



Iowa's Privileged Class: State-Government Employees

by Amy K. Frantz

Iowa has the largest Pay Gap in the nation. The Pay Gap is calculated using Bureau of Labor Statistics data, which gives the average annual wage of a state-government worker and the average annual wage of a private-sector worker for each of the 50 states and the District of Columbia. Our study uses these figures to determine the Pay Gap between the average state-government worker and the average private-sector worker in each state. In 2015, Iowa's state-government workers received an average wage that was **149.76 percent** of what the average private-sector worker in Iowa was paid. Iowa's Pay Gap was larger than that of any other state or the District of Columbia. That is, state-government employees in Iowa earned relatively more than private-sector workers anywhere in the United States.

One of the reasons for this persistent Pay Gap is that Iowa taxpayers often do not have a seat at the table when unions negotiate contracts on behalf of state-government workers. Iowa's collective-bargaining laws have stacked the deck against taxpayers. Iowa law states that if negotiations break down, arbitrators "shall" take into consideration the state's ability to raise taxes in order to pay for an increase in pay for state-government employees. Arbitration in 1991 resulted in a 9 percent raise for state-government employees, despite the state being in the midst of a budget crunch.

Unions representing state-government workers often find themselves sitting across the negotiating table from a friend rather than a representative of Iowa's taxpayers. Following his defeat in the November 2010 election, then-Governor Chet Culver agreed to a salary increase for the next two fiscal years proposed by the unions representing many state-government employees. Culver simply agreed to the unions' proposed two-year contract on his way out the door with no negotiations, binding the hands of incoming Governor Branstad and caring little about the taxpayers who would foot the bill.

Then there is the slight-of-hand that results from government double-speak. In fiscal year 2010 (which ran from July 2009 to June 2010), unions representing Iowa's state-government employees agreed to a "zero percent across-the-board salary increase."¹ This allowed union reps to crow to the press about the sacrifices made by state-government workers. However, under Iowa law, state-government workers were still eligible for merit raises and "step increases," an automatic increase in pay based on performance and longevity. State-government workers, who "sacrificed" their raises, ended up receiving an average increase of 4.3 percent in salary that year.²

Some may say, particularly those working for the state government, that it is not state-government wages that are too high, but rather private-sector wages that are too low. While those of us working in the private sector would always appreciate higher wages, the difference is that in the private sector, a business cannot raise the prices of its goods and services and compel its customers to pay the higher prices. Consumers have the choice to shop elsewhere or not to pay the price at all by not buying that product. However, if the state government needs additional funds to pay its employees, it has the option of raising taxes, and its "customers" — the taxpayers of the state — must pay those higher taxes.

Iowa lawmakers need to reform Iowa's collective-bargaining laws to give Iowa taxpayers a seat at the negotiating table.

Endnotes:

¹ Jason Clayworth, "Merit, step raises to add \$121 million to state wages," *The Des Moines Register*, July 1, 2009 <<http://m.dmregister.com/news.jsp?key=484916>> accessed on July 12, 2009.

² *Ibid.*

2015 Average Annual Wages in Private and State-Government Sectors, All States				
State	Private Sector Average Annual Wages	State-Government Sector Average Annual Wages	State-Government Percent of Private Sector (Pay Gap)	State Ranking of Pay Gap
Iowa	\$43,532	\$65,193	149.76%	1
Rhode Island	\$48,740	\$67,694	138.89%	2
Ohio	\$46,582	\$61,181	131.34%	3
Wisconsin	\$45,230	\$58,028	128.30%	4
New Mexico	\$41,225	\$52,576	127.53%	5
Vermont	\$43,349	\$54,193	125.02%	6
Mississippi	\$36,902	\$45,527	123.37%	7
Montana	\$39,014	\$46,350	118.80%	8
Michigan	\$49,776	\$59,077	118.69%	9
Illinois	\$56,308	\$66,765	118.57%	10
Wyoming	\$45,788	\$54,198	118.37%	11
Nebraska	\$42,352	\$50,013	118.09%	12
California	\$61,281	\$71,790	117.15%	13
South Dakota	\$40,157	\$47,031	117.12%	14
Alabama	\$43,380	\$50,496	116.40%	15
Arizona	\$47,492	\$55,101	116.02%	16
Utah	\$44,360	\$51,256	115.55%	17
Kansas	\$44,729	\$51,483	115.10%	18
Idaho	\$38,710	\$44,189	114.15%	19
Nevada	\$44,532	\$50,787	114.05%	20
New Jersey	\$61,992	\$70,277	113.36%	21
Pennsylvania	\$51,853	\$58,691	113.19%	22
Minnesota	\$53,947	\$60,352	111.87%	23
South Carolina	\$41,335	\$45,988	111.26%	24
Kentucky	\$43,201	\$47,042	108.89%	25
Hawaii	\$44,393	\$48,113	108.38%	26
Arkansas	\$40,621	\$43,606	107.35%	27
Colorado	\$54,518	\$58,504	107.31%	28
Alaska	\$54,026	\$57,777	106.94%	29
Louisiana	\$46,297	\$49,309	106.51%	30
Indiana	\$44,121	\$46,920	106.34%	31
Maine	\$41,293	\$43,267	104.78%	32
Maryland	\$54,777	\$57,223	104.47%	33
West Virginia	\$40,932	\$42,606	104.09%	34
Connecticut	\$66,289	\$68,427	103.23%	35
North Carolina	\$46,519	\$47,905	102.98%	36
North Dakota	\$51,579	\$53,040	102.83%	37
Florida	\$45,562	\$46,800	102.72%	38
Oklahoma	\$44,504	\$45,469	102.17%	39
Washington	\$56,539	\$57,723	102.09%	40
Oregon	\$47,785	\$48,515	101.53%	41
Tennessee	\$46,968	\$47,152	100.39%	42
Texas	\$55,191	\$55,135	99.90%	43
Massachusetts	\$67,303	\$67,150	99.77%	44
Delaware	\$54,009	\$53,375	98.83%	45
New Hampshire	\$53,138	\$51,422	96.77%	46
D.C.	\$81,402	\$75,790	93.11%	47
Virginia	\$53,844	\$48,705	90.46%	48
Missouri	\$46,003	\$41,551	90.32%	49
New York	\$68,798	\$60,931	88.57%	50
Georgia	\$50,234	\$44,298	88.18%	51

Source: *Quarterly Census of Employment and Wages - Bureau of Labor Statistics, 2015 Annual Averages*

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