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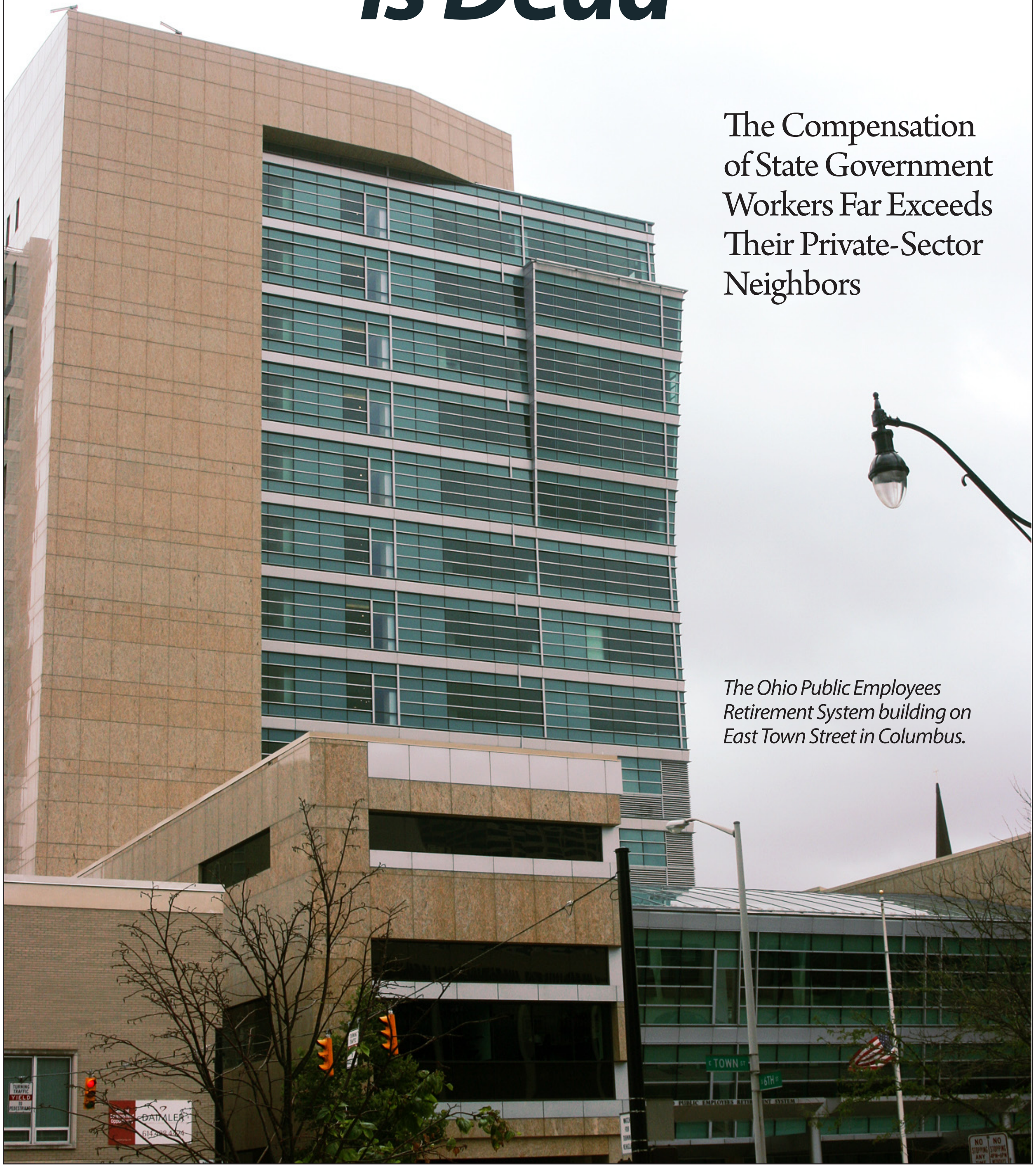
The Grand Bargain is Dead



The Compensation of State Government Workers Far Exceeds Their Private-Sector Neighbors

The Ohio Public Employees Retirement System building on East Town Street in Columbus.

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Menu of Cost Savings By
Matt Mayer

Research Conducted By
Matthew Marlin, Ph.D., Jonathon Scott, and Kaitlyn Wolf
Duquesne University

July 2010

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By **MATT MAYER**

Why This Report Matters to You

Ohio is facing an estimated $8 billion budget deficit for fiscal years 2012–2013. As our **State of the State** report found, state government workers today are paid much more than their private-sector neighbors in 85 out of 88 counties. With this comprehensive report comparing the median state government worker and her private-sector peer, it is clear no matter how you slice it that the total compensation package for state government workers far exceeds their private-sector neighbors, despite the single worst decade since the 1830s for investors and an economy in shambles.

This enormous compensation imbalance cannot be maintained, as it is placing too great a burden on the backs of Ohio taxpayers. Whether your ideological views come from the left or the right, it is an undeniable fact that a vibrant government that provides needed services to vulnerable populations and provides other necessary functions cannot be maintained without a vibrant private sector that is creating jobs and prosperity from which tax revenues can be derived.

The problems facing Ohio today largely came about because our government grew beyond the revenues generated by a systemically weak private sector. As Ohio government grew by over 93,000 employees over the last twenty years, Ohio's private sector netted a mere 120,000 jobs from January 1990 to May 2010, or just 492 net jobs per month for Ohio's 11.4 million citizens.

The core problem is not just that Ohio added almost one new government job for every net private-sector job, it is also that the compensation packages of government workers have grown increasingly more lucrative and disconnected from the economic reality of the vast majority of Ohioans who do not work for government. Simply realigning state government worker compensation packages to match those of their private-sector peers would save taxpayers over $2.1 billion in the next two years, which is nearly 28 percent of the $8 billion budget deficit we need to eliminate.

If state government worker compensation packages are not touched as part of any budget deficit compromise, there is simply no way to balance Ohio's budget without substantially raising your taxes. We think you have suffered enough and it is high time government workers—largely immune from the impacts of the recession—share the burden of getting Ohio back on its fiscal feet.

Executive Summary and Menu of Cost Savings

As the research conducted by Dr. Matthew Marlin, Jonathon Scott, and Kaitlyn Wolf from Duquesne University establishes, the overall compensation packages of state government workers far exceeds the compensation packages of their private-sector neighbors. With Ohio facing an estimated $8 billion budget deficit in the next biennial budget, our elected officials will have to stop nibbling on the margins and make the tough choices necessary to balance the budget. These tough choices will include taking on the entrenched interests who have the most to lose.

Ohio taxpayers should understand a fundamental reality: if the entrenched interests win, we the taxpayer will lose and lose big. You simply cannot balance the budget with a projected $8 billion deficit if the reform of compensation packages of government workers is not included in any budget compromise. In a recent report, one of our peer groups on the left released its "balanced/pragmatic" plan to eliminate the projected budget that relies upon tax increases for 74 percent of its "solution."[1] The fact is that two of the largest discretionary pieces of the budget are the compensation of state government workers and the funds passed down to local governments to pay for local government workers.

Although the public-sector labor unions will disagree, common sense would indicate that if an $8 billion budget deficit—roughly 20 percent of the state budget—does not constitute the exigent circumstances allowing the state to change the terms of the various labor contracts in the face of a constitutional requirement to balance the budget, nothing would. Additionally, excluding individuals currently retired, any changes to the public pension law for those government workers who are not retired would only require a statutory change.

Given that the vast majority of Ohioans are not government workers, the public labor unions will only exacerbate the growing anger taxpayers across Ohio have with them should they decide to wage a full-scale battle to preserve the privileged status government workers currently enjoy, especially because the only alternative to protecting gold-plated government compensation packages likely would be to significantly raise taxes on already overtaxed private-sector Ohioans.

Using the research developed by Marlin et al., we have identified the following menu of cost-saving reforms the legislature and governor should consider as part of any budget compromise. This menu consists of both easy and difficult options that all result in short- and long-term savings. All of these options are estimates based on the best figures available from the government. As the major newspapers recently highlighted, the lack of real transparency in Ohio's government and its pension system makes it very hard for taxpayers to obtain the requisite information they need to make educated decisions about the direction and cost of Ohio's government.[2]

Option 1A: Realign government pay to private-sector pay

Currently, a median state government worker makes 24.6 percent more than her private-sector peer

1 John A. Begala, "Thinking the Unthinkable: Finding Common Ground for Resolving Ohio's Fiscal Crisis," Center for Community Solutions, June 2010.

