

GOVERNMENT EMPLOYMENT REPORT

Center for the Study of the States
The Nelson A. Rockefeller Institute of Government

October 1998
No. 3

Federal Government Cuts Third of a Million Jobs in Sharpest Decline in Half Century, More Than Reversing Increases of the 80's

SAMUEL M. EHRENHALT

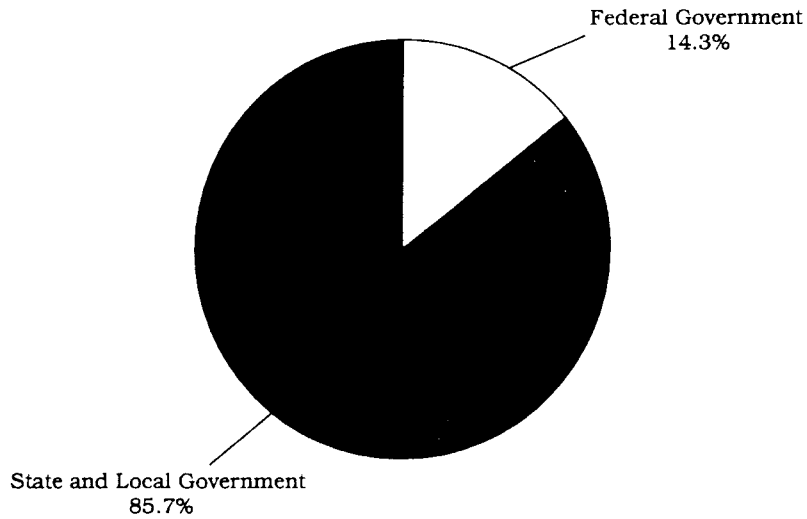
HIGHLIGHTS

- ❖ Federal employment declined by 343,000 jobs between 1989 and 1997, or 11 percent.
- ❖ The cuts were widespread, affecting 45 states and the District of Columbia. States that benefited most from the Federal job buildup of the 1980's faced relatively small cuts in the 1990's.
- ❖ Defense cuts led the way, with the 281,000 decline in civilian Defense employees accounting for three-fourths of the federal decline. The Northeast was hit hardest, losing 41 percent of its Defense jobs, while the South suffered least, losing 23 percent.
- ❖ Total Defense jobs drop to under 700,000, the lowest figure in a half century.
- ❖ Federal Postal Service jobs edged up by 31,000 jobs in the 1990's, far slower than its 1980's rate of increase. The Postal Service accounts for 45 percent of federal jobs in the North but postal federal jobs are shifting to the South and West.
- ❖ General government jobs declined by 8 percent in the 1990's, a significant downsizing.

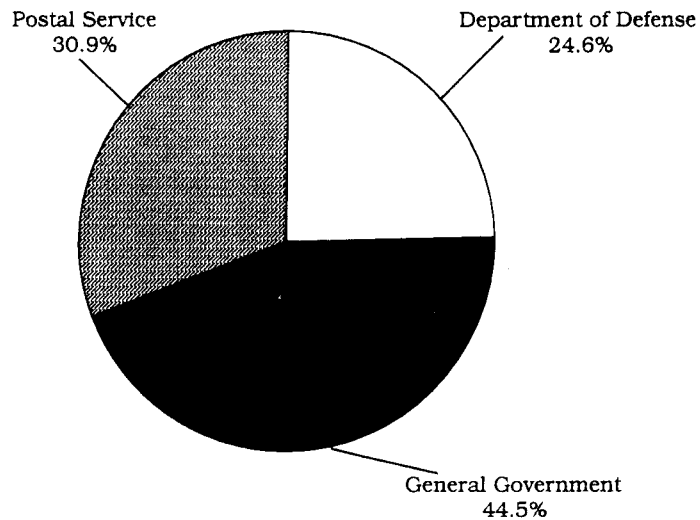
TABLE OF CONTENTS

Introduction	3
Federal Employment in the American Job Market.	3
The Geography of Federal Jobs	4
Federal Jobs in the Broader Economy	7
Defense and Other Major Functions	9
The Pattern of Federal Job Decline in the 1990's	10
Key Losses in Defense Jobs	13
Restructuring and Downsizing	16
About the Author and The Center	22

Relative Importance of Federal in Total Government Employment, 1997



Functional Composition of Federal Employment, 1997



Introduction

In a period notable for rapid job growth and rising participation in the American labor force, federal government employment in the 1990's has sustained the sharpest decline in a half century. The number of federal jobs is down in most states, in sharp contrast to the substantial expansion in the private sector and a sizable increase in state and local government.

The federal decline, based on labor department reports for the 50 states and the District of Columbia, comes to a third of a million jobs since 1989, reflecting buffeting cutbacks in defense installations and the downsizing effects of widespread restructuring in many federal departments and agencies. The significance is pointed up by the exceptions. Only five states do not experience federal declines in the 1990's: Idaho, Iowa, Nevada, North Carolina, and West Virginia. The combined federal increases in these five states total some 14,000 jobs, equivalent to less than one half of 1 percent of the federal workforce.

In a period of major growth in the economy, some 12 million new jobs in the private sector, and 2 million in state and local government, Federal employment has been moving in a very different direction. In the 90's federal employment has shifted into reverse, from adding over a quarter of a million jobs in the 1980's, an increase of about 10 percent, to a reduction of 343,000 in the 1990's, a decline approaching 11 percent through 1997, based on reports through November. It marks the first decade of federal decline in the records of the U.S. Bureau of Labor Statistics going back to 1939, the start of World War II. Prior to the 1990's, declines were limited to the immediate demobilizations following World War II and the Korean conflict.

Both in relationship to the rest of the economy and its own historical development, something very different is clearly shaping Federal employment in the 1990's. Three factors are immediately apparent. The first is the

sharp cutback among civilian workers of the Department of Defense that has reduced employment by more than a quarter of a million jobs. Second, the rapid expansion of the Postal Service employment of the 1980's has slowed considerably. Third, employment in all other functions of the Federal government shifted from a small increase in the 1980's to a large decline of 100,000 jobs in the 1990's — the net result of the ongoing extensive restructuring of Federal agencies.

This report is the third presenting the findings of new work by the Nelson A. Rockefeller Institute of Government's Center for the Study of the States. It describes the functional composition of Federal jobs, explores key geographic facets of the Federal government employment structure, and outlines the patterns of change in major regions, in large states and small states, in rapidly growing and slow growing states, and in broad sectors of Federal employment.

Federal Employment in the American Job Market

Federal employment is a significant factor for the economy of many communities throughout the country. There are Federal jobs in each state. Overall, however, it is a relatively small sector of the American job market, accounting for little more than two percent of all nonfarm jobs.

The 2.75 million Federal job total is less than one fourth of the jobs in local government and less than 60% of the number in state government. The Federal government has fewer than half the jobs found in the construction industry; it is dwarfed by the 7-1/2 million jobs in restaurants and bars. The total Federal workforce is smaller now than at the end of the 1970's, while employment in the private sector has increased by 28 million jobs since then. Federal jobs are of declining significance as a source of employment. For each 10,000 workers in the private sector, the number of Federal jobs is now down to 277 compared to 352 in 1989, and 392 in

1979. The declining Federal ratio reflects the combined impact of strong growth in private sector jobs and the cutbacks in Federal employment in the 1990's.

Within government, state and local governments have most of the jobs. The Federal government employs only one in seven government workers and that proportion has been shrinking for decades.

Two components of the Federal government employ well over half its workforce. The Postal Service and the Department of Defense account for over 1-1/2 million Federal jobs. Employment in all other functions, what we call general government in this report, totals 1-1/4 million workers, one percent of all nonfarm workers in the American economy. It includes the Federal departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing, Interior, Justice, Labor, State, Transportation, and Treasury. It includes the Executive Office of the President, the Congress, the Federal Judiciary, and the many independent agencies such as the Appalachian Regional Commission, the Farm Credit Administration, the Federal Communications Commission, the National Science Foundation, the Securities and Exchange Commission, and the Veterans Administration.

