



# Keeping watch on **OVER-THE-TOP** executive pay

**I**t's no secret that 2008 was a rough year, especially for working families crushed by the worst economic nosedive since the Great Depression. But one group came through last year's financial free-fall virtually unscathed—America's corporate chief executive officers.

With lavish executive compensation now a focal point in the debate over economic policy and financial regulation, the AFL-CIO's 2009 Executive PayWatch website, [paywatch.org](http://paywatch.org), is a timely resource. In addition to a database of CEO pay, it spotlights 10 companies whose CEOs last year hauled in millions of dollars in salaries, bonuses and perks. Three of these financial wizards were in charge of institutions that got bailout money from the \$700 billion Troubled Asset Relief Program.

"It makes me sick to know that our tax dollars are subsidizing the corporate geniuses who helped create this economic meltdown," said NALC President Bill Young. "It's no wonder so many people are demanding real changes in the way businesses conduct themselves."

Along with a new section on companies that received TARP money, the 2009 PayWatch website also looks at companies actively lobbying against the Employee Free Choice Act, which would make it easier for workers to form unions and bargain for fair pay and benefits.

## The usual suspects

A survey by *The Wall Street Journal* found that while the economy sagged, the median salary for the CEOs of 200 large companies went up last year by a healthy 4.5 percent, to \$1.08 million. The value of executive perks alone—private jets, vacation homes and the like—rose about 12.5 percent, to \$336,248, which PayWatch calculates to be about nine times the median pay of a full-time worker.

The PayWatch website reports that one of the worst offenders was the now-infamous insurance giant American International Group (AIG), which recorded a \$99.2 billion loss last year and whose CEO, Martin Sullivan, was "fired" in July. Sullivan hit the bricks with a \$47 million severance package, a \$4 million bonus—and a \$3.2 million annual pension. AIG got \$85 billion in federal bailout money.

Also making PayWatch's "Tarp Ten" list was Bank of America Corp., which lost nearly \$2.4 billion in just the fourth quarter of 2008. Its CEO, Kenneth Lewis, made nearly \$10 million last year, roughly 400 times an average bank teller's annual pay. BAC got \$45 billion in TARP aid.

And the board of directors of SunTrust, which collected \$4.9 billion in

TARP funds, asked stockholders to approve a bonus of more than 850,000 shares of stock for chairman and CEO James Wells. If SunTrust's stock price rebounds, the thanks will be due to the American taxpayer, but Wells will enjoy the rewards.

## Premium perks

In 1980, the CEOs of large U.S. companies were paid 42 times the wages of the average worker. Today, the pay gap has widened to more than 344 times. Corporations justify outrageous levels of compensation as essential to retain "top talent" and call it "pay for performance," even when performance is demonstrably poor. And many times, there's extra-special compensation above and beyond any paycheck. Some examples:

**EXECUTIVE PHYSICALS**—An internal Wal-Mart memo stated that less than half the company's workers are signed up for the corporate health plan, and 46 percent of employees' children are either on Medicaid or uninsured. Meanwhile, PayWatch learned that Wal-Mart's CEO and other top executives enjoy annual, company-paid "senior executive physical" exams.

**GOLDEN PARACHUTES**—Richard Bond, until recently the top executive of Tyson Foods, stood to collect more than \$14 million in severance pay when he left the company in January. (Most laid-off workers count themselves fortunate if they get a pat on the back, let alone an enormous financial cushion to soften their fall.)

The screenshot shows the website's layout with a blue header for 'AFL-CIO America's Union Movement'. The main content area is titled '2009 Executive PayWatch' and includes a sub-header 'Home > Corporate Watch > Executive PayWatch'. The article text is partially visible, discussing CEO compensation. To the right, there is a 'take ACTION' sidebar with a search form for 'EXECUTIVE PAYWATCH' and a 'GO' button. The footer contains logos for 'AFL-CIO/NEA LABOR SOLIDARITY PARTNERSHIP', 'Strategic Corporate Research Summer School', 'USA WORK HARD PLAY HARD The Union Sportsmen's Alliance', 'Solidarity Center promoting worker rights worldwide', and 'NLC NATIONAL LABOR COLLEGE GEORGE MEANY CENTER'.

**GOLDEN COFFINS**—Death doesn't mean special executive compensation has to stop. For example, when the Shaw Group's founding chair, president and CEO James Bernhard passes on, his heirs will collect more than \$40 million in "golden coffin" benefits, including cash, stocks and insurance benefits.

"When so many workers are facing layoffs or furloughs, it's disgusting that companies are still forking over obscene amounts to the CEOs and other top executives, even beyond the grave," President Young said.

"It's time to change our corporate culture, to spread the wealth and reward the people who do the work," he said. "That's the kind of stimulus that can put the economy back on track." ✉