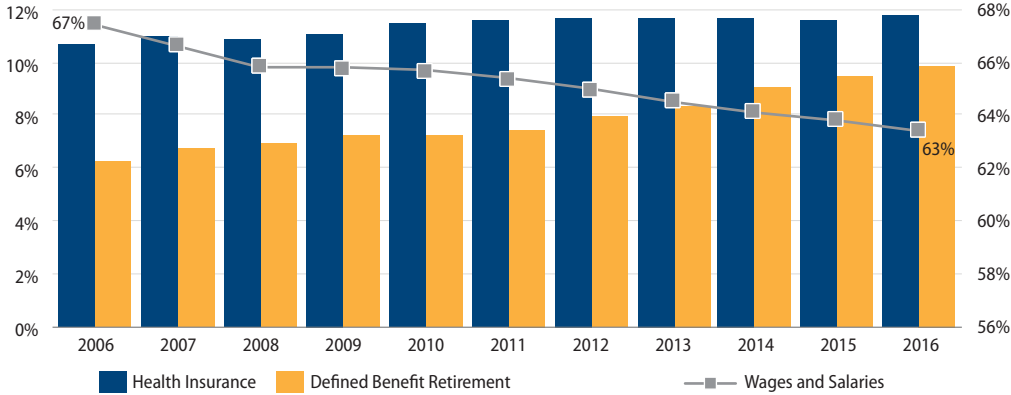


STATE AND LOCAL GOVERNMENT COMPENSATION

Wages and salaries as a portion of total compensation has been declining (from 67% to 63%), as health insurance and defined benefit retirement costs have risen. A fourth component of total compensation – other benefits – has stayed relatively unchanged at 15%-16%.

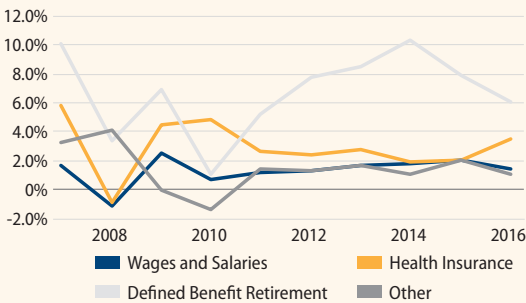
SHARE OF TOTAL COMPENSATION



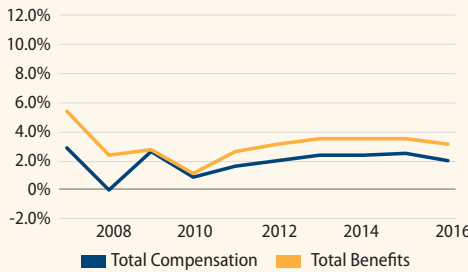
Source: State and Local Government Wages and Salaries, Health, and Defined Benefits for All Occupations; Cost per hour worked¹

While there has been volatility in individual components of compensation, total compensation has stayed fairly consistent, averaging about a 2% increase in employer costs per year.

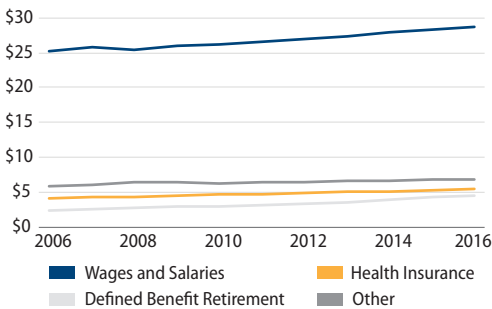
COMPENSATION BREAKOUTS: STATE AND LOCAL GOVERNMENT, PERCENTAGE CHANGE PER YEAR¹



TOTAL COMPENSATION: STATE AND LOCAL GOVERNMENT, PERCENTAGE CHANGE PER YEAR¹



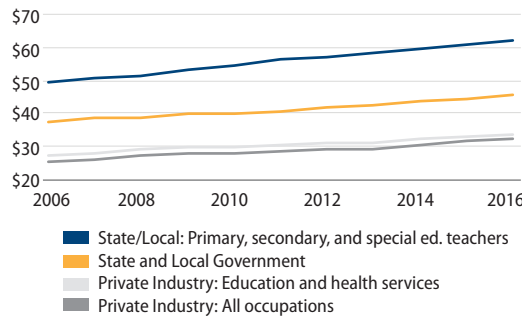
TOTAL EXPENDITURES PER HOUR WORKED: STATE AND LOCAL GOVERNMENT COMPENSATION¹



Figures shown in compensation cost per hour worked.

