

State Government Employment: The Current Situation by Stuart Greenfield

As the 82nd Legislature prepares to meet and address a budget shortfall of between \$14 billion and \$24 billion, initial efforts to remedy the current budget deficiency has focused on having agencies reduce expenditures.

According to recent [Census data](#), Texas experienced the largest increase in population, 3.9 million, and sixth highest population growth rate, 18.8 percent, since 2000. This growth in population requires that the State provide additional services; new highways, various social services to those in need, and protecting both its citizens and environment. To provide these services requires a qualified and efficient workforce. As this article will show, Texas does have a qualified and efficient workforce, but one that is aging.

There are about 5.0 million baby boomers in Texas, who comprise 21.2 percent of the state's population. As these baby boomers mature, so does the Texas workforce. This aging trend will have an impact both on the state's general workforce and an even more pronounced impact on the public sector workforce in Texas.

As shown in Table 1, between 2000 and 2009, the population of the State grew by 18.3 percent. This compares to a 11.6 percent increase in total State employees. However, 103 percent of the increase in State employment was accounted for by the increase in higher education employees. To provide services to the 3.8 million new Texans, 1114 fewer non-higher education employees were available. This resulted in the employment/ 1000 population ratio falling from 8.4 to 7.0, a 16.7 percent decrease. For the U.S., this rate for 2009 was 8.4, 20 percent higher.

Table 1: Population and State Government Employment, 2000 and 2009

	2000	2009	Change	Percent Change
Population	20,851,820	24,782,302	3,836,339	18.8%
Non-Higher Ed Employees	174,420	173,308	(1114)	(0.64%)
Higher Ed Employees	89,790	121,917	32,127	35.8%
Total Employees	268,924	300,122	31,198	11.6%
Source: Bureau of Census, State Government Employment and Payroll, http://www.census.gov/govs/www/apesst.html				

One would expect that being more productive, a higher population to employee ratio, Texas government employees would be more adequately compensated. However, this is not the case. According to Census data for both 2000 and 2009, see Table 2, non-higher education employees in Texas made only 87.0 and 82.7 percent, respectively, of what other states' non-higher education employees received. Higher education employees in Texas were paid more in both years than their other state counterparts.

Table 2: U.S. and Texas State Government Average Monthly Pay, March 2000 and 2006

	2000	2006	Change	Percent Change		
					2000	
U.S.						
Non-Higher Ed Employees	3,184	3,858	674	21.2%		
Higher Ed Employees	3,379	4,079	700	20.7%		
Total Employees	3,253	3,945	692	21.3%		
Texas						
Non-Higher Ed Employees	2,770	3,190	420	15.2%	87.0%	
Higher Ed Employees	3,524	4,241	717	20.3%	104.3%	
Total Employees	3,024	3,579	555	18.4%	93.0%	
Source: Bureau of Census, State Government Employment and Payroll, http://www.census.gov/govs/www/apesst.html						

When comparisons are made among the largest 10 states, see Table 3, Texas had the third largest number of non-education employees and second largest number of higher education employees. Texas non-education employees ranked 8th in monthly pay, 24.6 percent below the

