



Wielding the Power of the Public Purse Against Extreme CEO-Worker Pay Gaps

New federal contracting standards could incentivize corporations to narrow the economic divides that undermine employee morale and business effectiveness.

A recent [poll](#) shows that 87 percent of Americans view the growing gap between CEO and worker pay as a problem for the country. And yet ordinary U.S. taxpayers are fueling corporations with huge pay gaps through the hundreds of billions of dollars in federal contracts and subsidies that flow every year to for-profit businesses.

Earlier this year, the Institute for Policy Studies [analyzed pay trends](#) at the 300 publicly held U.S. corporations that had the lowest median wages in 2020. In this policy brief, we zero in on the 74 companies in this sample that received more than \$1 million in federal contracts from FY2019 to May 1, 2022. Together, they held \$37.2 billion in contracts during this period.

Key findings:

- The gap between CEO and median pay at these 74 low-wage federal contractors increased from an average of 483 to 1 in 2020 to 599 to 1 in 2021. Only four of the firms had ratios of less than 100 to 1.
- These contractors’ average CEOs compensation rose from \$7.7 million in 2020 to \$13.0 million last year.
- Median pay among these firms averaged \$26,838 in 2021, up from \$23,107 in 2020.
- Seventeen of the firms repurchased their own shares in 2021, with expenditures totaling \$4.6 billion. Stock buybacks siphon artificially inflates the value of a company’s shares — and the value of their CEO’s stock-based pay.

The 74 Federal Corporate Contractors with the Lowest Median Pay in 2020							
Average CEO pay		Average median pay		Average CEO-worker pay ratio		Federal contracts, FY19-FY22	Stock buybacks, 2021
2021	2020	2021	2020	2021	2020		
\$13,020,579	\$7,705,212	\$26,838	\$23,107	599	483	\$37,180,399,221	\$4,581,220,000

The corporations in our low-wage sample with the largest federal contracts come from diverse service, technology, and manufacturing sectors. See appendix for a full list of all 74 firms.

The Low-Wage Corporations with the Largest Federal Contracts					
Company	Median worker pay, 2021	CEO pay, 2021	Pay ratio, 2021	Federal contracts, FY19-22	Primary purpose of contracts
Maximus	\$38,059	\$7,906,006	208	\$12,266,036,414	Call centers, student debt processing
Amazon.com	\$32,855	\$212,701,169	6,474	\$10,330,757,833	Web services
TE Connectivity	\$24,975	\$14,715,856	589	\$3,323,360,728	Electronic sensors and connectors for DoD contractors

Maximus

Maximus, the top contractor in our sample, has held \$12.3 billion in federal contracts over recent years. The company’s contracts include deals to service federal student loans and operate Obamacare and Medicare call centers. In fiscal year 2021, federal contracts made up [45 percent](#) of Maximus total revenue.

Half of the 49,800 Maximus employees earned less than \$38,059 in 2021. Before President Biden’s executive order raising the minimum wage for federal contract employees to \$15, many of the company’s call center workers earned as little as \$10.95 per hour.

By contrast, Maximus CEO Bruce Caswell's 2021 compensation totaled \$7.9 million, 208 times the firm’s median pay and 36 times the salary of the top officials at the government agencies responsible for the company’s largest contracts.

Maximus offers a prime example of how extreme pay gaps undermine enterprise effectiveness. A March 2022 [report](#) by the Communications Workers of America and the Student Borrower Protection Center revealed extensive Maximus mismanagement. The study found evidence of sloppy and potentially unlawful student loan servicing, unfair debt collection practices, and unlawful wage garnishments and public benefit seizures, sometimes even involving Social Security payments.

In [March](#) and again in [May](#) 2022, workers at Maximus call centers in Mississippi and Louisiana, a largely Black workforce, staged walkouts demanding higher pay, paid sick leave, and the opportunity to unionize without retaliation. In [June](#), over 40 workers from Maximus call centers in Mississippi, Louisiana, Virginia, and Texas marched to the company's brand new, state-of-the-art headquarters in Tysons, Virginia, to deliver a petition with close to 12,000 signatures calling for livable wages, affordable health care, and the right to organize a union free from intimidation.

