


# CT STATE EMPLOYEE WAGES & BENEFITS ARE OVER-GENEROUS; THAT'S GROSSLY UNFAIR TO THE STATE'S CITIZENRY

 [the-red-line.com/2020/01/21/ct-state-employee-wages-thats-grossly-unfair-to-the-states-citizenry](https://the-red-line.com/2020/01/21/ct-state-employee-wages-thats-grossly-unfair-to-the-states-citizenry)

Red Jahncke, on The Red  
Line,

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## Compensation Exceeds Levels in Most Other States – in All Other States in Many Years

A conventional notion has taken hold that Connecticut's dangerously underfunded active and retired state employee health care and pension benefits are the result of past decades of under-funding. True, but that's a half-truth.

The other half of the truth is that state employee wages and benefits are outrageously generous. The average private citizen in the state earns significantly less and enjoys meager benefits in comparison. That's unfair in and of itself, but private citizens are hard pressed to fund such generous compensation with their significantly lower private sector compensation. That's both an additional unfairness and an almost unbearable burden which contributes to ongoing under-funding.

In 2010, under Governor Jodi Rell, a special commission, the Commission on Enhancing Agency Outcomes, found that average state employee compensation far exceeded average private sector employee compensation, based upon 2008 data:

### COMMISSION ON ENHANCING AGENCY OUTCOMES SUMMARY SHEET

#### State Employee Compensation Compared to the Private Sector

Examined in two parts: 1) overall average difference in compensation; and 2) difference in monetary compensation in several selected positions.

#### PART ONE: OVERALL COMPARISON INCLUDING BENEFITS

**State Compensation.** First, in overall terms, the average state employee salary for 2008 was \$65,746<sup>1</sup>, which is a gross average using all payroll for all active SERS employees divided by the number of active SERS employees, which covers most state personnel. The benefit package value is costed out below.<sup>2</sup> In using 2008 as the year for calculations, it assumes an annual payroll including payment of merit pay, all cost of living increases, etc., and prior to SEBAC agreement imposing furlough days, pay freezes, etc.

Table 1. Average State Employee Compensation		
	Amount	% of Salary
All monetary compensation -- Salary, longevity, overtime, merit bonuses	\$65,746	
Medical/Health Insurance -- Employer's Share (89%) for subscriber +	\$12,173	18.52%

1 (POE) (Employee contribution \$1,517 (11%))		
FICA – Social Security	\$4,076	6.2%
FICA – Medicare	\$960	1.45%
Unemployment	\$190	0.29%
SERS – Retirement	\$22,353	33.99%
Value of benefits <sup>3</sup> (and % of salary)	\$39,752	60.5%
<b>Total Compensation Package for Average State Employee</b>	<b>\$105,498</b>	

**Private Sector Compensation.** In the private sector, staff used average private sector wage for Connecticut in 2008 (CT DOL) and applied the same percentages for FICA (required by federal law). Staff used the premiums for health care for employee plus one for CT from Kaiser Family Foundation<sup>4</sup>. Retirement benefits are based on results from the CBIA 2008 survey of member employers. Since most of the respondent businesses<sup>5</sup> indicated they had a 401k (defined contribution plan), and the typical employer contribution was 85 percent of the first 6.2% of salary, that is what is used for this analysis.

<b>Table 2. Average Private Sector Employee Compensation</b>		
	Amount	% of Salary
<b>All monetary compensation -- salary, overtime, merit bonuses</b>	<b>\$59,313</b>	
Medical/Health Insurance -- Employer's Share (79%) for subscriber + 1 employee's contribution is \$2,380 (21%)	\$6,925	11.7%
FICA – Social Security	\$3,677	6.2%
FICA – Medicare	\$860	1.45%
Unemployment	\$409	0.69%
Retirement	\$2,990	5.0%
Value of benefits (and % of salary)	\$14,861	25%
<b>Total Compensation Package for Average Private Sector Employee</b>	<b>\$74,174</b>	

<sup>1</sup> This is the average salary used in the FY 08 SERS valuation report, prepared by Milliman Actuarial Consulting.

<sup>2</sup> This analysis does not place a value on more intangible benefits like number of vacation days, number of personal days, number of sick days, or the ability to carry them over from year to year, or in cash-out value when state employment terminates. Typically, for state employees, cash-out value would be the value of all unused vacation time (up to a 120-day maximum) any time an employee terminates and 25 percent of all unused sick time (capped at 60 days), paid only at time of retirement, not other termination. The analysis does not place a cash value on severance packages, more common at termination in the private sector.