2 Rick Armon, "Don't mention that pension," Columbus Dispatch, June 20, 2010, at *http://www.dispatchpolitics.com/live/content/insight/stories/2010/06/20/copy/dont-mention-that-pension.html?adsec=politics&sid=101* (June 27, 2010).

($36,858 v. $29,586). Using this comparison and the 2009 state government pay data, a 19.73 percent cut in pay (the percentage needed to reduce the median state government worker's pay to her private-sector peer's pay) would save Ohioans roughly $639,889,878 in the next year. Alternatively, a 15 percent or 10 percent cut would save $486,484,955 or $324,323,303, respectively. Any cut would have the long-term impact of permanently lowering the annual costs of state government compensation in future years.

Option 1B: Freeze pay, including step increases and longevity pay, until private-sector pay catches up with government pay

As the research shows, a state worker earns $36,858 compared to her private-sector peer who earns $29,586. Based on the annual private-sector average increase of 2.46 percent, it would take roughly nine years for private-sector pay to catch up with state government pay. Over those nine years, taxpayers would save $105,609 for just one state worker. Thereafter, state government pay could be indexed to the annual average private-sector increase, which would save an additional $1,179,677 over the lifetime of a government worker.

With over 59,000 state workers, the aggregate yearly and lifetime cost savings would be in the billions. If no changes were made to the pension benefit, a freeze also would result in enormous savings, as the highest three-year average of all state government workers would decline from the current trajectory.

Option 2: Eliminate longevity pay

Despite the claim that state government workers are currently under a pay freeze, roughly 46 percent of state government workers will receive pay increases this year and next year. Specifically, despite the pay advantages government workers have over their private-sector neighbors, state government workers receive an arbitrary pay increase in years 5 (2.5 percent) though 20 (10 percent) just for continuing to

Option 2: Savings from Eliminating Longevity Pay

Year	Age	Wage With Longevity	Wage Without Longevity
2009	22	$36,857.58	$36,857.58
2010	23	$36,858.00	$36,858.00
2011	24	$36,858.00	$36,858.00
2012	25	$38,207.00	$38,207.00
2013	26	$39,605.38	$39,605.38
2014	27	$41,976.38	$41,054.94
2015	28	$44,618.44	$42,557.55
2016	29	$47,541.49	$44,115.15
2017	30	$50,755.81	$45,729.77
2018	31	$54,272.07	$47,403.48
2019	32	$58,101.31	$49,138.44
2020	33	$62,254.98	$50,936.91
2021	34	$66,744.97	$52,801.20
2022	35	$71,583.58	$54,733.73
2023	36	$76,783.57	$56,736.98
2024	37	$82,358.17	$58,813.55
2025	38	$88,321.09	$60,966.13
2026	39	$94,686.53	$63,197.49
2027	40	$101,469.24	$65,510.52
2028	41	$108,684.49	$67,908.20
2029	42	$112,662.34	$70,393.64
2030	43	$116,785.79	$72,970.05
2031	44	$121,060.14	$75,640.76
2032	45	$125,490.95	$78,409.21
2033	46	$130,083.91	$81,278.98
2034	47	$134,844.99	$84,253.79
2035	48	$139,780.31	$87,337.48
2036	49	$144,896.27	$90,534.04
2037	50	$150,199.48	$93,847.58
2038	51	$155,696.78	$97,282.40
Total		**$2,570,039.03**	**$1,821,937.94**
		Cost Savings: $748,101.09	

work for government.[3] These longevity pay increases are added to the salary base, so compound each year.

For the median state government worker, the longevity pay adds $748,101 to his lifetime pay, which also substantially increases his pension. Eliminating these antiquated payments would save taxpayers at least $20.6 million per year and up to three times that amount depending on the pay grade of eligible employees.

Option 3: Require employees to use or lose leave

Currently policy allows state government workers to "bank" unused leave year after year. Many state government workers then "cash out" that leave in their last year at their current pay rate (rather than their pay rate when the leave was earned). In some cases, the payout exceeds the annual pay of the worker. Requiring state government workers to use or lose leave would save taxpayers approximately $118,033,324 per year.

Option 4: Have government workers pay the same share of health care premiums as workers in the private sector do

State government workers today pay roughly 17 percent of the premium costs for their health care coverage. The premium costs for private-sector workers in Ohio is 23 percent. By increasing the percentage paid by state government workers to match the private-sector percentage, taxpayers would save $43,980,467 per year.

Option 5: Reduce the sick leave benefit to the level paid in the private sector

State government workers receive a sick leave benefit equal to $1,581 compared to the $395 received by their private-sector neighbors. Eliminating this nearly four times greater benefit would save taxpayers $70,027,370 per year.

Option 6: Reduce the employer pension match to the level paid in the private sector

Because of the overly generous pensions received by state government workers, taxpayers contribute 14 percent of each worker's pay to their pensions. In contrast, the average retirement contribution by employers for private-sector workers is 5 percent. Reducing the taxpayer match from 14 percent to 5 percent would save taxpayers $291,890,973 per year. In terms of transparency, the pensions cannot continue to claim the right to privacy when the majority of funding received comes from taxpayers and when any bailout needed to meet the unfunded promises would come from increasing the taxpayer match.

Option 7: Make eligibility for pensions the same as eligibility for Social Security payments

For the vast majority of Ohioans, the Social Security program represents the majority element of their retirement. In order to receive the full benefits of the Social Security program, private-sector Ohioans must wait until they are 67 years old. In stark contrast, state government workers can retire with full pension benefits after just 30 years, making many able to retire when they are 52 years old (or younger in some cases). With a life expectancy of 78 years, these young retirees will collect their pensions almost as long as they worked for the state. As recently reported, many of these retirees quickly come back into the system after "retiring" and engage in the practice of double-dipping.[4]

Rather than maintain this fifteen-year gap, state government workers should not be able to collect their pension benefits until they are 67 years old. This change would dramatically reduce the financial burdens of long retirements. For the median state govern-

3 Contract Between the State of Ohio and the Ohio Civil Service Employees Association, AFSCME Local 11 AFL-CIO, April 15, 2009 – February 29, 2012, Section 36.07, page 136 at *http://www.das.ohio.gov/LinkClick.aspx?fileticket=NShJQuSwa7k=&tabid=173* (June 28, 2010).

4 Dennis Willard, "Pension rules allow educators to double dip," Columbus Dispatch, June 20, 2010, at *http://www.dispatch.com/live/content/local_news/stories/2010/06/20/copy/pension-rules-allow-educators-to-double-dip.html* (June 27, 2010).

Option 6: Savings from Reducing Employer Pension Match

Year	Age	Wage	Pension	Pension (Revised)	Yearly Cost Savings
2009	22	$36,857.58	$5,160.06	$1,842.88	$3,317.18
2010	23	$36,858.00	$5,160.12	$1,842.90	$3,317.22
2011	24	$36,858.00	$5,160.12	$1,842.90	$3,317.22
2012	25	$38,207.00	$5,348.98	$1,910.35	$3,438.63
2013	26	$39,605.38	$5,544.75	$1,980.27	$3,564.48
2014	27	$41,976.38	$5,876.69	$2,098.82	$3,777.87
2015	28	$44,618.44	$6,246.58	$2,230.92	$4,015.66
2016	29	$47,541.49	$6,655.81	$2,377.07	$4,278.73
2017	30	$50,755.81	$7,105.81	$2,537.79	$4,568.02
2018	31	$54,272.07	$7,598.09	$2,713.60	$4,884.49
2019	32	$58,101.31	$8,134.18	$2,905.07	$5,229.12
2020	33	$62,254.98	$8,715.70	$3,112.75	$5,602.95
2021	34	$66,744.97	$9,344.30	$3,337.25	$6,007.05
2022	35	$71,583.58	$10,021.70	$3,579.18	$6,442.52
2023	36	$76,783.57	$10,749.70	$3,839.18	$6,910.52
2024	37	$82,358.17	$11,530.14	$4,117.91	$7,412.24
2025	38	$88,321.09	$12,364.95	$4,416.05	$7,948.90
2026	39	$94,686.53	$13,256.11	$4,734.33	$8,521.79
2027	40	$101,469.24	$14,205.69	$5,073.46	$9,132.23
2028	41	$108,684.49	$15,215.83	$5,434.22	$9,781.60
2029	42	$112,662.34	$15,772.73	$5,633.12	$10,139.61
2030	43	$116,785.79	$16,350.01	$5,839.29	$10,510.72
2031	44	$121,060.14	$16,948.42	$6,053.01	$10,895.41
2032	45	$125,490.95	$17,568.73	$6,274.55	$11,294.19
2033	46	$130,083.91	$18,211.75	$6,504.20	$11,707.55
2034	47	$134,844.99	$18,878.30	$6,742.25	$12,136.05
2035	48	$139,780.31	$19,569.24	$6,989.02	$12,580.23
2036	49	$144,896.27	$20,285.48	$7,244.81	$13,040.66
2037	50	$150,199.48	$21,027.93	$7,509.97	$13,517.95
2038	51	$155,696.78	$21,797.55	$7,784.84	$14,012.71
Total		**$2,570,039.03**	**$359,805.46**	**$128,501.95**	**$231,303.51**

