



FACTS: PUBLIC EMPLOYEES

ECONOMIC POLICY INSTITUTE • FEBRUARY 2011 • FACT SHEET

Michigan public-sector workers underpaid compared with private-sector counterparts

Full-time state and local government employees in Michigan are undercompensated by 5.3%, when compared with otherwise similar private-sector workers.¹ A rigorous analysis using a comprehensive monthly database² that includes the necessary variables—education, experience, hours of work, organizational size, gender, race, ethnicity, citizenship, and disability—provides the most accurate comparison of public- and private-sector compensation. Previous studies of Michigan used incomplete earnings data and failed to control for education levels and years of experience.

The facts:

- On an annual basis, Michigan's full-time state and local workers and school employees are undercompensated by 5.3%, in comparison with otherwise similar private-sector workers. When annual hours worked are factored in, the gap remains but shrinks to 2.9%.
- Michigan state and local governments and school districts pay college-educated workers, on average, 21% less than private employers. On the other hand, the roughly 1% of public-sector workers without high school diplomas tend to earn more than their peers.
- Michigan public-sector workers are more highly educated than private-sector workers; 53% of full-time Michigan public-sector workers hold at least a four-year college degree compared to 31% in the private sector. The public-sector education data include teachers, attorneys, engineers, and other highly skilled workers, all of whom have at least a four-year degree.
- In addition to having higher education levels, Michigan state and local employees, on average, are also more experienced (24 years) than their private-sector counterparts (21.7 years).
- Public employees—like all other American workers—have been victims of the worst recession since the Great Depression. In fact, severe financial problems as a result of the Great Recession have forced state, county, and municipal officials across the country to make massive cuts in spending. As a result, tens of thousands of public-sector employees have been laid off, and thousands more have been subject to forced furloughs, pay freezes, and cuts in benefits.

¹ See the 2011 EPI Briefing Paper, *Are Michigan Public Employees Overcompensated?*, by Labor and Employment Relations Professor Jeffrey Keefe, Rutgers University. The study uses data collected primarily from the National Compensation Survey, and in accordance with standard survey practice, focuses on year-round, full-time public- and private-sector employees.

² U.S. Census Bureau and Bureau of Labor Statistics.