



New Mexico's State and Local Workforce is Too Big and Overpaid . . . But Where?

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Previous research by the Rio Grande Foundation using data from the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) found that the New Mexico's state and local workforce is too big and overpaid. [1] In 2007, if New Mexico's state and local workforce, as a percent of the private sector workforce, was at the national average there would have been 55,830 fewer workers—108,872 versus 164,702. This over-employment cost taxpayers up to \$2,341,182,208.

In addition, New Mexico's state and local workforce compensation levels are above the national average. In 2007, the average New Mexico government worker took home \$45,516, including wages and salaries and benefits, which is \$3,583 more than the nationally-adjusted figure of \$41,934. This over-compensation cost taxpayers up to an additional \$590,045,792.

The total price tag for the over-employment and over-compensation combined sums up to a staggering \$2,931,228,000.

Details are more difficult to uncover. The BEA data does not detail the job functions of state and local government to give policy-makers a better idea of where to locate this over-employment and/or over-compensation. To investigate this information, data from the U.S. Department of Commerce's Census Bureau was used to break down employment into 32 different functions. These functions include police, firefighters, highways, public welfare, elementary, secondary and higher education and many others.

However, keep in mind that the Census Bureau data is supplemental to the BEA data, which offers the most accurate and broadest picture of overall employment and compensation. For example, the Census data does not include any information on government benefits, which is actually the driver of New Mexico's state and local government over-compensation. As such, the dual-source numerical data presented in this analysis may not exactly match that from the previous BEA-centric study.

First, the employment ratio (Table 1) is calculated by dividing the number of government workers by the total number of private sector workers. New Mexico's government employs 22.55 workers for every 100 private sector workers which exceeds the national average of 16.27 workers. Overall, New Mexico has the 3rd highest employment ratio in the country.

Among the 32 functions, New Mexico's employment ratio is among the 10 highest in the country for Financial Administration (9th), Judicial and Legal (4th), Police Protection—Officers (7th), Police—Other (7th), Correction (1st), Hospitals (6th), Solid Waste Management (6th), Parks and Recreation (8th), Water Supply (9th), Gas Supply (8th), Elementary and Secondary—Instructional (5th), Higher Education—Instructional (2nd), Higher Education—Other (1st), Other Education (7th) and Other and Unallocable (7th).

Second, the wages and salaries ratio (Table 2) is calculated by dividing the average state government wages and salaries (\$33,204) by the average private sector wages and salaries (\$34,173) yielding a ratio of -2.8 per-

cent. This is a tad higher than the national average of -7.8 percent. Overall, New Mexico has the 15th highest wages and salaries ratio in the country.

Among the 32 functions, New Mexico's wages and salaries ratio is among the 10 highest in the country for Other Government Administration (9th), Health (4th), Hospitals (7th), Parks and Recreation (4th), Natural Resources (9th) and Higher Ed—Other (8th).

Overall, one function that shows up in both ratios that is the most worrisome is Higher Education—Other which is ranked as the 1st largest employment ratio and the 8th highest wages and salaries ratio. This category includes all non-instructional personnel such as administrators, janitors, grounds-keepers and security to name a few occupations. Clearly, this is an area policy-makers should focus on for cost savings.

Introduction

New Mexico's state and local governments spend too much as witnessed by having the 7th highest tax burden in the country (12.65 percent of personal income in FY 2006). A significant driver of this overspending is the government workforce. This study delves into greater details provided by the Department of Commerce's Census Bureau to help policy-makers find the trouble areas.

Employment Ratios

The employment ratio (Table 1) is calculated by dividing the

Employment Function	National Average	New Mexico		
		Employment Ratio	Difference	Rank
Total	16.27	22.55	6.28	3
Financial Administration	0.36	0.54	0.18	9
Other Government Administration	0.36	0.43	0.08	19
Judicial and Legal	0.38	0.55	0.17	4
Police Protection - Officers	0.60	0.69	0.09	7
Police - Other	0.24	0.30	0.06	7
Firefighters Only	0.32	0.39	0.07	12
Other Fire Employees	0.03	0.02	-0.01	28
Correction	0.62	0.98	0.35	1
Highways	0.47	0.68	0.21	15
Air Transportation	0.04	0.05	0.01	12
Water Transport & Terminals	0.01	--	--	--
Public Welfare	0.46	0.49	0.03	20
Health	0.40	0.45	0.05	19
Hospitals	0.90	1.79	0.88	6
Social Insurance Administration	0.07	0.04	-0.03	42
Solid Waste Management	0.10	0.18	0.08	6
Sewerage	0.11	0.08	-0.03	42
Parks and Recreation	0.34	0.53	0.19	8
Housing & Community Development	0.10	0.08	-0.02	25
Natural Resources	0.17	0.27	0.09	13
Water Supply	0.15	0.19	0.04	9
Electric Power	0.07	0.04	-0.03	26
Gas Supply	0.01	0.02	0.01	8
Transit	0.21	0.13	-0.08	18
Elem & Sec Instructional	4.46	5.72	1.27	5
Elem & Secondary - Other	2.15	2.27	0.11	18
Higher Ed Instructional	0.88	1.36	0.49	2
Higher Ed - Other	1.59	3.40	1.81	1
Other Education	0.08	0.18	0.10	7
Libraries	0.16	0.12	-0.04	35
Liquor Stores	0.01	--	--	--
Other and Unallocable	0.43	0.62	0.19	7

