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Work & Wages

Big Ohio CEOs 200, workers 1:

Company reports show huge pay inequality

Zach Schiller
and Ayame Whitfield

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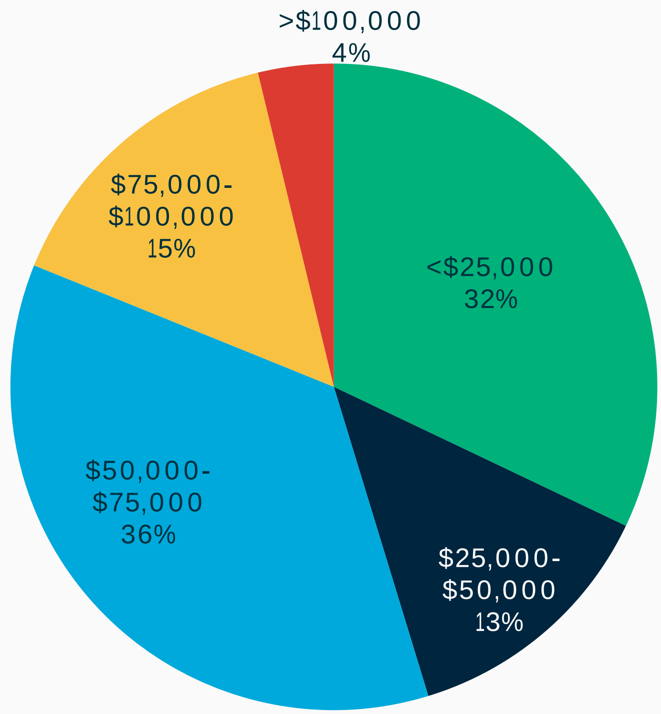
Most of Ohio's largest employers paid their chief executive officers more than 200 times what they paid typical employees last year. More than a quarter of the companies paid the CEO more than 500 times as much. Six companies had pay ratios over 1,000. Those are the key results at 53 of Ohio's largest employers that reported pay ratios to the Securities & Exchange Commission. That's especially striking because half a century ago, the ratio of CEO to worker pay at the largest U.S. companies was 20 to 1. Since then, while CEO pay has grown dramatically, pay for typical workers has barely budged.

Companies reported the data, covering 2018, for the second time this year under the Dodd-Frank Act.

Figure 2

Median Worker Pay 2018
Share of 53 major Ohio Employers



Source: Policy Matters Ohio analysis of company reports to the SEC

CEO Pay Ratios

All but five of the 53 big Ohio employers paid their CEOs more than 100 times what they paid their typical worker.

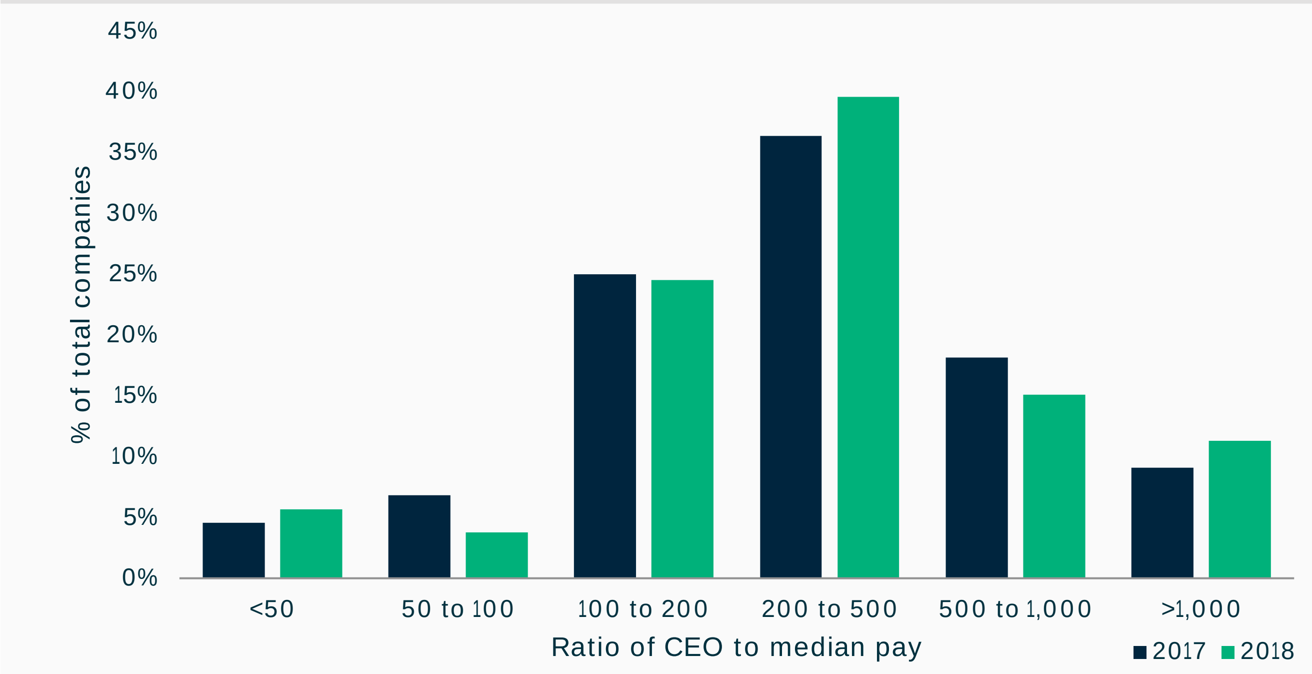
Six companies, all retailers, paid their CEOs more than 1,000 times what they paid their typical worker. Thirty-five CEOs made more than 200 times what the median worker did, and 25, or nearly half, made at least 300 times as much. Figure 3 shows ratios of CEO to median worker pay:

