

The Committee for Better Banks Report: The state of the bank employee on Wall Street

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Commissioned by the Committee for Better Banks' Membership Organizations:
 The Alliance for a Greater New York
 Communications Workers of America
 Make the Road Action Fund
 New York Communities for Change



EXECUTIVE SUMMARY

OVERVIEW. The Committee for Better Banks commissioned this report in order to begin to assess the quality of jobs within the banking industry and the state of the bank workplace from the perspective of retail, administrative, frontline and back office bank workers.

METHODOLOGY IN BRIEF. This report relies on a combination of academic research, utilizing a variety of mainstream secondary sources, with interviews and surveys to provide primary source information and data. The report relies on information from over 5,000 personal interviews and focus groups conducted by The Committee for Better Banks staff, primarily in New York City, as well as surveys of over 200 bank workers both within New York and outside of the state.

KEY FINDINGS. The findings of this report raise major concerns that this is the tale of two banking industries – one of high paid executives and the other of struggling regular workers. Following are some key findings:

- While average wages have steadily declined on Wall Street since the financial crisis of 2008, the top fifty financial CEOs' compensation collectively rose by 26% in 2010 and by 20.4% in 2011.²
- Bank worker wages are so low that almost 1/3 of bank tellers receive some sort of public assistance nationwide.³
- There are now 19,800 fewer people employed in the financial industry in New York City than before 2008.
- The Office of the State Comptroller estimates that every financial services position lost means two more in other industries are shed in New York City and that one job is lost elsewhere in the state.⁴

As the hub of the financial industry is located in New York City, our city and its communities are bearing the brunt of Wall Street banks' cost-cutting strategies. Despite receiving huge subsidies from New York City to create more jobs and develop its economy, bank executives are trying to move already relatively low paid jobs out of the city. This report also finds that the finance industry can afford to maintain and create the new and well-paid jobs for regular New Yorkers that would help rebuild the New York City economy.



INTRODUCTION. There is a story on Wall Street that has yet to be fully told: that of the bank workers and their upset with Wall Street's blatantly unfair practices. This is the story that we, The Committee for Better Banks, hope to tell here.

Our story chronicles the conditions of the often hidden workforce of tellers, customer service representatives, technicians, and other workers that are the day-to-day engine of the banks' consumer operations. Much has been written about Wall Street's drive for profits and CEO compensation, securitization, fines and regulation. However, behind the scenes another story exists: bank workers in New York, across the nation and around the globe are being squeezed, very much as other hourly workers in the economy are. Banks' internal employment practices, just like their external practices, increasingly drive inequality.

RESEARCH METHODOLOGY. The Committee for Better Banks has analyzed cost-cutting trends in the banking world through business news reports, labor statistic databases, and disclosures of the bank workers themselves. This research allowed The Committee for Better Banks to understand how Wall Street treats its frontline workers as it relates to their bottom-line.

In order to uncover the effects of such cost-cutting practices on the lives of bank workers themselves, The Committee for Better Banks has begun a large-scale project to uncover the often-hushed voices of bank employees.

THE VOICE OF BANK WORKERS. The Committee for Better Banks began speaking with bank workers in March of 2013 in order to understand more about the employee experience on Wall Street. The Committee for Better Banks' staff has spoken with about 5,000 bank workers through personal conversations and interviews at home, work and over the phone as well as in focus groups primarily held in New York City. In these conversations bank workers were given the option of staying anonymous while opening up about their jobs and the banks in which they work.

This fall, The Committee for Better Banks surveyed over two hundred current and former bank employees in three rounds in order to provide additional quantifiable data regarding the trends about which they had been hearing. These surveys are the first of their kind.⁵

- The first survey asked workers about employment information, overtime pay, sick and vacation days, stress level, and how the banking industry has changed since 2008.
- The second survey also asked about employment information, overtime pay, sick and vacation days, stress level, and how the banking industry has changed since 2008, but

additionally inquired about employee satisfaction with life and medical benefits and about fair treatment in the workplace.

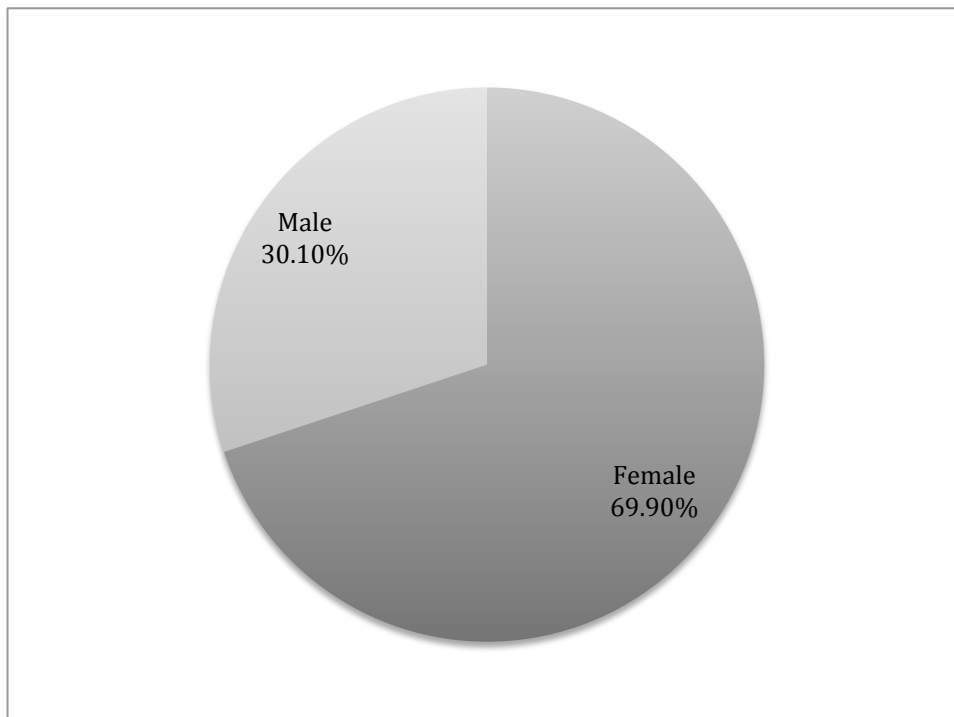
- The final survey asked workers about employment information and fair treatment, but also asked about employee mechanisms to express grievances in the workplace and part time workers' second jobs. Survey 3 provided space for those workers who had been laid off to speak to this process and report on the type of assistance they received upon their dismissal and how long it took them to find a new job.

