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A Commentary on “The Retrenchment of the State Employee Workforce in Michigan”

By Dr. Gary Wolfram

I. Introduction and Executive Summary

“The Retrenchment of the State Employee Workforce in Michigan,” a paper by Charles Ballard and Nicole Funari, is basically a summary of a lengthier report by the Michigan House Fiscal Agency.¹ As such, it provides some useful information. However, the conclusions drawn by the authors and attributed to the paper in the media are not substantiated by the data presented, and the use of the data is in some cases misleading.

For instance, despite Ballard and Funari’s assertions to the contrary, one cannot conclude from evidence presented in the Ballard and Funari paper (or the original House Fiscal Agency report) that Michigan state employees are paid less than their counterparts in the private sector. A closer examination of the data suggests that the opposite could be the case. Nor, as another example, do the data show that state services are in jeopardy due to reduction in state employment. While it is clear that the number of classified state employees — that is, civil service employees — has declined from its peak in 2001, there are a number of conclusions one can draw from this other than that state services are in jeopardy.² It may be that productivity of state employees has risen or that there were more than an efficient number of state employees at the employment peak. In addition, total state employment, including legislative

* As described by the state House Fiscal Agency, “The Constitution of the State of Michigan of 1963, Article XI, Section 5, establishes the classified state civil service and authorizes the Civil Service Commission (CSC) to classify all state positions and establish state employee compensation rates.” (Wild, Stansell, and Bean, “Civil Service Salary and Benefit Comparisons,” 3.) Hence, the term “classified state employees” is often used to mean “civil service employees.”

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and administrative unclassified workers and state university and agencies personnel, fell by only 1 percent over this same period.

The authors admit that the report is not designed to come to the conclusions attributed to it. For example, on the first page of the report, the authors write, “No attempt will be made to assess the optimal number of state employees, or the optimal compensation.” However, in the same paragraph, they write with no supporting documentation, “Further cuts will run an increasing risk of leaving state government unable to perform its vital functions.” Later in the paper, the authors write: “A complete comparison of the earnings of state workers with the earnings of private-sector workers would require a sophisticated econometric analysis, controlling for a host of variables. Such an analysis is beyond the scope of this report.” The authors are indeed correct that an econometric analysis would be needed to do a proper comparison and that this was obviously beyond the scope of the paper, yet they conclude that state employees are on average paid less than their private-sector counterparts.

This paper will demonstrate that the conclusions of Ballard and Funari are disputable by pointing out numerous limitations in their analysis. These include:

- Using data on civil service classified employment to draw conclusions about growth in state employment, while not discussing total state employment
- Reaching unsubstantiated conclusions regarding the connection between state classified employment and state services

† There are a number of other assumptions that are reasonable. For instance, the substitution of technology and capital for labor could lead to improved delivery of key services.

- Failing to account for differentials in non-wage employee compensation when comparing state employees with private-sector employees
- Underestimating state employee compensation by ignoring pension and other retiree benefits, such as health care coverage
- Using data and surveys in a confusing and misleading way when discussing educational background differentials between state and private-sector employees
- Drawing conclusions about state employee real wage growth from only a subset of state employees
- Not comparing state employee real wage growth with Michigan private-sector real wage growth
- Failing to account for the benefits that state employees received in compensatory leave time in the wage-reduction agreement of fiscal 2004
- Overestimating the role of current state employees in addressing the state's budgetary problems.

