

# Government employment: an era of slow growth

*Since 1975, public payrolls have grown slower than private ones, as government created a smaller share of nonfarm jobs; in 1950–75, States and localities raised their percentage of the total work force, with the Federal portion stabilizing*

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Since 1975, the growth pattern of government employment has been changing. According to data from the Bureau of Labor Statistics' Current Employment Statistics program, government, while showing modest job growth at all levels, has not kept pace with job growth in the private sector of the economy. However, in 1950–75, the opposite was true. During that time, government accounted for 1 out of every 4 new jobs in the nonfarm economy, contributing to widespread public belief that government, especially the Federal government, is too large.

Particularly striking is the change in the pattern of growth of State and local government. Although States and localities have decreased their share of nonfarm jobs since 1975, as has the Federal Government, they increased their portion from 9.1 percent in 1950 to 15.5 percent in 1975. During that period, the Federal share of nonfarm employment was relatively stable, dropping from 4.3 percent to 3.6.

## **Reversal in long-term trends**

The long-term trend has been for government employment to grow faster than that of the private sector

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(table 1). In 1920, government accounted for 9.5 percent of all nonfarm jobs, and this share doubled to 19.1 percent by 1975 (chart 1). Also, the upward trend in government's share of jobs was fairly stable over this entire period except for the large employment bulges in the Federal Government during both World War II and the Korean War.

*The three levels.* In analyzing this long-term trend, it is useful to view separately the trend of the three levels of government: Federal, State, and local. The Federal Government, for example, has exhibited a long-term decline in its share of jobs, according to chart 1. After a significant increase during the 1930's, followed by the rapid build-up during World War II and subsequent decline, a phenomenon repeated to a lesser extent during and after the Korean War, the Federal Government has had a steadily decreasing portion of nonfarm jobs. Its share of jobs dropped to 3.1 percent during the first quarter of 1981.

The total State and local government portion of jobs held relatively steady at about 10 percent during 1930–55 except for a drop during World War II and the Korean War. During 1955–75, however, State and local government employment increased rapidly, far outstripping job growth in the private sector. In 1975, its share peaked at 15.5 percent, but since then has been dropping slowly but steadily, and by the first quarter of

1981 was at 15.1 percent. (The percentage of government jobs for 1980 is slightly exaggerated because of the recession, when employment declined in goods-producing industries but not in services.)

Some of the employment growth at the State and local government levels can be attributed to Federal Government funding of programs through grants to States and localities, for the administration of programs such as welfare, health, education, and job training. During fiscal year 1980, such aid amounted to \$86.7 billion, almost 23 percent of State and local government total revenues.<sup>1</sup>

States increased their share of the Nation's government jobs from 2.3 percent in 1955 (the earliest year that the Bureau has separate data for States on one hand and local government on the other), to a record 4.1 percent during 1975-77 (table 2). Since 1977, State government's share had remained relatively stable, dropping slightly, to 3.9 percent by early 1981. The number of education jobs grew rapidly during 1955-75, by more than 1 million. This growth slowed considerably during 1975-80, when only 62,000 additional jobs were created.

*Largest increase.* Localities registered the largest employment growth of any government level, increasing

their share of jobs from 7 percent in 1955 to a record 11.4 percent in 1975. This translates into 5.2 million new jobs, of which 3 million were in education. Since 1975, localities' share of government employment has declined, and was at 10.7 percent in early 1981. Job growth in local education has slowed considerably in recent years. Only 357,000 jobs were added during 1975-80 compared to 830,000 during 1970-75 and 900,000 during 1965-70.

The decline in the rate of job growth in local education is related to primary and secondary schools having fewer students than before. Enrollment peaked in 1971, has declined since then, and is projected to continue declining through the mid-1980's.<sup>2</sup> The decline in enrollment was not strong enough during 1971-75 to offset other factors that cause educational employment to grow, such as smaller class sizes, increases in special education programs, and growth in nonteaching staff. By 1975, however, the smaller enrollments began to influence overall local education employment trends.

Apparently, the growth in Federal grants that translate into jobs has bolstered the number of local government jobs during the mid and late 1970's, when the number might otherwise have declined, due to demographic factors and State-enacted tax limitation laws. For example, the Public Service Employees program<sup>3</sup> began with small Federal grants designed to provide funds to local government, which in turn was to provide unemployed persons with meaningful work. The program grew slowly and sporadically from its inception in 1972 until May 1977, funding between 40,000 and 370,000 additional jobs at the local level. After May 1977, the program expanded rapidly, peaking at more than 750,000 jobs by March 1978. Since then, such jobs have declined, leveling at about 300,000 by the beginning of 1981; the program is scheduled to be phased out completely by the end of 1981. The program required local government agencies to hire employees to perform needed functions, which could not otherwise be performed through existing local government revenues. Therefore, the program's impact on employment levels was direct, and unless other funding sources are found, its demise will likely mean a real loss of jobs in local government.