The surveys could be accessed through The Committee for Better Banks' webpage. It was a self-directed survey open to all bank workers. Respondents could choose to answer or skip questions at their own will.

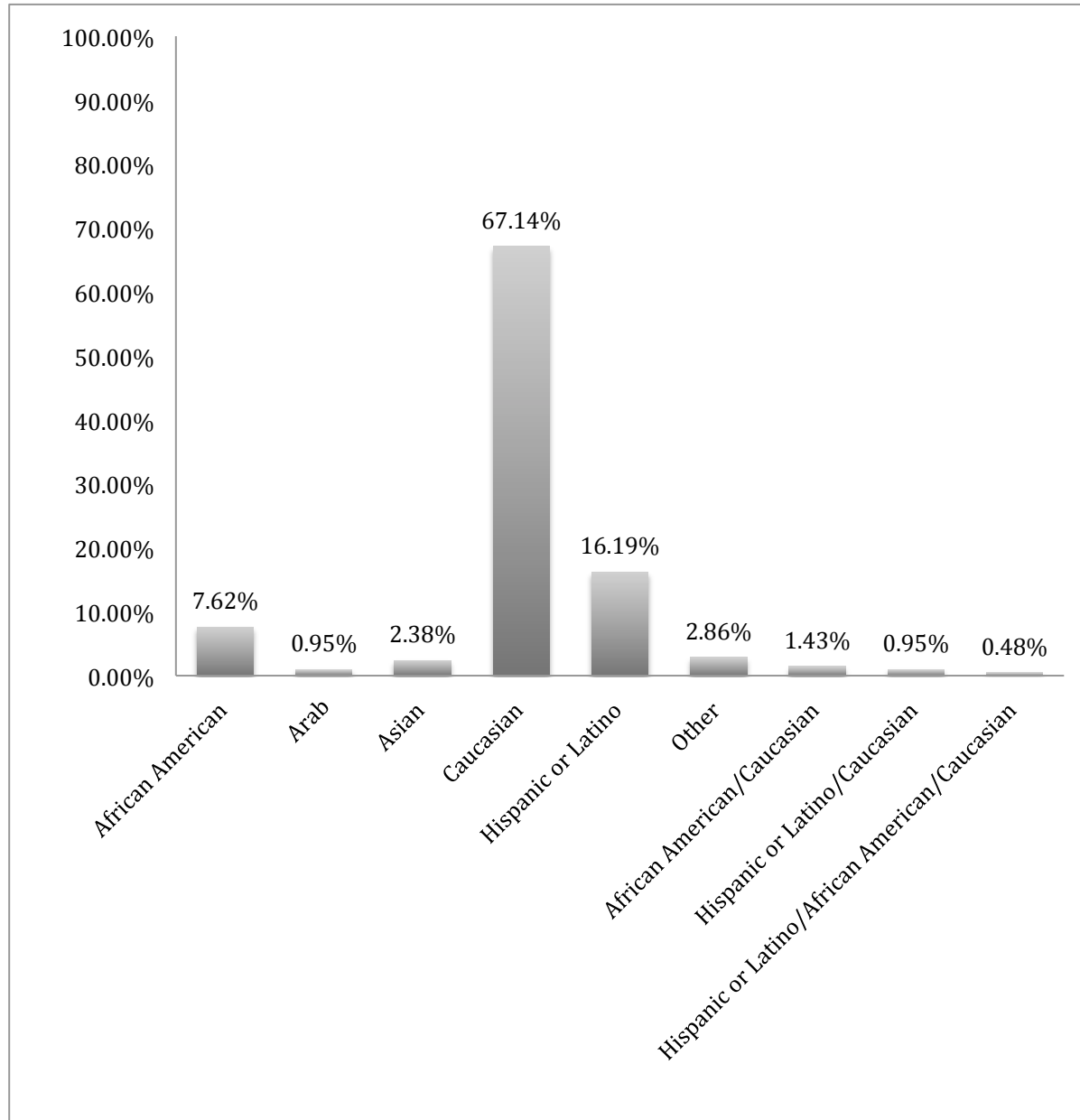
The demographic diversity of the respondents is detailed below.

DEMOGRAPHICS OF THE COMMITTEE FOR BETTER BANKS' SURVEY RESPONDENTS.

GENDER.



