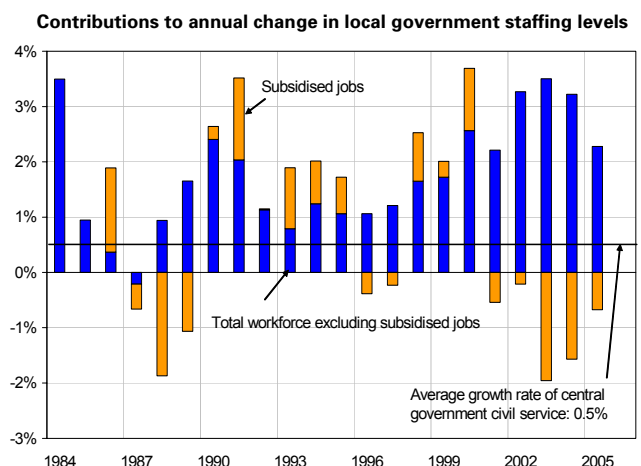


Local Government Headcount

- Local government employees (1.7 million people including subsidised jobs, compared with 2.5 million central government employees) account for around a third of civil service jobs in France. Their increase since the beginning of the 1980s accounts for more than half of the increase in total civil service staffing levels and more than two-thirds of growth total central government and local government employment. The increase has not been identical at the different levels of local government (municipalities and inter-communal authorities, *départements*, and regions).
- There is no clear correlation between the transfer of powers and the growth in the workforce. The growth in the headcount of municipalities and inter-communal authorities accounts for 78% of the workforce increase between 1983 and 2005 and yet these authorities were not concerned by the different transfers of powers. The steep rise in inter-communal authorities' staffing levels in the past 10 years has not, moreover, been accompanied by a simultaneous fall in the number of municipal employees. There is no directly established correlation between transfers of powers and the rise in regional and departmental staffing levels.
- Even if their functions largely coincide, the two categories of civil servant are subject to quite distinct logics in terms of human resources administration. The central government civil service is more concerned with conceptual tasks, whereas the local government civil service is focussed on operational tasks. The production functions and the evolution of the two civil service categories are therefore different.
- This situation no doubt explains most of the disparities in the geographical distribution of the two civil service categories. The distribution of central government civil servants reflects France's administrative organisation, being concentrated in the regional prefectures and in the *Ile de France* (Paris region). Local government civil servants are not uniformly distributed across the territory and are spread out in homogeneous regional blocks, notably in the south of the country. This doubtless has its source in the historically different patterns of administration and practices in France.
- At the local level, local government administrative staffing ratios in the *départements* have increased sharply, with no apparent correlation with trends observed in the central government civil service.

Source: INSEE, DGCL.

This study was prepared under the authority of the Treasury and Economic Policy General Directorate and does not necessarily reflect the position of the Ministry for the Economy, Industry and Employment.



1. Local governments have hired massively over the past twenty years

1.1 Local government employees have been the main contributor to the growth in civil service staffing levels

In 2005 the local government civil service employed 1,653 million people excluding subsidised jobs (1,730 million if these are included, compared with 2.5 million central government employees), which is over half a million more than twenty years earlier.

Local government employment grew very briskly between 1983 and 2005, with a rise of 51% (or 58% including subsidised jobs), making an average annual growth rate of 2.1%. The average annual rate of increase in central government employment over the same period (central government plus national public administrative bodies) was 0.5%. **Over the same period, local government employment accounted for more than 2/3 of the increase in total central government and local government employment.**

1.2 This assessment needs to be qualified according to the different levels of local government

Municipalities and other quasi-municipal structures are the leading employer at the local level. In 2005, local government employees were distributed as follows: 71% were employed by municipalities and quasi-municipal structures¹, 16% by *départements* and departmental structures², 11% by inter-communal structures and other local public administrative bodies, and 1% by the regions. **Owing to their relative importance, the municipalities and quasi-communal structures were the main contributor to this increase, but the increase in regional authorities' employees was the largest in percentage terms.**

1.3 The impact of transfers of powers on workforce growth is not always clearly established

1.3.1 Regional authorities' workforces have grown at a steady rate of more than 10% annually.

The strong growth in regional authorities' employees to some extent reflects the growing importance of the structures, which were created only in 1972, whereas the municipalities and *départements* were created in 1789.

