



## Issue Brief



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### **State & Local Government Employment & Compensation, 1997-2007**

According to Census Bureau data, Minnesota's state and local government staffing exceeded 280,000 full-time equivalent (FTE) positions in 2007, accounting for some \$13.5 billion in salaries and wages. This Issue Brief examines Minnesota's state and local government employment and compensation in a national context and over time. Among the findings:

- Minnesota employed 541.8 FTEs per 10,000 residents in 2007, just below the national average of 546.1. This ranks Minnesota 32<sup>nd</sup> in the nation, with slightly fewer local employees and somewhat more state employees than the national average. Compared to other states, Minnesota ranks in the top ten in employment per 10,000 residents in two program areas: public welfare and "other education".
- Minnesota's education sector is by far the state's largest public employer, with 42.3% of all state and local employees in K-12 education and another 12.9% in higher education. Minnesota has a higher proportion of non-instructional K-12 employees than most other upper Midwestern states, although it is below the national average.
- State and local employment in Minnesota grew in absolute terms by 7.9% between 1997 and 2007. Growth rates were highest in the public safety<sup>1</sup> and utilities<sup>2</sup> sectors; the only sector with fewer jobs was "all other and unallocable". However, since state and local government employment grew more slowly than population during this period, employment per 10,000 residents declined 2.4% - a "growth" rate placing Minnesota 44<sup>th</sup> in the nation and last compared to other upper Midwest states.
- The average state and local employee wage in Minnesota was \$48,138 in 2007, 15<sup>th</sup> highest in the country and 2.9% above the national average of \$46,791. After adjusting for cost-of-living differentials, the average wage was \$48,575 (6<sup>th</sup> highest in the country), 10.6% above the national average.
- The average wage in Minnesota's public sector grew by 39.1% between 1997 and 2007 – less rapidly than for state and local government employees nationally (40.6%). This was the 28<sup>th</sup> fastest rate of growth. Public sector wage growth outpaced the change in the Consumer Price Index (29.2%) over this period.
- Survey data indicate that the cost of fringe benefits (for state workers only) in Minnesota is relatively average. However, the cost of fringe benefits for state and local employees increased 60.1% between 1997 and 2007, with the largest increase in insurance costs.

<sup>1</sup> Defined to include police (all employees), fire (all employees) and corrections

<sup>2</sup> Defined to include water supply, electric power, gas supply, and transit

## State & Local Government Employment & Compensation, 1997-2007

### Section 1: The Number of State and Local Employees

The Census Bureau's *Census of Governments* data<sup>3</sup> indicates Minnesota had 280,783 state and local government FTEs<sup>4</sup>, including those in K-12 and (public) higher education, during March 2007. As Table 1 indicates, local governments provide a wider array of services than does the state; local-only services include firefighting, air and water transport, solid waste management, housing and community development, public utilities (water supply, electric power, and gas supply), K-12 education (although the state does have an administrative function), and libraries.

<u>Government Function</u>	<u>Employees (FTE)</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Financial Administration	2,515	5,109	7,624
Other Government Administration	1,185	4,755	5,940
Judicial and Legal	3,440	3,118	6,558
Police – Officers	535	8,055	8,590
Police – Other Employees	441	2,604	3,045
Fire – Firefighters	--	2,332	2,332
Fire – Other Employees	--	147	147
Corrections	4,112	5,527	9,639
Highways	4,424	7,429	11,853
Air Transportation	--	640	640
Water Transport and Terminals	--	43	43
Public Welfare	2,980	10,198	13,178
Health	2,332	4,009	6,341
Hospitals	5,186	10,218	15,404
Social Insurance Administration	1,101	--	1,101
Solid Waste Management	--	918	918
Sewerage	638	1,196	1,834
Parks and Recreation	598	4,430	5,028
Housing and Community Development	--	1,986	1,986
Natural Resources	3,055	860	3,915
Water Supply	--	1,665	1,665
Electric Power	--	1,117	1,117
Gas Supply	--	145	145
Transit	2,418	446	2,864
K-12 – Instructional Employees	--	82,552	82,552
K-12 – Other Employees	--	36,283	36,283
Higher Ed – Instructional Employees	14,151	0	14,151
Higher Ed – Other Employees	22,039	--	22,039
Other Education	3,760	--	3,760
Local Libraries	--	2,575	2,575
All Other and Unallocable	3,356	4,160	7,516
<b>Total</b>	<b>78,266</b>	<b>202,517</b>	<b>280,783</b>

<sup>3</sup> Available from the Governments Division at: <http://www.census.gov/govs/apes/index.html>

<sup>4</sup> Derived by converting part-time positions to a “full-time equivalent”. For example, a 20 hour-per-week position converts to 0.5 FTE. Full-time positions do not need to be converted.

