

Seeking Alpha

# Seeking Alpha $\alpha$

## How Did the Wage / Benefit Gap Between Public and Private Sectors Get So Huge? [11 comments](#)

by: Tim Iacono

October 27, 2009

Having first been tipped off to this particular set of data via this [item](#) over at the Daily Bail, the details behind the charts get even more interesting the further you look.

In short, the gap between wages and benefits between federal workers and the private sector has grown to stunning proportions and is accelerating rapidly.

As if the wage differential isn't bad enough - some \$29,000 a year! - while private sector workers now get an average of about \$10,000 in benefits every year, the average federal worker receives a stunning \$41,000 in benefits.

**The average combined wages and benefits for federal workers is \$120,000!!!!**

As a point of reference, this is about \$8,000 higher than computer system designers.



Chris Edwards at the [Cato@Liberty](#) blog had a look at the most recent [data](#) from the Commerce Department and put together a few charts in this [post](#) over the weekend which are just mind-boggling.

They are certainly worthy of a little poking around by yours truly who has long marveled at how well gubment workers have made out over the last ten years, after successfully playing catchup (and then some) following the big wage gains in the private sector during the 1990s.

Anyway, here's the news from Cato:

### **Federal Pay Continues Rapid Ascent**

Posted by Chris Edwards

The Bureau of Economic Analysis has released its annual data on compensation levels by industry (Tables 6.2D, 6.3D, and 6.6D here). The data show that the pay advantage enjoyed by federal civilian workers over private-sector workers continues to expand.

The George W. Bush years were very lucrative for federal workers. In 2000, the average compensation (wages and benefits) of federal workers was 66 percent higher than the average compensation in the U.S. private sector. The new data show that average federal compensation is now more than double the average in the private sector.

Figure 1 looks at average wages. In 2008, the average wage for 1.9 million federal civilian workers was \$79,197, which compared to an average \$50,028 for the nation's 108 million private sector workers (measured in full-time equivalents). The figure shows that the federal pay advantage (the gap between the lines) is steadily increasing.

**Figure 1. Average Wages.**

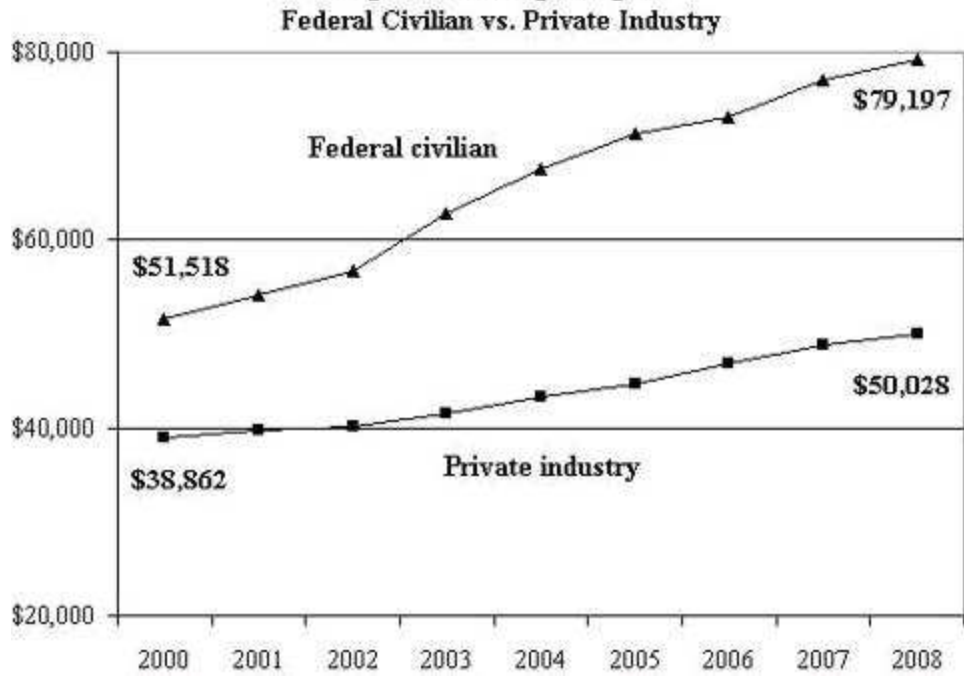
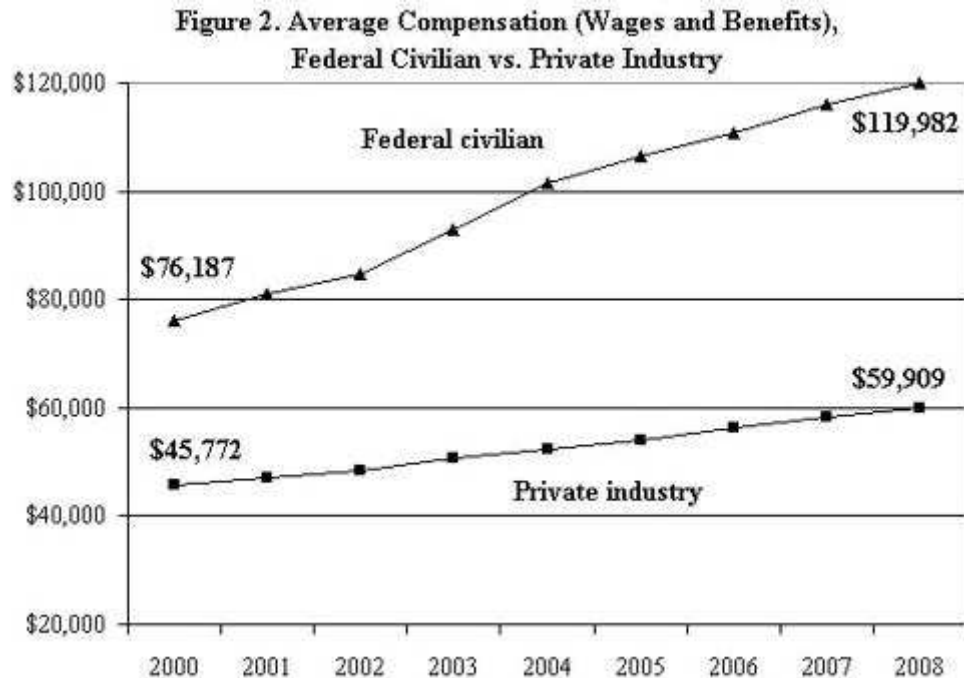


Figure 2 shows that the federal advantage is even more pronounced when worker benefits are included. In 2008, federal worker compensation averaged a remarkable \$119,982, which was more than double the private sector average of \$59,909.



What is going on here?

Good question...

There are a couple of follow-ups on this - responses to some rather heated questions and comments by federal workers (surprise!) were provided [here](#) and more employment categories were charted [here](#).

I just can't get over the fact that millions of federal employees get \$31,000 more per year in benefits than the private sector.

**Note:** According to Labor Department [data](#), total government employment stands at 22.3 million which includes 14.4 million at the local level, 5.2 million working at state governments, and 2.8 million at the federal government level. Presumably, the data above refers to the 2.8 million.