The rate of increase was higher in the years between 1984 and 1991, a period during which a series of decentralisation acts transferred powers to local government (vocational training in 1984, upper secondary schools in

1986), and subsidised jobs were created and grew in number as from 1985.

1.3.2 The growth in the number of departmental employees has been more uneven and is harder to interpret

The *départements* experienced substantial transfers of powers from 1984 onwards as a result of the decentralisation acts, in particular concerning welfare activities and school transport in 1984 and lower secondary schools in 1986. Additional powers were conferred on them in 2002, with the transfer or introduction of new benefits such as the *APA* personalised allowance for the aged, the *RMI* minimum income benefit, etc.

In actual fact, few of the transferred duties have given rise to direct transfers of personnel. Nevertheless transfers of powers may have entailed new expenditures necessitating recruitment. For example, the transfer of capital expenditures, as for example with upper and lower secondary schools in the 1980s, generally entails maintenance and servicing expenditures that could create a need to hire. However, it is difficult to identify this phenomenon based on available data.

Moreover, transfers of personnel from devolved central government services to the *départements* do not necessarily show up in the local government civil service headcount (table 1): on the one hand some of the personnel previously employed by the Departmental Councils and seconded to the devolved central government services has simply been taken over by the departmental services; on the other, as permitted under the decentralisation acts, many civil servants have opted for central government civil servant status.

1.3.3 The number of municipal employees rose by an annual average of 2% between 1983 and 2005.

The number of people employed by inter-communal authorities with their own tax-raising powers has grown at a very brisk average rate. This growth became even stronger after 1999, with the inception of so-called "inter-communal project structures", before slowing just as distinctly in 2004-2005.

However, although inter-communal employment has grown steeply over the past 10 years, there has been no concomitant decline in municipal employment. Economies of scale are still very small, or even non-existent. It is still too soon to say whether this is a transitory phenomenon associated with the phasing-in of these structures.

(1) Municipal and quasi-communal structures include municipalities, communal welfare centres (CCAS), school welfare funds, and the Paris Prefecture of Police

(2) Departmental structures include the *départements*, departmental public administrative bodies, and departmental fire services.

Table 1: change in local and central government civil service employment (1983-2005)

	Average annual change	Cumulative change in thousandss	Contribution to cumulative change
Regions	10.5%	13 480	0.4%
Départements and departmental structures	2.1%	114 741	3.4%
Municipalities + inter-communal structures + Paris Prefecture of Police	2.0%	494 383	14.7%
Total local government civil service (including subsidised jobs)	2.1%	633 713	18.9%
Ministry of Education	0.9%	236 678	7.1%
Interior Ministry	0.9%	34 182	0.7%
Ministry of Justice	2.6%	33 431	1.0%
Other ministries	- 0.1%	-17 185	-0.5%
Total central government civil service (excluding subsidised jobs)	0.5%	287 105	8.6%
Total	1.1%	920 818	27.5%