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As Table 1 shows, 72.1% of the public workforce is employed at the local level, with 27.9% employed by the state. Minnesota has 1.71% of the national state and local workforce, almost identical to Minnesota's 1.72% share of the 2007 national population<sup>5</sup>.

One way to compare the numbers of state and local employees between states is to compare the number of employees per 10,000 residents. In 2007, Minnesota had 541.8 state and local government employees per 10,000 residents; slightly lower than the 546.1 employees per 10,000 residents nationwide – this ranks the state 32<sup>nd</sup> of 51. Table 2 presents the findings by government function.

<b>Table 2: State and Local Government Employment per 10,000 Residents, March 2007</b>			
<u>Government Function</u>	<u>Employment per 1,000 Residents</u>		<u>MN Rank/ Total States</u>
	<u>Minnesota</u>	<u>U.S.</u>	
Financial Administration	14.7	13.2	19/51
Other Government Administration	11.5	9.3	13/51
Judicial and Legal	12.7	14.1	28/51
Police – Officers	16.6	23.0	46/51
Police – Other Employees	5.9	8.0	45/51
Fire – Firefighters	4.5	10.3	49/50
Fire – Other Employees	0.3	0.9	44/51
Corrections	18.6	24.3	38/51
Highways	22.9	17.9	21/51
Air Transportation	1.2	1.6	25/50
Water Transport and Terminals	0.1	0.4	24/38
Public Welfare	25.4	17.2	7/51
Health	12.2	14.4	32/51
Hospitals	29.7	32.8	21/51
Social Insurance Administration	2.1	2.6	32/51
Solid Waste Management	1.8	3.7	45/51
Sewerage	3.5	4.3	35/51
Parks and Recreation	9.7	9.0	19/51
Housing and Community Development	3.8	3.8	18/51
Natural Resources	7.6	6.1	20/50
Water Supply	3.2	5.5	45/51
Electric Power	2.2	2.6	17/49
Gas Supply	0.3	0.4	18/34
Transit	5.5	7.9	16/51
K-12 – Instructional Employees	159.3	156.6	29/51
K-12 – Other Employees	70.0	69.5	22/51
Higher Ed – Instructional Employees	27.3	21.7	18/51
Higher Ed – Other Employees	42.5	42.1	27/51
Other Education	7.3	3.0	5/50
Local Libraries	5.0	4.4	17/51
Liquor Stores	00	0.3	NA/51
All Other and Unallocable	14.5	15.3	32/51
<b>Total</b>	<b>541.8</b>	<b>546.1</b>	<b>32/51</b>

As the table indicates, Minnesota has 15 functions where employment relative to population ranks above 26; and 16 functions where the rank is 26 or below. There are only two functions where Minnesota's employment per 10,000 residents ranks in the top ten: public welfare and

<sup>5</sup> Census Bureau population estimate, <http://www.census.gov/popest/states/tables/NST-EST2008-01.xls>

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other education<sup>6</sup>. There were six functions where Minnesota ranked in the bottom ten (categories with 50 or 51 states only): police (officers and other employees), fire (firefighters and other employees), solid waste management, and water supply.

National statistics suggest economies of scale exist in government employment. The nation's five least populous states rank in the top ten with regard to state and local employees per 10,000 residents. Wyoming leads the nation with 918.30 state and local employees per 10,000 residents; Alaska and D.C. were the other two states with more than 700. Conversely, some states with very large state and local workforces (Florida, Illinois, Michigan, and Pennsylvania all have state and local workforces between 450,000 and 900,000) rank near the bottom when that employment is measured relative to population. Minnesota ranked 32<sup>nd</sup>, with somewhat more state employees and fewer local employees than the national average. Table 3 shows state and local employees per 10,000 residents for 2007 for the states at the extremes, and for upper Midwestern states.

