

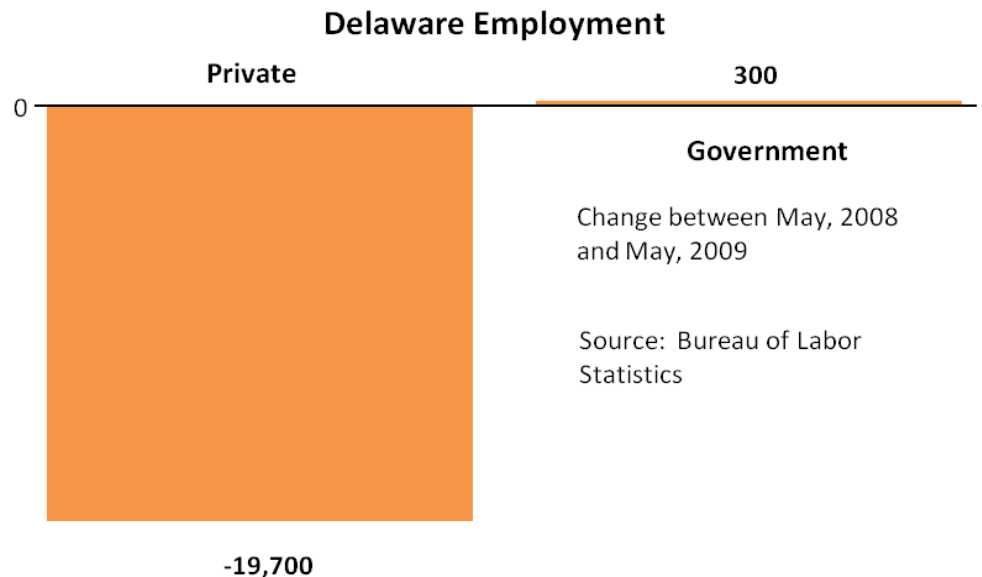


## Government Growth Adds to Private Sector Burden

The most recent State employment data from the U.S. Bureau of Labor Statistics shows that government continues to expand in Delaware while the private sector is shedding jobs. Over the twelve-month period ending in May, government jobs in Delaware increased by 300 while the state lost 19,700 private sector jobs.

In Delaware, private sector losses occurred at a greater rate than that across the nation (5.3% decline vs. 4.8%), but government employment growth in the nation is barely outpacing Delaware (0.6% vs. 0.48%).

The inverse relationship between government and private sector employment does not bode well for the economy. As has been noted by economist Arthur Laffer, “States and localities have been on a hiring binge of late. States with high government payrolls have a hard time downsizing because of the power of the bureaucracy and the unions behind them. States with big public sector payrolls are often the most inefficient in their spending.”



Delaware ranks 15<sup>th</sup> highest in the nation in the number of public employees per 10,000 residents with 593 employees per 10,000 residents; and government remains Delaware’s largest industry with 61,700 employees.

Americans for Prosperity recently released a study by Arduin, Laffer & Moore Econometrics showing the historical negative impact of increased government spending on the private sector. According to the study, the cost of accepting federal dollars from the American Recovery and Reinvestment Act (ARRA) will reduce real net business output by 2.5%, which translates to a reduction of 1.7 million jobs annually in the United States.