Source: Policy Matters Ohio analysis of company reports to the SEC

Overall, reports for 2018 were similar to those a year earlier. In 2018, 66% of the reporting employers paid their CEOs at least 200 times as much as their median worker, up slightly from the 63.7% a year earlier. The number of employers with ratios over 1,000 grew from four to six. Half the 44 major Ohio employers that also reported for 2017 reported an increase in their pay ratio, led by JC Penney, whose new CEO Jill Soltau earned 1,294 times the typical employee, compared to her predecessor Marvin Ellison, who earned 753 times as much. The other half of companies narrowed the gap between CEO pay and the typical worker. The largest of these was Walmart

Figure 4

Ratio of CEO Pay to Median Worker Pay (% of total companies)



Source: Policy Matters Ohio analysis of company reports to the SEC

The CEO pay ratio reports of major Ohio employers include large numbers of employees who work outside the state. Some are outside the country. Sherwin-Williams Co. reported its median worker was in Canada and made $42,447. Since CEO John Morikis made $13.2 million, that resulted in a pay ratio of 311 to 1. Table 1 shows CEO pay, median worker pay, and the pay ratio at each of 53 Ohio employers, ranked by Ohio employment.

CEO/Median Employee Pay 2018

Ohio's Major Employers That Reported Ratios

Company	Ohio Employment Rank	Ohioans Employed

contributions to health-care premiums or retirement plans. Part-time, seasonal and temporary workers count, and companies are not allowed to adjust their pay in figuring out who the median worker is. The SEC rejected requests by companies to exclude such workers, noting that temporary and seasonal employees aren't a permanent part of the company's workforce. The agency concluded that barring companies from adjusting the compensation of such employees as if they worked on a full-time basis "most accurately captures the workforce and compensation practices that the registrant has chosen to employ."[4]

Retailers stand out

The nine Ohio employers who paid their CEOs most compared to what they paid workers were all retailers; 15 of the top 17 were retailers, and that doesn't include Marathon Petroleum, most of whose employees work at its retail operations. At each of the 15 except CVS Health, median worker pay was less than $25,000 a year; at eight of them, it was less than $15,000. Many of these companies rely heavily on part-time employees. Five of the six companies with pay ratios over 1,000 to 1 – Abercrombie & Fitch, TJX, J.C. Penney, Kohl's and Starbucks – said that their median employee was a part-timer.[5] Others like Target and Dollar Tree said the same, while Macy's reported that 46% of its 142,681 U.S. employees were either part-time or seasonal.

For the second year in a row, Abercrombie & Fitch stood out with the highest pay ratio of any of the top 100 Ohio employers that reported data. CEO Fran Horowitz made nearly $8.5 million, 3,660 times the median pay of just $2,317. According to Abercrombie, that worker was a full-time student who on average worked eight hours a week for seven months.[6] That suggests hourly pay of just under $10 an hour.

Companies aren't required to describe the job of their median employee, but a number do so.[7] At Starbucks, it was a part-time barista in California who made $12,754; at Dollar Tree, it was a part-time hourly store employee in the United States with annual compensation of $11,250 (122,075 out of the company's 178,760 employee are part-time, seasonal or temporary. Dollar Tree said its median full-time employee was an hourly assistant manager who earned $28,188. Even then, that produced a pay ratio of 333 to 1). GE said its median employee was a worker at its Baker Hughes unit in Louisiana. Whirlpool, which had the highest CEO pay ratio of any company without significant retail operations, reported that its median worker was a full-time hourly employee in Mexico who made $20,485. Some 71,985 of the company's 93,447 employees were located outside the United States.[8] L Brands, the parent of Victoria's Secret and Bath & Body Works, reported that its median employee was a

[4] Securities and Exchange Commission, Final Rule, Pay Ratio Disclosure, p. 93, https://www.sec.gov/rules/final/2015/33-9877.pdf
[5] The sixth, Walmart, did not indicate whether that employee was full-time or part-time.
[6] Abercrombie provided this explanation of its extreme pay ratio: "As additional context, the magnitude of our ratio is influenced by our store staffing model which relies on a significant number of part-time and seasonal associates. This approach to store staffing provides flexible, entry-

who made just $388,968. That was just 6.63 times as much as the median employee there, by far the lowest ratio of any company on the list.

Corporate boards lavish their CEOs with staggeringly high salaries compared to half a century ago. The largest U.S. companies paid their CEOs 20 times what they paid the typical worker in 1965 and 58 times as much in 19

clearly identify the tie to performance, company strategy and enhancement of long-term returns to shareholders."[26]

However, OPERS has not sought to concretely make use of the new CEO-median worker pay data available. Curbing excessive executive pay relative to the typical worker is in the long-term interest of its members. OPERS

Links to company reports to the SEC (major Ohio employers and Fortune 500 companies)

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