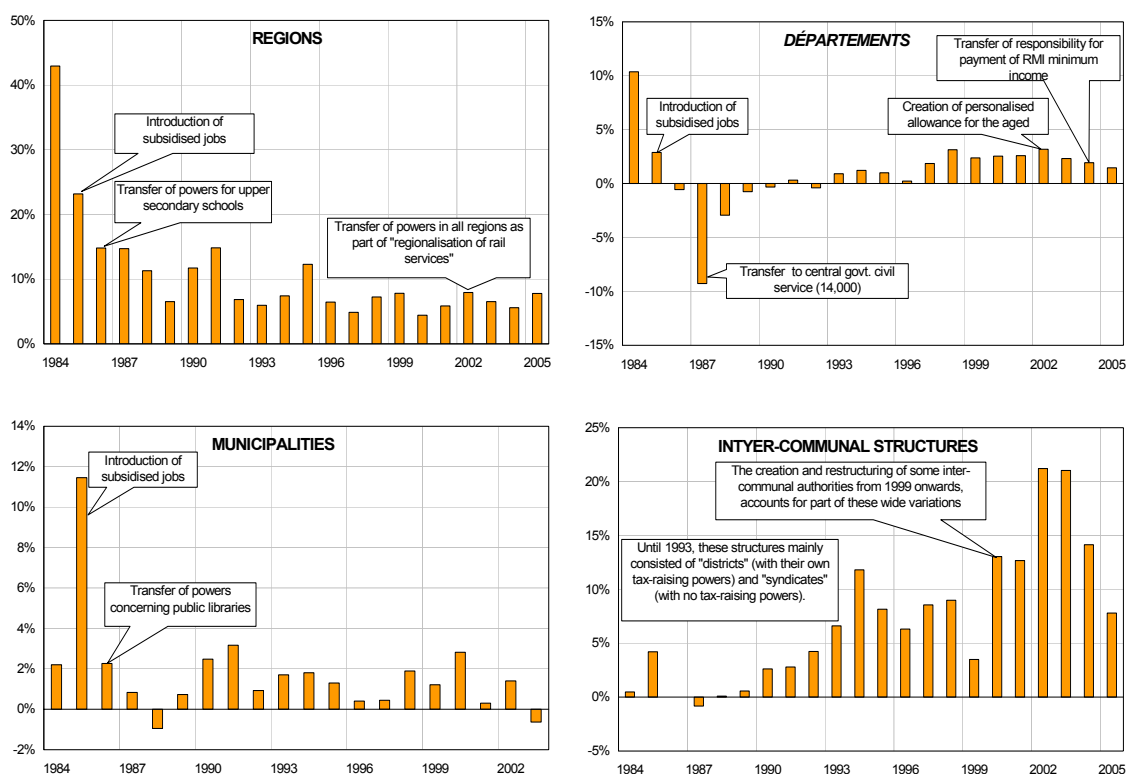
Source: INSEE.

Table 2: central government and departmental employees in the départements

in thousands	1983	1990	1998	1990/1983 change	1998/1990 change
Central government services^a	93.9	18.5	4.2	-75.4	-14.2
- DDAS (Departmental health and welfare)	49.1	3.9	0.2	-45.2	-3.7
- DDE ^b (Departmental infrastructure Directorates)	23.1	4.4	0.8	-18.7	-3.5
- Prefectures and others	21.7	10.2	3.2	-11.5	-7.0
Departmental services	28.3	93.2	123.0	+64.8	+29.8
- incl. health and welfare		49.1	65.0		+15.8

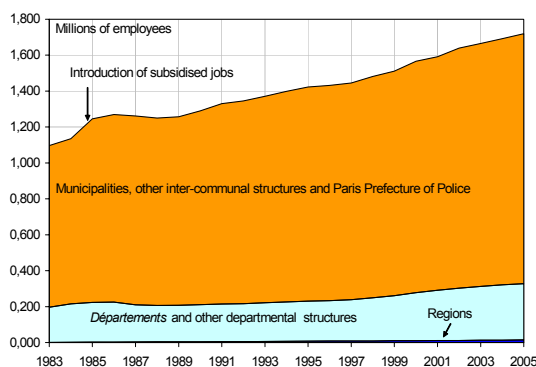
- a. This mainly concerns local government personnel seconded to devolved central government services within the *départements*. As a result of the decentralisation process, most of these civil servants will return to the *départements*, entailing no change in staffing levels either for the central government or for local authorities.
- b. Unlike the other departmental personnel categories, a substantial proportion (around 14,000) of the local government civil servants working for the departmental infrastructure directorates, previously seconded to the devolved central government services, have opted for central government civil servants status and abandoned their local government civil servant status, leading to an increase in central government employee numbers and a corresponding fall in local government ones

