Be careful of statistics

By: J. P. Bailey – April 20, 2013

Much has been written lately about public sector workers, local, state and federal, and their pay and benefits. Currently, the acronym "FTE" seems to pop up, sometimes not spelling it out, and never explaining it. Even then, the "full time equivalent employee" is just one term used to describe the same process. The term is misused by some people, in an attempt to prove inflated costs of government employees.

Originally, it was, and still is, a management tool used to determine staffing levels, pay and benefits. Simply, the "full time equivalent employee" is a hypothetical work output in perfect conditions.

For example, nearly 50 years ago, I operated a semi-automatic machine in a factory, for which I was paid $2 an hour (about $20 in today's money). The machine was capable of producing 720 parts an hour or nearly 5,800 per shift. However, the company knew that the employees got 40 minutes of paid breaks per shift and minor maintenance accounted for another 40, on average. The MAXIMUM (emphasis mine) the company could expect was 4,800 parts. Unexpected machine down time further reduced that number. Operator performance also influenced the output, so the company paid a piece work bonus based on six hours per shift, or 4,300 parts.

How is this information misused? If you divide the total earnings of the employee by the theoretical production output, the claim is that the employee is paid $2.67 per hour, not the $2 actually received. Thus, the claim by the Cato Institute, and widely used by some politicians, that the average federal employee earns over $120,000 per year rather than the $65,000 and 15k benefits, actually earned, is totally bogus. Cato takes total federal compensation, pay and benefits, and divides by 1.9 million "FTEs," not the 2.8 million actual employees. Recently, the columnist George Will did the same to "prove" that teacher's aides had a "300 percent" increase in pay, in recent years.

I don't know who said "Statistics don't lie, but liars use statistics," but it is still valid.

J. P. Bailey, Lawton