

Federal pay critics keep the debate alive

Critics of the federal government's pay and benefits structure are keeping the debate alive, arguing that the Obama administration's defense of public sector wages is misguided and fails to address other issues.

Cato Institute budget analyst **Tad DeHaven**, [responding](#) to Office of Personnel Management Director **John Berry's** [comments to The Washington Post](#), says his colleagues and other critics are citing data from the Bureau of Economic Analysis instead of the Bureau of Labor Statistics because the BEA provides a comprehensive analysis of the financial impact of a worker's benefits package.

"Breaking the BEA data out across 72 industries shows that the federal civilian workforce as an industry ranks sixth in terms of average compensation," [DeHaven blogs](#). "As one would expect, average compensation in the restaurant and bar industry is dead last, and financial services are at the very top."

He makes two other strong points: First, he cites BEA data that private sector employees are three times more likely to get laid off than federal workers. Second, federal employees are more than eight times less likely to quit than a private sector employee, according to BLS.

"We've argued that this indicates that federal employees recognize that the generous combination of wages, benefits and job security is hard to match in the private sector, so they stay put," DeHaven said.

A little more:

In the private sector, an employee's compensation is a reflection of his or her value in the market. For instance, one may not like that **LeBron James** makes millions of dollars playing basketball, but that's what the market for professional basketball players says his production is worth. It's no different for a considerably lower-paid employee in the restaurant industry.

What's a federal employee worth? How does one measure a government employee's production? Government isn't subject to market disciplines. It can't go out of business. It has no competitor. It doesn't need to earn a profit or even break even. It doesn't receive its revenue from voluntary transactions – its revenues are obtained via taxation, which is paid by individuals under compulsion and force.

DeHaven and friends raise some good points -- and demonstrate why Berry admits it's difficult to establish an acceptable way to compare and contrast public and private sector pay and benefits.

Thoughts? The comments section awaits you.