



## State and local public employees undercompensated, EPI study finds

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State and local public employees are undercompensated, according to a new Economic Policy Institute analysis. The report, [\*Debunking the Myth of the Overcompensated Public Employee: The Evidence\*](#) by Labor and Employment Relations Professor Jeffrey Keefe of Rutgers University, finds that, on average, state and local government workers are compensated 3.75% less than workers in the private sector.

The study analyzes workers with similar human capital. It controls for education, experience, hours of work, organizational size, gender, race, ethnicity and disability and finds that, compared to workers in the private sector, state government employees are undercompensated by 7.55% and local government employees are undercompensated by 1.84%. The study also finds that the benefits that state and local government workers receive do not offset the lower wages they are paid.

The public/private earnings differential is greatest for doctors, lawyers and professional employees, the study finds. High school-educated public workers, on the other hand, are more highly compensated than private sector employees, because the public sector sets a floor on compensation. The earnings floor has collapsed in the private sector.

The Political Economy Research Institute (PERI) at the University of Massachusetts, Amherst and the DC-based Center for Economic Policy Research are also releasing a study today, which echoes the national findings of *Debunking the Myth of the Overcompensated Public Employee* at a regional level. PERI's report, *The Wage Penalty for State and Local Government Employees in New England* finds a "wage penalty" for state and local government workers in New England of almost 3%.

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