		<u>FTE per 10,000 Residents</u>		
<u>Rank</u>	<u>State</u>	<u>Total</u>	<u>State</u>	<u>Local</u>
1	Wyoming	918.30	245.43	672.87
2	District of Columbia	801.47	--	801.47
3	Alaska	766.00	376.63	389.36
4	New Mexico	680.41	266.01	414.40
5	Kansas	676.73	162.38	514.35
6	North Dakota	649.49	280.89	368.60
7	Mississippi	647.68	191.11	456.56
8	Nebraska	642.00	183.47	458.53
9	Vermont	641.03	237.76	403.27
10	New York	634.48	130.40	504.08
12	Iowa	611.24	179.08	432.16
29	South Dakota	545.70	174.65	371.05
<b>32</b>	<b>Minnesota</b>	<b>541.81</b>	<b>151.02</b>	<b>390.78</b>
44	Illinois	503.13	97.47	405.66
45	Wisconsin	503.04	122.73	380.31
47	Michigan	491.02	144.09	346.93
48	Florida	489.48	103.72	385.76
49	Pennsylvania	478.44	128.97	349.48
50	Arizona	473.07	107.38	365.69
51	Nevada	431.88	111.60	320.28
<b>United States</b>		<b>546.10</b>	<b>142.94</b>	<b>403.16</b>

### K-12 Education Employees

Minnesota's state and local labor force is dominated by elementary and secondary (K-12) education employees – 42.3 percent of the entire workforce. This largely mirrors the nation as a whole, where 41.4 percent of the state and local workforce is employed in K-12 education.

<sup>6</sup> Includes employees in support of special programs and institutions primarily for: 1) training and education (rather than care) of the blind, deaf, or other handicapped; 2) programs for adult, vocational, or special education systems that operated outside school systems; or 3) educational activities not assignable to other education functions.

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Minnesota's 229.3 K-12 education employees per 10,000 people ranks it 28<sup>th</sup> nationally – slightly higher than its rank of 32<sup>nd</sup> overall.

The Census reports K-12 employees based on classroom instruction status: employees are either “instructional”<sup>7</sup> or “non-instructional”<sup>8</sup>. As Table 4 indicates, 30.5 percent of Minnesota’s K-12 employees are non-instructional, lower than the national average of 30.7 percent but higher than all the other upper Midwestern states except for Michigan. The reason for this variation is unknown, although the degree to which non-instructional services such as transportation services, food services, and custodial work are performed on contract may offer a partial explanation.

**Table 4: Non-Instructional K-12 Education Employees,  
March 2007: Selected States**

<u>Rank</u>	<u>State</u>	<u>Percent Non-Instructional</u>
1	Kentucky	37.1%
2	District of Columbia	36.6%
3	California	35.1%
4	Indiana	35.0%
5	Michigan	35.0%
6	West Virginia	34.4%
7	Colorado	34.3%
8	Alaska	34.0%
9	Arizona	33.9%
10	Ohio	33.8%
<b>23</b>	<b>Minnesota</b>	<b>30.5%</b>
27	Iowa	29.6%
30	Illinois	28.8%
39	South Dakota	27.2%
40	North Dakota	27.1%
44	Wisconsin	25.9%
47	Massachusetts	23.3%
48	Rhode Island	21.8%
49	Hawaii	21.6%
50	Vermont	21.6%
51	New Hampshire	20.4%
	<b>United States</b>	<b>30.7%</b>

<sup>7</sup> Includes classroom teachers, principals, supervisors of instruction, librarians, teacher aides, library aides, and guidance and psychological personnel.

<sup>8</sup> Those employees who do not meet the qualifications for “instructional” employees as laid out in the previous footnote.

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### Section 2: State and Local Government Wages and Benefits

Along with the size of the public sector workforce, it is also important to understand the level of compensation state and local governments offer to employees. Table 5 provides data on state and local wages per employee for 2007, both on a nominal basis and after adjusting for cost of living differences between states. Not surprisingly, the five states with the highest state and local wages per employee (California, D.C., New Jersey, New York, and Connecticut) all have high costs of living.<sup>9</sup> Minnesota ranks 15<sup>th</sup>, paying state and local workers \$48,138 on average (some 2.9% above the national average state and local wage per employee of \$46,791).

However, any state-to-state comparison of wages should also account for differences in the cost of living. Equivalent salaries will have much more purchasing power in Nebraska than in New York.