To put this general government component in context of other industries, we note that the number of jobs in general government functions falls well below those in department stores, hotels and motels, trucking and warehousing, and is just a bit above the numbers for new and used car dealers and apparel and accessory stores (see table).

The Geography of Federal Jobs

Federal workers are employed in every state of the union. The largest single concentration is in the Washington Metropolitan area which extends beyond the District of Columbia to surrounding counties in Maryland, Virginia, and West Virginia. In 1997, employment in this

capitol complex totaled 337,000 or 12 percent of all Federal jobs.

There are some other large aggregations of Federal jobs. There are nearly 300,000 Federal jobs in California. They approach 200,000 in Texas, and number 100,000 or more in Virginia, New York, Maryland, Pennsylvania, Florida, and Illinois.

The distribution of Federal jobs among regions and states is closely related to the distribution of the population and of economic activity, as measured for example by private sector employment. But the location of Federal jobs is also shaped by the location of specialized facilities, a prime example being the nation's capitol in the District of Columbia and the broader Washington Metropolitan area. Others are defense installations such as military bases and shipyards, Federal hospitals and research centers, and other specialized activities. The distribution is also affected by economies of scale, for example the need to provide postal

**COMPARATIVE EMPLOYMENT IN FEDERAL
GENERAL GOVERNMENT AND SELECTED
PRIVATE SECTOR INDUSTRIES**

<i>Industry</i>	<i>1997 Employment</i>
Department Stores	2,463,000
Hotels and Motels	1,695,000
Trucking and Warehousing	1,687,000
Printing and Publishing	1,544,000
Insurance Carriers	1,510,000
Commercial Banks	1,489,000
Communications	1,379,000
Computer and Data Processing Services	1,341,000
Federal General Government	1,251,000
Auto Repair, Services, and Parking	1,137,000
Apparel and Accessory Stores	1,103,000
New and Used Car Dealers	1,056,000
Furniture and Home Furnishings Stores	1,041,000

services and other service delivery networks to rural and other relatively sparsely populated areas. These factors shape the distribution of Federal jobs by region as well as among large, medium sized and small states.

Federal jobs are proportionately more numerous in the South and West as compared to the distribution of private sector jobs or of population. In part this reflects the inclusion of the Washington area Federal complex in the data for the South. But the relatively strong Federal job presence in the South shows up in the data even apart from this factor.

The North had 37.5 percent of Federal government employment (excluding the Washington area) in 1996, while it had 43.6 percent of the population and 46.0 percent of private sec-

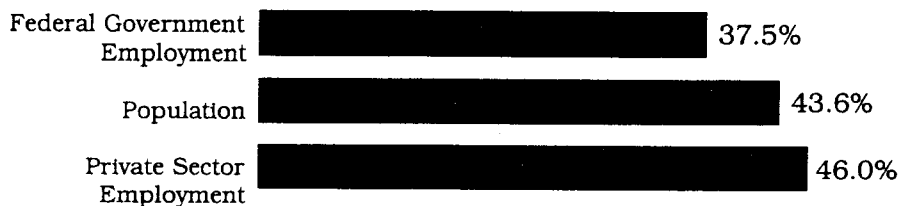
tor jobs. For purposes of this report, the North includes the nine states of the Northeast — Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont — and the 12 states of the North Central region — Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The South and West, again excluding the Washington area, account for 62.5 percent of Federal employment, based on the data for 1996, as against 56.4 percent of the population and 54.0 percent of private sector jobs.

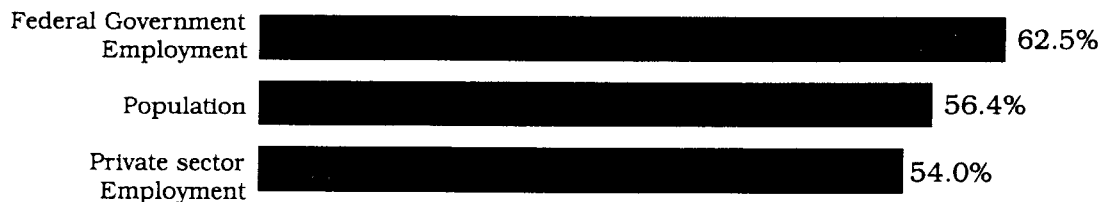
In this report, the 16 states of the South include Alabama, Arkansas, Delaware,

Regional Distribution of Federal Government and Private Sector Employment and Population, 1996*

North



South* and West



* Excludes Washington Metropolitan Area

Declining Importance of Federal Government Employment, by Region, 1979-97

(Federal as percent of all nonfarm jobs)

**All States
plus
District of Columbia**



North



**South
and West**

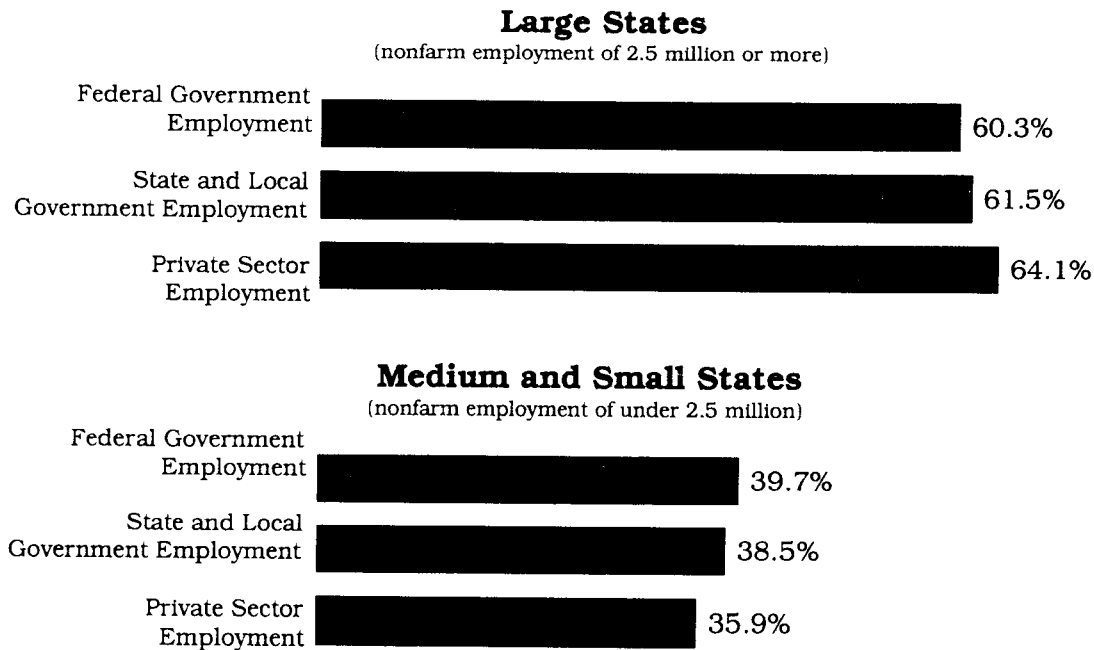


Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia. The 13 western states are Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

If Federal employment were distributed regionally in accordance with population the North would have about 150,000 more Federal jobs than it actually has, a difference of 16 percent. If Federal jobs were located where private

jobs are, the North would have some 200,000 more Federal jobs than it actually has, an increase of 22 percent, with three-fourths of the difference in the North Central states and the remainder in the Northeast. The shifts would come from both the West and the South, but somewhat more from the West. This suggests the dimension of the significant concentration of Federal jobs in the West and South, and the proportionately fewer installations and jobs in the North and particularly the North Central region.

Comparative Distribution of Federal Government, State and Local Government, and Private Sector Employment, by Size of State, 1996*



* Excludes Washington Metropolitan Area

Federal Jobs in the Broader Economy

This broad regional pattern of distribution resonates in the figures for individual states. The states with the lowest ratios of Federal employment are predominantly in the North; those with the highest ratios, almost entirely in the West and the South.