Chart 1: annual change in headcount in both civil service categories (central and local government)



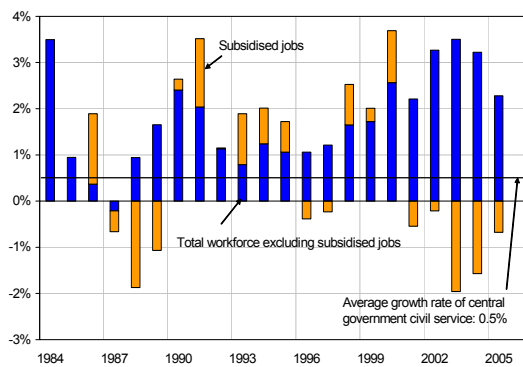
Source: INSEE, DGCL.

Chart 2: local civil service headcount



Source: INSEE, DGCL

Chart 3: contributions to annual change in headcount



Source: INSEE, DGCL

2. The structure of the workforce and its distribution among the different bodies reflect the characteristics of these actors in terms of public service provision

2.1 Local services are becoming increasingly specialised, albeit partially so, with an emphasis on welfare and medical, administrative and community work

Analysis of the jobs structure spotlights some specific features inherent in the powers exercised at each level of local government; the specialisation of these different bodies making up the local government civil service in terms of functions is reflected in the specialisation of the workforce itself.

Consequently, administrative jobs account for 74% of regional civil servants, technical jobs 46% of municipal and inter-communal workforces, welfare and health-related jobs account for 38% of the workforce of the *départements* and departmental structures (see table 2 below).

Observation of job creation trends by type of job yields some additional information. Over the period 1988-2005,

the number of welfare and health-related jobs rose by 167,000, while the number of administrative jobs increased by 153,000 and technical jobs by 122,000. Jobs relating to community work are located for the most part in the municipalities, rising by 60,000³.

Over that period, the population of France rose by an average of no more than 0.5%. Based on the highly simplified assumption that the growth in demand for municipal administrative services is proportional to the population, and assuming the existence of productivity gains (however small), one would tend to expect the number of administrative workers in municipal and inter-communal structures to remain flat or even decline, instead of the observed average annual increase of around 3%. The most plausible explanation for this very sharp growth in jobs in the sector is a steady and substantial broadening in the range of municipal services on offer, or the creation of "duplications" as some local authorities pick up steam.

Tableau 3 : local government employee headcount by employment environments and type of body (in 2005)

	All structures	Regions	Départements and departmental structures excl. the Paris Prefecture of Police	Municipalities, other inter-communal structures and the Paris Prefecture of Police
All employment environments	100%	100%	100%	100%
1 - administrative jobs	21%	74%	26%	20%
2 - technical jobs	41%	19%	15%	46%
3 - cultural jobs	4%	2%	2%	5%
4 - sport-related jobs	1%	0%	0,2%	1%
5 - welfare and health-related jobs (including childminders)	17%	0%	38%	14%
6 - fire, emergency services, police	4%	0%	17%	2%
7 - community work and otherwise unclassifiable	6%	4%	1%	7%
8 - unknown jobs	0,3%	0,6%	0,2%	0,3%
subsidised jobs (solidarity employment contracts, youth employment programme)	4%	0%	1%	5%

Source: INSEE, *Employment Observatory scope of employment, France as a whole.*

(3) The very great majority of these jobs are grade C jobs corresponding to community work in the strict sense of the term and excluding educators, as well as employees of sporting and cultural structures.

Overall, the variation in local government civil service employment over the past 20 years appears to have reinforced the specialisation of the various local bodies only marginally.