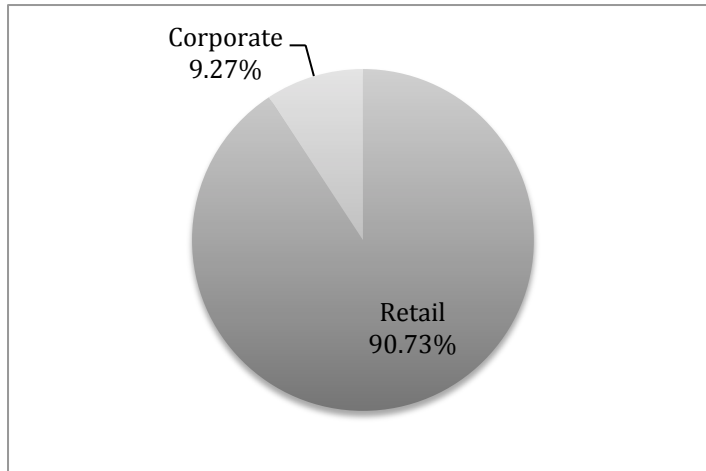
*Note: Respondents in surveys 1, 2 and 3, were asked to report their gender.

RACE AND ETHNICITY.

*Note: Respondents in surveys 1,2, and 3 were asked to report their race and ethnicity.

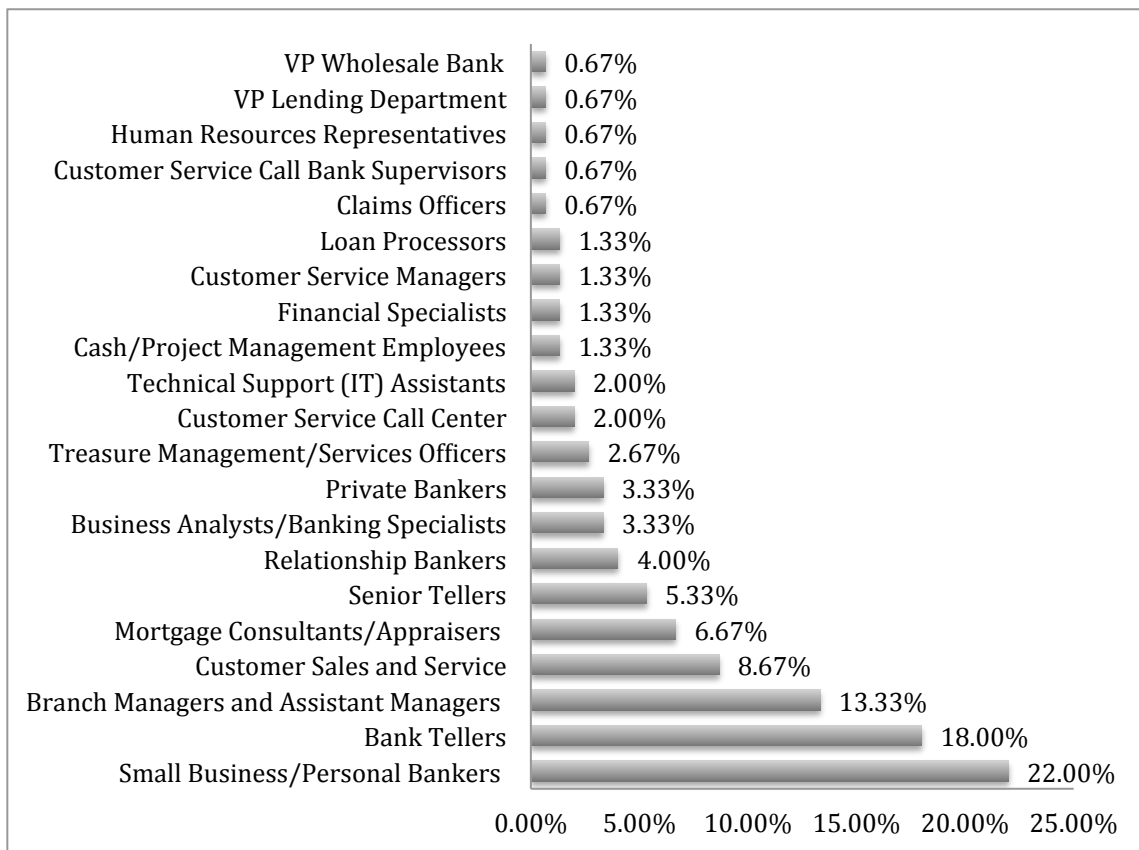
OCCUPATIONAL COMPOSITION OF THE COMMITTEE FOR BETTER BANKS' SURVEY RESPONDENTS.

RETAIL VERSUS CORPORATE BANKING.



*Note: Respondents in surveys 1,2, and 3 were asked to report their department.

OCCUPATION.



*Note: Respondents in surveys 2 and 3 were asked to report their specific positions.

These three surveys in addition to bank workers' personal stories will prove essential as The Committee for Better Banks' report explores the effects of Wall Street policies on the lives of bank workers.



BANKS ARE CUTTING JOBS.

Massive layoffs have become common practice on Wall Street since the financial crisis of 2008, which profoundly affects New York City's workforce as well as its tax base.