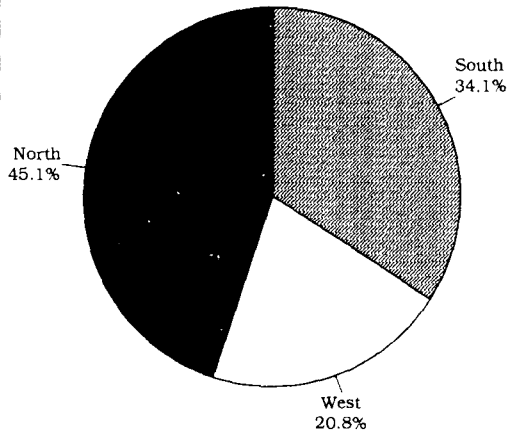
Nationally, excluding the Washington area, Federal employment comprises 2.3 percent of all nonfarm jobs. If we look at states where Federal employment is well below the average, at 1.5 percent of nonfarm jobs or less, we find Indiana, Iowa, Michigan, Minnesota, and Wisconsin in the North Central region, and Connecticut and New Hampshire in the Northeast. Delaware is the only non-northern state in this group.

At the other end, among the nine states with Federal employment ratios of 3 percent or more, we find Alaska, Hawaii, Montana, New Mexico, Utah, and Wyoming in the West, Alabama and Oklahoma in the South, and South Dakota, as the only northern state in this group. Also at the high end, above 5 percent, are Maryland and Virginia, reflecting in large part the concentration of Federal jobs in the Maryland and Virginia portions of the Washington area.

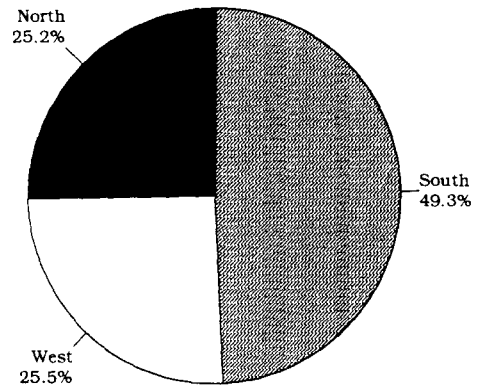
The significantly larger role of Federal jobs in the economies of the South and West shows up strongly in the broad regional data for the past two decades under review. As compared to a national average of 2.3 percent, Federal employment accounts for only 1.7 percent of all nonfarm jobs in the North

Distribution of Private Sector Jobs and Defense Jobs, 1997*

Private Sector



Defense



* Excludes District of Columbia

STATES WITH LARGEST DEFENSE EMPLOYMENT, 1997

State	<i>Defense Employment, 1997</i>
Virginia	84,500
California	79,000
Texas	50,100
Maryland	32,900
Georgia	31,900
Pennsylvania	29,700
Florida	28,400
Ohio	26,400
Washington	24,200
Alabama	19,700
North Carolina	17,200
New Jersey	17,000
Hawaii	16,200

as against 2.8 percent in the South and West.

Both ratios are down substantially from what they were at the onset of the 1980's, with most of the decline coming in the 1990's. The decline shows up in all but three of the 50 states and also in the District of Columbia. The ratio in the South and West is down from 4.2 in 1979 to 2.8 in 1997, and in the North, from 2.2 to 1.7. The sharper drop in the relative importance of Federal employment in the South and West reflects largely the substantially more rapid economic growth in these regions. Since 1979, the number of nonfarm jobs is up 48 percent in the South and West as compared to 21 percent in the North.

When we look at the distribution of Federal employment among large, medium and small states, we again see the close relation-

ship to the distribution of economic activity, but again with some variation.

The 14 large states, those with nonfarm employment of 2.5 million or more, included 1.5 million of the 2.5 million Federal jobs outside the Washington area in 1996. They have 60 percent of Federal jobs as against 64 percent of private sector jobs. Conversely, the medium and small states, with nonfarm employment under 2.5 million have 36 percent of private sector jobs, but nearly 40 percent of Federal jobs. As an indicator of the dimension of this variation, if Federal employment were distributed in the same way as private sector jobs, the medium and small states would have nearly 100,000 fewer Federal jobs than they actually do, a difference of about 9 percent. The size-of-state variation in Federal jobs, it may be noted, is similar to that found in the distribution of state and local government employment.

Defense and Other Major Functions

We turn now to the geographic distribution of major functional components of Federal employment. Civilian employment of the Department of Defense was 693,000 in 1997, with some representation in each state. But most defense jobs are located in 14 states that account for 70 percent of defense employment, a proportion that has not changed in a major way in the past two decades.

From a regional perspective, we see a locational focus of defense employment that is rather different from what we find with respect to general economic activity. Nearly half the defense jobs are located in the South, substantially more than its roughly one-third share of private sector employment. On the other hand, the North has only one fourth of all defense jobs, as against 45 percent of private sector jobs, pointing up the special requirements governing the location of defense installations.

The Postal Service comprises a second major component of Federal employment in each state. There were 838,000 Federal postal em-

ployees in 1997, according to state labor department records for the first half of the year projected to the entire calendar year based on 1996 relationships between the first and second half of the year.

Overall, the United States Postal Service employs close to one in three Federal workers nationwide. But the proportions vary widely. The Postal Service has less than 20 percent of Federal employment in Alaska, Hawaii, Maryland, New Mexico, Utah, and Virginia. On the other hand, post office jobs account for 50 percent or more of all Federal employment in Connecticut, Iowa, Michigan, Minnesota, New Hampshire, New York, and Wisconsin. The Postal Service has a relatively small work force of 7,500 in the District of Columbia, reflecting the decentralization of its supervisory and administrative activities and operations among 10 regional areas and 85 districts throughout the country.

Regionally, the Postal Service is a much more important component of the Federal job presence in the North than in the South or the West, reflecting in part the other side of the coin, the concentration of defense jobs in the South, and to some extent in the West. The Postal Service accounts for close to half of all Federal jobs in the North, 45 percent, in contrast to 25 percent of all Federal jobs in the South and 27 percent in the West.

The geography of Postal Service jobs has shifted toward the South and West over the past two decades, reflecting primarily increases in mail volume and the extension of delivery networks consequent on the more rapid population and economic growth in these regions. Today, nearly one-third of Postal Service employment is in the South, 31.5 percent, 24.8 percent in the North Central region, 23.8 percent in the Northeast, and 19.9 percent in the West.

We have looked at some dimensions and characteristics of Federal civilian employment of the Department of Defense and

United States Postal Service. We turn now to the one and a quarter million Federal employees that comprise the combined work force of all other Federal departments and agencies.

Geographically, the largest single concentration of Federal jobs in general government functions is in the District of Columbia, with 173,000 jobs in 1997, and the nearby Maryland, Virginia, and West Virginia counties that make up the rest of the Washington Metropolitan area. Although it is not feasible at this point to measure Washington area employment in general government functions, the overall Federal numbers suggest that it is substantial. Total Federal employment in the Washington Metropolitan area totaled 348,000 in 1996, with 196,000 in the District of Columbia and 152,000 in the remainder of the area.

Among the 50 states, Federal employment in general government totals just under 1.1 million in 1997, after shrinking in all major regions in the 1990's. Less than one third of these jobs, 31percent, are located in the 21 northern states, while 69 percent are in the South and West.

The number of Federal jobs in general government functions exceeds 10,000 in 36 states, including 13 states where it exceeds 25,000. The largest number of Federal workers in this category in 1997 was 105,000 in California, followed by 84,000 in Texas, 72,000 in Maryland, and 59,000 in New York.

The Pattern of Federal Job Decline in the 1990's

In the 1990's, Federal employment declines have been pervasive, with cutbacks in 45 states and the District of Columbia. Overall, the number of Federal jobs is down 343,000 from 1989 to 1997, a decline of 10.8 percent, reducing Federal employment in the 50 states and the District of Columbia to 2,829,000.