II. State Employment

One clear piece of information that Ballard and Funari provide is the reduction in classified state employees between fiscal 2001, the state employment peak, and fiscal 2008. The House Fiscal Agency report "Civil Service Salary and Benefit Comparisons" provides similar data, although Ballard and Funari add two years of data to the time series using the Annual Work Force Reports of the State of Michigan Civil Service Commission, which is also the source of the House Fiscal Agency data.² Employment of classified employees fell 18.1 percent, from 62,057 in fiscal 2001 to 50,799 in fiscal 2008. During roughly the same period, total employment in Michigan fell from 4.564 million to 4.159 million³ (and further to 3.821 million in August 2009⁴), a decline of 8.9 percent.* Total private employment decreased from 3.879 million to 3.511 million — a decline of 9.5 percent.⁵

It would be an interesting study to determine why and how there was a greater reduction in classified state employment than in total Michigan employment. For example, between fiscal 2001 and fiscal 2008, general fund expenditures barely changed, falling from \$9.859 billion to \$9.822 billion. Gross state expenditures rose by 16.9 percent, from \$37.278 billion to \$43.563 billion.⁶ What explains the much larger percentage drop in classified employment than in general fund expenditure,

* The data presented here are for calendar years 2001 and 2008, rather than fiscal 2001 and 2008. The difference between the two types of years is only a few months.

and how is it consistent with the increase in overall state spending? Did the state contract public services to private firms? Did state departments keep services in-house but provide those services using independent contractors and other types of contract employees, rather than civil service employees? Were services reduced? Were there technological changes that increased productivity?

In addition, it is relevant that total state government employment, including university and agency personnel, was approximately 173,900 in calendar year 2001 and 171,100 in calendar year 2008, according to the U.S. Bureau of Labor Statistics.⁷ This is a decline much less than that of classified employment. It would be interesting to know whether classified employment was moved to unclassified agency employment and why university employment rose from 96,600 to 100,500.

The authors do not address any of these issues, yet they provide statements like, "The policy of dramatically decreasing the number of employees who work in the Departments of Agriculture, Natural Resources, and Environmental Quality raises serious questions." There is absolutely no discussion as to why this raises serious questions other than the preceding statement: "Michigan's tourism is closely linked with the physical environment of the state."

Presented with such a strong conclusion, one expects a discussion of what percentage of the economy is generated by tourism; how the three departments listed specifically affect the state's environment; how the environment is linked to tourism; how the number of employees in these departments affect that part of the environment linked to tourism; how satisfied tourists were with the state's environment over this period; and what has happened to employee productivity in these departments in the last eight years. None of this is discussed. Apparently, the reader is supposed to jump to the conclusion that reducing the number of employees in the Department of Agriculture will raise serious questions about the health of the state's tourism industry.

The rest of the paragraph, again with no substantiation, asserts that reducing the state's workforce raises serious questions regarding the economic health, public safety, public welfare and public finances of Michigan. While it is possible that the authors are correct, there is nothing in the paper that demonstrates this, and this conclusion requires an entirely different study.†

† The authors do point out that in jobs that involve direct personal contacts, it is difficult to achieve major productivity gains, and they cite a well-known paper by William Baumol. It is useful noting that Baumol's paper, which argues that it is difficult to increase productivity in the service sector, was written in 1967, well before the computer age.

III. Wage Comparisons

As noted by the authors of the paper, some form of econometric analysis is needed to rightly compare private-sector and public-sector wages, as simple comparisons can be quite misleading. The authors not only fail to provide an analysis sophisticated enough to substantiate their conclusions, but also introduce misleading data to give the impression that their conclusions are correct.

One example is their initial discussion of the Michigan Civil Service Commission's report on current average annual salaries of classified employees. The authors note that in the second quarter of 2009, State of Michigan classified employees earned an average annual salary of \$54,246, while in 2007, full-time year-round workers in the United States earned an average annual salary of \$51,588. The authors then point out, "[I]t might appear that the state employees are paid slightly more than their counterparts."

One must first question why the authors use national data on private and public employment in their comparison when the U.S. Bureau of Labor Statistics provides data specifically on Michigan private-sector employees. The average annual salary for the state's private-sector employees in 2008 was \$43,831.⁸ This number indicates that the average salary of state classified employees is 23.8 percent above that of the private-sector employees in the state of Michigan — substantially higher, though the wage differential will be overstated somewhat by the Quarterly Census data, since it includes part-time employment in the calculation. These data do not show that state classified employees are overpaid, of course, but the data cited by Ballard and Funari certainly do nothing to question the belief that state employees are paid significantly more than their counterparts in the private sector.

