

The myth of the public sector trading low wages for good benefits

The Issue: The earnings of workers in the private sector vs. the public sector.

The Spin: Government-employee unions, and the politicians who do their bidding, defend generous public-employee pensions that have landed many municipalities in fiscal trouble by arguing that government employees are paid less than their private-sector counterparts and deserve these enhanced benefits to make up for their sacrifices.

Other defenders of government workers also yammer about the greed of corporate CEOs, arguing that the real greed is in the private sector.

The Unspin: It has been the common perceived wisdom over the years that people chose public sector jobs knowing that they would receive lower pay in exchange for more generous benefits and security unavailable in the private sector.

It's nearly impossible, for example, to fire a government worker even for egregious behavior, whereas most private-sector employees are "at will" hires who can be fired at the will of their bosses for many reasons.

Well, the generous benefits, especially the pensions, and the job security are still commonplace in the public sector. It turns out, however, that the notion of the poorly paid public servant is a myth. Government workers now enjoy higher wages than their private-sector counterparts.

If you don't believe me, check out data collected and issued by the federal Bureau of Labor Statistics. As of September 2005, total private-employer compensation costs averaged \$24.34 an hour per employee, with wages comprising \$17.23 an hour. Over the same period, total state and local government compensation costs averaged \$36.16 an hour, with wages comprising \$24.52 an hour.

(On a side note, union members criticized me for reporting that the average total-compensation package for firefighters in Orange County tops \$175,000 a year, noting that I included all costs to employers and not just salaries. Note that the BLS, while it breaks down various elements of compensation, also reports total compensation costs to employers, since that is, in fact, the figure that managers need to use when deciding how many employees they can afford to hire.)

Government workers are a class unto themselves, which no doubt explains the increased arrogance of the public sector in general.

- **Steven Greenhut**

