

Opinion: An illuminating look at public vs. private wages

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Public employee unions often defend their members' pricey pensions by claiming the benefits make up for salaries that are lower than those in the private sector.

A study released last week undermines that rationale. In California, wages of state and local government workers are similar to, or slightly higher than, wages for comparable workers in the private sector, according to the analysis. Add in pension and retiree health benefits for government workers, and the total compensation is substantially more than in the private sector.

The California Foundation for Fiscal Responsibility, which has been spearheading efforts for a statewide pension reform ballot initiative, commissioned the study. The work was done by Michael Genest, state finance director under Gov. Arnold Schwarzenegger; Brad Williams, former fiscal consultant to the Democrat-controlled state Assembly Appropriations Committee and former chief economist of the nonpartisan state Legislative Analyst's Office; and Jay Peters, an actuary and retirement benefits expert.

The salary-comparison analysis is tricky. That's why there is little reliable information to support or refute the unions' claim of lower salaries.

Labor unions often cite studies showing that workers with similar education make less in government jobs. But that doesn't account for the differences of job demands in the private and public sectors. Critics, in turn, point to federal data showing that government employees have larger average paychecks than other workers. But that doesn't account for the greater proportion of high-skilled jobs in the public sector.

So authors of last week's study tried to compare apples to apples. Using federal data for the Los Angeles, Sacramento and San Francisco areas, they compared job categories that apply to both public and private sectors.

They found that government workers had larger salaries than private-sector employees in more of the job categories, especially in lower-skilled occupations. Conversely, the private sector pays more for top-level management and specialized occupations, like engineering and computer science.

For public safety jobs, such as police, firefighters and prison guards, for which there are no private-sector comparisons, the analysis compared salaries within California to elsewhere in the country. Even after adjusting for the higher cost of living here, California governments pay significantly more than the national average.

As for benefits, the authors conclude, public sector workers have much better deals than the private sector. Each year, for example, a state worker earns pension and retiree health benefits worth about three times that of an employee in a large private-sector firm.

Minutes after the report was released, Steve Maviglio, spokesman for labor groups trying to

block pension changes, blasted Genest and Williams because they are former state workers collecting public pensions. Maviglio was gubernatorial spokesman for Gray Davis, who approved the dramatic pension increases that are a key cause of today's huge unfunded liability.

While Davis acknowledges his costly error, Maviglio issues blistering news releases attacking those who might question the current system.

Yes, a lot of anti-tax conservatives are pushing for pension changes. But so are Democrats like San Francisco public defender Jeff Adachi, former Marin County Assemblyman Joe Nation, now teaching at Stanford, San Jose Mayor Chuck Reed and Contra Costa Supervisor John Gioia of Richmond.

This bipartisan problem will push hundreds of billions of dollars of debt onto our children. Progressives should be alarmed because the mounting cost threatens funding for services to the needy.

The study authors correctly conclude, "the key question is not who has the higher compensation levels but rather what is an appropriate pay and benefit package for attracting and retaining a qualified workforce."

And: "The current public compensation systems are overcommitted to large vested pension rights, which do not provide state and local governments with adequate flexibility to manage their budgets."

That can't continue.

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