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## Want a balanced federal budget? Cut state workers' pay.

On average, state workers make \$39.66 an hour, have traditional pensions untouched by stock market moves, and are laid off at one-third the rate of private-sector workers. Considering concerns about the federal budget, are government jobs too cushy?



People wait in line to enter the City University of New York (CUNY) Big Apple job fair in New York, as seen in this photo taken April 23. The financial crisis drove scores of people to look for work with the government. Once looked down upon, government jobs are considered safe, secure, and reliable.

Shannon Stapleton

By David R. Francis / April 26, 2010

Before the great recession, some people pooh-pooed government jobs. Who wanted stodgy when the private sector had go-go growth? Why stick with safe when you could get bonuses and stock options?

Today, and one financial crisis later, secure and solid look good. Perhaps too good.

On average, state workers and local government workers made \$39.66 an hour in total compensation last year, according to Chris Edwards, an economist at the libertarian Cato Institute in Washington. Pay was 34 percent higher than in the private sector. Benefits were 70 percent higher.

Also, 90 percent of the 20 million state and local government workers have a traditional pension, where benefits aren't touched by stock market moves, notes a study by the Pew Center on the States. Only 20 percent of workers in the private sector still have a traditional pension. In 2005, a private-sector pension paid less than half the median public-sector pension.

Moreover, workers in the public sector are laid off or discharged at just one-third the rate that private-sector workers are, notes Mr.

Edwards.

So, are government jobs too cushy? It's a popular topic in these tough economic times. When Edwards points out the public-private sector comparisons, he gets a lot of e-mail, some of it angry.

Those sympathetic with government workers emphasize that such pay comparisons do not take account of the higher average education level of many government employees, such as teachers and civil engineers. As one federal statistician notes, there aren't many low-paid fast-food workers among the 2 million federal government employees. "It's not a meaningful comparison," he says.

"We want to live in a place where the government is a model employer," says Heidi Shierholz, an analyst with the liberal Economic Policy Institute in Washington.

That may be a hard sell to many hard-pressed, tax weary Americans.

Alex Pollock, a resident fellow at the conservative American Enterprise Institute in Washington, says he's not sure whether civil servants are overpaid or not. But he figures governments, facing unsustainable federal budget deficits, may be forced to trim their wages and benefits anyway.

States like California and New Jersey face extreme budget squeezes. School budgets are tight across the nation, leading to widespread layoffs of teachers and other school employees.

With baby boomers retiring in larger numbers, pension and health-care benefits of government workers are raising alarms. The Pew Center report outlines a \$1 trillion gap in fiscal 2008 between the \$2.35 trillion states had set aside to fund retirement benefits and the \$3.35 trillion price tag for those promises. Edwards puts unfunded state and local health costs at more than \$1.4 trillion.

The portion of governments' pensions actually funded by state and local governments fell from 84 percent in 2008 to 78 percent last year, says a report this month from the Center for Retirement Research at Boston College. That level will likely decline further to 72 percent by 2013.

What can be done? Governments might cut pensions for new workers, instead of all workers, says Alicia Munnell, an author of the report. That might smooth difficulties with unionized government workers. A faster recovery in financial markets would ease the pension-funding problem.

But there is "no easy fix," she adds.

•David R. Francis *writes a weekly column.*



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