



## Washington Fat Cats Still Aren't Learning from Private Employers

Nancy Smith | October 28, 2013

Sad enough to discover Americans on welfare outnumber Americans who work full-time, year-round.

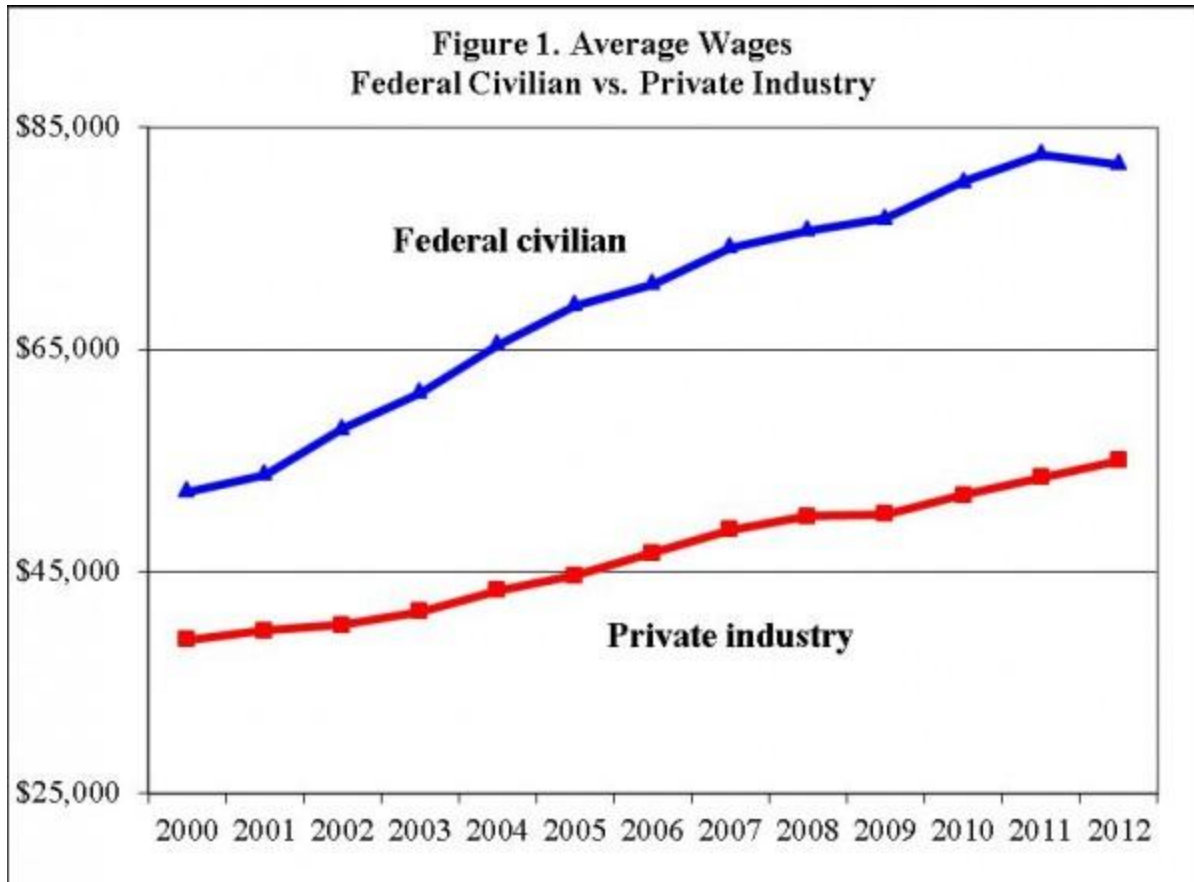
That news was out last week.

Now we see through cold, hard Census figures that the federal workforce has become an elite island of secure and highly paid workers, comfortably separated from their average American counterpart competing in the global economy.

A closer look at the latest U.S. Salaries Census shows salaries of \$100,000 or more earned in the public and private sector. Browse the Census figures in the attachment below: In the private sector, 7.7 percent of employees make at least \$100,000. But federal sector employees? Some 15.6 percent of those privileged folks make \$100,000 or more annually.

That's *twice* the percentage of employees in the federal sector than in the private sector.

In case you're wondering about local government, only 5 percent of those workers are in the \$100,000-a-year club -- more indication of just how out of whack the big spenders in D.C. are, and how fiscally accountable government is the closer it gets to the people who pay for it.



This story of bloated federal salaries is the kind of thing you hear about and hope is all myth. Then you see the figures.

With projections of large federal deficits for years to come, shouldn't policymakers be raking the budget, looking for places to cut spending? And isn't this is one of those places -- the generous compensation paid to the federal government's 2.1 million civilian workers?

Put \$100,000-a-year wage earners aside for a moment and consider this: Compensation for federal employees since the turn of the century has risen like a rocket. It left the average federal civilian worker sitting pretty, earning 74 percent more in wages and benefits than the average worker in the U.S. private sector. (See the graph on this page from the U.S. Bureau of Economic Analysis.)

Last year the average wage for federal civilian workers was \$81,704, the bureau claims. But the average wage of the nation's 104 million private-sector workers was \$54,995. Every year the gap gets wider, as you can see in Figure 1.

Throw in benefits like health care and pensions and the federal compensation advantage over real-world, private workers is even larger. Last year federal worker salaries with the whole compensation package averaged \$114,976, or 74 percent more than the private-sector average of \$65,917.

One federal benefit you don't hear much about is EHJS. EHJS is Extremely High Job Security. The U.S. Bureau of Labor Statistics data show that the rate of "layoffs and discharges" in the federal workforce is one-quarter of the rate in the private sector. Actual figures: About 1 in 5,000 federal nondefense workers is fired for poor performance each year.

The Cato Institute suggests we market-test whether federal wages and benefits have grown absurdly by looking at the "worker quit" rate. How many workers voluntarily leave Uncle Sam for other employ? As it happens, the quit rate in the federal government is one-quarter of what it is in the private sector -- suggesting federal employees know which side their bread is buttered on.

We can thank Dennis Cauchon's analysis in USA Today, "For Feds, More Getting Six-Figure Salaries," for giving us our first reveal of particularly fast wage growth at the top end of the federal workforce. In his 2009 analysis, he pointed to 383,000 federal civilian workers with salaries of more than \$100,000, 66,000 with salaries of more than \$150,000, and 22,000 with salaries of more than \$170,000. What made Cauchon's report so shocking then was that it came at the height of the recession.

Chris Edwards of the Cato Institute, who has studied the salary disparity at length, said, "Policymakers have taken actions in recent years to partially freeze federal wages. The next steps should be to overhaul federal benefits and downsize the federal workforce through program terminations and privatization."

What bothers me isn't simply the cost to taxpayers. It's the loss of opportunity for the private sector. Shouldn't America's best and brightest be working with the country's entrepreneurs, or otherwise helping to diversity and enrich our free-market economy? Do we really want them lured away by the federal government?

Certainly Congress should appoint a committee and at least study this issue earnestly, as a priority. I don't expect it to happen, but you know as well as I do -- it's overdue.