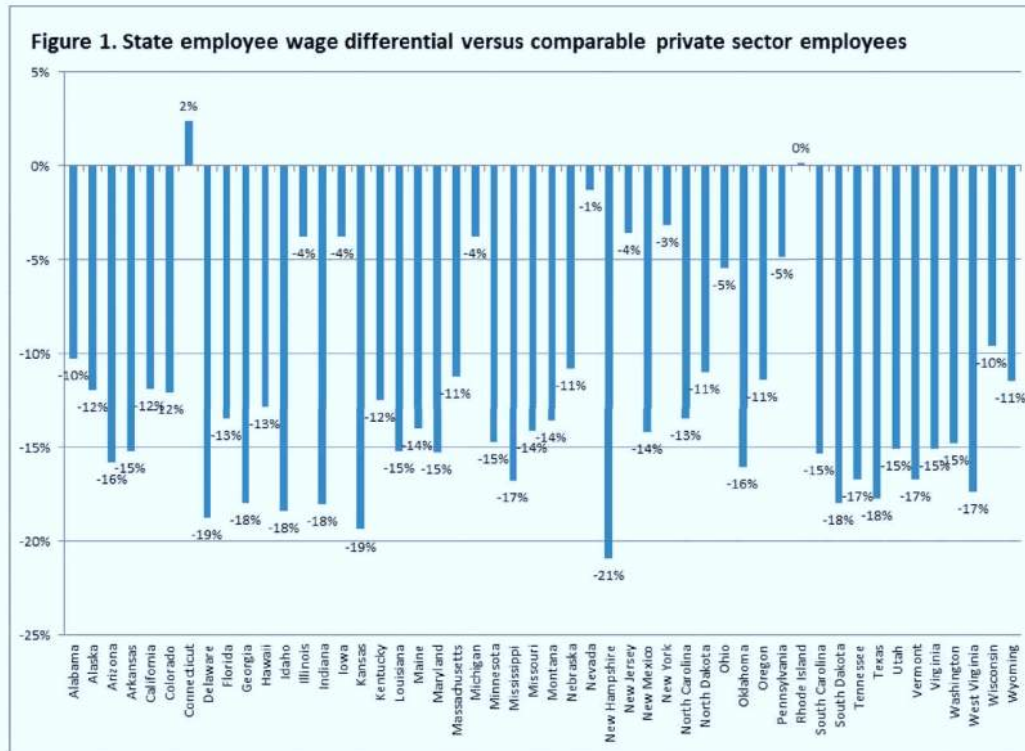
<sup>3</sup> The value of benefit package will be less for newer state employees who will be assessed a 3% of salary contribution for retiree health care until they reach 10 years of employment (refundable if leave state service prior to 10 years)

<sup>4</sup> These premium amounts and % contribution would be for all plans -- both public and private -- and therefore may be somewhat higher than for private sector plans alone. Supporting that is the information from a 2007 CBIA benefit survey indicating that the employer % of premiums covered was 62%

<sup>5</sup> 41% of CBIA respondents indicated they had a 401k plan, but only about 75% match employee contribution, which is not reflected in the \$2,990 figure.

Incoming Governor Dan Malloy had to have known this, or should have known it. Yet, in 2011, he struck a deal with state employee unions, the so-called SEBAC 2011 Agreement, which increased wages and extended gold-plated benefits.

