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University of Texas Study Shows Texas Government Facing Workforce Crisis *Texas Public Employees Association Agrees Pay, Health Costs Must Be Addressed*

AUSTIN, Texas (September 30, 2003) – Texas state government is on the brink of a workforce crisis that could hinder the delivery of services to the taxpaying public, according to a new report in a University of Texas publication.

“Much attention has been directed to the budget shortfall crises facing state and local governments. Receiving much less notice is a shortfall of another kind: the coming crisis in human resources. These are the people who guard the state’s 150,000 inmates, maintain critical infrastructure, and administer programs for those in need,” said UT economics lecturer Stuart Greenfield, the article’s author.

“Without decisive action, the public sector faces a crisis in human resources,” Greenfield says in “Personnel Predicament, The Coming Human Resource Crisis in Texas Government,” which appears in the most recent Texas Business Review published by the Bureau of Business Research, McCombs School of Business, University of Texas at Austin.

Greenfield attributes the looming crisis among state employment to several factors:

- A public sector workforce that is older and more highly educated than the private sector.
- Legislative incentives that encourage the most experienced state employees to retire.
- Salaries that are consistently at least 13 percent below pay scales in the private sector.

“Public sector entities could continue to keep pay low, discouraging applicants and encouraging new employees to leave quickly. In such a scenario, critical government services – e.g., highways, criminal justice administration, programs for those in need – could not be effectively provided to the public,” Greenfield notes.

“The most obvious solution, of course, would be an increase in public sector pay scales,” he said, noting outsourcing work to the private sector would likely be more expensive for state government.

“Positive action by the state’s leadership is needed. Comprehensive and innovative recruitment

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and retention strategies must be developed and implemented in order to circumvent the pending crisis in public sector staffing,” Greenfield concludes.

Texas Public Employees Association (TPEA) Executive Director Gary Anderson said Greenfield’s study clearly illustrates the scope of the problem facing state policy-makers and it provides realistic solutions.

“Steps must be taken immediately to stop the brain drain in our public employee workforce caused by low pay and deteriorating benefits. An important initial action would be a salary offset to help mitigate the deep cut in health care benefits that state employees have borne since May 1,” Anderson said.

Recently approved steep cuts in the health care portion of the public employee compensation package coupled with severely lagging pay rates are causing valuable, experienced employees to leave the public workforce, Anderson said.

With the continuing double-digit inflation of health care costs, he said state employees recognize the challenge the Legislature faces maintaining those benefits. But it’s a recipe for disaster when those higher costs are shifted entirely to employees and no compensation offset is provided to help employees absorb the higher costs or to even keep up with the rate of inflation.

“The rising cost of health care resulted in the Legislature shifting half a billion dollars in increased health care costs onto the backs of state employees. With no means for state employees to absorb these higher costs, and no salary increase to even offset inflation, it should come as no surprise that this fiscal Catch 22 is driving the mass retirement of our most experienced state workers, undermining the state’s ability to recruit and retain replacement workers, and driving talented people away from state employment,” Anderson said.

“These budget decisions are directly responsible for a dwindling level of experience at our state agencies, a situation that makes it increasingly difficult to provide services to the taxpaying public. And, as the Texas economy begins to improve, the exodus of experienced employees from public service is certain to accelerate, further undermining the level of expertise that is vital to the efficient functioning of our state agencies,” he said.

“The state government workforce crisis is real, and it is staring us in the face,” Anderson said.

The article is available online at <http://www.utexas.edu/depts/bbr/>

Established in 1946, TPEA is a professional trade association and is the oldest and largest non-union legislative advocacy group representing current and retired state employees.

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