JOB CUTS IN NEW YORK CITY. The New York State Comptroller Office released a report about the securities industry in New York City in October of 2013, asserting there are 13.5% fewer jobs in the financial industry than before the financial crisis.⁶ According to the report, 19,800 fewer people are now employed in the New York City financial industry than before the economic downturn.⁷

ESTIMATE OF NEW YORK CITY LAYOFFS SINCE THE FINANCIAL CRISIS OF 2008:

Bank	New York City Layoffs Since 2008⁸
Bank of America Corp.	171
Citigroup Inc.	595
JPMorgan Chase & Co.	1,090
Barclays Capital	238
Credit Suisse Securities	1,919
Morgan Stanley	1,877
Goldman Sachs Group Inc.	1,064

BANKS ARE MOVING JOBS OUTSIDE OF THE CITY. Despite hundreds of millions of dollars in New York City public subsidies filtering into Wall Street banks, major banks continue to move jobs out of New York in search of lower wages.

Employers are beginning to transfer employees in services like accounting, trading and legal support, and human resources and compliance outside of New York City and to places like Saint Louis, Missouri, Salt Lake City, Utah, and Jacksonville, Florida.⁹ St. Louis's securities-industry employment, for instance, surged 85% between January of 2007 and September of 2012.¹⁰ Banks reportedly offer staff willing to move from New York City to these smaller cities better titles with more responsibility, but lower pay. The average annual wage for a securities-industry job in Saint Louis is \$102,000 compared to New York City's \$343,000.¹¹

In the last five years, the top 15 cities that added financial securities jobs have gained nearly 27,000 securities positions, not far from the amount New York originally lost after the financial

crash (it has since added 8,500 jobs to bring it to the net loss of 19,800 before mentioned).¹²

New York City is seeing its middle-tier securities industry eroded.

- Citigroup has admitted to transferring New York City jobs to Buffalo, New York, where labor costs are significantly cheaper.¹³
- Since the end of 2009, Deutsche Bank's New York workforce has dropped to 6,900 from 7,400, as its staff in Jacksonville, Florida has risen from 600 to 1,000.¹⁴
- While Credit Suisse's New York staff has dropped significantly since the crisis, it has added almost 500 positions in cities in North Carolina.¹⁵
- Goldman Sachs, despite massive job loss in New York City, has doubled the amount of full-time employees in Salt Lake City, Utah.¹⁶ The president of Goldman Sachs, Gary Cohn, described this strategy as a "high-value location strategy," and said that through this approach the bank could save between 40 to 75% on job-related expenses.¹⁷

JOB CUTS IN THE UNITED STATES. The same severe layoffs observed in New York City are taking place on a national scale, despite the fact that the banking industry is increasingly profiting, earning \$40.3 billion in the first quarter of 2013 – an increase of 16% over 2012.¹⁸

According to the U.S. Bureau of Labor Statistics, about 8.35 million Americans were employed by the financial industry at its peak in December 2006, as compared to the near crisis-low of 7.7 million that are currently employed.¹⁹

Bank of America Corp., Citigroup Inc., JPMorgan Chase & Co., Goldman Sachs and Morgan Stanley slashed more than 3.5%, or 31,000 jobs, of their combined workforce between just June of 2011 and April of 2013.²⁰ Since the financial crisis of 2008 Bank of America has reportedly cut almost 12% of its workforce;²¹ Citigroup has cut 25% of its workforce,²² and JPMorgan also about 12%.²³

Wall Street banks show no signs that they plan to slow their massive layoffs any time soon.

PROJECTED LAYOFFS FOR OVER THE COURSE OF THE NEXT YEAR:

Bank	Layoffs Projected (Jobs)	Layoffs Projected (% of Workforce)
Bank of America Corp. ²⁴	30,000	10%
Citigroup Inc. ²⁵	11,000	4%
JPMorgan Chase & Co. ²⁶	20,000	6.5%
Morgan Stanley ²⁷	1600	3%
UBS AG ²⁸	10,000	16%

THE DIVISIONS BEING CUT. Banks are expected to cut significantly in retail branches, as automation of banking services allows banks to dispense with many positions that deal directly with customers.²⁹

Bank of America has reported plans to get rid of 750 of its 5,700 branches in the next few years.³⁰ Citigroup plans to cut 6,200 jobs from its consumer banking unit, resulting from the projected closure of 84 branches, including 1,700 New York City-based back-office staffers.³¹ JPMorgan Chase plans to cut 3,000 to 4,000 (1.5% of its workforce) jobs in consumer banking in 2013 and hopes to reduce staff per branch by 20 percent through 2015.³²

Rising mortgage rates have led Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo & Co. to significantly reduce their mortgage divisions as well. The total amount of layoffs in the mortgage departments across these four banks is ultimately expected to reach 22,300 employees by the end of 2013.³³ Bank of America's layoffs in the mortgage division were projected to amount to about 2,100 employees.³⁴ In September of 2013 Citigroup was reported to be gearing up to slash 2,200 jobs in this same department.³⁵ JPMorgan additionally announced plans to ultimately cut between 13,000 and 15,000 jobs in the bank's mortgage unit.³⁶ In its third-quarter of this year, Wells Fargo presented plans to slash 5,300 jobs in the mortgage division, after having already cut 6,200 positions in the division since July of this year.³⁷

Retail banking is not the only type of banking being cut, however. Corporate banking has also been affected by these drastic Wall Street layoffs. Most cuts in corporate banking have been aimed at traders who can be replaced by new technology or less expensive (and often younger) employees.³⁸ According to an analytics firm called Coalition, equities trading divisions were the hardest hit by job cuts in 2012, with the top 10 investment banks eliminating 2,700 front-office workers, or about 14% from such divisions.³⁹

BANKS ARE MOVING JOBS OUTSIDE OF THE COUNTRY. Wall Street Banks are not only transferring jobs out of New York City, but out of the country itself. Call centers and back office jobs have already migrated overseas – particularly to India and the Philippines.