Table 3: Ten Largest States, Employment and Average Monthly Pay, March 2006

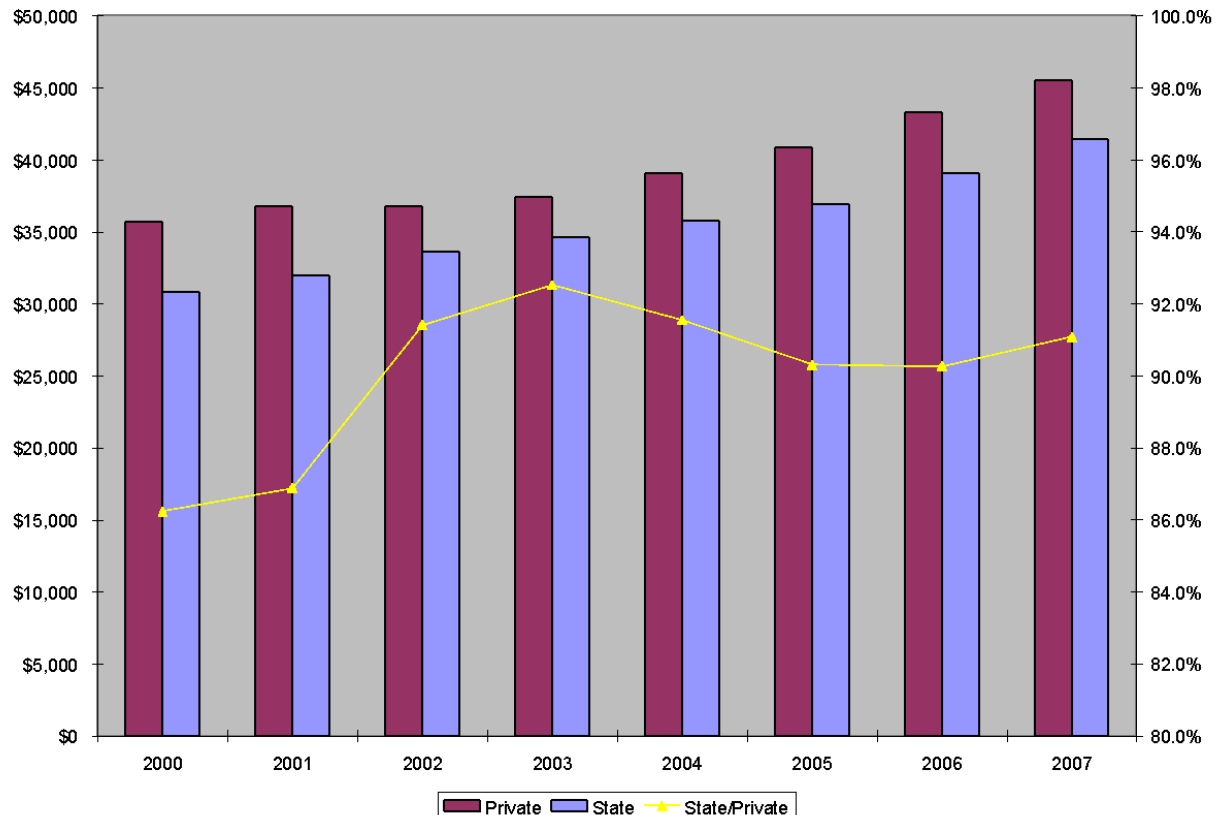
State Name	Non Education Employees	Non Education Employee Monthly Pay	Higher Education Employees	Higher Education Employee Monthly Pay
California	241,550	5,339	147,793	5,024
New York	192,879	4,829	51,760	4,462
Illinois	72,978	4,472	56,661	3,555
Michigan	67,462	4,101	65,346	4,213
Ohio	66,606	4,030	67,635	3,555
Pennsylvania	100,079	3,633	56,823	4,255
North Carolina	83,715	3,243	52,542	4,066
Texas	174,664	3,190	102,256	4,241
Florida	130,028	3,145	57,454	4,123
Georgia	71,267	2,931	49,880	4,000

average monthly pay of employees in the other nine states. Texas has the 2nd largest number of higher education employees and the 4th highest monthly salary among the ten largest states. Higher education pay in Texas was only 0.5 percent below the 10 largest state average.

Within State Pay

According to the Texas Workforce Commission, the average pay of state employees in Texas in 2007 was around 9 percent less than that of a private sector worker. While there was some reduction in this disparity, in 2000 state employees earned 86.2 percent of private sector wages, private sector workers received around 10 percent more than state workers over the last 8 years.

