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State Bureaucracy Update

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The nation's 16 million state and local government workers form a large, growing, and well-compensated class in society. State and local workers earned \$36 per hour in wages and benefits in 2005, on average, compared to \$24 per hour for U.S. private-sector workers.¹ Another distinction is that 42 percent of state and local workers are represented by unions, compared to just 9 percent in the private sector.²

Trends in State and Local Employment

Table 1 shows the number of state and local workers by budget area.³ The largest area is kindergarten to grade 12 schools. The number of school teachers and administrators increased 22 percent between 1994 and 2004. By contrast, the number of children in the public schools increased just 9 percent during the period.⁴

Another fast-growing area is public safety. Police, fire, corrections, and legal staffs have grown an average 21 percent in the past decade. One contributing factor has been the jump in state prison populations in recent years.

State and local health bureaucracies have also grown as Medicaid spending has exploded. In health and other areas, the growth in bureaucracy has been fueled by growing regulatory paperwork that has accompanied expanded federal funding of state and local activities.

Some areas of the state and local bureaucracy, such as hospitals, have not grown. That may be due variously to budget reforms, a shift of work to the private sector, or other changes. In the case of public welfare, the number of state and local administrators has remained steady at about half a million. Meanwhile, the number of welfare recipients has fallen 66 percent since 1994 as a result of federal and state welfare reforms during the 1990s.⁵

State Comparisons

The size of state and local bureaucracies varies widely by state. Table 2 shows the number of government workers in each state as a share of employment in the state. Along with the District of Columbia, the largest bureaucracies are

in Alaska and Wyoming—states that have an image of rugged individualism. Some of the other states with big bureaucracies also lean conservative in their politics, including Mississippi and Alabama. Nevada has the smallest bureaucracy, with a state and local workforce only about half the relative size of Alaska's.

Numerous factors affect the size of bureaucracies in the states including demographics, crime levels, and the differing propensity of states to contract out or privatize services such as prisons and solid waste collection.

Table 1. State and Local Government Employment

	1994	2004	Change
U.S. Total	13,912,227	15,788,784	13%
Education	7,098,807	8,538,180	20%
K-12 schools	5,310,339	6,473,425	22%
Higher education	1,586,663	1,848,997	17%
Other	201,805	215,758	7%
Safety	1,925,986	2,323,323	21%
Police	749,308	892,426	19%
Corrections	584,387	701,905	20%
Judicial and legal	321,168	409,944	28%
Fire	271,123	319,048	18%
Welfare	2,123,500	2,038,584	-4%
Hospitals	1,053,356	912,496	-13%
Public welfare	492,387	498,092	1%
Health	360,694	424,158	18%
Housing & development	123,173	114,281	-7%
Social insurance admin.	93,890	89,557	-5%
Services	1,701,548	1,766,101	4%
Highways	544,233	542,642	0%
Parks and recreation	239,605	262,815	10%
Transit	205,994	231,897	13%
Natural resources	187,432	186,006	-1%
Water supply	153,143	162,251	6%
Sewerage	121,594	126,136	4%
Solid waste	110,391	108,882	-1%
Other	139,156	145,472	5%
Other	1,062,386	1,122,596	6%

Source: U.S. Bureau of the Census. Full-time equivalents.

Table 2. State and Local Government Employment in 2004 as a Share of Total Employment in State

