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For Immediate Release

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Statement by AFL-CIO Secretary Treasurer Richard Trumka on the Protection Against Executive Compensation Abuse Act

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America's working families are outraged by the growing size of CEO pay packages. By any standard, today's executive compensation packages are excessive. In 1980, the average CEO of a major company received 42 times the average worker's pay. By 1990, that ratio had reached 85 times, and today the average CEO takes home 431 times the average worker's compensation. This rate of geometric CEO pay growth is not sustainable.

Excessive CEO pay takes money out of the pocketbooks of shareholders, including the retirement savings of America's working families. Year after year, CEO pay levels show little apparent relationship to corporate profits, economic growth, or executive performance. Moreover, a poorly designed executive compensation package can reward decisions that are not in the long-term interests of a company, its shareholders and employees.

The Protection Against Executive Compensation Abuse Act will require better disclosure of executive pay to shareholders and the public. More importantly, this bill will require companies to disclose the performance measures used to set executive pay, and will require executives to return their compensation if these benchmarks are not met. Lastly, this bill will require shareholder approval of executive pay policies, as well as golden parachutes.

The Securities and Exchange Commission last updated the disclosure requirements for executive compensation in 1992, and SEC Chairman Christopher Cox has stated the importance of improving executive compensation disclosure. Using the Protection Against Executive Compensation Abuse Act as a starting point, we strongly urge the SEC to make executive compensation disclosure reform a priority.

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