As noted, there are a number of other variables that should be considered, such as the extent of health care and retirement benefits. The Ballard and Funari paper makes no attempt to account for health care or other benefits in their comparison of wages. The true standard of comparison should be total employee compensation. To make such a comparison, the benefits afforded Michigan state employees would have to be compared with those of private-sector employees with similar educational background and in similar jobs. This should include not only what premiums must be paid by the employee for health care, but also the benefits from the plan, such as amount of coverage, deductibles, co-pays, etc.

The House Fiscal Agency report on which Ballard and Funari rely states, "It is important, however, to

emphasize that the Michigan Employee Compensation Survey [sponsored by the Civil Service Commission] does not include information on specific benefits and features provided in the average public/private-sector health insurance plan; thus, survey information cannot determine whether benefits and features are comparable for state employee health plans and public/private-sector employee health plans."^{*} It is highly unlikely, however, that the average Michigan private-sector employee is receiving benefits as high as the average state employee. Certainly, Ballard and Funari present no evidence to that effect, nor do they show that private-sector benefits would fully compensate for the much higher wages of state employees.

In fact, there is some evidence that private-sector compensation does not close the gap. In "What Price Government?," a 2007 Mackinac Center for Public Policy paper by Brian Balfour and Michael LaFaive, total compensation packages are compared between similar jobs in the private sector and state employment. Looking at four examples that included low-, middle- and upper-level wage ranges, Balfour and LaFaive found that state employees earned considerably more in total compensation than did their private-sector counterparts, although the disparity was less marked in the case of physicians.⁹

In the case of retirement benefits, it would be important to control for such variables as length of service before vesting, amount of employer contribution, and whether the plan offers a defined benefit or defined contribution.[†] None of this is controlled for by Ballard and Funari when they suggest that government employees receive wages similar to those of private-sector workers.

Such an adjustment would be complex. State employees hired prior to 1997 are in a defined-benefit plan. This places the responsibility for meeting a specified retirement cash flow on the taxpayer, rather than the employee. In contrast, state employees hired after 1997 have defined-contribution plans, which place the responsibility on the employees to invest enough present income to meet their retirement needs. Thus, the state's overall employee retirement arrangement is a mix of defined-contribution and defined-benefit plans. The House Fiscal Agency

^{*} Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 16. The Michigan Employee Compensation Survey is conducted every three years by the Civil Service Commission through a private contractor. It is confined to large private- and public-sector employers. For a detailed description, see Page 9 of the House Fiscal Agency Report.

[†] In a defined-benefit plan, an employee receives a fixed percentage of his or her annual salary as a yearly retirement payment. In a defined-contribution plan, the employee receives a fixed employer contribution to a retirement account during his or her working years, with the retirement payment depending on the savings and interest generated by the account over time.

reports that 56 percent of private/public-sector employers covered in the Michigan Employee Compensation Survey provided a defined-contribution plan, while 4.8 percent had no plan at all in 2007.

The House Fiscal Agency report points out that Michigan's contribution to the state employees' defined-benefit retirement plan is quite high even when compared to other states' defined-benefit retirement plans.¹⁰ Michigan's employer contribution is 13.6 percent, while the national average is 8.69 percent. Michigan is one of only five states that require no employee contribution to the retirement system. On the other hand, Michigan uses one of the lowest employment multipliers, so the state is below average compared to other states in the percentage of annual salary that its retirees receive per year of service in its defined-benefit plan.*