**State-by-State comparisons**

Government employment, as a percent of nonfarm employment, increased in nearly every State at each 5-year interval between 1950 and 1970. Between 1970 and 1975, the percentage increased in 33 States and in the District of Columbia. Between 1975 and 1980, 42 States and the District of Columbia reported declining percentages (table 3).

The percentage range by State varied in 1980, from 12.8 in Connecticut to 45.8 in the District of Columbia, whose high percentage is because of the many Federal

**Table 1. Government employment relative to total nonfarm employment, 1920-81**  
 [Numbers in thousands]

| Year               | Number of nonfarm jobs | Total  |                    | Federal          |                    | State and local  |                    |
|--------------------|------------------------|--------|--------------------|------------------|--------------------|------------------|--------------------|
|                    |                        | Number | Percent of nonfarm | Number           | Percent of nonfarm | Number           | Percent of nonfarm |
| 1920               | 27,340                 | 2,603  | 9.5                | ( <sup>1</sup> ) | ( <sup>1</sup> )   | ( <sup>1</sup> ) | ( <sup>1</sup> )   |
| 1925               | 28,766                 | 2,800  | 9.7                | ( <sup>1</sup> ) | ( <sup>1</sup> )   | ( <sup>1</sup> ) | ( <sup>1</sup> )   |
| 1930               | 29,409                 | 3,148  | 10.7               | 526              | 1.8                | 2,622            | 8.9                |
| 1935               | 27,039                 | 3,481  | 12.9               | 753              | 2.8                | 2,728            | 10.1               |
| 1940               | 32,361                 | 4,202  | 13.0               | 996              | 3.1                | 3,206            | 9.9                |
| 1944 <sup>2</sup>  | 41,864                 | 6,043  | 14.4               | 2,928            | 7.0                | 3,116            | 7.4                |
| 1945               | 40,374                 | 5,944  | 14.7               | 2,808            | 7.0                | 3,137            | 7.8                |
| 1950               | 45,197                 | 6,026  | 13.3               | 1,928            | 4.3                | 4,098            | 9.1                |
| 1952 <sup>3</sup>  | 48,793                 | 6,609  | 13.5               | 2,420            | 5.0                | 4,188            | 8.6                |
| 1955               | 50,641                 | 6,914  | 13.7               | 2,187            | 4.3                | 4,727            | 9.3                |
| 1960               | 54,189                 | 8,353  | 15.4               | 2,270            | 4.2                | 6,083            | 11.2               |
| 1965               | 60,765                 | 10,074 | 16.6               | 2,378            | 3.9                | 7,696            | 12.7               |
| 1970               | 70,880                 | 12,554 | 17.7               | 2,731            | 3.9                | 9,823            | 13.9               |
| 1971               | 71,214                 | 12,881 | 18.1               | 2,696            | 3.8                | 10,185           | 14.3               |
| 1972               | 73,675                 | 13,334 | 18.1               | 2,684            | 3.6                | 10,649           | 14.5               |
| 1973               | 76,790                 | 13,732 | 17.9               | 2,663            | 3.5                | 11,068           | 14.4               |
| 1974               | 78,265                 | 14,170 | 18.1               | 2,724            | 3.5                | 11,446           | 14.6               |
| 1975               | 76,945                 | 14,686 | 19.1               | 2,748            | 3.6                | 11,937           | 15.5               |
| 1976               | 79,382                 | 14,871 | 18.7               | 2,733            | 3.4                | 12,138           | 15.3               |
| 1977               | 82,471                 | 15,127 | 18.3               | 2,727            | 3.3                | 12,399           | 15.0               |
| 1978               | 86,697                 | 15,672 | 18.1               | 2,753            | 3.2                | 12,919           | 14.9               |
| 1979               | 89,823                 | 15,947 | 17.8               | 2,773            | 3.1                | 13,174           | 14.7               |
| 1980               | 90,564                 | 16,249 | 17.9               | 2,866            | 3.2                | 13,383           | 14.8               |
| 1981 first quarter | 90,282                 | 16,389 | 18.0               | 2,772            | 3.1                | 13,617           | 15.1               |

<sup>1</sup> Data not available.  
<sup>2</sup> Height of World War II.  
<sup>3</sup> Height of Korean War.