**Table 5: State & Local Wages per Employee, 2007**

State	Wages per Employee				State	Wages per Employee			
	Actual	Rank	COL* Adjusted	Rank		Actual	Rank	COL* Adjusted	Rank
Alabama	\$38,318	40	\$41,695	33	Montana	38,079	41	37,516	45
Alaska	52,288	11	40,533	37	Nebraska	40,496	30	44,747	15
Arizona	46,738	17	44,640	16	Nevada	53,727	6	49,885	2
Arkansas	34,828	50	38,655	43	New Hampshire**	41,948	28	41,948	31
California	62,155	1	44,748	14	New Jersey	58,645	3	45,111	10
Colorado	47,091	16	46,349	8	New Mexico	37,193	43	37,193	48
Connecticut	54,896	5	44,595	17	New York	55,399	4	44,178	19
Delaware	46,365	19	44,031	20	North Carolina	40,126	32	42,551	26
D.C.	60,843	2	44,443	18	North Dakota	39,637	35	42,302	28
Florida	44,219	23	41,994	30	Ohio	44,798	22	47,657	7
Georgia	39,348	36	42,956	22	Oklahoma	36,220	46	40,514	38
Hawaii	48,319	12	29,231	51	Oregon	46,449	18	41,584	34
Idaho	38,384	38	40,235	39	Pennsylvania	45,876	21	45,065	11
Illinois	48,169	14	49,556	3	Rhode Island	53,334	7	42,977	21
Indiana	39,649	34	42,679	24	South Carolina	37,283	42	40,004	40
Iowa	42,677	26	45,742	9	South Dakota	36,095	47	39,796	41
Kansas	38,330	39	42,075	29	Tennessee	38,459	37	42,923	23
Kentucky	35,873	49	37,682	44	Texas	40,138	31	44,797	13
Louisiana	36,826	45	38,887	42	Utah	41,973	27	42,569	25
Maine	39,655	33	36,281	50	Vermont	42,950	25	36,584	49
Maryland	52,713	9	41,703	32	Virginia	44,081	24	42,426	27
Massachusetts	52,355	10	45,017	12	Washington	52,747	8	50,428	1
Michigan	48,306	13	48,647	5	West Virginia	35,984	48	37,289	47
<b>Minnesota</b>	<b>48,138</b>	<b>15</b>	<b>48,575</b>	<b>6</b>	Wisconsin	46,195	20	48,935	4
Mississippi	34,335	51	37,361	46	Wyoming	41,227	29	40,658	36
Missouri	37,077	44	40,834	35	<b>U.S. Total</b>	<b>46,791</b>		<b>43,962</b>	

\*Cost of Living  
 \*\* Survey has no data for New Hampshire; MTA calculations assume that the cost of living index equals 100.

<sup>9</sup> Data from 1<sup>st</sup> quarter of 2007 (chosen to match the Census of Government survey period), state-specific cost of living index made available by the Missouri Economic Research and Information Center.

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Adjusting for cost of living differences creates different results, with the five highest average wages now offered by Washington, Nevada, Michigan, Illinois, and Wisconsin. Adjusting for cost of living differences makes a substantial difference in Minnesota's rank, which rises from 15<sup>th</sup> to 6<sup>th</sup> as the adjusted average wage rises to \$48,575 (a result of the relatively high cost of living in many states paying higher salaries than Minnesota). After adjusting for cost of living differentials, the average Minnesota state and local wage is 10.6% higher than the national average of \$43,962.

Wages are only one piece of total compensation; the other piece involves fringe benefits. While the Census of Governments does not measure the cost of fringe benefits that state and local governments provide to their employees, the Bureau of Labor Statistics' *National Compensation Survey* does provide fringe benefit data<sup>10</sup>. As Table 6 indicates, fringe benefits comprise one-third of the total compensation paid to state and local employees. Although the value of fringe benefits does vary by occupational group; this should be expected, since many fringe benefits, such as Social Security, defined benefit retirement plans, and paid leave, are paid based on salary – which varies considerably from group to group. The cost of insurance also varies by occupational group, but not to the degree that the other large benefits vary. The data provides no information as to why the variation in cost of benefits occurs – although we can speculate that different unions or types of workers likely negotiate different types of health benefits.

