

Data Alert

July 22, 2011

For Immediate Release

Contact:

Claire Hughes (518) 443-5744
or Heather Trela (518) 443-5831

This Data Alert is also available at the [Institute Web site](#).

State and Local Government Employment Shows Broad, Continuing Declines

By Lucy Dadayan and Robert B. Ward

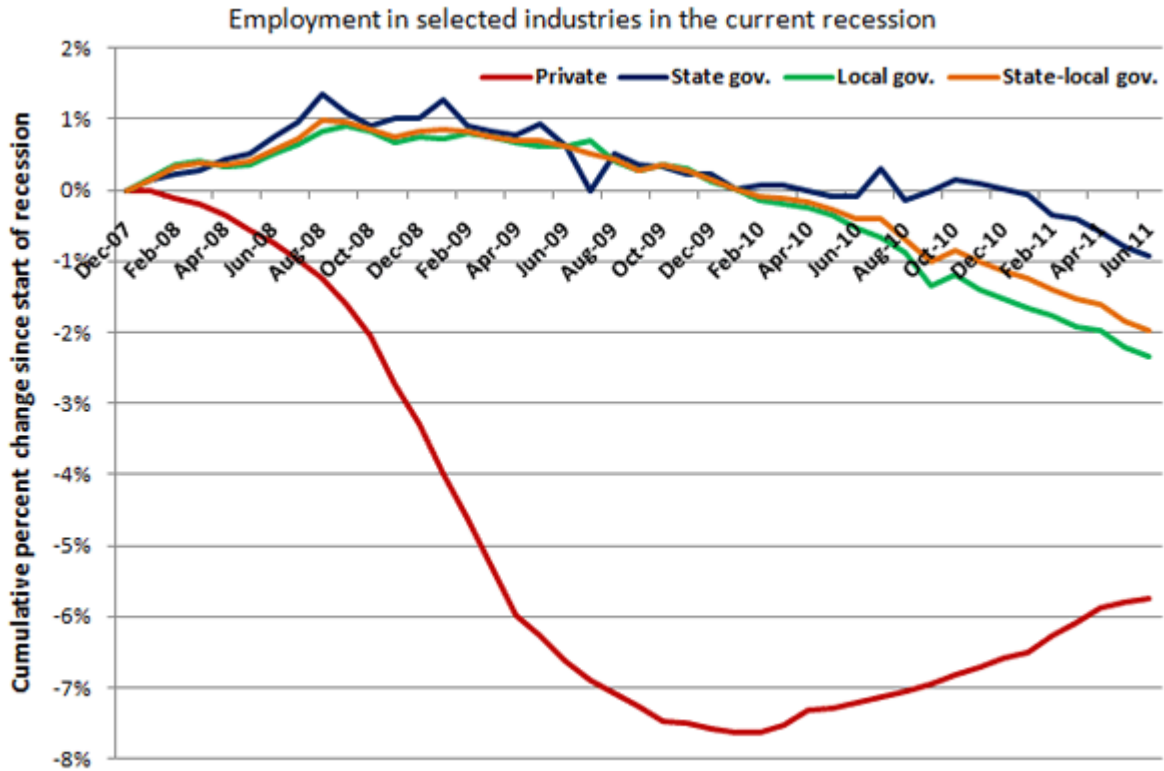
ALBANY, NY -- This morning, the Bureau of Labor Statistics released state-by-state employment data for the month of June. While national totals had already been released for June, this is the first look at June data for individual states. The national data had shown a very slight increase at 0.1 percent in private sector employment, compared with May, and continued declines in state and local government employment at 0.1 percent (see Figure 1). This Data Alert examines recent changes in state and local government employment at the individual state level, as well as the national level. Public-sector employment declines are widespread, with total state and local government jobs falling in 39 states but rising in 11 others over the past year. Overall state-local government employment is now 2 percent below its level at the start of the recession, while private employment is down 5.8 percent over the same period.

In past recessions, state and local government employment has been far more stable than private sector employment, and in fact rarely declined with the exception of the double-dip recession in the early 1980s. The Great Recession brought unprecedented changes in the national as well as individual state and regional economies. Extraordinary federal aid preserved hundreds of thousands of state and local government jobs over the past two years, but is now essentially exhausted. Recent declines in public employment reflect the loss of such aid, state tax revenues that only now are returning to pre-recession levels, and emerging weakness in property taxes and other revenues to local governments and school districts.