Outsourcing has significantly harmed the U.S. call center industry, which has shed some 500,000 jobs over the past four years, about 10% of its total.⁴⁰ Class action suits have been brought against Wall Street banks like Bank of America, as customers worry about their financial privacy in offshore call centers.⁴¹

The United States' top banks reportedly outsourced IT and back-office projects worth nearly \$5 billion to India over the course of 2011.⁴² Banks have also begun a large push to outsource mortgage-related work, such as foreclosure reviews and loan modifications. This year Indian outsourcing firms will bring in \$316 million in mortgage work, double the revenue from such work in 2009.⁴³

Wall Street firms are hiring outsourcing agencies overseas such as Tata Consultancy Services, Wipro Limited, Infosys Technologies Limited, HCL Infosystems, and Cognizant to take over U.S. banking positions for significantly lower pay and reportedly no direct benefits through the banks themselves.⁴⁴ While these firms declined to comment for the report, bank employees

themselves have commented on the matter. A former dividends associate at JPMorgan reported that he lost his \$100,000 a year job to an employee in Bangalore, India who was to be paid \$5,000 for the same job.

Some former bank employees report that they were required to train offshore workers to take over their own jobs, and that failure to do so to the best of their abilities could have resulted in punitive severance packages.



WHAT DOES ALL OF THIS MEAN?

FOR BANK WORKERS, IT MEANS:

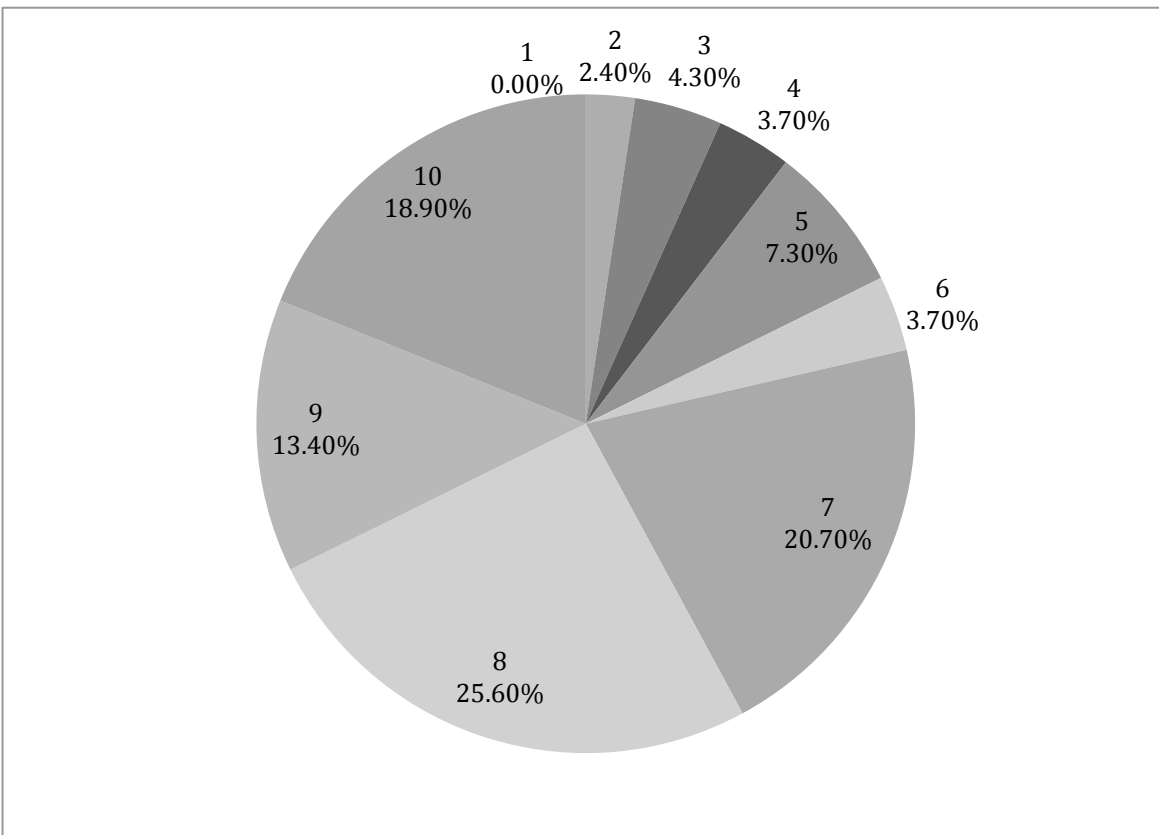
MORE WORK, MORE STRESS. Bank workers have spoken with The Committee for Better Banks extensively about stress as it relates to job insecurity thanks to the large-scale layoffs just described.

Twenty-nine percent of The Committee for Better Banks' survey respondents included mention of layoffs and/or heightened turnover as key problems in the industry, another 17.5% included mention of a shift from full-time to part-time positions and/or job freezes.⁴⁵ For those bank workers who are not laid off, stress on the job increases because they have to take over the work of laid-off workers, who are rarely replaced. Workers report that they are not compensated for this extra work and many times report working unpaid overtime hours in order to meet additional demands.

