-type: none"> Investment adviser Vincent Panvini has proposed that executives be required to place a share of their own financial assets in escrow for five or ten years. If a CEO's company loses value over that time, the CEO would forfeit money from that escrow. |
| Ending the stock option accounting double standard | <p>Accounting rules allow firms to lower their tax bill by claiming deductions for stock options that are much higher than the option value they report in their financial statements. This accounting discrepancy encourages corporate boards to hand executives huge stock option windfalls.</p> <ul style="list-style-type: none"> In 2012, Senators Carl Levin (D-MI) and Sherrod Brown (D-OH) included a provision in the Cut Unjustified Tax Loopholes Act (S. 268) that would have required the corporate tax deduction for stock option compensation to be not greater than the stock option book expense shown on a corporation's financial statement. That year, the Joint Committee on Taxation estimated that ending this tax break would raise \$24.6 billion over 10 years. An updated revenue estimate would likely be higher, since tax avoidance using the stock option loophole has grown substantially. |
| A CEO pay limit for firms in bankruptcy | <p>Private equity funds have been connected to a rash of bankruptcies in recent years, particularly in the retail sector. A significant portion of the companies that have filed for bankruptcy carried huge debt loads left over from leveraged buyouts by private equity firms. This trend has sparked increased interest in ensuring that CEOs and other executives at distressed firms do not enrich themselves while eliminating jobs and pensions.</p> <ul style="list-style-type: none"> The Stop Wall Street Looting Act builds on the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (Sec. 331). This existing law prohibits companies in bankruptcy from giving executives any "retention" bonus or severance pay that runs over ten times the average bonus or severance awarded to regular employees in the previous year. The new bill would strengthen this legislation by: <ol style="list-style-type: none"> 1) closing a loophole that exempts "performance-based pay" and expanding the ban beyond top executives to the next 20 most highly paid employees, consultants, and department heads (Sec.304). 2) banning special payments to high-level executives if the company has not paid promised severance pay to employees or has reduced employee benefits within the year before declaring bankruptcy (Sec. 305). 3) blocking courts from approving a bankruptcy exit plan if top executives will receive payments either excessive or not generally applicable to other employees (Sec. 306). |
| Abolish executive performance pay | <p>At best, stock options and other performance-pay incentives have CEOs thinking more about their own personal rewards than long-term enterprise sustainability. At their worst, "pay for performance" deals encourage criminal behavior.</p> <ul style="list-style-type: none"> Michael Dorff of the Southwestern Law School has proposed a ban on "performance pay." Bart Naylor of Public Citizen has proposed that stock options be banned as a form of compensation for financial firm employees. Short of that, Naylor argues they should at least be kept — and not cashed in — for at least two years after retirement. |
| 'Say on Pay' with teeth | <p>Under the 2010 Dodd-Frank law, U.S. shareholders gained the right to a non-binding vote on executive pay packages. Several options could further empower shareholders.</p> <ul style="list-style-type: none"> Dean Baker of the Center for Economic and Policy Research has proposed that corporate directors have their own compensation denied if a CEO pay package they have approved fails to gain a majority in a "say on pay" vote. The UK now requires public companies to give shareholders a binding vote on compensation every three years. A former EU internal markets commissioner has |



