

Executive PayWatch: CEOs get big raises, hoard cash reserves

WASHINGTON, D.C. — Corporate executive officers of S&P 500 Index companies received an average of \$12.9 million in pay in 2011 — a 14 percent raise, according to data released April 19 by the national AFL-CIO. The ratio of CEO to worker pay is now 380 to 1.

This information and more can be found at the newly designed web site — Executive PayWatch. The searchable online database provides direct comparison of top CEO pay to average wages of workers, such as a nurse, teacher, firefighter and others. To see it, go to www.aflcio.org/CorporateWatch/CEO-Pay-and-the-99.

AFL-CIO President Richard Trumka noted that this is the second straight year CEO pay increased, following the 23 percent increase in 2010. In stark contrast, the average wage for workers was about \$34,000 — a 2.8 percent increase that barely keeps up with inflation.

“Astronomical CEO pay is based on the false idea that the success of a corporation is due to one CEO genius,” Trumka said. “In reality, all employees create value, and CEO pay levels should be more in line with the rest of their company’s employee pay structure. CEOs should be paid as a member of a team, not as a superstar. The further widening gap between CEO-to-worker pay to an astonishing 380 times is simply bad for our economy.”

Trumka also pointed to new features on PayWatch, including data exposing swelling corporate cash stockpiles. That cash level has reached a record \$2.2 trillion for U.S. corporations and another \$1.5 trillion for banks in excess reserves. The site highlights companies with the highest cash hoards that have cut jobs such as Verizon Communica-

tions whose cash holdings and short-term investments grew 311 percent to \$14 billion between 2007 and 2011. During that period, the company thinned its employment rolls by 17.5 percent.

“The egregious corporate behavior today goes beyond the enormous levels of compensation for CEOs and glaring inequality in pay for their workers. CEOs are simply hoarding their company’s cash rather than investing capital to grow our economy and create jobs,” said Trumka.

For the first time, PayWatch includes a new database of mutual fund voting on “say-on-pay” and other executive compensation issues. Visitors to the website can learn which mutual funds are “pay enablers” versus “pay constrainters” and write their mutual funds to encourage more votes against runaway CEO pay.

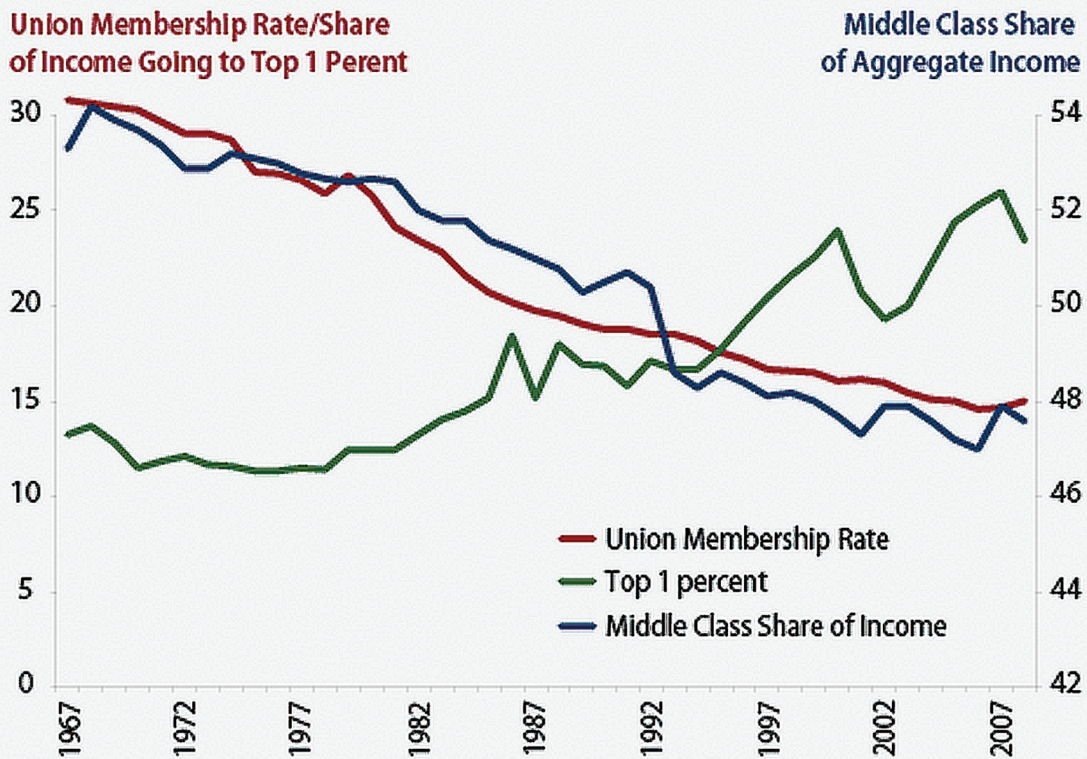
PayWatch also examines the world of private equity executive pay, an area that has operated in the shadows until the Republican presidential primary campaign began raising more serious questions about its practices.

The AFL-CIO launched the site two days after a massive day of mobilization where working people across the country called for a fairer tax structure and for millionaires to pay their fair share.

Visitors to the PayWatch website will be empowered to write the Securities and Exchange Commission and urge them to implement the Dodd-Frank Act’s requirement that public companies disclose their ratio of CEO-to-worker pay. Trumka said the AFL-CIO campaign will work hard to defend and further implement this historic reform.

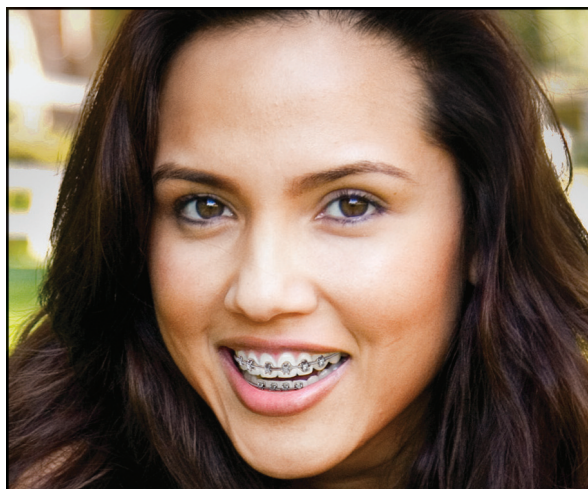


As Union Membership Rates Decrease, Middle Class Share of Income Shrinks and Top 1 Percent Incomes Explode



One of the chief drivers of American income inequality is the decline of unions. According to a policy brief by the Center for American Progress, the middle class’s share of national income has steadily declined as the percentage of the population in labor unions has fallen. At the same time, the top 1 percent’s share of national income has exploded. Strong

unions have traditionally been the free-market solution to income inequality, allowing people to get higher salaries without government intervention. Unionization has allowed middle class and working-class Americans to have the ability to bargain for stronger wages and benefits and a larger share of national income.



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