Most bank workers reported that stress level was affected by job insecurity, feeling overworked, tough sales goals and the need to push sub-par products. Tyler B., a bank employee with whom The Committee for Better Banks spoke, explained: "I was a confident and loyal employee. After being slammed daily for sales scores I started to have panic attacks and lost all pride in my work because it was never good enough."

The Committee for Better Banks' surveys confirmed this phenomenon of high stress.⁴⁶

STRESS LEVELS (1-10) OF THE COMMITTEE FOR BETTER BANKS' SURVEY RESPONDENTS.



SALES PRESSURE. In an open-ended question about how the banking industry has changed since 2008, 35% of survey respondents who answered described much tougher, often unattainable sales pressures, with sales demands frequently rising each month. Many survey respondents have described needing to sell products in order to meet the goals, regardless of the actual benefit to the customer.

If sales goals are not met, employees are at serious risk of losing their jobs. In certain divisions some banks take the distance between the projected and actual sales of an employee out of their paycheck so he or she remains indebted to the bank for as long as he or she works there.⁴⁷

These types of sales pressures can spur problematic, and often illegal, practices. Wells Fargo, in fact, was recently forced to fire thirty branch employees in the Los Angeles area for opening customer accounts without the customers' knowledge and manipulating customer satisfaction surveys.⁴⁸

The Committee for Better Banks has spoken to bank employees who report that the pressure to sell has become so intense, that they or others in their department have forged signatures or opened fake bank accounts in order to meet sales goals. The Committee for Better Banks

initiated a petition to collect worker signatures to end the obsession of sales goals at Wells Fargo. Close to 2,500 workers signed it over the course of two weeks, and recounted personal stories of the pressure experienced to work under such a system. Below are two stories that exemplify the amount of stress and abuse endured by workers:

"My manager was mentally abusive at Wells Fargo. At times he would not allow me to drink water. The higher ups send you over 50 emails a day pushing sales and your direct manager does most of the scowling directly. They don't care about their customers and just want them to open more products. We don't push sales for incentives at Wells Fargo. As an employee, we push sales just to be able to keep our job." Victoria C.

"Wells Fargo creates an environment of hostility and humiliation. Multiple times I witnessed management behaving in a condescending fashion to those who did not meet "goals" even though their customer service was excellent. Wells no longer cares about customer service or the best interest of their customers; they are only looking to push products and most of the time they are unnecessary products!" Dan A.

Bank workers throughout the industry report working off the clock in order to make sales goals. As mentioned, workers report that they are often not paid for overtime and many others explain that the bank does not allow them to even report overtime hours worked.⁴⁹

LAI D OFF WORKERS. For those workers who are laid off, severance benefits are usually minimal and the prospect for finding another job in the securities industry market is slim.

If dismissed bank workers or traders choose not to sign a release agreeing that they will not pursue any claims through arbitration, they are forced to relinquish unvested options and do not receive any severance pay package. If they do choose to sign the release, laid off workers more often than not get some type of unvested stock options plus about a month's base pay for each year they were employed.⁵⁰ Employment agreements on Wall Street ensure that the employee relinquishes his or her right to a trial in a court of law, except in matters relating to discrimination.⁵¹

Thirty seven percent of the small sample size of respondents who had been laid off reported that they were not given preference for rehire, the opportunity to keep options, a severance package or career placement assistance.⁵²

The reality of layoffs is all the more daunting in a downsizing industry seeking to decrease labor costs. Workers who have been laid off report unemployment for as long as one to over two years after being let go, despite active efforts to find a new job.

FOR NEW YORK CITY AND NEW YORK STATE, IT MEANS:

MORE JOB LOSS, LESS TAX REVENUE. Wall Street's practice of moving jobs away from "The Street" itself undermines the New York City economy and tax base. In the first quarter of 2013, the New York City security industry made about \$6.6 billion in profits, almost half of the city's projected earnings for the whole year.⁵³ Despite these tremendous profits, however, Wall Street is employing fewer and fewer of New York City's residents and giving less and less to the city's economy. While Wall Street used to account for 10% of New York City's job growth, it now accounts for less than 2%.⁵⁴

The Office of the State Comptroller estimates that every financial services position lost means two more in other industries are shed in New York City and that one job is lost elsewhere in the state. This shocking piece of information is due to the fact that 1 in 8 jobs in the city and 1 in 13 jobs in the whole of New York State are in some way associated with Wall Street, whether through business-to-business transactions or household-to-local business activity.

Wall Street accounted for 20% of New York State's and 12% of New York City's tax base before the financial crisis; now it accounts for just 14% and 7% respectively.⁵⁵



THE CONDITION OF THE BANK WORKERS WHO REMAIN ON THE STREET.

MORE WORK, LESS PAY. Bank employees who have managed to keep their jobs on Wall Street have consistently reported that their wages and benefits are steadily deteriorating.

The average Wall Street salary has decreased almost 13% between pre-crisis levels in 2007 and post-crisis levels in 2012.⁵⁶ Almost 20% of bank workers did not receive year-end bonuses in 2012.⁵⁷

While the typical rule of thumb for banks is to pay a 50% compensation ratio to its workers, most Wall Street banks have only been offering their workers between 30% and 40% of the banks' revenues since the economic downturn. JPMorgan, for instance, paid workers 32% of net revenue in 2012.⁵⁸ Goldman Sachs, in its fourth quarter this year, cut the percentage of revenue it pays to its employees by half, to a mere 21 percent.⁵⁹

According to The Committee for Better Banks' bank worker participants, banks have also increased their use of temporary hiring services, which employees described as a mode to pay less in wages and escape paying for benefits altogether.

