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Federal pay ahead of private industry

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Enlarge By Melissa Golden, Getty Images

Federal pay has become a hot political issue in recent months because of concerns over the federal budget deficit and recession-battered wages in the private sector.

By [Dennis Cauchon](#), USA TODAY

Federal employees earn higher average salaries than private-sector workers in more than eight out of 10 occupations, a USA TODAY analysis of federal data finds.

Accountants, nurses, chemists, surveyors, cooks, clerks and janitors are among the wide range of jobs that get paid more on average in the federal government than in the private sector.

Overall, federal workers earned an average salary of \$67,691 in 2008 for occupations that exist both in government and the private sector, according to [Bureau of Labor Statistics](#) data. The average pay for the same mix of jobs in the private sector was \$60,046 in 2008, the most recent data available.

CHART: [Federal salaries compared to private-sector](#)

These salary figures do not include the value of health, pension and other benefits, which averaged \$40,785 per federal employee in 2008 vs. \$9,882 per private worker, according to the Bureau of Economic Analysis.

Federal pay has become a hot political issue in recent months because of concerns over the federal budget deficit and recession-battered wages in the private sector.

Sen. Scott Brown, R-Mass., made federal pay an issue in his successful campaign to fill [Edward Kennedy's](#) seat and is fighting for a pay freeze.

The federal government spends about \$125 billion annually on compensation for about 2 million civilian employees.

"The data flip the conventional wisdom on its head," says [Cato Institute](#) budget analyst Chris Edwards, a critic of federal pay policy. "Federal workers make substantially more than private workers, not less, in addition to having a large advantage in benefits."

But [National Treasury Employees Union](#) President Colleen

Enlarge By Melissa Golden, Getty Images

Federal pay has become a hot political issue in recent months because of concerns over the federal budget deficit and recession-battered wages in the private sector.

■ PAYCHECK

The typical federal worker is paid 20% more than a private-sector worker in the same occupation. Median annual salary:

Federal	Private	Difference
\$66,591	\$55,500	\$11,091

Sources: Bureau of Labor statistics, USA TODAY analysis

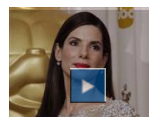
Kelley says the comparison is faulty because it "compares apples and oranges." Federal accountants, for example, perform work that has more complexity and requires more skill than accounting work in the private sector, she says.

"When you look at the actual duties, you see that very few federal jobs align with those in the private sector," she says. She says federal employees are paid an average of 26% less than non-federal workers doing comparable work.

[Office of Personnel Management](#) spokeswoman Sedelta Verble, says higher pay also reflects the longevity and older age of federal workers.

USA TODAY used Bureau of Labor Statistics data to compare salaries in every federal job that had a private-sector equivalent. For example, the federal government's 57,000 registered nurses — working for the Veterans Administration and elsewhere — were paid an average of \$74,460 a year, \$10,680 more than the average for

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private-sector nurses.

The BLS reports that 216 occupations covering 1.1 million federal workers exist in both the federal government and the private sector. An additional 124 federal occupations covering 750,000 employees — air-traffic controllers, tax collectors and others — did not have direct equivalents, according to the BLS.

Federal jobs have more limited salary ranges than private-sector jobs, some of which have million-dollar payouts.

Key findings:

- **Federal.** The federal pay premium cut across all job categories — white-collar, blue-collar, management, professional, technical and low-skill. In all, 180 jobs paid better average salaries in the federal government; 36 paid better in the private sector.
- **Private.** The private sector paid more on average in a select group of high-skill occupations, including lawyers, veterinarians and airline pilots. The government's 5,200 computer research scientists made an average of \$95,190, about \$10,000 less than the average in the corporate world.
- **State and local.** State government employees had an average salary of \$47,231 in 2008, about 5% less than comparable jobs in the private sector. City and county workers earned an average of \$43,589, about 2% more than private workers in similar jobs. State and local workers have higher total compensation than private workers when the value of benefits is included.

Job comparison

Average federal salaries exceed average private-sector pay in 83% of comparable occupations. A sampling of average annual salaries in 2008, the most recent data:

Job	Federal	Private	Difference
Airline pilot, copilot, flight engineer	\$93,690	\$120,012	-\$26,322
Broadcast technician	\$90,310	\$49,265	\$41,045
Budget analyst	\$73,140	\$65,532	\$7,608
Chemist	\$98,060	\$72,120	\$25,940
Civil engineer	\$85,970	\$76,184	\$9,786
Clergy	\$70,460	\$39,247	\$31,213
Computer, information systems manager	\$122,020	\$115,705	\$6,315
Computer support specialist	\$45,830	\$54,875	-\$9,045
Cook	\$38,400	\$23,279	\$15,121
Crane, tower operator	\$54,900	\$44,044	\$10,856
Dental assistant	\$36,170	\$32,069	\$4,101
Economist	\$101,020	\$91,065	\$9,955
Editors	\$42,210	\$54,803	-\$12,593
Electrical engineer	\$86,400	\$84,653	\$1,747
Financial analysts	\$87,400	\$81,232	\$6,168
Graphic designer	\$70,820	\$46,565	\$24,255
Highway maintenance worker	\$42,720	\$31,376	\$11,344
Janitor	\$30,110	\$24,188	\$5,922
Landscape architects	\$80,830	\$58,380	\$22,450

