



Pay at many government jobs is higher than in private sector

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none — A growing body of research indicates that public-sector jobs not only offer greater job security and perks, but superior pay in many job categories as well. The findings will add fuel to the debate over how much taxpayers can afford to pay government employees, and whether budget crises can be averted by cutting their compensation.

For many years, generous benefits were defended as a necessary incentive to attract applicants to lower-paying government jobs.

"That may, in fact, have been true at one point, but it's now a myth," said Michael Widmer, president of the Massachusetts Taxpayers Association. "The explanation no longer holds water."

Federal data compiled at the end of 2010 found that state and local government employees made 44 percent more than private-sector workers, with benefits factored into the equation. Government salaries were 34 percent higher than salaries for private-sector jobs, and benefit costs were 69 percent more generous in the public sector, according to Bureau of Labor Statistics data from December.

Public employees have the biggest advantages in health insurance, pension plans and paid-leave perks, according to a January analysis by the Cato Institute, a Washington think tank.

High rates of union membership drive the public sector's advantage, according to the Cato Institute study. New England has the third-highest government wages of any U.S. region, and the third-highest percentage of unionized government workers, 57 percent.

Public employees' job tenure is twice as long as that of private workers, according to 2008 U.S. Census Bureau statistics. The average quit rate among state and local workers is one-third the rate in the private sector, indicating that pay is higher than needed to attract qualified job candidates, wrote Chris Edwards, director of tax policy studies for the Cato Institute.

Analysts attribute the public sector's advantage to the slashing of retirement plans in private industry and unions' political influence in fending off reform.

"The private-sector benefits have eroded and public-sector benefits have been largely untouched," Widmer said.

A corporate recruiter said job candidates covet the generous retirement packages that public employees get.

"Even if the salary isn't as high, the benefits are so great," said Jack Mohan, CEO of MRI Network – The Boston Group. "Private-sector people just don't have those pension packages right now. They've got to make money as they go."

Gov. Deval Patrick has proposed overhauling local and state pension programs to save an estimated \$2 billion over the next 30 years. The bill would cap pensions for new state employees, raise the retirement age for most new employees and calculate the benefit on the employee's five highest-paid years, rather than the current three.

Bringing employee health-care costs under control is another remedy favored by the Massachusetts Taxpayers Foundation. The group supports legislation that would enable communities to change public employees' health insurance plans without going through collective bargaining. Widmer estimated that the change could save the commonwealth's 351 cities and towns \$2 billion a year.

Comparing public- and private-sector compensation can be tricky because of differences in the composition of the work force.

Professional and support occupations including teachers account for two-thirds of state and local government work forces, while they comprise only half of the private-sector job pool, said Greg Philipaitis, an assistant regional commissioner for the U.S. Bureau of Labor Statistics. And the private sector has a higher percentage of part-time workers.

Noah Berger, executive director of the left-leaning Massachusetts Budget and Policy Center, said it would be a mistake to use government employees as a scapegoat in balancing budgets.

"Any business can try to cut costs by cutting salaries, but there's a question of whether that means you will reduce the quality of education by not attracting highly qualified teachers," Berger said. "The same could be said for other parts of state government."

The state's fiscal problems could be lessened by raising dividend and capital gains taxes, which are paid disproportionately by the wealthy, Berger said.

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