



30th Annual IPS Executive Excess Report

Executive Excess 2024

**The 'Low-Wage 100' large corporations
are *enriching CEOs* at the expense of
*workers and long-term investment***

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Key findings

This 30th annual *Executive Excess* report takes an in-depth look at the 100 S&P 500 corporations with the lowest median worker pay — a group we’ve dubbed the “Low-Wage 100” — and finds that CEOs at these companies are continuing to enrich themselves at the expense of both their workers and the long-term effectiveness of their firms.

We specifically compare and contrast — for each company in the Low-Wage 100 — last year’s CEO and median worker pay and the ratio between the two. We also compare, for the past five years, what these companies have spent on buying back their own stock with what they have invested in capital improvements and employee retirement plans. Our research highlights five telling pay patterns.

1. The average CEO-worker pay ratio at Low-Wage 100 firms narrowed from 603 to 1 in 2022 to 538 to 1 in 2023, but median pay levels remain extremely low

- Workers at the bottom of the corporate ladder have been fighting hard for rewards that more fairly reflect the contributions of their labor. Their struggles since the pandemic have helped increase the Low-Wage 100’s average median worker pay by 9 percent, from \$31,672 in 2022 to \$34,522 in 2023.
- Average Low-Wage 100 CEO pay has dipped slightly, from \$15.3 million in 2022 to \$14.7 million last year.
- **Ross Stores** shows both the lowest median worker wage *and* the widest pay gap. In 2023, Ross CEO Barbara Rentler hauled in \$18.1 million, 2,100 times as much as the \$8,618 pay that went to her firm’s median compensated employee, a part-time store associate.
- **Nike CEO John Donahoe II** last year enjoyed the Low-Wage 100’s single largest compensation package. He raked in \$32.8 million in 2023, 975 times as much as the athletic wear company’s \$33,646 median pay.

2. From 2019 through 2023, the Low-Wage 100 spent \$522 billion — over half a trillion dollars — on stock buybacks

- Over the past five years, all but seven Low-Wage 100 firms “invested” in stock buybacks. Buybacks artificially inflate executive stock-based pay and siphon corporate dollars out of worker wages and productive long-term investments.
- **Lowe’s** led the Low-Wage 100 share buyback charge. The company spent \$42.6 billion on buying back its own shares, a sum large enough to have given each of the firm’s 285,000 global employees an annual \$29,865 bonus for five years. In 2023, Lowe’s CEO Marvin Ellison enjoyed total compensation of \$18.2 million. The retailer’s median annual worker pay: a mere \$32,626.
- **Home Depot** ranks second in our *Executive Excess* buyback rankings. The big box chain spent \$37.2 billion on share repurchases between 2019 and 2023. That outlay would have been enough to give



each of Home Depot's 463,100 global employees five annual \$16,071 bonuses. Home Depot median pay stands at just \$35,131.

3. From 2019 through 2023, nearly half of Low-Wage 100 companies — 47 in all — plowed more corporate cash into buying back their own shares of stock than investing in capital improvements

- Even some technology firms within the Low-Wage 100 last year spent far more on buybacks than on capital expenditures, such as equipment and tech upgrades. **Johnson Controls**, a producer of “smart building” technologies, has spent \$8.8 billion more on buybacks than on CapEx over the past five years. Semiconductor manufacturer **Analog Devices** has spent \$6.2 billion more.
- **Lowe's** shows the largest buybacks-CapEx gap. The retailer spent \$33.6 billion more repurchasing shares than making capital expenditures from 2019 through 2023. This represents a stunning corporate priority turnaround. Two decades earlier, from 2000 through 2004, the retailer spent *nothing* on stock buybacks.

4. The 20 largest U.S. employers in the Low-Wage 100 have spent — over the last five years — nine times as much on stock buybacks as on employee retirement plan contributions

- Of these 20 leading low-wage employers, only Costco spent less on buybacks than on employee retirement plan contributions — and not by much. Costco allocated \$2.1 billion to buybacks during this period and \$2.4 billion to employee 401(k) plans.
- AutoZone sports the largest buyback-retirement benefits gap. From 2019 through 2023, the auto parts chain spent 92 times more on repurchasing its own shares than on employee retirement security.
- Chipotle ranks second on the buyback-retirement benefits gap list, spending 48 times as much on buybacks as on 401(k) plan contributions.

5. Runaway CEO pay continues to infuriate average Americans, and policymakers are beginning to respond to that anger

[Poll](#) after [poll](#) continues to show widespread public outrage — across the political spectrum — over today's extreme CEO-worker pay gaps. This growing anger is propelling both increased union organizing and lawmaker interest in cracking down on excessive CEO pay packages. In this *Executive Excess* report, we highlight three particularly promising areas of policy reform that are gaining legislative traction:

- Taxing and restricting stock buybacks
- Subjecting corporations with excessive levels of CEO pay to higher tax levies
- Using federal contracts and subsidies to discourage wide corporate pay gaps



Introduction

At a time of intense political divisions, Americans across the political spectrum share enormous common ground on at least one problem facing our nation: the extreme CEO-worker pay gaps at our country's largest corporations.

For many years now, [poll](#) after [poll](#) has shown widespread public outrage over these disparities. A June 2024 [Bentley University-Gallup survey](#), for instance, found that 83 percent of Americans feel that businesses should be avoiding large CEO-worker pay gaps. Some 96 percent of Democrats, 83 percent of independents, and 67 percent of Republicans hold this view. Among all political groups, 55 percent see avoiding such gaps as “extremely” important.

What gets ordinary Americans particularly angry? Watching major companies hand out massive CEO paychecks while their lower-level employees are struggling to get by. This report focuses in on these big pay-gap companies. The 100 S&P 500 corporations with the lowest median wages — the Low-Wage 100 — last year paid their CEOs an average 538 times what they paid their most typical workers. Average Americans, notes a [Harvard Business School study](#), believe that corporate CEO-worker pay ratios should run no higher than 7 to 1.

CEO-worker pay gaps, as three decades of *Executive Excess* reports have detailed, undercut both economic fairness and corporate effectiveness. Extensive academic research has shown that extreme pay disparities lower employee morale and productivity and raise turnover rates. Our Institute for Policy Studies [bibliography](#) of such studies includes another Harvard Business School [analysis](#) that documents how firms with overpaid CEOs and underpaid workers end up with both lower sales *and* significantly higher levels of employee dissatisfaction and turnover.

Extreme pay disparities also widen gender and racial disparities, since women and people of color make up a [disproportionately large](#) share of low-wage workers and a tiny share of corporate leaders. As of June 2024, women held just [52](#) of *Fortune* 500 CEO positions while making up [68.9 percent](#) of workers earning the federal minimum wage. Black CEOs lead just eight — [1.6 percent](#) — of *Fortune* 500 corporations.

