



Public-sector workers enjoy windfall profits

By Jim Waters

Conventional wisdom claims government workers should get Cadillac benefit packages because their salaries lag far behind the private sector.

But the facts reveal such claims offer little more than convenient myths for large voting blocs of public workers and enabling politicians who intend to avoid their wrath at all costs.

And this myth of underpaid public employees hits a brick wall of reality at every level of government.

A recent USA Today analysis found that federal workers receive significantly higher salaries than private-sector workers and an even wider benefits gap exists. [The report](#) used the most recent Bureau of Economic Analysis figures to compare jobs that exist in both sectors:

- Federal workers earned an average salary of \$67,691 for occupations that exist both in government and the private sector. The average pay for the same mix of jobs in the private sector was \$60,046.
- The report also showed that government employees averaged \$40,785 in health, pension and other benefits compared with \$9,882 for private-sector workers.

USA Today also reports the share of personal income from private-sector wages and salaries “shrank to its smallest share in U.S. history.” At the same time, government-provided benefits reached record highs.

Since government relies on private paychecks to generate revenue for its programs, even an economics amateur can figure out that the current trend of growing government paychecks and shrinking private-sector wages is unsustainable.

The gaps are even larger between state and local government workers with their 37.5-hour workweeks and all the average Plumber Joes out there who put in the overtime to foot the bill.

The Bureau of Labor Statistics indicates that in 2008, the average full-time worker in the private sector put in 2,050 hours on the job compared with the 1,825 hours by public-sector workers.

The Cato Institute broke down the information [further](#). It found the gap in total compensation per hour was a whopping 45 percent — \$27.42 per hour in the private sector versus \$39.66 among government workers. In the section of the country considered “East South Central” by the labor bureau data, which includes Kentucky, Alabama, Mississippi and Tennessee, the gap was \$20.76 and \$32.14, respectively.

A report issued by former Gov. Ernie Fletcher’s administration showed that state employees on average get paid better than private-sector employees in 117 of Kentucky’s 120 counties. In fact, government workers are paid so well that when labor unions tried to organize state employees back in 2001, David Jackson, a career state worker, led a coalition in Frankfort against union organization.

They didn’t want to pay union dues because their compensation already was “the best in the nation, second to none,” Jackson told The Kentucky Gazette.

And it's not just fat [pensions](#). Benefits such as unsustainable health care plans and early retirement and scandals involving double-dipping and fraudulent disability claims contribute to the spending spree.

However, labor unions haven't quit trying.

Gov. Steve Beshear reinstated an executive order put in place by former Gov. Paul Patton but rescinded by Fletcher allowing state employees to organize.

If they succeed, government will get even bigger as “public sector unions push up the costs of the public sector workforce in the United States by about 8 percent,” said Chris Edwards, author of the Cato report.

The gap between what politicians say and actually do is at least as wide as that between public and private compensation.

Kentucky's leaders give lip service to getting the commonwealth's budget under control. Yet, they refused during the just-completed legislative session to address the pay and pension gaps – which just keep getting wider.

Another bit of conventional wisdom with lots of supporting evidence: When you're in a hole and you want to get out, stop digging.

— *Jim Waters is vice president of policy and communications for the Bluegrass Institute, Kentucky's free-market think tank. Reach him at jwaters@freedomkentucky.com. Read previously published columns at www.bipps.org.*