Minnesota public-sector workers are undercompensated compared to private-sector counterparts

Full-time state and local government employees in Minnesota are undercompensated by 11%, when compared to otherwise similar private-sector workers. A rigorous analysis using a comprehensive monthly database 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 in Minnesota.

The facts:

- On an annual basis, full-time state and local workers and school employees are undercompensated by 11% in Minnesota, in comparison to otherwise similar private-sector workers. When comparisons are made for differences in annual hours worked, the gap remains, albeit at a smaller percentage of 7.9%.

- Minnesota public-sector workers are more highly educated than private-sector workers; 60% of full-time Minnesota public-sector workers hold at least a four-year college degree, compared to 37% of full-time private-sector workers.

- Minnesota state and local governments and school districts pay college-educated workers on average 25% less than do private employers.

- College-educated public-sector workers earn considerably less than private-sector employees. On the other hand, the less than 1% of public-sector workers without high school diplomas tend to earn more than their peers in the private sector because the public sector sets a floor on earnings.

- In addition to having higher education levels, compared to Minnesota private-sector employees, Minnesota state and local government employees on average are more experienced (23.4 years compared to 20.1 years).

---

1 See the 2011 EPI Briefing Paper, Are Minnesota 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.