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Another View: A bold proposal on public compensation

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Recent disclosures, articles, and reader comments regarding how our tax dollars are spent on salaries in Placer County government, as well as city employees, can make one feel as if the widely publicized pay-and-pension problems in places such as Bell, Vallejo and Stockton, were not just an anomaly. I therefore feel compelled to share some recent data and to provide an example of a solution related to the subject.

A study published by the CATO Institute last year, based upon figures from the U.S. Bureau of Economic Analysis, and in agreement with data from the U.S. Bureau of Labor Statistics (USBLS; 2015), found that the average earnings for federal government workers was $84,153, compared to the private sector's average of $56,350. But when benefits are included, the difference becomes staggering: $119,934 in total compensation for federal workers compared to only $67,246 for private sector workers — a whopping 78% difference.

Over the past few decades we have allowed the public sector, overall, to gain and surpass private sector salaries. "Since the 1990s, federal workers have enjoyed faster compensation growth than private-sector workers," according to Chris Edwards, the director of tax policy studies at Cato.

Besides the pay gap, the financial burden to society is worsening because the number and percentage of employees in full-time government is trending upwards. For example, the USBLS reported that by August of last year there were 21,995,000 employed by federal, state and local governments in the United States. By comparison, there were only 12,329,000 employed in the manufacturing sector. That gap continues to widen ever since the government overtook manufacturing as a U.S. employer in 1989.

So what's the big deal? Keep in mind that the private sector is the prime economic generator to fund all those government salaries and the costs associated with running government activities. If the private sector keeps shrinking relative to government, where will the money come from to support all those public salaries and projects? This trend cannot continue and is already a threat to our way of life...a topic in itself that will have to be discussed or debated another time.

As for California, according to the most recent USBLS data available (2014 – mid 2015), average annual private sector wages were $59,372, whereas state workers earned $69,718, representing a nearly 17.5% pay gap. Although various factors affect this salary disparity (e.g., education levels are generally higher for public vs. private sector workers) it is a moot discussion because the pay gap is widening in both real dollars and as a percent of income. For example, from 2007 through 2012 government worker salaries statewide grew from 13.7 percent above private sector salaries to 16.4 percent.

Aside from "public service", I remember when "benefits" and "job security" were the primary reasons given to work in a government job, not salary. There is indeed a role for government, but be wary of the trends that will undermine our liberties through government expansion. As Thomas Jefferson said, "The natural progress of things is for liberty to yield, and government to gain ground".

According to the most recent data (2014) available from Transparent California, the average pay for the top half of Placer County's 2,294 full-time employees is about $105,000; the median for all employees is $70,512 ($97,481 with benefits).

In contrast, the median earnings for full-time,year-round private workers is $56,964 (the average pay is $49,570 according to USBLS). That means Placer County workers are paid $13,548, or 24%, more than their private sector counterparts (and that's leaving the pension Pandora's Box alone at this time).

Although much of the blame for local and national fiscal problems lies with our representatives, we the electorate must bear our share of responsibility. To be fair, reliable information is often scant, out of context, and difficult to interpret. This brings me to the passage of Measure B in 2014.

Measure B increased the annual compensation for the Placer County Board of Supervisors from a flat $30,000 to what is now $74,605 (including a recent vote to increase their pay by a further 2%). Measure B, however well intended, is an example of just how things can get out of control.

I propose a compromise solution: The mean, or perhaps median, income of the Placer County constituency should set the County Supervisors' salaries (provided it is a full-time job). Thus, the Board of Supervisors would be paid either $49,570 or $56,964 per year. This approach presents a rational standard to determine our Supervisors' pay.

This formula (plus additional job expenses) should apply to our elected officials in the U.S. Congress, California Assembly, and State Senate. In addition to getting a feel for a salary related directly to the people they represent, this is a nice incentive to reward them with a pay raise when their constituents' economic status improves.