2.2 Although the number of skilled jobs has risen faster than in the other civil service categories, the proportion of executive grade personnel in local government remains smaller

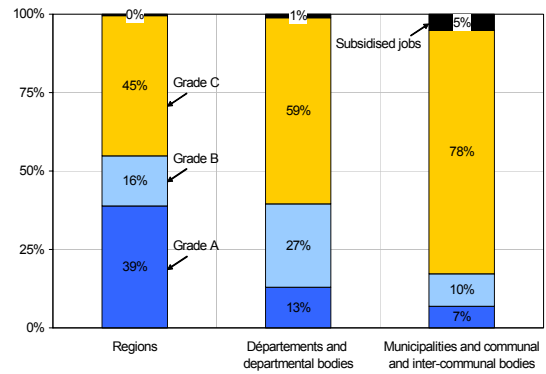
Between 1988 and 2005, the number of local government executive grade civil servants grew nearly three times faster than the total headcount. The growth in the number of grade A (the high-skilled category) executives was fastest in inter-communal structures and other local public administrative bodies (with an average annual growth rate of 10%). The creation in 1999 of so-called inter-communal "project" structures, e.g. for economic development, town planning, and spatial planning, has created a need for skilled personnel.

A study of the workforce structure reveals the following characteristics: in 2005, 39% of regional civil servants were grade A executives⁴, versus 7% for municipal and inter-communal employees and 13% for departmental employees. Grade C jobs (the low-skilled category) account for the majority in all of these structures (chart 7). Moreover, local governments account for by far the greater number of subsidised jobs in the civil service. This preponderance of low-skilled jobs (including subsidised jobs), is particularly pronounced in the case of municipalities, relative to all other levels of local government. Two factors account for these characteristics:

- the share of conceptual and strategic tasks is small: local government is primarily operational (except at the regional level).
- even at the executive level of public services, the tasks

requiring the highest skills are usually performed by central government employees. In schools, teachers, who belong to grade A, are employed by the central government, whereas the technical staff, who belong to grade C, are employed by local authorities. The same holds for the distribution of tasks and skill-levels between the national and municipal police forces, or between the oversight and implementation of business grants.

Chart 4: structure of workforces by grade and body in 2005



Source: INSEE, DGCL

2.3 By contrast, the central government civil service have refocussed on purely sovereign functions

Central government employment grew at an average annual rate of 0.5% between 1983 and 2005. In fact, nearly 2/3 of this increase is accounted for by the growth in the number of Ministry of Education employees. If we add to that the growth in the number of Interior and Justice Ministry employees, we can account for more than 90% of the total growth in central government employment. Even as regards services delivered directly to users (police, education, etc.), central government employment growth is lower than the average for municipalities and quasi-municipal employment.

3. At the local level, the structure of public-sector employment displays a number of special features revealing different logics underlying the spatial organisation of the local government and central government civil services

The analysis in this last part of the study draws on INSEE data and concerns the "administrative staffing ratio" for each of the civil services at the *département* level. The administrative staffing ratio is defined as the ratio of civil servants (local or central) to the total population of each *département*.

3.1 The structure of the local government is "regionalised", whereas the "decentralised" central government employees remain with their historical administrative organisation

The maps in Chart 5 show the distribution of administrative staffing ratios by *département*. If the supply of local

public services is homogeneous and relatively proportional to the size of population, one can expect the administrative staffing ratio to be relatively even across the entire nation. Yet the differences between the two civil services emerge very clearly here.

The local government administrative staffing ratios reveal a departmental distribution by homogeneous blocks, whereas those for central government reveal more of a "leopardskin" pattern (see diagrams, chart 5).