Regardless, the state government's obligations to employees for pension and other retiree benefits may represent significant compensation gains in comparison to the post-employment benefits that private-sector employers provide their workers. Such retirement benefits should thus be part of any evaluation of the compensation of state employees relative to private-sector employees in Michigan. It should also be noted that it would be easy to underestimate the size of these public-sector benefits by focusing on the state's current payments toward future liabilities for pension and other retiree benefits. These state payments have been significantly less than the contributions recommended by state actuaries. The Office of the State Budget's Comprehensive Annual Financial Report shows a current accumulated shortfall of \$537.4 million relative to these recommendations for pension benefits.¹¹ The report indicates a similar accumulated shortfall of \$609.5 million for other post-employment benefits, such as retiree health coverage.¹² Any attempt to calculate the current value of future retirement benefits to state employees would need to recognize these additional liabilities.

An accurate statement about relative compensation would also include an analysis of vacation time. For example, Michigan House of Representatives staff personnel get 26 paid vacation days per year.¹³ Some university personnel, such as professors, get substantially more vacation than this. Ballard and Funari do not even discuss this issue, much less provide data on differences in vacation time between state employees and private-sector employees.

* Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 19. The "employment multiplier" is the figure by which a retiree's number of years of employment is multiplied to obtain the percentage of final annual salary that makes up the defined benefit.

The authors rightly discuss the fact that state employees possess a different mix of educational experience than the average U.S. worker, and they infer that there are lots of other variables that need to be considered before a careful salary comparison can be made. They then ignore these variables and provide a table of ratios of private-sector salary to state employee salary by educational attainment, stating, "Nonetheless, at a minimum the data in Table 1 (average earnings for state workers as a percentage of average earnings for private-sector workers by educational attainment) contradict the widespread impression that state employees are grossly overpaid." Clearly, by the authors' own logic, Table 1 cannot substantiate this conclusion.

There are a number of other problems with this section of the report. First, the authors use a confusing mix of employment categories as they attempt to make various points. While the employment decline and the average wage discussed in the first part of the authors' paper involve only state classified employees, the data on the educational attainment includes legislative and university employees as well. In fact, the authors use salary data on classified employees and in the same paragraph assert: "However, the State of Michigan employees have substantial experience, and they are unusually well educated." As evidence, they then cite the House Fiscal Agency report to assert, "[I]n addition to the 27.5 percent of state workers who completed their education with a Bachelor's degree, 16.5 percent have a Master's degree, 3.6 percent have a professional degree, and 7.2 percent have a doctorate."

But this data comes from Table J in the House Fiscal Agency report and refers to not only classified state employees, but also legislative and university employees.¹⁴ Inclusion of university employees surely affects the comparison of educational attainment and salary between state and private-sector employees, yet the paper leaves the impression that the data on educational attainment is for the same group that is used for wage comparison — that is, classified civil employees. The appropriate comparison would have been to Table H of the House Fiscal Agency report, which looks at educational requirements for state classified employees, the group that is used for the wage data. The table shows that only 39.5 percent of state classified employees are required to have a bachelor's degree or higher.†

Creating more confusion, footnote 7 of the Ballard and Funari paper says that the comparison of wages in their Table 1 is based on a survey that includes some university

† Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 22. The table provides the number of employees required to have a bachelor's degree or higher; it does not provide the actual number of employees who have a bachelor's degree or higher. The actual number may be more.

workers as well as civil service workers. That would be the American Community Survey. The footnote goes on to discuss what occupations were left out of the survey. This part of the footnote undoubtedly refers to a different survey also discussed in the House Fiscal Agency report — the MECS survey of employers conducted by O. William Rye & Co. and commissioned by the Michigan Civil Service Commission. That survey, which is conducted for the purposes of negotiating with the labor unions, covers only large employers and contains data for both private and public employers. Someone who has read the House Fiscal Agency report carefully and done a few calculations will recognize that Table K of the House Fiscal Agency report is the basis for Table 1 of the Ballard and Funari paper. They may also be aware of the difference between the American Community Survey and the Michigan Civil Service Survey and that the table uses the American Community Survey. Nonetheless, it is very confusing when the surveys are mixed in this fashion by the authors.