<b>Table 6: State and Local Government – Annual Employer Costs For All Workers and by Occupational Group: March 2007*</b>				
	<u>All Workers</u>	<u>Management, Professional, &amp; Related</u>	<u>Sales &amp; Office</u>	<u>Service</u>
Wages & Salaries	\$53,872	\$69,118	\$33,842	\$37,294
Total Benefits	\$26,541	\$29,286	\$20,800	\$24,398
Paid Leave	\$6,261	\$6,843	\$5,200	\$5,595
Insurance	\$9,067	\$10,005	\$8,424	\$7,467
Retirement and Savings	\$5,866	\$6,677	\$3,453	\$6,115
Legally Required Benefits	\$4,701	\$5,366	\$3,349	\$3,910
Other Fringe Benefits	\$646	\$395	\$374	\$1,311
<b>Total Compensation</b>	<b>\$80,413</b>	<b>\$98,405</b>	<b>\$54,642</b>	<b>\$61,693</b>
* Original data is hourly; MTA calculations assume 2,080 hours during working year				
** Includes postsecondary teachers, K-12 teachers, special education teachers, and other teachers and instructors				

Although the *National Compensation Survey* does provide data for some metropolitan statistical areas, it does not aggregate data on the cost of fringe benefits at the state level. However, a February 2007 survey by the National Association of State Personnel Executives<sup>11</sup> does shed some light on the differential in fringe benefit costs from state to state (albeit for state employees only). As Table 7 on page 8 shows, Minnesota's reported cost of \$15,200 of fringe benefit costs per full-time employee ranked 20<sup>th</sup> of the 39 states that reported fringe benefit costs and was second only to Iowa in the upper Midwest.

<sup>10</sup> U.S. Bureau of Labor Statistics, *National Compensation Survey, Benefits, Archives 2008 National Survey Compensation Publications List, Employer Costs for Employee Compensation*, March 2008; [http://www.bls.gov/news.release/archives/ecec\\_06112008.pdf](http://www.bls.gov/news.release/archives/ecec_06112008.pdf) (accessed October 2009).

<sup>11</sup> This data was included in *The Book of the States*, 2008 edition, Volume 40.

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<u>Rank</u>	<u>State</u>	<u>Average Fringe Benefit Costs per FTE</u>
1	Alaska	\$29,125
2	Nebraska	25,918
3	Michigan	25,703
4	Utah	25,543
5	Oregon	24,392
6	Iowa	23,606
<b>20</b>	<b>Minnesota</b>	<b>15,200</b>
22	North Dakota	14,889
33	South Dakota	9,754
35	Mississippi	9,662
36	Wisconsin	9,232
37	Montana	8,991
38	Kansas	5,675
39*	Arkansas	3,690

\* Only 39 states responded to the survey.

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### Section 3: Trends in State and Local Government Employment and Compensation

In the third section of this *Issue Brief*, we examine trends in state and local government employment and compensation. Table 8 provides data regarding the absolute change in Minnesota's state and local government employment between 1997 and 2007. Overall public sector employment increased 7.9% during this period, but that growth has not been uniform. Growth rates were highest in the public safety<sup>12</sup> (19.8%) and utilities<sup>13</sup> sectors (18.3%); the only sector with fewer jobs was "all other and unallocable". Overall employment growth has been slower than the rate of population growth (10.6%) during this period.

**Table 8: Minnesota State & Local Government Employment, March 1997 and March 2007**

<u>Government Function</u>	<u>State and Local Employees (FTE)</u>		
	<u>1997</u>	<u>2007</u>	<u>Pct Change</u>
Financial Administration	7,114	7,624	7.2%
Other Government Administration	5,459	5,940	8.8%
Judicial and Legal	5,437	6,558	20.6%
Police – Officers	7,671	8,590	12.0%
Police – Other Employees	2,561	3,045	18.9%
Fire – Firefighters	2,082	2,332	12.0%
Fire – Other Employees	130	147	13.1%
Corrections	7,388	9,639	30.5%
Highways	11,868	11,853	(0.1%)
Air Transportation	519	640	23.3%
Water Transport and Terminals	49	43	(12.2%)
Public Welfare	12,827	13,178	2.7%
Health	5,703	6,341	11.2%
Hospitals	15,161	15,404	1.6%
Social Insurance Administration	1,213	1,101	(9.2%)
Solid Waste Management	991	918	(7.4%)
Sewerage	2,144	1,834	(14.5%)
Parks and Recreation	4,658	5,028	7.9%
Housing and Community Development	2,083	1,986	(4.7%)
Natural Resources	3,674	3,915	6.6%
Water Supply	1,531	1,665	8.8%
Electric Power	836	1,117	33.6%
Gas Supply	145	145	0.0%
Transit	2384	2,864	20.1%
K-12 – Instructional Employees	76,803	82,552	7.5%
K-12 – Other Employees	29,733	36,283	22.0%
Higher Ed – Instructional Employees	11,693	14,151	21.0%
Higher Ed – Other Employees	25,846	22,039	(14.7%)
Other Education	1,583	3,760	137.5%
Local Libraries	2,250	2,575	14.4%
All Other and Unallocable	8,708	7,516	(13.7%)
<b>Total</b>	<b>260,244</b>	<b>280,783</b>	<b>7.9%</b>

