



The Real Numbers Behind Louisiana's Public Employment Statistics

By Ann Guissing

There is an oft-repeated claim that Louisiana has too many employees compared with other states. State Treasurer John Kennedy's "State Government Employment Reduction Program," detailed in House Bill 306 now being considered by the Legislature, would require state agencies to eliminate 5,000 positions each year for three years, for a total reduction of 15,000 state employees. This is on top of the thousands of state positions that have been eliminated since the beginning of Louisiana's fiscal crisis in 2008.

These claims that the state is over staffed are made without anything to back them up beyond comparing gross employment counts between states. This approach is far too simplistic.

Analyses of the data show that simple comparisons of total state-level employment do not provide useful data for decision-making. States provide services to people and institutions either directly or through their political subdivisions, in the case of Louisiana, through parishes and municipalities. Whether a given service is delivered at the state level or more locally varies by type of service and by state. A good example is hospital care. Louisiana has a Charity Hospital System that delivers most of Louisiana's government-provided hospital care; in most other states, this is done through county or city hospitals. Thus, basing decisions on a comparison of total numbers of state employees alone, without considering how other states deliver services, can lead to budget decisions that are not be in the state's best interest.

Here are the key findings from our analysis:

- Because of the care delivery structure mentioned above, Louisiana's employment in the category of Hospitals is high relative to other states and significantly affects Louisiana's overall employment rankings. Just removing the effects of the Charity Hospital System dramatically lowers Louisiana's rank relative to other states, from 10 to 19 in terms of Total Government (state and local employees) FTEs (full-time equivalent employees) per capita.
- When Louisiana's staffing levels are compared to those of other states based on size of the economy, Louisiana's employment levels look even more reasonable, ranking just about in the middle at 24 Total Government FTEs per gross state product or GSP, which takes the total number of state and local employees and divides it by the size of the economy.
- Rankings in the area of employment in Corrections are misleading, too -- because they do not take into account Louisiana's relatively large number of state prisoners, more than half of whom are housed in parish jails. Louisiana Corrections employment **does** rank higher in *total government* FTEs per capita, but when based on the number of state prisoners being guarded, Louisiana ranks 47th.
- Louisiana has fewer Elementary and Secondary and Higher Education Instructional employees per capita than about two-thirds of the states.

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So, is Louisiana over staffed?

The evidence does not support such a blanket conclusion. That should be a bright caution flag not to do anything dramatic, such as order the elimination 15,000 state government positions. Such an across-the-board reduction risks cutting employment in areas such as Corrections, where Louisiana may, in fact, be understaffed, while not addressing systematically the one area that is a significant driver of Louisiana's employment rankings, the Charity Hospital System.

Instead, Louisiana needs to adopt a careful, thoughtful approach to adjusting its staffing levels. Attempting to lower Louisiana's government employment levels by across-the-board reductions as called for in House Bill 306, while continuing to maintain the Charity Hospital System, would mean drastically reducing other departments whose staffing levels may already be at appropriate levels or, in the case of Corrections, dangerously low.

Gov. Jindal's former Commissioner of Administration, Angele Davis, made a very strong point when she noted in 2009 regarding Treasurer Kennedy's proposal to slash state employment, "You can (reduce government) with a scalpel or you can do it with a chainsaw. (Kennedy) prefers a chainsaw, but I prefer a more thoughtful approach."

Time to Meet the Devil, and He's Definitely in the Details

This analysis uses U.S. Census data from the *2009 Annual Survey of Public Employment and Payroll*. The Federal data are used to ensure that data compared across states are truly comparable -- that apples are compared to apples, not oranges. States can provide services directly, through state employees, or through their political subdivisions. Different states do this in different ways. In one state, a function might be performed by an employee of state government, while in another the very same job might be done by someone whose paycheck comes from a county or municipality. Because of this, it is not useful to simply compare state government employment from one state to another. Such an exercise skews the statistics and make states appear to have many more or less people performing various functions than they actually have.

So, in addition to comparing Louisiana with other states in terms of *state government* employees, we also offer the comparison involving each state's *state and local employees* combined, which we call "total Government."

To further ensure that data are comparable between states, this report counts **full-time equivalent employees**. The FTE measure provides one total that accounts for both full-time and part-time employees, which makes it the most valid and consistent way to compare states.

We compare Louisiana's staffing to other states on the basis of population ("per capita") and size of the economy ("per GSP" or gross state product).¹ Other things being equal, it takes more people to run a large economy than a smaller one. Thus, one would expect that, for two states with equal populations, the one with the larger economy would have more employees to service it.