Inclusion of university employees in the survey creates difficulties in making comparisons of the private-sector and state salaries. For instance, Ph.D. and master's degree holders in universities have considerably more vacation time than their counterparts in the private sector and have the opportunity for further earnings through consulting. In addition, similar degrees do not necessarily mean similar skill sets. For example, to know that someone with a master's degree in education working at the Michigan Department of Education makes less on average than a person with a master's degree in physics in the private sector says nothing about whether state employees are overpaid. Hence, if one were defining "overpaid" as being paid more than what a person with the same skill level is paid in the private sector, the comparison would have to be at a minimum broken down by degree field and by experience, which the House Fiscal Agency Report does not attempt to do, and which Ballard and Funari fail to add.

Another reasonable definition of overpaid would be that people receive more than the value they provide — in economic terms, that their wages exceed the value of their marginal product. Since public-sector employees do not generally produce services sold in the marketplace, it is difficult, even impossible, to accurately determine the value of their marginal product. Thus, a table of average earnings for state workers as a percent of average earnings for private-sector workers cannot "contradict the widespread impression that state employees are grossly overpaid." This is not to suggest that state employees are underpaid or overpaid, but rather to point out that the House Fiscal Agency table used by Ballard and Funari does not lead to the suggested conclusion.

Certainly, Ballard and Funari present no evidence to that effect, or that the benefits are sufficiently greater for private-sector employees to overcome the much larger wages of state employees.

IV. State Employee Compensation Trends

In their Section IV, Ballard and Funari look at negotiated wage increases and concessions of state employees to argue that compensation increases for state employees have been less than increases in the cost of living. Again, there are problems jumping from the data to the conclusions of the authors.

First, in the executive summary, the authors state, "Real wage growth for state employees has been very close to zero." However, the table they reference involves only state employees under collective bargaining agreements. This is a subset of the employees used in the employment numbers in Part II of the report and a smaller subset of all state employees. The difference may be substantial, as there are about 50,000 classified employees, but only about 70 percent of these are represented by unions in collective bargaining agreements with the Office of State Employer.¹⁵

Ballard and Funari do start Section IV by pointing out, "More than two-thirds of state employees are covered by collective-bargaining agreements." They also note, "Table 2 provides an overview of the negotiated wage agreements and the concessions." So a careful reader may draw the conclusion that the data in the table are for the subset of state employees that are covered by collective bargaining agreements. However, the table is labeled "State Employee Wage Increases and Wage Concessions, Fiscal Years 2002-03 to 2008-09." This, combined with the statement from the executive summary, could mislead the reader into believing that the data from Table 2 can be used to make a statement about all state employees. Total state government employment, 171,100, is more than four times the number of state classified employees covered under collective bargaining agreements, so these subsets of employees may be different enough to invalidate any comparison. While it may be possible to come to some conclusion about wage concessions of all state employees, the data from Table 2 do not allow this.

Second, the authors compare the 20.5 percent total negotiated wage increase for employees covered by collective bargaining agreements from fiscal 2003 to fiscal 2009 with two indices of inflation to discuss state employee compensation. They show that these wage increases are only slightly more than the rate of inflation. However, the paper originally compared Michigan's

private-sector employees and state employees. From calendar year 2003 to calendar year 2008 (the latest year for which data are available), average state private-sector wages rose by noticeably less — 11.0 percent, from \$39,484 to \$43,831.¹⁶ Rather than emphasizing that covered state employee wages have risen about at the rate of inflation, the authors might well have pointed out that covered state employee wages have risen faster than Michigan private-sector employee wages, and thus that the gap between the two has been widening.