Minnesota was one of fifteen states where employment per 10,000 residents declined from 1997 to 2007 (essentially a statement that employment grew more slowly than population). Minnesota's employment per 10,000 residents fell from 555.2 to 541.8 during this period, a

<sup>12</sup> Defined to include police (all employees), fire (all employees) and corrections

<sup>13</sup> Defined to include water supply, electric power, gas supply, and transit

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2.4% decline. On this metric, Minnesota ranked 44<sup>th</sup> overall and last when compared to other upper Midwest states. Clearly, population growth drives this change to some extent: four of the five states with the largest declines in employment per 10,000 residents (Arizona, Georgia, Nevada, and Utah) had the four highest rates of population growth between 1997 and 2007 (ranging from Georgia's 27.2% growth to Nevada's 52.4% growth). Table 9 shows state and local employees per 10,000 residents for 2007 for the states at the extremes, and for upper Midwestern states.

<b>Table 9: Change in State &amp; Local Employees (FTE) per 10,000 Residents between March 1997 and March 2007: Selected States</b>				
<u>State and Local FTE</u>				
<u>per 10,000 Residents</u>				
<u>Rank</u>	<u>State</u>	<u>1997</u>	<u>2007</u>	<u>Pct Change</u>
1	Vermont	514.1	641.0	24.7%
2	New Hampshire	476.1	550.0	15.5%
3	Wyoming	800.9	918.3	14.7%
4	North Dakota	571.1	649.5	13.7%
5	New Jersey	523.1	593.0	13.4%
6	Pennsylvania	429.4	478.4	11.4%
7	Kentucky	528.1	582.7	10.3%
8	West Virginia	508.2	558.5	9.9%
9	Maine	533.1	580.7	8.9%
10	Kansas	622.2	676.7	8.8%
24	Iowa	590.4	611.2	3.5%
29	Michigan	480.9	491.0	2.1%
35	Illinois	500.3	503.1	0.6%
36	South Dakota	545.1	545.7	0.1%
42	Wisconsin	512.2	503.0	(1.8%)
<b>44</b>	<b>Minnesota</b>	<b>555.2</b>	<b>541.8</b>	<b>(2.4%)</b>
47	Arizona	497.7	473.1	(4.9%)
48	Utah	527.9	494.9	(6.3%)
49	Georgia	582.3	545.7	(6.3%)
50	D.C.	874.6	801.5	(8.4%)
51	Nevada	474.9	431.9	(9.1%)
<b>United States</b>		<b>530.8</b>	<b>546.1</b>	<b>2.9%</b>

## State & Local Government Employment & Compensation, 1997-2007

At the national level, *Census of Governments* data indicates that the average wage paid to state and local employees grew 40.6% between 1997 and 2007 – outpacing the 29.2% change in the Consumer Price Index (CPI). Minnesota’s per-employee wage growth was slightly behind the national average, at 39.1% (ranking it 28<sup>th</sup> in terms of the growth rate), although it also grew faster than CPI. In only Alaska and Michigan did the change in wages per state and local employee lag the change in the CPI. Table 10 presents the findings by state. State cost of living index data is not available for 1997; therefore trend comparisons regarding relative purchasing power can not be made.

