

Summary of comparison reports

Several recent studies compare salaries and total compensation in the private sector to those in the public sector. Here are highlights of a few of them, as well as data that OPERS' human resources department uses to set pay ranges:

- *National Institute on Retirement Security: "Out of Balance?" April 2010*
 - State employees earn 11 percent less salary than their private-sector counterparts when making "apples to apples" comparisons; local workers earn 12 percent less.
 - State workers' total compensation is 6.8 percent less than in the private sector. The gap is 7.4 percent for local government workers.
 - Typical government employees have more education; when adjusting for that fact, "public sector workers earn more on average than private sector workers, but less than they would earn if they took their skills to the private sector."
- *Center for Economic and Policy Research: "The Wage Penalty for State and Local Government Employees," May 2010*
 - When state and local government employees are compared to private-sector workers with similar age and education characteristics, government workers earn 6.4 percent less. Add in race, gender and location, and public workers earn 3.7 percent less.
 - The wage penalty is especially noticeable for high-wage workers.
 - Half of state and local government employees have a four-year college degree or more, and almost one-fourth have an advanced degree. Less than 30 percent of private-sector workers have a four-year degree, and less than 10 percent have advanced degrees. On average, state and local workers also are older than private-sector employees.
- *Policy Matters Ohio: "Public sector compensation lower than that of comparable private sector workers: A literature review," June 2010*
 - Citing research from the Buckeye Institute and the Center for Economic and Policy Research reports, Policy Matters Ohio Executive Director Amy Hanauer said, "Do we want to cut the pay of our soldiers ... in Iraq and Afghanistan, our firefighters who keep us safe here at home, ... or the already very low-paid and dedicated homecare workers that help to care for our parents?"
 - A 2008 Policy Matters Ohio report found that Ohio spent more than \$100 million to provide Medicaid for the employees of 50 large, private Ohio employers.
 - "Prosecutors and defense attorneys rightly earn more than retail clerks, but they generally earn less than attorneys in private practice."
- *The Buckeye Institute: "The Grand Bargain is Dead," July 2010*
 - Median state government workers in Ohio make 24.6 percent more than their peers.
 - The median state worker will receive a starting pension benefit of \$99,174 and will earn a salary of \$276,732 at age 67. Median private-sector workers will earn \$84,125 at age 67. However, these statistics lack specific attribution.
 - This report's lack of clear definitions and unattributed statistics clouds the truth. Citing newspaper reports and calling attention to one sensationalized example of an individual's pension earnings defies presentation of sound research findings.

Samples of public and private compensation data

While experience, skill level, education and internal equity are considered when determining base salaries or the average market pay for a position, Human Resources professionals also may rely on market data provided by Salary.com's Comp Analyst, the human resources consultant Towers Watson and financial services compensation consultant McLagan.

To create salary ranges, these systems not only provide data collected from the private sector, public sector, government and non-profit organizations, but also include details on industry, company location and size of organization.

Data from Comp Analyst, a database of more than 3,000 jobs, offer a sample comparison between public and private jobs. For this comparison, public-sector jobs included those in the government, education and nonprofit industry. They include schools, libraries, governments, research organizations and religious institutions. Private-sector data from the insurance industry was used, with both types of organizations located in Columbus and having 500-1,000 full-time employees.

Job title	Avg. base salary, public	Avg. base salary, private
Accountant I	\$42,400	\$44,200
Administrative assistant	\$33,200	\$34,800
Assoc. general counsel	\$171,800	\$209,700
Customer service rep	\$30,200	\$29,000
Janitor	\$22,600	\$22,800
Security guard	\$29,600	\$28,800
Teacher	\$50,700	\$48,100

Highlights from this comparison include the following:

- A janitor with less than two years of experience cleaning and maintaining buildings and facilities makes comparatively the same in both the public and private sectors (\$23,100 and \$23,300 respectively).
- Entry-level administrative assistants and accountants experience a slight difference in average pay between sectors (approximately \$1,700 and \$1,900 respectively), with the advantage in the private sector.
- An associate general counsel with at least a decade of experience makes approximately \$38,000 more in the private sector than in the public sector.
- A security guard makes comparatively the same in both the private and the public sector, with a slight advantage (approximately \$800) existing in the public sector.
- An entry-level Customer Service Representative also experiences a slight difference in average pay between sectors (approximately \$1,100), with the advantage in the public sector.
- A public school teacher with two to four years of experience earns about \$3,500 more than a religious educator with less than two years of experience, and about \$4,400 more than a special education teacher with similar experience.

Fast facts for OPERS new service retirees, 2009:

- Final Average Salary: \$50,867
- Average age: 60.2
- Years of service credit: 25.6
- Average monthly benefit: \$2,283