The Federal decline of the 1990's more than reverses the increases of the 1980's. The num-

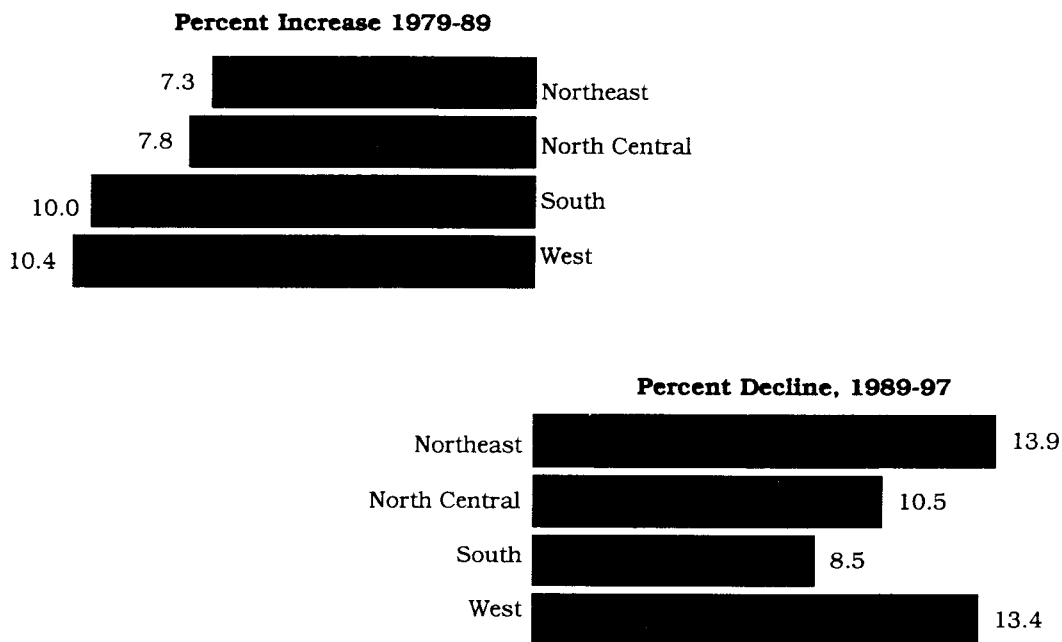
STATES WITH FEDERAL EMPLOYMENT IN GENERAL GOVERNMENT EXCEEDING 25,000, 1997

<i>State</i>	<i>Employment, 1997</i>
California	104,500
Texas	83,600
Maryland	72,000
New York	59,300
Virginia	49,700
Florida	47,100
Georgia	41,600
Pennsylvania	39,300
Illinois	37,300
Tennessee	29,200
Colorado	28,000
Washington	27,700
Missouri	25,700

ber of Federal workers is now lower than it was in 1979 nationally and in the Northeast, North Central and West. The South is the only region to retain some significant gains of the 1980's, apart from the District of Columbia. There were about 31,000 Federal jobs eliminated in the District of Columbia. The South experienced above-average increases in Federal employment in the 1980's, but the smallest declines in the 1990's. The Northeast, on the other hand, saw the smallest Federal increases in the 1980's but suffered the largest declines of the 1990's. Its defense cutbacks were the most severe and it was the only major region to lose Postal jobs in the 1990's. Federal employment in the South, in contrast, was cushioned by the smallest cutbacks in defense and general government and the largest increase in Postal jobs.

Among the states, the largest reduction in Federal employment in sheer numbers has occurred in California, with a decline of 69,000 jobs, nearly one-fifth of California's total. The declines exceeded 20,000 in New York and Pennsylvania and 10,000 jobs in Alabama, South Carolina, and New Jersey.

Regional Increases in Federal Employment 1979-89 and Declines 1989-97



STATES WITH LARGE AND SMALL FEDERAL JOB LOSSES, 1989-97

<u>Declines of 13.5% or More</u>		<u>Declines of 5% or Less</u>	
State	Percent Decline	State	Percent Decline
Maine	32.9	Arizona	4.8
South Carolina	29.3	Maryland	4.1
Utah	24.5	Wyoming	3.4
Indiana	19.6	Louisiana	3.0
California	19.2	South Dakota	2.9
Alabama	18.4	Minnesota	2.1
Kentucky	15.7	Vermont	2.0
North Dakota	15.0	Rhode Island	1.0
Oklahoma	14.7	Wisconsin	0.8
Tennessee	14.6	New Hampshire	0.8
Pennsylvania	14.5	Florida	0.5
Massachusetts	13.6		
New Jersey	13.6		
Missouri	13.5		
New York	13.5		

There was considerable variation in Federal job reductions among the states: the cutbacks were significantly above average, 13.5 percent or more, in 15 states while 11 states experienced declines of less than 5 percent.

Large Federal job losses were of particular concern for states on the slow growth track in the 1990's. Prominently included in this group were Maine, Massachusetts, New Jersey, New York, and Pennsylvania, all states with less than half the average growth rate in total nonfarm jobs.

For purposes of identifying states based on their relative growth, rapid growth states are those with 1989-97 nonfarm job increases of 19.3 percent or more, thereby exceeding the 50-state growth rate by more than 50 percent. Slow growth states are those that experienced less than half the national growth, including also those with employment declines between 1989 and 1997, while the medium growth cate-

gory includes the 21 states in between, with nonfarm growth ranging from 7.1 percent in California to 19.0 percent in Kentucky.

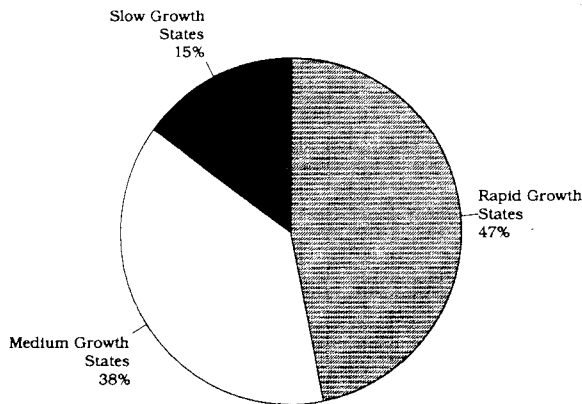
For the 19-state rapid growth group, the 1989-97 increases averaged 24.7 percent, among the medium growth states, they averaged 12.5 percent, and for the 10 slow growth and declining states, less than one half of 1 percent, raising them barely above 1989 levels as a group.

Federal job declines fell with special severity on the slow growth states of the 1990's. They were doubly affected — they had enjoyed relatively few of the job gains when Federal employment was expanding in the 1980's, but found themselves particularly vulnerable to the Federal job losses of the 1990's.

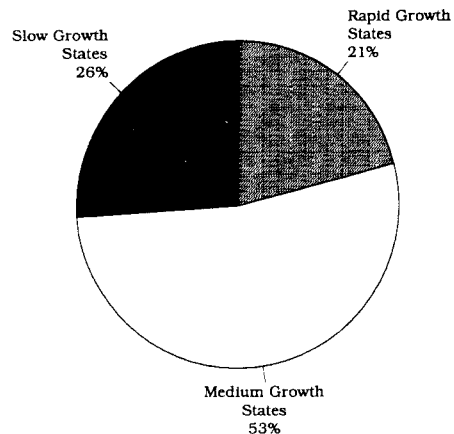
The 10 slow growth states, with nonfarm job growth of under 6.4 percent,

Distribution of Federal Employment Changes in Rapidly Growing and Slow Growing States, 1979-97

**Federal Job Increases
1979-89**



**Federal Job Declines
1989-97**



experienced a combined Federal job decline of 80,000 jobs in the 1990's, double their increase in the 1980's. They accounted for 15 percent of the Federal job gains of the 1980's, but 26 percent of the cutbacks of the 1990's. The slow growth group, it may be noted, includes three states — New York, Connecticut, and Rhode Island — particularly hard hit by the recession of the early 90's — that have yet to recover 1989 employment levels as of 1997.

We see a very different picture when we examine the records of the 19 states with relatively rapid growth in nonfarm jobs, exceeding the national growth rate by over 50 percent. We find that this group had a combined loss of 67,000 Federal jobs in the 1990's, just over half their increases in the 1980's. They accounted for close to half the nationwide increases in Federal jobs in the 1980's, but only one-fifth of the declines of the 1990's.