Can Americans transcend our differences and come together to tackle these obscene pay divides? Our *Executive Excess* report last year related how public outrage over corporate pay gaps is helping unions win strong new contracts at enterprises ranging from Detroit's Big 3 automakers to major hotel chains. Employees at a Denver Live Nation concert venue have even cited our [2023 Executive Excess report](#) as a powerful motivator for their successful union drive.

Policymakers are also taking steps to address widespread concerns over corporate pay patterns. But much more remains to be done. This year's *Executive Excess* ends with a policy menu — the most comprehensive available — for ensuring that Corporate America more equitably shares the fruits of everyone's labor.



The Low-Wage 100

CEO pay, median worker pay, and pay ratios

For the second year in a row, this annual *Executive Excess* report zeroes in on the 100 S&P 500 companies with the lowest median wages. All employees contribute to corporate profits, but too many of our country's top-tier corporations are doing a spectacularly poor job of sharing the rewards.

Low-Wage 100 Average					
CEO total compensation (\$ million)		Median worker pay		CEO-worker pay ratio	
2023	2022	2023	2022	2023	2022
\$14.7	\$15.3	\$34,522	\$31,672	538	603

Source: Corporate proxy statements filed with the SEC. See Appendix 1 for details on the full Low-Wage 100.

In 2023, median worker pay at Low-Wage 100 companies averaged \$34,522, up 9 percent from 2022. Average CEO pay dipped from \$15.3 million to \$14.7 million, while the pay ratio narrowed from 603 to 1 to 538 to 1. These figures — all consistent with broader economic analyses — show that low-wage worker pay has [outpaced wage growth](#) for higher-earning Americans over recent years. Hard-fought victories in state-level campaigns to increase minimum wages, along with tight labor markets, have most definitely translated into modest improvements for those workers at the bottom of our income ladder.

But pay levels at these leading publicly traded corporations remain woefully insufficient to meet basic budgets for millions of families. The Low-Wage 100 median pay levels in 2023 ranged from a low of \$8,618 for Ross Stores part-time associates to \$51,084 for typical workers at Kleenex maker Kimberly Clark.

The federal Securities and Exchange Commission requires firms to calculate median worker pay based on their *global* workforces. Given this requirement, we might assume that the companies in the Low-Wage 100 with the lowest wage levels must have most of their employees working in developing countries. But this happens definitely *not* to be the case.

Five companies that operate largely in the United States — Ross Stores, Bath & Body Works, Ulta Beauty, TJX, and Starbucks — rank among the 10 large U.S. companies with the lowest wages. These retail and fast food firms have chosen a business model that relies overwhelmingly on poorly paid part-time employees who enjoy precious few benefits.

The Low-Wage 100 average pay ratio of 538 to 1 is far wider than the [268 to 1](#) average ratio for the S&P 500 as a whole. And it is completely off the charts compared to pay gap levels of times past. The average ratio among large U.S. corporations stood at just [25 to 1 in 1965](#).



The Low-Wage 100

Stock buybacks vs long-term capital expenditure

Over the past five years, the Low-Wage 100 have spent a combined total of more than \$522 billion repurchasing their own stock. All but seven firms in this group have engaged in stock buybacks, a once-illegal financial maneuver that allows corporate executives to create huge short-term windfalls for themselves and shareholders at the expense of workers and long-term productive investments. Stock buybacks artificially boost the value of a company's shares and, in the process, pump up the value of the stock-based compensation that makes up about [80 percent](#) of corporate CEO compensation.

Buybacks also make it considerably easier for executives to hit bonus targets tied to share values. CEOs regularly time the sale of their personal stock holdings to cash in on the stock price surge that typically follows a buyback announcement. An [SEC investigation](#) has found that top executives sell five times as much stock in the eight days after a buyback announcement as they sell in the days before the announcement.

The Low-Wage 100 Corporations That Spent the Most on Stock Buybacks

	Stock buyback expenditures, 2019-2023 (\$million)	Total global employees, 2023	Average buyback expenditure per employee per year, 2019-2023	Median worker pay, 2023
Lowe's	\$42,558	285,000	\$29,865	\$32,626
Home Depot	\$37,212	463,100	\$16,071	\$35,131
Walmart	\$30,828	2,100,000	\$2,936	\$27,642

Sources: Corporate proxy statements and 10-K and 10-Q reports. See Appendix 1 for details on the full Low-Wage 100.

Company snapshots

Lowe's

This home improvement chain leads the Low-Wage 100 in buyback spending and the buyback-CapEx gap and also ranks third in the buyback-retirement benefit gap

Lowe's, the low-wage buyback leader, has spent \$42.6 billion repurchasing its own stock over the past five years. Those billions, if divided among the home improvement chain's 285,000 global employees, would have been enough to ensure every Lowe's worker an annual \$29,865 bonus for five straight years. In 2023, Lowe's CEO Marvin Ellison enjoyed annual compensation of \$18.2 million. The retailer's median annual worker pay last year: a mere \$32,626.

Lowe's astronomical buyback spending, as we detail below, has left the company with the largest Low-Wage 100 gap between buybacks and long-term capital investments. The retailer has spent \$33.6 billion



more repurchasing shares than on capital expenditures. Within the Low-Wage 100, Lowe's also ranks third stingiest on the yardstick that contrasts buyback spending levels with contributions to employee 401(k) plans.

Lowe's priorities have changed dramatically in the past two decades. Back in the 2000-2004 period, Lowe's spent *zero* on buybacks while allocating significantly more to CapEx than the company did from 2019 to 2023. The firm spent \$10.8 billion on capital investments between 2000 and 2004, more than it spent over the past five years, even without adjusting for inflation.

Employees working to unionize Lowe's have [pointed to the company's massive buyback spending](#) as a sign of the retailer's skewed priorities. The company is currently facing [unfair labor practice charges](#) related to everything from inappropriately surveilling workers to retaliating against organizers of a union drive in New Orleans.

Home Depot

A buyback tsunami has this retailer's top executives facing a determined union organizing effort

Lowe's top competitor has blown \$37.2 billion on buybacks over the past five years, enough to have given all 463,100 Home Depot employees a \$16,071 bonus every one of those years. The company chose instead to manipulate its share price with buybacks and create windfalls for its executives and wealthiest shareholders. CEO Edward Decker pocketed \$14.4 million in 2023, 410 times the Home Depot 2023 median pay of \$35,131.

The ongoing campaign to unionize Home Depot has [decried the firm's buyback spending](#). Like Lowe's, Home Depot has acted aggressively to [thwart organizing efforts](#). Earlier this year, the [NLRB dinged](#) the company for making an employee remove the acronym "BLM" — Black Lives Matter — from his work apron. Since 2000, notes [Good Jobs First](#), the company has paid more than \$300 million in penalties for assorted employment, safety, and environmental offenses.

Walmart

Shortchanging employees has the CEO of this corporate giant taking in nearly a thousand times the pay of his firm's most typical workers.

The country's largest employer has spent \$30.8 billion repurchasing company stock over the past five years, enough to have advanced each of Walmart's 2.1 million global employees, over those same years, an annual \$3,936 bonus.