Laundry, dry-cleaning worker	\$33,100	\$19,945	\$13,155
Lawyer	\$123,660	\$126,763	-\$3,103
Librarian	\$76,110	\$63,284	\$12,826
Locomotive engineer	\$48,440	\$63,125	-\$14,685
Machinist	\$51,530	\$44,315	\$7,215
Mechanical engineer	\$88,690	\$77,554	\$11,136
Office clerk	\$34,260	\$29,863	\$4,397
Optometrist	\$61,530	\$106,665	-\$45,135
Paralegals	\$60,340	\$48,890	\$11,450
Pest control worker	\$48,670	\$33,675	\$14,995
Physicians, surgeons	\$176,050	\$177,102	-\$1,052
Physician assistant	\$77,770	\$87,783	-\$10,013
Procurement clerk	\$40,640	\$34,082	\$6,558
Public relations manager	\$132,410	\$88,241	\$44,169
Recreation worker	\$43,630	\$21,671	\$21,959
Registered nurse	\$74,460	\$63,780	\$10,680
Respiratory therapist	\$46,740	\$50,443	-\$3,703
Secretary	\$44,500	\$33,829	\$10,671
Sheet metal worker	\$49,700	\$43,725	\$5,975
Statistician	\$88,520	\$78,065	\$10,455
Surveyor	\$78,710	\$67,336	\$11,374

Source: Bureau of Labor Statistics, USA TODAY analysis

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OMB chief calls reports federal employees are overpaid 'misleading'

By Tom Shoop | tshoop@govexec.com | March 9, 2010

Reports that federal employees are overpaid relative to their private sector counterparts are "misleading," Office of Management and Budget Director Peter R. Orszag said Tuesday.




Speaking at a *Government Executive* Leadership Briefing, Orszag addressed recent [media reports](#) showing that for certain occupations, average salaries are higher in the federal government than in the private sector.

"I think the key thing to remember about that is the federal workforce is more highly educated than the private workforce," Orszag said. "Roughly a third of the private workforce has a college degree, for example, [while] well over 50 percent of the federal workforce [does]."

Orszag also noted that "as people gain more experience, pay tends to increase," and the federal government has a highly experienced workforce. "Basically the entire delta between private sector and public sector federal government average pay can be explained by education and experience," he said.

"While there may be some remaining disparities," Orszag added, "I think some of the more dramatic newspaper stories I've seen about that disparity are somewhat misleading."

Orszag said Obama administration officials considered freezing federal pay in the fiscal 2011 budget proposal, but ultimately decided against the idea.

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This comment is meant for "Taxpayer". I've got news for you... you are an idiot! I have worked for the DOD for over 30 years. I am just now making over 50k a year. I work very hard for my pay and so do 90% of the people here at Tinker AFB. You have some nerve talking about things you know nothing about. Yes we do get some extra holidays that the private sector doesn't but we more than make up for it in other ways. I have also worked for the private sector on a part time basis because I needed the extra money. The company I worked for gave their employees most of the same benefits that the federal government does. You might not have to pay for your retirement but I do! I also have to contribute to Medicare but I'll never be allowed to use it! And exactly what subsidies do you think we get? All federal employees have performance standards that we have to surpass to even keep our jobs. How about you? We also have to contribute to TSP if we want to have it. In fact in the last couple of years I have lost a great deal of "my money" in TSP. Trust me the government is not going to give me back that money. As for "snow days", there have been people here killed trying to get to work when the base refused to close a few years ago, but the roads were shut down. So shut up, and go back to

Thursday, March 11, 2010

Govt. workers feel no economic pain

[David M. Dickson](#)

The recession and the ongoing jobless recovery devastated much of the private-sector work force last year, sending unemployment soaring, but government workers emerged essentially unscathed, according to data released Wednesday by the Labor Department.

Meanwhile, the compensation for state and local government employees continued to easily outdistance the wages and benefits for workers in private business, a separate Labor Department report showed.

Private-industry employers spent an average of \$27.42 per hour worked for total employee compensation in December, while total compensation costs for state and local government workers averaged \$39.60 per hour.