Amazon

Amazon, the second-largest contractor in our sample, has reported \$10.3 billion in recent federal contracts, most of it to provide web services for the National Security Agency. But the full extent of Amazon's taxpayer-funded contracts remains unknown. The company [reportedly](#) also received a lucrative share of a multi-billion-dollar CIA contract for cloud services. The details and exact value of this contract continue to be classified.

Amazon's new CEO raked in compensation worth \$212.7 million last year, 6,474 times the company's median pay and 961 times the salary for the U.S. secretary of defense.

The company spent [millions of dollars](#) in 2021 fighting union campaigns at several of its warehouses, including one in New York's Staten Island where workers voted in a union for the first time at a U.S. Amazon worksite. The retail goliath is [fighting to overturn](#) this union victory in court and has continued to use intimidation tactics to undermine union drives at other facilities.

TE Connectivity

TE Connectivity has landed \$3.3 billion in recent federal contracts for manufacturing electronic sensors and connectors, partly under direct contract with the Defense Departments and partly as a subcontractor to major military contractors like Boeing, Lockheed Martin, and Northrop Grumman.

TE Connectivity CEO Terrence Curtin enjoyed a 39 percent 2021 pay increase to \$14.7 million. The company's median worker pay last year rose only 0.2 percent to \$24,975, far below the U.S. inflation rate. Under Curtin's leadership, TE Connectivity has expanded its global workforce while cutting U.S. jobs. In 2018, the firm's [12,056 U.S. employees](#) made up 16.8 percent of the company's workforce. By 2021, TE's U.S. worker total had shrunk to [9,169](#), just 12.5 percent of the overall workforce. The company operates 16 manufacturing facilities in China. They do not disclose where the median TE worker labors, but that person likely works outside the United States.

TE Connectivity has a notorious history of executive excess. The firm was originally part of Tyco International, whose CEO, Dennis Kozlowski, became infamous for the golden shower curtain and other extravagances he purchased with money stolen from the company. He was convicted in 2005 and sent to prison. TE Connectivity is also famous for tax-dodging, having moved its headquarters first to Bermuda and then to Switzerland to avoid paying its fair share of U.S. taxes.

Paychecks for contractor CEOs dwarf the paychecks of government executives

CEO pay apologists regularly argue that corporate leaders deserve their massive compensation packages because they bear enormous responsibilities and must take extraordinary risks. This argument quickly falls apart when we compare CEOs at major contractors with the government officials ultimately responsible for their contracts. The U.S. secretary of defense, for instance, manages the country's [largest workforce](#) — more than 2 million employees — and makes life-and-death decisions on a daily basis. And yet this defense secretary and other Biden cabinet members make just [\\$221,400](#) per year, less than three times as much as the [\\$76,668](#) average federal employee annual pay.

Policy recommendation: CEO pay ratio incentives for federal contractors

The Biden administration could use executive action to give corporations with narrow pay ratios preferential treatment in government contracting.

Long-established federal programs already offer a leg up in contracting to certain businesses, such as small firms owned by women, disabled veterans, or minorities. Some of these are set-aside programs while in other instances, contracting officers are required to apply up to a [10 percent price evaluation preference](#) to offers from certain businesses in bidding competitions.

These preference programs use the power of the public purse to level the playing field and expand opportunities for the disadvantaged. Using public procurement to address extreme disparities within large corporations would be a step towards the same general objective.

By encouraging big companies to narrow their pay gaps, the administration would also help ensure that taxpayers get the biggest bang for the buck for federal contract dollars. Studies have shown that companies with narrow gaps tend to perform better. A [Harvard Business School study](#), for instance, found that companies with overpaid CEOs and underpaid workers saw significantly higher levels of employee dissatisfaction and turnover, as well as lower sales. Another [recent analysis](#) found that the best-performing companies during the 2006-2020 period had the lowest-paid CEOs. Additional academic research studies reinforcing these findings are available on the [CEO pay ratio resource page](#) of Inequality.org, an Institute for Policy Studies web site.

