

**COMMISSION ON ENHANCING AGENCY OUTCOMES
SUMMARY SHEET**

State Employee Compensation Compared to the Private Sector

Examined in two parts: 1) overall average difference in compensation; and 2) difference in monetary compensation in several selected positions.

PART ONE: OVERALL COMPARISON INCLUDING BENEFITS

State Compensation. First, in overall terms, the average state employee salary for 2008 was \$65,746¹, which is a gross average using all payroll for all active SERS employees divided by the number of active SERS employees, which covers most state personnel. The benefit package value is costed out below.² In using 2008 as the year for calculations, it assumes an annual payroll including payment of merit pay, all cost of living increases, etc., and prior to SEBAC agreement imposing furlough days, pay freezes, etc.

Table 1. Average State Employee Compensation		
	Amount	% of Salary
All monetary compensation -- Salary, longevity, overtime, merit bonuses	\$65,746	
Medical/Health Insurance -- Employer's Share (89%) for subscriber + 1 (POE) (Employee contribution \$1,517 (11%))	\$12,173	18.52%
FICA – Social Security	\$4,076	6.2%
FICA – Medicare	\$960	1.45%
Unemployment	\$190	0.29%
SERS – Retirement	\$22,353	33.99%
Value of benefits ³ (and % of salary)	\$39,752	60.5%
Total Compensation Package for Average State Employee	\$105,498	

Private Sector Compensation. In the private sector, staff used average private sector wage for Connecticut in 2008 (CT DOL) and applied the same percentages for FICA (required by federal law). Staff used the premiums for health care for employee plus one for CT from Kaiser Family Foundation⁴. Retirement benefits are based on results from the CBIA 2008 survey of member employers. Since most of the respondent businesses⁵ indicated they had a 401k (defined contribution plan), and the typical employer contribution was 85 percent of the first 6.2% of salary, that is what is used for this analysis.

¹ This is the average salary used in the FY 08 SERS valuation report, prepared by Milliman Actuarial Consulting.

² This analysis does not place a value on more intangible benefits like number of vacation days, number of personal days, number of sick days, or the ability to carry them over from year to year, or in cash-out value when state employment terminates. Typically, for state employees, cash-out value would be the value of all unused vacation time (up to a 120-day maximum) any time an employee terminates and 25 percent of all unused sick time (capped at 60 days), paid only at time of retirement, not other termination. The analysis does not place a cash value on severance packages, more common at termination in the private sector.

³ The value of benefit package will be less for newer state employees who will be assessed a 3% of salary contribution for retiree health care until they reach 10 years of employment (refundable if leave state service prior to 10 years)

⁴ These premium amounts and % contribution would be for all plans – both public and private -- and therefore may be somewhat higher than for private sector plans alone. Supporting that is the information from a 2007 CBIA benefit survey indicating that the employer % of premiums covered was 62%

⁵ 41% of CBIA respondents indicated they had a 401k plan, but only about 75% match employee contribution, which is not reflected in the \$2,990 figure.

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Table 2. Average Private Sector Employee Compensation		
	Amount	% of Salary
All monetary compensation -- salary, overtime, merit bonuses	\$59,313	
Medical/Health Insurance -- Employer's Share (79%) for subscriber + 1 employee's contribution is \$2,380 (21%)	\$6,925	11.7%
FICA – Social Security	\$3,677	6.2%
FICA –Medicare	\$860	1.45%
Unemployment	\$409	0.69%
Retirement	\$2,990	5.0%
Value of benefits (and % of salary)	\$14,861	25%
Total Compensation Package for Average Private Sector Employee	\$74,174	

Difference in the two sectors. Therefore, the difference in average monetary compensation between state employees and the private sector is not that great -- \$6,433 – about 10 percent higher for state employees. However, it is the difference in the cost of the benefit package between the state and private employment that is substantial -- \$14,861 in the private sector (or about 25% of the average wage) versus \$39,752 in state employment (or about 60% of the average wage). The dollar value difference of the benefit packages in the two sectors then is about \$24,891 (or about 167% higher for state employees).

PART TWO: COMPARISON FOR SELECTED POSITIONS

Earnings comparison between state government and the private sector are from the Connecticut Department of Labor 2009 wage data for 383 occupational titles. The data identify base wage rates by occupation, including such things as cost-of-living allowances, guaranteed pay, hazardous-duty pay, incentive pay including commissions and production bonuses, tips, and on-call pay. Excluded are jury duty pay, overtime pay, severance pay, shift differentials, nonproduction bonuses, employer cost of supplementary benefits, and tuition reimbursements.