Half of this giant retailer's workers made less than \$27,642 in 2023. CEO Doug McMillon, meanwhile, took in 976 times as much, or \$26.9 million. Walmart has also spent over the past five years nearly five times more on buybacks than on contributions to employee 401(k) plans.



Buybacks Siphon Resources from Long-term Investment

Every dollar spent on buybacks represents a dollar *not* spent on investments vital to long-term value creation, investments that can range from strengthening innovation through better employee training to acquiring and upgrading technologies, equipment, and properties — the capital expenditures widely known as CapEx.

At 47 Low-Wage 100 companies, outlays for stock buybacks *exceeded* capital expenditures between 2019 and 2023. If we exclude CapEx juggernaut Amazon from our calculating, the Low-Wage 100 as a whole have spent nearly as much on buybacks as on capital expenditures over the past five years.

The Low-Wage 100 Stock Buyback-CapEx Gap			
	Stock buyback expenditures, 2019-2023 (\$million)	Capital expenditures, 2019-2023 (\$million)	Share of Low-Wage 100 that spent more on buybacks than on CaPex
Low-Wage 100 total	\$522,285	\$751,791	47%
Low-Wage 100 without Amazon	\$516,285	\$517,363	

Sources: Corporate proxy statements and 10-K and 10-Q reports. See Appendix 1 for details on the full Low-Wage 100.

Company snapshots

As noted above, buyback leader Lowe’s has sported the largest gap between share repurchases and capital expenditures. More surprisingly, the top 10 corporations in this category include two enterprises that claim to be on the technological cutting edge.

Johnson Controls

This major federal contractor has a buybacks-CapEx gap of a whopping \$8.8 billion

Johnson Controls has the eighth largest Low-Wage 100 gap between stock buybacks and CapEx outlays. The company spent \$8.8 billion more repurchasing stock than on long-term investments from 2019 through 2023.

Johnson Controls likes to boast about making large buildings “smart” through their automating systems for HVAC, security, and fire safety, and the company has received more than [\\$1 billion](#) in federal contracts over recent years to service U.S. government buildings. But a [cybercrime gang](#) last year exposed the weaknesses in the Johnson Controls information technology infrastructure. That gang turned out to be able to steal sensitive data and deploy ransomware that disrupted Johnson Controls operations and sent the company’s share price tumbling. The Department of Homeland Security would go on to express [concern](#) that the cyberattack had exposed confidential government information.



Johnson Controls spent massively on stock buybacks over the 2019-2023 years and, at the same time, shrank its U.S. workforce from [39,000](#) to [37,000](#). Sixty-three percent of the company's employees — and its headquarters — sit outside the United States. Founded in Milwaukee in 1885, Johnson Controls moved its legal home to Ireland in 2016 to [lower its U.S. tax bill](#).

Global median pay at Johnson Controls stands at \$49,465, and the company is advertising for U.S. technicians starting at [\\$20 per hour](#). By contrast, CEO George Oliver made \$15.9 million last year, 321 times the firm's median pay.

Analog Devices

This semiconductor producer seeking federal CHIPS subsidies has spent three times as much on stock buybacks as on capital investments over the past five years.

Analog Devices ranks tenth within the Low-Wage 100 on the size of the gap between stock buybacks and capital expenditures. Over the 2019-2023 period, this semiconductor producer spent \$6.2 billion more on stock buybacks than on long-term investments.

Analog Devices CEO Vincent Roche pulled down \$25.5 million last year, 527 times as much as Analog median pay of \$48,425, the [lowest](#) median pay level of any large U.S. semiconductor manufacturer.

A group of Analog Devices employees recently delivered a [petition](#) to top executives demanding that the company do more to ensure workers a fair share of the rewards the firm is making off of the government subsidies the firm is receiving to boost domestic computer chip production. The company has already received financial support from the state of Oregon to expand a factory in that state and is [reportedly seeking](#) federal CHIPS subsidies as well.

The petitioning workers point out that they have been suffering unpaid shutdowns and delays of scheduled raises at the same time the company has continued to reward executives and shareholders with billions in stock buyback spending. Among the key worker demands: a \$27 minimum hourly wage, no unpaid shutdowns or forced vacations, and improved training for handling dangerous chemicals.

The Biden-Harris administration has announced it will be giving preferential treatment in the awarding of CHIPS grants to companies that agree to forego buybacks for five years. Analog Devices has not publicly committed to taking this step. The company still has more than [\\$2 billion](#) remaining in its board-authorized share repurchase program.



The 20 Largest Low-wage Employers

Stock buybacks vs employee retirement benefits

Generous retirement benefits have long been a key business tool for retaining employees and helping them focus on their jobs rather than having to worry about their future. To get a deeper understanding of the priorities of the Low-Wage 100, we zeroed in on the 20 companies on this list with the largest number of U.S.-based employees and compared their corporate stock buyback spending with their contributions to employee retirement plans.

We found that these 20 leading low-wage firms spent nine times more on stock buybacks, from 2019 through 2023, than on employee retirement plan contributions. Only Costco spent less — and not by much. The giant retailer allocated \$2.1 billion to buybacks and \$2.4 billion to employee 401(k) plans during this period, as we detail in a table below.

This siphoning off of company resources away from worker retirement plans to stock buybacks continues a decades-long trend that has seen corporations [largely abandon](#) traditional pensions. Companies have instead shifted pension financial risk from employers onto employees via 401(k)-type plans that leave how much employees get to collect in retirement up to how much they themselves contribute, the whims of financial markets, and the size of often hidden administrative costs and fees.

Few companies in the Low-Wage 100 today offer traditional pensions to any of their employees. Many do match a portion of employee 401(k) contributions, but this matching offers no benefit to low-wage workers who cannot afford to set aside into pension accounts any of their income, as we documented last year in an in-depth [report on CEO versus worker retirement security](#).

Company snapshots

AutoZone

The ant-union car parts chain spends more on stock buybacks than retirement benefits and capital investment

AutoZone has the largest buybacks-retirement benefits gap among the 20 largest employers in the Low-Wage 100. The auto parts chain spent 92 times more repurchasing its own stock than on employee retirement security from 2019 through 2023. CEO William Rhodes pocketed compensation worth \$18.8 million in 2023 — 705 times as much as the firm’s median pay of \$26,669. AutoZone’s stock buyback outlays of \$14.4 billion over the past years exceeded their capital expenditures by more than \$11 billion. Workers have shared [images from AutoZone’s orientation videos](#) touting the firm’s “non-union philosophy.”