For the rapid growth states, then, the Federal losses were of relatively small dimension and could be more easily absorbed in an economic environment generating many new jobs in the private sector. This can best be seen in the actual numbers. With private sector growth of over 6 million jobs, the 67,000 Federal losses in rapidly growing states represented just over 1 percent of private sector gains.

For the slow growth states, in contrast, Federal losses were more onerous, sometimes adding to the difficulties of a problematic situation. Viewed from the end of the 1980's, Federal job losses substantially or entirely offset small private sector gains in Hawaii, Maine, Massachusetts, and New Jersey, or were an added source of overall job loss, as in Connecticut and New York. It was not until the mid-90's that these concerns eased as labor markets tightened even in slow growth states.

From this overview of Federal job declines in the 1990's, we turn to look at the three major groupings of Federal employment: the Department of Defense, the United States Postal Service, and General Government.

Key Losses in Defense Jobs

Major declines in the Department of Defense were the key determining factor in Federal employment developments in the 1990's. The 281,000 decline in the number of civilian employees of the Defense department represented three-fourths of the overall Federal decline. The defense decline not only reversed the 85,000 buildup of the 1980's, but reduced the total number of defense jobs to 693,000, the lowest figure in a half century.

The last time that defense employment went below the 700,000 mark was in early-postwar 1948. From then until the end of the 1980's, defense employment averaged 984,000, close to a million jobs, over the 40 intervening years, pointing up the historic significance of the 1990's decline.

The decline in defense jobs has been pervasive. In the 1990's there were losses in 46 states and the District of Columbia. More than half the decline was centered in 12 states with losses at least one fourth above the average, six of them in the Northeast: Connecticut, Maine, Massachusetts, New Jersey, New York, and Pennsylvania. The

PRIVATE SECTOR GAINS AND FEDERAL JOB LOSSES, SLOW GROWTH STATES, 1989-97

<i>State</i>	<i>Private Sector Increases</i>	<i>Federal Decline</i>
Connecticut	-74,600	-3,300
Hawaii	13,500	-3,400
Maine	8,300	-6,300
Maryland	78,100	-5,500
Massachusetts	2,600	-8,500
New Jersey	2,700	-10,800
New York	-173,700	-22,100
Pennsylvania	247,700	-20,600
Rhode Island	-19,800	-100
Vermont	13,100	-100

Percent Declines in Defense Employment, 1989-97

Total  28.8%

By Region

South  22.5%

North
Central  30.1%

West  32.6%

Northeast  41.1%

By Relative Growth

Rapid Growth
States  20.8%

Medium
Growth States  31.0%

Slow Growth
States  35.0%

largest decline in absolute terms was in California, a loss of 57,000 defense jobs.

When we look at major regions, the nine states of the Northeast experienced the largest relative decline in defense employment in the 1990's — 41.1 percent. In contrast, the South, which had the largest increase in the 1980's, continues to demonstrate considerable strength as a location for defense activities. The South has been the region least affected by the declines of the 1990's, a loss of 22.5 percent.

The decline was 30.1 percent in the North Central region and 32.6 percent in the West.

The decline brought a realignment of the location of Defense jobs. As a result of the major changes of the 1990's, the Northeast share of defense jobs has declined by about one-sixth, from 14.5 percent in 1989 to 12.0 percent in 1997, and the West's share declined slightly. The role of the South in the defense picture expanded from 45.1 percent of all jobs in 1989 to 49.3 percent in

1997, and just over half of all defense jobs if we include the District of Columbia.

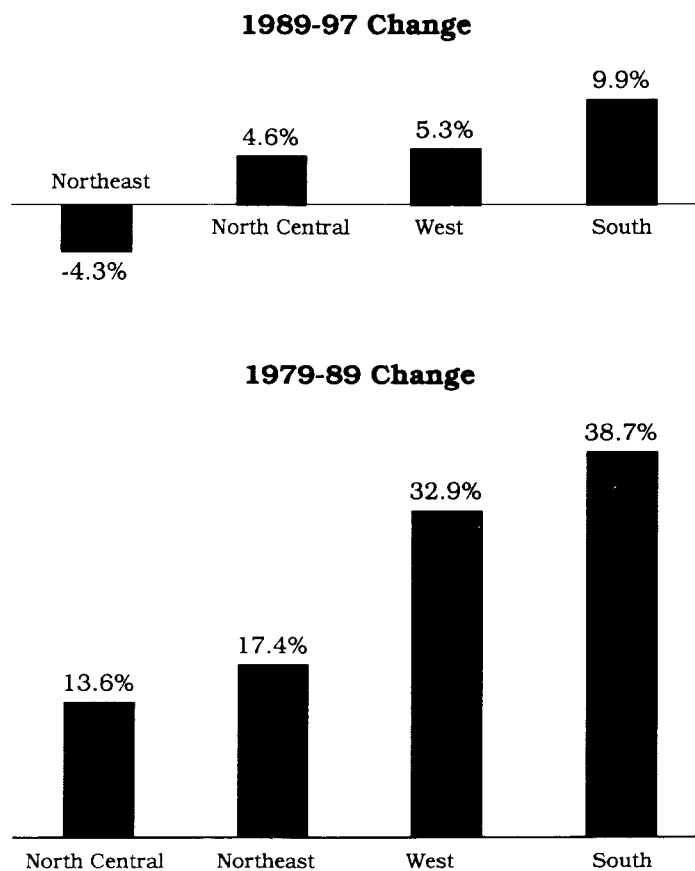
The record of defense declines in the 90's shows a clear pattern of larger declines among slow growth states. The 10 states in this group, which barely recovered their combined 1989 levels of nonfarm employment by 1997, were the most severely affected by defense cutbacks, suffering a 35 percent loss in the 1990's. The comparable figure for the 19 rapid growth states of the 1990's was 20.8 percent.

In contrast to the employment decline in Defense and general government in the 1990's, Postal Service employment has edged up, with an increase of 31,000 jobs nationwide. But this

was a substantial slowing of the major expansion of the 1980's, when the Postal Service added 166,000 jobs, an increase of nearly 25 percent. In the 1980's, the Postal Service accounted for almost three-fifths of the increase in the Federal workforce, adding twice as many jobs as the Defense Department.

In the 1990's, postal productivity began to benefit in a major way from a new generation of technology, featuring smaller high speed automated mail sorting equipment. Innovations such as optical character readers and the more extensive application of bar codes enabled the Postal Service to handle increases in mail volume with only a

Regional Changes in Post Office Employment, 1979-97



small addition to its workforce. During the 1980's, in contrast, when increases in mail volume also came more rapidly, reliance was still largely on mechanical sorting equipment introduced in the 1970's, and the answer to mail volume growth and the needed extension of delivery networks continued to be, to a substantial extent, the addition of people.

The largest Postal Service job increases in the 1990's have been in the South, nearly 25,000, with smaller increases in the West and North Central regions, while postal employment in the Northeast has declined by 9,200, or 4.3 percent. The increases in the 1980's were somewhat similar in overall direction, shifting employment to the South and West, but of substantially larger dimension, ranging from 13.6 percent in the North Central region and 17.4 percent in the Northeast to 38.7 percent in the South.

The relationship to the geographic direction of economic growth shows up in both decades, but particularly in the 1990's. Postal Service employment increased 9 percent in the 19 rapid growth states, 5.9 percent in the 21 medium growth states, while declining 3.8 percent in the 10 states of slow growth or decline. During the major staffing expansion of the pre-

vious decade, the 40.6 percent increase in the rapid growth states was about double the increase for the medium and slow growth states.

Restructuring and Downsizing

Finally, we turn to developments in Federal employment in General Government, marked by a decline of 108,000, or 8 percent, in the 1990's, a significant downsizing reflecting a new environment shaped by the budget constraints flowing from the efforts to balance the Federal budget, restructuring following on extensive government-wide performance reviews, and some devolution of functions to state and local government.

