



Wisconsin Taxpayers Alliance

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NEWS

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Public Benefits 50% Greater Than Those in Private Sector State-Local Government Benefits Averaged \$12,171 Per Worker

MADISON—State-local government employees in Wisconsin received an average of \$12,171 in fringe benefits in 2005, exceeding benefits for private sector workers by more than 50%. Public benefits cost Wisconsin taxpayers \$4.62 billion in 2005, or an average of more than \$800 per person. These are the key findings of the latest Wisconsin Taxpayers Alliance (WISTAX) study, “Public and Private Benefits in Wisconsin.” Celebrating its 75th anniversary, the nonprofit WISTAX keeps Wisconsin citizens informed through nonpartisan public-policy research.

In every state, public benefits are greater than those in the private sector. However, Wisconsin’s gap (50.1%) was much larger than the nation’s (34.9%). It was also larger than the gaps for all states bordering Wisconsin: Illinois (34.5%), Iowa (45.8%), Michigan (18.4%), and Minnesota (30.1%). The largest gap was in Oregon, where public benefits were nearly triple those in the private sector. If Wisconsin’s state-local employees received the same level of fringe benefits as the state’s private workers, Wisconsin governments would have spent \$1.54 billion less in 2005, WISTAX said.

In addition to costing more, public benefits have also grown faster than private ones. From 2001 to 2005, Wisconsin’s public benefits per worker climbed 41.6%, or an average of 9.1% per year. Private benefits have also grown quickly (up 34.8%, or an average of 7.8% per year), but at a slower rate than public benefits.

One consequence of the large increases in benefits is that they account for a growing share of compensation. In Wisconsin, state-local government employees received 26.4% of their total compensation in the form of fringe benefits in 2006, up from 21.6% five years earlier. Nationally, public employees received 23.7% of their total compensation in fringe benefits.

The rapid growth in the cost of fringe benefits has important consequences. One, according to WISTAX, is that it limits salary increases. From 2001 through 2005, total compensation per worker rose at similar rates in Wisconsin’s public (4.0% per year) and private (3.8% per year) sectors. However, while public benefits per worker rose 9.1% per year during these years, private benefits rose less—7.8% annually. The faster growth in public benefits led to slower increases in public wages and salaries (2.4% per year) compared to those in the private sector (3.0%).

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state’s oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

In this vein, WISTAX researchers noted that rising health insurance costs have had a negative effect on Wisconsin teacher salaries. State law requires school districts to increase total compensation at least 3.8% annually. When benefit costs rise 9% or more, there is little room left for salary growth.

The new WISTAX study looked at salary and benefit data from the U.S. Bureau of Economic Analysis. Among the major employee benefits included in the study were health, life, and disability insurance, employee contributions to pensions and other retirement plans (including Social Security), and contributions to state unemployment insurance funds.

A free copy of *The Wisconsin Taxpayer* titled “Public and Private Benefits in Wisconsin” can be obtained by writing WISTAX, 401 North Lawn Ave., Madison, WI 53704-5033; e-mailing wistax@wistax.org; visiting www.wistax.org; or calling 608.214.9789. □

(Editors' Note: An electronic version of this release is available at www.wistax.org.)