

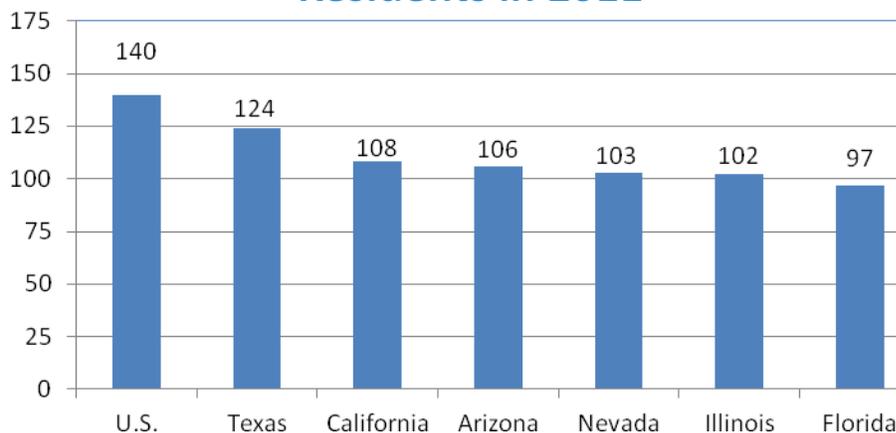
State and Local Government Employees: Where Does California Rank—2011 Update

Estimates of state and local government employment for 2011 have been released by the U.S. Census Bureau. The estimates are for March 2011 before many of the recent budget cuts and layoffs. This issue of *Numbers in the News* examines where California ranks and how these estimates relate to ongoing debates about state budget choices.

In 2011 California had the 5th lowest number of full-time equivalent state government employees relative to population among all states. California had 108 state employees for every 10,000 residents while Florida had the lowest ratio at 97 and Illinois was second with 102. The U.S. average was 140 state employees per 10,000 residents. California's ratio of state government employees relative to population was 23% below the national average.

Nevada and Arizona also had lower ratios of state workers to population than California while Texas had 15% more employees relative to population.

State Employees per 10,000 Residents in 2011



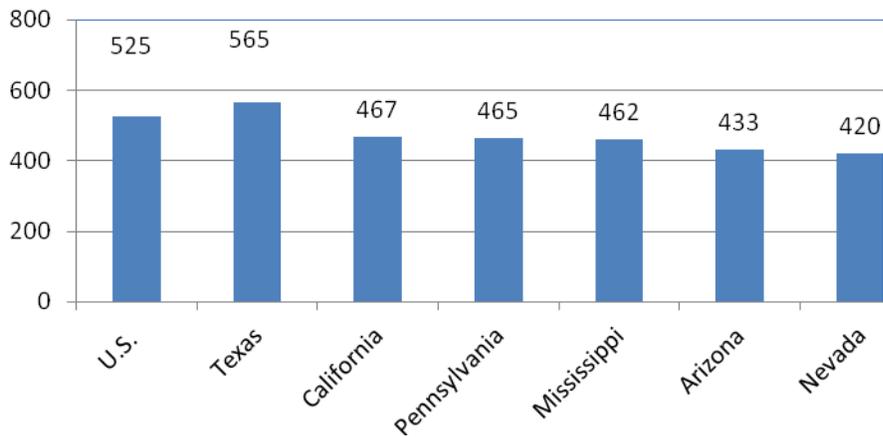
When state and local government employees (including education) are added together, California has the 5th lowest ratio of employees to population.

California had 467 state and local full-time equivalent employees per 10,000 residents in 2011 compared to the national average of 525. Nevada was the state with the lowest ratio (420) followed by Arizona (433), Mississippi (462) and Pennsylvania (465).

California's ratio was 11% below the national average.

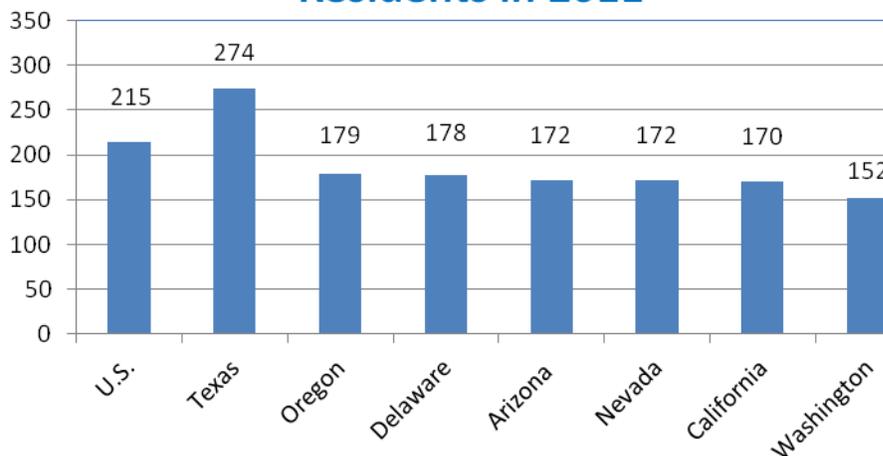
Texas has 565 state and local government employees per 10,000 residents or 8% above the national average.