Geographically, there was a drop roughly proportional to the National in the District of Columbia, which had also experienced a reduction of employment in the 1980's. But for the 50 states the 1990's shrinkage in general government came as a reversal from a small increase, under 30,000, about 2 1/2 percent, in the previous decade. In sharp contrast to the sizeable reductions at the federal level, state and local government jobs in the roughly comparable

**States With Federal Employment Declines in
General Government Exceeding 10 Percent, 1989-97**

<i>State</i>	<i>Percent Decline</i>	<i>State</i>	<i>Percent Decline</i>
Tennessee	25.3	Maine	16.2
Alabama	24.4	North Dakota	15.8
Indiana	23.4	Illinois	13.0
Kansas	22.6	Kentucky	12.8
Missouri	18.5	Oregon	12.7
Nebraska	17.6	Montana	12.3
Iowa	17.5	Michigan	11.8
California	17.4	Wisconsin	10.6
New Hampshire	17.4	Oklahoma	10.2

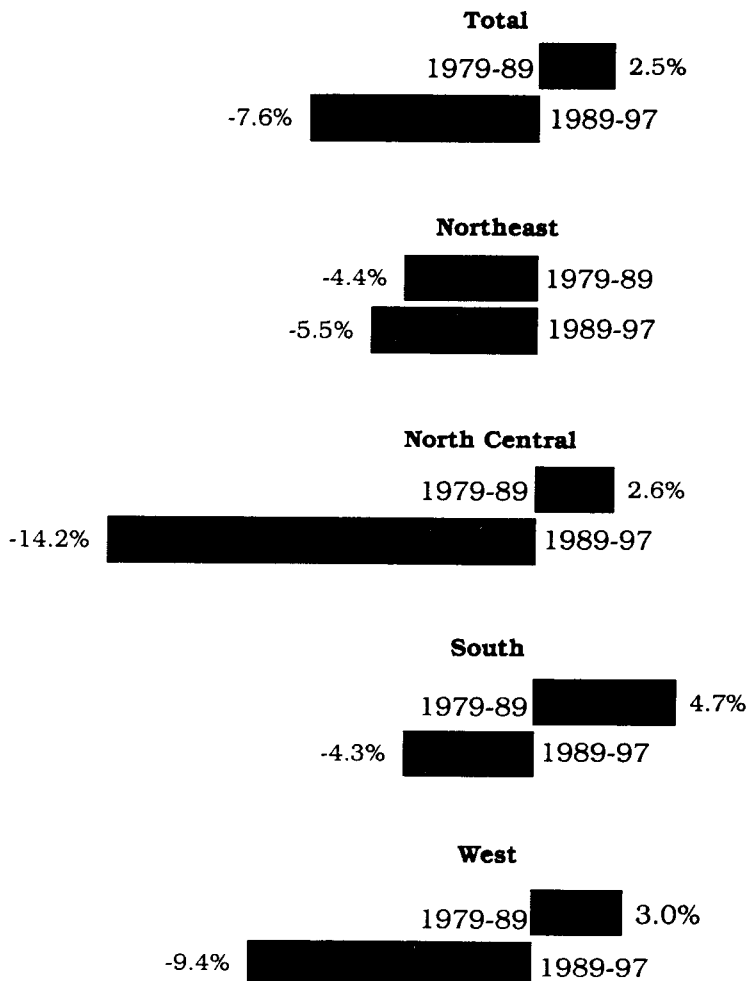
grouping of employment excluding education not only increased substantially by 11.7 percent in the 1990's but increased more rapidly than in the 1980's.

In 18 states accounting for most of the federal decline, the cutbacks in the 1990's exceeded 10 percent, while only 12 states were immune to the downtrend. Regionally the largest declines, 14.2 percent of jobs in general government, came in the North Central region, which had had the smallest increases in the 1980's. The second largest decline, 9.4 percent,

came in the West, paced by a 22,000 drop in California.

The Northeast, the only region to lose jobs in general government in the 1980's, saw losses step up a bit in the 1990's. In the South, the losses of the 1990's about matched the gains of the '80's, returning federal employment in general government functions to about where it had been at the end of the 1970's.

Changes in Federal Employment in General Government Function, 1979-97



Government Employment Report

Changes in Federal Employment, by State, 1989-97					
(numbers in thousands)					
State	Employment		Change		
	1989	1997	Number	Percent	Annual Percent
Sum of States	2,952.5	2,640.1	-312.4	-10.6%	-1.4%
Alabama	65.1	53.1	-12.0	-18.4%	-2.5%
Alaska	18.2	17.2	-1.0	-5.4%	-0.7%
Arizona	44.6	42.5	-2.1	-4.8%	-0.6%
Arkansas	22.5	21.3	-1.2	-5.2%	-0.7%
California	358.2	289.4	-68.8	-19.2%	-2.6%
Colorado	56.2	53.1	-3.1	-5.5%	-0.7%
Connecticut	25.5	22.2	-3.3	-12.9%	-1.7%
Delaware	5.9	5.5	-0.4	-6.2%	-0.8%
District of Columbia	219.8	189.1	-30.7	-14.0%	-1.9%
Florida	120.7	120.1	-0.6	-0.5%	-0.1%
Georgia	101.3	92.6	-8.7	-8.6%	-1.1%
Hawaii	34.0	30.6	-3.4	-9.9%	-1.3%
Idaho	12.7	12.9	0.2	1.3%	0.2%
Illinois	111.1	100.3	-10.8	-9.8%	-1.3%
Indiana	46.1	37.1	-9.0	-19.6%	-2.7%
Iowa	20.8	20.8	0.0	0.0%	0.0%
Kansas	29.6	26.9	-2.7	-9.2%	-1.2%
Kentucky	45.0	37.9	-7.1	-15.7%	-2.1%
Louisiana	37.3	36.2	-1.1	-3.0%	-0.4%
Maine	19.2	12.9	-6.3	-32.9%	-4.9%
Maryland	134.0	128.5	-5.5	-4.1%	-0.5%
Massachusetts	62.4	53.9	-8.5	-13.6%	-1.8%
Michigan	60.1	53.7	-6.4	-10.7%	-1.4%
Minnesota	34.2	33.5	-0.7	-2.1%	-0.3%
Mississippi	27.7	26.2	-1.5	-5.5%	-0.7%
Missouri	72.2	62.4	-9.8	-13.5%	-1.8%
Montana	13.8	12.6	-1.2	-8.6%	-1.1%
Nebraska	17.7	15.6	-2.1	-11.7%	-1.5%
Nevada	11.8	13.8	2.0	17.0%	2.0%
New Hampshire	8.6	8.5	-0.1	-0.8%	-0.1%
New Jersey	79.3	68.5	-10.8	-13.6%	-1.8%
New Mexico	31.5	28.9	-2.6	-8.2%	-1.1%
New York	163.2	141.1	-22.1	-13.5%	-1.8%
North Carolina	55.5	63.0	7.5	13.4%	1.6%
North Dakota	10.4	8.8	-1.6	-15.0%	-2.0%
Ohio	96.8	84.0	-12.8	-13.3%	-1.8%
Oklahoma	51.8	44.2	-7.6	-14.7%	-2.0%
Oregon	32.5	29.9	-2.6	-7.9%	-1.0%
Pennsylvania	141.9	121.3	-20.6	-14.5%	-1.9%
Rhode Island	11.0	10.9	-0.1	-1.0%	-0.1%
South Carolina	39.2	27.7	-11.5	-29.3%	-4.2%
South Dakota	11.2	10.9	-0.3	-2.9%	-0.4%
Tennessee	61.8	52.8	-9.0	-14.6%	-2.0%
Texas	202.5	185.4	-17.1	-8.5%	-1.1%
Utah	40.0	30.2	-9.8	-24.5%	-3.5%
Vermont	5.4	5.3	-0.1	-2.0%	-0.3%
Virginia	176.3	161.4	-14.9	-8.4%	-1.1%
Washington	72.0	66.8	-5.2	-7.3%	-0.9%
West Virginia	16.6	21.2	4.6	27.5%	3.1%
Wisconsin	29.7	29.5	-0.2	-0.8%	-0.1%
Wyoming	7.4	7.1	-0.3	-3.4%	-0.4%