The [Patriotic Corporations Act](#) could serve as a model for executive action. This bill would grant preferential treatment in contracting to firms with pay ratios of 100 to 1 or less, among other pro-worker and pro-environment benchmarks, including a requirement to remain neutral in union organizing campaigns. The [Congressional Progressive Caucus](#) has called on Biden to introduce such conditions on contractors through executive action. To curb excessive CEO pay, the administration could also impose stock buyback restrictions on federal contractors, building on the [recent decision](#) to give firms that do not engage in stock buybacks a leg up in the awarding of CHIPS funds for expanding semiconductor manufacturing.

Appendix: The 74 Federal Corporate Contractors with the Lowest Median Pay in 2020

Company, ranked by CEO pay ratio	CEO pay, 2021	CEO-worker pay ratio, 2021	Federal contracts, FY19-FY22*	Primary purpose of contracts	Expenditure on stock buybacks, FY2021
Amazon.com	\$212,701,169	6,474	\$10,330,757,833	web services	
Aptiv Plc	\$14,744,780	1,992	\$20,792,729	electrical	
Jabil	\$15,313,215	1,818	\$172,140,557	electrical	
Coca-Cola	\$24,883,878	1,791	\$12,005,017	food	
Methode Electronics	\$13,331,554	1,770	\$3,098,798	electrical	\$6,700,000
Carnival Corporation	\$15,063,788	1,740	\$53,766,581	floating housing	
Hanesbrands Inc.	\$11,031,249	1,564	\$523,492,000	Covid PPE	
FleetCor Technologies	\$57,923,473	1,404	\$302,979,220	lodging	
VF Corp.	\$15,782,405	1,168	\$576,635,801	uniforms	
Walgreens Boots Alliance	\$28,464,562	1,084	\$957,984,866	Covid testing	\$110,000,000
Knowles Corp.	\$8,999,264	990	\$20,236,534	capacitors	\$44,500,000
Aramark	\$14,551,719	966	\$50,173,717	uniforms, laundry, catering	
Skyworks Solutions	\$16,150,421	928	\$30,804,329	DoD subcontracts	\$195,600,000
Advanced Energy Industries	\$9,566,620	928	\$1,660,041	electrical	
Avanos Medical	\$5,478,186	895	\$4,022,985	medical supplies	\$10,700,000
Amphenol Corporation	\$13,092,697	816	\$535,877,491	electronics	
TrueBlue	\$5,811,254	711	\$49,687,916	temp labor	\$16,700,000
Benchmark Electronics	\$6,736,846	696	\$416,946,089	electronics	\$40,200,000
II-VI Incorporated	\$10,459,536	662	\$228,742,264	optical components	
Hilton Worldwide Holdings	\$23,298,795	631	\$15,044,318	lodging	
SMART Global Holdings	\$14,810,329	617	\$80,981,624	computing services	\$47,200,000
Diebold Nixdorf	\$26,169,529	609	\$10,236,073	maintenance & monitoring	
TE Connectivity Ltd.	\$14,715,856	589	\$3,323,360,728	electronic sensors and connectors	\$904,000,000
Sensata Technologies Holding Plc	\$6,798,263	588	\$10,800,121	electronics	
S&P Global	\$16,143,770	580	\$81,699,972	financial data	
BorgWarner Inc.	\$17,592,090	554	\$2,117,831	vehicle technologies	
TPI Composites	\$3,430,368	489	\$3,018,630	doors	\$493,000
Motorcar Parts of America	\$4,674,829	467	\$1,495,858	machinery and lab equipment	
XPO Logistics	\$22,043,280	466	\$15,492,729	transportation	
Enovis Corporation (formerly Colfax Corporation)	\$13,833,746	461	\$44,694,528	pumps, fans	
Home Depot	\$13,059,751	455	\$2,221,918	supplies	
Kelly Services	\$3,938,608	445	\$1,631,339,825	staff support for NIH	
Iron Mountain Incorporated	\$17,065,999	410	\$221,264,653	records management	
Regal Rexnord Corporation	\$7,401,555	406	\$13,481,013	rollers	
Vishay Intertechnology	\$8,388,523	399	\$19,437,575	electronics	
Ryman Hospitality Properties	\$11,176,606	396	\$1,745,130	lodging	
Amneal Pharmaceuticals	\$4,798,825	394	\$3,401,898	medications	
Resideo Technologies	\$14,103,270	391	\$1,126,886	DoD contracts	
FactSet Research Systems Inc.	\$5,468,745	358	\$1,904,818	software	\$264,700,000
Robert Half International Inc.	\$8,971,474	318	\$22,189,091	temporary personnel and training	\$290,227,000
American Axle & Manufacturing Holdings	\$11,199,175	294	\$7,329,671	vehicle components	
Avis Budget Group	\$8,594,555	290	\$10,595,734	vehicle rental	\$1,400,000,000
Genuine Parts Company	\$11,810,704	284	\$30,676,228	vehicle parts	
Genpact Limited	\$6,646,011	271	\$9,031,934	pharmaceutical	\$298,100,000
CTS Corporation	\$3,944,440	269	\$68,223,003	electronic components	
OSI Systems	\$9,567,617	262	\$1,141,316,038	metal detectors and screening machines	
Acadia Healthcare Company	\$9,853,107	244	\$1,666,228	opioid substitution	
Unisys Corporation	\$8,059,535	232	\$1,629,951,346	IT services	
The ODP Corporation	\$10,990,281	229	\$6,109,669	office supplies	