**Table 2. Trends in State and local government employment relative to total nonfarm employment, selected years, 1955-80**

[Numbers in thousands]

| Year | State        |                    |                     | Local        |                    |                     |
|------|--------------|--------------------|---------------------|--------------|--------------------|---------------------|
|      | Total number | Percent of nonfarm | Number in education | Total number | Percent of nonfarm | Number in education |
| 1955 | 1,168        | 2.3                | 308                 | 3,558        | 7.0                | 1,792               |
| 1960 | 1,536        | 2.8                | 448                 | 4,547        | 8.4                | 2,369               |
| 1965 | 1,996        | 3.3                | 679                 | 5,700        | 9.4                | 3,102               |
| 1970 | 2,664        | 3.8                | 1,104               | 7,158        | 10.1               | 4,004               |
| 1971 | 2,747        | 3.9                | 1,149               | 7,437        | 10.4               | 4,188               |
| 1972 | 2,859        | 3.9                | 1,188               | 7,790        | 10.6               | 4,363               |
| 1973 | 2,923        | 3.8                | 1,205               | 8,146        | 10.6               | 4,537               |
| 1974 | 3,039        | 3.9                | 1,267               | 8,407        | 10.7               | 4,692               |
| 1975 | 3,179        | 4.1                | 1,323               | 8,758        | 11.4               | 4,834               |
| 1976 | 3,273        | 4.1                | 1,371               | 8,865        | 11.2               | 4,899               |
| 1977 | 3,377        | 4.1                | 1,385               | 9,023        | 10.9               | 4,974               |
| 1978 | 3,474        | 4.0                | 1,367               | 9,446        | 10.9               | 5,075               |
| 1979 | 3,541        | 3.9                | 1,378               | 9,633        | 10.7               | 5,107               |
| 1980 | 3,590        | 4.0                | 1,385               | 9,793        | 10.8               | 5,191               |

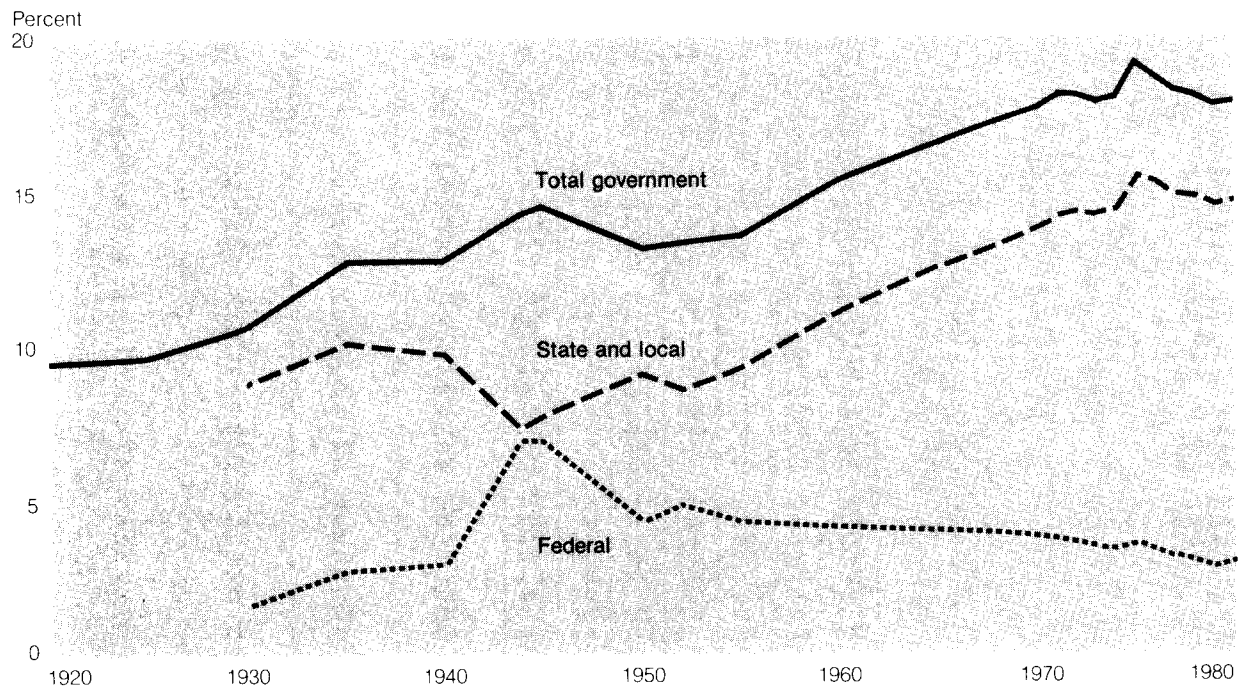
agencies headquartered there. Three other States: Alaska, Montana, and New Mexico, also had a noticeable concentration (more than 25 percent) of government jobs. If the District of Columbia and these three States had the same share of Federal Government jobs as the Nation as a whole, 3.1 percent, none would have government accounting for as much as 25 percent of total nonfarm jobs. The four States with the lowest percentages of government jobs: Connecticut, Nevada, New

Hampshire, and Rhode Island, have less than 3.1 percent Federal Government jobs. But the absence of an equal share of Federal jobs would not markedly affect their ranking among all States, as having the lowest percentages of government employment.

