Snapshot Survey
Proposed CEO Pay-Ratio Regulations

1 INTRODUCTION

On Sept. 18, 2013, the U.S. Securities and Exchange Commission (SEC) proposed regulations that following through on a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. These regulations would require companies to produce a median compensation figure for all employees — those in the United States as well as non-U.S. employees — that would be disclosed as a ratio to CEO pay.

According to the proposed regulations, the CEO pay ratio can be determined by either:

- Applying the definition of CEO pay to all employees for calculating the CEO pay ratio for every employee, and then determining the median employee, or
- Using statistical sampling to determine the median employee for all or a subset of employees based on a simplified definition of pay ("any consistently applied compensation measure," such as W-2 wages or cash compensation), then applying the definition of CEO pay to just the median employee, and then calculating the CEO pay ratio.

The SEC issued a request for comment on the proposed regulations. The short WorldatWork survey was designed to help WorldatWork respond to questions from the SEC in the request for comment about the cost of determining the CEO pay ratio.

2 METHODOLOGY

On Nov. 12, 2013, 3,357 WorldatWork members were invited to participate in this online survey via email. The invitation targeted U.S. members who have "executive compensation" in their title or responsibility or a Certified Executive Compensation Professional designation (CECP), or those who work at a manager or higher level in a compensation, compensation and benefits or human resources department.

When the survey closed on Nov. 25, 2013, 349 responses had been received. 186 of those respondents were from publicly traded companies. (See Figure 1.)

3 Results

Demographics

Figure 1: "Is your company publicly traded?" (n=349)

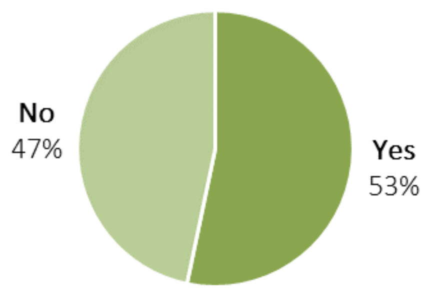

Figure 2: "How many employees does your company employ worldwide?" (n=158)

(Only those respondents who answered "yes" in Figure 1 received this question.)

Number of Employees	Percent
1 – 499	8%
500 – 2,499	8%
2,500 – 9,999	33%
10,000 – 19,999	14%
20,000 – 39,999	12%
40,000 – 99,999	13%
100,000 or more	13%

Survey Findings

The proposed regulations require that all employees — including non-U.S. employees and part-time, seasonal and temporary workers — be included in identification of the median employee for calculation of the CEO pay ratio.

Figure 3: "How much does your organization estimate that it would cost to calculate the CEO pay ratio for one year to comply with the proposed regulations?" (n=158)

(Only those respondents who answered "yes" in Figure 1 received this question.)

Compliance Cost (estimate)	Percent
\$0 to \$24,999	34%
\$25,000 to \$49,999	10%
\$50,000 to \$74,999	4%
\$75,000 to \$99,999	3%
\$100,000 to \$250,000	10%
More than \$250,000	4%
Not sure	36%

Figure 4: "If your organization was required to consider *only U.S. employees* or *only full-time employees* in determining the CEO pay ratio, by how much might this reduce the cost of complying?"

(Only those respondents who answered "yes" in Figure 1 received this question.)

Estimated Impact on Cost if Regulations…	Not at All No reduction in cost	Mild 1% to 10% reduction in cost	Moderate 11% to 20% reduction in cost	Strong 21% to 40% reduction in cost	Extreme 41% or more reduction in cost	**Not Sure**
Require only **U.S. employees** in calculation (n=127)[1]	8%	10%	15%	20%	29%	18%
Require only **full-time employees** in calculation (n=156)[2]	26%	24%	14%	12%	6%	18%

[1] 31 respondents indicated "not applicable" to this question. Those responses were removed before analysis.
[2] 3 respondents indicated "not applicable" to this question. Those responses were removed before analysis.

About WorldatWork®
The Total Rewards Association

WorldatWork (www.worldatwork.org) is a nonprofit human resources association for professionals and organizations focused on compensation, benefits, work-life effectiveness and total rewards — strategies to attract, motivate and retain an engaged and productive workforce. WorldatWork and its affiliates provide comprehensive education, certification, research, advocacy and community, enhancing careers of professionals and, ultimately, achieving better results for the organizations they serve. WorldatWork has more than 65,000 members and subscribers worldwide; 95 percent of Fortune 500 companies employ a WorldatWork member. Founded in 1955, WorldatWork is affiliated with more than 70 local human resources associations and has offices in Scottsdale, Ariz., and Washington, D.C.

WorldatWork Society of Certified Professionals® is the certifying body for six prestigious designations: the Certified Compensation Professional® (CCP®), Certified Benefits Professional® (CBP), Global Remuneration Professional (GRP®), Work-Life Certified Professional® (WLCP®), Certified Sales Compensation Professional (CSCP)™ and Certified Executive Compensation Professional (CECP)™.

The WorldatWork group of registered marks also includes: Alliance for Work-Life Progress or AWLP, *workspan* and *WorldatWork Journal*.