Figure 1 compares recent employment trends in the private sector with those in state and local governments. Private employment fell far more sharply than government employment during and after the recession, reaching a trough of 7.6 percent below its recent peak roughly two years after the downturn officially began in December 2007. As of June 2011, employment losses in the private sector remain nearly three times as large as those in state and local governments. However, jobs in the private-sector have been growing steadily if modestly for the last 17 months or so (but have been essentially flat for the last two months). State and local governments have been shedding jobs almost continuously for the last 29 months.

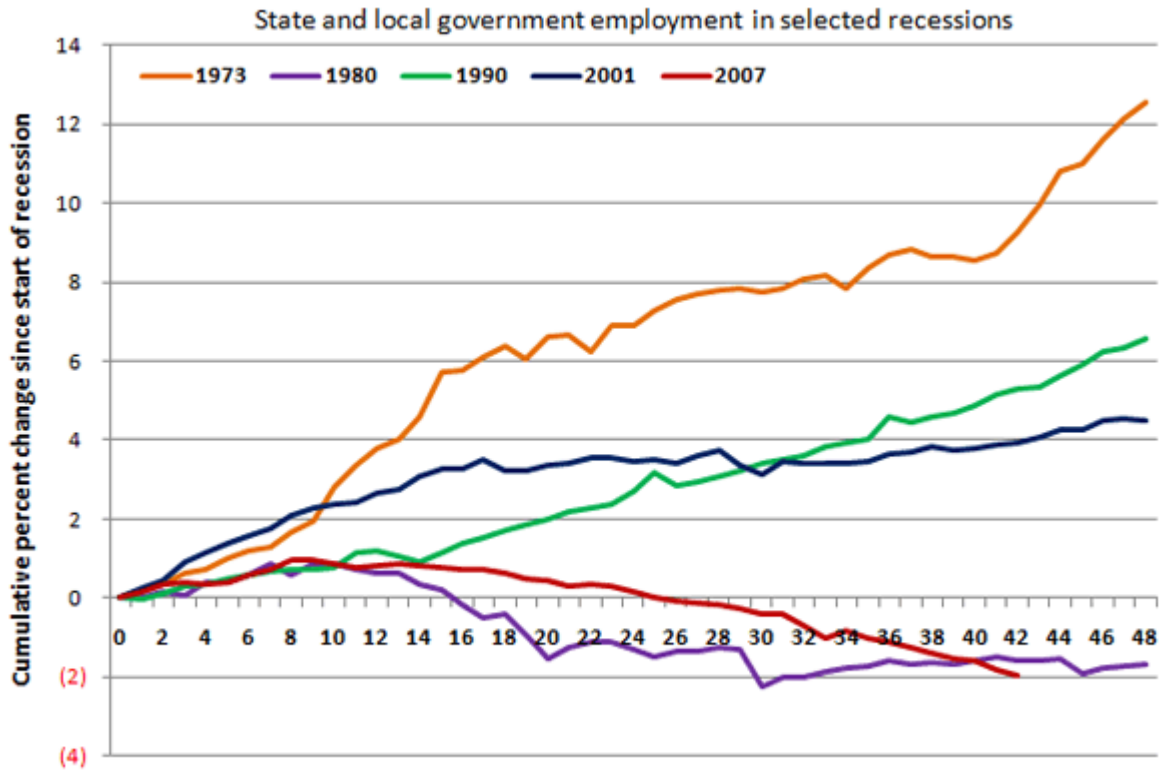
Figure 2 shows trends in state-local government employment in the past five recessions. Among the last five U.S. recessions, only the 1980 downturn rivals the Great Recession for length and depth of public employment losses. If current downward trends continue - as seems likely - current state and local government job losses will surpass those of the early 1980s.

Figure 1: State and Local Government Employment is Declining, in Contrast to Modest Recent Growth in Private Sector Employment



Source: U.S. Bureau of Labor Statistics (CES, seasonally adjusted).

Figure 2: State and Local Government Employment Now Declining For 29 Months



Source: U.S. Bureau of Labor Statistics (CES, seasonally adjusted).