Other States with high concentrations of Federal jobs include: Alabama, Hawaii, Maryland, Utah, and Virginia. All have 5 percent or more of their jobs in the Federal Government. The concentration of Federal jobs in Maryland and Virginia is because of the contiguity of those States to Washington, D.C. Both Maryland and Virginia have counties adjacent to the Federal city, and many Federal installations are in those suburbs. In addition, Virginia has concentrations of Federal civilian jobs at military installations in Norfolk and Newport News. The presence of military installations also helps explain the high percentages of Federal jobs in Alabama, Hawaii, and Utah. States with the smallest share of Federal jobs, less than 2 percent, are: Connecticut, Michigan, Minnesota, New Hampshire, and Wisconsin.

State-by-State analysis indicates that in 40 States, State and local government percentages of nonfarm jobs range between 13 and 19.9 percent. The District of Columbia and five States: Connecticut, Nevada, New Hampshire, Pennsylvania, and Rhode Island are at the low end of the scale, with less than 13 percent of their jobs in State and local government. Alaska, Montana,

**Chart 1. Government jobs as percentages of nonagricultural jobs, 1920-80**



New Mexico, North Dakota, and South Dakota are at the high end with more than 20 percent of their jobs in State and local government. In the Dakotas, this is partly because of the greater proportion of agriculture than exists in most States, making the number of government jobs, many of which serve private agriculture, larger with respect to private nonfarm jobs. These rankings cannot be explained by any single factor. The low percentage of State and local government jobs in D.C. is because many normally State and local functions are performed there by Federal agencies. Population growth rates may partially explain the variations, because 4 of the 5 States with low percentages are in the Northeast, which has been losing population, whereas 3 of the 5

States with the highest percentages are in the West, which has been gaining population rapidly.

### Government as a service supplier

The long-term employment trend in the United States continues to show a growth of service producing jobs (chart 2). Government employment is considered part of the service-producing economy, although some government jobs involve activities that would be considered goods-producing in the private sector. Although this grouping is largely accurate, some government employment is in industries that produce goods and that are normally in the private sector. For example, printing operations would be classified as goods-producing when

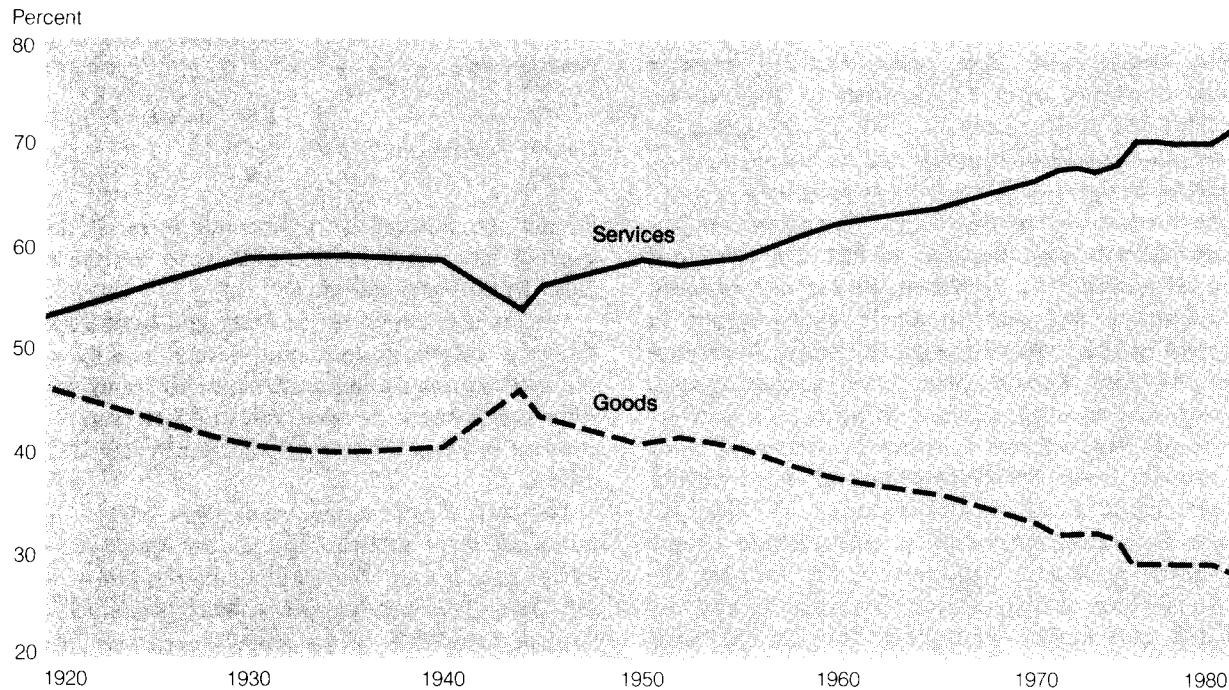
**Table 3. Percentage of nonfarm workforce employed in government, by State, selected years, 1950-80, and other trends in government employment, 1980**

