NEW YORK, Sept. 19, 2013 /PRNewswire/ -- The SEC has just proposed a rule that will require all companies to report the ratio between the total pay of the CEO and the median pay of all other employees (excluding the CEO). "While not surprising, it is disappointing the SEC took this action," states Bruce R. Ellig, author of the soon-to-be published 3rd edition of *The Complete Guide to Executive Compensation.*

Although the action is in compliance with the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, Mr. Ellig says, "the disclosure of the compensation of publicly traded company CEOs is already required in great detail in the company proxy statement. The ratio calculation is complex, costly, and time consuming."

"Since the SEC is permitting companies themselves to determine how to measure the median, the results are of questionable value," notes Mr. Ellig. "It will also mean company-to-company comparisons are of no value," he adds.

"The law of unintended consequences may result. Namely, companies will remove the lowest paid of their workforce from their payrolls, and contract out the work. The result will be an increase in the median worker pay and the lowering of the ratio to CEO pay. Those who believe this will result in lowering CEO pay still believe in the tooth fairy."

"Some have stated that the rule will increase transparency on pay discrepancy, but since companies have considerable latitude in the calculation, I question if it is worth the time and expense to meet this requirement," Mr. Ellig concludes.

There is a 60 day period for comment before the SEC takes a binding vote on the rule.

For more information or to speak with Bruce Ellig on these or other executive compensation issues, please contact
Temin and Company
at 212-588-8788 or
news@temin.co
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SOURCE Bruce Ellig