The Committee for Better Banks' survey confirms the prevalence of pay and benefit cuts. In response to an open-ended question about changes in the securities industry since 2008,

- 25.5% of those who answered described cuts to their take-home pay;
- 24% mentioned benefit cuts (including higher premiums).
- 16.6% of respondents expressed that they did not always get deserved vacation, personal, and sick days;⁶⁰
- 43.5% of respondents said that their life insurance and medical benefits did not cover all desired medical and life needs; and
- 32% reported that they were not always paid for overtime work.⁶¹

The University of California–Berkeley Center for Labor Research and Education found that salaries for bank tellers nationwide are so low that 31% of bank tellers and their family members are enrolled in some type of public assistance program (including EITC, Medicaid, CHIP, SNAP, and TANF), which costs states and the federal government a total of \$899 million.⁶² In New York State bank tellers wages are so low that 39% of bank tellers and their family members are enrolled in some type of public assistance program, costing the state and federal government a total of \$112 million.⁶³

MORE WORK, MORE QUESTIONABLE PRACTICES. Bank workers consistently report that while there are undoubtedly unfair practices within the workplace, there exists no official mechanism by which to express grievances.

Sherry W, who currently works for Wells Fargo comments, “I work for Wells Fargo now as a personal banker and I've seen so many unethical work tactics it makes me sick!”

In an open-ended question about changes in the banking industry since 2008, almost twelve percent of those who responded mentioned unfair treatment by upper-level management. Bank tellers have particularly pointed stories of unfair practices of managers, and many have described managers not allowing them to sit down on the job or go to the bathroom. A few bank tellers have even reported that their managers took their chairs from them to ensure that they would not sit down.

Fifty-three percent of surveyed bank employees reported that management either did not treat them fairly or only “sometimes” treated them fairly in the workplace.

DISCRIMINATORY PRACTICES:

AGAINST WOMEN. Discriminatory practices against women are documented on Wall Street. Bank of America recently paid out \$39 million to women in its Merrill Lynch brokerage department, a lawsuit brought against them by 4,800 current and former female employees. Cara E. Greene, a lawyer for the plaintiffs, importantly said, “It’s still a well-known secret that women make less than men on Wall Street.”⁶⁴

Several female bank workers have complained of sexual harassment in the workplace and the

difficulty of finding a place in an industry dominated by men.⁶⁵

According to an analysis by Catalyst, a nonprofit organization geared towards expanding opportunities for women, of the Bureau of Labor Statistics, women comprise 54% of the financial services workforce, but only make up about 16% of senior executives and not one of the CEOs.⁶⁶

The Committee for Better Banks Survey results also indicate substantial differential in work experience depending on the employee's gender:

- Women surveyed were more likely than men to report higher work-related stress.
 - The average stress level for women on the job was $\frac{3}{4}$ of a point higher than men's on a 1 to 10 scale;
- Women surveyed were more likely than men to report unfair treatment by management.
 - Of the 53% of respondents from surveys 2 and 3 who answered either negatively or reported that they were only "sometimes" treated fairly by management, 81.25% were women, 11.35 percentage points higher than the overall sample size of surveyed women; and
- Women surveyed were more likely than men to be employed part-time rather than full-time.
 - 81% of part-time workers surveyed were women, again 11.1 percentage points higher than the overall sample size of surveyed women.

AGAINST PEOPLE OF COLOR. Racial discrimination has been challenged inside of Wall Street banks. Merrill Lynch just agreed to pay \$160 million in a discrimination lawsuit brought against them by 700 black brokers initially eight years ago⁶⁷ and less than one month later, Bank of America was fined \$2.2 million for discriminating against 1,100 black job candidates for two decades.⁶⁸

The Committee for Better Banks' Survey results reveals a differential in experience depending on the surveyed worker's race and ethnicity, particularly in the realm of job and management positions.

- Workers of color were more likely than whites to work in the lowest paid positions within banks.
 - 43.5% of survey respondents of color who listed their job titles described themselves either as "bank tellers" or "customer service and sales representatives," customarily the lowest paid positions on Wall Street.⁶⁹
- Workers of color were less likely than whites to hold upper-level or management positions within banks.
 - Only 23% of survey respondents of color held upper-level or management positions, almost 10 percentage points lower than the total sample size of people of color surveyed.⁷⁰

More than one survey respondent mentioned racial discrimination when asked about fair treatment in the workplace.

MORE QUESTIONABLE PRACTICES, FEWER AVENUES TO EXPRESS CONCERNS. Thirty seven and a half percent of Survey 3 respondents asserted there exists no meaningful way to express concerns to upper-level management about the workplace. Many mention believing that management makes a permanent record of complaints and fear that such a record will be used against them and may even lead to retaliatory termination.

The few methods that bank workers report are available to them to complain about illegal or unfair workplace practices include:

- Speaking with Human Resources;
- Talking directly with one's manager; and
- Calling an anonymous ethics/assistance phone line.

Workers interviewed and surveyed report several glaring problems with these mechanisms, however. "You have to remember that HR works for the bank," a JPMorgan Chase compliance officer said, as several other bank employees nodded and called out in agreement. Talking directly to managers does little to effect change either, as bank workers report the majority of such managers are more concerned with getting to the next level than with their employees, and are frequently burdened with similar fears of making any noise. "I call [HR Representatives] mascots," one Capitol One employee said. In referring to the anonymous phone line, one survey respondent mentioned "you honestly feel like it will somehow, someway, get back to your district or store...no one wants to take a chance with their job while they have it."

