

State workers underpaid, new study finds

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A comparison of public sector workers in Illinois with their peers in the private sector shows a general wage and salary penalty for state and local government employees, according to research by a University of Illinois labor expert.

After controlling for education and other [demographic factors](#), an analysis of public employee wages and salaries finds state and local [government workers](#) in Illinois are a relative bargain compared with their private sector counterparts, says Robert Bruno, a professor of labor and [employment relations](#) on the Urbana campus.

"The question of whether [public sector workers](#) in Illinois are overpaid has been swirling around for the last few years, especially with so much discussion around the state budget, pension reform and [health care costs](#) for state employees," Bruno said.

Bruno and co-author Frank Manzo IV, a research associate, say they wanted to analyze the value of public sector workers to the state of Illinois by taking a more "holistic" look.

"We felt that what passes for public discussion around the cost of government in the state of Illinois has been partisan and not really data-driven or well informed," said Bruno, also the director of the Labor Education Program in Chicago.

The study found that state and local government workers in Illinois earn incomes that are 13.5 percent less on average than workers in the private

sector with a comparable education.

"When you control for education and other [demographic variables](#), it turns out that public sector workers suffer a wage penalty," Bruno said. "So it's a myth that state workers in Illinois are overpaid, and to lay the blame for the state's budget woes and underfunded pensions on state workers is just plain false."

State workers account for a little more than 13 percent of the state's total workforce but their effect on the actual economy turns out to be 16 percent of the state's gross domestic product, the researchers say.

"So it turns out that state workers have quite the economic impact on the Illinois economy," Manzo said. "That means if you were to cut state spending, which could lead to trimming the state workforce, you're also by extension going to slow the Illinois economy."

Nearly two-fifths of the jobs in Illinois are attributed to expenditures made to public sector workers, including more than 300,000 private sector jobs, or 6 percent of all private sector jobs, according to the research.

Workers in the public sector also tend to be highly educated.

"Over half of the workers in state and local governments in Illinois have a bachelor's degree or higher compared to only 30 percent in the private sector," Manzo said.

Since state and local government employees in Illinois are more highly educated than their equivalents in the private sector, it stands to reason that taxpayers should expect Illinois public servants to be compensated, on average, more than private sector workers, the researchers say.

"Unfortunately, that's not the case," Bruno said.

While Illinois state government employees do earn more in health benefits than those in comparable states, the difference can be attributed to lower income from wages and salaries in Illinois than in those states – that is, the composition of how Illinois public sector workers are paid is simply different than workers in other states, Bruno says.

"It's also noteworthy that when compared to private unionized industries and occupations in Illinois, the health benefits' premium for Illinois state workers is less advantageous," he said. "On pensions, mismanagement by state officials and politicians has created an insecure environment. But it's clear, though, that Illinois state and local government workers do not inherently fare better than their counterparts in other states."

State and local government employment in Illinois is also more equitable across income and socioeconomic characteristics compared with working in the private sector, the researchers say.

"Taxpayers in Illinois will be happy to hear that salaries for Illinois public workers are equitable – in other words, there are not a lot of highly or lowly paid outliers on either end of the pay-scale spectrum," Bruno said.

"State and local government salaries really provide a pathway to the middle class for women and minorities," Manzo said. "That hasn't been addressed in other studies on public workers or in the public discourse about the size and scope of government in Illinois."

Bruno says that critics "clearly don't have an appreciation of the role that public sector workers play in keeping Illinois a high-wage state with a highly educated workforce."

"You could make the argument that state and local workers are job creators," he said. "Compared to other things that have happened in the state of Illinois, what other program, what other tax incentive or what other private employer has created this many jobs and accounts for one-sixth of the Illinois economy? Now, we're not saying it's better than having a less-than-vibrant [private sector](#), but state workers certainly are not the drag on the state economy that they've been made out to be.

"In fact, they are a relative bargain for Illinois taxpayers."

The paper, "Working in Illinois' Public Interest: A Comparison Study on Earnings, Benefits, and Impacts," is available [online](#).

Provided by University of Illinois at Urbana-Champaign

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