[Numbers in thousands]

| State                | 1950             | 1955             | 1960 | 1965 | 1970 | 1975 | 1980 | Total nonfarm | Federal |                    | State and local |                    |
|----------------------|------------------|------------------|------|------|------|------|------|---------------|---------|--------------------|-----------------|--------------------|
|                      |                  |                  |      |      |      |      |      |               | Number  | Percent of nonfarm | Number          | Percent of nonfarm |
| Alabama              | 15.8             | 18.5             | 20.6 | 20.2 | 20.7 | 21.2 | 22.0 | 1,358         | 67      | 5.0                | 231             | 17.1               |
| Alaska               | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 39.8 | 42.1 | 38.2 | 29.5 | 32.5 | 169           | 17      | 10.5               | 37              | 22.2               |
| Arizona              | 21.4             | 19.9             | 20.4 | 22.8 | 21.8 | 23.3 | 20.1 | 1,003         | 38      | 3.9                | 162             | 16.2               |
| Arkansas             | 17.3             | 18.0             | 19.1 | 18.5 | 19.2 | 19.4 | 19.0 | 744           | 21      | 2.8                | 120             | 16.2               |
| California           | 16.6             | 16.7             | 17.9 | 19.1 | 20.5 | 21.3 | 18.0 | 9,837         | 330     | 3.4                | 1,436           | 14.6               |
| Colorado             | 18.7             | 19.7             | 21.3 | 23.0 | 23.6 | 22.5 | 19.4 | 1,251         | 52      | 4.2                | 190             | 15.2               |
| Connecticut          | 8.6              | 9.1              | 10.2 | 11.2 | 13.2 | 14.6 | 12.8 | 1,424         | 22      | 1.6                | 160             | 11.3               |
| Delaware             | 8.8              | 10.3             | 12.2 | 13.6 | 16.1 | 17.5 | 17.5 | 258           | 5       | 2.2                | 39              | 15.2               |
| District of Columbia | 49.6             | 50.1             | 45.6 | 45.9 | 44.1 | 46.8 | 45.8 | 615           | 228     | 37.1               | 53              | 8.7                |
| Florida              | 16.9             | 16.3             | 16.7 | 18.6 | 18.5 | 19.9 | 17.3 | 3,570         | 89      | 2.5                | 526             | 14.8               |
| Georgia              | 15.0             | 15.6             | 17.7 | 17.7 | 19.1 | 20.2 | 20.1 | 2,146         | 86      | 4.0                | 344             | 16.1               |
| Hawaii               | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 26.2 | 26.3 | 25.1 | 23.9 | 22.0 | 404           | 30      | 7.4                | 59              | 14.6               |
| Idaho                | 18.9             | 19.1             | 21.1 | 22.3 | 23.6 | 22.8 | 20.9 | 331           | 12      | 3.8                | 56              | 17.0               |
| Illinois             | 9.9              | 10.7             | 11.8 | 12.9 | 14.7 | 16.2 | 15.6 | 4,892         | 109     | 2.2                | 654             | 13.4               |
| Indiana              | 10.8             | 11.4             | 13.2 | 14.2 | 15.5 | 16.7 | 16.6 | 2,137         | 42      | 2.0                | 312             | 14.6               |
| Iowa                 | 16.5             | 16.3             | 17.2 | 18.5 | 20.1 | 19.2 | 18.8 | 1,101         | 21      | 2.0                | 185             | 16.8               |
| Kansas               | 17.2             | 17.4             | 20.4 | 21.7 | 22.6 | 21.1 | 19.9 | 949           | 26      | 2.8                | 161             | 17.1               |
| Kentucky             | 14.6             | 16.1             | 16.8 | 17.8 | 19.0 | 20.2 | 19.3 | 1,209         | 43      | 3.6                | 190             | 15.7               |
| Louisiana            | 16.0             | 16.9             | 18.5 | 19.1 | 20.6 | 19.9 | 19.5 | 1,571         | 35      | 2.3                | 270             | 17.2               |
| Maine                | 14.7             | 15.2             | 17.4 | 18.4 | 20.0 | 21.0 | 19.9 | 419           | 18      | 4.4                | 64              | 15.5               |
| Maryland             | 13.6             | 14.8             | 15.9 | 17.3 | 22.3 | 24.7 | 24.0 | 1,695         | 135     | 8.0                | 272             | 16.0               |
| Massachusetts        | 11.8             | 12.2             | 13.0 | 13.8 | 14.1 | 16.1 | 15.5 | 2,647         | 58      | 2.2                | 352             | 13.3               |
| Michigan             | 10.3             | 10.2             | 14.2 | 14.7 | 16.8 | 18.6 | 18.2 | 3,454         | 58      | 1.7                | 569             | 16.5               |
| Minnesota            | 14.4             | 14.6             | 15.6 | 17.6 | 17.9 | 18.4 | 17.0 | 1,770         | 32      | 1.9                | 268             | 15.2               |