CT DOL analysis of the data for the 383 occupational codes at five levels is shown in Figure 1. As the

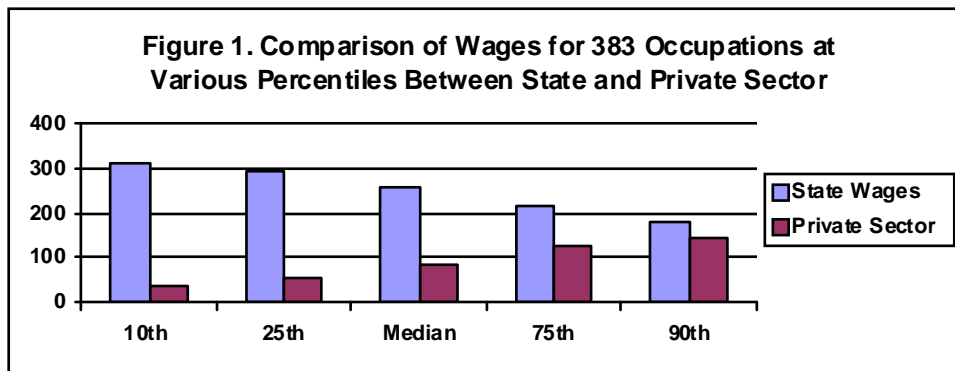


figure indicates, state wages were higher for more occupations at all levels, but at the 75th and especially at the 90th percentile, that tended to level out. Complicating this analysis, however, is the fact that nonproduction

bonuses are not reflected in compensation, and these types of bonuses are more typically provided to higher salaried private sector workers. Similarly, overtime pay is also not included which could have an impact on wages in both sectors, but more likely at the lower levels.

Several occupations that would be used in both sectors were selected for wage comparison. They are listed below. The median annual salary from the CT DOL compensation data were used, except as noted in the table below. In general, with the exception of the information and technology area, state salaries tend to be higher than those in the private sector.

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Table 3. Compensation Comparison of Selected Positions Between State Employment and Private Sector –2009			
	Private Sector	State Employment	
Health Care/Social Services			
Registered Nurse	\$70,623	\$70,263	↔
Nurse Aide	\$26,863	\$40,945	↑
Child/Family Social Worker	\$47,709	\$69,571	↑
Information Technology⁶			
Computer Systems Manager/Director	\$125,008	\$127,822	↔
Information Technology Operations Manager	\$111,877	\$105,055	↓
Computer Software Engineer	\$88,819	\$76,770	↓
Computer Database Analyst (senior 7-9 years)	\$90,654	\$83,828	↓
Clerical/Administrative			
Executive Secretary/Admin Asst	\$45,905	\$59,127	↑
Payroll Clerk	\$41,152	\$45,370	↑
Paralegal	\$48,738	\$56,485	↑
Engineering			
Civil engineer	\$75,364	\$79,906	↑
Plant Facilities Engineer (non-manager) ⁷	\$88,824	\$90,932	↔
Plant Facilities Engineer (manager)	\$89,824	\$101,015	↑
Director/Chief Engineering	\$116,375	\$127,822	↑
Business/Financial/Administrative			
Accountant	\$66,320	\$71,785	↑
Fiscal/Administrative Manager	\$101,602	\$105,724	↑
Human Resources Manager	\$100,630	\$100,712	↔
Purchasing Agent	\$62,638	\$76,676	↑
Management Analyst	\$77,594	\$75,217	↔
Administrative Services Manager	\$75,669	\$96,454	↑
Education Administrator –Postsecondary	\$84,920	\$122,670	↑

⁶ For most of the occupations in the information technology and engineering areas (exceptions are the computer software engineer, and civil engineer), staff used compensation data from the state compensation plans compared to Economic Research Institute (ERI) data for similar job descriptions, as the CT DOL data was more generic and contained no specific job descriptions.

⁷ Similarly, the plant facilities engineering positions and director of engineering data were taken from the state current compensation plans and Connecticut Business and Industry Association survey and ERI data, and not CT DOL data. The positions are for more specific classes than the DOL data offers.