Fig 1: Average Earnings and Ratio, Private and State Workers, 2000-2007

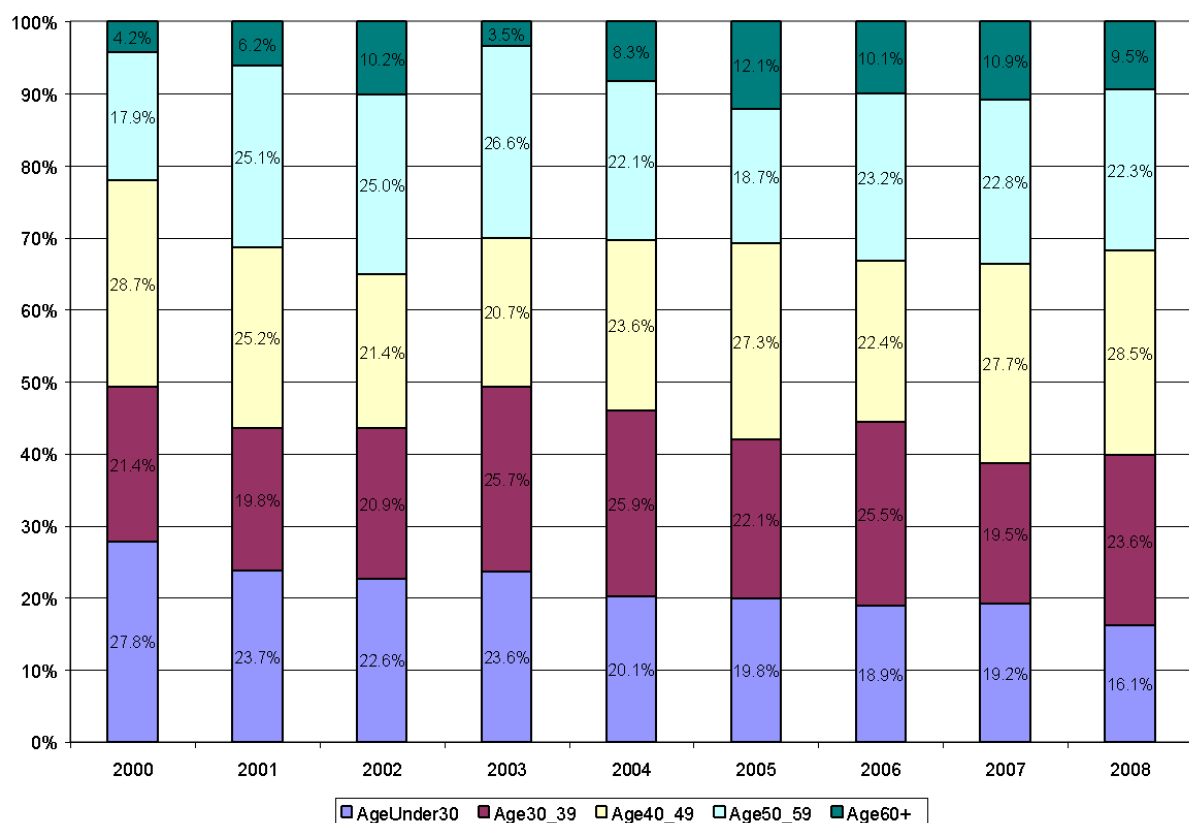


Source: TWC, Quarterly Employment and Wages (QCEW), various years

There are over 21 million baby boomers -- defined to be those aged 42 to 61 in 2006 -- who account for 25 percent of the Texas population and over 42 percent of total nonfarm employment. As the cutting edge of the baby boom generation begins their seventh decade, this aging trend will have an impact on the general workforce and an even more pronounced impact on the State workforce.

With the aging of the population, all employers will need to replace a growing number of retiring workers. As shown in Figure 2, the proportion of State workers age 40 and older is increasing. According to recent Census the proportion of the workforce over 40 increased from 50 percent in 2000 to over 60 percent in 2008.

Fig 2: State Workforce Age Distribution, 2000-2008



Source: U.S. Bureau of Census, Current Population Survey (CPS), Annual Social and Economic Survey File, March 2000-2008

During this time frame, the proportion of workers under 30 years of age decreased by 10 percent, while those over 50 increased by 10 percent.

As the table below shows, the private sector has almost twice the proportion of younger workers (those under 30), then the State government sector. While over 30 percent of the workers in the private sector were under 30 years of age, the comparable rate in the state was 16.1 percent. Among older workers (those over 50), the private sector percentage was 22.7 percent, while the State percentage 31.8 percent.