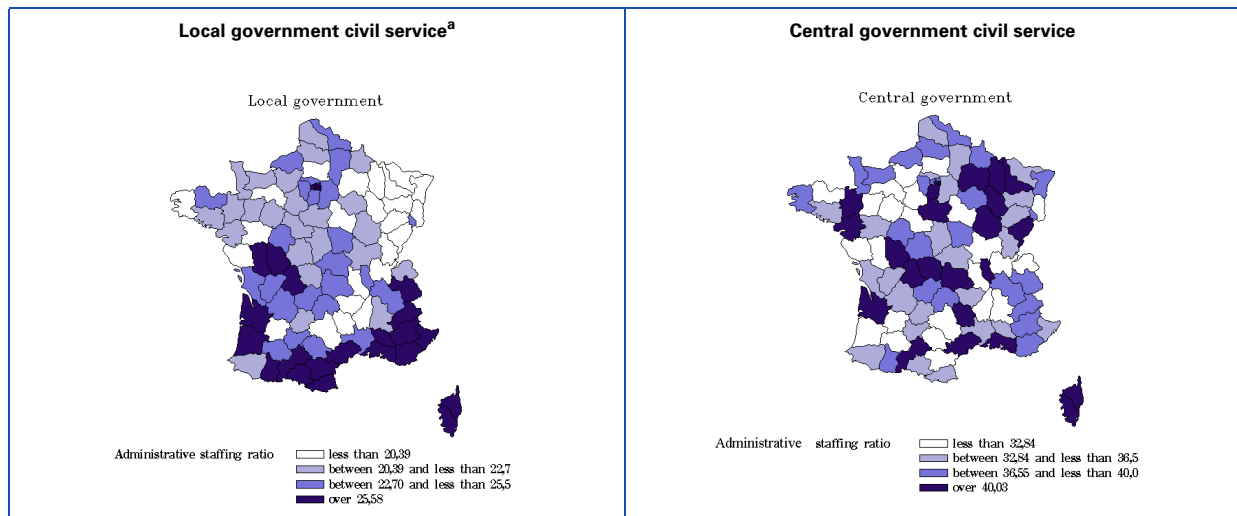
(4) A study of the structure of jobs in the Regional Councils reveals that grade A executives account for 39% of the total, which is roughly twice the rate found in the central government civil service excluding teachers (22%) or in the hospital civil service (16%).

This visual impression is confirmed and illustrated by statistical tests (Box 1 and Chart 6). For local government: the Moran test highlights the positive spatial autocorrelation of administrative staffing ratios, in other words confirms the distribution by blocks in Chart 5. The existence of blocks in the administrative staffing ratios in the local government civil service is somewhat paradoxical, insofar as local authorities' powers are practically the same across all French departmental geographical entities. This presumably arises from historically different models of administration and practice in different parts of France, or from the rela-

tive attractiveness of some regions such as those in southern France.

It is further worth noting local government administrative staffing ratios are higher in *départements* with high rates of unemployment (with a 0.36 correlation). Perhaps this also reveals a policy on the part of local authorities, municipalities in particular, of active involvement in local labour markets. Another possible explanation has to do with the involvement of municipalities and *départements* in social welfare policies requiring a greater number of personnel in areas of social deprivation.

Chart 5: administrative staffing ratios in French départements



- a. Out of the 24 *départements* with an administrative staffing ratio above 25.58 employees per 1,000 inhabitants, 15 are located on France's southern façade: *Ariège, Hautes-Pyrénées, Alpes de Haute-Provence, Vaucluse, Haute-Garonne, Hérault, Landes, Var, Pyrénées-Orientales, Aude, Hautes-Alpes, Bouches-du-Rhône, Haute-Corse, Alpes-Maritimes* and *Corse-du-Sud*. Similarly, 50% of the *départements* with an administrative staffing ratio of less than 20.39 employees per 1,000 inhabitants are located in Northern France: *Ain, Haute-Saône, Haut-Rhin, Moselle, Bas-Rhin, Marne, Meurthe-et-Moselle, Vosges, Meuse, Haute-Marne, Jura* and *Doubs*.

Source: INSEE, DGTPE calculations.

