

Rutgers University studies public versus private employee salaries

By Bob Braun/Star-Ledger Columnist

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Nothing destroys the fun of an argument more than facts. They get in the way of rhetoric and turn black-and-white issues into muddy shades of gray. That's nowhere more true than in the fight over pay for New Jersey public employees.

Leave it to Rutgers, New Jersey's state university, to hold a conference that raises questions about popular contentions — for example, that public employees make much more than private, that they are the highest paid anywhere, or that their numbers are multiplying out of control.

Not necessarily so, say some experts on labor and management relations who presented their findings in New Brunswick the other day. Jeffrey Keefe, an associate professor at the university's School of Management and Labor Relations, said public employees do not make more than comparable private employees.

According to Keefe, comparing private and public employees with the same educational level, experience and work schedule shows private employees make 11 percent more in wages and 5 percent more in total compensation than public workers.

"It's hard to show that public workers are overpaid compared to private sector workers," said Keefe, but he quickly added: "Even though their wages are lower, it's also hard to argue they are underpaid."

In other words, it's not simple.

Using the latest federal data, Keefe said the average total compensation for workers in the private sector with bachelor's degrees is \$89,041 compared with \$56,641 for public workers.

For workers with professional degrees — lawyers, say, or doctors — the gap is more dramatic: \$175,141 in the private sector, \$79,330 in the public.

Where public outdoes private is among workers without much education. The average compensation for a public worker without a high school diploma is \$41,000, compared with \$27,719. With diplomas, employees in both sectors make \$44,000.

Public workers are more educated than private — 57 percent have college degrees and higher, compared with 44 percent. Because workers in all sectors are paid according to education and skill levels, lumping them all together — the least skilled with the most — is misleading.

Using older data, another Rutgers faculty member, economist William Rodgers, said that between 1970 and 2000, the private employment market for less educated workers — especially men —



Ed Murray, The Star-Ledger

Protestors march during a NJEA protest against Governor Chris Christie's budget cuts in Newark on April 17, 2010. Some of the rhetoric surrounding the teachers' salaries budget cuts have noted that public school teachers are highly paid public employees. A Rutgers study, however, found that this popular contention is not necessarily true.

collapsed. At the same time, the introduction of collective bargaining in the public sector allowed public workers to maintain wages and benefits.

In 1970, Rodgers said, male private employees earned more in wages alone than male public employees. By 2000, the gap had closed and public workers made "slightly" more — 3 percent for state employees. In 2000, female workers were making nearly 13 percent more than private sector workers.

Public jobs opened for educated women just as private jobs for less educated men disappeared. New Jersey's manufacturing base, which once provided good jobs for less educated men was history, along with union protections and benefits the jobs provided.

But the public sector has not grown substantially in the last 30 years, According to Carl Van Horn, another professor just appointed to the state's Council on Economic Advisers by Gov. Chris Christie, about 16 percent of all New Jersey workers are employed by government, compared with 14 percent 40 years ago.

Much of that growth was driven by federal spending, not state.

Van Horn, who opened the conference, said he hoped the presentation of facts showing the complexity of the issue would "start a dialogue" about public employee compensation, but he conceded he was not optimistic.

"It's very depressing to hear and read all the vitriol," he said.