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Federal Employee Pay – Are Government Workers Overpaid?

On Tuesday, September 21, 2010, Aaron Hunter attended the Heritage Foundation panel discussion titled, “Are Government Workers Overpaid?” The panelists included: Andrew Biggs, Resident Scholar at the American Enterprise Institute; Chris Edwards, Director of Tax Policy Studies at the Cato Institute; and James Sherk, Senior Policy Analyst in Labor Economics at the Heritage Foundation. The panel discussed their findings that point to the fact that even though the private sector experienced an economic downturn, with the loss of some eight million jobs, government payrolls have increased.

The topic of overpaid government employees is one that has come up on several occasions this session of Congress and we are anticipating that it will continue to be raised in the next session. There has been discussion by Members of Congress related to both pay freezes and cuts and legislative language has been offered in both the House and Senate.

The panel on September 21 addressed the topic of compensation for government workers from a research perspective, as opposed to focusing on the political ramifications. The panelists argued that federal employees earn more than private sector workers, which they stated is resulting in a negative perception of government employees by the general public.

A September 21, 2010 GovernmentExecutive.com article titled, “Federal pay called into question -- again,” detailed the panel discussion and included the following quote from James Sherk, “Civil service shouldn’t be something where you get a massive pay cut, but it also shouldn’t be something where you go to get rich. We want government to be like any other job.” According to Sherk, federal employees earn between 30 and 40 percent more in total compensation than individuals who work in the private sector. He added that, yes, the federal workforce tends to be highly educated and skilled compared to their counterparts in the private sector, but even after the consideration of those factors they still are overpaid. He went on to say that it is pension credits, unused sick leave, job security and other benefits, which tip the pay scales towards the federal employee.

Additionally, members of the panel stated that the research they have released shows that the annual pay gap study published by the Office of Personnel Management (OPM) is flawed because of the methodology used by OPM to compare pay. Participants at the September 21 event criticized OPM for focusing on the job-to-job comparisons in their studies, rather than on an employee’s skills and abilities when considering pay.

The panel also noted that the pay disparity between federal workers and their colleagues in the private sector does seem to be more heavily weighted towards the lower lever, lower skill positions. They stated that lower level positions such as workers who cut the grass at the Pentagon or security guards tend in some cases to be paid 70 percent more than someone that holds a similar position in the private sector. The panel went on to add that highly educated

individuals such as engineers, lawyers, and doctors in the federal workforce tend to be underpaid on average.

The panel also offered a few different suggestions that they felt could potentially narrow the pay gap. One suggestion offered by the panel was the implementation of a pay-for-performance system that would use market demand to set pay. They stated that this type of system would be much more sensible and appropriate than the current General Schedule.

They also suggested that the government could outsource more jobs and bring federal employee vacation days in line with the private sector. The panel also called for a multiyear federal pay freeze while outside auditors review the methodology used to calculate compensation.

The Heritage Foundation has now posted the webcast of the September 21 panel discussion to their website. You can access the information at the following link:

<http://www.heritage.org/Events/2010/09/Government-Workers>

Additionally, the following are links to web memos/research from the Heritage Foundation that discuss federal employee pay:

Comparing Pay in the Federal Government and the Private Sector

Published on July 16, 2010 by [James Sherk](#)

<http://www.heritage.org/Research/Reports/2010/07/Comparing-Pay-in-the-Federal-Government-and-the-Private-Sector>

Why Not Work for the Government? Federal Workers Make Twice As Much

Posted April 29, 2010 at 4:00pm in [Enterprise and Free Markets](#)

<http://blog.heritage.org/?p=32508>

Who in This Country Has More than They Deserve? Most Federal Employees

Published on July 14, 2010 by [James Sherk](#)

<http://www.heritage.org/Research/Commentary/2010/07/Who-in-This-Country-Has-More-than-They-Deserve-Most-Federal-Employees>

We believe that federal employee compensation will continue to be a topic of discussion in Washington for the foreseeable future. NCSSMA will certainly be active on this issue and we will keep you updated.

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