Box 1: the Moran test

The Moran test is notably used in spatial econometrics to test the dependence between neighbouring spatial units. It serves to test the presence of a spatial autocorrelation and is written as follows:

$$M = \frac{N \sum_i^N \sum_j^N w_{ij} z_i z_j}{\sum_i^N \sum_j^N w_{ij} \sum_i^N z_i^2}$$

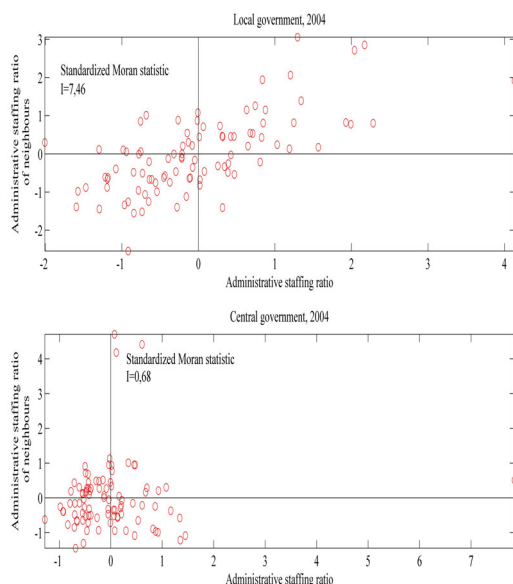
With $z_i = y_i - \mu$, y_i is the variable considered, μ the average, w_{ij} the associated weight when comparing localities i and j (the closer localities i and j are, the greater the weight of w_{ij}).

Spatial autocorrelation may be negative or positive. More precisely, the presence of positive spatial autocorrelation shows that places close to each other resemble each other more than distant places. Symmetrically, negative autocorrelation shows that places close to each other differ more from each other than do distant places. The standardised Moran statistic (centred and reduced) obeys a normal distribution, such that if it is greater than 1.96 one will reject the H_0 assumption of an absence of spatial autocorrelation. This statistic is equal to 7.46 for local government and less than 1.96 for central government.

The Moran diagram serves to represent spatial dependence graphically. On this chart the variables (administrative staffing ratios) have been centred and reduced, which explains the presence of negative values. The Moran diagram consists of four quadrants, each reflecting the relationship between a *département's* administrative staffing ratio and that of its neighbours. Accordingly, the top right-hand quadrant corresponds to a high-high relationship, the top left-hand one to a low-high relationship, the bottom left-hand one to a low-low relationship, and the bottom right-hand one to a high-low relationship.

The distribution for central government is clearly correlated with the administrative organisation of France⁵: administrative staffing ratios are higher in *départements* containing regional prefectures and in the Paris region, where the central government services are located (coefficient of correlation: 0.48). This shows up in the Moran test as an absence of spatial autocorrelation for central government administrative staffing ratios (Chart 6).

Chart 6: Moran diagram



Source: INSEE, DGTPE calculations.

3.2 At the local level, local government administrative staffing ratios have risen sharply and do not appear to be correlated with trends observed in central government

The central government average administrative staffing ratio was 38 employees per 1,000 inhabitants in 2004, *i.e.* 2.7 less than in 1992 (Table 4). Conversely, the average administrative staffing ratio in local government rose from 20 to more than 23 over the same period. The sharpest variations occurred in the *départements* of central France (+5 on average).

It should be noted that local and central government administrative staffing ratio trends are not correlated (Chart 7). Consequently it is not possible at

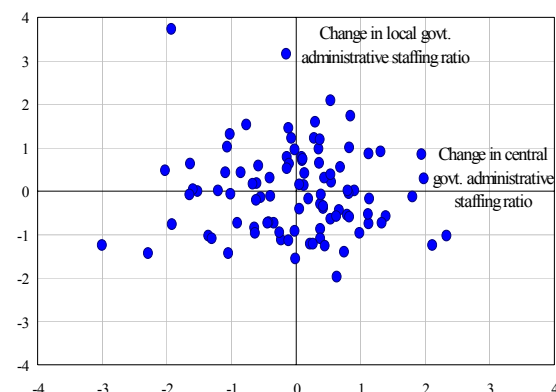
this stage to determine whether the two types of civil service are complementary (positively correlated) or substitutable (negatively correlated). This is because, although central and local government administrative staffing ratios respectively declined and rose in practically all *départements*, the extent of the changes is by no means the same. By way of example, in *Corrèze*, the central government administrative staffing ratio fell by 2 percentage points while the local government rate increased by 9 percentage points. In *Pas-de-Calais* the central government rate rose by 1 percentage point, and the local government rate by 5 percentage points.