| Mississippi          | 20.6             | 20.0             | 21.7 | 21.6 | 22.5 | 22.2 | 23.5 | 830           | 30      | 3.7                | 164             | 19.8               |
| Missouri             | 12.7             | 13.0             | 14.1 | 15.2 | 17.0 | 18.2 | 17.2 | 1,969         | 68      | 3.5                | 269             | 13.7               |
| Montana              | 19.2             | 19.3             | 23.3 | 25.6 | 26.4 | 27.3 | 25.2 | 280           | 14      | 5.0                | 56              | 20.1               |
| Nebraska             | 19.6             | 20.7             | 21.0 | 22.1 | 21.6 | 22.4 | 20.8 | 630           | 16      | 2.6                | 114             | 18.2               |
| Nevada               | 20.1             | 16.1             | 18.2 | 18.2 | 18.2 | 17.3 | 14.3 | 399           | 10      | 2.7                | 46              | 11.7               |
| New Hampshire        | 11.6             | 10.7             | 12.8 | 13.6 | 14.4 | 16.4 | 14.8 | 384           | 7       | 1.8                | 49              | 12.9               |
| New Jersey           | 10.3             | 11.1             | 12.0 | 13.1 | 14.4 | 17.4 | 17.2 | 3,053         | 75      | 2.5                | 449             | 14.7               |
| New Mexico           | 22.1             | 25.4             | 26.9 | 28.7 | 30.5 | 28.3 | 26.9 | 462           | 29      | 6.5                | 94              | 20.4               |
| New York             | 11.7             | 12.4             | 13.6 | 14.7 | 17.0 | 19.4 | 18.2 | 7,204         | 168     | 2.3                | 1,145           | 15.9               |
| North Carolina       | 12.0             | 13.0             | 13.7 | 14.1 | 14.8 | 16.6 | 17.2 | 2,385         | 49      | 2.1                | 361             | 15.2               |
| North Dakota         | 22.4             | 22.7             | 24.8 | 27.6 | 30.1 | 26.8 | 24.8 | 245           | 9       | 4.0                | 51              | 20.8               |
| Ohio                 | 10.7             | 11.0             | 12.7 | 13.6 | 14.6 | 15.6 | 15.7 | 4,398         | 92      | 2.1                | 596             | 13.6               |
| Oklahoma             | 19.2             | 21.2             | 21.6 | 22.7 | 23.2 | 22.9 | 19.8 | 1,135         | 47      | 4.2                | 177             | 15.6               |
| Oregon               | 14.6             | 15.7             | 18.7 | 19.4 | 20.6 | 21.1 | 19.4 | 1,041         | 30      | 2.9                | 172             | 16.5               |
| Pennsylvania         | 9.3              | 10.6             | 11.7 | 13.0 | 14.2 | 16.3 | 15.3 | 4,753         | 133     | 2.8                | 594             | 12.5               |
| Rhode Island         | 10.7             | 12.5             | 13.7 | 14.6 | 15.6 | 16.2 | 15.0 | 398           | 9       | 2.3                | 50              | 12.7               |
| South Carolina       | 13.9             | 15.5             | 16.5 | 16.2 | 17.8 | 20.3 | 20.0 | 1,187         | 37      | 3.2                | 199             | 16.8               |
| South Dakota         | 23.7             | 24.5             | 27.3 | 30.0 | 30.3 | 26.6 | 24.6 | 237           | 10      | 4.6                | 47              | 20.0               |
| Tennessee            | 14.6             | 14.8             | 15.8 | 16.7 | 17.0 | 18.0 | 18.1 | 1,734         | 74      | 4.3                | 240             | 13.9               |
| Texas                | 15.1             | 15.6             | 17.0 | 17.9 | 18.3 | 18.3 | 17.0 | 5,861         | 167     | 2.8                | 831             | 14.2               |
| Utah                 | 23.3             | 24.0             | 23.7 | 26.5 | 28.0 | 25.1 | 22.8 | 554           | 37      | 6.7                | 88              | 16.0               |
| Vermont              | 14.1             | 14.7             | 16.0 | 16.7 | 17.7 | 18.8 | 18.4 | 199           | 4       | 2.3                | 32              | 16.1               |
| Virginia             | 17.7             | 18.8             | 18.8 | 19.0 | 23.4 | 23.8 | 23.9 | 2,120         | 156     | 7.4                | 351             | 16.6               |
| Washington           | 19.6             | 20.3             | 20.5 | 21.5 | 22.7 | 22.9 | 20.6 | 1,606         | 68      | 4.3                | 261             | 16.3               |
| West Virginia        | 11.3             | 12.8             | 14.7 | 17.1 | 18.6 | 18.8 | 20.7 | 645           | 17      | 2.6                | 116             | 18.0               |
| Wisconsin            | 11.8             | 11.8             | 13.7 | 15.1 | 17.3 | 17.0 | 16.5 | 1,944         | 28      | 1.5                | 293             | 15.1               |
| Wyoming              | 19.6             | 21.2             | 22.1 | 26.5 | 26.2 | 23.6 | 20.6 | 205           | 7       | 3.7                | 34              | 16.9               |

<sup>1</sup> Data not available.

