



## Michigan public-sector workers underpaid compared to private-sector counterparts, EPI study finds

*"Apples-to-apples" study provides accurate comparison of compensation*

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A new Economic Policy Institute study released this week finds that full-time state and local government and school employees in Michigan are undercompensated by 5.3%, when compared to otherwise similar private-sector workers. By using a comprehensive database that is updated monthly by the U.S. Census Bureau and Bureau of Labor Statistics, the study provides an accurate comparison of public- and private-sector compensation in Michigan, unlike previous studies that used incomplete earnings data and failed to control for education levels and years of experience.

The analysis, *Are Michigan Public Employees Overpaid?*, by Labor and Employment Relations Professor Jeffrey Keefe of Rutgers University, controls for education, experience, hours of work, organizational size, gender, race, ethnicity, experience, citizenship and disability. 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.

#### Major findings of the study include:

- On an annual basis, full-time state and local employees and school employees are under-compensated by 5.3% in Michigan, in comparison to otherwise similar private-sector workers. When comparisons are made for differences in annual hours worked, the gap remains, albeit at a smaller percentage of 2.9%.
- Michigan state and local governments and school districts pay college-educated workers on average 21% less than private employers.
- Michigan public-sector workers are more highly educated than private-sector workers; 53% of full-time Michigan public-sector workers hold at least a four-year college degree compared to 31% of full-time private-sector workers. The public-sector education data include teachers, attorneys, engineers and other highly-skilled workers, 100% of whom have four-year degrees or higher.
- College-educated public-sector workers earn considerably less than private-sector employees. On the other hand, the roughly 1% of public-sector workers without high school diplomas tend to earn more than their peers in the private sector because the public sector sets a floor on earnings.

- In addition to having higher education levels, compared to Michigan private-sector employees, Michigan state and local government and local school employees on average are more experienced (24 years compared to 21.7 years).

The study makes clear that public employees—like every other American worker—have in fact been victims of the worst recession since the Great Depression. In fact, severe financial problems as a result of the Great Recession have forced state, county and municipal elected officials across the country to make massive cuts in spending. As a result, tens of thousands of public sector employees have been laid off and thousands more have been subject to forced furloughs, pay freezes and cuts in benefits.