The average government wage and salary per hour of \$26.11 was 35 percent higher than the average wage and salary of \$19.41 per hour in the private sector. But the percentage difference in benefits was much higher. Benefits for state and local workers averaged \$13.49 per hour, nearly 70 percent higher than the \$8 per hour in benefits paid by private businesses.

Paul Booth, executive assistant to the president at the American Federation of State, County and Municipal Employees (AFSCME), attributed the pay difference to a changing government work force that has increased its proportion of higher-skilled workers during the past 15 to 20 years.

"In government payrolls, you no longer have low-wage occupations, such as janitors, whose jobs have been contracted out to the private sector," he said. This trend has effectively increased the average wage of those higher-skilled workers who remain, said Mr. Booth, whose union represents 1.6 million workers.

Small-government advocates see it differently.

Compensation for government workers "is a gigantic problem" that will only get worse in future years, said Chris Edwards, director of tax policy studies at the Cato Institute, which advocates less government and lower taxes.

"The defined-benefit pension plans for state and local workers and their post-retirement health care costs do not include the extent to which those benefits are underfunded or overpromised," Mr. Edwards said.

The cost of today's benefits for government employees (\$13.49 per hour) assumes that these retirement benefits are fully funded. However, Mr. Edwards estimated that the benefits are underfunded by \$3 trillion.

Benefit costs eventually will soar, and taxpayers will be required to pay the difference between available resources and the overpromised benefits as government workers of the baby boom generation, who start to turn 65 next year, begin to retire en masse. Government workers also have the rare privilege of being able to retire at age 55.

With state budgets under extreme stress, the pension problem is worsening because workers are accruing future benefits that are not reflected in current data, Mr. Edwards said.

Meanwhile, private-sector workers who are unemployed or working part time are not paying as much in taxes.

Fifteen states and the District of Columbia reported double-digit unemployment during January, the Labor Department said Wednesday, as the private sector continued to shed jobs.

The recession reportedly ended in July, but the private work force suffered its biggest percentage decline in 2009 for any year since the end of World War II.

After shedding 3.8 million net jobs during 2008, private employers slashed an additional 4.7 million last year. During the same two-year period, the public sector, including the federal government, gained more than 100,000 jobs. The combined work forces of state and local governments added 35,000 jobs during the 2008-09 period.

While private-sector jobs declined in every state except North Dakota over the previous 12 months, public-sector employment increased in 23 states, the Labor Department report showed. Even in North Dakota, as the private work force gained 300 jobs over the past year,

the government sector surged by 1,000 new workers.

In states where government employment declined during the previous 12 months, the drop has been relatively inconsequential, while the decline in private employment has been far more severe. In California, where the state government is still in the grips of a wrenching budget crisis, private employment has plunged 5.5 percent, nearly four times as fast as the 1.5 percent dip in government employment.

Mr. Booth of AFSCME acknowledges that total government payrolls are higher today than they were at the beginning of the recession. During the two years since the recession began, government workers took their economic medicine by accepting furloughs in lieu of layoffs, he said. Workers kept their jobs but received pay for two fewer days per month, he said.

He noted that government payrolls have been shrinking since April. State and local government work forces historically decline after a lag, he said. School district payrolls, for example, are based on property-tax revenues, which generally follow a two-year lag, he said.

Citing projections by Moody's Economy.com and Goldman Sachs, Mr. Booth said state and local government work forces could decline by as many as 900,000 workers during the next fiscal year, which begins July 1.

"Furloughs are likely to yield to RIFs," or reductions in force, he said.

Taxpayers in the private sector fortunate to have jobs were working more days and for less money to finance the vacation and holiday time of state and local workers, according to the compensation report.

For every hour worked in December, state and local government workers earned \$2.99 in paid leave. Private-sector workers earned \$1.86 per hour worked for paid leave, or nearly 40 percent less. Holiday pay for state and local workers was 50 percent higher per hour than it was for workers employed by private businesses.

The biggest difference in compensation was in payments for defined-benefit pension plans, in which employers (a private company or, in the case of government workers, the taxpayer) commit to paying their employees a specific benefit for life beginning at retirement.

State and local workers received an average of \$2.86 for each hour worked for their defined-benefit pensions. That compares with 38 cents per hour paid for defined-benefit plans for private workers, the vast majority of whom now participate in defined-contribution pension

plans.

"Many companies have eliminated their defined-benefit plans, and others have reduced the value of benefits and shifted to providing benefits through 401(k)s and other defined-contribution plans," notes the AFL-CIO Web site. "Defined-contribution plans shift the risk and responsibility to individual workers and typically reduce corporate costs."

In the cases of state and local government workers, the pension costs are principally borne by the taxpayer. The trillions of dollars of underfunded pension liabilities are augmented by increasingly expensive and underfunded health care costs in retirement before and after government workers become eligible for Medicare at age 65, Mr. Edwards of Cato said.

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