

# What does CEO compensation say about corporate priorities?

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During our current presidential campaign, both Kamala Harris and Donald Trump are making it a point to reach out to workers, appearing at factories and other work sites. Last year, after a six-week strike, auto workers succeeded in negotiating a new contract with Detroit's Big Three. At other large firms, workers continue to struggle for better wages and working conditions. However, these struggles are often very difficult as workers are up against powerful corporations with massive resources.

[A recent study released by the Institute for Policy Studies](#) (IPS) provides some context that is helpful for understanding the issues at stake. [In its annual \*Executive Excess\* report for 2024](#), IPS looked at the 100 S&P 500 companies with the lowest median worker pay. They found that many of these companies spend far more on stock buybacks than they do on capital improvements or contributions to employee retirement plans.

Stock buybacks, which were illegal prior to 1982, increase the value of the stock and enrich CEOs and top management, often at the expense of workers and the long-term health of the company itself. In 2003, the ratio of CEO pay to median worker pay was 538 to 1. Between 2019 and 2023, Lowe's spent more on stock buybacks (\$42.6 billion) than any of the other companies on the *Low Wage 100* list. This was enough to give each of its 285,000 employees a bonus of \$29,865 each year for five years. Lowe's median annual worker pay: \$32,626.

The report discusses some areas for policy reform that are attracting attention. These include taxing and restricting stock buybacks, subjecting corporations with excessive levels of CEO pay to higher tax levies, and using federal contracts and subsidies to discourage wide corporate pay gaps.

The issues discussed in this report highlight the growing wealth and income gap in the United States today, a reality that has serious political consequences. We are seeing the rise of a billionaire class that has inordinate and unprecedented political influence, which does not bode well for most Americans, nor for democracy itself.