



Communications Workers of America

Chris Shelton | *President*

Legislative Department

Shane Larson | *Director*

June 13, 2016

Dear Member of Congress:

On behalf of the 700,000 members and officers of the Communications Workers of America (CWA), I am writing to urge you to co-sponsor H.R. 2103/S. 1127, the Stop Subsidizing Multimillion Dollar Corporate Bonuses Act. This important legislation would close an unjust loophole that incentivizes companies, such as Verizon, to drastically overpay corporate executives, while also discouraging them from investing in research and their workforces to grow their companies.

As you likely know, under current law, corporations are generally permitted to deduct executives' pay up to \$1 million, but a loophole for supposedly performance-based compensation allows companies to evade this cap. As a result, many large corporations have shifted their executive pay structure to skirt the \$1 million limit.

The CEO bonus loophole has significant negative impacts on taxpayers, workers, and corporate investment in the future. According to the Joint Committee on Taxation, closing this loophole would raise over \$50 billion over the next decade, which could be used to reinvest in the middle class. At the same time, closing the loophole would reduce companies' existing incentives to attempt to raise share prices--and, in turn, performance bonuses--by engaging in large stock buy-backs and dividend payouts; that money could be better used to invest in their workforces and grow their companies.

At Verizon, for example, between 2011 and 2015, the company stripped out \$38.2 billion of earnings in share buybacks and dividends--90.5% of the company's net income. During that same period, Verizon CEO Lowell McAdam received \$109.1 million in compensation, with \$79.4 million of it structured as performance-based pay. Yet, while all of this was happening, Verizon's capital expenditures as a percentage of the company's revenues declined steadily from 2005 to 2015. This decline in capital investment has real impacts--a New York City audit found last year that Verizon had substantially failed to execute its end of a 2008 agreement to ensure FiOS access throughout the city.

The Stop Subsidizing Multimillion Dollar Corporate Bonuses Act would close this unjust loophole and help us rebuild an economy that works for working people. Again, I urge you to co-sponsor this important bill. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Shane Larson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Shane Larson
Legislative Director
Communications Workers of America (CWA)