Source: U.S. Department of Commerce: Bureau of Economic Analysis and Census Bureau, Rio Grande Foundation.

number of state and local government workers by the total number of private sector workers. New Mexico's state and local governments employ 22.55 workers for every 100 private sector workers which exceeds the national average of 16.27 workers by 38.6 percent. Overall, New Mexico has the 3rd highest employment ratio in the country.

Among the 32 functions, New Mexico's employment ratio is among the 10 highest in the country for the following functions:

- ◆ Financial Administration (6th): Includes officials and central staff agencies concerned with tax assessment and collection, accounting, auditing, budgeting, purchasing, custody of funds, and other finance activities.
- ◆ Judicial and Legal (4th): Includes courts and activities associated with courts, legal services and legal counseling of indigent or other needy persons.
- ◆ Police Protection—Officers (7th): Includes general police, sheriff, state police and other governmental departments that preserve law and order, protect persons and property from illegal acts and work to prevent, control, investigate and reduce crime.
- ◆ Police—Other (7th): Includes all other policing activities without the power of arrests such as school crossing guards.
- ◆ Correction (1st): Includes all institutional (confinement, correction and rehabilitation of convicted adults or juveniles) and non-institutional (pardon, probation and parole) correctional activities.
- ◆ Hospitals (6th): Includes hospital facilities that provide in-patient medical care and institutions for care and treatment of handicapped which are directly administered by government, including those that operate at public universities.
- ◆ Solid Waste Management (6th): Includes the collection, removal and disposal of garbage, refuse, hazardous and other solid wastes and cleaning of streets, alleys and sidewalks.
- ◆ Parks and Recreation (8th): Includes the provision and support of recreational and cultural-scientific facilities maintained for the benefit of residents and visitors.
- ◆ Water Supply (9th): Includes the operation, maintenance and construction of public water supply systems including production, acquisition and distribution of water for residential, commercial or industrial use.
- ◆ Gas Supply (8th): Includes the operation, maintenance and construction of public natural gas supply systems including production, acquisition and distribution of water for residential, commercial or industrial use.
- ◆ Elementary and Secondary Instructional (5th): Includes classroom teachers, principals, supervisors of instruction, superintendents, teacher aids, substitute teachers, school librarians, library aides and guidance and psychological personnel.
- ◆ Higher Education Instructional (2nd): Includes all instructional employees at degree-granting institutions (associate, bachelor, master, or doctorate) operated by state or local governments that provide academic training beyond the high school level.

- ◆ Higher Education—Other (1st): Includes all non-instructional employees at government higher education facilities.
- ◆ Other Education (7th): Includes the support of special programs and institutions for the training and education of the blind, deaf, or other handicapped.
- ◆ Other and Unallocable (7th): Includes employees engaged in activities that are not applicable to other employment functions or are multi-functional such as voter registration and elections, economic development and code enforcement.

Wages and Salaries Ratio

The wages and salaries ratio (Table 2) is calculated by dividing the average state and local government wages and salaries (\$33,204) by the average private sector wages and salaries (\$34,173) yielding a ratio of -2.8 percent. This is a tad higher than the national average of 7.8 percent. Overall, New Mexico has the 15th highest wages and salaries ratio in the country.

Among the 32 functions, New Mexico's wages and salaries ratio is among the 10 highest in the country for the following functions:

- ◆ Other Government Administration (6th): Includes administrative functions not included in financial, social insurance, judicial and legal administration.