The 20 Largest Low-Wage Employers: Spending on Buybacks vs Employee Retirement Plans

Company, ranked by number of employees	US employees*	Stock buybacks, 2019-2023 (\$million)	Employer contributions to employee retirement plans, 2018-2022 (\$million)	Buybacks-Benefits ratio
Walmart	1,600,000	\$30,828	\$6,540	4.7
Amazon	1,000,000	\$6,000	\$2,135	2.8
FedEx	215,000	\$5,231	\$4,270	1.2
Home Depot	411,200	\$37,212	\$1,127	33.0
Target	440,000	\$12,492	\$1,351	9.2
Kroger	414,000	\$4,491	\$1,243	3.6
Starbucks	228,000	\$16,918	\$638	26.5
Marriott International	117,000	\$8,929	\$620	14.4
TJX	329,000	\$8,669	\$200	43.3
Walgreens Boots Alliance	242,772	\$6,196	\$945	6.6
Lowe's	281,000	\$42,558	\$967	44.0
Costco Wholesale	208,000	\$2,054	\$2,439	0.8
Dollar Tree	207,500	\$2,198	\$181	12.2
Darden Restaurants	183,000	\$2,113	\$188	11.3
Dollar General	170,000	\$8,964	\$318	28.2
Hilton Worldwide	159,000	\$5,762	\$214	26.9
Tyson Foods	120,000	\$1,582	\$508	3.1
AutoZone	103,500	\$14,374	\$156	91.9
Chipotle Mexican Grill	114,042	\$2,133	\$45	47.7
Ross Stores	101,000	\$4,219	\$105	40.3
Total	6,644,014	\$222,923	\$24,190	9.2

*Employee figures in bold/italics reflect global workforce because the company did not report a breakdown of U.S. versus non-U.S. employees. **Sources:** Retirement plans: Form 5500 reports filed with the U.S. Department of Labor. Buybacks: *Wall Street Journal* financial data and 10-K reports. U.S. employees: 10-K reports, proxy statements, and media reports. Note: Retirement plan contribution data in this report cover U.S.-based employees only while median worker pay data reflect corporate global workforces.

Chipotle

CEO known for shortchanging workers and artificially boosting share prices lands a new job as chief of the world's largest coffeehouse chain

Chipotle ranks second-stingiest after AutoZone, spending 48 times more on buybacks than on employee 401(k) plan contributions over the past five years. As of 2022, fully 92 percent of eligible participants in the Chipotle 401(k) plan had zero balances, according to the [Benefits Pro Free Erisa database](#). During his six years at the helm of the Mexican fast food chain, Brian Niccol has often ranked among the top-paid U.S.



CEOs. Last year his total compensation came to \$22.5 million — 1,354 times as much as the firm’s median pay of \$16,595. On August 31, Niccol will assume the top job at Starbucks.

Starbucks

Pressure is building on the coffee chain to assume more responsibility for ensuring workers a decent retirement

Starbucks has spent 26 times as much on stock buybacks over the past five years as on contributions to the firm’s 401(k) plan. The company currently [matches the first 5 percent](#) of the pay an employee contributes. But Starbucks employees — like many low-wage workers — have a hard time setting aside any money for their future. Their median pay runs just \$14,209. As of 2022, 53 percent of eligible participants in the Starbucks 401(k) plan had *zero* balances, according to the [Benefits Pro Free Erisa database](#).

Starbucks workers have organized unions at some [437 stores](#) since 2021. These workers have raised retirement benefits among their demands on the giant coffee chain. [Starbucks Workers United](#) wants the company to automatically enroll employees in the firm’s 401(k) plan *and* put adequate funds into those plans, with additional employee contributions as optional. Employers, the union [notes](#), “have a responsibility to assist employees in preparing for retirement, in recognition of their years of labor.”

Starbucks has not yet signed a collective bargaining agreement with employees, but, after years of [anti-union tactics](#), the company has at least [been negotiating](#) with the workers’ union for the past several months. After Starbucks replaced CEO Laxman Narasimhan with Chipotle chief Brian Niccol on August 13, the outcome of these negotiations is even less certain. The Mexican food chain has a history of [anti-union activities](#). Last year Chipotle’s pay gap, at 1,354 to 1, was even larger than the 1,028 to 1 gap at Starbucks.

Dollar General

More workers who simply cannot afford to invest in their retirement futures

Dollar General has spent nearly \$9 billion on buybacks over the past five years, 28 times as much as the company contributed to employee retirement plans. The discount retailer does offer a 401(k) with [5 percent matching](#) after the first year of service. But 88 percent of eligible participants in the Dollar General 401(k) plan have zero balances, according to the [Benefits Pro Free Erisa database](#). That certainly rates as no surprise: Median Dollar General worker pay stands at just \$18,657. Dollar General CEO Todd Vasos, for his part, made \$9.7 million last year, 521 times the firm’s median pay.

Dollar General has repeatedly faced huge penalties for serious workplace safety violations. Most recently, this past July, the company agreed to pay [\\$12 million in penalties](#) and improve safety at its stores after the Labor Department found numerous violations, including blocked exits and a lack of access to fire extinguishers.



Policy options

We highlight here three particularly promising areas of CEO pay policy reforms. Appendix 2 catalogs a much more extensive menu of options.

Taxing and restricting stock buybacks

The 2022 Inflation Reduction Act introduced a [1 percent excise tax](#) on the repurchase of corporate stock. The 2024 Democratic Party Platform proposes [quadrupling this excise tax](#), and a pending Senate bill, the [Stock Buyback Accountability Act \(S. 413\)](#), would meet this goal. The Reward Work Act ([HR 3694](#)) would institute a general ban on stock buybacks in the open market, a move that would largely return us to the pre-1982 status quo.

Biden has also included a proposal in his [federal budget](#) that would ban top executives from selling their personal stock for a multi-year period after a buyback, preventing CEOs from timing share repurchases to cash in personally on a short-term price pop they themselves have artificially created. A Senate bill, the [ALIGN Act \(S. 790\)](#), would ban executives from selling their shares within a year of a stock buyback announcement.

In 2023, the SEC issued a [new regulation](#) requiring companies to provide more detail about their buyback activity, including whether top executives bought or sold company shares during the four days before or after a buyback announcement. But the Fifth Circuit Court of Appeals then struck down the rule after the U.S. Chamber of Commerce [filed suit](#) against it.

A [bipartisan letter](#) by Senators Tammy Baldwin and Marco Rubio calls on the SEC to re-propose the rule, as does a [coalition letter](#) that includes various labor unions as signatories.

Subjecting corporations with excessive levels of CEO pay to higher tax levies

Higher tax rates on companies with wide CEO-worker pay gaps would create an incentive to both rein in executive pay and raise worker wages, all the while generating significant new capital for vital public investments. Laws that share those goals are already generating revenue in [two major cities](#), San Francisco and Portland, Oregon. Several related bills are also pending at the federal level, including:

The **Curtailing Executive Overcompensation (CEO) Act** (S. 3176/H.R. 6191), legislation that applies an excise tax to publicly traded and private companies that have above a 50:1 CEO-to-median-worker pay disparity. Under this excise tax formula, the tax owed would be proportional to the degree a company's pay ratio exceeds 50:1 and to the level of the CEO's compensation. In other words, companies with a large pay gap would owe extra taxes — and if they also have extremely high CEO pay, they would owe even



more. Revenue estimate: This bill, had it been in effect in 2022, would have raised [more than \\$10 billion](#) from the *Fortune* 100 largest U.S. companies alone.

