



## Who Pays Higher Wages, Federal or Private Sector? Unsexy Answer

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Jeffrey Neal, who used to run the massive human resources shop for the Department of Homeland Security, just completed an analysis of the Great Pay Debate, who earns more, civil servants or their private-sector counterparts.

Neal, now a senior vice president for ICF International, concluded a Cato Institute study released last week is wrong -- the feds don't pay 78 percent more on average. No point in warring over Big Government vs. Wall Street, he says, there's actually no right answer to the pay question.

"You can make the 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? In a story Monday in the Washington Post, 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.

Neal doesn't let the other side off the hook, though. 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.

The Post reported 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. They also have job security that many employees at private companies don’t have.

“But it’s very hard to put a dollar value on that,” he says.