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Stop comparing federal pay to private sector

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WASHINGTON -- The Great Pay Debate over federal vs. private-sector salaries and which are bigger erupted again last week with a new study from the Cato Institute.

Now a federal personnel expert who used to run the massive human resources shop for the Department of Homeland Security has done a trenchant analysis of why the libertarian think tank is absolutely wrong in its claim that civil servants make on average 78 percent more than their private-sector counterparts.

But Jeffrey Neal, now a senior vice president for ICF International, isn't letting the other side off the hook. He says federal officials and unions who say the pay gap runs in the other direction are full of bunk, too.

He concludes that in what has become a deeply ideological debate and a sort of proxy war over the scope and size of government, even using bona fide government statistics, both sides should realize that there is actually no right answer to the pay question.

"You can make those numbers say anything you want," Neal said. He wrote about the issue last week on his blog, ChiefHRO.com.

"This is a great example of using numbers to make a point, but selectively using those numbers," said Neal, who led the personnel department at the Defense Logistics Agency for nine years before going to DHS and retiring from the agency in 2012. He called the numbers from the Bureau of Economic Analysis cited by Cato's director of tax policy, Chris Edwards, "generally accurate, but not true."

What does this mean? Neal makes the case that it is irresponsible to compare the average salary for the entire American workforce with the average salary of the federal workforce, which skews higher because civil servants tend to be professionals. Millions of low-wage jobs, such as flipping burgers at McDonald's and answering phones at a call center, tend not to be represented in government.

"They put all those folks together," Neal said of the Cato study, "and compare them with a workforce of policy analysts and scientists in high-skilled jobs. They end up with a conclusion based on nothing remotely close to an apples-and-apples comparison." Add to

that the fact that these professionals tend to make less in government than they could at private companies, and the comparison gets murkier still.

But Neal also is adamant that the other side is just as wrong. The Federal Salary Council, which decides how much civil servants in one city should make compared to those in another locale where the cost of living is higher or lower, has no business claiming as it did this year that federal workers are underpaid by an average of 35 percent, he says.

He calls the 35 percent gap in the other direction "a highly questionable number that's not based on reality."

"If federal employees really were 35 percent underpaid, when you offer someone a \$100,000 a year job, they would laugh in your face," he said. "But they don't."

On the subject of benefits, Cato and other conservative think tanks argue that the generous pensions, health insurance and general stability afforded federal employees make them the more highly compensated group. Neal concurs that civil servants are among the few American workers who still have a generously defined benefit plan, plus Social Security, plus a 401(k)-like savings plan with a match by the government.

"But it's very hard to put a dollar value on that," he says.

There's one other area of fuzzy math that makes it impossible to really compare the pay of a federal worker with someone outside government, Neal says. It's known as job classification. This is where the government sets salaries for specific jobs.

He argues that these are really misclassifications. "So many jobs in government are based on the grade levels managers want them to be, rather than the actual job duties. "

So, comparing the salary of someone at a GS-13 level on the federal pay scale to the salary of someone in the private sector whose job matches their job description doesn't necessarily tell us anything useful, he says.

"If you really want to find out who makes more, you'd have to start digging into job after job," he said. "It's a massive, multiyear project."