Table 1: State and Local Government Employment is Down in 39 States vs. a Year Earlier

Private, state and local government employment April-June moving average, 2010 vs. 2011, Percent change				
State	Private	State	Local	State-Local
New Jersey	0.6	(5.2)	(3.5)	(3.9)
South Carolina	2.1	(3.3)	(4.1)	(3.8)
Georgia	0.4	(4.8)	(2.6)	(3.2)
North Carolina	1.3	(4.5)	(2.2)	(2.9)
Indiana	0.7	(4.7)	(2.1)	(2.9)
Louisiana	1.8	(2.1)	(2.9)	(2.6)
Mississippi	1.0	(2.5)	(2.0)	(2.2)
Alabama	0.4	(2.0)	(2.2)	(2.2)
Michigan	2.5	0.7	(3.2)	(2.0)
California	1.8	0.9	(2.7)	(1.9)
New York	1.5	(2.8)	(1.7)	(1.9)
Washington	1.8	(3.2)	(1.0)	(1.7)
Arizona	1.0	1.1	(2.5)	(1.7)
Nevada	0.2	(1.5)	(1.7)	(1.6)
West Virginia	1.6	(4.0)	(0.2)	(1.6)
Rhode Island	1.4	1.0	(2.7)	(1.5)
Maryland	(0.2)	(0.4)	(2.0)	(1.5)
Missouri	0.8	(0.7)	(1.7)	(1.4)
Ohio	1.9	0.1	(1.8)	(1.3)
Oklahoma	2.7	0.7	(2.1)	(1.3)
Pennsylvania	1.7	(2.2)	(0.8)	(1.1)
Tennessee	1.1	(0.5)	(1.3)	(1.1)
Maine	1.3	(1.5)	(0.7)	(1.0)
Alaska	2.8	0.1	(1.3)	(0.8)
Vermont	2.2	1.4	(1.9)	(0.7)
Oregon	2.2	1.1	(1.5)	(0.7)
Massachusetts	1.8	(1.3)	(0.3)	(0.6)
New Hampshire	1.7	(0.4)	(0.7)	(0.6)
Iowa	1.1	1.4	(1.2)	(0.5)
New Mexico	0.1	(0.3)	(0.5)	(0.4)
Arkansas	1.4	0.7	(1.0)	(0.4)
Nebraska	2.5	(0.2)	(0.3)	(0.3)
Virginia	0.7	3.0	(1.5)	(0.2)
Hawaii	1.7	(0.2)	(0.4)	(0.2)
Connecticut	1.3	2.3	(1.2)	(0.2)
Kentucky	1.8	0.6	(0.5)	(0.2)
South Dakota	0.6	1.3	(0.6)	(0.1)
Kansas	(0.1)	0.4	(0.2)	(0.1)
Illinois	1.6	1.2	(0.3)	(0.0)
Colorado	0.7	3.1	(1.1)	0.0
Florida	0.9	(0.2)	0.3	0.2
Texas	2.9	(0.3)	0.7	0.5
Minnesota	0.9	0.4	0.5	0.5
North Dakota	5.3	0.5	0.5	0.5
Idaho	1.1	(4.3)	2.3	0.5
Utah	2.3	1.8	(0.1)	0.6
Wisconsin	1.2	(5.4)	2.7	0.7
Montana	2.0	(1.0)	1.5	0.7
Delaware	0.2	(0.2)	2.6	1.0
Wyoming	2.3	1.4	1.6	1.5

Source: U.S. Bureau of Labor Statistics (CES, seasonally unadjusted).

As Table 1 shows, state and local government employment is down for the months of April-June in 39

states, relative to year-earlier levels.[1] State government employment is down in 28 states, and local government employment is down in 41 states.[2] The table also shows private-sector employment, which is down for the period in only two states. The state and local government declines are widespread, while private sector employment continues to improve in most states. For the nation as a whole, state government employment is down 2.3 percent from its post-recession peak, and local government employment is down 3.2 percent from the post-recession peak. By contrast, private sector employment is still down 5.8 percent.

Figure 3 shows the size of decline in state government and local government employment compared to three years ago, by state. By this measure some 13 states showed gains in both state and local government employment, while nearly half of the states, including Arizona, Georgia, and New Jersey, showed declines in both sectors over the year. Public employment cutbacks began earlier in some states than in others, so that an illustration of overall reductions from peak levels would show a somewhat different picture.

