



FACTS: PUBLIC EMPLOYEES

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California public-sector workers are neither overpaid nor overcompensated compared with the private sector

Full-time state and local government employees in California earn about 7% less, on average, 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, experience, citizenship, and disability—provides the most accurate comparison of public- and private-sector compensation in California. Such an analysis shows that there is no significant difference in the compensation costs—either annual or hourly—between California’s private- and public-sector workers.

The facts:

- The *wages* received by California public employees are about 7% lower, on average, than wages received by comparable private-sector workers.
- On average, California’s public-sector workers are *more highly educated* than private-sector workers; 55% of full-time California’s public-sector workers hold at least a four-year college degree compared with 35% of full-time private-sector workers. On average, California state and local governments pay college-educated workers less than private employers.
- California’s public employees receive a higher portion of their compensation in the form of *employer-provided benefits*, and the mix of benefits is different. Public employers underwrite 35.7% of employee compensation in benefits, whereas private employers devote 30%.
- *Health insurance* accounts for 7.7% of private-sector compensation but 11.8% of state and local government employee costs. *Retirement benefits* also account for a substantially greater share of public employee compensation (8.2%) compared with the private sector (3.6%). On the other hand, public employees receive considerably less *supplemental pay* and *vacation time*, and public employers contribute significantly less to legally mandated benefits.
- When ***total compensation***—both the cost of employer-provided benefits and direct pay—is taken into account, state and local public sector workers in California are similarly compensated to workers in the private sector.

¹ See the 2010 CWED Policy Brief, *The Truth About Public Employees in California*, by Labor and Employment Relations Professor Jeffrey Keefe (Rutgers University) and Research Economist Sylvia Allegretto (UC Berkeley). 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.