



## **GUEST OPINION**

June 14, 2012

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***As published in The Des Moines Register, June 14, 2012***

# **Iowans shouldn't miss reality about lower public-sector pay**

**By Andrew Cannon**

It will not be surprising, in the post-Wisconsin-recall world, if policymakers feel emboldened to challenge public employee compensation. Sure enough, it already has surfaced in Iowa.

Just a week after Wisconsin's governor survived a recall campaign driven by opposition to his stance against public employee unions, Iowa Gov. Terry Branstad signaled that his public employee policy initiatives for the remainder of his term will bear the stamp of Wisconsin. In a meeting with *Des Moines Register* reporters and editors, Governor Branstad said he wants to require public employees to contribute 20 percent of the cost of their health insurance.

If that sounds reasonable — considering that private-sector workers contribute, on average, more than 20 percent of their health insurance premiums — it misses the realities of overall public employee compensation, of which health insurance benefits are a part.

While it is true that public employees contribute less on average to their health insurance plans than private-sector workers, they have negotiated the benefit as part of overall compensation packages. All political hyperbole and conventional wisdom aside, those packages typically leave public employees behind their private-sector counterparts.

Iowa Policy Project research has demonstrated that public workers tend to be paid considerably less than similarly educated workers in the private sector.

In Iowa, male state and local employees earn about 9 percent less in wages and salary than private-sector workers with similar work experience and education. Women make about 13 percent less than comparable private-sector women.

While public-sector workers' better health insurance benefits help to narrow that gap when looking at overall compensation, a gap still remains.

After controlling for experience, education and other demographic factors, public-sector employees still receive 6 percent to 8 percent lower overall compensation — that is, pay, health, dental, life and disability insurance, and retirement benefits — than private workers.

A comprehensive and holistic look at public employee compensation reveals that the political talk driving some public policy proposals is mere myth.

Generous health plans help offset the lower wages and salaries state and local government employees garner in the service of Iowans. Requiring an employee contribution of 20 percent of health insurance premiums amounts to no more than a pay cut.

***Andrew Cannon is a research associate for the nonpartisan Iowa Policy Project in Iowa City. He is the author of the organization's 2011 report "Apples to Apples: Private-Sector and Public-Sector Compensation in Iowa." The report is at:***

***<http://www.iowapolicyproject.org/2011docs/110222-pubpvtpay.pdf>***