ment worker, this change would reduce his pension from $3,545,479 to $1,886,294. Even taking in the higher three-year average salary, a longer-serving state government worker would have, this change would reduce his pension from $3,545,479 to $2,703,984.

This change also would significantly curb the double-dipping abuses rife with government workers, as workers could retire after thirty years, but could not begin collecting their pension until later. Thus, they could become contractors for the state, but would only receive one payment.

Option 8: Eliminate the Cost of Living Adjustment for pensions

Another factor that requires taxpayers to contribute 14 percent to state government pensions is the annual granting of a 3 percent Cost of Living Adjustment (COLA). Eliminating the COLA would reduce the pension from $3,545,479 to $2,578,530.

Option 9: Tie the pension Cost of Living Adjustment to the Social Security Cost of Living Adjustment

State government workers are guaranteed a 3 percent COLA every year to their pensions. The Social Security program COLA averaged 2.75 percent over the last ten years. Tying the state pension COLA to the Social Security COLA would reduce the median state government worker's pension by $80,579 over her 26-year retirement.

Option 10: Change the pension formula to reflect a 30-year pay average

The current pension formula for state government workers considers just the highest three-year salary figures to determine the yearly pension payout. This formula is entirely arbitrary. Changing the pension formula to reflect the 30-year pay average would reduce the first-year pension pay for the median state government worker from $99,174 to $56,541, which would place them just outside of the top 25 percent of all income earners in the United States (even as a retiree). With the current COLA, the lifetime cost of the pension would drop from $3,545,479 to $2,021,334. Without a COLA, the lifetime cost of the pension would total $1,470,061.

The story of Joyce Beatty highlights the problems with this system. As a state senator, Beatty's highest three years were $88,192.87, $82,256.38, and $75,970.60. With these three years, Beatty's pension would have started out at $54,212 and totaled roughly $1,224,657 after 18 years. With her job change in 2008 to The Ohio State University in which she almost quadrupled her highest salary to $320,000 (a result largely unheard of in the private sector, especially in Ohio), by 2011, Beatty's pension payouts will change to a starting pension of $211,200 and an 18-year pension of $4,771,008. This type of outcome is unsustainable.

Option 11: Move from defined-benefit plans to defined-contribution plans with a taxpayer match equal to the private-sector level

The median state worker will receive a starting pension benefit of $99,174 and a lifetime pension totaling $3,545,479. Her aggregate contribution to the pension during her 30 years of service would total just $257,004, which is a mere 7 percent of what she would receive. Any private-sector Ohioan would gladly take such an enormous return on his investment.

In contrast, the lifetime contribution to the Social Security program for the private-sector peer would total $146,340 for which she would receive a starting benefit of only $28,308 and $396,089 during her 11-year retirement. The private-sector peer's contributions would equate to 37 percent of the total benefit received.

Two data points illustrate the gold-plated nature of state government compensation based on searches of the state government pay data on our website (*www.buckeyeinstitute.org*). First, in 2009, the number of state government workers who were paid more than $100,000 equaled 1,799 people (a more than 500 percent increase since 2003 when just 288 state government workers made that amount of money). The pension obligation for this group equating to less than 3 percent of the state government workforce—assuming a three-year highest salary average of only $100,000 and an average retirement of 18 years—would total $2.68 billion.

Secondly, from 2003-2009, the number of state government workers who were paid $100,000 or more for three or more years totaled 1,298. With these six-figure highest three-year salaries to use in the pension formula, the pension obligation of those state government workers is approximately $2.3 billion. As more state government workers migrate to these six-figure salaries, the pension obligation of the 59,000 state government workers will reach dizzying heights.[5]

Moving state workers from defined-benefit plans to defined-contribution plans would save taxpayers and eliminate unfunded pension promises. Maintaining the 10 percent employee contribution and reducing the taxpayer contribution to the 5 percent private-sector average, the combined contribution for a state worker who retires at 67 years old would total $899,706. Assuming a 5 percent yearly return over the worker's life, the worker would have a nest egg of $2,260,770 to use for retirement. The worker's contribution would equate to 27 percent of the total nest egg.

2012–2013 Potential Total Budget Savings

By selecting Options 1a, 2, 4, 5, and 6, the state could cut an estimated $2.1 billion from the next biennial budget, which represents roughly 27 percent of the projected $8 billion budget deficit. If Options 1A and 3 are taken and future pay is indexed to the private-sector growth percentage, than even greater savings are possible in future years. With additional reforms to the pension system via options 7–11, total government worker costs could be lowered even more significantly.

As demonstrated in the table on pages 9 and 10, the cost savings related to these options for the median state government worker are substantial. Depending on whether state government workers can retire at age 52 or work until they are 67, the cost savings range from $1,769,515 to $4,721,108 for taxpayers.

These options can be executed without a single layoff and without any disruption in services. If a state government worker finds the exercised options too much to take, he is, of course, able to quit and avail himself of better opportunities in the private sector. Given Ohio's high unemployment, there are plenty of men and women who would gladly fill his position at the reduced level. This reality cannot be forgotten as the debate on this issue reaches a zenith.

These cost savings only focus on state government workers. Additional savings can be found by making similar choices for local government workers, as many of those government workers benefit from the same gold-plated compensation system. As our State of the State report found, local government workers make more than their private-sector neighbor in 57 out of 88 counties. When health care, sick leave, and pensions benefits are added to the equation, the local government worker's compensation far outpaces his private-sector neighbor's package.

A final word on the challenges we face in Ohio. Whether the 2012-2013 budget deficit is $8 billion or $6 billion, fundamentally, Ohio's government costs greatly exceed its tax revenue. This deficit is not a Democrat deficit or a Republican deficit, it is a deficit caused by both parties who were unwilling to keep the growth and cost of government in check and all too willing to spend money on gold-plated government compensation packages and programs. Any elected official willing to look at the data would have seen the dark clouds gathering around Ohio's private sector as far back as 1990, but chose instead to join the spending spree occurring at all levels of government.

5 With the passage of Ohio's collective bargaining law in 1983 that unionized Ohio's government workers, the compensation of Ohio's government workers skyrocketed. From the first Ohio Civil Service Employees Association contract in 1986 to the most recently concluded contract in 2008, the yearly pay increases—not including the yearly step increases (1 percent–3 percent) and the years 5 to 20 longevity increases (2.5 percent–10 percent)—have averaged almost 3.5 percent per year. As a result, state government workers who began their careers in the last 15 years stand to gain enormously as their starting pays are much higher than their government peer in 1983, which means their pension also will be substantially higher.