The **Tax Excessive CEO Pay Act** (S. 794/H.R.1979), a pending bill that ties a company's federal corporate tax rate to the size of the gap between its CEO and median worker pay. Tax penalties 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 highest penalty would apply to companies that pay top executives over 500 times worker pay. Revenue estimate: [\\$150 billion over 10 years](#). The CEO Accountability and Responsibility Act (H.R. 1284) imposes similar tax penalties for large ratios.

A [May 2024 survey](#) suggests that such taxes would be enormously popular. Overall, 80 percent of likely voters favored a tax hike on corporations that pay their CEO at least 50 times more than they pay their median employee. Large majorities in every political group supported the idea (89 percent of Democrats, 77 percent of Independents, and 71 percent of Republicans). In swing states, 83 percent of likely voters gave the proposal a thumbs up.

Using federal contracts and subsidies to discourage wide corporate pay gaps

President Biden has flexed his executive powers in numerous ways to help working families. The Biden administration has, for instance, lifted the wage floor for certain federal contract workers to \$15 per hour. And the administration has ordered large construction firms involved in public infrastructure projects to negotiate [collective agreements](#) with their workers. The Biden administration is starting to use these powers to crack down on buybacks as well.

The bipartisan CHIPS and Science Act forbids semiconductor subsidy recipients from spending CHIPS funds on stock buybacks. The [Department of Commerce](#) has also promised to provide preferential treatment in the awarding of grants to firms that commit to refrain from all stock buybacks for five years.

Some Democratic Party lawmakers have urged the Biden-Harris administration to go further to prevent CHIPS funds from enabling stock buybacks. As Senator Elizabeth Warren, Representative Pramila Jayapal, and other members of Congress pointed out in a [recent letter](#) to Commerce Secretary Raimondo, the agency's guidance for grant applicants continues to "leave the door open for semiconductor companies to take millions or even billions in CHIPS grants, move some money around, and then engage in more stock buybacks."

To maximize the benefits of this program, the Biden administration should take advantage of its [statutory authority](#) to fully ban CHIPS grant recipients from engaging in stock buybacks. A [recent report](#) we have co-published with Americans for Financial Reform offers more on this opportunity to use the \$39 billion in CHIPS subsidies to reduce the level of share buybacks.



The administration could also do much more to leverage the power of the public purse against extreme pay disparities. The [Patriotic Corporations Act](#) could serve as a model. This bill would grant preferential treatment in contracting to firms with CEO-worker pay ratios of 100 to 1 or less, among other benchmarks, including neutrality in union organizing. The [Congressional Progressive Caucus](#) has called on President Biden to introduce such incentives.

By encouraging big companies to narrow their pay gaps, the administration would also help ensure that taxpayers get the biggest bang for the buck for federal contract dollars. [Studies have shown](#) that companies with narrow gaps in CEO-worker compensation tend to perform at higher levels than firms with wide gaps.

Methodology and Sources

S&P 500 corporations with the lowest median worker pay: Data reported by companies in annual corporate proxy statements, drawn from the [AFL-CIO Paywatch](#) database.

CEO compensation, median worker pay, and pay ratio calculations: 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:** includes salary, bonuses, the grant date estimated value of stock and stock option awards, changes in pension value, and perks.
- **Median employee compensation:** based on a firm's global workforce, including part-time, temporary, and full-time employees, but not subcontracted workers. 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. They cannot convert part-time and temporary employees into full-time equivalents.

Stock buybacks and capital expenditures: Annual 10-K reports and [WSJ Markets](#) data.

Except where otherwise noted, yearly figures in this report were not adjusted for inflation.

Appendix 1: The 100 S&P 500 companies with the lowest median worker wages in 2023

Company, ranked alphabetically	CEO in 2023	CEO total compensation, 2023 (\$million)	Median worker pay, 2023	CEO-worker pay ratio, 2023	Stock buyback expenditures, 2019-2023 (\$million)	Capital expenditures, 2019-2023 (\$million)
Accenture	Julie Sweet	\$31,550,906	\$20,670	1,526	\$17,756	\$3,024
Align Technology	Joseph Hogan	\$28,952,411	\$22,781	1,271	\$1,842	\$1,176
Amazon	Andrew Jassy	\$1,357,764	\$36,274	37	\$6,000	\$234,428
Amphenol	R.A. Norwitt	\$10,944,707	\$16,944	646	\$3,221	\$1,689
Analog Devices	Vincent Roche	\$25,543,635	\$48,425	527	\$9,003	\$2,756
Aptiv	Kevin Clark	\$18,000,136	\$11,647	1,545	\$875	\$3,726
AutoZone	William Rhodes	\$18,796,822	\$26,669	705	\$14,374	\$3,045
Avery Dennison	Deon Stander	\$6,070,962	\$15,679	403	\$1,041	\$1,332
Bath & Body Works	Gina Boswell	\$11,694,513	\$9,834	1,189	\$3,424	\$1,582
Baxter International	José Almeida	\$13,786,671	\$48,566	284	\$2,402	\$3,460
Becton Dickinson & Co.	Thomas Polen	\$17,309,938	\$42,404	408	\$2,250	\$4,808
Best Buy	Corie Barry	\$14,443,881	\$32,656	442	\$6,171	\$3,918
Borgwarner	Frédéric Lissalde	\$19,308,195	\$39,380	490	\$733	\$3,064
Caesars Entertainment	Thomas Reeg	\$18,610,359	\$33,250	560	\$0	\$3,459
Carnival	Josh Weinstein	\$13,808,603	\$16,789	822	\$910	\$20,880
Chipotle Mexican Grill	Brian Niccol	\$22,473,427	\$16,595	1,354	\$2,133	\$2,189
Coca Cola	James Quincey	\$24,742,908	\$13,752	1,799	\$5,039	\$7,934
Cognizant Technology Solutions	Ravi Kumar Current	\$22,563,405	\$40,660	556	\$7,125	\$1,718
Colgate Palmolive	Noel Wallace	\$17,121,584	\$50,885	336	\$6,434	\$2,713
Constellation Brands	William Newlands	\$16,068,340	\$34,821	461	\$3,645	\$4,540
Cooper Companies	Albert White	\$13,490,923	\$39,543	341	\$307	\$1,451
Copart	Jeffrey Liaw	\$2,009,000	\$45,224	44	\$365	\$2,283
Corning	Wendell Weeks	\$15,627,653	\$42,240	370	\$3,061	\$7,995
Corpay	Ronald F. Clarke	\$2,669,024	\$50,798	53	\$4,993	\$570
Costco Wholesale	Craig Jelinek	\$16,870,623	\$50,202	336	\$2,054	\$17,610
Darden Restaurants	Ricardo Cardenas	\$8,500,029	\$22,248	382	\$2,113	\$2,230
Dollar General	Todd Vasos	\$9,727,656	\$18,657	521	\$8,964	\$6,144
Dollar Tree	Richard Dreiling	\$3,360,766	\$15,955	211	\$2,198	\$6,321
Domino's Pizza	Russell Weiner	\$10,135,862	\$31,481	322	\$2,887	\$471
Eaton Corp	Craig Arnold	\$20,493,989	\$50,683	405	\$3,045	\$2,906
Ecolab	Christophe Beck	\$15,547,055	\$49,177	316	\$1,139	\$3,351
Emerson Electric	Lal Karsanbhai	\$18,317,194	\$47,840	383	\$1,945	\$2,375
Epam Systems	Arkadiy Dobkin	\$7,545,130	\$39,153	193	\$165	\$390
Estee Lauder Companies	Fabrizio Freda	\$21,811,244	\$33,819	645	\$5,761	\$6,333
Extra Space Storage	Joseph Margolis	\$12,280,701	\$49,954	246	\$141	\$220



