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NRO: ON THE NEWS

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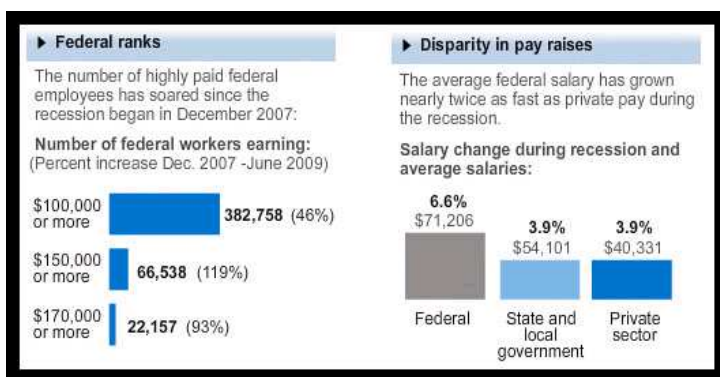
Boom-Times in the Beltway

By Daniel Foster

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Update: 2:35 P.M.: Even as federal employees' salaries are growing robustly, the president's pay czar Kenneth Feinberg has imposed new limits on executive compensation at AIG, Citigroup, General Motors, and GMAC, all recipients of government bailouts. Salaries will be limited to \$500,000 in cash, and bonuses will be tied to "real achievement of objective goals."

Update: 12:08 P.M.: The salary increases visualized:



Update: 11:59 A.M.: Chris Edwards at CATO—who has done quite a lot of independent analysis of federal pay—puts this story in context and adds some juicy details from his own data. Most remarkably, there are fully 383,000 federal workers earning six-figure salaries and 22,000 earning salaries of over \$170,000. And these numbers don't even include the \$41,000 in non-salary benefits the average federal employee receives each year.

* * *

There may be 7.3 million Americans out of a job in this economy, but it's happy days for federal employees. The number of civil servants making \$100,000 or more has jumped over 46 percent since the start of the recession.

The most dramatic increase came in the Transportation Department, where the number of employees earning salaries of over \$170,000 jumped from one to a whopping 1,690 in just a year and a half. The growth was triggered by rules that prevent top employees in a given department from making more than their bosses. In this case, when Congress raised the Federal Aviation Administrator's salary, it triggered raises for nearly 2,000 of his subordinates.

The Defense Department also saw a salary explosion when new merit-pay rules took effect—and there turned out to be a whole lot more merit around the Pentagon than Congress expected. The result was a five-fold increase in the number of defense officials earning \$150,000 or more.

Across the board, the salary bonanza has pushed the average federal worker's pay to \$71,206, compared with \$40,331 in the private sector.

Overall, the recession has been a boon for the Beltway crowd. We related last week that the Washington metropolitan area received nearly 10 times as much stimulus money per capita as the national average, keeping the unemployment rate in the area at 6.2 percent, far below rates of other large cities—9.3 percent in New York; over 10 percent in Chicago, Atlanta and Los Angeles—and the national average of 10.2 percent.

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Recovery Act funding alone has fed the creation of 407,000 government contract jobs—or two thirds of all jobs "created" under the Act—according to one [independent analysis](#). And during a time when most [businesses](#) are downsizing, the federal government itself actually grew by 13,000 employees in the last year—the first increase since the 1970s.

And the trend continues. We [previously indicated](#) that last week's jobs report wasn't nearly so positive as it looked (because the stats were jukeed), but what little real job creation there was occurred almost entirely in the government and [education](#) sectors.



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