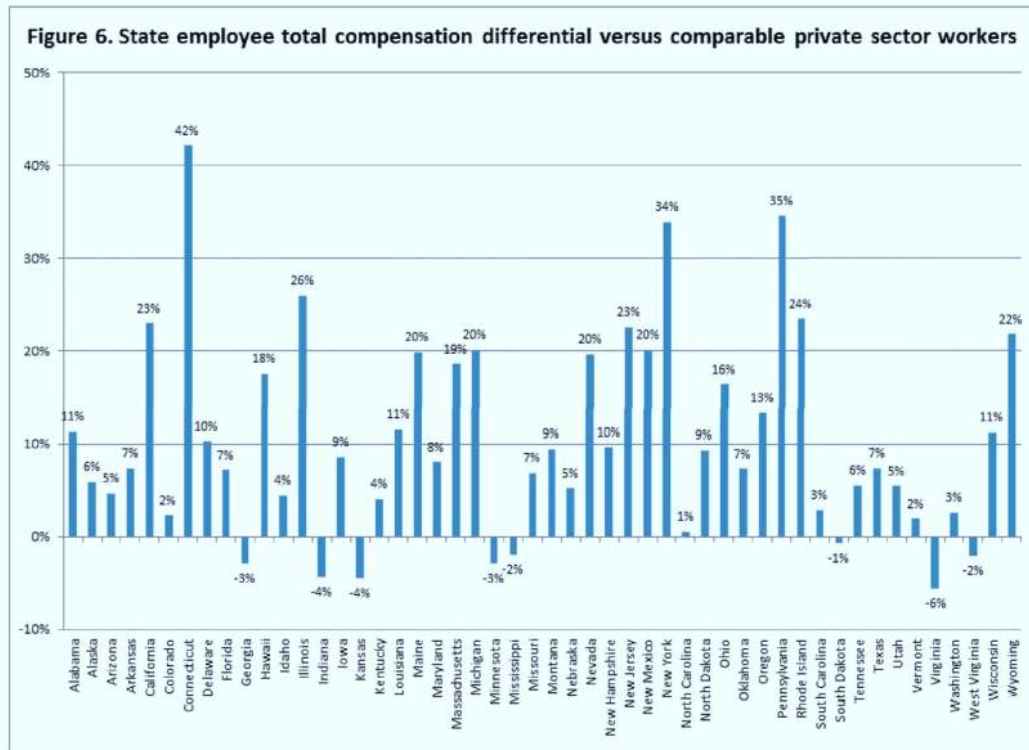
In 2014, the American Enterprise Institute looked at state employee compensation in the fifty states, using data over the period of 2009-2012. Connecticut was the only state in which state employee wages exceeded private sector wages:



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#### State Employee Wages v Private Sector Wages - 2009-2012 - Census Bureau data from ACS - AEI Study in 2014

The AEI study found that average total compensation (wages and benefits) of Connecticut state employees exceeded average total compensation of private sector workers by the greatest margin among the 50 states:



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It should be noted that pension and benefit analysts debate various aspects of methodology on an ongoing basis. Often defenders of public employees deflect findings that public sector compensation is excessive, unfair and unaffordable by criticizing the methodology utilized in the studies which reveal this reality. However, regardless of the methodology utilized, a 50-state study, such as the AEI study, compares the states on a level playing field. To suggest that AEI was somehow biased against Connecticut is an absurd proposition.

Little, if anything changed under Dan Malloy. Indeed, in 2017 he struck another deal with the unions, SEBAC 2017, which extended the gold-plated benefits another five years.

In 2019 AEI conducted another 50-state study, looking at the most recent available information, data for 2017. This time AEI looked at both state and local public employees and used somewhat different methods. Connecticut public employees continued to outpace their private sector counterparts.

While the AEI study showed this, its findings were not as conclusive for the state's employees for four reasons. First, we don't know whether local public employees in Connecticut, or in various other states, earned more or less than state employees.



Second, while Connecticut public employees lost the leadership position to a few other states, that loss is relative to other states, which is interesting but not as important as their position relative to Connecticut private sector employees.

Third, inevitably 2017 data understates Connecticut state employee wages, since for the period 2015 through 2017, state employee wages were frozen, before two back-loaded hefty 5% increases taking effect in 2018 and 2019.

Fourth, Connecticut's problem has been transforming into mostly a retiree problem. Already retired state employees clearly outnumber active employees, and, by 2022, retirees will outnumber active employees by a huge margin.

Here's the main table from the 2019 AEI study, which shows that, among other things, this gross disparity between public and private compensation developed over the last two decades, despite many observers referring to the problem as a "legacy problem":

