

**CONNECT FEDERAL CIVILIAN PAY TO PRIVATE SECTOR PAY**

Federal pay for civilian employees should be performance-based and comparable to the compensation earned by private sector counterparts.

**BACKGROUND**

In Fiscal Year (FY) 2016, the government spent about \$215 billion on federal civilian employee compensation.<sup>1</sup> Federal employee compensation, in multiple categories, exceeds the compensation of their private sector counterparts.

In 2017, the House Committee on Oversight and Government Reform held a hearing to examine federal employee compensation.<sup>2</sup> According to hearing testimony from the

**Quick Take**

Federal employees are compensated at a rate of 17 percent higher than private sector counterparts.

From 2011 to 2015, federal civilian employee benefits at all levels of education were 47 percent higher than benefits for private sector employees.

Congress should benchmark federal employee compensation to the private sector.

Congressional Budget Office (CBO), federal employees are compensated at a rate 17 percent higher than private sector counterparts. Federal civilian employee benefits at all levels of education, during the 2011 to 2015 period, were 47 percent higher than benefits for private sector employees similarly situated.<sup>3</sup>

As shown in Figure 1, federal employees with a bachelor's degree averaged 21 percent more in total compensation cost. Those with only a high school diploma averaged 53 percent more in total compensation cost.<sup>4</sup>

**CONSTITUTIONAL AUTHORITY AND REPUBLICAN PRINCIPLES**

The Constitution grants spending authority to Congress.<sup>5</sup> Compensation for government employees should be competitive with the private sector.

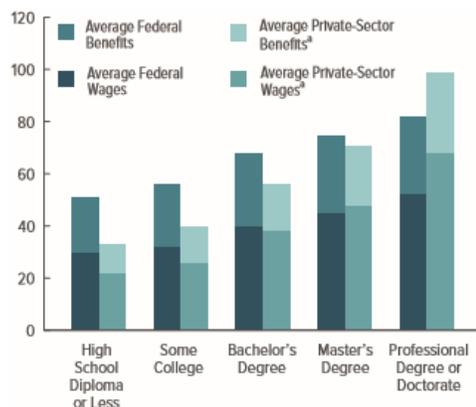
**POLICY SOLUTIONS**

Congress should base federal civilian employee compensation to comparable ranges of their counterpart employees in the private sector. CBO regularly studies the comparative pay structure and may offer suggestions as to an appropriate benchmark to compare federal civilian pay to private sector pay.

Summary Figure 1.

**Average Compensation of Federal and Private-Sector Workers, by Educational Attainment**

2015 Dollars per Hour



Source: Congressional Budget Office, using data for 2011 through 2015 from the March Current Population Survey, the Office of Personnel Management, and the National Compensation Survey.

The wages shown here include overtime pay, tips, commissions, and bonuses. The benefits shown here are measured as the average cost, per hour worked, that an employer incurs in providing noncash compensation.

a. Average wages and benefits for private-sector workers who resemble federal workers in occupation, years of work experience, and certain other observable characteristics that are likely to affect compensation.

Please contact Cameron Smith or Kelsey Wall with the Republican Policy Committee at (202) 225-4921 with any questions.

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<sup>1</sup> Cong. Budget Office, 52637, *Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015* (2017).

<sup>2</sup> *Federal Employee Compensation: An Update*: Hearing Before the Comm. on Oversight and Government Reform, 115 Cong. (2017).

<sup>3</sup> *Id.* at 100 (Response of Mr. Joseph Kile, Assistant Director for Microeconomic Studies, CBO).

<sup>4</sup> CBO, *supra*, note 1.

<sup>5</sup> U.S. Const. art. I, § 9.