

# IX. The Public Sector Workforce Challenge: Attracting and Retaining a New Generation of Public Servants

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## The Public Sector Workforce—Past, Present and Future

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### Abstract

This paper outlines past and current demographics of the state and local government workforce, contrasted against the demographics of the private sector, and explores the projected public sector workforce needs of the future as the Baby Boom generation begins to retire. This paper also briefly details issues that state and local government executives describe as major challenges their governments are facing as they look to recruit and retain the next wave of public servants.

### Introduction

Members of the state and local government workforce are unique relative to their private sector peers. They work in primary and secondary education, higher education, police and fire services, hospitals, Medicaid, public transit, highways, corrections, public housing, and income security positions, among others.<sup>1</sup> Over the past decade, the state and local government workforce has seen, and continues to see, much change. In light of this, this paper outlines demographic trends in the state and local public sector and private sector, highlights future government workforce trends, and discusses some of the workforce needs and challenges identified by state and local government practitioners in the wake of the large Baby Boom cohort beginning to retire.<sup>2</sup>

### State and Local Government Workforce

#### *Workforce Population*

In 1992, there were 10,531,000 people working for local governments across the United States (see Table 1). This includes persons working for cities, counties, public schools, public utilities, and public hospitals, among other public entities. Between 1992 and 2008 this sector grew by a little over 2% a year, to 14,779,000. During the same time frame, the state government workforce grew at a rate of about 1% annually, employing 5,303,000 employees in 2008. For the period of 1992 to 2008, the private sector (nonfarm) employed 90,013,000 persons in 1992 and 115,410,000 in 2008, equating roughly to a 1.6% annual increase. These private sector employees fill a range of positions in the construction, manufacturing, transportation, utility, information, financial, business, leisure, and hospitality industries, among others.

#### *Workforce Age*

The public sector workforce tends to be older than the private sector's. In 2008, the median age for the private sector was 39 years of age and 44 for state and local employees.<sup>3</sup> As seen in Figure 1, in 1992, while 26.4% of the private sector was over the age of 45, 35.9% of state government workers and 38.5% of

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local government employees were over 45. This trend of the public sector being older continues through 2008.

TABLE 1  
State and Local Government and Private Sector Employment 1992–2008

	1992	2000	2008	Annual growth rate
Local government	10,531,000	13,089,000	14,779,000	2.14%
State government	4,587,000	4,877,000	5,303,000	.91%
Private sector (private nonfarm business)	90,013,000	110,947,660	115,410,000	1.57%

Sources: U.S Census Bureau. *Compendium of Public Employment: 2002*.

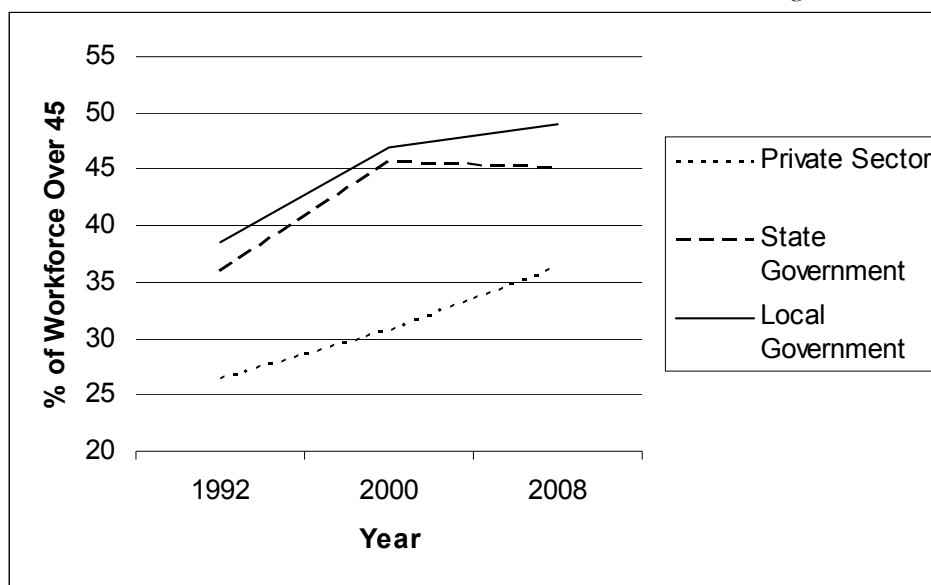
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FIGURE 1  
Public and Private Sector Workforce Over 45 Years of Age



