

Employee Earnings

Employees of Nevada’s local governments historically were paid much more than counterparts in state government or private industry. Recent data, however, indicates an improvement in wage rates for these latter sectors and an evening of the playing field.

Government employees should face financial incentives rewarding productivity and the development of creative and cost-effective solutions to public problems. Pay structures should reflect this approach by rewarding successful agency and individual performance rather than rewarding mere time in office.

Key Points

Nevada’s local-government workers are well paid in comparison to other states. While state workers and private-sector workers are the 25th and 28rd highest paid in the nation, respectively, Nevada’s local government workers receive the 10th highest salaries among peers nationwide.¹

The difference in public versus private earnings cannot be explained by education levels or other factors. While there is a higher concentration of academic credentials among workers in the public sector, studies show that this does not fully explain the pay difference. Less than half of the pay premium enjoyed by public-sector workers can be plausibly attributed to differences in educational attainment, years of experience or other personal characteristics.²

Compensation consists of more than just wages. It is important to remember that a simple wage comparison significantly understates the compensation premiums awarded to public-sector workers. Public-sector workers also receive deferred-compensation and other benefits more generous than those found in the private sector. In fact, the average annual value of pension benefits for full-career retirees is higher in Nevada than in any other state, at \$64,008.³ While state workers must contribute on a matching basis with taxpayers toward their pension, most local-government workers contribute nothing personally toward this benefit due to collective bargaining provisions.⁴

Recommendations

Phase out “longevity pay.” Longevity pay is foreign to the private sector and most of the public sector. Yet, decades ago some local governments in Nevada began awarding a “longevity bonus” that amounts to 2% of base pay per year on the job. In 2023, lawmakers extended longevity pay to state workers who are not unionized.⁵ This pay structure rewards time in office rather than effectiveness.

Give local government administrators more flexibility by easing mandates for collective bargaining. Union leaders representing most employee groups at the local level have been granted far-reaching powers to bind local governments into costly and inflexible pay schedules. Empirical research shows that this legal environment inflates annual spending by Nevada’s state and local governments by more than \$1 billion.⁶ This guide provides many options for changing collective bargaining requirements to result in better outcomes for taxpayers and government workers alike.

Recognize excellence through bonuses. Pay structures should reward both workers for individual and agency effectiveness. If agencies achieve clearly defined goals under budget, workers should share in the savings. The recommendation herein for charter agencies would allow employees to earn up to a 50% annual bonus if they can meet performance goals while reducing spending.⁷

¹US Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2021.

²See, e.g., Bahman Bahrami et al., “Union Worker Wage Effect in the Public Sector,” *Journal of Labor Research* Vol. 30, (2009), pp. 35–51.

³Andrew G. Biggs, “Not So Modest: Pension Benefits for Full-Career State Government Employees,” American Enterprise Institute, March 2014.

⁴See “PERS: Local Government Employees.”

⁵Nevada Legislature, 82nd Session, Assembly Bill 522.

⁶See “Cost of Collective Bargaining.”

⁷See “Charter Agencies.”

Average Annual Pay of Workers (Excluding Benefits), by State, 2022

State	State employees	Rank	State	Local government employees	Rank	State	Employees in private industry	Rank
NY	\$108,963	1	DC	\$122,679	1	DC	\$109,408	1
CA	\$97,009	2	CA	\$78,729	2	MA	\$91,435	2
DC	\$94,278	3	HI	\$77,957	3	NY	\$90,620	3
MA	\$85,370	4	NY	\$77,557	4	WA	\$85,246	4
NJ	\$83,862	5	WA	\$74,118	5	CA	\$84,496	5
CT	\$82,684	6	NJ	\$72,265	6	CT	\$82,372	6
OR	\$79,915	7	MA	\$72,065	7	NJ	\$78,875	7
RI	\$79,666	8	CT	\$68,322	8	CO	\$75,588	8
WA	\$78,249	9	OR	\$68,203	9	NH	\$73,985	9
IL	\$77,341	10	NV	\$67,816	10	IL	\$73,717	10
CO	\$76,865	11	MD	\$67,683	11	VA	\$71,305	11
OH	\$76,803	12	RI	\$66,326	12	MD	\$71,170	12
MN	\$75,872	13	FL	\$62,506	13	TX	\$70,917	13
IA	\$74,919	14	PA	\$61,144	14	MN	\$70,438	14
MI	\$73,739	15	IL	\$60,819	15	DE	\$68,791	15
PA	\$71,477	16	DE	\$59,832	16	PA	\$67,338	16
TX	\$70,640	17	AZ	\$59,402	17	GA	\$66,616	17
WI	\$70,485	18	CO	\$58,827	18	OR	\$65,367	18
MD	\$70,240	19	MN	\$58,716	19	AK	\$64,832	19
AZ	\$68,283	20	AK	\$57,844	20	AZ	\$64,669	20
VT	\$67,710	21	NC	\$56,784	21	MI	\$63,985	21
UT	\$67,682	22	OH	\$55,975	22	FL	\$63,658	22
NM	\$66,780	23	TX	\$55,384	23	NC	\$63,642	23
AK	\$66,549	24	VA	\$55,283	24	RI	\$62,977	24
NV	\$65,236	25	MI	\$55,047	25	TN	\$62,852	25
VA	\$64,487	26	NH	\$54,069	26	UT	\$61,633	26
AL	\$63,100	27	SC	\$52,836	27	ND	\$61,352	27
TN	\$62,694	28	GA	\$52,273	28	NV	\$61,092	28
NE	\$62,619	29	WY	\$51,945	29	OH	\$60,639	29
ND	\$62,212	30	NM	\$50,596	30	MO	\$60,158	30
NH	\$62,193	31	NE	\$50,584	31	WI	\$59,686	31
NC	\$61,647	32	VT	\$50,572	32	VT	\$59,346	32
WY	\$60,781	33	AL	\$50,339	33	HI	\$59,291	33
LA	\$60,519	34	IA	\$49,620	34	IN	\$58,594	34
DE	\$59,960	35	TN	\$49,479	35	ME	\$58,372	35
KY	\$59,890	36	WI	\$49,360	36	KS	\$57,640	36
IN	\$59,831	37	MO	\$48,689	37	NE	\$57,489	37
GA	\$59,795	38	MT	\$48,585	38	IA	\$57,484	38
HI	\$59,342	39	OK	\$48,484	39	LA	\$57,018	39
ME	\$58,875	40	IN	\$48,082	40	AL	\$56,735	40
SD	\$58,389	41	ME	\$47,972	41	WY	\$56,216	41
AR	\$58,319	42	ND	\$47,527	42	KY	\$56,055	42
SC	\$57,836	43	LA	\$47,380	43	SC	\$55,275	43
KS	\$57,644	44	UT	\$47,244	44	ID	\$54,819	44
OK	\$56,999	45	KY	\$46,936	45	SD	\$54,748	45
MT	\$56,908	46	AR	\$45,494	46	MT	\$54,232	46
FL	\$56,326	47	ID	\$45,255	47	AR	\$54,174	47
MS	\$56,314	48	WV	\$44,827	48	OK	\$53,737	48
ID	\$52,799	49	KS	\$43,042	49	NM	\$53,698	49
MO	\$51,648	50	SD	\$42,439	50	WV	\$52,895	50
WV	\$50,540	51	MS	\$42,428	51	MS	\$46,853	51

Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2021. 121