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GOVERNOR

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR

ST. PAUL 55155

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Date : September 22, 1977  
To : Department and Agency Heads  
From : Governor Perpich *RP*  
Subject: State Government Hiring Policy

On Friday, September 2, 1977, I announced an immediate 30-day freeze on state hiring. As you know, one of my goals as Governor has been to hold stable the number of state employees. An analysis by the Department of Finance of our current employment status shows that we now have 371 positions more than we had a year ago. I hope you share my view that it is desirable to reduce that number to the 1976 level. While most agencies can make the case that they have been assigned additional responsibilities and, therefore, need more employees, I think we should handle the added work by increasing our productivity through improved management techniques.

Effective October 1, 1977, I am lifting the hiring freeze. In place of the freeze, I want your cooperation in the effort to reduce state employment to the 1976 level. This will require a minimum 2% reduction in the number of full-time positions authorized for your agencies. The reduction process should begin immediately, but you will have until June 30, 1978, to reach the 2% goal. This will permit you to make the reductions through attrition and to avoid the laying off of any present employees.

The attached sheet will provide you with more detailed information on the expected reductions. I have instructed the Department of Finance to work with you on the reduction program and to monitor the overall progress on a regular basis. Information on your progress should be included in the February 1 report to me.

Thank you for your understanding and your cooperation.

/er

The following table shows the reductions that will be expected for state agencies with over 100 employees:

<u>Agency</u>	<u>Applicable Positions</u>	<u>2% Decrease</u>
Transportation	4,871	97
State University System	3,560	71
Welfare	2,639 <u>1/</u>	53
Community College System	1,714	34
Natural Resources	1,464	29
Public Safety	1,106 <u>2/</u>	22
Administration	1,043	21
Revenue	933	19
Corrections	879 <u>3/</u>	18
Education	520	10
Agriculture	488	10
Health	325	7
Commerce	216	4
Labor and Industry	205	4
Pollution Control Agency	188	4
Military Affairs	183	4
Vocational Rehabilitation	169	3
State Planning Agency	163	3
Zoological Garden	152	3
Public Service	132	3
Finance	127	2
Personnel	102	2
Veterans Affairs	55 <u>1/</u>	1
Historical Society	N/A <u>4/</u>	N/A
Attorney General's Office	N/A <u>4/</u>	N/A
State Auditor	N/A <u>4/</u>	N/A
<b>TOTAL</b>	<b>21,234 <u>5/</u></b>	<b>424</b>

Note: All agencies with less than 100 positions are expected to reduce by 2% if this can be accomplished without laying off existing employees.

1/ Does not include patient care positions. (Welfare-4,020; Veterans Affairs -108)

2/ Does not include State Patrol positions. (504)

3/ Does not include custody positions. (697)

4/ Not included in required reduction. (Historical Society-214; Attorney General-184; State Auditor-111).

5/ Total does not include positions for the University of Minnesota, federally funded grants, Comprehensive Employment and Training Act (CETA), Legislative and Judicial Branches, or State University and Community College positions funded from tuition based on increased enrollment.

PUBLIC EMPLOYMENT LEVELS IN MINNESOTA AND THE U.S.

In a recent report, the Minnesota Taxpayers Association said that "the rise in the number of government employees is alarming -- not only in Minnesota but across the nation." The Taxpayers report was based on public employment figures released by the U.S. Department of Commerce which show, for example, that the number of state and local full-time equivalent (FTE) employees in Minnesota increased by 5,659 from 1975 to 1976. We do not dispute the U.S. Department of Commerce statistics, but we do differ with the Taxpayers Association analysis of what the statistics mean.

For example, we do not think it is appropriate to use a one-year period only in examining public employment trends. By analyzing the U.S. Commerce Department reports covering the period from 1970 to 1976 a clearer picture emerges. Using the six tables below for a series of comparisons covering the 1970-76 period, the following points can be made:

- A. Government is a service producing industry. Employment in all service producing industries increased by 18.63% between 1970 and 1976 while total government employment increased by 18.66%, an almost identical percentage. It should be noted that federal government employment during this period increased by only 1.04% which reflects the basic policy during this period of decentralizing government operations to the state and local level. (See Table 1)

TABLE 1 U.S. <u>SERVICE PRODUCING</u> AND GOVERNMENT EMPLOYMENT				
(Thousands)				
<u>Year</u>	<u>Service Producing</u>	<u>Total Government</u>	<u>Federal Government</u>	<u>State and Local</u>
1970	47,301 <sup>1/</sup>	12,597	2,705	9,891
1976	<u>56,111</u>	<u>14,948</u>	<u>2,733</u>	<u>12,215</u>
Increase	8,810	2,351	28	2,324
% Change	18.63	18.66	1.04	23.50