Chart 2. Percentages of nonagricultural jobs producing goods and services, 1920-80



privately owned. Similarly, the Federal Government operates shipbuilding and repairing facilities, employing about 58,000 workers, that would be classified as goods-producing if in the private sector. More than 200,000 government workers are in highway building and repairing; water, sewer, pipeline, and power line construction, and building alterations, which, in the private sector, would be classified as being in construction, a goods-producing industry.

Despite the problems of classifying all government jobs as service-producing when a small portion would be more correctly classified as goods-producing, it is useful to compare the trends of government employment to those of some growth sectors in the services portion of the economy. Three major private industry components classified as service-producing have increased their share of the Nation's nonfarm jobs: wholesale and retail trade; services; and finance, insurance, and real estate. Wholesale and retail trade increased its share of jobs from 20.8 percent in 1955 to 22.6 percent by early 1981. Services has risen from 12.3 percent to 20.2 percent. Finance, insurance, and real estate has risen from 4.5 percent to 5.8 percent. Unlike government, these growing services show no evidence of a slowdown in their growth rates in recent years; they continue to gain larger shares of the Nation's job market (chart 3).

If government is involved in so many service-produc-

ing activities shared with the private sector, why were the employment growth trends of the two sectors different during 1975-80, after having decades of like trends? Perhaps private services are more diversified than government, whose concentrated role in education, for example, would affect it seriously because of the declining school enrollments in recent years. The private sector also has a large education component, 1.1 million jobs, but these represent only 6 percent of services while education accounts for 48.8 percent of State and local government jobs.

Private medical services including hospitals; private physicians and dentists; and other services, such as medical laboratories, nursing, blood banks, and nursing convalescent homes, all continue very rapid job growth. These services fill 5.2 million jobs, representing 29.3 percent of all service jobs. Government provides fewer medical services, with 1.4 million hospital jobs, 32.6 percent of all government jobs. Finally, one of the fastest growing industries—business services—is almost exclusively in the private sector. This industry includes janitorial, computer and data processing services, photocopying, temporary office help, equipment rental and leasing, and other related services. Business services has tripled since 1960 and provided 3.1 million jobs by early 1981. It provides services to all levels of government as well as to the private sector.

### Outlook for government jobs

Recent employment projections for the 1980's, issued by BLS, assume that the number of government jobs, although growing, will represent a smaller share of total nonfarm employment.<sup>4</sup> The public sector portion is expected to shrink from 17.9 percent in 1980 to between 15.4 and 16.3 percent by 1990. The projected decline reflects demographic trends and an assumed policy of cutbacks in the size of government programs.

Three alternative scenarios for public and private employment growth were prepared by BLS. The low-trend version is marked by a slowdown in the rate of labor force expansion and only moderate improvements in prices and productivity. High-trend version I assumes accelerated labor force growth, lower unemployment, and much greater improvements in prices and productivity. High-trend version II assumes accelerated labor force growth, lower unemployment, and much greater improvements in prices and productivity. The third alternative, high-trend version II, is characterized by the rapid output growth of high-trend I, but assumes the same labor force as the low-trend version. It also assumes less government employment than do the other two models.

In the Federal Government, civilian employment is

expected to change from 2.87 million in 1980 to 3.06 million by 1990 in the low-trend version, to 3.13 million in high-trend I, and 2.85 million in high-trend II. In all cases, the annual rate of change is considerably below that projected for the private nonfarm sector. The percentages are:

