

# MUNICIPAL EMPLOYEE COMPENSATION

in

## NEW YORK CITY

by

Frank Braconi, Ph.D.  
Chief Economist

A Report from  
**Retirement Security NYC,**  
an initiative by  
Comptroller John C. Liu

## REPORT SUMMARY

### General:

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- Without adjusting for age, education, or any other demographic factors, the average full-time government worker in NYC earns 17 percent less than the average private, for-profit employee. *See Page 10*
- The wage distribution is “compressed” in NYC government, i.e. there is less disparity between lower and higher income earners. *See Pages 11-12*
- The wages of City workers on average are lower than their private sector counterparts even though City workers are more highly educated. *See Pages 10-12*
- City employee benefits do not offset the adverse pay differential for highly-educated City workers. *See Pages 26, 29*
- Large private, for-profit employers (those with more than 1,000 employees) pay wages that are 13 percent higher on average than small and midsize private employers. *See Page 7*
- The City of New York is the 11th largest employer in the nation. *See Page 8*

### Regarding Public School Teachers:

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- Both male and female public school teachers are paid less than workers with similar education in the private, for-profit sector. *See Pages 15-16*
- The public-private wage gap for male public school teachers is larger than for female teachers. *See Pages 15-16*
- NYC public school teachers earn less than private, for-profit sector employees with similar education, even adjusting for the teachers’ shorter work year. *See Pages 15-16*

### Regarding Police Officers and Firefighters:

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- “Compensating differentials” in pay are often necessary to recruit workers for jobs with dangerous working conditions. *See Page 14*
- There are very few jobs in the private, for-profit sector that are comparable to those of NYC police officers or firefighters. *See Pages 14, 21*
- Salaries of NYC firefighters and police officers roughly track those of male college graduates in the private, for-profit sector. *See Page 14*



NEW YORK CITY COMPTROLLER  
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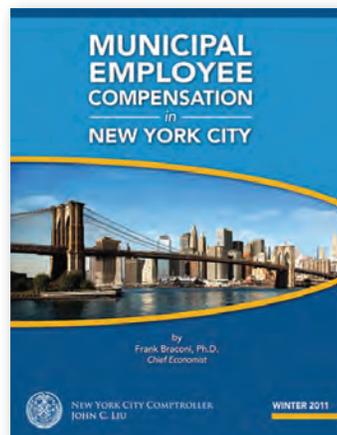
## Pension-Related:

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- Employer costs of retirement benefits for NYC civilian workers, including teachers, are not fundamentally different than the retirement benefit costs of other large employers. *See Page 25*
- A larger portion of total employee compensation in the public sector comes in the form of fringe benefits, particularly health and pension. *See Page 17*
- Most City employees are offered “defined benefit” (i.e. traditional pension) plans which guarantee the level of annual retirement benefits. *See Pages 18, 20*
- The basic structure of NYC police and fire pensions is similar to that of other jurisdictions as well as to that of the U.S. military. *See Page 21*
- There is little evidence to demonstrate that NYC police officers or firefighters are “spiking” their overtime prior to their retirements. *See Pages 22-23*
- Pension benefits have a material effect on relative compensation rates of current City uniformed personnel, particularly police officers and firefighters. The annual value of their pension benefits raises their effective compensation by roughly 25 percent. *See Page 29*

## About Retirement Security NYC

Retirement Security NYC is a major initiative launched by Comptroller John C. Liu to protect the retirement security of public employees while ensuring the City’s financial health.



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