Table 1 shows Louisiana's rank among the states for *state* and *total government* employment.² These data show that Louisiana has more *state* and *total government* FTEs per capita than many states, ranking 11th and 10th, respectively, in overall employment.

Rankings based on the size of their economies (FTEs per GSP or "gross state product") show that approximately one third of states have more *state* FTEs per GSP than Louisiana, and two-thirds have less. When *total government* FTEs in Louisiana are compared with other states, Louisiana's rank in FTEs per GSP is in the middle at 24th.

1 Gross state product (GSP) is a measure of the economic output of a state – the market value of the goods and services produced in a given period of time. It is essentially a measure of the size of the economy. It is the equivalent of the national gross domestic product (GDP) at the state level.

2 *Total government* in this report/paper is defined as state and local government. It does not include federal employment.

Table 1. Louisiana’s Rank Among the States

Government Function	State FTEs Per Capita	State FTEs Per GSP	Total Government FTEs Per Capita	Total Government FTEs Per GSP
Total	11	16	10	24
Hospitals	3	3	4	5
Total Excluding Hospitals	15	18	19	31

Sources: Employment numbers generated using data from the U.S. Census, 2009 Annual Survey of Public Employment and Payroll, population data from the 2010 U.S. Census, and GSP data from the Bureau of Economic Analysis (Feb. 2011).

Note: Rank is from largest to smallest. Louisiana has the 11th highest number of *state* FTEs per capita and the 10th highest number of *total government* FTEs per capita.

Table 1 also shows that Louisiana ranks very high – 4th – in *total government* employment in hospitals adjusted for population and 5th when adjusted for size of the economy. The explanation for what might at first appear to some observers as over-staffing lies in Louisiana’s unique Charity Hospital System,³ which employs many of these workers.

This system of ten state-supported public hospitals is unlike any other in the country, as other states focus more on regional and local hospitals, both public and private, to provide care for the uninsured. As long as Louisiana’s public hospital system remains in place, Louisiana can expect to have a high number of public employees working in hospitals relative to other states, which will significantly skew Louisiana’s overall employment ranking.

When employment in hospitals is excluded from the totals, Louisiana’s rank drops sharply; the rank for total government employment drops to 19th on a per capita basis and to 31st based on the size of the economy. These rankings clearly show that, excluding the public hospital system, the number of government workers employed to deliver services to Louisianans is in line with other states when adjusted for population and below average when adjusted for size of the economy. If policy makers want to reduce the number of state employees, they need to examine the Charity Hospital System.

Table 2 provides data by government function, showing how Louisiana compares in the number of state and total government FTEs per capita in 12 functional areas such as education, health, hospitals, public welfare, corrections and highways.

³ A 2007 report by the Public Affairs Research Council, *Realigning Charity Health Care and Medical Education in Louisiana*, concluded that “[t]he concept of 10 charity hospitals spread across 64 parishes and 45,000 square miles is neither an efficient nor effective method of delivering medical care for a state with high levels of uninsured persons.”

Table 2. Louisiana’s Rank By Government Function

Government Function	Rank Based on State FTEs Per Capita	Rank Based on Total Government FTEs Per Capita	Number of State FTEs	Number of Total Government FTEs
Total	11	10	91,809	277,459
Total Excluding Hospitals	15	19	76,937	243,932
Hospitals	3	4	14,872	33,527
Public Welfare	17	28	6,018	6,909
Health	19	30	3,984	5,649
Corrections	19	7	7,733	13,406
Highways	21	20	4,839	10,201
Natural Resources*	9	8	4,675	5,713
Elem & Sec Instructional	4	30	1,614	70,061
Elem & Sec Other	5	18	262	32,010
Higher Ed Instructional	19	31	10,405	10,405
Higher Ed Other	21	29	19,922	19,922
Financial Administration	27	27	2,542	6,098
Other Government Admin	5	8	2,563	5,984

Sources: Numbers generated using data from the U.S. Census, 2009 Annual Survey of Public Employment and Payroll and population data from the 2010 U.S. Census.

* Includes employment related to mineral, water, and wetlands resources.

In addition to Hospitals, categories in which Louisiana ranks relatively high in employment are Corrections, Natural Resources, and Other Government Administration. With Louisiana’s substantial resources in natural oil and gas, water, and wetlands, high levels of employment in this area are to be expected—and should be encouraged in order to protect and preserve these valued assets.

Rankings for employment in Corrections, where *state* rankings are in the middle and *total government* rankings are relatively high, are misleading, as discussed below. Beyond that, the data show that, in most government function categories, Louisiana ranks in the mid-range, particularly for the number of *total government* FTEs. In other words, the number of public employees delivering state services in Louisiana is on par with other states.