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| | <p>proposed that shareholders also have the power to vote on the ratio between the lowest- and highest-paid employees in a firm.</p> <ul style="list-style-type: none"> In Australia, shareholders have the power to remove directors if a company's executive pay report elicits a "no" vote from at least 50 percent of shareholders. |
| Clawbacks | <p>Executives should not get to keep compensation based on unachieved performance goals.</p> <ul style="list-style-type: none"> Section 954 of the 2010 Dodd-Frank law requires executives to repay compensation gained as a result of erroneous data in financial statements. Executives must repay "excess" incentive compensation received during the three-year period preceding an accounting restatement. Clawback provisions in the earlier Sarbanes-Oxley Act only apply to restatements resulting from misconduct. The SEC finally issued a proposed rule for this provision in July 2015, but no further action has been taken. Regulators should develop a new rule that goes beyond top executives to include high-bonus financial market traders. And the clawback period — three years — should be extended to 10 years, the case under UK rules. |
| WALL STREET PAY REFORMS | |
| Pay restrictions on executives of large financial institutions | <p>Executive compensation played a key role in the reckless behavior that led to the 2008 financial crash. In response, Section 956 of the 2010 Dodd-Frank financial reform law prohibits large financial institutions from granting incentive-based compensation that "encourages inappropriate risks." But federal regulators, nearly a decade later, have still not implemented this provision.</p> <p>After issuing a quite weak initial proposal in 2011, regulators issued a new proposal in 2016. As the Institute for Policy Studies explained in comments to the SEC, the proposed rule rates as weak in several areas. The rule, for instance, proposes much too lenient bonus deferral periods, inadequately restricts stock-based pay, and allows management too much discretion over enforcement. As noted above, some experts argue that stock options should be abolished entirely for financial executives because they encourage short-termism.</p> |
| Require top financial execs to contribute compensation in a fund to pay for penalties | <p>Following the 2008 financial crash, senior banking executives were not held personally responsible for fraudulent activity, leaving shareholders to shoulder the financial penalties.</p> <ul style="list-style-type: none"> A 2019 bill would require senior executives of large banks to place a substantial share of their pay each year into a "deferment fund" for 10 years. The amount to be deferred would be at least 50 percent of all executive compensation that exceeds 10 times median employee pay. If the bank faces civil or criminal fines, these penalties would be paid out of this fund. The bill draws on a New York Federal Reserve proposal, based on the argument that deferring pay would help change the reckless culture on Wall Street and motivate managers to police one another. |
| Banker bonus limits | <ul style="list-style-type: none"> EU rules introduced in 2014 limit banker bonuses to no more than annual salary, or up to 200 percent of annual salary with shareholder approval. The cap applies to bankers in non-EU banks located in the EU, as well as senior staff — including Americans — working for EU-based banks anywhere in the world. This reform aims to help counter the "bonus culture" that encourages high-risk investing. |



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| Strict caps on executive compensation for bailout firms — before the next crisis | <ul style="list-style-type: none"> In 2009, the Senate approved an amendment that would have capped pay at bailout companies at \$400,000, the salary of the U.S. president. The EU enacted similar rules in 2014. Bailed-out banks now have to cap their executive pay at no more than 15 times the national average salary or 10 times the wage of the average worker at the bank. New UK rules ban bonuses for executives of banks receiving bailouts. Given a clear warning about the consequences for their own paychecks, executives might think twice about taking actions that endanger their own future — and ours. |
| Cracking down on investment fund manager ‘monitoring’ fees | <p>Private equity fund managers make a killing off the so-called “monitoring” or “transaction” fees they charge corporations they have taken over through leveraged buyouts that typically drain value from the acquired enterprise.</p> <ul style="list-style-type: none"> The Stop Wall Street Looting Act applies a 100 percent tax on such fees paid by acquired firms to private fund managers. |

Notes

- ¹ Aptiv reported that without the stock award adjustments, Clark’s pay would’ve been \$13,460,707 and the pay ratio would have been 2,279 to 1. The S&P 500 corporations that have filed proxy statements by April 26, 2021 that have larger pay ratios: Western Digital (4,934), The Gap (3,113), Chipotle (2,898), and Paycom (2,963).
- ² Value of special restricted stock grants calculated by the authors on the basis of footnote #4 to the table on Grants of Plan-Based Awards. Dollar Tree corporate [proxy statement](#).
- ³ Dollar Tree reported extensions of the \$2 per hour premium pay in several 8-k reports, but have not reported further extensions since the [8-k report](#) dated July 9 extended it until July 18.
- ⁴ Rep. Mark DeSaulnier has introduced a similar bill, the CEO Accountability and Responsibility Act, in past sessions.