2012–2013 Potential Budget Savings

Year	Age	Options 1 & 2: Wage (Indexed, No Longevity)	Option 6: Pension	Option 4: Health	Option 5: Sick Leave	Total
2009	22	$29,586.00	$1,479.30	$8,783.00	$395.00	$40,243.30
2010	23	$30,313.82	$1,515.69	$9,222.15	$404.72	$41,456.37
2011	24	$31,059.54	$1,552.98	$9,683.26	$414.67	$42,710.44
2012	25	$31,823.60	$1,591.18	$10,167.42	$424.87	$44,007.07
2013	26	$32,606.46	$1,630.32	$10,675.79	$435.33	$45,347.90
2014	27	$33,408.58	$1,670.43	$11,209.58	$446.03	$46,734.62
2015	28	$34,230.43	$1,711.52	$11,770.06	$457.01	$48,169.02
2016	29	$35,072.50	$1,753.62	$12,358.56	$468.25	$49,652.94
2017	30	$35,935.28	$1,796.76	$12,976.49	$479.77	$51,188.31
2018	31	$36,819.29	$1,840.96	$13,625.32	$491.57	$52,777.14
2019	32	$37,725.05	$1,886.25	$14,306.58	$503.66	$54,421.54
2020	33	$38,653.08	$1,932.65	$15,021.91	$516.05	$56,123.70
2021	34	$39,603.95	$1,980.20	$15,773.01	$528.75	$57,885.90
2022	35	$40,578.20	$2,028.91	$16,561.66	$541.76	$59,710.53
2023	36	$41,576.43	$2,078.82	$17,389.74	$555.08	$61,600.07
2024	37	$42,599.21	$2,129.96	$18,259.23	$568.74	$63,557.13
2025	38	$43,647.15	$2,182.36	$19,172.19	$582.73	$65,584.42
2026	39	$44,720.87	$2,236.04	$20,130.80	$597.06	$67,684.77
2027	40	$45,821.00	$2,291.05	$21,137.34	$611.75	$69,861.14
2028	41	$46,948.20	$2,347.41	$22,194.20	$626.80	$72,116.61
2029	42	$48,103.12	$2,405.16	$23,303.91	$642.22	$74,454.41
2030	43	$49,286.46	$2,464.32	$24,469.11	$658.02	$76,877.91
2031	44	$50,498.91	$2,524.95	$25,692.56	$674.21	$79,390.62
2032	45	$51,741.18	$2,587.06	$26,977.19	$690.79	$81,996.23
2033	46	$53,014.01	$2,650.70	$28,326.05	$707.79	$84,698.55
2034	47	$54,318.16	$2,715.91	$29,742.36	$725.20	$87,501.62
2035	48	$55,654.39	$2,782.72	$31,229.47	$743.04	$90,409.61
2036	49	$57,023.48	$2,851.17	$32,790.95	$761.32	$93,426.92
2037	50	$58,426.26	$2,921.31	$34,430.49	$780.04	$96,558.11
2038	51	$59,863.55	$2,993.18	$36,152.02	$799.23	$99,807.98
2039	52	$61,336.19	$3,066.81	$37,959.62	$818.89	$103,181.51
2040	53	$62,845.06	$3,142.25	$39,857.60	$839.04	$106,683.95
2041	54	$64,391.05	$3,219.55	$41,850.48	$859.68	$110,320.76
2042	55	$65,975.07	$3,298.75	$43,943.00	$880.83	$114,097.65
2043	56	$67,598.06	$3,379.90	$46,140.16	$902.50	$118,020.61
2044	57	$69,260.97	$3,463.05	$48,447.16	$924.70	$122,095.88

2012–2013 Potential Budget Savings (cont.)

Year	Age	Options 1 & 2: Wage (Indexed, No Longevity)	Option 6: Pension	Option 4: Health	Option 5: Sick Leave	Total
2045	58	$70,964.79	$3,548.24	$50,869.52	$947.44	$126,329.99
2046	59	$72,710.52	$3,635.53	$53,413.00	$970.75	$130,729.80
2047	60	$74,499.20	$3,724.96	$56,083.65	$994.63	$135,302.44
2048	61	$76,331.88	$3,816.59	$58,887.83	$1,019.10	$140,055.40
2049	62	$78,209.64	$3,910.48	$61,832.22	$1,044.17	$144,996.52
2050	63	$80,133.60	$4,006.68	$64,923.83	$1,069.86	$150,133.97
2051	64	$82,104.89	$4,105.24	$68,170.02	$1,096.17	$155,476.33
2052	65	$84,124.67	$4,206.23	$71,578.52	$1,123.14	$161,032.57
2053	66	$86,194.14	$4,309.71	$75,157.45	$1,150.77	$166,812.06
2054	67	$88,314.51	$4,415.73	$78,915.32	$1,179.08	$172,824.64
Total		**$2,475,652.39**	**$123,782.62**	**$1,481,561.79**	**$33,052.21**	**$4,114,049.01**
Cost Savings	**Retire at 52**	**$1,279,380.88**	**$295,272.56**	**$101,585.00**	**$93,276.34**	**$1,769,514.78**
	Retire at 67	**$3,522,386.37**	**$715,942.81**	**$257,919.62**	**$224,859.58**	**$4,721,108.37**

Those profligate days are obviously over. With the 7th-highest state and local tax burden (29th in 1990) and the 47th-weakest private sector over the last 20.33 years, the road to recovery will not be paved with higher taxes on the 25 percent of Ohioans who make up the managers and entrepreneurs in whose hands the fate of our private sector and, therefore, ability to fund government rests. With an estimated $2 to $4 billion owed to the federal government for unemployment compensation, payroll taxes will go up for many Ohioans. Raising additional taxes on Ohioans will only accelerate our decline, as more businesses and workers will head to the southern and western United States where the taxes are lower, the regulations are more business friendly, and the rights of workers are protected.[6]

Over the last two and a half years, Ohio's private-sector workers have experienced the pain of enormous job losses, pay cuts and freezes, and staggering losses in their retirement accounts. Today, the number of private-sector jobs in Ohio is roughly the same as the number almost seventeen years ago in December 1993. Since May 2008, Ohio has lost 354,800 private-sector jobs.

In clear contrast, the vast majority of government workers have not had to endure any pay cuts or freezes and their pensions remain untouched. Despite the recession and the passing of the single worst decade for equities over the last century, there are more government workers (808,000) in Ohio than at any time in our state's history. Over the last two years, as over a third of a million Ohioans lost their jobs, Ohio added 14,100 costly government jobs.

The fact of the matter is that from 2000 to 2009, Ohio's private sector lost jobs in eight of ten years. In March 2000, Ohio had 4,852,400 private-sector

6 From January 1990 to May 2010, according to the Bureau of Labor Statistics, the 22 states that protect the economic freedom of workers experienced more than twice (36 percent compared to 16 percent) the job growth than the 28 states that require workers to join unions, even after the enormous job losses due to the housing bust in those states. In fact, of the 26 weakest job-creating states over the last 244 months, 22 failed to protect the economic freedom of their workers—the 16 worst were all states that fail to preserve the freedom of workers, including Ohio. In contrast, of the top 25 strongest job-creating states in that period of time, 18 protected the economic freedom of workers. Obviously, the superior performance of these states is due to more than just whether the economic freedom of workers is protected, but that factor plays a key role.

jobs, which is the most it ever possessed. The valley of private-sector job losses hit 640,500 in February 2010 when Ohio had 4,211,900 private-sector jobs. In estimating the recovery of these jobs, if Ohio's job engine achieved the output it averaged during the eight "boom" years of the 1990s, it would take 77 months—October 2016—to gain back the jobs lost. More realistically, if Ohio gained jobs at the average pace of all positive growth years from 1990 to 2010, it would take 102 months—November 2018—to fully recover from this economic mess. Many Ohioans will not wait that long to get their jobs back.

A simple question, therefore, must be raised: Why isn't part of the solution to Ohio's budget deficit to have government workers share the pain and burden of Ohio's economic woes by cutting their lucrative compensation packages? Should government workers really be immune from, as President Barack Obama states, the worst economic environment since the Great Depression? Do our elected officials really believe that gym teachers should make over $90,000 for 1,350 hours per year or that state nurses should clear $200,000 in a year because administrators cannot efficiently manage the workload or that police officers should be able to retire with nearly a million-dollar payout, a six-figure pension, and then take another six-figure job with government?

More pointedly, when did average Joe and Jane Ohio agree to make millionaires out of our public servants? They did not. Because of the lack of government transparency, most Ohioans still believe our public servants make less money, but have job protection and earn a decent pension. Well, the "Grand Bargain" that served our state so well for so long is dead.

While government workers already retired likely worked under that Grand Bargain and have pensions more consistent with it (these retirees are the ones who drive the average pension figure down so the unions can claim the pensions are not generous), on average, today's government worker will get paid more than his private-sector neighbor, will pay a lower share of his health care costs, will earn and bank thousands of hours of leave he can cash out for a huge payout, and will retire on a pension most Ohioans only dream about. And he will live this gilded existence without fear of being laid off or fired.