State and Local Government Employees per 10,000 Residents in 2011



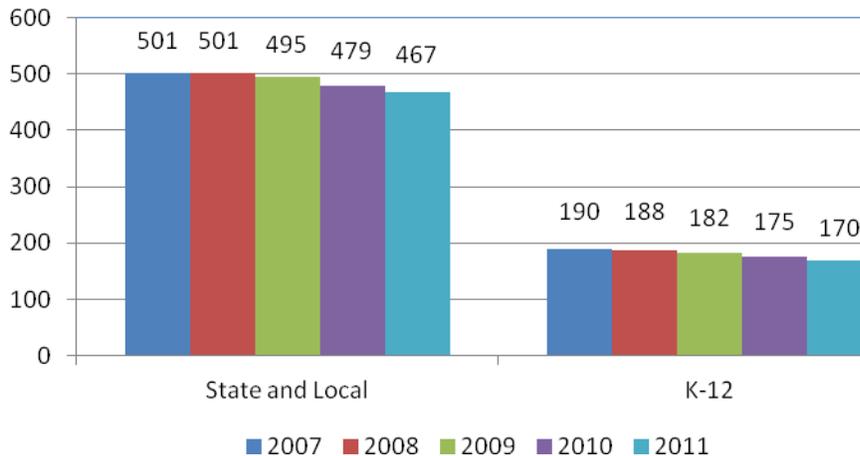
California has the 2nd lowest ratio of K-12 education employees to population in 2010 with 170 employees per 10,000 residents compared to the national average of 215. California is 21% below the national average in education employees relative to population despite the fact that California has an above-average percent of K-12 students in the state's population. Texas is 27% above the national average with 274 K-12 employees per 10,000 residents.

K-12 Education Employees per 10,000 Residents in 2011



California has fewer state and local government employees relative to population in 2011 compared to 2007 before the recession began. California had 467 state and local government employees per 10,000 residents in 2011 down from 501 in 2007. And the state had 170 K-12 education employees per 10,000 residents in 2011 compared to 190 in 2007. Continuing budget pressures make it likely that staffing levels relative to population could fall further in the near term.

California Employees per 10,000 Residents



State Employee Pay

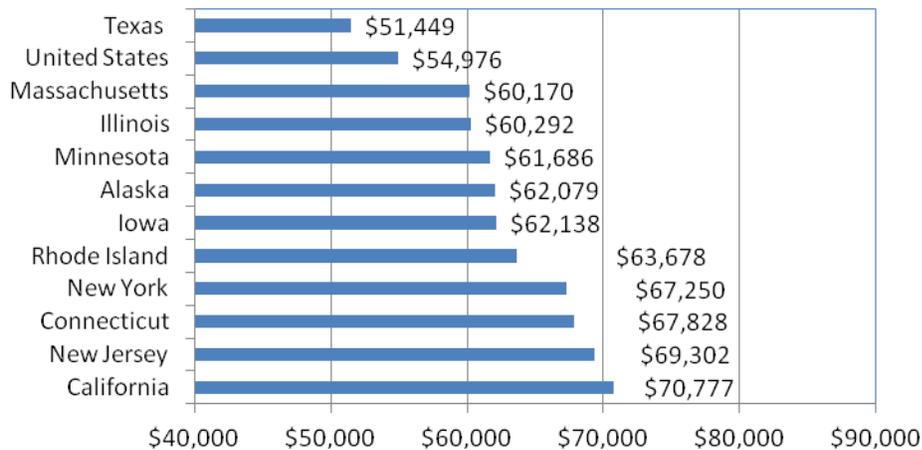
The Census Bureau release provides information on state employee pay for March 2011. In order to provide a rough comparison across states, the March payroll estimates were multiplied by 12 to give approximate annual pay for each state.

On this basis California has the highest average salary for state employees at \$70,777 in 2011. This compares to the U.S average of \$54,976. Other states with high average salaries include New Jersey (\$69,302), Connecticut (\$67,828) and New York (\$67,350). The top ten states together with Texas (\$51,449) are shown on the following page.

However, if you take total state employee pay as a percentage of state personal income, California ranks near the middle. State employee pay represents 1.8% of personal income in California, slightly below the national average of 1.9%. That would rank California below 34 other states.

