

Memo to media: Comparing federal wages to private-sector wages isn't as clear cut as *USA Today* leads you to believe

August 11, 2010 1:56 pm ET - by Eric Schroeck

In an August 11 [article](#), *USA Today*, citing data from the Bureau of Economic Analysis, reported that "[f]ederal civil servants earned average pay and benefits of \$123,049 in 2009 while private workers made \$61,051 in total compensation."

Not surprisingly, right-wing media have since run with this analysis. Discussing the report on the August 11 edition of Fox News' *Hannity* (accessed via Nexis), Fox News contributor Dana Perino said, "I have felt for a while that this is going to be the next wave of public outrage and it's certainly building." Gateway Pundit blogger Jim Hoft -- with his personal brand of unhinged rhetoric -- [called](#) it "theft" and asked, "Will someone please start a revolution?"

But while *USA Today's* headline declared, "Federal workers earning double their private counterparts," the raw numbers in its article don't paint a complete picture. In fact, as PolitiFact [has noted](#) in the past, simply comparing federal employees' compensation with their private sector counterparts "is not an apples-to-apples comparison."

Why is this a misleading comparison? For starters, as *USA Today* explained in its article: "Public employee unions say the compensation gap reflects the increasingly high level of skill and education required for most federal jobs and the government contracting out lower-paid jobs to the private sector in recent years." The article further quotes Colleen Kelley, president of the National Treasury Employees Union, as saying, "The data are not useful for a direct public-private pay comparison."

Back in March, in response to a similar *USA Today* [analysis](#), then-White House OMB director Peter Orszag explained why accounting for these differences in skill level and education between the federal and private workforces is crucial in comparing compensation. Orszag stated that "when education and age are held constant, the entire difference in average pay between the federal and private sectors disappears":

[I]f, as some media reports claim, federal workers were earning roughly \$8,000 more than private-sector workers in occupations that exist both in the government and private sector for no reason at all, that would be troubling. But the truth is that a comparison of federal and private-sector pay, even by occupation, is misleading because the employees hired by the federal government often have higher levels of education than their counterparts in the private sector - even within the same occupations. When you factor in the education and experience of the federal workforce, there is no statistically significant difference in average pay levels.

Take registered nurses working at the Veterans Administration. They care for the complex injuries and illnesses of our wounded warriors and veterans. Partly reflecting the complexity of the care they deliver, nurses working for the federal government are more than twice as likely to have a college degree as those employed by the private sector (24 percent relative to 11 percent). As another example, database administrators are twice as likely to have a post-collegiate degree in the federal government as those working in the private sector (31 percent versus 16 percent).

Overall, roughly half the federal workforce has a college degree, compared to about a third in the private sector. Most of the difference (82 percent) in average pay between the federal government and the private sector is explained by these differences in education. Holding education constant, federal workers earn \$1,604 more than their private-sector counterparts on average. That is where the experience of the federal workforce comes into play. More experienced workers tend to earn more, and the federal workforce, by and large, is older on average than the private workforce. If you hold education and age constant - and thus have an apples to apples comparison - federal employees earn slightly less than those in the private sector on average, although the difference is not statistically significant.

So the bottom line is: when education and age are held constant, the entire difference in average pay between the federal and private sectors disappears.

Moreover, in its February [analysis](#), PolitiFact noted that it's also necessary to consider the differing makeup of the federal and private workforces:

[I]t's important to understand that a big reason for the disparity is the different mix of jobs in the federal workforce. It has more higher-paying white-collar jobs, experts told us, while there are more lower-paying, blue-collar jobs in the private sector that bring the average down. So it is not an apples-to-apples comparison.

Even critics of federal compensation rates have acknowledged that the comparison is flawed. An April 1 *Government Executive* [article](#) noted that Chris Edwards, director of tax policy studies at the Cato Institute, "acknowledges that a better apples-to-apples comparison of job descriptions is needed":

Chris Edwards, director of tax policy studies at Cato, acknowledges that a better apples-to-apples comparison of job descriptions is needed. But he says Cato's statistics show that during the past decade, federal salaries have grown at a pace that exceeds that of the private sector.

"Has the composition of the federal workforce really changed that much in just eight years to justify such a big relative gain?" Edwards said in a statement on Cato's Web site. "I doubt it."

Further, in his post, Hoft desperately tried to link the increase in federal salaries to Obama administration policies, writing, "While the rest of the nation suffered through Obama's first year in office, government workers increased their salaries *by over \$30,000 in 2009*" [emphasis added].

Um, no, Jim. Government workers did not all receive a \$30,000 raise in 2009. As *USA Today* reported, this has been an ongoing trend since 2000, not something that spontaneously erupted under Obama: "The federal compensation advantage has grown from \$30,415 in 2000 to \$61,998 last year."

So before other media outlets try to use *USA Today's* report to launch more baseless attacks, they should keep in mind that the numbers don't tell the whole story.

Copyright © 2009 Media Matters for America. All rights reserved.