Figure 3: Percent Change in State vs. Local Government Employment
 Percent change in employment, April-June, 2008 to 2011 (red lines are means)

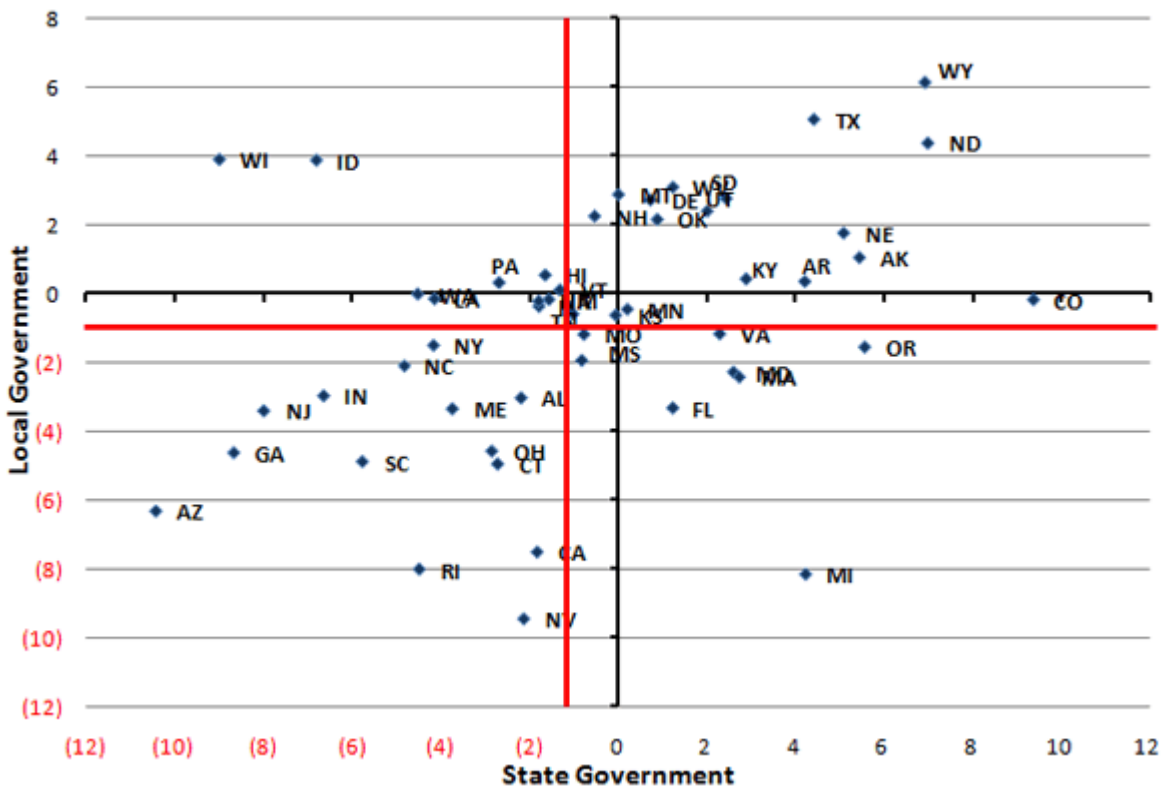
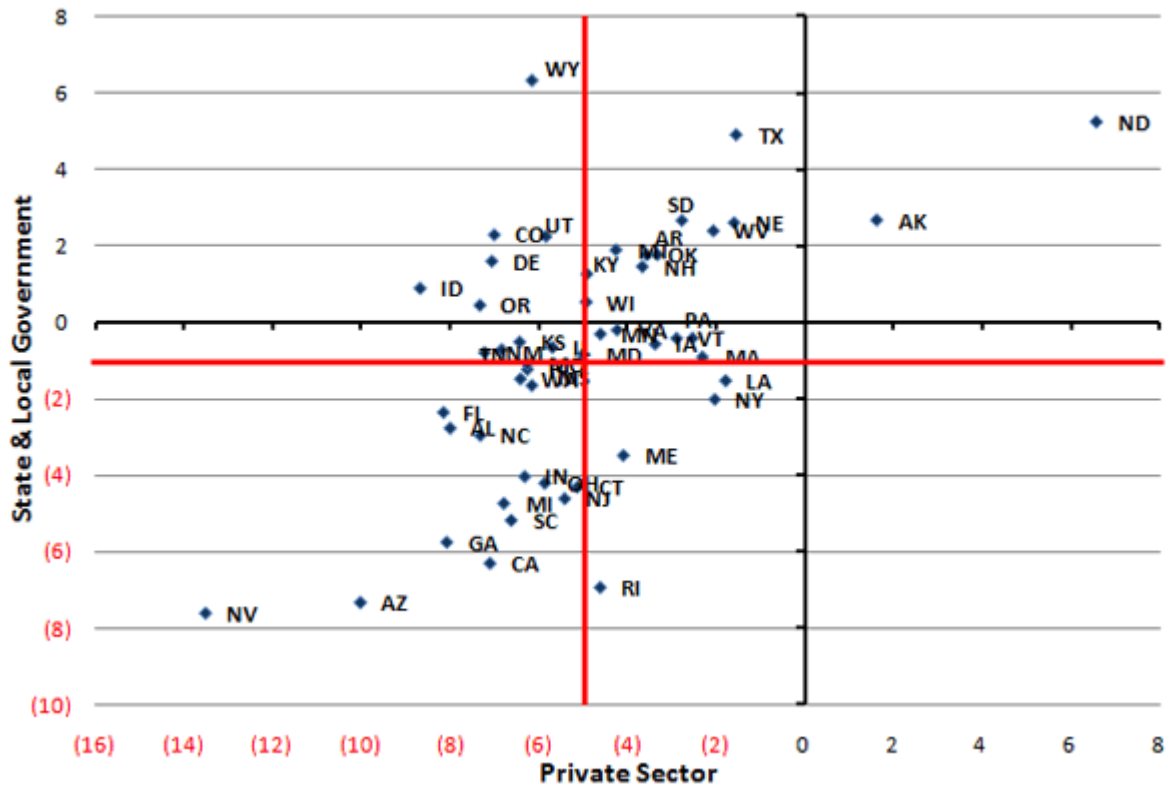


