

Klobuchar backs plan to limit CEO pay

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WASHINGTON, D.C. – U.S. Sen. Amy Klobuchar last week expressed strong support for President Barack Obama’s plan to limit the compensation of executives whose companies receive federal assistance under the Troubled Assets Relief Program (TARP).

“These Wall Street executives clearly didn’t get the memo: Party time is over,” said Klobuchar. “If Wall Street wants our help, then they need to tighten their belts, just like everyone else who’s struggling on Main Street.”

Also last week, President Barack Obama announced new Treasury Department guidelines that will limit annual compensation to \$500,000 for top executives at companies that receive any further government assistance to address the current financial crisis. If the executives receive any additional compensation, it must come in the form of stock options that cannot be redeemed until the company’s federal aid is paid back.

Klobuchar noted that a study in late December found that the first 116 banks to get \$188 billion in TARP funds paid their top executives an average of \$2.6 million in annual salary, bonuses and benefits the previous year. The study calculated that these banks spent a total of \$1.6 billion on compensation for their 600 top executives in 2007.

Klobuchar said she is also co-sponsoring the CEO Pay Act (Cap Executive Officer Pay Act), which is being offered as an amendment to the Economic Recovery and Reinvestment Act currently pending in the Senate. The legislation would limit total annual compensation to \$400,000 for any employee of a company that receives federal assistance under TARP. This is the same amount that the president earns each year.