Policy Matters Ohio

EXECUTIVE SUMMARY
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Work & Wages

BIG OHIO CEOS: 306, MEDIAN EMPLOYEE: 1

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It takes everyone's work to make an enterprise run, but today many Ohioans performing critical jobs aren't paid enough to make ends meet, while the CEOs of the companies they work for are paid more than ever. Both of the most recent downturns have hit low- and middle-income people harder — and likely for much longer — exacerbating a decades-long trend that has separated the economic fortunes of the wealthiest from those of everyone else.

Key findings

- The median CEO at Ohio's largest employers who report to the SEC made 306 times as much as the median worker at the same firm. 72% had pay ratios of at least 200-to-1.
- Average pay among CEOs at Ohio's 54 largest employers that file reports with the SEC was $14.6 million.
- 30% of the top reporting employers paid their median worker less than $25,000 per year. (The median worker could be part time, and not based in Ohio.) Retail companies dominated low-pay employers among top firms.
- Corporations have increased pay for CEOs faster than most workers' pay over the past four decades: Ohio's 306-to-1, and 320-to-1 for the nation, compares with national figures of 21-to-1 in 1965 and 61-to-1 in 1989.[1] Median pay for Ohio workers grew 3.9%, and 15.1% nationally since 1979. Median pay at top Ohio employers exceeds the statewide median by about a third.
- Nationally, a minority of Russell 3000 CEOs took any pay cuts in response to COVID-19, while many firms forced pay cuts or layoffs for workers, or paid frontline workers at rates below the poverty line.
- Some major Ohio employers staffing frontline workers offered limited sick pay that was difficult to access. Some offered hazard pay policies beginning in the spring, and have now generally suspended them.

The CEOs of America's largest firms are among the few who have benefitted from policies that direct resources to the wealthy few. For the past several decades, corporate boards have increased pay for CEOs faster than the economy has grown, while income for most Americans and Ohioans has been held down. This trend illustrates that growth in CEO pay does not reflect productivity growth in CEO performance or improvement of their skills, but instead is largely the result of CEOs' ability to set their own pay. It is a leading cause of income and racial inequality.

Among the 54 of Ohio's 100 largest employers that reported to the Securities & Exchange Commission, the median chief executive officer was paid 306 times the rate of the median worker, a rate of $14.6 million on average. The typical person working at one of Ohio's biggest employers makes $52,500 — more than the typical worker statewide — but many people who work at Ohio's largest employers are paid wages below the poverty level. Today many CEOs bank windfalls as they preside over corporations that offer minimal paid sick time and no hazard pay in the middle of a pandemic.

CEO windfalls show where corporate priorities lie, but policymakers need not stand by. They can rein in CEO pay and support working people with these recommendations:

Rein in CEO Pay

- Fix tax policy at the federal, state and local levels to penalize firms with outsized CEO pay and too little compensation to regular workers, and to restore public revenue for schools, health care, and other important programs.
- Leverage procurement and subsidy policy to give preference to companies under a certain CEO-median worker pay threshold.
- Leverage pension funds. Public sector and other union pension funds control billions of dollars that could be leveraged to rein in executive pay and boost wages for working people in profitable firms. Say-On-Pay votes and policies that require CEOs to retain shares over the long term can help protect retirees while reining in excessive CEO pay.

Protect workers

- Mandate worker safety, paid sick time, hazard pay and a living minimum wage. Congress should start by mandating 10 days paid sick time for large employers, as is required of small and medium-sized companies, and should pass the $12- or $13-per-hour premium hazard pay mandate and funding as proposed this spring.
- Increase the minimum wage. Large and growing CEO pay rates, along with lavish shareholder dividends, demonstrate that firms can pay people better. Research has shown that employers retain workers and wages go up when the minimum wage is raised.