Where is the bargain in this arrangement for taxpayers? After the pain and losses of the last few years, private-sector Ohioans sure could use one. If European countries can cut public sector compensation, so can Ohio.

The Relative Costs of Ohio Private and State Government Employees

We have been asked to compare the total compensation of Ohio state government employees to that of private-sector employees in the state. This can be done in one of two ways: either compare the compensation received by employees or compare the cost to the employer of hiring the employee. Because of the difficulty in comparing employee compensation from defined-benefit and defined-contribution retirement plans, this analysis compares the cost to the respective public- and private-sector employers.

Total compensation is estimated as the sum of base wages, employer pension contributions, employer health insurance premium contributions, and employer payments for sick leave. Other employer-paid benefits, such as life and disability insurance, and government-mandated payments for Social Security and unemployment compensation are omitted. Finally, it should be noted that no estimate is offered as to the greater job security afforded to those employed by the State. Although not quantified, it must be recognized that such job security does have real economic value.

A. Wages—Percentile Distributions

Based on a sample of 64,875 actual jobs, the median (50th percentile) state government wage in Ohio in 2008 was $22.84 per hour or $47,507 per year. The median private-sector wage in Ohio in 2008 was $18.33 per hour or $38,126 per year (both annual rates based on 2,080 hours per year).[7] The difference between the two wage scales is $9,381 per year. Tables 1A and 1B show the hourly and annual percentile distributions for both sectors from 2003 to 2008. Government wages are significantly higher at each percentile and in each year.

Table 1C shows the annual wage increases from 2003 through 2008. The increase in the hourly rate for the median private worker exceeded that for the median government worker from 2003 to 2004; in all successive years the government employee received a greater average annual pay increase.

The median wage of 26 government job descriptions that paid at or near the 2008 government wage (GW) median are shown in Attachment A. Table 2 shows a truncated set of those job descriptions for which there are comparable job descriptions in the private-sector along with the comparative hourly rate. As shown, the government wage for each job category was consistently and significantly greater than the corresponding private wage (PW).

B. Benefits

1. Retirement

Employee benefits are becoming an increasingly important portion of the total compensation earned by American workers. The two most important benefits are pension/retirement plans and medical insurance. The state of Ohio offers its employees a defined-benefit pension plan at a cost of 14 percent of the employees' earnings. For the "median state employee," this equaled $6,651 per year in 2008.

According to the Bureau of Labor Statistics, 20 percent of private-sector workers had a defined-benefit retirement plan and 43 percent had a defined-

7 Annual data provided by the State of Ohio for all employees, 2003 through 2008. Hourly rates less than those stipulated in collective bargaining agreements for the respective years were excluded from the samples. Such jobs were primarily internships, lifeguards, etc. Private-sector data was obtained from the United States Department of Commerce, Bureau of Statistics, at *http://www.bls.gov/oes/oes_dl.htm* (June 27, 2010).

Table 1A

Comparative Hourly Wages

By Earnings Percentile

	PRIVATE					GOVERNMENT				
	10th	25th	50th	75th	90th	10th	25th	50th	75th	90th
2003	$10.56	$13.11	$16.23	$20.56	$24.61	$14.26	$16.08	$19.08	$26.19	$33.95
2004	$10.79	$13.44	$16.88	$21.31	$25.96	$14.26	$16.00	$18.88	$25.74	$33.66
2005	$10.81	$13.70	$16.97	$21.43	$26.00	$14.70	$16.64	$19.55	$26.80	$34.97
2006	$10.97	$13.55	$17.38	$22.07	$26.88	$15.27	$17.14	$20.13	$27.42	$36.24
2007	$11.28	$14.11	$18.04	$22.95	$27.45	$16.00	$18.21	$21.80	$30.05	$38.05
2008	$11.64	$14.46	$18.33	$23.80	$28.75	$16.60	$19.06	$22.84	$31.70	$39.38

Table 1B

Comparative Annual Wages

By Earnings Percentile

	PRIVATE					GOVERNMENT				
	10th	25th	50th	75th	90th	10th	25th	50th	75th	90th
2003	$21,965	$27,269	$33,758	$42,765	$51,189	$29,661	$33,446	$39,686	$54,475	$70,616
2004	$22,433	$27,945	$35,110	$44,314	$53,986	$29,661	$33,280	$39,270	$53,539	$70,013
2005	$22,474	$28,486	$35,298	$44,574	$54,080	$30,576	$34,611	$40,664	$55,744	$72,729
2006	$22,807	$28,184	$36,150	$45,907	$55,900	$31,762	$35,651	$41,870	$57,034	$75,379
2007	$23,452	$29,349	$37,523	$47,736	$57,096	$33,280	$37,877	$45,344	$62,504	$79,144
2008	$24,211	$30,077	$38,126	$49,504	$59,800	$34,528	$39,645	$47,507	$65,936	$81,910

Table 1C

Comparative Annual Wage Increases

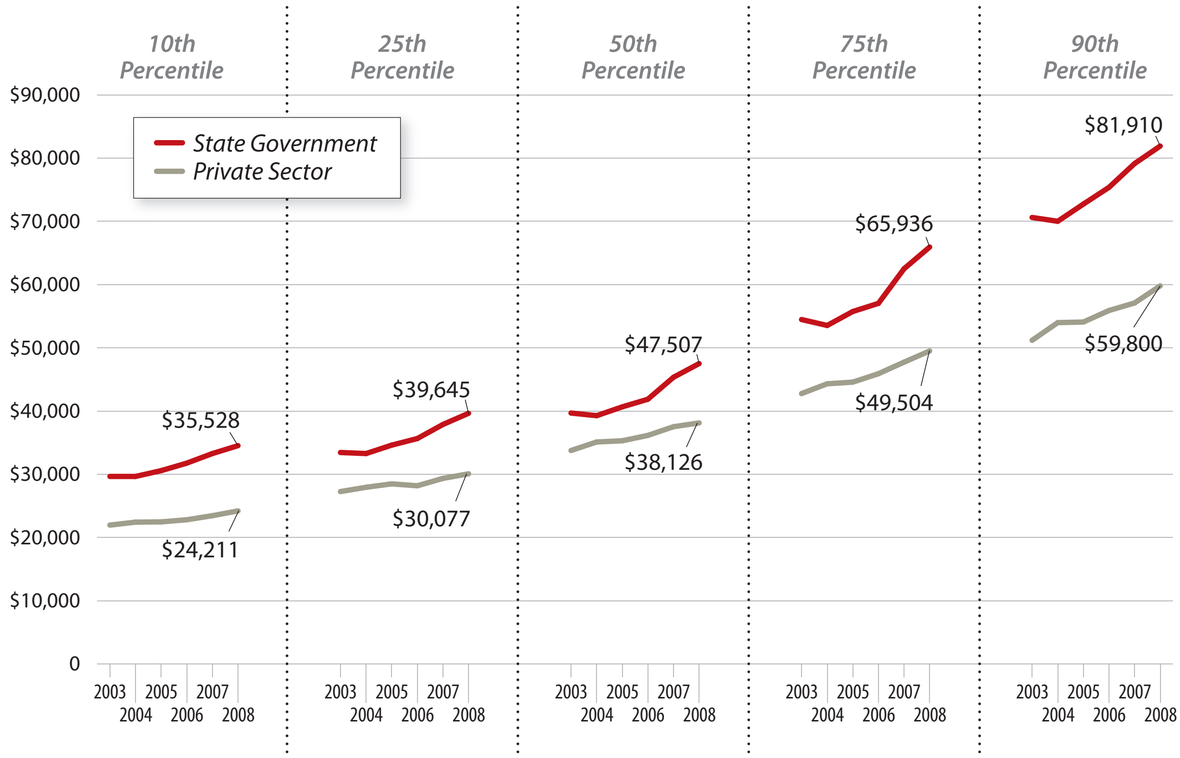
By Earnings Percentile

	PRIVATE					GOVERNMENT				
	10th	25th	50th	75th	90th	10th	25th	50th	75th	90th
2004	2.13%	2.48%	4.00%	3.62%	5.47%	0.00%	-0.50%	-1.05%	-1.72%	-0.85%
2005	0.19%	1.94%	0.53%	0.59%	0.17%	3.09%	4.00%	3.55%	4.12%	3.88%
2006	1.48%	-1.06%	2.42%	2.99%	3.37%	3.88%	3.00%	2.97%	2.31%	3.64%
2007	2.83%	4.13%	3.80%	3.98%	2.14%	4.78%	6.24%	8.30%	9.59%	4.99%
2008	3.24%	2.48%	1.61%	3.70%	4.74%	3.75%	4.67%	5.00%	5.49%	3.50%

Chart 1

State Government Employees Earn More than Comparable Private Sector Workers Across the Entire Earnings Spectrum

Annual Wages, by Earnings Percentile



contribution (401(k)) plan.[8] According to both the Social Security Administration and the Department of Labor, the average employer contribution to defined-contribution plans is approximately 3 percent of earnings.[9] The Bureau of Labor Statistics reports that private-sector employers in the East North Central region of the United States (Illinois, Indiana, Michigan, Ohio, and Wisconsin) contributed a total of 5 percent of earnings to both types of retirement plans.[10] Although few workers have both types of plans, it is assumed the typical private Ohio worker did have both. For the median private-sector worker, this would amount to $1,906 per year.

