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Are government workers overpaid? paid too much

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President Obama's proposal to freeze most federal workers' salaries has intensified the debate over whether U.S. government employees are overpaid.

A report by the libertarian Cato Institute says that in 2009, the average federal civilian wage was \$81,258 per year, compared with \$50,462 in the private sector, based on U.S. Bureau of Economic Analysis data.

If you add benefits, total compensation was \$123,049, roughly twice the private-sector average of \$61,051.

"In 2000, federal compensation was 66 percent above private-sector compensation. Today it's 102 percent above, so the gap is increasing," says Chris Edwards, author of the Cato report.

Critics say such studies are flawed because the federal work force has more college-educated, white-collar workers than the labor force at large, which increases its average pay.

However, a USA Today study published in March compared pay (excluding benefits) for more than 216 occupations that exist in the public and private sectors. It found that average federal salaries exceeded average private-sector pay in 83 percent of these occupations in 2008, the most recent year Bureau of Labor Statistics data were available. On average, federal workers earned almost 13 percent more.

Ralph Smith, a former federal employee who now runs the website FedSmith.com, says government employees can be overpaid or underpaid depending on the position and location.

Some federal agencies have problems hiring administrative people in New York City or San Francisco because the salaries are not high enough. Likewise, it has a hard time competing for technology employees because companies such as Google "will pay more and get the best people," he says. But "if an administrative person in Alabama gets a job with the Army or NASA, they will be there for life because they make so much more" than they could in the private sector.

The proposed freeze would apply to all executive branch workers but not to military personnel, government contractors, postal workers, members of Congress, congressional staffers, or federal court judges and workers, The Washington Post said.

Larry Mishel, president of the liberal-leaning Economic Policy Institute, called the proposed freeze "unjustified."

"We have calculated it will reduce the deficit in 2020 by 0.3 percent," he said.