

# The Liberty Bullhorn

News and Commentary Based in Free-Market Economics

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## State Employment Data

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### Short Take

#### **The government-to-private employment dependency ratio**

This issue of the Liberty Bullhorn Economic Newsletter reports the number of state and local government employees as a ratio to private employment. The formal definition is:

$$\frac{\text{State govt employees} + \text{Local govt employees}}{\text{Private sector employees}} * 1000$$

This ratio, which is original to this newsletter, adds a new perspective on an economy's government dependency than many other indexes and methods. Private sector employees pay the taxes that fund government employees, which means that at any given compensation level for government and private workers, a rise in this ratio illustrates an increased tax burden on private employees. We can also identify workforce dependency on government through this ratio. An interesting elaboration on this ratio is to multiply each variable with average compensation. This would open for a more complete study of government employment costs to the private sector. (Federal government is excluded due to its geographic bias toward the DC area and military installations.)

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## Wyoming: The Number One Government-Dependent State

Sven R Larson

In view of the serious fiscal problems in states like California, Illinois and New York one would expect that these states would also have the highest rates of government employees among their work forces. That is not the case: probably surprising to many, the state where workers are most likely to be employed by government is Wyoming.

According to data from the [Bureau of Labor Statistics](#), in September 2011 there were 70,300 state and local government employees in Wyoming. At the same time, there were 221,400 private sector employees. This translates into 318 state and local government employees per 1,000 private employees.

Again, this means that the Wyoming workforce the most dependent on government for a job of all the 50 states. Furthermore, the difference between Wyoming and the next state on the list is startling. New Mexico has 267 state and local government employees per 1,000 private employees. The Wyoming ratio is 19 percent higher than New Mexico's.

Alaska comes in third at 264, Mississippi 4<sup>th</sup> at 262 and Oklahoma 5<sup>th</sup> at 237.

The Cowboy State looks even worse in view of the trend in government employment. The overall tendency is that the private sector is once again becoming a job creator. In 45 states the ratio of government workers per 1,000 private workers has fallen between September 2009 and September 2011. Wyoming, on the other hand, saw the biggest gains in relative government employment: from 299 state and local government workers per 1,000 private workers in 2009 to 318 in 2011. This seven percent gain is three times the gain in the runner-up state, Arkansas (+2.3 percent).

There are numerous factors behind Wyoming's deplorable government-to-private employee ratio. The regulatory environment is one. According to the most recent issue of CNBC's "[America's Top States for Doing Business](#)", Wyoming has a deteriorating business climate. The Cowboy State fell [from being the 14<sup>th</sup> best state in 2010 to 21<sup>st</sup> in 2011](#). The state dropped the most in the category for cost of doing business: [from 13<sup>th</sup> to 34<sup>th</sup>](#) in one year. This happened despite the state's [third-best business tax climate](#).

A hypothesis that remains to be fully tested is that Wyoming's heavy bias toward the minerals industry causes high volatility in the state's GDP. This in turn makes it more difficult for small businesses outside of the minerals industry to find stable, sustainable markets to grow from. Government jobs do not depend on the free market, but on political decisions and taxation. As a result, the gap between the reliability of a government job and a job in a small business would be larger in Wyoming than in other states.

In addition to the factors that hold back private employment, Wyoming has also seen a significant expansion in local government employment. In 2009 and 2010 cities, counties and school districts employed 47,800 people. In 2011 that number has jumped to 52,600, the largest expansion of local government payrolls of any state. This is almost one third larger than the expansion of private jobs in the state: while the private sector added 3,700 jobs from September 2010 to September 2011, the local governments across Wyoming added 4,800 employees.

## Government-Employee Burden: All-State Data

State and local government employees per 1,000 private employees;  
Bureau of Labor Statistics September 2011 data:

	2009	2010	2011		2009	2010	2011
ALABAMA	220	219	212	MONTANA	215	215	216
ALASKA	271	275	264	NEBRASKA	195	195	189
ARIZONA	188	186	184	NEVADA	143	141	134
				NEW			
ARKANSAS	206	207	211	HAMPSHIRE	168	170	166
CALIFORNIA	186	180	178	NEW JERSEY	178	171	167
COLORADO	184	184	181	NEW MEXICO	272	272	267
CONNECTICUT	164	162	160	NEW YORK	192	189	186
				NORTH			
DELAWARE	162	164	164	CAROLINA	205	200	191
				NORTH			
FLORIDA	165	164	159	DAKOTA	238	234	222
GEORGIA	186	179	174	OHIO	164	160	157
HAWAII	193	190	186	OKLAHOMA	248	237	237
IDAHO	211	211	209	OREGON	192	191	182
ILLINOIS	162	160	156	PENNSYLVANIA	135	132	126
INDIANA	174	168	164	RHODE ISLAND	127	125	122
				SOUTH			
IOWA	193	192	187	CAROLINA	216	209	202
				SOUTH			
KANSAS	218	220	217	DAKOTA	202	203	204
KENTUCKY	198	200	195	TENNESSEE	175	176	175
LOUISIANA	222	216	209	TEXAS	192	191	182
MAINE	177	175	167	UTAH	186	185	179
MARYLAND	175	175	173	VERMONT	199	196	188
MASSACHUSETTS	141	140	136	VIRGINIA	179	177	177
MICHIGAN	183	176	170	WASHINGTON	201	199	192
MINNESOTA	166	165	162	WEST VIRGINIA	210	213	206
MISSISSIPPI	268	262	262	WISCONSIN	162	162	157
MISSOURI	180	181	177	WYOMING	297	299	318

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