**Table 10: State & Local Wages per Employee, 1997 and 2007**

State	Wages per Employee			State	Wages per Employee		
	1997	2007	Pct Change		1997	2007	Pct Change
Alabama	\$26,403	\$38,318	45.1%	Montana	\$26,964	\$38,079	41.2%
Alaska	43,258	52,288	20.9%	Nebraska	27,985	40,496	44.7%
Arizona	30,610	46,738	52.7%	Nevada	36,509	53,727	47.2%
Arkansas	24,850	34,828	40.2%	New Hampshire**	30,654	41,948	36.8%
California	41,295	62,155	50.5%	New Jersey	42,808	58,645	37.0%
Colorado	33,967	47,091	38.6%	New Mexico	26,533	37,193	40.2%
Connecticut	41,253	54,896	33.1%	New York	40,426	55,399	37.0%
Delaware	32,625	46,365	42.1%	North Carolina	29,120	40,126	37.8%
D.C.	46,092	60,843	32.0%	North Dakota	28,774	39,637	37.8%
Florida	30,458	44,219	45.2%	Ohio	32,815	44,798	36.5%
Georgia	27,587	39,348	42.6%	Oklahoma	24,306	36,220	49.0%
Hawaii	33,231	48,319	45.4%	Oregon	33,750	46,449	37.6%
Idaho	26,600	38,384	44.3%	Pennsylvania	35,125	45,876	30.6%
Illinois	35,768	48,169	34.7%	Rhode Island	37,472	53,334	42.3%
Indiana	29,150	39,649	36.0%	South Carolina	27,709	37,283	34.6%
Iowa	30,310	42,677	40.8%	South Dakota	26,125	36,095	38.2%
Kansas	27,932	38,330	37.2%	Tennessee	27,040	38,459	42.2%
Kentucky	27,274	35,873	31.5%	Texas	28,151	40,138	42.6%
Louisiana	26,077	36,826	41.2%	Utah	29,328	41,973	43.1%
Maine	28,695	39,655	38.2%	Vermont	28,518	42,950	50.6%
Maryland	36,125	52,713	45.9%	Virginia	30,235	44,081	45.8%
Massachusetts	36,070	52,355	45.1%	Washington	36,683	52,747	43.8%
Michigan	37,697	48,306	28.1%	West Virginia	27,109	35,984	32.7%
<b>Minnesota</b>	<b>34,597</b>	<b>48,138</b>	<b>39.1%</b>	Wisconsin	34,848	46,195	32.6%
Mississippi	23,599	34,335	45.5%	Wyoming	26,820	41,227	53.7%
Missouri	27,471	37,077	35.0%	<b>U.S. Total</b>	<b>33,273</b>	<b>46,791</b>	<b>40.6%</b>

To measure cost changes in the fringe benefits provided to state and local government employees, we again use the Bureau of Labor Statistics’ *National Compensation Survey*<sup>14</sup>. As Table 11 on page 12 indicates, fringe benefits have grown considerably faster than wages and salaries over this period; moving them from 30% of compensation in 1997 to 33% of compensation in 2007. While the change in paid leave, retirement and savings, and legally required benefits somewhat mimic the change in wages and salaries (largely because there is a strong tie between the value of these benefits and salary/wage level), the cost of insurance has

<sup>14</sup> U.S. Bureau of Labor Statistics, *National Compensation Survey, Benefits, Archives 1997 National Survey Compensation Publications List, Employer Costs for Employee Compensation*, March 1997; [http://www.bls.gov/news.release/archives/ecec\\_031997.pdf](http://www.bls.gov/news.release/archives/ecec_031997.pdf) (accessed October 2009).

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increased over twice as fast as these other components. While state-level data is not available, it is likely that Minnesota has experienced fringe benefit increases at or near these levels.

<b>Table 11: State and Local Government – Annual Employer Costs For All Workers: March 1997 and March 2007*</b>			
	<u>1997</u>	<u>2007</u>	<u>Pct Change</u>
Wages & Salaries	\$38,709	\$53,872	39.2%
Total Benefits	\$16,578	\$26,541	60.1%
Paid Leave	\$4,285	\$6,261	46.1%
Insurance	\$4,347	\$9,067	108.6%
Retirement and Savings	\$4,056	\$5,866	44.6%
Legally Required Benefits	\$3,349	\$4,701	40.4%
Other Fringe Benefits	\$541	\$646	19.5%
<b>Total Compensation</b>	<b>\$55,286</b>	<b>\$80,413</b>	<b>45.4%</b>
* Original data is hourly; MTA calculations assume 2,080 hours in working year			
Note: This table, unlike Table 6, does not provide detail by occupational group because it is not clear whether those definitions have remained stable (and therefore, comparable) between 1997 and 2007.			
Note: National wage data differs slightly from those presented in Table 10 because different databases were used to create these two tables – the differences are generally attributable to methodological differences in data reporting and collection between the databases. We would prefer that the <i>Census of Governments</i> collect data on the cost of employee benefits.			

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