

U.S. civil servants earn 78% more than private sector workers, study finds

Winnie Agbonlahor

October 7, 2015

Average civil service wages in the United States are 78% higher than in the private sector, according to new research by a think tank, which is calling for a reduction in officials' pay to increase turnover "in the static federal workforce."

In his article *Reducing the Costs of Federal Worker Pay and Benefits*, Chris Edwards, of the libertarian think tank Cato Institute, wrote that federal civilian workers' average annual wage was \$84,153, according to 2014 data from the U.S. Bureau of Economic Analysis (BEA) – compared to an average private sector salary of \$56,350. This represents a 49% difference. But, when including benefits such as health care and pensions, he said, "the federal compensation advantage over private workers is even larger, according to the BEA data: In 2014, the total federal compensation averaged at \$119,934, or 78% more than the private-sector average of \$67,246."

Edwards, who leads on Cato's project called 'Downsizing the federal government', also said that, among 22 major sectors in the U.S. economy, "the federal government has the fourth-highest paid workers after only utilities, mining, and management of companies", adding that federal compensation is on average higher than compensation in the information industry, finance, insurance, and scientific industries.

Edwards predicted that the 2.1m civil servants employed by the federal government will cost the taxpayer more than \$260bn in 2015 and argued that, to get this bill down, the government should "overhaul the overly generous federal benefits package to reduce costs" and "privatise federal jobs where possible."

To deal with today's large budget deficits, he wrote, "policymakers should restrain spending in every federal department and activity; they should pursue further reforms to federal pay packages and better align wages and benefits with private-sector practices."

"Federal pay should be reasonable, and we need competent people in federal jobs, assuming that the jobs are useful ones," he wrote, "but the government should not be one of the highest-paid industries in the nation."

“Indeed, an advantage of reducing federal pay would be to encourage greater turnover in the static federal workforce. That would help more young people enter government and bring in fresh ideas.”

Edwards’s findings stand in stark contrast with civil service pay in countries such as Germany and the UK where pay is generally lower than in the private sector.

Sir Nicholas Macpherson, permanent secretary of the UK Treasury told *Global Government Forum* earlier this year that “the civil service will always be lower-paid than the private sector”, acknowledging that civil service pay constraints make it harder to recruit the right staff.