

Thursday, June 10, 2010

## Labor Department Stats Show Government Workers Cost More to Employ

Anyone thinking clearly knows that government employees are ridiculously overpaid in aggregate but inquiring minds are asking "by how much?" That's a good question, so let's first take a look at a NYT article, then the underlying data.

The New York Times reports [Government Workers Cost More to Employ](#).

It costs about \$12 more per hour to employ a state or local government worker versus a private sector employee, the Labor Department said Wednesday.

Employers spent \$39.81 per hour worked for state and local government workers in the first quarter compared to \$27.73 per hour for those with private industry jobs.

It costs state and local governments \$3.16 per hour to pay for employees' retirement and savings plans, compared to 96 cents for private workers.

Another \$4.52 goes to health insurance for public workers, compared to \$2.08 for private workers. And governments spend \$3 per hour for its workers' paid leave, compared to \$1.88 for private workers.

Meanwhile, a breakout of private workers showed that it cost more to employ union workers than nonunion employees. Compensation for union workers cost \$37.16 per hour compared to \$26.67 for non-union workers.

Overall compensation of all civilian workers in the U.S. typically cost employers \$29.71 per hour in the first quarter, compared to \$29.39 per hour the same time a year ago.

Public employee compensation has come under the knife lately as strapped states and cities search for ways to cut costs and balance their budgets. In New York, for example, Mayor Michael Bloomberg has said he'll freeze teacher salaries and in Memphis the highest-paid city employees are getting pay cuts.

### **BLS Employer Compensation Costs**

Inquiring minds are investigating the [BLS Employer Compensation Costs Report](#)

### **Private Industry Compensation - Table 6 Excerpt**

Compensation component	All goods-producing <sup>1</sup>		All service-providing <sup>3</sup>	
	Cost	Percent	Cost	Percent
Total compensation .....	\$32.42	100.0	\$26.77	100.0
Wages and salaries .....	21.64	66.7	19.16	71.6
Total benefits .....	10.78	33.3	7.61	28.4

Note 1: Includes mining, construction, and manufacturing. The agriculture, forestry, farming, and hunting sector is excluded.

Note 3: Includes utilities; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

**Public Compensation - Table 3 Excerpt**

Compensation component	All workers		Service-providing <sup>2</sup>	
	Cost	Percent	Cost	Percent
Total compensation .....	\$39.81	100.0	\$39.86	100.0
Wages and salaries .....	26.25	65.9	26.30	66.0
Total benefits .....	13.56	34.1	13.56	34.0

Note 2: Service-providing industries, which include health and educational services, employ a large part of the State and local government workforce.

Both charts above are small excerpts.

**Public Worker Benefits Understated**

Bear in mind, public worker benefits are tremendously understated for two reasons.

1. Guarantees - Private workers have no guarantees with their 401 K plans (assuming they have any plan at all). The cost of insuring those benefits falls on the taxpayer, not the employee.
2. Retirement Age - Public employees, especially police and fire fighters can retire after 30 years or even less

that means age 50 in some cases.

### Unnecessary Work

Also bear in mind, that many jobs are not needed at all.

If it was up to me, I would get rid of the HUD, FHA, Fannie Mae, Freddie Mac, the Department of Energy, and the Department of Education. Furthermore, I would slash military spending by 75%. That is just a start of what needs to happen.

So, not only are public bureaucrats overpaid, there is a genuine debate as if the services are needed at all.

Public unions and public workers are bankrupting this nation just as they bankrupted Greece. The only solution is to get rid of them. Public unions should be banned.

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