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08.27.2009 6:22 pm

Federal workers earn double the private-sector average

By David Nicklaus

St. Louis Post-Dispatch

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Chris Edwards of the **Cato Institute** has delved into the data on federal workers' pay, and he doesn't like what he sees:

The George W. Bush years were very lucrative for federal workers. In 2000, the average compensation (wages and benefits) of federal workers was 66 percent higher than the average compensation in the U.S. private sector. The new data show that average federal compensation is now more than double the average in the private sector.

To be precise, the average federal wage is \$79,197, which is 59 percent higher than the private-sector average of \$49,935. When you add in benefits, the average federal pay package comes to \$119,982, versus \$59,909 in the private sector.

Here's how Edwards diagnoses the problem:

Members of Congress who have large numbers of federal workers in their districts relentlessly push for expanding federal worker compensation. Also, the Bush administration had little interest in fiscal restraint, and it usually got rolled by the federal unions. The result has been an increasingly overpaid elite of government workers, who are insulated from the economic reality of recessions and from the tough competitive climate of the private sector.

Some of the gap can be explained by the education and skills requirements of many federal jobs. The fact that the gap is growing, though, can't be good for the wealth-creating parts of the economy.

★★★★★ (1 votes, average: 5 out of 5)

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Tags: Cato Institute, federal, pay

9 comments

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It is easy to see why Obamacare will 'save' so much money.

Reading the story today about the mountains of paperwork that came with the stimulus dollars, it is clear that we will need millions more of these highly educated public servants to process all of his paperwork. Good news for all the people at Blue Cross, Group Health Care and United Health Care - when you get laid off, you can get a new job with Obamacare for twice the money.

— abuilder

7:49 am August 28th, 2009

Have a public option for government jobs, [Just to keep the government honest]

We could really drive cost down with 100% labor cost cuts. We could pay for health care with the savings.

— top gun

8:57 am August 28th, 2009

David, thank you for this example of government abuse. The working man has long heard from the spoiled servants that they could earn twice as much in the private sector. Now thanks to study of actual wages and benefits, we find the opposite is true. Were we being lied to? I particularly didn't like the paragraph about the gap. So the private sector doesn't have jobs that require education and skill? Condescending comment, do you think?

— badenpaperboy

9:26 am August 28th, 2009

Simply follow what the Unions have done to industry and you will find that Government is following the same path.

The ultimate result will be similar.

— Greys shark1

10:10 am August 28th, 2009

Who are they comparing Federal workers with? Most jobs that don't require higher education levels are outsourced.

For example, building custodians are not Federal workers. I'd like to see a comparison of apples with apples. How about a comparison of Federally employed engineers with engineers employed by Boeing, for example?

— Cheryl

10:20 am August 28th, 2009

Several random thoughts on reading these statistics. First, does the compensation include bonuses? Private sector bonuses are way beyond federal worker bonuses. Also, averages seldom provide a realistic picture if job functions are not equivalent. Even the change in spread between the two averages over time could be explained by a great deal of contracting out, which most likely switched lower paid federal employees to the private sector - where they, yes, received lower pay and fewer benefits than before. However, given the cost of the contract administration and the profit involved for the contractor, these lower paid private employees probably didn't reduce the federal outlay by



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about the author



David Nicklaus has covered St. Louis business for more than 25 years. His column appears three days a week on the Post-Dispatch business page.

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much. That all being said, I am a retired federal employee — it was obvious to me over many years that the constant downsizing of pay for many in the private sector, including union workers, which began in the 80's, was not really matched by a similar downsizing of federal pay. I think the whole national economy is finally adjusting downward to where the laid-off textile workers were many years ago when their jobs were outsourced. I pray for a soft landing for everyone.

— pegkruse
10:27 am August 28th, 2009

I'm sure if we delve deeper we'll find that most worker bees didn't see much, if any, increase. I'd be willing to bet it was the top managers (though unqualified) and the top folks in Washington (Republicans) that received gigantic raises skewing the median. Not much different than the private sector during the same run. If this is in fact the case shouldn't we be focusing our attention on the source of the problems, those who ran the government and run our businesses while it was happening? Executive pay, public and private sectors, need to come out of the stratosphere.

— Rico
11:53 am August 28th, 2009

It appears that Chris Edwards has skewed the data in his favor by lumping all job classifications together. I'm thinking that when like job classifications are compared the results turn around dramatically.

— macole
12:29 pm August 28th, 2009

Rico... really? Can you be less intelligent? So all managers are unqualified and all Republicans are overpaid? Perhaps you'll notice that Hussein Obama is hiring more czars than ever... and spending faster than ever... while solving nothing.

Private sector pay is free market... gov't pay is not. For example, post office carrier salary, \$55,000 - union wages of \$30 / hr to sweep a floor? Must be a Republican that made those rules? Give me a break. Gov't can't solve problems, period. And people wonder why jobs are leaving this country...

— DS
1:17 pm August 28th, 2009

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