Employment Function	National Average	New Mexico		
		Wages and Salaries Ratio	Difference	Rank
Total	-7.8%	-2.8%	5.0%	15
Financial Administration	2.0%	14.2%	12.2%	15
Other Government Administration	-25.7%	0.4%	26.0%	9
Judicial and Legal	18.0%	24.8%	6.9%	15
Police Protection - Officers	38.3%	29.4%	-8.9%	29
Police - Other	-15.7%	-9.1%	6.6%	19
Firefighters Only	18.5%	16.2%	-2.3%	20
Other Fire Employees	-2.8%	-3.5%	-0.7%	19
Correction	5.4%	10.3%	4.9%	17
Highways	2.6%	4.1%	1.5%	26
Air Transportation	19.2%	-19.7%	-38.9%	50
Water Transport & Terminals	25.5%	--	--	--
Public Welfare	-7.6%	-17.6%	-10.0%	44
Health	-2.1%	22.1%	24.3%	4
Hospitals	2.9%	21.4%	18.4%	7
Social Insurance Administration	6.6%	9.6%	3.0%	24
Solid Waste Management	-10.1%	-20.3%	-10.2%	34
Sewerage	8.5%	-7.0%	-15.5%	43
Parks and Recreation	-43.7%	-24.5%	19.2%	4
Housing & Community Development	-1.9%	-16.5%	-14.5%	38
Natural Resources	-4.0%	15.1%	19.1%	9
Water Supply	5.9%	6.9%	1.0%	22
Electric Power	49.0%	50.8%	1.8%	17
Gas Supply	3.4%	-4.0%	-7.4%	25
Transit	24.1%	-26.0%	-50.1%	42
Elem & Sec Instructional	0.8%	3.4%	2.6%	20
Elem & Secondary - Other	-42.7%	-35.4%	7.3%	11
Higher Ed Instructional	1.8%	-11.0%	-12.8%	45
Higher Ed - Other	-35.2%	-22.7%	12.5%	8
Other Education	3.6%	24.1%	20.6%	13
Libraries	-42.1%	-32.8%	9.2%	12
Liquor Stores	-32.2%	--	--	--
Other and Unallocable	2.2%	11.1%	8.9%	11

Source: U.S. Department of Commerce: Bureau of Economic Analysis and Census Bureau, Rio Grande Foundation.

- ◆ Health (4th): Includes the provision of services for the conservation and improvement of public health such as health-related inspections, air and water quality and rabies and animal control.
- ◆ Hospitals (2nd): See “employment ratios” section for definition.
- ◆ Social Insurance Administration (10th): Includes the administration of unemployment compensation systems and public employment services.
- ◆ Parks and Recreation (4th): See “employment ratios” section for definition.
- ◆ Natural Resources (6th): Includes the conservation, promotion, and development of natural resources (soil, water, energy, minerals, etc.) and the regulation of industries which develop, utilize, or affect natural resources.
- ◆ Higher Education—Other (1st): See “employment ratios” section for definition.

Conclusion

When examining the employment and wages and salaries ratios together, the functions that policy-makers most need to focus their attention on becomes much clearer. Three functions rank in the top 10 under both the employment and wages and salaries ratios: Hospitals (ranked 6th and 4th, respectively), Parks and Recreation (ranked 8th and 4th, respectively) and Higher Education—Other (ranked 1st and 8th, respectively).

Reductions in these three areas of spending would have a double-benefit in budget savings. First, there are direct budget savings resulting in lower outlays and; second, there are indirect budget savings from lower personnel costs.

Overall, Higher Education—Other (consisting of non-instructional employees) especially stands out because its deviation under the employment ratio is the largest in the country standing at 256 percent above the national average (3.4 in New Mexico versus 1.59 nationally). In addition, this function has the 8th highest wages and salaries ratio in the country (-22.7 percent in New Mexico versus -35.2 percent nationally). Clearly, policy-makers need to get to the bottom of this over-employment and over-compensation.

Methodology

The data used in this study is from the Department of Commerce’s Census Bureau and is part of their Government Finance and Employment data series. The data can be found here: <http://www.census.gov/govs/www/apes.html>

The wages and salaries data is based on one month’s payroll—usually March. The yearly payroll data used in this study is based on multiplying this one month’s payroll by twelve. As a result, this may cause deviation from actual payroll due to overtime, unusual situations or part-year workers—such as teachers.

All data are adjusted and presented in fiscal years. For more on the government functions definitions see: <http://www.census.gov/govs/www/06classificationmanual/chapter12.html>

Notes and Sources:

[1] See J. Scott Moody and Wendy P. Warcholik, “The Government ‘Gravy Train’ An Analysis of New Mexico’s Private versus Public Sector Employment and Compensation,” http://www.riograndefoundation.org/downloads/rgf_scott_moody_government_study.pdf