2. Health Insurance

The State of Ohio offers its employees a choice of five different health insurance plans with the state pay-

8 Bureau of Labor Statistics, "Defined-contribution plans more common than defined-benefit plans," March 2009, at *http://www.bls.gov/opub/perspectives/issue3.pdf* (June 27, 2010).

9 Social Security Administration, "PERSPECTIVES: What Determines 401(k) Participation and Contributions?" at *http://www.ssa.gov/policy/docs/ssb/v64n3/v64n3p64.html* (June 27, 2010). "The Profit Sharing / 401k Council of America reports that in 2008 private sector employers in the U.S. who offered a 401(k) plan contributed on average 2.9 percent of the eligible participants' total annual payroll and 57.1 percent of these employer contributions were a fixed match." Information provided by Melinda Moore, Employee Benefits Security Administration, Department of Labor, January 27, 2010.

10 Bureau of Labor Statistics, "Employer Costs for Employee Compensation," at *http://www.bls.gov/news.release/ecec.t07.htm* (June 27, 2010).

Table 2 Comparative Wages by Job Description

State Job Code Description	*Hourly Rate*	*Comparative Private Job Description (SOC Code in parenthesis)*	*Hourly Rate*
Administrative Assistant 2	$22.81	Executive secretaries and administrative assistants *(43–6011)*	$16.09
Administrative Secretary	$22.86		
Executive Secretary 2	$22.81		
Administrative Staff	$22.85	First-line supervisors/managers of office and administrative support workers *(43–1011)*	$19.83
Automotive Technician	$22.83	Automotive service technicians and mechanics *(49–3023)*	$15.83
Building Maintenance Supt 1	$22.81	First-line supervisors/managers of house-keeping and janitorial workers *(37–1011)*	$16.37
Librarian 1 (Non-Degreed)	$22.84	Library technicians *(25–4031)*	$13.52
Licensed Practical Nurse	$22.82	Licensed practical and licensed vocational nurses *(29–2061)*	$16.50
Paralegal/Legal Assistant 1	$22.81	Paralegals and legal assistants *(23–2011)*	$18.39
Word Processing Supervisor 2	$22.81	First-line supervisors/managers of office and administrative support workers *(43–1011)*	$18.58

ing approximately 85 percent of the total premium. The cost of the middle priced family plan is $12,425 per year and the cost to the state is $10,312 per year.

According to the Employee Benefits Security Administration, the average cost of family policies provide by private firms in Ohio is $11,425 and the cost to the employer is $8,783 per year.[11] The same source notes that only 90.8 percent of all private employees in Ohio have health insurance through their employers. On average then, the typical private Ohio firm pays (0.908 x $8,783)=$7,975 per year. To be conservative, however, it is assumed that all private Ohio employees receive health care contributions from their employers.

3. Other

The Bureau of Labor Statistics reports that the cost of paid sick leave is $0.76 per hour for state and local employees and $0.19 for private-sector employees in the East North Central region.[12] Annualized, this amounts to an estimated $1,581 per year for state employees and $395 per year for private employees in Ohio.

4. Total Benefits

The total annual cost for the above benefits equals an estimated $18,544 for the median state employee and $11,084 for the median private employee.

11 Miranda A. Moore, Economist, DOL EBSA OPR. E-mail dated January 10, 2010.

12 Ibid., for private-sector workers, unpublished data provided by the BLS for state and local government employees. Also see "Paid Sick Leave in the United States," March 2010, at *http://www.bls.gov/opub/perspectives/program_perspectives_vol2_issue2.pdf* (June 27, 2010).

Table 3 **Total Annual Cost of the Median Employee**

Compensation	*State Employee*	*Private Employee*	*Difference*
Wages	$47,507	$38,126	$9,381
Retirement	$6,651	$1,906	$4,745
Health	$10,312	$8,783	$1,529
Sick Pay	$1,581	$395	$1,186
Total	**$66,051**	**$49,210**	**$16,841**

Total Annual Costs

Table 3 shows that the total annual cost of the median Ohio state employee is $66,051, approximately $16,800 more than the $49,210 annual cost of a private-sector employee. In relative terms, the state employee earned 34 percent more than the private employee.[13]

C. Lifetime Costs (to Age 67)

1. Government Employee

Estimating the lifetime cost of a typical government or private-sector employee requires that a number of assumptions be made. The following are believed to be reasonable assumptions for the government employee:

- Using the alternatives presented in Table 1, the employee is either an automotive technician or a licensed practical nurse: Pay Grade 9 and Step 1. (According to the collective bargaining agreement, the first step in Pay Grade 9 was $16.06 per hour in 2005, and this was increased by 3 percent in 2006, 3.5 percent in 2007, and 3.5 percent in 2008. The first step wage in 2009 would be $17.72 per hour or $36,858 per year.)
- The employee begins work in 2009 at age 22.
- The current collective bargaining agreement freezes wages for three years beginning in 2009.
- Median state employee wages increased from $19.08 per hour in 2003 to $22.84 per hour in 2008, an annual increase of 3.66 percent. It is assumed that wages will increase at this rate beginning in 2012.
- Longevity increases occur from year 5 through year 20 of service.[14] (When this is factored in, the average annual increase equals 6.77 percent per year from 2014 through 2029.)
- Pension costs will remain at 14 percent of wages.
- Health insurance costs will increase at 5 percent per year.[15]
- Costs of sick pay will remain at the same percentage (4.3 percent) of wages as they as they were in 2008.
- The employee will work to age 67. (Although unlikely for a government employee who can retire with a full pension after 30 years, this allows for a

13 Similar analyses found that public-sector employees in Michigan earned 47 percent more than private employees and that federal government employees earned 45 percent more than private employees. See Mackinac Center for Public Policy, "Diminishing Private Sector Keeps Supporting Bloated Public Benefits," at *http://www.mackinac.org/10839* (June 27, 2010), and "The Government Pay Boom," The Wall Street Journal, March 26, 2010).

14 36.07 – Longevity Pay: Beginning on the first day of the pay period within which an employee completes five (5) years of total state service, each employee will receive an automatic salary adjustment equivalent to one-half percent (0.5 percent) times the number of years of service times the first step of the pay rate of the employee's classification up to a total of twenty (20) years. This amount will be added to the step rate of pay. Confirmed by Ohio Department of Administrative Services Payroll Letter 928, June 16, 2008.

15 According to the Kaiser Family Foundation, family insurance premiums have increased by an average 8.8 percent per year since 2000. See *http://www.kff.org/insurance/index.cfm* (June 27, 2010).

Table 4A

Total Lifetime Cost of the Median Employee to Age 67 (Not Discounted)

Compensation	*State Employee*	*Private Employee*	*Difference*
Wages	$5,998,039	$2,360,323	$3,637,716
Retirement	$839,725	$118,016	$721,709
Health	$1,739,481	$1,481,562	$257,920
Sick Pay	$257,912	$31,512	$226,399
Total	**$8,835,157**	**$3,991,413**	**$4,843,744**

Table 4B

Total Lifetime Cost of the Median Employee to Age 67 (Discounted Present Value)

Compensation	*State Employee*	*Private Employee*	*Difference*
Wages	$2,090,816	$947,113	$1,143,702
Retirement	$292,714	$47,356	$245,359
Health	$593,074	$505,137	$87,937
Sick Pay	$89,901	$12,645	$77,256
Total	**$3,066,505**	**$1,512,250**	**$1,554,255**

comparison with a private-sector employee who will be eligible for full Social Security benefits at age 67.)

