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Office of Legislative and Intergovernmental Affairs

The Honorable Mary L. Schapiro
Chairman, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

We ask that you consider writing rules as quickly as possible to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Wall Street Reform Act), which requires the disclosure by public companies of the ratio between the compensation of their CEO and the typical worker at that company. The Wall Street Reform Act was passed nearly a year and a half ago, but the SEC has failed to act on this required rulemaking thus far.

As you are aware, income inequality is a growing concern among many Americans. Incomes at the very top have skyrocketed in recent years while workers' wages and incomes have stagnated. In fact, over the last decade, median family income actually fell for the first time since the Great Depression.[1] And while comprehensive data will not be available until this provision takes effect, there is no question that CEO pay is soaring compared to that of average workers. In 1980, CEOs of large U.S. companies received an average $624,996 in annual compensation, or 42 times the pay of typical factory workers.[2] But by 2010, large company CEO pay had skyrocketed to $10.8 million,[3] or 319 times the median worker's pay.[4] Section 953(b) was intended to shine a light on figures like this at each company.

A company's treatment of their average workers is not just a reflection of their corporate value system, but is material information for investors. Several companies already calculate such figures for public disclosure,[5] and a number of investors have requested information similar to what Section 953(b) will reveal, but companies have denied it.[6]

Some companies have publicly voiced their concern with the calculation of these figures. In our view – as well as that of the testimony of Lynn Turner, former Chief Accountant of the SEC – this calculation should not be difficult for any well-organized company.[7]

As such, we respectfully ask that this rulemaking be prioritized. We thank you for your attention to this important matter. Please do not hesitate to contact us if we can be of any assistance.

Sincerely,

Citations

[1] Census Bureau data; median income for all households (2009 dollars) was $52,301 in 2001 and $49,777 in 2009.
[2] "Executive Pay: The Party Ain't Over Yet," Business Week, April 26, 1993.
[3] "We Knew They Got Raises, But This?," New York Times, July 2, 2011.
[4] Bureau of Labor Statistics, May 2010 Occupational Employment and Wage Statistics, National Cross-Industry Estimates, Median All Occupations.
[5] Whole Food Market, Inc. 2011 Proxy Statement, filed with the SEC on January 18, 2011 and MBIA, Inc. 2011 Proxy Statement, filed with the SEC on March 18, 2011.
[6] Whoriskey, Peter. "Business Group: Public Companies Shouldn't Have to Compare CEO and Worker Pay," *The Washington Post,* June 24, 2011.
[7] http://blog.issgovernance.com/gov/2011/07/afl-cio-defends-pay-equity-disclosure-mandate-1.html