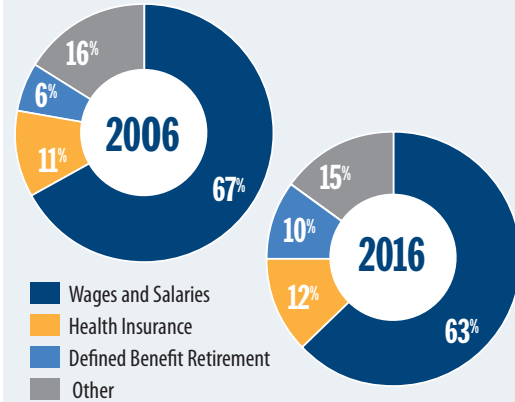
Some factors contributing to the differential in compensation may be the types of positions reflected in the various pools of employees (e.g., entry-level/retail vs. skilled/management), the tendency to outsource or automate more routine, lower-skilled tasks (e.g., landscape maintenance), or the increasing prevalence of those with a college degree among government employees (e.g., police officers with a degree in criminal justice).

COMPARISONS TO PRIVATE SECTOR: STATE AND LOCAL GOVERNMENT COMPENSATION¹



Figures shown in compensation cost per hour worked.

TOTAL COMPENSATION



The costs of both health benefit and defined benefit retirement have increased significantly since 2006.

37%

Benefit cost as a portion of total compensation (up from 33% in 2006)¹

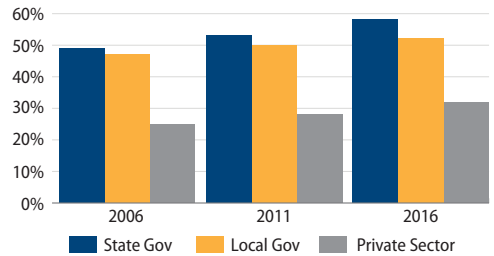
19%

Inflation since 2006²

91%

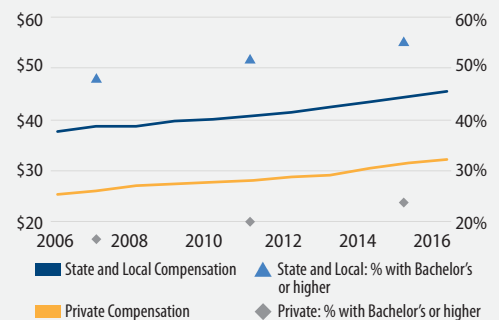
Increase in defined benefit costs since 2006¹

PERCENTAGE WITH AT LEAST A BACHELOR'S DEGREE



Among employees at least 25 years old³. In this figure, private sector includes 'Employees earning wages/salary, private.' It excludes self-employed individuals.

COMPENSATION AND COLLEGE EDUCATION:³ STATE AND LOCAL GOVERNMENT VS. PRIVATE SECTOR¹



In this figure, private sector includes 'Employees earning wages/salary, private.' It excludes self-employed individuals.

Trends toward increasing prevalence of degrees, in all professions, reflect retirement of older, less educated workers and their replacement by a generation where degrees have become the norm.

1 Bureau of Labor Statistics, Employer Costs for Employee Compensation, Cost per hour worked. For 2016 compensation, figures are based on Q1-Q3 averages.

2 Bureau of Labor Statistics, Inflation Calculator.
3 U.S. Census Bureau, Current Population Survey.