MORE PAY, BUT JUST FOR THE TOP. As banks resort to pink slips and pay cuts, they continuously give raises to their most handsomely compensated executives.⁷¹ Executive pay raises indicate that banks do in fact have the resources to more fairly pay their workforce.

The top fifty financial CEOs' compensation collectively rose by 26% in 2010 and by 20.4% in 2011.⁷² According to a report by SNL Financial, the median CEO pay for the securities industry in general jumped overall 22 percent in 2012.⁷³

- Although Bank of America's stock fell 58% in 2011, Brian Moynihan, the bank's CEO, earned \$8.1 million for the year. In 2012, his pay package rose to \$12 million.⁷⁴
- While in 2011 Goldman Sach's stock plunged 45.6 percent, CEO Lloyd Blankfein's compensation rose to \$16.2 million.⁷⁵ In 2012, he was awarded \$21 million, including \$13 million in restricted stock.⁷⁶
- Jamie Dimon, CEO of JPMorgan Chase's compensation increased in 2011 to \$23 million as the bank's stock fell 20%.⁷⁷ Dimon's salary was only reduced after admitting wrongdoing when in May of 2012 JPMorgan's stock dropped more than 10 percent in two days.⁷⁸
- Despite the fact that Citigroup was in the midst of letting go of thousands of workers, it let Vikram Pandit leave his post as CEO with a hefty \$6.7 million bonus in 2012.⁷⁹

Top executives also manage to find and exploit loopholes in government regulation for financial gain. The Financial Times reported that large bonuses were paid out to top executives on Wall Street in December of 2012, to avoid the higher U.S. tax rate that kicked in at the start of 2013. About \$2.5 billion was divvied out to these executives early.⁸⁰



RECOMMENDATIONS.

ENSURE THAT SUBSIDIES TO BANKS CREATE GOOD JOBS AND COME WITH A MONEY-BACK

GUARANTEE. Because so many of the subsidies to New York City’s financial industry come from the state, action is needed at both the city and state levels.

THE JUST AND OPEN BUSINESS SUBSIDIES (JOBS) ACT. The JOBS Act, a bill that Rep. Sean Ryan (D-Buffalo) has introduced in the New York State Assembly (A08203), can help to open these wasteful subsidies to greater public scrutiny and to ensure that public dollars create public good.

This effort is spearheaded by the Getting Our Money’s Worth coalition, a statewide coalition united for good jobs, not giveaways.⁸¹ The Just and Open Business Subsidies (JOBS) Act will:

- **PRIORITIZE PERFORMANCE** by requiring that proposed development projects set job creation, job quality, and local hiring goals before receiving public subsidies.
- **MAKE PERFORMANCE TRANSPARENT** by creating a public website where any New Yorker can track the performance of subsidized projects and by including subsidy spending in a state unified economic development budget.
- **INCREASE ACCOUNTABILITY FOR PERFORMANCE** by ensuring that all publicly subsidized projects engage community stakeholders and establish a “money-back guarantee” that allows local or state government to recapture subsidies when projects do not meet their promises.

In addition, the city and state should incorporate clear standards for banks doing business with the government:

- **WORK WITH THE COMMITTEE FOR BETTER BANKS.** Require banks to agree to meet and work with The Committee for Better Banks to develop a plan to raise industry standards and increase jobs in New York.
- **PROTECT THE JOBS OF THOSE WHO SPEAK OUT.** Require banks to enact work policies that protect “whistleblowers” from unjust termination.
- **FULFILL JOB RETENTION AND CREATION OBLIGATIONS UNDER SUBSIDY AGREEMENTS.** Require banks to file annual reports that detail their actual performance on goals related to public investment, job retention and creation, and workers’ hours and wages on the

subsidized project. If they fail to meet those obligations, the government should enforce clawback provisions on the subsidies and require banks to repay their subsidies.

- **END PUBLIC CONTRACTS AND SUBSIDY AGREEMENTS WITH BANKS THAT HAVE A RECORD OF VIOLATIONS WITH WAGE-AND-HOUR, LABOR, OR SECURITIES REGULATORS.**

¹ For additional information, contact the author: jordanahoyt@gmail.com or (312)-209-8500. For more information about The Kalmanovitz Initiative for Labor and the Working Poor, Georgetown University see the organization's website: <http://lwp.georgetown.edu>.

² Laura Marcinek and Nikolaj Gammeltoft, "Wall Street CEO Pay Rises 20% With KKR's Kravis No. 1," Bloomberg Markets Magazine (June 5, 2012).

³ Research conducted by Dave Graham-Squire, UC Berkeley Center for Labor Research and Education.

⁴ The Office of the State Comptroller, "The Securities Industry in New York City," (October 2013) p. 8.

⁵ Surveys were accessible through the Committee for Better Banks website and distributed through Survey Monkey. Survey 1 had 78 respondents, Survey 2 had 89 respondents, and Survey 2 had 44 respondents.

⁶ The Office of the State Comptroller, "The Securities Industry in New York City," (October 2013) p. 1.

⁷ Tracy Alloway, "Wall St. Bonuses Rise 9% Amid Job Cuts," The Financial Times (February 26, 2013).

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²⁰ Richard Drew/The Associated Press, "Wall Street Cuts Tens of Thousands of Jobs since 2008," CBC U.S. News (April 25, 2013).

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