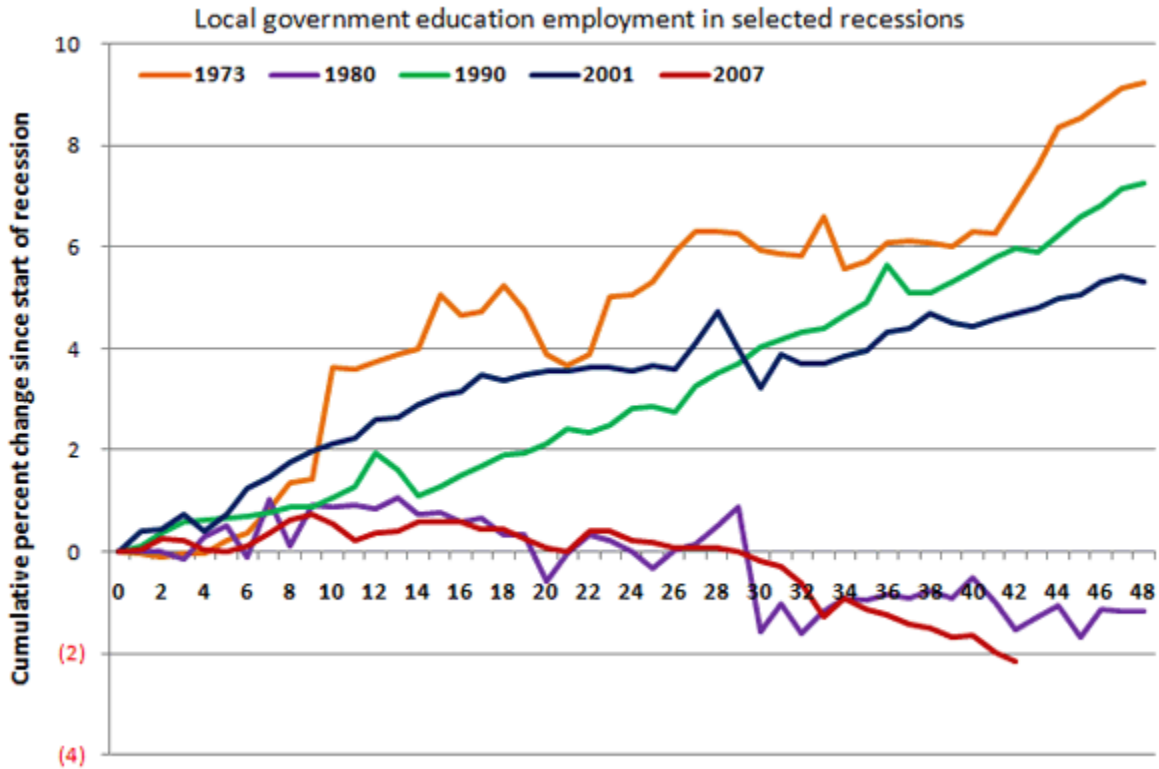
Figure 4 shows the change in state-local government and private sector employment compared to three years ago, by state. As shown only two states - Alaska and North Dakota - showed gains in both state-local government and private employment, while 32 states showed declines in both sectors over the year. Wyoming increased government employment by more than 6 percent while private-sector jobs were declining. Providing further evidence of the Great Recession's painful impact in Nevada and Arizona, the two states have experienced large drops in both private and public employment over the period.

