



FACTS: PUBLIC EMPLOYEES

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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.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 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.