AFSCME
We Make America Happen

March 22, 2017

Via email
Michael S. Piwowar, Acting Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Comments on Reconsideration of Pay Ratio Rule Implementation

Dear Chairman Piwowar:

The American Federation of State, County and Municipal Employees ("AFSCME") is the largest union in the AFL-CIO representing 1.6 million state and local government, health care and child care workers. AFSCME members participate in over 150 public pension systems whose assets total over $1.7 trillion.

We are writing to express our strong support for Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). AFSCME also previously submitted comments in support of the rule. Investors have waited nearly seven years since the law was signed, and we believe any further delay will deprive investors from access to material information about CEO and employee compensation and its impact on shareholder value.

The CEO-to-worker pay ratio will provide material information for investors to use in making investment and proxy voting decisions. Disclosure of the median employee pay will help investors understand a company's overall compensation approach, and investors will be able to use this information as the basis for proxy voting decisions in deciding how to vote on management say on pay proposals.

High pay disparities inside a company can hurt employee morale and productivity and have been shown to have a negative impact on a company's overall performance. Management consultant Peter Drucker advocated a maximum ratio of 20 or 25 and warned that excessive CEO pay ratios destroy mutual trust between groups that have to live together and work together. Companies with higher levels of employee morale have been shown to generate better returns. Disclosure of the median employee pay will help investors better understand companies' overall compensation approach to developing their human capital.

The pay ratio rule strikes an appropriate balance between providing material information to investors and providing issuers with flexibility in its implementation. The rule went through an extensive rulemaking process and comment period, and it has already been thoroughly vetted. We therefore urge the SEC to comply with Section 953(b) of Dodd-Frank by maintaining the existing pay ratio disclosure rule without further delay.

We appreciate the opportunity to share our views on this proposed reconsideration. If you have any questions, or need additional information, please do not hesitate to contact John Keenan at (202) 429-1232.

Sincerely,

Steven Kreisberg

Steven Kreisberg
Director
Department of Research and
Collective Bargaining

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