



Federal compensation once again in the crosshairs

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A libertarian think tank has added fuel to the debate over federal compensation, arguing that federal employees have enjoyed years of faster compensation growth and higher pay than private-sector workers.

Economist Chris Edwards, who serves as director of tax policy studies at the Cato Institute and as editor of a Cato website that focuses on downsizing the federal government, maintains in a [new paper](#) published on the site that the federal workforce in fact “imposes a substantial burden on America's taxpayers.”

“Since the 1990s, federal workers have enjoyed faster compensation growth than private-sector workers,” he wrote. “In 2014 federal workers earned 78 percent more, on average, than private-sector workers. Federal workers earned 43 percent more, on average, than state and local government workers. The federal government has become an elite island of secure and high-paid employment, separated from the ocean of average Americans competing in the economy. “

Edwards cites figures from the Bureau of Economic Analysis that put 2014 average wages of federal civilian workers at \$84,153, compared to \$56,350 for private-sector workers. The author said that when benefits such as health care and pensions are included, BEA data put 2014 average federal compensation at \$119,934, compared to \$67,246 for private-sector workers.

While he notes that the three-year pay freeze slowed the growth of federal wages in recent years, Edward advocates further measures, including cutting “the generous benefits received by federal workers,” and trimming the federal workforce “by terminating and privatizing programs.”

He also rejects the argument that the pay differences are due to higher average educational and skills requirements among federal workers.

“It is true that the federal workforce has a heavy contingent of skilled professionals, such as lawyers, but that has always been the case,” he wrote. “So it does not seem to explain why federal compensation has grown faster than private-sector compensation in recent decades.”

Edwards also dismisses the notion that the federal government should pay the price necessary to draw top talent into government service, and in fact argues that “federal hiring of the very best workers imposes an ‘opportunity cost’ on the economy by drawing talented people away from higher-valued activities in the private sector.”

“Unlike, say, France, where the best university graduates historically have gone into government,” he said, “the United States has historically prospered because the best and brightest have flocked to places such as Silicon Valley.”