Table 4A shows the projected lifetime cost for the median state employee is approximately $8,835,000 (rounded to the nearest $1,000). Discounted to present value (current dollars) at 4 percent, the cost is $3,067,000 (Table 4B).

2. Private Employee

The following are believed to be reasonable assumptions for the private employee:

- The first step assumed for the government employee ($36,858) is 77.6 percent of the median government employee wage in 2008. The same percentage is applied to the private employee: (0.776 x $38,126) = $29,586.
- The employee begins work in 2009 at age 22.
- Median private employee wages increased from $16.23 per hour in 2003 to $18.33 per hour in 2008, an annual increase of 2.46 percent. It is assumed that wages will increase at this rate beginning in 2012.
- Pension/retirement costs will remain at 5 percent of wages.
- Health insurance costs will increase at 5 percent per year.
- Costs of sick pay will remain at the same percentage (1.3 percent) of wages as they as they were in 2008.
- The employee will work to age 67.

Table 4A shows the projected lifetime cost for the median private sector employee is approximately $3,991,000. Discounted to present value (current dollars) at 4 percent, the cost is $1,512,000 (Table 4B).

Total Lifetime Cost Differences

Based on the above assumptions, over the employee's worklife through age 67 the cost of the "typical" state employee will be $4,844,000 more than that of a typical private employee (Table 4A). Discounted to present value, the difference is $1,554,000 (Table

Table 5A

Total Lifetime Cost of the Median Employee for 30 Years Service (Not Discounted)

Compensation	State Employee	Private Employee	Difference
Wages	$2,570,039	$1,231,544	$1,338,495
Retirement	$359,805	$61,577	$298,228
Health	$685,117	$583,532	$101,585
Sick Pay	$110,508	$16,442	$94,066
Total	**$3,725,470**	**$1,893,096**	**$1,832,374**

Table 5B

Total Lifetime Cost of the Median Employee for 30 Years Service (Not Discounted)

Compensation	State Employee	Private Employee	Difference
Wages	$1,313,864	$688,790	$625,074
Retirement	$183,941	$34,440	$149,501
Health	$356,627	$303,749	$52,878
Sick Pay	$56,492	$9,196	$47,296
Total	$1,910,924	$1,036,174	$874,750

4B). In each case the state employee cost more than twice as much as the private-sector employee.[16]

Lifetime Costs (30 Years Service)

Government Employee

Because state employees can retire with a full pension equal to 66 percent of their final salary, most state employees will not work to age 67. Tables 5A (undiscounted) and 5B (discounted present values) show the estimated cost of employing someone for 30 years. As shown, the cost of the government employee is about $3,725,000. When discounted to present value the cost is $1,911,000.

Private Employee

As shown in Table 5A, the cost of the private-sector employee over 30 years is about $1,893,000. When discounted to present value (Table 5B) the cost is $1,036,000.

Total Lifetime Cost Differences

Based on the above assumptions, over the employee's worklife of 30 years the cost of the "typical" state employee will be $1,832,000 more than that of a typical private employee (Table 4A). Discounted to present value the difference is $875,000 (Table 4B). If not discounted the government employee costs just about twice as much as the private-sector employee. When discounted the government employee costs about 85 percent more than the private-sector employee.

16 If the private sector wage growth rate is set at the same 3.66 percent as the state employee, the totals would be $4,865,000 and $1,761,000, still about half of the public-sector total.

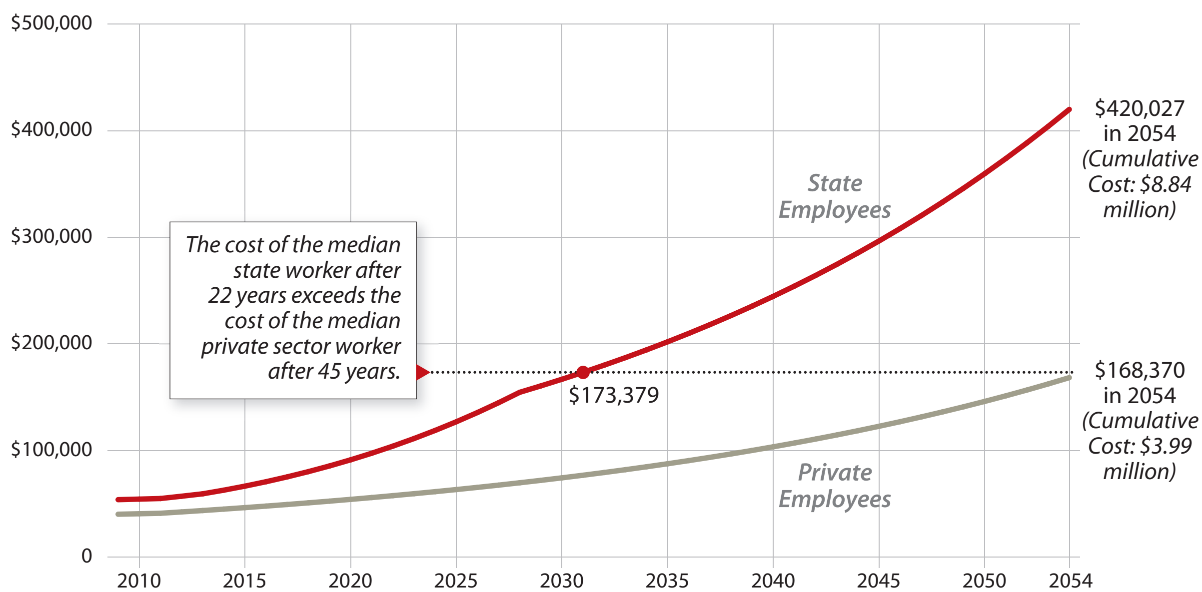
Attachment A — Median Wage Job Description

State Job Code Description	Hourly Rate
Administrative Assistant 2	$22.81
Administrative Secretary	$22.86
Executive Secretary 2	$22.81
Administrative Staff	$22.85
Automotive Technician	$22.83
Building Maintenance Supt 1	$22.81
Correction Lieutenant	$22.84
Correctional Commissary Mgr	$22.81
Correctional Food Srvc Mgr 1	$22.81
Crime Victims' Claims Investig	$22.84
Enforcement Agent	$22.83
Human Capital Mgt Analyst	$22.86
Judicial Employee	$22.85

State Job Code Description	Hourly Rate
Librarian 1 (Non-Degreed)	$22.84
Licensed Practical Nurse	$22.82
Paralegal/Legal Assistant 1	$22.81
Penal Workshop Superintendent	$22.81
Qualified Mental Retard Profes	$22.84
Radio Technician 2	$22.83
Records Management Supervisor	$22.81
Residential Care Supervisor 1	$22.81
Restoration Mason	$22.83
Tax Auditor Agent 1	$22.86
Transportation Manager 1	$22.86
Word Processing Supervisor 2	$22.81