Figure 4: Percent Change in State-Local Government vs. Private Employment
 Percent change in employment, April-June, 2008 to 2011 (red lines are means)



Local government employment is at least 2-3 times as large as state government employment in most states, and it accounts by far for the largest number of government jobs lost in the current recession. Elementary and secondary education tends to dominate local government employment, although non-education employment is down as well. Figure 5 shows that the decline in education employment is far greater in this recession than in other recent recessions, and is now deeper compared to declines in the 1980 double-dip recession, when local government employment was influenced significantly by property tax revolts and limitations. For the nation as a whole, local government education employment has declined by 231,700 jobs since the September 2008 peak, a 2.9 percent decline.

Figure 5: Local Government Education Employment Has Been Hit its Hardest Since the 1980 Recession



Source: U.S. Bureau of Labor Statistics (CES, seasonally adjusted).

Table 2 shows the latest data on local government education employment, in the 36 states for which BLS reported such data on a monthly basis. At least 25 states (among those for which we have data) have seen declines in local education positions over the past year, ranging from 0.3 percent to 4.5 percent. The largest reductions appear in Michigan and South Carolina at 4.5 and 4.0 percent respectively. Eleven states had employment increases in this sector.

With states continuing to face harsh fiscal realities, declines in education employment are likely to continue as well. Education employment in particular has been propped up by federal stimulus funds, which have been nearly exhausted in many states. Anecdotal evidence suggests that many school districts around the country have been reducing teaching positions by attrition and by laying off teachers. Reductions in teacher positions generally appear in BLS employment data in the months of July, August, and September, so we expect the next three months to be particularly important indicators of the extent to which local government education jobs are being cut.

Table 2: Local Government Educational Services Employment
April-June moving average, 2010 vs. 2011, Percent change

State	2010	2011	Percent change
Michigan	232.8	222.4	(4.5)
South Carolina	108.8	104.4	(4.0)
New Jersey	283.4	272.9	(3.7)
Indiana	156.7	150.9	(3.7)
Mississippi	87.5	84.5	(3.4)
North Carolina	227.4	220.2	(3.2)
Georgia	260.1	251.9	(3.2)
Iowa	103.4	100.4	(2.9)
Oregon	107.5	104.5	(2.8)
Vermont	24.9	24.2	(2.7)
Alabama	105.6	102.8	(2.7)
Maryland	161.8	157.8	(2.5)
California	944.4	923.7	(2.2)
Ohio	297.6	291.7	(2.0)
Arizona	144.4	141.9	(1.8)
New Mexico	58.9	58.1	(1.2)
Kentucky	117.3	116.0	(1.1)
Pennsylvania	315.0	311.7	(1.0)
Colorado	130.1	128.9	(0.9)
Utah	66.6	66.2	(0.7)
Minnesota	143.4	142.4	(0.7)
Alaska	24.3	24.2	(0.4)
Massachusetts	174.6	173.9	(0.4)
Washington	160.6	160.1	(0.3)
Connecticut	96.0	95.7	(0.3)
Idaho	42.4	42.5	0.2
South Dakota	26.2	26.3	0.3
Illinois	368.9	370.0	0.3
Tennessee	142.2	142.9	0.4
Nebraska	63.4	63.8	0.7
Texas	851.2	859.7	1.0
Wisconsin	164.2	166.0	1.1
North Dakota	21.6	22.0	1.7
Delaware	18.5	18.9	2.0
Wyoming	25.3	26.0	2.6
Montana	29.6	30.5	3.2

Source: U.S. Bureau of Labor Statistics (CES, seasonally unadjusted).

Note: Not all states report detailed local employment data to BLS.

[1] To reduce "bounciness" in the data, we average state-by-state data for April through June.

[2] This table is based on seasonally unadjusted data. We use the unadjusted data because they are available from the Bureau of Labor Statistics for more states than are seasonally adjusted data, but because they are not adjusted for seasonal fluctuations we compare to the same period from a year earlier rather than to recent months.