Changes in Federal Employment, by State, 1979-89					
(numbers in thousands)					
<i>State</i>	<i>Employment</i>		<i>Change</i>		
	<i>1979</i>	<i>1989</i>	<i>Number</i>	<i>Percent</i>	<i>Annual Percent</i>
Sum of States	2,675.0	2,952.5	277.5	10.4%	1.0%
Alabama	63.3	65.1	1.8	2.8%	0.3%
Alaska	17.9	18.2	0.3	1.7%	0.2%
Arizona	37.6	44.6	7.0	18.6%	1.7%
Arkansas	20.0	22.5	2.5	12.5%	1.2%
California	322.8	358.2	35.4	11.0%	1.1%
Colorado	51.1	56.2	5.1	10.0%	1.0%
Connecticut	21.2	25.5	4.3	20.3%	1.9%
Delaware	5.4	5.9	0.5	9.3%	0.9%
District of Columbia	228.2	219.8	-8.4	-3.7%	-0.4%
Florida	86.6	120.7	34.1	39.4%	3.4%
Georgia	83.3	101.3	18.0	21.6%	2.0%
Hawaii	29.7	34.0	4.3	14.5%	1.4%
Idaho	12.9	12.7	-0.2	-1.6%	-0.2%
Illinois	104.2	111.1	6.9	6.6%	0.6%
Indiana	40.9	46.1	5.2	12.7%	1.2%
Iowa	19.9	20.8	0.9	4.5%	0.4%
Kansas	26.0	29.6	3.6	13.9%	1.3%
Kentucky	38.4	45.0	6.6	17.2%	1.6%
Louisiana	33.6	37.3	3.7	11.0%	1.1%
Maine	17.8	19.2	1.4	7.9%	0.8%
Maryland	131.6	134.0	2.4	1.8%	0.2%
Massachusetts	58.0	62.4	4.4	7.6%	0.7%
Michigan	56.7	60.1	3.4	6.0%	0.6%
Minnesota	31.3	34.2	2.9	9.3%	0.9%
Mississippi	28.9	27.7	-1.2	-4.2%	-0.4%
Missouri	67.6	72.2	4.6	6.8%	0.7%
Montana	13.9	13.8	-0.1	-0.7%	-0.1%
Nebraska	16.2	17.7	1.5	9.3%	0.9%
Nevada	10.0	11.8	1.8	18.0%	1.7%
New Hampshire	7.0	8.6	1.6	22.7%	2.1%
New Jersey	72.1	31.5	2.1	7.1%	1.0%
New Mexico	29.4	31.5	2.1	7.1%	0.7%
New York	161.0	163.2	2.2	1.4%	0.1%
North Carolina	47.2	55.5	8.3	17.6%	1.6%
North Dakota	9.6	10.4	0.8	8.3%	0.8%
Ohio	90.6	96.8	6.2	6.8%	0.7%
Oklahoma	48.1	51.8	3.7	7.7%	0.7%
Oregon	29.9	32.5	2.6	8.7%	0.8%
Pennsylvania	130.8	141.9	11.1	8.5%	0.8%
Rhode Island	9.3	11.0	1.7	18.3%	1.7%
South Carolina	35.9	39.2	3.3	9.2%	0.9%
South Dakota	10.9	11.2	0.3	2.8%	0.3%
Tennessee	73.9	61.8	-12.1	-16.4%	-1.8%
Texas	163.2	202.5	39.3	24.1%	2.2%
Utah	36.6	40.0	3.4	9.3%	0.9%
Vermont	4.3	5.4	1.1	25.6%	2.3%
Virginia	153.4	176.3	22.9	14.9%	1.4%
Washington	64.7	72.0	7.3	11.3%	1.1%
West Virginia	15.8	16.6	0.8	5.1%	0.5%
Wisconsin	27.1	29.7	2.6	9.6%	0.9%
Wyoming	7.4	7.4	0.0	0.0%	0.0%

Government Employment Report

Changes in Department of Defense Employment*, by State, 1989-97					
(numbers in thousands)					
State	Employment		Change		
	1989	1997	Number	Percent	Annual Percent
Sum of States	956.4	680.3	-276.1	-28.9%	-4.2%
Alabama	27.1	21.6	-5.5	-20.2%	-2.8%
Alaska	5.0	4.7	-0.2	-5.0%	-0.6%
Arizona	10.7	8.4	-2.3	-21.7%	-3.0%
Arkansas	5.3	3.8	-1.5	-28.4%	-4.1%
California	135.6	79.0	-56.7	-41.8%	-6.5%
Colorado	14.5	11.7	-2.7	-18.8%	-2.6%
Connecticut	5.1	2.8	-2.3	-45.3%	-7.3%
Delaware	1.8	1.5	-0.3	-18.4%	-2.5%
District of Columbia	17.9	13.0	-4.9	-27.2%	-3.9%
Florida	33.4	28.4	-5.0	-15.1%	-2.0%
Georgia	39.1	31.9	-7.2	-18.5%	-2.5%
Hawaii	20.1	16.2	-3.9	-19.3%	-2.6%
Idaho	1.3	1.5	0.1	10.4%	1.2%
Illinois	21.9	14.8	-7.1	-32.3%	-4.8%
Indiana	15.7	9.7	-6.0	-38.1%	-5.8%
Iowa	1.6	1.4	-0.2	-9.5%	-1.2%
Kansas	6.9	5.7	-1.3	-18.2%	-2.5%
Kentucky	13.8	7.8	-6.0	-43.1%	-6.8%
Louisiana	9.2	8.2	-1.1	-11.8%	-1.6%
Maine	11.1	5.4	-5.7	-51.4%	-8.6%
Maryland	43.9	32.9	-11.0	-25.1%	-3.6%
Massachusetts	12.7	8.0	-4.6	-36.7%	-5.5%
Michigan	12.3	8.0	-4.3	-34.8%	-5.2%
Minnesota	3.1	2.5	-0.5	-17.5%	-2.4%
Mississippi	11.0	9.6	-1.4	-12.8%	-1.7%
Missouri	20.5	11.6	-9.0	-43.6%	-6.9%
Montana	1.3	1.1	-0.2	-13.8%	-1.8%
Nebraska	4.1	3.6	-0.5	-12.8%	-1.7%
Nevada	2.0	2.1	0.1	5.8%	0.7%
New Hampshire	1.5	1.2	-0.3	-18.6%	-2.5%
New Jersey	27.2	17.0	-10.2	-37.6%	-5.7%
New Mexico	10.3	8.2	-2.1	-20.8%	-2.9%
New York	20.2	12.5	-7.7	-38.3%	-5.9%
North Carolina	16.1	17.2	1.1	6.7%	0.8%
North Dakota	2.0	1.7	-0.3	-14.8%	-2.0%
Ohio	35.6	26.4	-9.2	-25.8%	-3.7%
Oklahoma	25.0	19.7	-5.3	-21.2%	-2.9%
Oregon	3.3	2.9	-0.4	-13.5%	-1.8%
Pennsylvania	55.6	29.7	-25.9	-46.6%	-7.5%
Rhode Island	4.6	4.5	-0.1	-2.5%	-0.3%
South Carolina	21.0	10.2	-10.8	-51.4%	-8.6%
South Dakota	1.6	1.3	-0.3	-18.8%	-2.6%
Tennessee	7.9	6.2	-1.7	-21.0%	-2.9%
Texas	65.0	50.1	-14.9	-22.9%	-3.2%
Utah	22.6	12.5	-10.1	-44.7%	-7.1%
Vermont	0.6	0.6	-0.1	-13.7%	-1.8%
Virginia	110.2	84.5	-25.6	-23.3%	-3.3%
Washington	29.5	24.2	-5.3	-18.0%	-2.4%
West Virginia	1.8	1.7	-0.0	-2.1%	-0.3%
Wisconsin	3.4	3.2	-0.2	-5.8%	-0.7%
Wyoming	1.2	1.0	-0.2	-18.6%	-2.5%

* Civilian Employees.