Table 4. Wages, Benefits and Total Compensation, Private Sector and State and Local Government, 1998 and 2017.												
State	1998						2017					
	Private sector			State and local			Private sector			State and local		
	Wages	Benefits	Total	Wages	Benefits	Total	Wages	Benefits	Total	Wages	Benefits	Total
Alabama	\$30,143	\$5,971	\$36,114	\$25,704	\$7,723	\$33,427	\$33,829	\$7,021	\$40,850	\$42,616	\$16,525	\$59,141
Alaska	\$32,759	\$6,730	\$39,488	\$37,907	\$12,569	\$50,476	\$40,176	\$9,551	\$49,727	\$57,924	\$37,084	\$95,008
Arizona	\$32,667	\$6,003	\$38,669	\$29,397	\$8,248	\$37,645	\$38,243	\$7,011	\$45,254	\$47,640	\$19,942	\$67,582
Arkansas	\$27,282	\$5,757	\$33,039	\$23,805	\$6,872	\$30,677	\$33,839	\$6,714	\$40,553	\$40,762	\$14,133	\$54,895
California	\$37,440	\$6,708	\$44,149	\$36,208	\$12,627	\$48,835	\$48,534	\$8,517	\$57,051	\$65,385	\$33,850	\$99,235
Colorado	\$34,573	\$6,139	\$40,712	\$28,977	\$8,928	\$37,905	\$41,620	\$7,374	\$48,994	\$50,206	\$14,180	\$64,386
Connecticut	\$45,853	\$8,349	\$54,202	\$37,626	\$11,380	\$49,006	\$48,530	\$9,087	\$57,617	\$59,502	\$27,472	\$86,975
Delaware	\$40,032	\$8,002	\$48,034	\$30,907	\$11,224	\$42,131	\$43,121	\$9,190	\$52,311	\$52,719	\$21,376	\$74,094
District of Columbia	\$54,662	\$9,345	\$64,007	\$42,157	\$14,614	\$56,771	\$71,247	\$11,829	\$83,077	\$79,124	\$30,199	\$109,323
Florida	\$31,727	\$5,914	\$37,641	\$30,207	\$10,587	\$40,794	\$35,754	\$6,443	\$42,196	\$50,013	\$17,169	\$67,182
Georgia	\$36,122	\$6,287	\$42,408	\$27,549	\$8,820	\$36,369	\$39,659	\$7,367	\$47,026	\$43,071	\$20,401	\$63,471
Hawaii	\$29,994	\$6,247	\$36,241	\$30,335	\$8,423	\$38,758	\$35,684	\$8,054	\$43,739	\$52,751	\$21,458	\$74,209
Idaho	\$25,807	\$5,278	\$31,085	\$23,902	\$9,082	\$32,983	\$30,746	\$6,680	\$37,426	\$37,807	\$15,726	\$53,533
Illinois	\$40,445	\$7,625	\$48,069	\$32,300	\$10,338	\$42,638	\$46,231	\$9,114	\$55,346	\$52,539	\$25,483	\$78,022
Indiana	\$34,136	\$6,957	\$41,093	\$26,409	\$7,172	\$33,581	\$38,449	\$8,666	\$47,115	\$40,518	\$13,910	\$54,428
Iowa	\$28,533	\$5,923	\$34,455	\$25,891	\$6,910	\$32,802	\$35,550	\$8,027	\$43,577	\$44,509	\$19,028	\$63,536
Kansas	\$30,363	\$6,296	\$36,659	\$23,221	\$5,948	\$29,169	\$35,546	\$7,464	\$43,010	\$38,482	\$14,789	\$53,271
Kentucky	\$30,374	\$6,251	\$36,625	\$24,821	\$7,582	\$32,403	\$35,458	\$7,488	\$42,946	\$41,367	\$17,296	\$58,663
Louisiana	\$31,125	\$5,941	\$37,066	\$24,319	\$6,548	\$30,867	\$34,989	\$7,193	\$42,182	\$43,654	\$19,918	\$63,573
Maine	\$26,984	\$5,710	\$32,694	\$25,578	\$8,162	\$33,740	\$33,050	\$6,777	\$39,827	\$41,361	\$18,934	\$60,295
Maryland	\$35,995	\$6,316	\$42,311	\$32,633	\$11,295	\$43,929	\$42,462	\$8,006	\$50,468	\$58,306	\$25,210	\$83,517
Massachusetts	\$42,653	\$7,553	\$50,206	\$34,157	\$10,745	\$44,902	\$52,514	\$9,467	\$61,981	\$60,889	\$28,499	\$89,389
Michigan	\$39,946	\$8,407	\$48,353	\$31,145	\$9,772	\$40,917	\$40,282	\$8,350	\$48,632	\$48,626	\$21,580	\$70,206
Minnesota	\$36,249	\$7,000	\$43,249	\$29,295	\$8,371	\$37,666	\$44,295	\$8,986	\$53,281	\$49,106	\$17,728	\$66,834
Mississippi	\$27,274	\$5,451	\$32,726	\$22,354	\$6,273	\$28,627	\$28,871	\$6,021	\$34,892	\$38,749	\$13,205	\$51,954
Missouri	\$33,181	\$6,283	\$39,464	\$25,738	\$8,751	\$34,488	\$38,402	\$7,275	\$45,677	\$41,449	\$17,568	\$59,018
Montana	\$22,007	\$4,635	\$26,641	\$22,457	\$7,417	\$29,874	\$29,270	\$5,903	\$35,173	\$41,314	\$15,688	\$57,002
Nebraska	\$29,215	\$6,106	\$35,321	\$26,245	\$6,500	\$32,745	\$36,229	\$7,763	\$43,992	\$45,849	\$17,204	\$63,053

