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**Research Report: The Minimum Wage, CEO Pay and the
Gap in Achieving the American Dream**

**CEO's at Top Companies will Make More before Lunch on January
2, 2007 than Their Minimum Wage Employees will Earn All Year**

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After twelve years of conservative rule during which public policy was dictated largely by corporate and other special interests, a reverse Robin Hood effect has dramatically shifted the distribution of wealth and power in America from the poor and the middle class to the wealthiest of Americans and corporate America. That stark inequity is most apparent when comparing the annual income of full time minimum wage workers to the CEO's of America's top companies.

This report, prepared by Americans United for Change, chronicles the disparity between the pay of CEO's a the nation's top companies and minimum wage workers.

The Bottom Line

Before Americans break for lunch on January 2, 2007, the CEO's of the nations top companies - those with \$1 billion or more in annual revenue - will have made more in the first two hours and two minutes of the first work day of the year than a full time minimum wage worker will make in all of 2007 at the current rate of \$5.15 an hour.

Findings

- By 11:02 AM of the first work day of 2007, the CEO's of large American companies will have already have made more than minimum wage workers will make for the entire year.
- CEO's of companies with more than \$1 billion in annual revenue make an average of \$10,982,000 per yearⁱ. That is \$42,238 per day or approximately \$5,279 per hour.
- CEO's of America's largest corporations (The Fortune 100) make an average of \$17.6 million per year. ⁱⁱ That is \$67,692 per day or approximately \$8,461 per hour.
- The Federal Minimum Wage is currently set at \$5.15 per hour or \$10,712 per year (for a 40 hour work week).ⁱⁱⁱ
- It takes the average CEO, 2 hours and 2 minutes to earn \$10,712. The CEO of Fortune 100 companies earn \$10,712 in 1 hour and 16 minutes.
- It takes the average minimum wage worker 52 forty-hour weeks (2,080 hours) to earn \$10,712.
- Salaries for CEO's at America's largest companies (The Fortune 100) increased by 25% in 2005, while wages of minimum wage workers have stayed the same since 1997.^{iv}
- Since the Federal Minimum Wage has not been increased since 1997, the real value of the minimum wage is now lower than it has been since 1951.
- The CEO's of large American companies have salaries 1,025 times higher than their minimum wage employees. CEO's for the largest (Fortune 100) companies make 1,643 times more than their minimum wage employees.

Summary

While real family income has steadily dropped since 2001, CEOs at America's largest companies saw their salaries increase by 25% in 2005 alone. The minimum wage has not been increased in nearly a decade, making this the longest span without a minimum wage increase since the wage was first implemented. Adjusted for inflation, the minimum wage is at its lowest level in 50 years. In fact, workers earning the minimum wage will only make \$10,712 over the next year, \$4,367 under the poverty threshold for a family of three.

Meanwhile, at 11:02 am on January 2, 2007 the CEO's of large American companies will have already have made more than the companies' minimum wage workers will make for the entire year.

ⁱ Survey of CEO salaries at companies with \$1 billion plus of revenue, CNN.com Money Line, 6/21/06.

ⁱⁱ Survey of CEO salaries at Fortune 100 companies, USA Today, 4/11/06.

ⁱⁱⁱ US Department of Labor Web Site.

^{iv} Survey of CEO compensation, USA Today, April 2006.