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Are Federal Employees Overpaid?

Uncle Sam's work force makes on average lots more than its counterparts in private industry.

By [Emily Badger](#)

From the moment the economy began to tank three years ago, frustrated workers have found productive outlet in grousing about the excessive compensation of hedge fund managers, auto execs and Wall Street CEOs. A less likely candidate for public pillory: government bureaucrats.

But is it possible federal employees also make [too much money](#)? (And, come to think of it, too much of the money originally supplied by taxpayers.)

[Chris Edwards](#), director of tax policy studies with the libertarian [Cato Institute](#), has corralled [data](#) from the [U.S. Bureau of Economic Analysis](#) that gives lie to the more common perception that public servants sacrifice salary to toil for Uncle Sam.

Federal civilian workers — not including the uniformed military — made on average \$79,197 in wages in 2008 according to the BEA data. The 108 million workers in private industry, on the other hand, averaged \$50,028.

The latter group does include burger flippers and cocktail waitresses.

“But you’ve also got Wall Street and Silicon Valley in the private sector as well,” Edwards argues.

Defenders of federal pay also point out the government employs a uniquely [well-educated](#) and elite work force.

“It’s true, a lot of lawyers work for the federal government,” Edwards said, “but that was true 10 years ago, too, and part of my argument is just the trend. Over the last 10 years, federal costs have really soared much faster than private costs. And 10 years ago, a lot of smart people worked for government, too.”

THE IDEA LOBBY

Miller-McCune's
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Badger follows the
ideas informing,
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*Are federal employees paid too much?
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(MBPhoto / istockphoto.com)*

that shapes D.C. policy from afar.

Particularly troubling to Edwards is the widening gap between public and private compensation since the beginning of the George W. Bush years. In 2000, federal civilians made on average \$51,518, compared to \$38,862 in the private sector. Throw in the value of total compensation with benefits, and eight years later, a government gig (\$119,982) is now worth twice a job in private industry (\$59,909), according to Edwards' analysis.

His conclusion is supported by a number of other studies. In March, *USA Today* conducted a direct [comparison](#) of jobs that exist in both the public and private sector, using Bureau of Labor Statistics (<http://www.bls.gov/>) data. The newspaper found that the federal worker made more money in eight out of 10 occupations, including nurses, chemists, cooks, clerks and janitors. The BEA also calculated the cost of the average federal employee benefit package in 2008 at \$40,785, compared to \$9,882 for private workers.

In a separate comparison of average compensation across [industries](#), again using BEA [statistics](#), the federal government ranked seventh out of 72 industries. The only groups with a higher total package of wages and benefits: people working in securities and investment; oil and gas extraction; petroleum and coal; pipeline transportation and company management.

Edwards blames the Bush-era movement toward rapidly escalating military pay (a trend the Pentagon now says is [unsustainable](#)). Federal employee unions insisted on keeping pace.

“It’s a matter, as any political economist would tell you, of concentrated benefits and diffuse costs,” Edwards said. “It’s the same as farm subsidies. Farmers are concentrated in certain congressional districts, and those members fight tooth and nail to get benefits. The rest of members who don’t have a lot [of farmers] don’t worry too much about it. It’s the same with federal workers.”

The federal [Office of Personnel Management](#) has long cited figures that suggest an opposite reality — that federal workers in fact suffer from a [pay gap](#) of more than [25 percent](#) compared to the same workers in private firms. Edwards, who questions the OPM methodology, would like to see an independent human resources group audit those statistics. He also questions how the federal “pay gap” has remained constant for so long when the BEA data show federal compensation rising faster than its private counterpart.

Edwards has a couple of other recommendations: Freeze federal salaries until the private work force picks up pace, and privatize some jobs (air traffic controllers in Canada, for instance, are not government employees) to let the market set compensation. (The latest effort to freeze [federal pay](#) is trying to find a home in the unemployment extension bill.)

Still, his wishes are probably about as realistic as hopes of reining in [CEO pay](#), but Edwards figures the timing is right for Americans now [sensitized](#) to the issue.

“And again,” he added, “we’ve got a trillion-dollar deficit.”