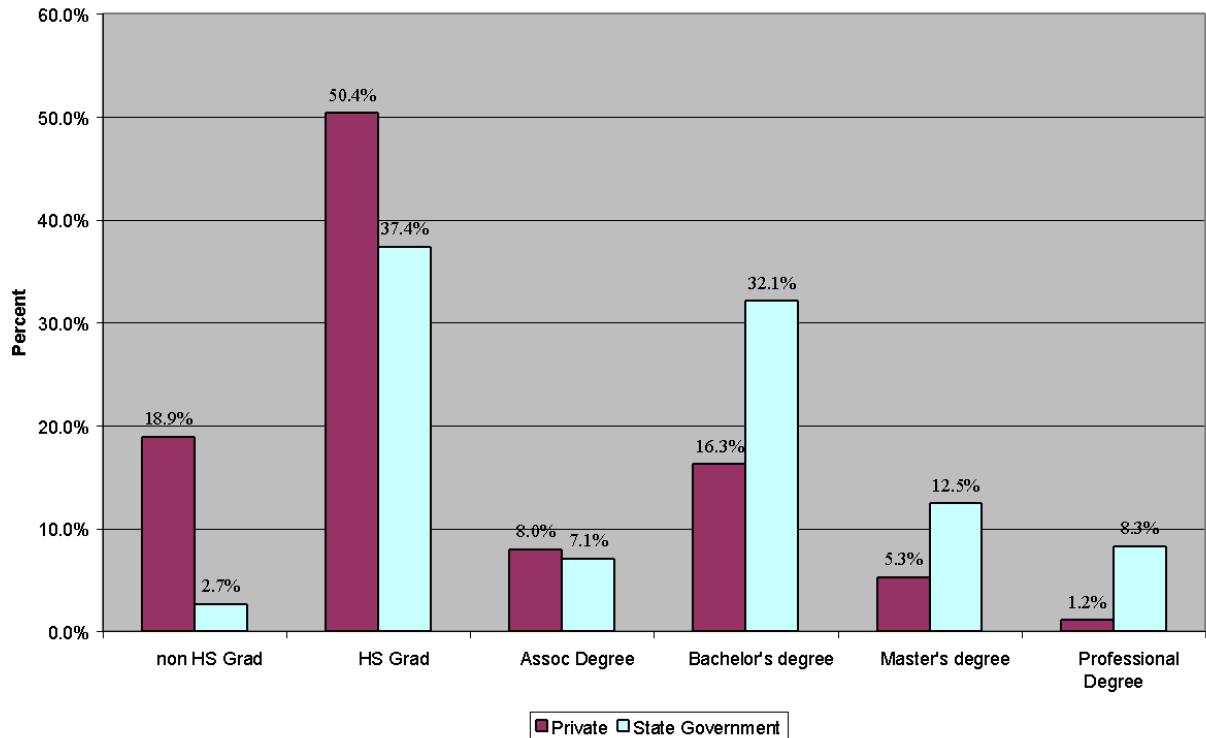
Table 4: Age Distribution Private and State Sector, March 2008

Age	Private	State
Under 30	30.8%	16.1%
30_39	23.5%	23.6%
40_49	23.0%	28.5%
50_59	15.9%	22.3%
60+	6.8%	9.5%

Source: U.S. Bureau of Census, Current Population Survey (CPS), Annual Social and Economic Survey File, March 2008

Along with an older workforce, Texas government also employs workers with higher educational attainment than workers in the private sector. In fact, over half the workers in the public sector have at least a college degree (see Figure 2). . In comparison, only 22.8 percent of workers in the private sector have at least a bachelor's degree. While almost 70 percent of the workers in the private sector have no more than a high school diploma a little more than 40 percent of the workers in the State sector have this level of education.

Figure 2 Educational Attainment of Workers in Private and State Sector, 2008



Source: Bureau U.S. Bureau of Census, Current Population Survey (CPS), Annual Social and Economic Survey File, March 2008

As the economy has transitioned from manufacturing to a service orientation, the nature of work requires different skills. This transition has resulted in categorizing occupations as being either knowledge- or non-knowledge-based. Knowledge workers require specialized education, training or skills. Examples include educators, health care workers, legal professionals, engineers and managers. Over 37 percent of all those employed in 2006 were in occupations that fall into the knowledge worker category. However, the percentage varies among sectors, while one-third of private sector workers were classified as knowledge workers, 63.8 percent of state workers fall into the knowledge worker category.

The Future

The Texas labor market will face at least two significant issues over the next 25 years. These issues arise from an expected slowing in the growth in the labor force and the loss of skills and talent as boomers retire. To address these issues the public sector will need to an effective human resource strategy. This strategy must provide mechanisms to:

- Attract new workers
- Retain young workers
- Energize and prolong careers

Government leaders will be required to develop more proactive recruitment and retention policies to address its aging workforce. With the continued growth in the economy and increased competition for skilled workers, it is essential that greater attention be paid to addressing having a public sector workforce which is able to effectively and efficiently provide public services to the citizens of the State.