



# Capitol Contact

by State Representative Steve Simon  
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## THE FACTS ABOUT HOW WE PAY OUR PUBLIC EMPLOYEES

Dear Friends,

*The recent controversies in Wisconsin have focused our attention on the duties and compensation of state employees. Some people might naturally assume that public employee salaries and benefits are a large strain on our budget, or are out of step with the private sector. But the facts tell a different story, which I find quite interesting.*

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### Public Employee Employment and Compensation in MN: CLAIMS vs. FACTS

**Claim:** Shrinking the state workforce will solve the deficit.

**FACT:** Only 11% of our state budget goes to employee pay and benefits.  
(So, even laying off every single state employee would not solve our \$5 billion budget shortfall.)

**Claim:** Bureaucracies always grow, especially in Minnesota.

**FACT:** There are fewer state employees today than there were 10 years ago.  
(This is true even though we've piled extra duties and responsibilities on workers over the past decade.)

**Claim:** Public employee unions have too much control over the negotiation process.

**FACT:** In Minnesota, unlike in Wisconsin, state workers do not have the power to negotiate for pension benefits.  
(Instead, the legislature and governor impose pension terms.)

**Claim:** Pension costs are "out of control."

**FACT:** Minnesota public pension contributions are 1.6% of state and local government spending, compared with an average of 2.9% in other states.  
(To cut costs, Minnesota moved to a higher retirement age, 66 years old, over two decades ago.)

**Claim:** State worker retirement benefits are more generous than the private sector.

**FACT:** As an employer, the state contributes a 50% pension match for up to 5% of pay. In the private sector, the average match is at 6% of pay.  
(And, of course, there are no stock options or profit-sharing plans for public employees.)

The bottom line is that legislatures and governors of both political parties in Minnesota have generally done a responsible job over the past few decades of managing public sector employee costs. Of course, there's always room for more efficiency and reform. Still, we can be proud of our record.

As always, please feel free to contact me about any issue, idea, or concern.