Third, the authors discuss a 5.0 percent reduction in covered employees' wages in fiscal 2004 and a 4.0 percent reduction in fiscal 2005 through a "banked-leave-time" concession. The authors note that under these programs, the covered employees worked a 40 hour week and were paid for 38 hours in fiscal 2004 and 38.4 hours in fiscal 2005. But the authors omit the fact that the employees were allowed to bank this time and take it as paid leave in subsequent years. Thus, covered employees had a reduction in wages, but also had an increased amount of leave time, so their total compensation did not decrease by the amount suggested in the table.

Fourth, it is in this section that the authors finally bring up data on benefits. They concede that the amount of contributions that state employees make to their health benefits have been less than that of other workers in Michigan, although they do not provide data. They then make an argument that after concessions, state employees "faced higher-than-average costs." The reader may assume this means that state employees have had to make higher contributions to their health care benefits than did private-sector employees. However, since the authors provide no data on private-sector employee health care contributions, nor cite a source for their claim, it is difficult to know what they are comparing. For example, are the higher-than-average costs a comparison of state employee contributions in 2008-09 to private-sector employee contributions in 2007?

A reading of the House Fiscal Agency report suggests that the Ballard and Funari statement about state employees facing higher-than-average costs is from that report.¹⁷ It is also important to know that the standard of comparison for benefits in the House Fiscal Agency report is the Michigan Employee Compensation Survey. The MECS, however, does not involve a representative cross-section of private-sector employers. Rather, the MECS canvasses private-sector employers with 1000 or more employees and public-sector employers, such as the Genesee County Road Commission, the City of Livonia and Grand Valley State University.* The employee contribution to health

care insurance is likely to be lower for this group than for the average Michigan private-sector employee, whose payments are supposed to be represented by the MECS figures in the Ballard-Funari report. Nationally, wages for employees of private-sector firms with 500 or more workers are about 40 percent higher than for firms with less than 100 workers.¹⁸ It would not be surprising if the benefits at these larger companies are better as well, so it is quite possible that an employee pays less for health insurance at firms in the MECS than does the average Michigan private-sector employee. If so, Ballard and Funari's standard of comparison may be inappropriate.

In addition, the data from the Michigan Employee Compensation Survey are from 2007. Thus, Ballard and Funari are comparing the covered state employee contributions after concessions (in fiscal 2004 and fiscal 2005) with 2007 contributions of the other employees. If the Michigan Employee Compensation Survey employees have also made concessions over the last two years, the Ballard-Funari statement about the higher-than-average costs may be incorrect even using the MECS data as the standard of comparison. In any event, the data certainly don't support the statement that Michigan state employees contribute more to their health care plans than do Michigan private-sector employees.

Even if covered Michigan state employees did contribute more to their health care plans than do private-sector employees, it is quite likely that the benefits received from their health care plans are greater than those of private-sector employees. Examining only the employee contribution can be misleading. For example, a private-sector employer may offer no health care insurance, in which case the employee contribution would be zero — much less than the contributions of the Michigan state employee. This would hardly imply that the private-sector employee had a more generous compensation package, since the benefits would also be zero. Again, a proper comparison of Michigan state employee compensation with private-sector compensation requires more data than are made available in this study.

V. State Employees' Role in Budget Savings

Is it really "clear" that state employees "have already played a very large role in helping the State of Michigan to grapple with its budgetary problems," as Ballard and Funari conclude in their paper?

employees are sometimes included in the survey. See Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 10, for detail.

In their executive summary, Ballard and Funari claim that changes in employment, compensation, working hours and benefits of state employees have resulted in \$3.7 billion in total savings in state expenditures from 2001 through 2008. The majority of this, \$3.0 billion, is attributed to wage concessions by assuming what the employees who left state employment would have earned had they continued in their state employment and by assuming the state would have continued to pay their salaries.

First, the Ballard and Funari paper estimate of \$3 billion is surely an overestimate, as it does not account for the extra retirement costs to the state from the early retirement packages that were offered to the civil service employees in 2002. An accurate estimate of the state's savings would have included these added costs.