Nevada	\$34,802	\$7,117	\$41,919	\$34,993	\$13,499	\$48,492	\$36,260	\$6,497	\$42,756	\$54,317	\$31,842	\$86,158
New Hampshire	\$33,674	\$6,126	\$39,800	\$26,782	\$9,203	\$35,985	\$41,612	\$7,799	\$49,411	\$45,243	\$20,451	\$65,694
New Jersey	\$44,959	\$8,668	\$53,627	\$40,270	\$11,408	\$51,677	\$46,669	\$8,676	\$55,345	\$64,177	\$25,246	\$89,423
New Mexico	\$26,786	\$5,188	\$31,974	\$26,759	\$8,197	\$34,956	\$32,730	\$6,863	\$39,593	\$43,460	\$17,086	\$60,546
New York	\$46,642	\$8,132	\$54,774	\$37,869	\$16,790	\$54,659	\$53,297	\$9,355	\$62,652	\$61,526	\$36,673	\$98,200
North Carolina	\$32,435	\$6,237	\$38,672	\$27,544	\$7,981	\$35,526	\$37,900	\$7,146	\$45,046	\$45,466	\$16,768	\$62,235
North Dakota	\$24,778	\$4,977	\$29,755	\$20,976	\$5,651	\$26,627	\$39,212	\$8,436	\$47,648	\$41,904	\$16,934	\$58,838
Ohio	\$35,290	\$7,171	\$42,462	\$29,003	\$10,052	\$39,055	\$39,308	\$8,315	\$47,623	\$48,560	\$20,759	\$69,319
Oklahoma	\$26,904	\$5,386	\$32,290	\$23,612	\$6,635	\$30,247	\$32,997	\$6,925	\$39,922	\$39,994	\$14,992	\$54,985
Oregon	\$32,067	\$6,716	\$38,783	\$29,516	\$13,210	\$42,726	\$39,175	\$7,851	\$47,026	\$54,474	\$26,667	\$81,141
Pennsylvania	\$35,706	\$7,415	\$43,121	\$31,932	\$11,574	\$43,507	\$41,610	\$8,900	\$50,510	\$49,596	\$26,982	\$76,577
Rhode Island	\$33,719	\$7,037	\$40,756	\$33,662	\$10,421	\$44,083	\$40,027	\$8,294	\$48,322	\$57,779	\$21,489	\$79,267
South Carolina	\$30,291	\$6,053	\$36,344	\$26,202	\$7,348	\$33,550	\$34,232	\$6,968	\$41,200	\$46,285	\$17,809	\$64,094
South Dakota	\$24,032	\$4,838	\$28,870	\$21,102	\$7,051	\$28,152	\$31,600	\$6,542	\$38,143	\$36,815	\$13,723	\$50,538
Tennessee	\$31,753	\$6,113	\$37,866	\$25,702	\$8,056	\$33,759	\$36,840	\$7,124	\$43,963	\$42,135	\$18,458	\$60,593
Texas	\$34,935	\$6,352	\$41,287	\$26,606	\$6,858	\$33,464	\$40,539	\$7,255	\$47,794	\$47,963	\$18,871	\$66,834
Utah	\$29,617	\$5,390	\$35,007	\$24,983	\$9,882	\$34,866	\$35,494	\$7,462	\$42,957	\$41,242	\$17,466	\$58,708
Vermont	\$27,264	\$5,544	\$32,808	\$26,857	\$8,359	\$35,216	\$32,406	\$7,551	\$39,957	\$46,690	\$20,318	\$67,008
Virginia	\$35,674	\$6,392	\$42,066	\$28,176	\$8,844	\$37,021	\$43,701	\$7,614	\$51,315	\$47,273	\$20,042	\$67,315
Washington	\$37,729	\$7,653	\$45,381	\$31,055	\$10,203	\$41,258	\$48,585	\$8,897	\$57,482	\$56,668	\$22,618	\$79,286
West Virginia	\$28,012	\$6,787	\$34,799	\$23,556	\$7,988	\$31,545	\$33,962	\$7,769	\$41,731	\$37,677	\$13,196	\$50,873
Wisconsin	\$33,083	\$7,302	\$40,385	\$28,596	\$9,696	\$38,291	\$38,914	\$8,633	\$47,547	\$43,238	\$23,492	\$66,730
Wyoming	\$25,688	\$4,951	\$30,640	\$24,001	\$6,452	\$30,453	\$32,203	\$7,168	\$39,371	\$46,735	\$23,058	\$69,793
Author's calculations from National Income and Product Accounts data. 1998 figures are expressed in 2017 dollars, adjusted using the PCE deflator.												