Tableau 4 : administrative staffing ratio (per 1,000 inhab.)

	Local govt.		Central govt.	
	1993	2004	1992	2004
Average	20.2	23.4	40.6	37.9
Median	19.3	22.7	38.6	36.6
Standard deviation	3.6	4.2	10.5	9.6

Source: INSEE.

Chart 7: change in administrative staffing ratios by *département* (standardised)



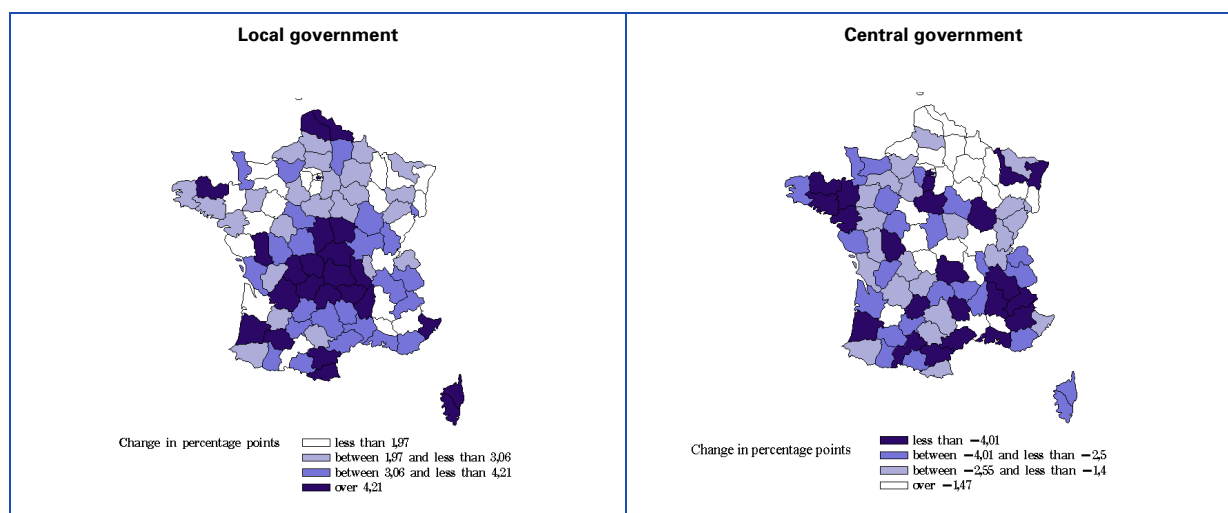
Source: INSEE, DGTPE calculations

Considering changes in the headcount, we find a positive, but weakly significant, correlation between central and local government. However, this dependence can be fully explained by the population growth rate. This hypothesis has been tested in an econometric model linking the growth rate in the number of employees in each civil service to the population's growth rate.

Sandy FRERET, Patrick TAILLEPIED

(5) Comparison of the maps associated with the central and local government civil services shows that 9 *départements* out of 96 have a high staffing ratio for these 2 "categories". The *départements* are: *Haute-Corse, Corse-du-Sud, Bouches-du-Rhône, Hérault, Haute-Garonne, Gironde, Vienne, Haute-Vienne and Val-de-Marne*. Similarly, 10 *départements* have low administrative staffing ratios for central and local government. The *départements* are: *Oise, Yonne, Loire, Ain, Ardèche, Aveyron, Lot-et-Garonne, Vendée, Orne and Haut-Rhin*.

Chart 8: change in administrative staffing ratios in départements between 1992 and 2004



Source: INSEE.

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