<sup>1/</sup> Total government employment is included in Service Producing employment

Source: Pages S-13 and S-14, "Labor Force, Employment and Earnings," Survey of Current Business, Department of Commerce

- B. For state government employment only, Minnesota has 130 employees per 10,000 population, which is exactly the average for all fifty states. Over the 1970-76 period, Minnesota's ranking among the fifty states has been virtually unchanged. (See Table 2)

TABLE 2 STATE GOVERNMENT - FTE EMPLOYMENT FOR U.S. AND MINNESOTA  
(Per 10,000 Population)

<u>Year</u>	<u>All States</u>	<u>Minnesota</u>	<u>Difference</u>	<u>Minnesota Rank</u>
1970	113.2	113.3	+ .1	38
1971	115.6	116.3	+ .7	37
1972	119.0	119.6	+ .6	36
1973	121.0	119.0	-2.0	37
1974	126.0	123.0	-3.0	37
1975	129.0	128.0	-1.0	37 (Tie)
1976	130.0	130.0	-0-	37

- C. Minnesota has traditionally had more combined state and local employees per 10,000 population than the average for all states, but our position among the fifty states has remained relatively unchanged over the 1970-76 period. The difference in this combined category is due to education employment and this is discussed on page 3. (See Table 3)

TABLE 3 TOTAL STATE AND LOCAL GOVERNMENT - FTE EMPLOYMENT FOR U.S. AND MINNESOTA  
(Per 10,000 Population)

<u>Year</u>	<u>All States</u>	<u>Minnesota</u>	<u>Difference</u>	<u>Minnesota Rank</u>
1970	419.7	425.0	+ 5.3	25
1971	426.9	439.3	+12.4	24
1972	442.3	455.8	+13.5	25
1973	456.0	467.0	+11.0	25
1974	467.0	470.0	+ 3.0	27 (Tie)
1975	476.0	480.0	+ 4.0	27 (Tie)
1976	475.0	490.0	+15.0	24 (Tie)

- D. Local government employment has been above the fifty state average for all years from 1970-76, but our rank position among the states shows very little variation. (See Table 4)

TABLE 4 LOCAL GOVERNMENT - FTE EMPLOYMENT FOR U.S. AND MINNESOTA  
(Per 10,000 Population)

<u>Year</u>	<u>All States</u>	<u>Minnesota</u>	<u>Difference</u>	<u>Minnesota Rank</u>
1970	306.4	311.6	+ 5.2	12
1971	311.3	323.0	+11.7	12
1972	323.3	336.1	+12.8	11
1973	335.0	348.0	+13.0	11
1974	341.0	348.0	+ 7.0	12 (Tie)
1975	347.0	353.0	+ 6.0	14 (Tie)
1976	345.0	360.0	+15.0	13 (Tie)

- E. Minnesota's above average local employment can be attributed to above average employment in education for all years between 1970-76. Our educational employment per 10,000 population has always been significantly above the national average reflecting the high value that Minnesotans place on educational services. Minnesota's ranking among the fifty states in this category has changed very little over the 1970-76 period. (See Table 5)

TABLE 5 STATE AND LOCAL GOVERNMENT FTE EMPLOYMENT IN EDUCATION  
FOR U.S. AND MINNESOTA  
(Per 10,000 Population)

<u>Year</u>	<u>All States</u>	<u>Minnesota</u>	<u>Difference</u>	<u>Minnesota Rank</u>
1970	209.5	240.0	+30.5	15
1971	213.5	246.4	+32.9	14
1972	221.2	253.3	+32.1	12
1973	226.4	253.8	+27.4	15
1974	233.2	258.8	+25.6	17
1975	232.3	258.5	+26.2	18
1976	233.1	264.6	+31.5	16

F. Leaving out employment in education, Minnesota had fewer state and local employees per 10,000 population than most states and that has been the case for the entire 1970-76 period. Our ranking among the fifty states has remained relatively unchanged during this period. (See Table 6)

<u>Year</u>	<u>All States</u>	<u>Minnesota</u>	<u>Difference</u>	<u>Minnesota Rank</u>
1970	210.2	185.0	-25.2	38
1971	213.5	192.9	-20.6	33
1972	221.1	202.6	-18.5	33
1973	230.0	213.5	-16.5	31
1974	234.2	211.6	-22.6	35
1975	242.1	221.7	-20.4	35
1976	242.4	225.1	-17.3	34

Note: For Tables 2 through 6 the sources are annual publications PUBLIC EMPLOYMENT IN 1970 (GE70N01) through PUBLIC EMPLOYMENT IN 1976 (GE76N01) by U.S. Department of Commerce, Bureau of Census

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