Company, ranked alphabetically	CEO in 2023	CEO total compensation, 2023 (\$million)	Median worker pay, 2023	CEO-worker pay ratio, 2023	Stock buyback expenditures, 2019-2023 (\$million)	Capital expenditures, 2019-2023 (\$million)
Factset Research Systems	Philip Snow	\$6,862,015	\$21,301	322	\$880	\$310
Fastenal	Daniel Florness	\$3,115,507	\$46,393	67	\$290	\$918
Fedex	Rajesh Subramaniam	\$13,249,823	\$45,976	289	\$5,231	\$30,179
Fidelity National Information Services	Stephanie L. Ferris	\$19,435,522	\$43,839	443	\$5,139	\$1,193
First Solar	Mark Widmar	\$7,725,497	\$23,560	328	\$0	\$3,917
Garmin Ltd	Clifton Pemble	\$6,540,666	\$41,063	159	\$429	\$1,058
Genuine Parts	Paul Donahue	\$11,398,274	\$38,903	293	\$988	\$1,551
Hershey	Ms. Buck	\$15,654,209	\$43,527	360	\$1,850	\$2,546
Hilton Worldwide Holdings	Christopher Nassetta	\$26,556,464	\$48,435	549	\$5,762	\$725
Home Depot	Edward Decker	\$14,419,252	\$35,131	410	\$37,212	\$14,052
Hubbell	Gerben Bakker	\$9,666,284	\$49,030	197	\$400	\$562
Iron Mountain	William Meaney	\$14,867,140	\$40,174	371	\$0	\$4,415
Jabil	Kenneth Wilson	\$10,237,971	\$8,804	1,163	\$2,176	\$5,562
Johnson Controls International	George Oliver	\$15,882,646	\$49,465	321	\$11,560	\$2,712
Kimberly Clark	Michael Hsu	\$16,528,052	\$51,084	324	\$2,225	\$5,075
Kroger	Rodney McMullen	\$15,710,572	\$31,302	502	\$4,491	\$15,589
Las Vegas Sands	Robert Goldstein	\$21,937,818	\$41,185	533	\$1,259	\$5,372
Linde	Sanjiv Lamba	\$19,200,255	\$49,230	390	\$24,700	\$17,668
Live Nation Entertainment	Michael Rapino	\$23,438,317	\$28,207	831	\$0	\$1,577
LKQ	Dominick Zarcone	\$12,189,021	\$41,841	291	\$2,364	\$1,312
Lowe's	Marvin Ellison	\$18,162,272	\$32,626	557	\$42,558	\$8,921
Lululemon Athletica	Calvin McDonald	\$16,494,777	\$19,518	845	\$2,053	\$2,198
Marriott International	Anthony Capuano	\$22,664,045	\$44,805	506	\$8,929	\$1,755
McCormick & CO	Brendan Foley	\$5,213,172	\$40,141	275	\$226	\$1,203
McDonald's	Christopher Kempczinski	\$19,155,001	\$15,802	1,212	\$13,680	\$10,331
Mettler Toledo International	Patrick Kaltenbach	\$8,417,336	\$46,144	182	\$4,550	\$523
MGM Resorts International	William Hornbuckle	\$17,003,794	\$45,502	374	\$8,207	\$3,198
Mid America Apartment Communities	Eric Bolton	\$8,015,765	\$45,501	176	\$0	\$1,647
Mohawk Industries	Jeffrey Lorberbaum	\$4,428,417	\$42,888	103	\$1,497	\$2,841
Mondelez International	Van de Put Dirk	\$21,018,175	\$33,093	635	\$8,544	\$4,771
Monolithic Power Systems	Michael Hsing	\$14,643,469	\$49,493	296	\$4	\$364
Mosaic	James O RourkeJoc	\$11,881,204	\$33,404	356	\$2,982	\$6,381
Nike	John Donahoe II	\$32,789,885	\$33,646	975	\$17,455	\$4,627
Norwegian Cruise Line	Harry Sommer	\$8,864,592	\$23,330	380	\$451	\$7,871
O'Reilly Automotive	Greg Johnson	\$5,603,352	\$35,086	160	\$12,429	\$3,106
Otis Worldwide	Judy Marks	\$15,924,194	\$49,048	325	\$2,375	\$737
PPG Industries	T. M. Knavish	\$12,472,955	\$49,519	252	\$811	\$2,155
Public Storage	Joseph Russell	\$8,776,291	\$31,827	276	\$3,445	\$1,548



