



## **WISCONSIN PUBLIC VERSUS PRIVATE EMPLOYEE COSTS**

### **Why compare apples to oranges?**

BY JEFF KEEFE

Inaccurate comparisons of national and Wisconsin public employee compensation with private sector compensation are circulating in Wisconsin. These faulty comparisons, showing that public employees in Wisconsin are dramatically overpaid, seem to support legislative efforts to increase benefit contributions by public employees. These increased benefit contributions would subject them to a pay cut greater than 10% and eliminate their collective bargaining rights.

But when we compare apples to apples, we find that Wisconsin public employees earn 4.8% less in total compensation than comparable private sector workers. The comparisons—controlling for education, experience, hours of work, organizational size, gender, race, ethnicity, citizenship, and disability—demonstrate that full-time state and local public employees earn lower wages and receive less in total compensation (including all benefits) than comparable private sector employees.

Why does it appear otherwise? Both nationally and within Wisconsin, public sector workers are significantly more educated than their private sector counterparts. Nationally, 54% of full-time state and local public sector workers hold at least a four-year college degree, compared with 35% of full-time private sector workers. In Wisconsin, the difference is even greater: 59% of full-time Wisconsin public sector workers hold at least a four-year college degree, compared with 30% of full-time private sector workers.

These stark educational differences arise for two reasons. First, many public employees are professionals and teachers in positions that require higher levels of education. Second, the movement to privatize public sector work has been accomplished in great part by moving low-skilled work from the public to private sector, where benefits are often more modest.

Public employees receive substantially lower wages, but much better benefits than their private sector counterparts. Wisconsin state and local governments pay public employees 14.2% lower annual wages than comparable private sector employees. On an hourly basis, they earn 10.7% less in wages. College-educated employees earn on average 28 percent less in wages and 25% less in total compensation in the public sector than in the private sector. The earnings differential is greatest for professional employees such as lawyers and doctors. On the other hand, the public sector appears to set

---

a floor on compensation. State and local government workers without a high school education are more highly compensated than similarly educated workers in the private sector, which may be why jobs filled by workers without a high school education could be targeted for outsourcing.

On the other hand, Wisconsin public employees receive considerably better benefits than their private sector counterparts. Wisconsin public employers devote on average 26.7% of employee compensation expenses to nonwage benefits, whereas private employers devote between 19.4% and 22.8% to those benefits. Public employers devote a larger share of their compensation packages to health insurance and pension benefits than do private employers. Health insurance accounts for 12.9% of state and local government compensation compared with 7% to 9.7% of private sector compensation. Retirement benefits account for 8% of state and local government compensation costs compared with 2.5% to 4.9% in the private sector. These better benefits are paid for by lower wages. This is a tradeoff made by the employee unions, reflecting the willingness of public employees to forgo higher wages for better benefits. There are also substantial federal tax advantages for making this tradeoff.

Public employees in Wisconsin have had collective bargaining rights for 50 years. Even if substantial wage and benefit concessions were necessary to reduce the state deficit, collective bargaining could handle substantial concessions. The threat of employment reductions and the possible passage of the Budget Repair Bill gives Gov. Scott Walker considerable bargaining leverage. If the governor lets the employees decide how to take the concessions to meet his financial budget objectives, it would benefit management because employees will have had an opportunity to participate, rather than suffering a demoralizing imposition.

Not just some but all public employee unions should be subjected to any provisions in legislation that changes benefits to ensure the nonpartisan nature of negotiations.

## Occupational Employment Statistics for Wisconsin Public-Sector Occupations, May 2009

| Occupation (SOC code)   | Employment* | Annual mean wage** | Annual 10th percentile wage** | Annual 25th percentile wage** | Annual median wage** | Annual 75th percentile wage** | Annual 90th percentile wage** |
|---|-------------|--------------------|-------------------------------|-------------------------------|----------------------|-------------------------------|-------------------------------|
| <i>Preschool Teachers, Except Special Education (252011)</i>                            | 10,550      | \$23,460           | \$16,480                      | \$18,200                      | \$21,160             | \$25,560                      | \$33,840                      |
| <i>Kindergarten Teachers Except Special Education (252012)</i>                          | 3,470       | 45,590             | 30,270                        | 37,680                        | 45,220               | 53,240                        | 62,310                        |
| <i>Elementary School Teachers Except Special Education (252021)</i>                     | 27,940      | 51,240             | 32,730                        | 40,960                        | 50,600               | 61,170                        | 72,160                        |
| <i>Middle School Teachers Except Special and Vocational Education (252022)</i>          | 12,470      | 50,950             | 33,430                        | 40,070                        | 49,670               | 61,420                        | 72,450                        |
| <i>Vocational Education Teachers Middle School (252023)</i>                             | 240         | 54,720             | 27,000                        | 41,680                        | 54,590               | 68,920                        | 81,270                        |
| <i>Secondary School Teachers Except Special and Vocational Education (252031)</i>       | 18,420      | 49,400             | 32,290                        | 39,030                        | 48,650               | 59,650                        | 69,550                        |
| <i>Vocational Education Teachers Secondary School (252032)</i>                          | 1,520       | 48,080             | 32,310                        | 39,480                        | 47,900               | 56,870                        | 65,030                        |
| <i>Special Education Teachers Preschool Kindergarten and Elementary School (252041)</i> | 3,310       | 50,460             | 34,550                        | 40,500                        | 49,450               | 59,060                        | 68,510                        |
| <i>Special Education Teachers Middle School (252042)</i>                                | 1,950       | 50,150             | 34,870                        | 41,240                        | 48,690               | 59,160                        | 69,210                        |
| <i>Special Education Teachers Secondary School (252043)</i>                             | 2,310       | 53,430             | 37,330                        | 43,840                        | 52,760               | 63,020                        | 72,400                        |
| <i>Librarians (254021)</i>  | 3,320       | 50,930             | 33,610                        | 41,710                        | 50,530               | 60,540                        | 70,080                        |
| <i>Fire Fighters (332011)</i>   | 8,920       | 33,260             | 15,860                        | 20,080                        | 29,560               | 46,080                        | 56,050                        |
| <i>Correctional Officers and Jailers (333012)</i>                                       | 7,340       | 43,680             | 33,190                        | 37,440                        | 43,280               | 49,540                        | 56,370                        |
| <i>Detectives and Criminal Investigators (333021)</i>                                   | 1,520       | 65,540             | 46,850                        | 55,170                        | 64,760               | 74,390                        | 86,160                        |
| <i>Police and Sheriff's Patrol Officers (333051)</i>                                    | 12,240      | 52,120             | 33,600                        | 43,700                        | 53,010               | 61,980                        | 69,830                        |
| <i>Eligibility Interviewers Government Programs (434061)</i>                            | 880         | 39,330             | 28,340                        | 33,860                        | 38,850               | 45,020                        | 52,080                        |

\* Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed workers.

\*\* Annual wages have been calculated by multiplying the hourly mean wage by 2080 hours; where an hourly mean wage is not published, the annual wage has been directly calculated from the reported survey data.

**NOTE:** Wages for some occupations that do not generally work year-round full time are reported either as hourly wages or annual salaries depending on how they are typically paid.

**SOURCE:** Bureau of Labor Statistics <[http://www.bls.gov/oes/oes\\_dl.htm](http://www.bls.gov/oes/oes_dl.htm)>.