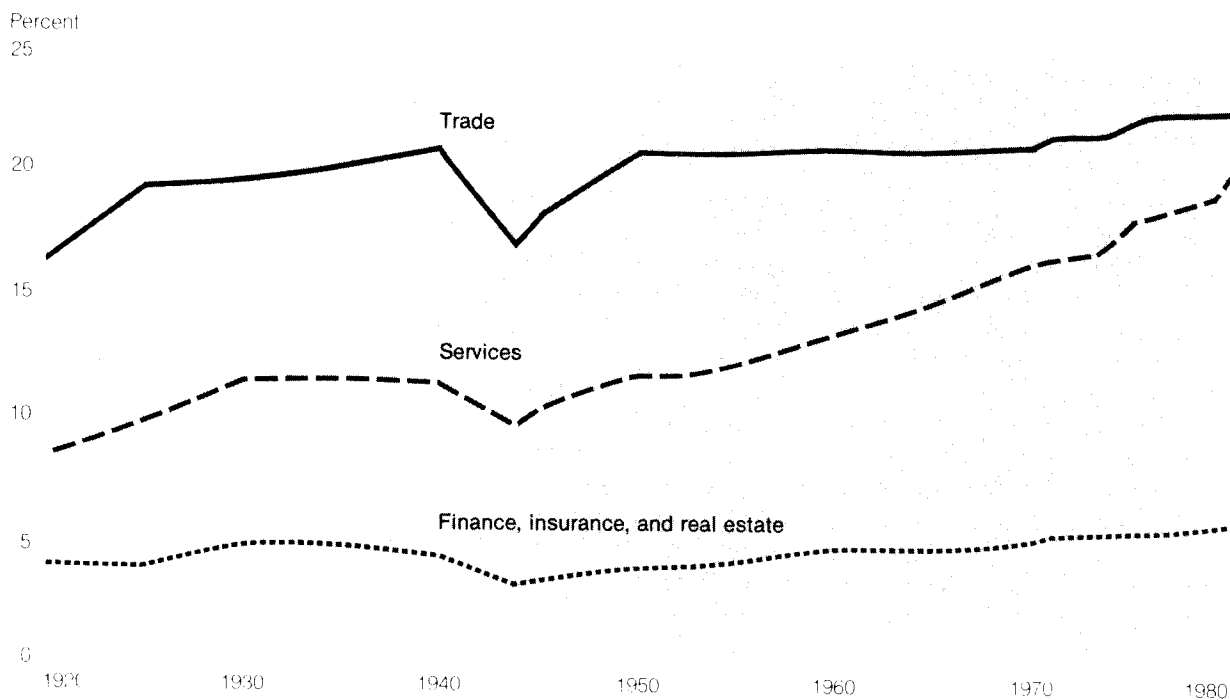
|                          | <i>Low</i> | <i>High I</i> | <i>High II</i> |
|--------------------------|------------|---------------|----------------|
| Federal Government . . . | 0.6        | 0.9           | -0.1           |
| Private . . . . .        | 1.9        | 2.7           | 2.1            |

Within the Federal workforce, all three models show gains in the civilian portion of defense, but the gains are offset by cutbacks elsewhere.

Projected employment in State and local government shows a mixed pattern. Job levels in education are expected to remain stable through 1985 and then drop, while employment in other areas of State and local government is expected to rise consistently throughout the decade.

The path of educational employment, which is identical in all three models, mirrors the trend expected in school enrollment. The children of the baby-boom era will buoy demand for educational personnel at least through the middle of the decade, but lower birth rates will eventually lead to a decline in the number of school-age children, and consequently in education jobs.<sup>5</sup>

**Chart 3. Percentages of nonagricultural jobs in selected sectors of the economy, 1920-80**



Employment in public education is expected to fall to 6.41 million by 1990 from the 1980 level of 6.58 million.

State and local jobs in noneducation functions are expected to rise from 6.81 million in 1980 to between 8.05 and 8.16 million by 1990, but the rate of increase does not equal that of recent decades. The slowdown reflects assumptions of cutbacks in many government programs in the coming years. Real grants-in-aid to State and local governments, especially for highways and in general revenue sharing, are assumed to decline

during the decade in all models, by 1.9 percent a year in the low-trend version and 0.9 percent in the two high-trend versions. In addition, net interest payments and subsidies to government enterprises (in real terms) are assumed to show no increase at all throughout the projection period. Another possible factor is revenue limitations imposed by events such as Proposition 13 in California. As a result of all these factors combined, State and local government is projected to decline to between 12.7 and 13.4 percent of the nonfarm economy by 1990, compared to 14.8 percent in 1980. □

—— FOOTNOTES ——

<sup>1</sup> *Economic Report of the President* (Washington, Superintendent of Documents, 1981), pp 318–19.

<sup>2</sup> *Projections of Education Statistics to 1986–87* (National Center for Education Statistics, 1978), p. 18.

<sup>3</sup> This was established under Titles II and VI of the Comprehensive Employment and Training Act of 1978.

<sup>4</sup> See Valerie A. Personick, “The outlook for industry output and employment through 1990,” *Monthly Labor Review*, August 1981, pp. 28–41.

<sup>5</sup> *Projections of the Population of the United States: 1977 to 2050*, Current Population Reports, Series P–25, No. 704 (Washington, Bureau of the Census, 1977).

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**A note on communications**

The *Monthly Labor Review* welcomes communications that supplement, challenge, or expand on research published in its pages. To be considered for publication, communications should be factual and analytical, not polemical in tone. Communications should be addressed to the Editor-in-Chief, *Monthly Labor Review*, Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20212.

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