

Comparing Public Employment and Private Employment

The facts as found by recent studies. Check out the information for yourself.

State of Minnesota and Minnesota Government Engineers Compensation Study (2009)

The State of Minnesota and the Minnesota Government Engineers Council have completed our data compilation and analysis of the responses to our compensation survey. The survey compiled data on compensation and benefits of engineers, engineering specialists, land surveyors and radio engineers.

The purpose of this survey was to gather compensation and benefit data for jobs which match classifications used by the State of Minnesota and represented by Minnesota Government Engineers Council. A mix of 92 public and private entities who do engineering work in Minnesota and neighboring states were surveyed, and responses were received from 29 organizations, or 32 percent of those surveyed. Copies of the summary results are available at http://www.mmb.state.mn.us/doc/comp/2008_Engineer_Survey_Final.pdf and also at <http://www.mgec.org/Compensation%20Study.htm>.

For engineers, the survey showed that on average in 2009, **state of Minnesota engineers were compensated less than private sector engineers** by 6.24 percent. Since the survey, those engineers have had two years of wage freezes while other engineers have enjoyed compensation increases, causing engineers who work for the state of Minnesota to fall further behind (as much as 12-15 percent). Other benefits, such as health insurance, were similar with state employees receiving slightly more vacation time.

Center For State and Local Government Excellence

Out of Balance? Comparing Public and Private Sector Compensation Over 20 Years Analysis May Shed Light on Government Hiring Difficulties, Despite Economic Conditions

This new report, commissioned by the Center and the National Institute on Retirement (NIRS) <http://www.nirsonline.org/>, provides an original analysis of data from the U.S. Bureau of Labor Statistics.

Key findings include:

Jobs in the public sector typically require more education than private sector positions. State and local employees are twice as likely to hold a college degree or higher as compared to private sector employees. Only 23 percent of private sector employees have completed college, as compared to about 48 percent in the public sector.

Wages and salaries of state and local employees are lower than those for private sector employees with comparable earnings determinants, such as education and work experience. State workers typically earn 11 percent less and local workers 12 percent less.

During the last 15 years, the pay gap has grown: earnings for state and local workers have generally declined relative to comparable private sector employees.

The pattern of declining relative earnings remains true in most of the large states examined in the study, although there does exist some state level variation.

Benefits make up a slightly larger share of compensation for the state and local sector. But even after accounting for the value of retirement, healthcare, and other benefits, state and local employees earn less than private sector counterparts. On average, total compensation is 6.8 percent lower for state employees and 7.4 percent lower for local employees than for comparable private sector employees.

Apples-to-apples comparison

"The picture is clear. In an apples-to-apples comparison, state and local government employees receive less compensation than their private sector counterparts," said Keith A. Bender, report co-author and associate professor, Department of Economics at the University of Wisconsin-Milwaukee. "These public sector employees earn less than they would earn if they took their skills to the private sector."

Government jobs require education and skills

"Jobs in state and local governments consist disproportionately of occupations that demand more education and skills," added report co-author John S. Heywood, distinguished professor, Department of Economics at the University of Wisconsin-Milwaukee. "Indeed, accounting for these differences is critical in understanding compensation patterns."

Some jobs are hard to fill - pay may be a factor

The study sheds light on a recent Center survey: http://www.slge.org/index.asp?Type=B_BASIC&SEC=%7B22748FDE-C3B8-4E10-83D0-959386E5C1A4%7D&DE=%7BA2C3B182-E31F-446B-B1CB-19D1CDD5BAEB%7D of government hiring managers. Elizabeth K. Kellar, president and chief executive officer of the Center reported, "Hiring managers told us that despite the economy, they find it difficult to fill vacancies for highly-skilled positions such as engineering, environmental sciences, information technology and healthcare professionals. The compensation gap may have something to do with this."

Even with benefits, government jobs pay less

Beth Almeida, NIRS executive director said, "For a long time, there has been a compensation trade-off in public sector jobs - better benefits come with lower pay as compared with private sector jobs. This study tells us that is still true today." She added, "What's striking is that on a total compensation basis - looking at pay and benefits - employees of state and local government still earn less than their private sector counterparts."

About the Center

Mission

To help state and local governments become knowledgeable and competitive employers so they can attract and retain talented, committed, and well-prepared individuals to public service.

The mission http://www.slge.org/index.asp?Type=B_BASIC&SEC=%7b0D0BB992-0CD2-406C-9007-0AA303C34013%7d of the Center for State and Local Government Excellence is to help state and local governments become knowledgeable and competitive employers so they can attract and retain talented, committed, well-prepared individuals to public service.

People

The Center is honored to have a Board of Directors http://www.slge.org/index.asp?Type=B_BASIC&SEC=%7b9A843769-29C4-4CCD-837C-E9253C8FC74B%7d composed of national leaders who have served at the highest levels of government, media, and state and local government associations, who are supported by staff http://www.slge.org/index.asp?Type=B_BASIC&SEC=%7b6000856F-2501-4243-B401-0FEE320C07FA%7d dedicated to the cause of public service.

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