Company, ranked alphabetically	CEO in 2023	CEO total compensation, 2023 (\$million)	Median worker pay, 2023	CEO-worker pay ratio, 2023	Stock buyback expenditures, 2019-2023 (\$million)	Capital expenditures, 2019-2023 (\$million)
Ralph Lauren	Patrice Louvet	\$14,471,356	\$31,187	464	\$2,216	\$962
Robert Half	Keith Waddell	\$8,126,837	\$40,128	203	\$1,299	\$236
Ross Stores	Barbara Rentler	\$18,094,944	\$8,618	2,100	\$4,219	\$2,935
Royal Caribbean Cruises	Jason Liberty	\$17,216,276	\$18,073	953	\$100	\$13,827
S&P Global	Douglas Peterson	\$19,506,412	\$43,834	445	\$17,709	\$458
Seagate Technology Holdings	William Mosley	\$11,436,208	\$12,065	948	\$6,067	\$2,382
Sherwin Williams	John G. Morikis	\$19,281,779	\$49,745	388	\$8,292	\$2,538
Skyworks Solutions	Liam Griffin	\$17,261,436	\$32,457	532	\$2,798	\$2,220
Smith A. O. Corp.	Kevin Wheeler	\$8,756,656	\$49,422	177	\$1,421	\$199
Starbucks	Laxman Narasimhan	\$14,604,531	\$14,209	1,028	\$16,918	\$8,936
Tapestry	Joanne Crevoiserat	\$14,489,503	\$29,535	491	\$2,704	\$873
Target	Brian Cornell	\$19,203,353	\$26,696	719	\$12,492	\$19,554
TE Connectivity	Terrence R. Curtin	\$16,717,748	\$28,447	588	\$4,802	\$3,499
Teleflex	Liam Kelly	\$9,039,947	\$37,432	242	\$0	\$436
Tesla	Elon Musk	\$0	\$45,811	0	\$0	\$28,764
TJX Companies	Ernie Herrman	\$22,222,769	\$14,857	1,496	\$8,669	\$6,015
Tractor Supply Co	Harry Lawton	\$11,374,666	\$22,152	513	\$3,050	\$2,666
Tyson Foods	Donnie King	\$13,180,119	\$41,949	314	\$1,582	\$7,493
Ulta Beauty	David Kimbell	\$12,663,880	\$13,193	960	\$4,272	\$1,370
Universal Health Services	Marc Miller	\$14,407,937	\$50,152	287	\$3,579	\$3,723
Viatis	Scott Smith	\$15,930,409	\$36,903	469	\$250	\$2,514
Wabtec	Rafael Santana	\$15,493,240	\$48,924	317	\$1,389	\$786
Walgreens Boots Alliance	Rosalind Brewer	\$14,134,190	\$34,763	407	\$6,196	\$8,306
Walmart	Doug McMillon	\$26,968,924	\$27,642	976	\$30,828	\$71,538
Western Digital	David Goeckeler	\$11,031,692	\$11,519	958	\$563	\$4,612
Willis Towers Watson	Carl Hess	\$12,668,832	\$49,706	255	\$6,307	\$1,238
Yum! Brands	David Gibbs	\$21,238,955	\$17,628	1,205	\$3,895	\$1,150
AVERAGE		\$14,672,026	\$34,522	538	\$5,223	\$7,518
TOTAL		\$1,467,202,616			\$522,285	\$751,791



Appendix 2: Our annual menu of CEO pay reforms

Every year, this section of our annual *Executive Excess* report offers the most comprehensive available menu 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. Other reforms are pending before legislative bodies in U.S. cities and states — and nations around the world.

How best to evaluate these CEO pay reforms? 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 CEOs focus on funneling corporate resources to shareholders and themselves, workers are not getting a fair deal for their labor. Extreme pay gaps also endanger enterprise effectiveness. Management guru Peter Drucker believed that pay ratios 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 and unlimited tax-deferred retirement accounts 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. Public 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. Despite some progress, boards should face stronger requirements to justify to shareholders the compensation they award to executives.

5. Extend accountability to broader stakeholder groups

In 2019, the Business Roundtable declared that the corporations should aim to not just serve shareholders — the group's official position since 1997 — but "[to create value for all our stakeholders](#)." To go beyond rhetorical urgings like this, corporate 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 their communities.



CEO PAY REFORMS RELATED TO TAX POLICY

Raising the corporate tax rate on firms with wide gaps between CEO and worker pay	In addition to the federal bills noted above (the Tax Excessive CEO Pay Act and the CEO Accountability and Responsibility Act), several cities and states have either adopted or are considering tax penalties on corporations with large CEO-worker pay gaps. The city of Portland, Oregon 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 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.
Excise tax on stock buybacks	The 2022 Inflation Reduction Act introduced a 1 percent excise tax on the repurchase of corporate stock. The 2024 Democratic Party Platform proposes quadrupling this excise tax and a Senate bill, the Stock Buyback Accountability Act (S. 413) , would achieve this.
Limiting executive tax-deferred pay	<p>A 2023 Institute for Policy Studies-Jobs With Justice report found that the top five executives at S&P 500 firms held a combined \$8.9 billion in special tax-deferred accounts at the end of 2021. These accounts are unlimited while ordinary taxpayers face strict limits on how much income they can defer from taxes via 401(k) plans.</p> <ul style="list-style-type: none"> • The CEO and Worker Pension Fairness Act (S.3341) would revise Section 409A of the tax code so that executives would owe taxes on their compensation when it vests. • 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.
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"> • The Carried Interest Fairness Act (S. 4123) would require carried interest income to be taxed at ordinary income tax rates, raising an estimated \$6.5 billion in revenue over 10 years. • Another proposal, the Ending the Carried Interest Loophole Act (S. 3317), would tax carried interest at ordinary income rates and also prevent fund managers from deferring payment of taxes on wage-like income. The revenue estimate for this bill: \$63 billion over a decade.
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 2017 Republican tax law closed this "performance" pay loophole, but only for compensation going to a corporation's CEO, CFO, and three other highest-paid employees. As part of the 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. • 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."



Financial transaction tax	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, including the Wall Street Tax Act (S. 2491/H.R. 4870) and the Wall Street Speculation Tax (S. 1990/H.R. 4119) would curb the lucrative short-term speculation that has inflated Wall Street bonuses while adding no significant value to the real economy.
PAY REFORMS TIED TO CONTRACTS, SUBSIDIES, OTHER PUBLIC SUPPORT	
Leveraging government procurement dollars to encourage narrower CEO-worker pay gaps	<p>By law, the U.S. government denies contracts to companies that discriminate, in their employment practices, on 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"> Rep. Jan Schakowsky introduced the Patriotic Corporations of America Act (H.R. 4186) 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. Rep. Mark DeSaulnier's CEO Accountability and Responsibility Act (H.R. 1284) would provide similar preferences to encourage narrow pay ratios. Sen. Bernie Sanders released a broad pro-union Workplace Democracy Plan in 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. 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.
Stock buyback disincentives tied to government contracts and subsidies	In 2023, the Biden-Harris administration announced it would grant preferential treatment in the awarding of new CHIPS subsidies for semiconductor manufacturing to firms that agree to forgo all stock buybacks for five years. This important precedent could be extended to all forms of taxpayer-funded contracts, grants, and subsidies.
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"> The Congressional Progressive Caucus has called on Biden to introduce such incentives. 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. Mulvaney later directed the Office of Management and Budget and served as President Trump's acting chief of staff. Mulvaney's proposal did not become law, but does suggest a potential for bipartisan action. 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.
Leveraging public pension funds to encourage narrower CEO-worker pay ratios	<p>Public employee pension fund investments offer a significant opportunity to influence corporate pay behavior.</p> <ul style="list-style-type: none"> In 2023, the Marin County Employees' Retirement Association adopted a position of voting against any CEO pay package where the CEO makes more than 100 times the corporation's median worker, arguing that such pay is excessive and detrimental to returns to shareholders. The city of San Francisco has adopted an advisory resolution urging the San Francisco Employees Retirement System to consider executive compensation and pay