In addition, given that the \$3 billion is the result of layoffs, it's obvious that the current employees didn't play a role in this estimated savings. The workers who left state employment might be credited with the savings, but, of course, they did not sacrifice the entire \$3 billion. Rather, they forewent the difference between what they earned in other jobs over that period and what they would have earned in their state job. While some may not have been able to find another job, some may have earned more in the private sector, and some may have earned wages similar to what they would have earned from the state. So it is actually any Michigan residents receiving fewer services who played a role in helping with the budget problem.

As another part of the \$3.7 billion savings that Ballard and Funari attribute to Michigan state employees, the authors tap the House Fiscal Agency report for the Michigan Office of Retirement Services' estimate of \$143 million in savings due to reduction in pension expenditures.* Yet it is surely not accurate to say that Michigan employees played a considerable role in these savings. The move to a defined-contribution plan involved only new employees. These employees opted to accept the defined-contribution plan when they chose employment with the state. They did not give up a defined-benefit plan, and thus they cannot be said to have played a role in this savings.

Finally, Ballard and Funari give an estimate of savings from the "banked-leave-program" of \$275 million. While they do not give an explanation for this figure, it is probably taken from the House Fiscal Agency report, which provides estimates of \$243.8 million for the fiscal

2004 and the fiscal 2005 programs and \$31.7 million for the fiscal 2004 furlough day program, which required full-time employees to take 40 hours of unpaid leave during fiscal 2004.¹⁹ As noted above, the state employees received days off in the future in return for the lower average wage. Thus the value of the compensatory time off to the employees would have to be subtracted from the \$275 million to correctly assign savings attributable to the employees. To the extent that the time off led to reduced state services, taxpayers, not state employees, would bear part of the cost of the deficit reduction. In addition, some employees may have received cash payments for the compensatory time off (if, for instance, they were terminated). These costs would reduce the estimated savings as well.

VI. Conclusion

Just as Ballard and Funari at first express in their paper, their report is not designed to determine whether state employees are overpaid, whether state employees are paid more or less than comparable private-sector workers, how changes in state employment may affect state services or whether state employees are doing their "fair share." However, as shown above, the Ballard and Funari paper does not and cannot support the conclusions that those authors reach; in some instances, it may be reasonable to come to entirely different conclusions.

If one wanted to truly make the statements that Ballard and Funari do, further research would be needed to examine the degree, if any, of decline in state service in either scope or quality that can be traced to the reduction in classified employees. To make true wage comparisons, one would need a survey of solely private-sector employees in Michigan that encompasses the extent of benefits and employee contributions for health and retirement, as well as the amount of vacation, leave and other nonpecuniary benefits. Until such research is available, the conclusions of Ballard and Funari remain suspect.

* This \$143 million figure represents state savings from fiscal 1998 to fiscal 2006. The other savings cited by Ballard and Funari are not, however, for similar fiscal years. They total these nevertheless.

Endnotes

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- 2 Charles L. Ballard and Nicole S. Funari, "The Retrenchment of the State Employee Workforce in Michigan," (Service Employees International Union, 2009), footnote 1, <http://www.mco-seiu.org/admin/Assets/AssetContent/05372732-af42-4482-a842-0c3b876819c0/546bfa9e-94e2-495f-9d30-54cc81f55e4779c52626-96b1-4185-822e-fa1fcd4c0289/1/stateemployeesstudy.pdf> (accessed September 25, 2009); and Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 3.
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- 12 Ibid.
- 13 See Balfour and LaFaive, "What Price Government?".
- 14 Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 24.
- 15 Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 3.
- 16 "Quarterly Census of Employment and Wages."
- 17 Wild, Stansell, and Bean, "Civil Service Salary and Benefit Comparisons," 15.
- 18 "Occupational Earnings Tables: United States, December 2007 – January 2009: Table 1," (Bureau of Labor Statistics, 2009), <http://www.bls.gov/ncs/ocs/sp/nctb0715.pdf> (accessed September 25, 2009).
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