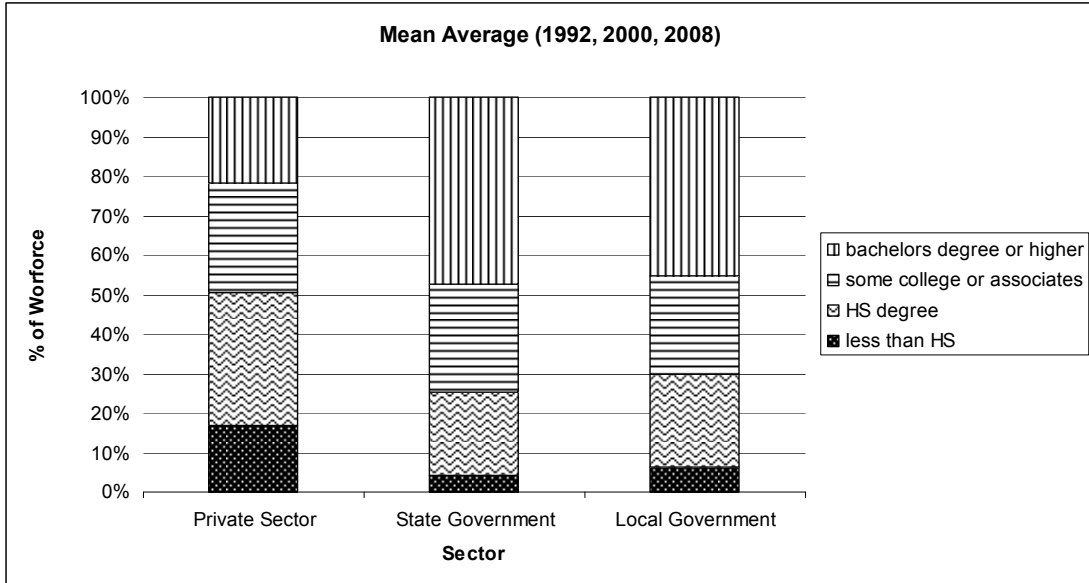
### Workforce Education

The workforce in the public sector is more educated than in the private sector. Looking at the mean average of the private sector and state and local government workforces in 1992, 2000, and 2008, 17% of the private sector had less than a high school degree, while about 4% of the state workforce and 6.4% of the local government had this level of education (see Figure 2). Of those with more education, about 50% of private sector workers had at least some college education, while 70% or more of state and local government employees had at least some college training.<sup>4</sup>

As the economy has transitioned from manufacturing to a service orientation, the nature of work has come to require different skills, resulting in occupations being categorized as either knowledge-based or non-knowledge-based. Knowledge workers require specialized education, training, or skills. Examples include educators, healthcare workers, legal professionals, engineers, and managers.<sup>5</sup>

As of 2006, about 30% of the private sector workforce could be categorized as knowledge workers. In contrast, nearly 70% of state and local government employees were knowledge workers.<sup>6</sup>

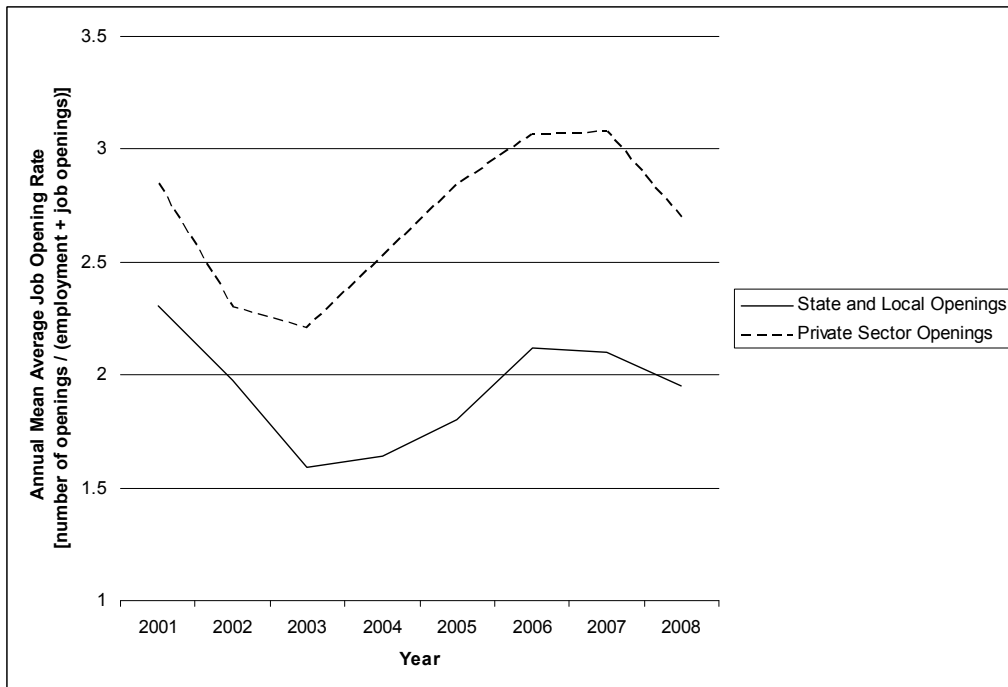
FIGURE 2  
Public and Private Sector Educational Attainment