	<p>ratios during decision making on investments and proxy voting. 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.</p> <ul style="list-style-type: none"> 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 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 prohibited 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. New York Governor Kathy Hochul rescinded the order in 2022. 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. This limit later evaporated after pushback from corporate leaders. Management consultant Douglas Smith has called for a similar pay ratio limit on U.S. firms receiving taxpayer funds.
Rein in CEO pay at nonprofit organizations	<p>Under the 2017 tax law Republican lawmakers adopted, nonprofits may no longer deduct executive compensation above \$1 million on their federal tax filings. 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. Huge paychecks for nonprofit health care executive executives have motivated actions in several states.</p> <ul style="list-style-type: none"> In Washington, the state legislature is considering a new tax on nonprofit executive compensation in excess of 10 times the state’s average annual salary. In Connecticut, a state lawmaker introduced a bill that would require nonprofit hospitals that pay executives more than \$500,000 to pay property taxes. 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.
Fannie Mae and Freddie Mac executive pay caps	<p>In 2015, Congress passed a bill to cap CEO paychecks at quasi-public Fannie Mae and Freddie at no more than \$600,000. In subsequent years, Fannie and Freddie have exploited loopholes in the law to boost pay far above that limit for top executives. Each enterprise shifted duties from the pay-limited CEO position to the uncapped positions of president and other top executives. This loophole should be closed.</p>

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. Buybacks have become a pervasive form of legal stock market manipulation.</p> <ul style="list-style-type: none"> The Reward Work Act (HR 3694) championed by Rep. Chuy Garcia (D-IL) 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 publicly traded companies to issue a worker dividend equal to \$1 for every \$1 million spent on stock buybacks.
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	<p>Senators Cory Booker (D-NJ) and Bob Casey (D-PA) have introduced a similar Worker Dividend Act.</p> <ul style="list-style-type: none"> The Biden-Harris federal budget proposal would ban top executives from selling their personal stock for a multi-year period after a buyback, preventing CEOs from timing share repurchases to cash in personally on a short-term price pop they themselves artificially created. A Senate bill, the ALIGN Act (S. 790), would ban executives from selling their shares within a year of a stock buyback announcement.
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 run about half as much as the U.S. average. In a 2018 poll of likely U.S. voters, 52 percent supported placing workers on major corporate boards and only 23 percent stood opposed.</p> <ul style="list-style-type: none"> Rep. Chuy Garcia (D-IL) has introduced the Reward Work Act (HR 3694) to require corporations to allow employees to elect at least one third of board members. 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 2019, Rep. Katie Porter (D-CA) introduced a bill requiring publicly held corporations to disclose whether they have established procedures to recoup compensation from top executives to cover the cost of fines or penalties against their company. 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.
A CEO pay limit for firms in bankruptcy	<p>Private equity funds have been connected to a rash of bankruptcies in recent years that often lead to massive loss of jobs and reductions in employee benefits. 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.”
‘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"> Make say-on-pay votes binding. The UK already requires public companies to give shareholders a binding vote on compensation every three years. A former EU internal markets commissioner has proposed that shareholders should also have the power to vote on the ratio between the lowest- and highest-paid employees in a firm. In Australia, shareholders have the power to remove directors if a company's executive pay report gets a “no” vote from at least 50 percent of shareholders. Dean Baker of the Center for Economic and Policy Research has proposed that corporate directors have their compensation denied if a CEO pay package they have approved fails to gain a majority in a “say on pay” vote.
Claw back unearned pay	<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. The SEC finally issued a final rule on this section in 2022, requiring executives to repay “excess” incentive compensation received during the three-year period preceding an accounting restatement. Clawback provisions in the earlier Sarbanes-Oxley Act only applied to restatements resulting from misconduct. The U.S. regulation could be stronger. Under UK rules, for instance, the clawback period runs 10 years.

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.” After dragging their feet for 13 years, federal regulators are currently working on producing a final rule on this provision.</p> <p>A coalition led by Americans for Financial Reform and Public Citizen are advocating for three changes to strengthen the regulators’ 2016 proposal:</p> <ul style="list-style-type: none"> Require executives to defer a significant percentage of compensation for 10 years, and make them forfeit these sums if the financial institution fails or gets hit with misconduct fines. Rep. Rashida Tlaib has also introduced a bill, the Fostering Accountability in Remuneration Fund Act, or FAIR Fund Act, along these lines. Ban stock options for financial executives, since they promise executives all the benefits of share price increases with none of the risk of share price declines. Ban executives from hedging bonus pay: Any effort to reduce inappropriate risk-taking will be ineffective if executives can use hedging strategies to reduce their risk from poor company performance.
Claw back executive pay at failed banks	<p>The failure of several regional banks in early 2023 provoked a wave of demands for accountability. Senator Sherrod Brown (D-OH) and Senator Tim Scott (R-SC), the leaders of the Senate Banking Committee, introduced a bipartisan bill, the Recovering Executive Compensation Obtained from Unaccountable Practices (RECOUNP) Act, to claw back compensation of senior executives at failed banks and penalize them for their misconduct. The bill quickly passed out of committee but the full Senate has not yet voted on the bill.</p>



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. Under a conservative government, UK regulators lifted the cap for that country in 2023.
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 bailed-out companies at \$400,000, the salary of the U.S. president, but this amendment stalled in the House. Covid-related bailouts adopted in March 2020 for the airlines and other firms included only very weak restrictions, allowing CEOs to continue to pocket mega-million-dollar paychecks. In the EU, by contrast, bailed-out banks have to cap their executive pay at no more than 15 times the national average salary or 10 times the wage of their average bank worker. UK rules ban bonuses for executives of banks receiving bailouts. Given a 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.

PAY DISCLOSURE REFORMS

Gender pay gap disclosure	<p>The average U.S. woman earns 84 cents for every dollar a man earns and the gaps are even wider for women of color. 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 an EEOC rule already requires reporting of pay data by race and gender. The UK government is already requiring gender pay gap disclosure for private and publicly held companies with over 250 employees.
Racial pay gap disclosure	<p>As of the third quarter of 2023, the median white worker made 24 percent more than the typical Black worker and around 28 percent more than the median Latino worker, according to BLS data. 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 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 tax reform. Congress could also expand on the 2008 Government Funding Transparency Act, legislation that requires certain federal contractors to disclose their five top-paid officers’ pay. The rule applies to firms that earn at least 80 percent of their revenue from federal contracts, grants, and loans and that received \$25 million in federal funding the previous year.



Disclosure of CEO trading to capitalize on stock buybacks	<p>In 2023, the SEC issued a new regulation requiring companies to provide much more detail about their buyback activity, including whether top executives bought or sold company shares during the four days before or after a buyback announcement. Even though designed to simply provide investors with basic information about this rampant yet opaque practice, the Fifth Circuit Court of Appeals struck down the rule following a Chamber of Commerce lawsuit. A bipartisan letter by Senators Tammy Baldwin and Marco Rubio calls on the SEC to re-propose the rule, as does a coalition letter that includes various labor unions as signatories.</p>
Disclosure of executive versus worker raises	<p>Rep. Nydia Velázquez (D-NY) has introduced the Greater Accountability in Pay Act (H.R. 1188), a bill 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 government contracts, subsidies, and specific tax breaks. How much of this federal investment, for instance, do individual corporations funnel into executive pockets versus worker pay and other long-term investments?</p>