Company, ranked by CEO pay ratio	CEO pay, 2021	CEO-worker pay ratio, 2021	Federal contracts, FY19-FY22*	Primary purpose of contracts	Expenditure on stock buybacks, FY2021
Conduent	\$6,078,061	222	\$283,783,487	business services	
ABM Industries Incorporated	\$7,556,633	220	\$125,864,357	operations and maintenance of properties	
MAXIMUS	\$7,906,006	208	\$12,266,036,414	call centers, student debt collection	
Merit Medical Systems	\$7,537,100	198	\$1,287,808	medical equipment	
The Ensign Group	\$7,421,472	192	\$41,148,964	nursing home care for veterans	
SP Plus Corporation	\$4,947,004	187	\$16,676,905	parking	\$40,600,000
Belden Inc.	\$6,831,323	181	\$4,334,198	radar equipment	
SYNNEX Corporation	\$10,230,900	181	\$123,313,634	IT services	
Donaldson Company	\$6,878,950	174	\$53,538,569	filter systems	
ICU Medical	\$5,071,358	156	\$5,019,653	medical equipment	
Kforce Inc.	\$6,329,950	152	\$231,932,612	canine training	
Bright Horizons Family Solutions	\$4,237,306	152	\$4,943,431	child care services for various govt agencies	
Park-Ohio Holdings Corp.	\$6,203,274	146	\$35,944,237	industrial equipment	
Mohawk Industries	\$5,190,696	143	\$3,329,901	carpeting and furniture installation	\$900,300,000
Ethan Allen Interiors Inc.	\$3,780,814	121	\$139,750,544	residential furniture	
Modine Manufacturing Company	\$3,448,294	120	\$6,405,809	cooling and emissions technology	
Cross Country Healthcare	\$4,446,758	117	\$59,787,882	medical services	
TTM Technologies	\$2,595,084	110	\$978,449,238	circuit boards	
American Public Education	\$2,994,052	102	\$4,929,115	training	
UniFirst Corporation	\$3,276,334	101	\$47,021,463	uniforms	\$11,200,000
Ingles Markets, Incorporated	\$1,974,670	100	\$2,679,335	agricultural marketing, USDA	
Allied Motion Technologies Inc.	\$3,907,236	98	\$9,131,392	fuel pumps	
UFP Technologies	\$2,619,501	71	\$7,028,665	rucksack materials	
National HealthCare Corporation	\$2,249,445	63	\$14,684,114	contract nursing services	
Cal-Maine Foods	\$1,174,401	31	\$9,617,656	eggs for USDA food donations	
AVERAGE	\$13,020,579	599	\$502,437,827		\$269,483,529
TOTAL			\$37,180,399,221		\$4,581,220,000

*Data collected from USASpending.gov as of May 1, 2022. Results include contracts begun before this period that had their latest related action during this period. The figures are net amounts (adjusting for loan repayments or other funds paid to the government). They do not include contracts that are classified for security purposes.

** Includes a \$10 billion contract from the National Security Agency to Amazon for web services. While not yet listed on USASpending.gov, the NSA [confirmed to media](#) in late April 2022 that it had “re-awarded” this formerly classified contract to Amazon.

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