Changes in Department of Defense Employment*, by State, 1979-89					
(numbers in thousands)					
<i>State</i>	<i>Employment</i>		<i>Change</i>		
	<i>1979</i>	<i>1989</i>	<i>Number</i>	<i>Percent</i>	<i>Annual Percent</i>
Sum of States	873.1	956.4	83.3	9.5%	0.9%
Alabama	24.8	27.1	2.3	9.4%	0.9%
Alaska	4.5	5.0	0.5	11.8%	1.1%
Arizona	9.8	10.7	1.0	9.8%	0.9%
Arkansas	4.5	5.3	0.8	16.7%	1.6%
California	125.7	135.6	10.0	8.0%	0.8%
Colorado	13.5	14.5	1.0	7.1%	0.7%
Connecticut	4.5	5.1	0.6	13.9%	1.3%
Delaware	1.9	1.8	-0.0	-1.3%	-0.1%
District of Columbia	16.6	17.9	1.3	7.6%	0.7%
Florida	29.1	33.4	4.4	15.0%	1.4%
Georgia	34.4	39.1	4.7	13.8%	1.3%
Hawaii	19.1	20.1	1.0	5.1%	0.5%
Idaho	1.2	1.3	0.2	12.6%	1.2%
Illinois	20.6	21.9	1.3	6.5%	0.6%
Indiana	13.1	15.7	2.6	19.7%	1.8%
Iowa	1.5	1.6	0.1	6.6%	0.6%
Kansas	6.7	6.9	0.2	3.0%	0.3%
Kentucky	12.7	13.8	1.1	8.6%	0.8%
Louisiana	8.4	9.3	0.9	10.8%	1.0%
Maine	9.8	11.1	1.3	13.4%	1.3%
Maryland	39.2	43.9	4.8	12.2%	1.2%
Massachusetts	9.8	12.7	2.9	29.0%	2.6%
Michigan	12.2	12.3	0.1	0.9%	0.1%
Minnesota	3.2	3.1	-0.2	-6.0%	-0.6%
Mississippi	10.8	11.0	0.3	2.3%	0.2%
Missouri	19.5	20.6	1.1	5.5%	0.5%
Montana	1.3	1.3	0.0	0.0%	0.0%
Nebraska	3.7	4.1	0.5	12.5%	1.2%
Nevada	2.5	2.0	-0.5	-18.9%	-2.1%
New Hampshire	1.4	1.5	0.1	6.7%	0.7%
New Jersey	27.1	27.2	0.1	0.2%	0.0%
New Mexico	9.6	10.3	0.7	7.4%	0.7%
New York	19.0	20.2	1.2	6.4%	0.6%
North Carolina	13.4	16.1	2.7	20.2%	1.9%
North Dakota	1.8	2.0	0.2	12.4%	1.2%
Ohio	33.0	35.6	2.5	7.6%	0.7%
Oklahoma	23.6	25.0	1.3	5.7%	0.6%
Oregon	3.4	3.3	-0.1	-3.3%	-0.3%
Pennsylvania	51.7	55.6	3.9	7.5%	0.7%
Rhode Island	4.1	4.6	0.5	13.4%	1.3%
South Carolina	18.8	21.0	2.2	11.6%	1.1%
South Dakota	1.2	1.6	0.4	30.3%	2.7%
Tennessee	8.5	7.9	-0.7	-7.6%	-0.8%
Texas	58.5	65.0	6.5	11.1%	1.1%
Utah	21.2	22.6	1.4	6.6%	0.6%
Vermont	0.5	0.6	0.1	18.7%	1.7%
Virginia	98.1	110.2	12.1	12.3%	1.2%
Washington	25.4	29.6	4.2	16.5%	1.5%
West Virginia	1.3	1.8	0.4	33.2%	2.9%
Wisconsin	3.0	3.4	0.4	13.9%	1.3%
Wyoming	0.9	1.2	0.3	34.2%	3.0%

* Civilian Employees

About the Author and The Center for the Study of the States

The Center is part of the Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York. Established in May 1990, the Center is a leading authority on developments in state finances and programs.

Samuel M. Ehrenhalt is a Senior Fellow at the Institute and a former Regional Commissioner of the U.S. Bureau of Labor Statistics. Bradley Wright, a graduate assistant at the Center, helped compile and organize the data for this report. Michael Cooper, head of the publications department for the Institute, design and desktopped the layout of this report. Elizabeth Davis, Senior Policy Analyst at the Center, coordinated production. Donald Boyd is the Director of the Center for the Study of the States.

The Center is located at 411 State Street, Albany, New York 12203-1003, phone (518) 443-5285, fax (518) 443-5274, e-mail: taylorl@rockinst.org. For further information on this or other Center reports, contact the Center's administrative assistant, Lisa Taylor.

National Commission on the State and Local Public Service

The National Commission on the State and Local Public Service, chaired by former Mississippi Governor William F. Winter, was organized under the auspices of the Rockefeller Institute in 1991. The Commission's first report was issued in 1993, *Hard Truths/Tough Choices: An Agenda For State and Local Reform*. The report covered a broad range of topics with a major focus on issues relating to the public workforce and personnel management. The research papers on which the report was based were published in a book edited by the Commission's Executive Director, Frank J. Thompson, Dean of the Graduate School of Public Affairs and Policy at the Nelson A. Rockefeller College of Public Affairs and Policy. For information about the Commission's publications call the Rockefeller Institute at 518-443-5258. The Commission's work was funded with support from The Florence and John Schumann Foundation, The Ford Foundation, The Henry J. Kaiser Family Foundation, and The Carnegie Corporation of New York.

The Nelson A. Rockefeller Institute of Government

The Nelson A. Rockefeller Institute of Government conducts studies and special projects to assist government and enhance the capacity of states and localities to meet critical challenges. Through its conferences, research, and publications, the Institute works with the best experts and top officials at all levels of government to forge creative solutions to public problems. The work of the Institute focuses on the role of state governments in the American federal system. The Institute is fast becoming the preeminent national center for the study of state government. The states are now more than ever at the heart of America's domestic policy process, and no other governmental policy research center deals with states on as comprehensive a basis. Its staff works closely with federal and state officials and with the major national organizations that represent state and local government. While many of the Institute's projects are comparative and multistate in nature, the Institute maintains a continuing emphasis on assisting New York State and its local governments.

The Center for the Study of the States

The Center for the Study of the States was established in May 1990 in response to the growing importance of state governments in the American federal system. Despite the ever-growing role of the states, there is a dearth of high-quality, practical, independent research available about state and local programs and finances.

The mission of the Center is to help fill this important gap. The Center conducts research on trends affecting all 50 states and serves as a national resource for public officials, the media, public affairs experts, researchers, and others. The Center is directed by Donald J. Boyd, who has spent 16 years analyzing state and local fiscal issues. In addition to support provided by the Rockefeller Institute, the Center relies on grants and contracts for most of its funding. Recent major grants have been received from the Ford Foundation, the Robert Wood Johnson Foundation, and the Charles Stewart Mott Foundation.

Subscribe to the Government Employment Report Today!

Current subscribers to Center Publications:

Enhanced Subscribers will continue to receive the Government Employment Report at no extra cost.

Regular Subscribers will be charged an additional \$50 per year if they choose to subscribe to the Government Employment Report.

Academic Subscribers will be charged an additional \$25.

New Subscribers:

The Government Employment Report will be released 6 times per year

The cost per year is \$150

(This price does not include other Center publications.)

To Subscribe:

Send a check or money order to:
Center for the Study of the States
411 State Street
Albany, New York 12203-1003

For more information or to order this or other CSS publications,
please contact Lisa Taylor at 518-443-5285

The Center for the Study of the States
**The Nelson A. Rockefeller
Institute of Government**
State University of New York
411 State Street
Albany, New York 12203-1003

NONPROFIT
ORG.
U.S. POSTAGE
PAID
ALBANY, N.Y.
PERMIT NO. 21