

# State Public Employee Compensation Analysis

“Minnesota Public Sector Compensation:  
Costs, Trends and Comparisons to the Private Sector”

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# Methodology

Benchmarking modeled after approach used in 2000 OLA Report “State Employee Compensation”

Analysis based on direct position matching rather than regression methods

## Methodology: Scope of Study

33,125 state employees (no MNSCU)

*LESS:* Positions with no private sector analog (public safety, corrections, etc)

*EQUALS:* Approximately 15,000 broadly comparable positions

*LESS:* Positions without sufficient job descriptions  
Positions that could not be adequately matched with private sector occupational descriptions  
Positions with state full time equivalent count of 10 or less (to help control for experience)

*EQUALS:* 41 occupation classes covering 9,500 employees (9,109 FTE) or a little more than 60% of possible private sector comparables

# Public vs. Private Sector Wage Findings

Significant deviation from market rates exist in both directions

- 24 of 41 (59%) of occupations have public sector wage premiums representing 72% of total state workforce analyzed

Average wage premium: 10.5%

- 17 of 41 (41%) occupations have public sector wage discounts representing 28% of total state workforce analyzed

Average wage discount: 14.7%

This subgroup is primarily comprised of 6 occupations requiring highly skilled education and training:

- Engineers
- Pharmacists
- Attorneys
- Registered nurses
- Accountants and auditors
- Mgmt. Analysts

# The “Double Imbalance” in State Employee Wage Compensation



Wage Compensation	Number of Occupations	
	Public Sector Premium	Public Sector Discount
<\$30,000	4	0
\$30,000 - \$40,000	7	0
\$40,000 - \$50,000	8	3
\$50,000 - \$60,000	2	4
\$60,000 - \$70,000	1	5
\$70,000 - \$80,000	2	2
>\$80,000	0	3

Findings are consistent with 2000 OLA Report and other national studies

# Health Benefit Findings

Benchmarking done on an “cost to employer” basis (no qualitative assessment of the nature/generosity of health plans)

Substituting private sector (companies in which 75% or more of employees are full time) employer premium costs for state rates allows estimation of what state would spend on health care if average private sector rates applied.

Public Sector premium ranges from 37.5% to 41.5% above private sector counterpart costs.

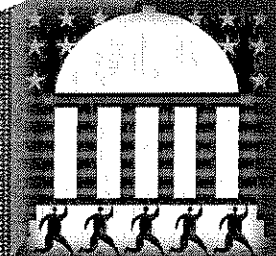
# Retirement Findings

Benchmarking again done on an “cost to employer” basis

Public sector premium in 30 of 41 surveyed occupations comprising 86% of workforce studied

Would be substantially more if state automatically adjusted employer contributions to address contribution deficiencies.

Qualitative considerations are significant



# Total Compensation Cost Perspective Findings

71.7% of employees included in the study have total compensation costs that are at least 5% greater than private sector counterparts

10.0% of employees in the study have total compensation costs that are at least 5.0% lower than the private sector

18.3% of employees in the study have total compensation costs largely reflective of private sector counterparts (plus or minus 5%)