

## US feds struggling to ‘stretch their paycheck’ as data reveals growing pay gap with the private sector

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The wage gap between federal and private sector employees is widening according to fresh data put before a meeting of the US Federal Salary Council.

Data produced by the US Bureau of Labor Statistics showed that federal workers earned on average 22.47% less than private sector workers with similar responsibilities last year, and that the disparity had increased to 24.09% since.

This finding has prompted union leaders to call on federal government to award a higher pay rise next year than the 4.6% – the biggest hike seen in 20 years – announced by president Joe Biden in February and confirmed in September.

Tony Reardon, president of the National Treasury Employees Union (NTEU) said: “It’s getting harder [for federal employees] to stretch their paycheck to keep up with the bills, and now we see that employers in the private sector have done a better job than the federal government in helping their workers support themselves and their families.”

Though declined in negotiations, Gerry Connolly, representative for Virginia’s 11th congressional district, had proposed a 5.1% average pay raise for federal staff – a move backed by the NTEU.

Reardon said that the Bureau’s data “supports our argument that federal employees deserve an average 5.1% federal pay raise starting this January [2023]”, adding that the raise would “immediately improve the standard of living for hundreds of thousands of federal employees and their families” across the US.

### Checking the figures

The methodology for calculating the wage gap between the public and private sectors in the US has been the subject of intense debate.

Conservatives have pushed for the inclusion of non-salary benefits, such as retirement and health insurance programmes, into wage gap calculations. They argue that this would allow for comparison of ‘total compensation’ between sectors and claim the results of this model would reveal that federal workers are better off than their private sector counterparts.

In October, the Cato Institute think tank said it had used its own total compensation metric to show that the pay gap between federal workers and their peers in the private sector had narrowed in 2021. It said federal employees held a pay advantage over private sector workers but that high growth in private sector real wages – a 7.7% boost in 2020 and a 5.9% boost in 2021 – had reduced the overall pay gap.

Testifying before the salary council, the Senior Executives Association (SEA), which represents career federal executives, said that the federal pay system needed to be overhauled if federal agencies were to be able to recruit and retain high-performing employees.

Jason Briefel, SEA’s director of policy and outreach, criticised the federal government’s general schedule pay system, which has been used for a quarter of a century.

He said the system could not match the pay incentives of the private sector, especially for the highest paid federal positions. Taking aim at federal employee unions’ opposition to ending the general schedule model, he said that union officials should stop “standing in the way of widely accepted reforms”.

“The federal government is not able to compete for professional talent with industry, which receives US\$631bn in government contracts each year. A fraction of this money could be invested in the federal workforce itself to create lasting change in the competitiveness of the federal government.

“Both the Trump administration and Biden administration’s President’s Pay Agents have called for statutory reform to federal compensation. This is not a novel or partisan idea,” he said.