



# The Iowa Policy Project

Statement — October 30, 2012 — By Peter S. Fisher, Research Director

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## ***Fisher: Problems with new state pay study***

The contracted study of state employee compensation released today by the Iowa Department of Administrative Services is raising questions — including from those of us at the Iowa Policy Project who have been watching this issue for some time.

Many will recall our groundbreaking report from February 2011, [\*Apples to Apples: Private-Sector and Public-Sector Compensation in Iowa\*](#), broke down myths about public-sector pay and benefits. In short, we found that even when often more-generous health benefits packages are considered, total compensation for public-sector (state and local government) employees in Iowa is less than that for private-sector employees who have similar education.

Briefly, we would raise these points about the study released today:

- First, you lose an apples-to-apples comparison when you compare a mean, or average, with a median. Yet that is what this study does, comparing an average or mean base salary in state government with the median pay in the “market.” Income and wages are usually distributed in such a way that the mean is higher than the median. There is not enough information provided to show those distributions in this study, but the danger is that it creates a built-in bias to make the public-sector wages appear higher than the market. (Suppose seven workers earn \$40,000 and three earn \$60,000, in both the public and the private sector. The average is \$46,000, the median is \$40,000 — a wide disparity).
- The study compares base pay (without benefits) in Iowa state government, with pay for supposedly similar jobs in “the market,” which means both the private sector and other state governments. For about half the job titles, there is no data for other states, so half the comparisons are with public and private jobs together (weighted or averaged in some unknown fashion), the other half just with the private sector.
- No numbers are given for how many persons fill each job category, so it is difficult to assess the practical implications for the state budget to say 11 positions paid more than the market and seven paid less. Presumably there are many more nurse clinicians (paid below the market) than there are health facilities surveyors (paid above market). They do not explain the derivation of the oft-cited number that overall Iowa base pay is 17.9 percent above market — did they just average all the job titles or did they take into account the number of persons with each job title?
- The full report does compare Iowa pay with pay for the same job titles in other states — but does not tell us the comparison group. We believe any study should compare states in close proximity; we do not really compete for state employees in most job classifications with Vermont, California, Florida or Mississippi. Most importantly, the results here are simply not believable. They find actual base pay to be well above what other states are paying, often 30 percent to 50 percent more. How did this happen for years and years without anyone noticing, including the state negotiators who presumably were concerned with comparability? These results are not credible, and once again, they compare an Iowa mean with a market median.
- The report shows the job title for the positions in Iowa, but does not show what the corresponding private-sector job titles were. The devil is in the details here, and the results depend crucially on how they selected private-market analogues to public sector jobs. What private-sector job is comparable to a corrections officer, a special agent, a state trooper, an income maintenance worker, or a child support recovery officer?

Today’s report does nothing to dissuade us from our earlier conclusions, but we do have more questions, because we all can learn from more information where it is available. The problem with the study released today by the state is that it throws out a lot of numbers, but really not a lot of information to enlighten how the company that produced it came up with those numbers.

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