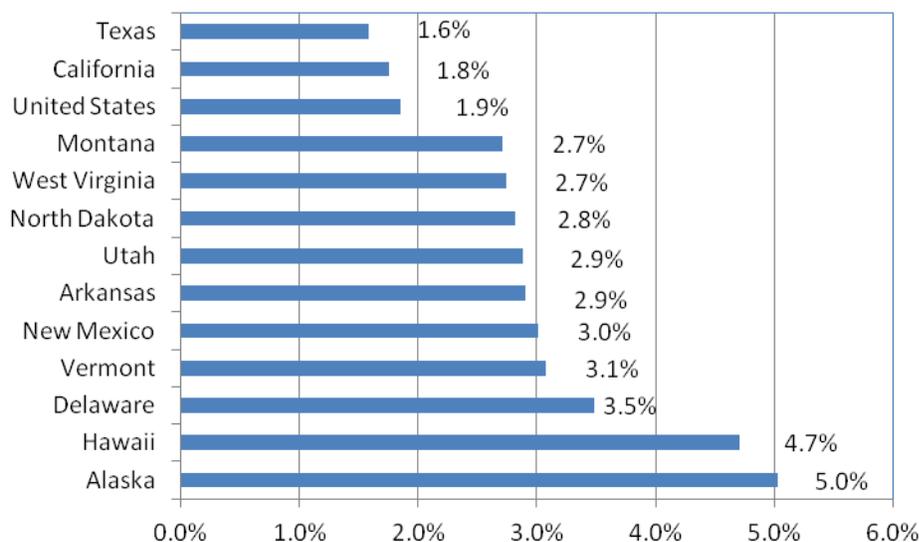
States where state employee pay is a high percentage of income include Hawaii and Alaska where more services are provided at the state level but also states such as Rhode Island, Montana, West Virginia and North Dakota. The top ten states and Texas are shown on the following page.

Average Pay for State Employees



The chart below combines data on the number of state employees relative to population with data on average salaries. As a result, California, which has the highest average salaries and one of the lowest ratios of state employees to population comes in below the national average in the percent of personal income spent on state employee salaries. On the other hand states with very high ratios of state employees to population including Alaska, Hawaii, Delaware and Vermont have the highest ratios of state pay to personal income even though many of the high ranked states below do not have high average salaries.

State Payroll as % of Personal Income



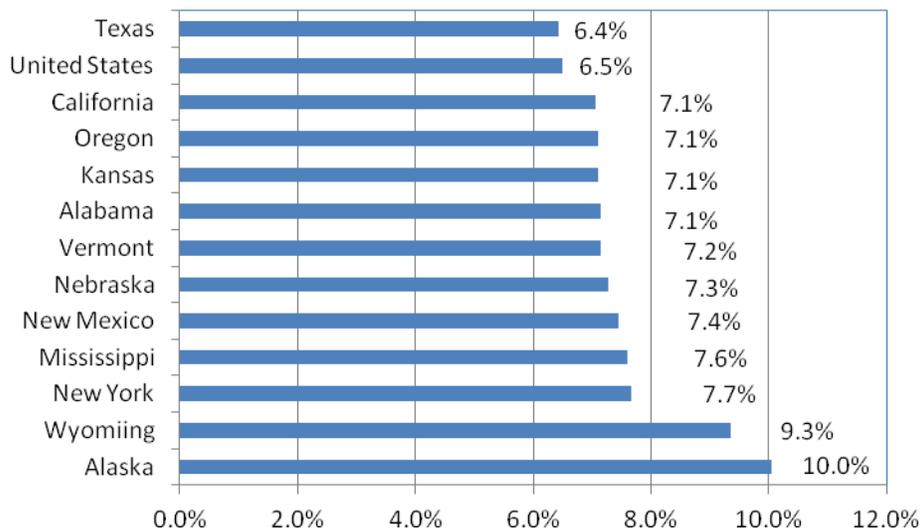
State and Local Government Pay Combined

California has the highest average salary for state and local government employees combined at \$67,524 in 2011 compared to the national average of \$51,627. Other states with high average salaries include New Jersey, New York and Connecticut. The top ten states together with Texas (\$45,022) are shown below.

Average Pay for State and Local Employees



State and Local Payroll as % of Income



When the salary data is combined with data on state personal income, the rankings change. Californians spend 7.1% of personal income on state and local government salaries or slightly above the national average of 6.5%. On this measure California ranks 12th, not 1st among all states. Most of the high ranking states have many more employees relative to population than California, which offsets their lower average salaries.

Implications of the Data

- These data measure the staffing levels relative to population in California's state and local governments including school districts. These data do not tell us how the lower staffing levels affect the delivery of services.
- The data does include a comparison of average pay based on the March 2011 Census payroll estimates. The data do not include benefit costs.
- There is broad agreement that seeking efficiencies in government programs is good public policy. The data suggest, however, that at the aggregate level California is not overstaffed relative to caseloads in the major program areas. Indeed, a stronger case can be made that public programs are being carried out with less staffing than in most other states.
- Public agencies in California continue to face serious budget challenges. New rounds of budget cuts were adopted in December 2011 and in June 2012 with the adoption of the 2013 budget. Additional cuts are certain if neither of the two state tax increase initiatives pass in November 2012.
- These data provide another confirmation that residents face fundamental choices about the level of services they desire and are willing to pay for. This is an important conversation for all Californians. An initial pension reform package was adopted in August 2012 but Californians will need to continue engaging in conversations about public employee retirement plans and funding including health care, which will be an increasing budget challenge in the coming years.

Technical Note

The full-time equivalent employee data comes from the U.S. Census Bureau estimates for 2011 released in September 2012. The link to the data is <http://www.census.gov/govs/apes/>. The population estimates come from the 2011 U.S. Census Bureau estimates for July 1, 2011.