	Total	Education	Safety	Welfare	Services	Other
All states	11.3%	6.1%	1.7%	1.5%	1.3%	0.8%
Alaska	16.6%	8.3%	1.8%	1.6%	2.7%	2.2%
D.C.	16.2%	4.5%	3.3%	2.3%	4.6%	1.6%
Wyoming	16.1%	8.2%	1.7%	2.9%	2.0%	1.3%
Mississippi	15.0%	8.1%	1.7%	3.0%	1.4%	0.8%
Louisiana	14.6%	7.5%	2.2%	2.4%	1.6%	0.9%
New Mexico	14.5%	8.0%	2.0%	2.0%	1.5%	1.1%
New York	13.4%	6.2%	2.3%	2.3%	1.8%	0.9%
Alabama	13.2%	6.7%	1.5%	2.6%	1.5%	0.8%
West Virginia	13.0%	7.1%	1.4%	1.4%	1.9%	1.2%
Kansas	12.8%	7.6%	1.5%	1.3%	1.4%	1.0%
Kentucky	12.7%	7.6%	1.5%	1.5%	1.3%	0.8%
South Carolina	12.6%	6.7%	1.7%	2.2%	1.3%	0.7%
Arkansas	12.3%	7.2%	1.6%	1.4%	1.4%	0.8%
Oklahoma	12.3%	7.0%	1.6%	1.7%	1.3%	0.8%
Texas	12.3%	7.4%	1.7%	1.4%	1.2%	0.6%
Nebraska	12.0%	6.3%	1.2%	1.6%	2.1%	0.8%
Hawaii	12.0%	6.1%	1.8%	1.4%	1.4%	1.3%
Iowa	11.9%	7.1%	1.1%	1.7%	1.3%	0.8%
Georgia	11.9%	6.8%	1.8%	1.5%	1.2%	0.7%
New Jersey	11.9%	6.5%	2.0%	1.2%	1.3%	0.9%
North Dakota	11.8%	6.6%	1.0%	1.4%	1.7%	1.0%
Montana	11.7%	6.6%	1.3%	1.2%	1.6%	1.0%
Delaware	11.7%	6.1%	1.7%	1.5%	1.3%	1.0%
Idaho	11.7%	6.4%	1.4%	1.7%	1.3%	0.9%
Maine	11.6%	6.9%	1.3%	1.0%	1.3%	1.1%
Tennessee	11.6%	6.0%	1.6%	1.8%	1.5%	0.7%
Virginia	11.4%	6.6%	1.6%	1.1%	1.1%	0.9%
North Carolina	11.3%	5.8%	1.5%	2.1%	1.1%	0.8%
Ohio	11.3%	6.2%	1.7%	1.4%	1.1%	0.7%
Vermont	11.2%	7.2%	1.0%	0.8%	1.2%	1.1%
Utah	11.2%	6.5%	1.3%	1.3%	1.3%	0.8%
Indiana	11.0%	6.5%	1.5%	1.5%	1.0%	0.6%
Missouri	10.9%	5.9%	1.7%	1.5%	1.2%	0.7%
California	10.8%	5.4%	1.6%	1.6%	1.2%	0.9%
Connecticut	10.7%	6.2%	1.6%	1.3%	0.8%	0.8%
Washington	10.6%	5.0%	1.4%	1.6%	1.8%	0.9%
Illinois	10.6%	6.0%	1.7%	1.0%	1.3%	0.6%
Michigan	10.6%	6.6%	1.4%	1.0%	0.8%	0.7%
Oregon	10.5%	5.3%	1.5%	1.4%	1.3%	1.0%
South Dakota	10.5%	6.2%	1.0%	1.0%	1.3%	1.0%
Colorado	10.4%	5.8%	1.4%	1.1%	1.3%	0.7%
Florida	10.3%	4.9%	2.0%	1.2%	1.3%	0.8%
Arizona	10.3%	5.6%	1.9%	0.7%	1.2%	0.9%
Maryland	10.2%	5.6%	1.6%	1.1%	1.1%	0.8%
Massachusetts	10.0%	5.7%	1.7%	1.0%	0.9%	0.7%
Wisconsin	9.8%	5.7%	1.4%	1.0%	0.9%	0.8%
Minnesota	9.8%	5.7%	1.0%	1.3%	1.1%	0.8%
New Hampshire	9.8%	5.9%	1.2%	0.9%	0.9%	0.9%
Pennsylvania	9.6%	5.3%	1.4%	1.1%	1.1%	0.7%
Rhode Island	9.5%	5.2%	1.5%	1.0%	0.9%	0.8%
Nevada	8.6%	4.1%	1.6%	1.0%	1.1%	0.8%

Source: Author's calculations based on U.S. Bureau of the Census data. See Table 1 for items included in each budget area.

Differences between states also reflect bureaucratic efficiencies. For example, while D.C. and Louisiana have deep-seated problems of waste and corruption, New Hampshire is known for its more effective government. Some states, such as Alaska and New Mexico, have high levels of bureaucracy across many budget areas. Other states, such as Pennsylvania and Rhode Island, have consistently lower levels of bureaucracy.

Table 3 shows the states with the biggest and smallest bureaucracies in each budget area. The top states have two or more times the relative number of government workers as the bottom states. It is not clear that the top states get any benefit from bigger government. As one example, my statistical analysis showed that there is no correlation between K-12 employment and SAT scores by state.

One conclusion is that there seems to be substantial room for increased government efficiency in many states. Although this bulletin provides only a brief look at differences in state bureaucracy, the data indicate that some states deliver government services with many fewer workers than do other jurisdictions.

Table 3. State and Local Government Employment in 2004 as a Share of Total Employment in State

Biggest Bureaucracies									
Education		Safety		Welfare		Services		Other	
AK	8.3%	DC	3.3%	MS	3.0%	DC	4.6%	AK	2.2%
WY	8.2%	NY	2.3%	WY	2.9%	AK	2.7%	DC	1.6%
MS	8.1%	LA	2.2%	AL	2.6%	NE	2.1%	HI	1.3%
NM	8.0%	FL	2.0%	LA	2.4%	WY	2.0%	WY	1.3%
KS	7.6%	NJ	2.0%	DC	2.3%	WV	1.9%	WV	1.2%
Smallest Bureaucracies									
Education		Safety		Welfare		Services		Other	
RI	5.2%	IA	1.1%	IL	1.0%	MA	0.9%	MO	0.7%
WA	5.0%	SD	1.0%	SD	1.0%	WI	0.9%	GA	0.7%
FL	4.9%	ND	1.0%	NH	0.9%	NH	0.9%	IN	0.6%
DC	4.5%	VT	1.0%	VT	0.8%	MI	0.8%	IL	0.6%
NV	4.1%	MN	1.0%	AZ	0.7%	CT	0.8%	TX	0.6%

Source: Author's calculations based on U.S. Bureau of the Census data.

¹ U.S. Bureau of Labor Statistics, "Employer Costs for Employee Compensation Summary," December 9, 2005.

² U.S. Bureau of Labor Statistics, "Union Members in 2004," January 27, 2005, Table 3.

³ Employment data from U.S. Bureau of the Census, "State and Local Government Employment and Payroll," March 2004, www.census.gov/govs/www/apesstl.html. Full-time equivalents.

⁴ U.S. Bureau of the Census, *Statistical Abstract of the United States: 2006*, Table 204, www.census.gov/prod/www/statistical-abstract.html.

⁵ U.S. Bureau of the Census, *Statistical Abstract*, Table 555.