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Will Government Jobs Keep Growing?

By

Tom Pauken

“Government Jobs Have Grown Since Recession’s Start” was the headline of a recent story in *The New York Times*. The article cited a report from the Nelson A. Rockefeller Institute of Government which stated that “state and local governments have expanded their payrolls and added 110,000 jobs” since the beginning of the recession in December 2007. The growth in government jobs comes during a period in which approximately 6.9 million private sector jobs have been lost nationally. Even here in Texas (which has the best economy of any large state in the nation), private sector jobs have declined by 266,300 jobs over the past year while government jobs have expanded by 47,100. Those year-to-year increases in government jobs may be coming to an end as cities and states across the country find themselves faced with declining tax revenues in what has become the worst national recession since the Great Depression of the 1930s. For example, the City of Dallas has a \$190 million deficit while Houston has a \$105 million shortfall in revenues. Don’t expect either of those two major Texas cities to go on a hiring spree anytime soon.

Bloomberg News reports that 88 percent of city finance officers say that “they are less able to cover the cost of running their governments than a year earlier.” The article in *Bloomberg* by William Selway notes that cities continued to increase their spending even after it was clear that we were in a

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deep recession. Now, local taxing entities can't count on rising property taxes, higher sales tax revenues, and other revenue sources to keep paying for bigger government at the state and local levels. The only solution under these circumstances is to raise taxes. And, this is the worst possible time to do that when individuals and businesses are struggling to make ends meet. That's why the growth in government jobs at the state and local levels is not likely to continue. The money simply isn't there. Nor can cities or states run up massive deficits like our federal government does during hard times.

I have long maintained that government doesn't create jobs. Only the private sector does. Government is dependent upon a vibrant private sector if it is going to be able to have sufficient tax revenues to provide for necessary public services. The problem with the American economy is that we are not creating enough good-paying jobs in the private sector here in the United States to pay for a government that continues to cost more. This is not a new phenomenon which just started happening when we went into this national economic recession. Floyd Norris of *The New York Times* has done us all a real service by pointing out that the American economy has added virtually no jobs in the private sector over the last ten years, with the only growth in U.S. employment coming from the public sector. If that doesn't wake up the Washington policy makers to the fact that we need to change our economic policy in order to encourage job creation in the private sector, then I don't know what will.

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Unless we start encouraging savings and capital investment for job creation here in the United States, all these “governmental stimulus” programs amount to only temporary fixes to a serious structural problem facing the American economy. If we don’t change our ways, those government jobs will go away just like those in the private sector already have.

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in unison with its network of local workforce development boards call (512) 463-8556 or visit www.texasworkforce.org