

Platte Chat

An ongoing conversation about how to best preserve free enterprise, personal responsibility and limited government in Nebraska



Providing Full Disclosure about CIR Public Hearing

With debate about reforming Nebraska's Commission of Industrial Relations heating up at the Unicameral, union representatives took time to defend the CIR during a public hearing about the matter on Feb. 7.

According to an [article in the Omaha World-Herald](#), Julie Dake Abel, head of the Nebraska Association of Public Employees and others cited a [report by the National Institute on Retirement Security](#), "which concluded that state employees earn 11 percent less than their private sector counterparts and local government employees earn 12 percent less."

Unfortunately, no one immediately questioned the origins, let alone the accuracy of the report. According to a Platte Institute investigation, the reasons for skepticism are numerous. Consider the following:

- The chair of the National Institute on Retirement Security, Michael Williamson, serves as President of the National Association of State Retirement Administrators. The NASRA has a stated mission of "providing assistance or rallying support for any member facing a challenging situation," and "maintaining a legislative presence in the nation's capital to influence legislation impacting the public pension industry."
- Another entity commissioning the report cited by Nebraska unions is the Center for State and Local Government Excellence, who has a stated mission of, "focusing on helping build retirement security for state and local government employees." Their Executive Director, Joan McCallen, has more than 35 years of experience working in the public sector with defined contribution and deferred compensation plans.
- The report acknowledges that, "benefits (e.g., pensions) comprise a greater share of employee compensation in the public sector."
- Instead of using factual information from the Bureau of Labor Statistics, the report's authors modified the information with complex formulas which took into account the number of years on the job and level of education. This distorted the fact that public sector employees earn a higher hourly wage than their private sector counterparts. On page seven of the report, it shows the following numbers as raw data, which suggests that state and local workers actually earn more than their private sector counterparts:

	1983			2008			Total		
Variable	Private	State	Local	Private	State	Local	Private	State	Local
Hourly Wage	\$17.91	\$19.03	\$18.73	\$20.57	\$22.17	\$22.15	\$18.19	\$21.19	\$21.02

- This report is counter to a report done by the USA Today in March of 2010 which also used the Bureau of Labor statistics and found that, "state government employees had an average salary of \$47,231 in 2008, about 5% less than comparable jobs in the private sector. City and county workers earned an average of \$43,589, about 2% more than private workers in similar jobs. State and local workers have higher total compensation than private workers when the value of benefits is included."
- The USA Today report also stated that compensation for federal employees - similar to that of state, city and county - is much higher than their private sector counterparts. "For example, the federal government's 57,000 registered nurses - working for the Veterans Administration and elsewhere - were paid an average of \$74,460 a year, \$10,680 more than the average for private-sector nurses."

This report cited in public hearings at the Unicameral, in short, is filled with questionable interpretations of the data and runs counter to what most Nebraskans know to be true. Even if direct wages were similar, health insurance and retirement benefits significantly tilt the advantage to public sector employees. As the Legislature reforms the CIR, it is absolutely essential that a true comparison of public and private sector wage and benefit comparisons are acknowledge and that new legislation incorporates private sector comparisons.

The facts show that reforming the CIR is an essential component to building a more economically prosperous Nebraska for everyone.

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