Chart 2 — Annual Costs of State and Private Employees

Median Employees, Beginning at Age 22 in 2009 and Ending at Age 67 in 2054



Attachment B

Total Lifetime Cost of the Median State Employee

Year	Age	Wage	Pension	Heath	Sick	Total	PV of Total
2009	22	$36,858	$5,160	$10,312	$1,581	$53,911	$53,911
2010	23	$36,858	$5,160	$10,828	$1,585	$54,431	$52,337
2011	24	$36,858	$5,160	$11,369	$1,585	$54,972	$50,825
2012	25	$38,207	$5,349	$11,937	$1,643	$57,136	$50,794
2013	26	$39,605	$5,545	$12,534	$1,703	$59,387	$50,765
2014	27	$41,976	$5,877	$13,161	$1,805	$62,819	$51,633
2015	28	$44,618	$6,247	$13,819	$1,919	$66,603	$52,637
2016	29	$47,541	$6,656	$14,510	$2,044	$70,752	$53,765
2017	30	$50,756	$7,106	$15,236	$2,182	$75,280	$55,006
2018	31	$54,272	$7,598	$15,997	$2,334	$80,201	$56,348
2019	32	$58,101	$8,134	$16,797	$2,498	$85,531	$57,782
2020	33	$62,255	$8,716	$17,637	$2,677	$91,285	$59,297
2021	34	$66,745	$9,344	$18,519	$2,870	$97,478	$60,885
2022	35	$71,584	$10,022	$19,445	$3,078	$104,128	$62,537
2023	36	$76,784	$10,750	$20,417	$3,302	$111,252	$64,245
2024	37	$82,358	$11,530	$21,438	$3,541	$118,868	$66,003
2025	38	$88,321	$12,365	$22,510	$3,798	$126,994	$67,803
2026	39	$94,687	$13,256	$23,635	$4,072	$135,649	$69,639
2027	40	$101,469	$14,206	$24,817	$4,363	$144,855	$71,505
2028	41	$108,684	$15,216	$26,058	$4,673	$154,632	$73,395
2029	42	$112,662	$15,773	$27,361	$4,844	$160,640	$73,314
2030	43	$116,786	$16,350	$28,729	$5,022	$166,886	$73,235
2031	44	$121,060	$16,948	$30,165	$5,206	$173,379	$73,158
2032	45	$125,491	$17,569	$31,674	$5,396	$180,129	$73,083
2033	46	$130,084	$18,212	$33,257	$5,594	$187,147	$73,010
2034	47	$134,845	$18,878	$34,920	$5,798	$194,442	$72,938
2035	48	$139,780	$19,569	$36,666	$6,011	$202,026	$72,869
2036	49	$144,896	$20,285	$38,499	$6,231	$209,912	$72,801
2037	50	$150,199	$21,028	$40,424	$6,459	$218,110	$72,735
2038	51	$155,697	$21,798	$42,446	$6,695	$226,635	$72,671
2039	52	$161,395	$22,595	$44,568	$6,940	$235,498	$72,609
2040	53	$167,302	$23,422	$46,796	$7,194	$244,715	$72,548
2041	54	$173,426	$24,280	$49,136	$7,457	$254,299	$72,490
2042	55	$179,773	$25,168	$51,593	$7,730	$264,264	$72,433
2043	56	$186,353	$26,089	$54,173	$8,013	$274,628	$72,379
2044	57	$193,173	$27,044	$56,881	$8,306	$285,405	$72,326
2045	58	$200,243	$28,034	$59,725	$8,610	$296,613	$72,275
2046	59	$207,572	$29,060	$62,711	$8,926	$308,269	$72,227
2047	60	$215,169	$30,124	$65,847	$9,252	$320,392	$72,180
2048	61	$223,045	$31,226	$69,139	$9,591	$333,001	$72,135
2049	62	$231,208	$32,369	$72,596	$9,942	$346,115	$72,092
2050	63	$239,670	$33,554	$76,226	$10,306	$359,756	$72,051
2051	64	$248,442	$34,782	$80,037	$10,683	$373,945	$72,012
2052	65	$257,535	$36,055	$84,039	$11,074	$388,703	$71,976
2053	66	$266,961	$37,375	$88,241	$11,479	$404,056	$71,941
2054	67	$276,732	$38,742	$92,653	$11,899	$420,027	$71,908
Total		$5,998,039	$839,725	$1,739,481	$257,912	$8,835,157	$3,066,505

Attachment C

Total Lifetime Cost of the Median Private Employee

Year	Age	Wage	Pension	Heath	Sick	Total	PV of Total
2009	22	$29,586	$1,479	$8,783	$395	$40,243	$40,243
2010	23	$29,586	$1,479	$9,222	$395	$40,683	$39,118
2011	24	$29,586	$1,479	$9,683	$395	$41,144	$38,040
2012	25	$30,314	$1,516	$10,167	$405	$42,402	$37,695
2013	26	$31,060	$1,553	$10,676	$415	$43,703	$37,358
2014	27	$31,824	$1,591	$11,210	$425	$45,049	$37,027
2015	28	$32,607	$1,630	$11,770	$435	$46,442	$36,704
2016	29	$33,409	$1,670	$12,359	$446	$47,884	$36,388
2017	30	$34,231	$1,712	$12,976	$457	$49,376	$36,078
2018	31	$35,073	$1,754	$13,625	$468	$50,920	$35,776
2019	32	$35,935	$1,797	$14,307	$480	$52,519	$35,480
2020	33	$36,819	$1,841	$15,022	$492	$54,174	$35,190
2021	34	$37,725	$1,886	$15,773	$504	$55,888	$34,908
2022	35	$38,653	$1,933	$16,562	$516	$57,664	$34,631
2023	36	$39,604	$1,980	$17,390	$529	$59,503	$34,361
2024	37	$40,578	$2,029	$18,259	$542	$61,408	$34,098
2025	38	$41,577	$2,079	$19,172	$555	$63,383	$33,841
2026	39	$42,599	$2,130	$20,131	$569	$65,429	$33,589
2027	40	$43,647	$2,182	$21,137	$583	$67,550	$33,344
2028	41	$44,721	$2,236	$22,194	$597	$69,748	$33,106
2029	42	$45,821	$2,291	$23,304	$612	$72,028	$32,873
2030	43	$46,948	$2,347	$24,469	$627	$74,392	$32,646
2031	44	$48,103	$2,405	$25,693	$642	$76,843	$32,424
2032	45	$49,287	$2,464	$26,977	$658	$79,386	$32,209
2033	46	$50,499	$2,525	$28,326	$674	$82,024	$31,999
2034	47	$51,741	$2,587	$29,742	$691	$84,762	$31,795
2035	48	$53,014	$2,651	$31,229	$708	$87,602	$31,597
2036	49	$54,318	$2,716	$32,791	$725	$90,550	$31,404
2037	50	$55,655	$2,783	$34,430	$743	$93,611	$31,217
2038	51	$57,024	$2,851	$36,152	$761	$96,788	$31,035
2039	52	$58,426	$2,921	$37,960	$780	$100,087	$30,859
2040	53	$59,864	$2,993	$39,858	$799	$103,514	$30,688
2041	54	$61,336	$3,067	$41,850	$819	$107,073	$30,522
2042	55	$62,845	$3,142	$43,943	$839	$110,770	$30,361
2043	56	$64,391	$3,220	$46,140	$860	$114,611	$30,206
2044	57	$65,975	$3,299	$48,447	$881	$118,602	$30,056
2045	58	$67,598	$3,380	$50,870	$902	$122,750	$29,910
2046	59	$69,261	$3,463	$53,413	$925	$127,062	$29,770
2047	60	$70,965	$3,548	$56,084	$947	$131,544	$29,635
2048	61	$72,711	$3,636	$58,888	$971	$136,205	$29,505
2049	62	$74,499	$3,725	$61,832	$995	$141,051	$29,379
2050	63	$76,332	$3,817	$64,924	$1,019	$146,092	$29,259
2051	64	$78,210	$3,910	$68,170	$1,044	$151,335	$29,143
2052	65	$80,134	$4,007	$71,579	$1,070	$156,789	$29,032
2053	66	$82,105	$4,105	$75,157	$1,096	$162,464	$28,926
2054	67	$84,125	$4,206	$78,915	$1,123	$168,370	$28,825
Total		$2,360,323	$118,016	$1,481,562	$31,512	$3,991,413	$1,512,250

About the Authors

Dr. Matthew Marlin is the Chair of Economics and Quantitative Sciences at the Palumbo-Donahue School of Business at Duquesne University in Pittsburgh, Pennsylvania. Dr. Marlin received his doctorate in economics and his bachelor's degree in statistics from Florida State University. Prior to his long academic career, Dr. Marlin served as a Tax Analyst in the Office of the Governor and Senate Ways and Means Committee in Florida, as well as a Statistician in the Florida Departments of Commerce and Transportation. He is the co-author of The Study of Economics: Principles, Concepts and Applications and author of numerous journal articles and book chapters. Dr. Marlin has presented at many conferences and testified as an expert witness in legal proceedings. He is a member of the American Economics Association, the American Association of Financial and Economic Experts, and the Editorial Board of the Journal of Legal Economics.

Jonathon R. Scott and Kaitlyn Wolf are students and research fellows in the Department of Economics and Quantitative Science at Duquesne University.

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88 East Broad Street, Suite 1120
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THE BUCKEYE INSTITUTE FOR PUBLIC POLICY SOLUTIONS
88 East Broad Street, Suite 1120
Columbus, Ohio 43215
Voice (614) 224-4422 • Fax (614) 234-4644
buckeye@buckeyeinstitute.org
www.buckeyeinstitute.org