



STAFF

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Study: Benefits present concerns, but Michigan's local governmental leaders don't believe workers are overpaid

A wide majority of political leaders at Michigan's municipalities believe their public employees are not over-compensated, [according to a new survey](#) released by the [University of Michigan Ford School of Public Policy's Center for Local, State and Urban Policy](#) (CLOSUP).

But the survey also reveals a split in opinions on the issue among governmental leaders at big municipalities and small municipalities. The big-city officials are much more likely to believe that their employees are over-compensated, while leaders at small jurisdictions are less likely to believe so.

"While very few of Michigan's local leaders think their jurisdictions' employees are overpaid, more leaders do in fact believe that their jurisdictions' fringe benefits are too generous and that employees don't pay enough toward their own health care costs," according to the report.

"However, there are significant differences in these views, often based on the size of the jurisdiction and its region within the state. In particular, officials from the state's largest jurisdictions are more likely than others to think their employees are overpaid and have benefits that are too generous."

Overall, about 6 percent of local governmental leaders say public employee salaries are too high, 65 percent say salaries are fair and 25 percent say they are too low, the survey found.

At jurisdictions with populations of at least 30,000, 17 percent of governmental leaders say salaries are too high, 10 percent said salaries are too low and 73 percent said salaries are fair.

The cost of benefits -- including pensions and health care insurance -- seems to be the most worrisome element of employee compensation for local governmental leaders.

In all Michigan jurisdictions that offer benefits to employees, 27 percent of political leaders say benefits are too generous, 8 percent say benefits should be more generous, and 62 percent think current levels are appropriate.

But in jurisdictions with at least 30,000 residents, 53 percent of leaders say benefits are too generous, while 46 percent say they're fair.

Some 82 percent of leaders at the largest municipalities say pension costs are "somewhat" of a problem or a "significant" problem, according to the study. In the same jurisdictions, 78 percent of leaders say health care costs are a problem, including 41 percent who said it was a significant problem.

The survey comes as Michigan's debate over public employee compensation is intensifying.

[According to federal data recently compiled by University of Michigan economists](#), employees at Michigan's local governmental units received benefits worth \$14,300 in 2009, up 68.91 percent from \$8,467 in 2000. In comparison, private sector workers in Michigan received \$9,614 in benefits in 2009, up 40.72 percent from \$6,832 in 2000 reported.

Salaries for local government employees -- a figure that includes municipal employees, county government workers and K-12 employees -- rose 33.37 percent from \$32,266 in 2000 to \$43,032 in 2009, according to the data compiled by U-M. Salaries for Michigan's private sector employees increased 15.39 percent from \$37,050 in 2000 to \$42,751.

Unions argue that public employees are better educated than the average private sector employee and, thus, should be better compensated. Proponents of cuts say public employee costs are not affordable and need to be scaled back.

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