Work and Wages

# Big Ohio CEOs: 322, Typical employee: 1

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A thriving community depends on the work of everyone, from the retail clerk who greets customers to the janitor who cleans the countertop. But for decades, while corporate executives held down pay for the typical Ohioan, they lavished enormous pay growth on themselves. Two years into the COVID-19 pandemic, the disparity is as glaring as ever: While Ohioans on the frontlines continue to do vital work months after hazard pay ended — if they ever got it — CEOs in 2020 took home windfall gains from stock price growth.

CEOs at Ohio's largest employers reflect the corporate hierarchies across Fortune 500 companies. Though corporate leadership continues to be dominated by white men, the entry of more women and people of color over the last two decades into the CEO class demonstrates that economic justice means more than diversity at the top. CEOs inhabit a rarefied stratum that has become increasingly removed from the lived experience of nearly all other Ohioans, across all races and gender. Lavish CEO pay further concentrates wealth in white hands. The net worth of a typical American family in 2016 was 10 times that of the typical Black family, at $171,000 and $17,150 respectively. But *average* wealth is distorted by the top: That same year, the average white family owned $929,800, while the average Black family owned $138,100.

Extremely high CEO pay reflects their privileged status to set their own compensation, and it has further separated the fortunes of the wealthiest from the rest of us for decades. Excessive CEO pay matters because the income captured by CEOs would otherwise have gone to other working people, but was made unavailable for broad pay growth. Since the 1970s, public policies and corporate practices that allowed CEO pay to balloon have been major drivers of economic inequality.

Key Findings:

- Among the 54 of Ohio's 100 largest employers that reported to the Securities & Exchange Commission, the median CEO in 2020 was paid 322 times as much as the median worker at the same corporation. Seventy percent of CEOs paid themselves more than 200 times what the median worker made, and 13% paid themselves rates of more than 1,000 to 1.

- The average CEO was paid nearly $16 million. Fifty were paid more than $5 million, and 43 made more than $10 million. Only one made less than $1 million, while 10 made more than $20 million.
- 28% 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 corporations tended to pay the least among major employers.
- Corporations have increased pay for CEOs faster than the stock market grew and far faster than pay for most workers over the past four decades: Nationally, corporations increased CEO pay by 1,322% since 1978; while the S&P stock market grew 817%. Median pay for Ohio workers grew 7.6% since 1979.

Because executive pay is mostly comprised of company stocks, CEOs took home windfalls from the rising stock market last year even as many decided to end hazard pay for the frontline workers risking exposure to COVID-19 to keep business operations running.

## Policy Recommendations

### Impose tax penalties on companies with outsized CEO pay

A federal bill sponsored by Sens. Sanders and Warren could incentivize corporations to reduce their pay ratios by raising tax rates for firms with large pay disparities. The bill would generate an estimated $150 billion over 10 years. Lawmakers in nine states have introduced similar proposals, and some cities have passed laws. Ohio lawmakers should pass similar legislation.

### Raise pay for working people with hazard pay and a living minimum wage

- The American Rescue Plan Act allows policymakers to award up to $25,000 in bonus pay to frontline workers. Ohio cities and other local governments will get their own ARP money and should use it to fund hazard pay.
- Ohio lawmakers should pass a $15 minimum wage that values the dignity of work and meets the cost of living.

### Union pension funds should say no on excessive CEO pay

Union pension funds can leverage their shares to hold CEOs and boards accountable for using corporate profits to fairly compensate all employees. Shareholders can cast say-on-pay advisory votes on executive compensation. The votes are non-binding, but firms whose shareholders vote no to executive pay proposals often begin to revise pay scales.