Corrections. Corrections data, like Hospitals, provide another glaring example of why simply comparing states based on *state* FTEs can be deceiving. On a per capita basis, Louisiana has more prisoners than every other state in the country, and its prison population is growing faster than that of other states.⁴

At first glance, Louisiana would appear to be roughly in line with the rest of the country in the number of *state* FTE employees working in Corrections, ranking 19th per capita. In most states, this would probably be the end of the story. In Louisiana, however, the state-employee numbers do not provide an accurate picture of the employment situation in Corrections.

⁴ Louisiana’s prison population appears to be growing faster than most states. The Pew Center on the States *Prison Count 2010* reports that, while prison populations nationally declined from 2008-2009, Louisiana’s prison population grew by 3.6 percent, one of the highest growth rates in the nation. Twenty-six states, including Texas and Mississippi, had declines in prison populations.

Unlike most states, Louisiana houses over half of its state prisoners in local correctional facilities. This is a result of a series of consent decrees ordered by the federal courts in the early 1980s to address overcrowding in state prisons. With many state prisoners housed in parish jails, *total government* employment numbers more accurately reflect Louisiana's rank among the states. *Total government* FTE's per capita data suggest that Louisiana ranks relatively high -- 7th among the states.

However, once again, analysis of the data reveals that even these numbers are misleading, because they do not take into account the large number of prisoners in Louisiana relative to our population. When everything is accounted for—all the state prisoners regardless of where housed and all the people looking after them, regardless of whether hired by the state or by local government—the data show that Louisiana ranks 47th among the states in terms of prisoners per Corrections employee. That is, Louisiana has relatively *fewer* employees (337 per 1,000 state-supported prisoners) watching over state prisoners than every state except Mississippi, Alabama, and Oklahoma, and substantially fewer than the national average (535 per 1,000 prisoners).

Cutting the number of Corrections employees would likely move Louisiana even closer to the bottom of the list. Further, most of those incarcerated will eventually be released. As a result, the state must continue and even increase its focus on preparing prisoners to become productive citizens. Cuts that affect the number of workers preparing prisoners for success outside of prison may well cost the state more in the long run through repeat offenses and higher rates of recidivism.

Education. A quick look at employment in the Education category in Table 2 may also be misleading.⁵ When data for *total* government employment are examined, Louisiana ranks 30th for Elementary and Secondary Instructional FTEs based on population and 31st for Higher Education Instructional employees. In other words, Louisiana has fewer teachers per capita compared with other states. This is an important consideration for those policymakers who consider education to be a vital part of growing Louisiana's economy.

Conclusion

The argument that Louisiana should eliminate 15,000 state government jobs on grounds that staffing levels are out of line with those in other states has no justification when a close look is taken at the underlying statistics.

In fact, much of the reason why Louisiana can look like it has more state employees is due to the state's large, unique Charity Hospital System. Simply put, in Louisiana, people on the state payroll are doing jobs that in other states are done by people on the state, local, private sector, or nonprofit payrolls.

Similarly, government staffing levels are affected by the fact that Louisiana has a higher percentage of its residents in prison than any other state. In fact, when the structure of Louisiana's corrections system is examined – a high proportion of state prisoners are in parish jails overseen by parish employees – it turns out that Louisiana actually has more prisoners per Corrections staff than almost any other state.

Furthermore, Louisiana has fewer public education and college teachers per capita than almost any other state.

For all these reasons, the broad cuts proposed by Treasurer Kennedy and others and contained in House Bill 306 represent an approach that cries out for a stronger understanding of where Louisiana really stands compared with other states, and a discussion of the state's priorities and how to meet them. This legislation puts the cart before the horse.

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⁵ It appears that Louisiana's 4th and 5th ranks for *state* Elementary and Secondary employees are high. Because only seven states report **any** state Elementary and Secondary employees, those rankings do not represent a valid way to compare Elementary and Secondary employment. Given that most, if not all, states have a state education agency, it is unclear why only seven states report any state Elementary and Secondary education employees. Because of this reporting anomaly, *total government* data should be used to compare states in this category.

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The Louisiana Budget Project (LBP) provides independent, nonpartisan research and analysis of Louisiana fiscal issues and their impact on Louisiana families and businesses. We seek to bring wider prosperity to Louisiana through a deeper understanding of the state budget, broadening fiscal policy debates, and increasing public participation in decision-making. As part of the State Fiscal Analysis Initiative's 40 state budget projects that are coordinated by the national Center on Budget and Policy Priorities, we uphold a commitment to issuing work that is Credible, Timely, and Accessible.