

		1	2	3	4	5	6	7	
"Average" Fringe Benefit Recovery Rate Components - FY 2010									
	All costs All emps	Fringe + Normal cost - ALL	Tier II A/ All Others	Tier II A Haz	Tier II/ All Others	Tier II Haz	Tier I Plan C	Tier I Plan B	Tier I Haz
Group Life Insurance (Actual Cost of Employer Share Premium)	0.22%	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Health Ins (Actual Cost of Emp Health, Prescription and Dental Premiums)	15.19%	15.19	15.19	15.19	15.19	15.19	15.19	15.19	15.19
Unemployment Insurance (Calculated Rate)	0.29%	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29
FICA - Social Security (Federal Tax Rate)	6.20%	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
FICA - Medicare (Federal Tax Rate)	1.45%	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
SERS Regular Retirement (Calculated Rate - See Below)	39.85%								
Normal cost of plan Net of emp contribution - (not incl SERS costs/liability)		9.01	4.55	7.62	10.1	14.82	11.48	14.34	12.59
Total Average Fringe Benefit Rate - All Components	63.20%	32.31	27.85	30.92	33.4	38.12	34.78	37.64	35.89
Fringe rate breakout for SERS components									
SERS Regular Retirement Rate Components - FY 2010									
Employer Contributions for Retirement (Actuary's Report) - Normal Cost	239,599,304		9.01						
Employer Contributions for Retirement (Actuary's Report) - Unfunded Liability	354,727,448		13.4						
Retiree Health Insurance Costs (SERS Regular)	466,353,456		17.6						
Retirement Administration Costs - SERS Regular	8,149,125		0.3						
Roll-Forward and Other Adjustments	(11,971,660)		-0.45						
Total SERS Regular Cost Pool	1,056,857,673								
Projected Salary Base for SERS Actives - FY 2010	2,651,979,530								
SERS Regular Retirement Rate (Cost Pool/Salary Base)	39.85%		39.86						

Executive Summary

Recent reports in the national and the regional media have described state and local government employees as earning more than workers in the private sector.

The average state and local government worker does earn higher wages – but this is because they are, on average, older and substantially better educated than private-sector workers. More than half (55.4 percent) of state and local government employees in New England have a four-year college degree or more, and almost one-third (29.8 percent) have an advanced degree. By contrast, only 37.9 percent of private-sector workers have a four-year college degree or more; and only 13.3 percent have an advanced degree. In New England, the typical state and local worker is also about four years older (45) than the typical private-sector worker (41).

When state and local government employees are compared to private-sector workers with similar characteristics – particularly when workers are matched by age and education – state and local workers actually earn less, on average, than their private-sector counterparts. On this basis, the wage penalty for state and local government workers in New England is close to 3 percent.

The wage penalty for working in the state and local sector is particularly large for higher-wage and better-educated workers. While low-wage workers in New England receive a small wage premium in state and local jobs (about 5 percent for a typical low-wage worker), the typical middle-wage worker earns about 3 percent less in state and local work, and the typical high-wage worker makes about 13 percent less than a similar private-sector worker.

These wage differences are also found across workers with different levels of formal education. High school graduates in the state and local sector in New England, for example, have a small wage premium (1.6 percent) relative to the private sector, while those with bachelor's degrees experience a sizeable wage penalty (7.0 percent).

State and local workers on average do receive higher non-wage benefits than workers in the private sector. The average difference in total benefits (including retirement income, health and other forms of insurance, holidays, sick leave, and other forms of non-wage compensation), though, is modest. Benefits offered by state and local governments are roughly as generous as those offered by large firms in the private sector. Even after taking benefits into account, state and local government workers in New England continue to face a penalty in total compensation.