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## **FOR IMMEDIATE RELEASE**

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# **New Study: Despite Slightly Better Benefits, Public Employees Earn Less than Private Sector**

HARRISBURG, PA (April 30, 2010) – Employees of state and local government in Pennsylvania earn less than their counterparts in the private sector, the Keystone Research Center reported, citing findings from a new study.

State employees earn an average of 4.5% less in wages than comparable private sector employees, while local employees earn an average of 12.9% less, according to the study by the Center for State and Local Government Excellence and the National Institute on Retirement Security in Washington D.C.

This study accounts for differences in education and experience between employees in the private and public sectors that other comparisons of wages often overlook, said Mark Price, Ph.D., the Keystone Research Center's Labor Economist.

“Many comparisons ignore the fact that public sector workers in Pennsylvania are almost twice as likely to have a college degree,” Dr. Price said. “When you account for differences in education and experience, as this study does, it is clear that public sector workers in general would earn higher wages if they took their skills to the private sector.”

The study, *Out of Balance? Comparing Public and Private Sector Compensation Over 20 Years*, also found that on a national level health care, retirement and other benefits make up a slightly larger share of compensation in the public sector (32%) than in comparable firms in the private sector (31%). Still, better benefits do not completely eliminate the gap in compensation between public and private sector workers.

“This new report explains why you never hear people say, ‘I’m leaving the private sector to go make more money,’” said Stephen Herzenberg, Ph.D., Keystone Research Center Economist and Executive Director. “Simply put, the most generous salaries are in the private sector.

“Cutting public sector pensions, which some have proposed, would only widen the margin by which teachers and other public service professionals lag behind the private sector, making it even harder to attract and retain qualified people,” Dr. Herzenberg added.

A copy of the full report is available online at <http://bit.ly/9xEWzO>.

*The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more: [www.keystoneresearch.org](http://www.keystoneresearch.org).*