*Workforce Openings and Turnover*

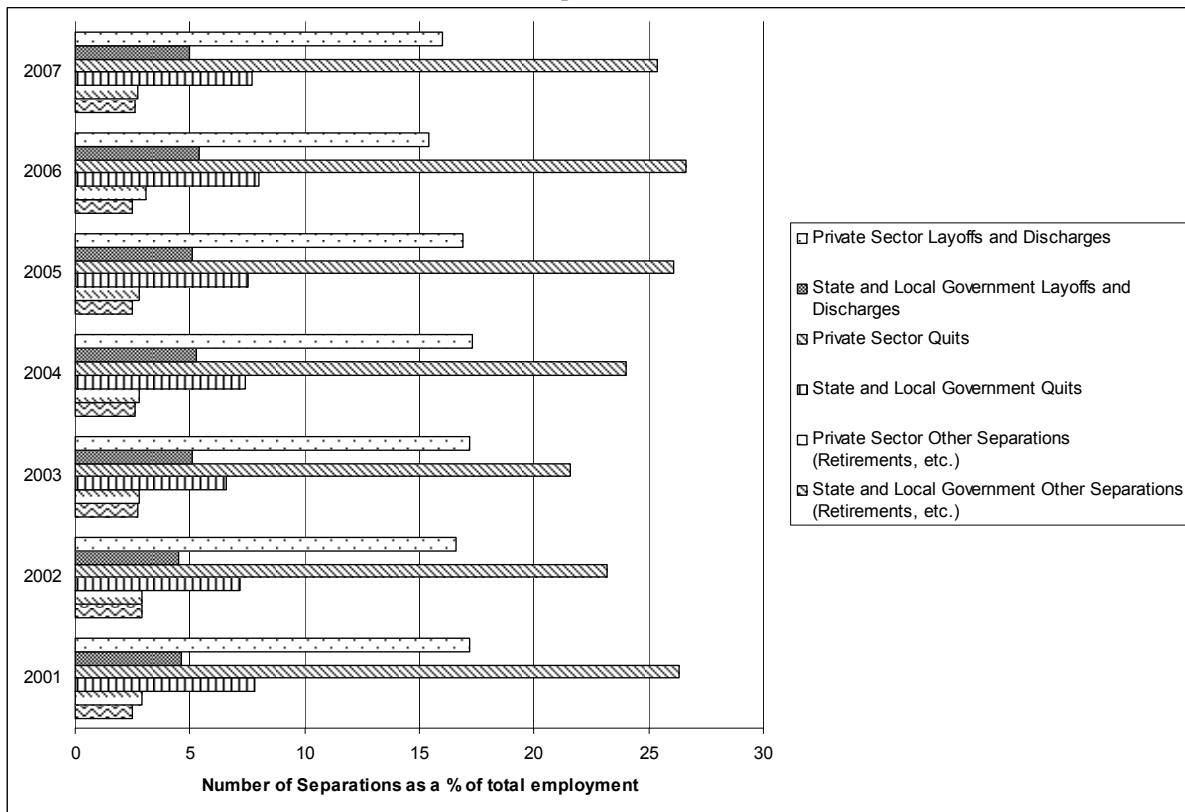
There are variations in the level of job openings and labor turnover between the public and private sectors. As can be seen in Figure 3, the state and local government sector typically has a lower rate of job openings than the private sector. Between 2001 and 2008, state and local government job opening rates [number of openings / (employment + job openings)] ranged between 1.5% and 2.25%, compared with about 2.25% to over 3% in the private sector.<sup>7</sup>

FIGURE 3  
Job Opening Rates 2001–2008



Turnover in the public and private sectors varies as well (Figure 4). There are a number of types of workforce separations: layoffs, discharges, quits, retirements, and others. When these separations are measured as a percentage of the total workforce, the annual rates of quits for the private sector ranged from 21.6% to 26.6% of the workforce between 2001 and 2007. State and local governments, on the other hand, had quit rates of 6.6% to 8% during the same time frame. Also, annual rates for layoffs and discharges varied much between the public and private sectors, ranging from 2001 to 2007 between 4.5% and 5.4% for state and local government and between 15.4% and 17.3% for the private sector. Retirements and other separation rates for the state and local government and the private sector are similar, ranging from about 2.5% to 3% annually.<sup>8</sup>

FIGURE 4  
Workforce Separations 2001–2007



### The Future of the State and Local Government Workforce

The sluggish economy of 2008 (and probably 2009) has seen housing prices fall and delinquencies and foreclosures on mortgage loans and energy and agricultural commodities' prices rise. One of the ways the overall weakening economy affects state and local governments is in the decrease in income, sales, and property taxes. Even with rainy-day funds and strategic increases in taxes and fees, state and local governments have or are likely to experience decreased growth in spending and investment.<sup>9</sup>

Nonetheless, the "overall prospects [for state and local government employment] are expected to be favorable."<sup>10</sup> As of March 2008, the U.S. Bureau of Labor Statistics projected employment in state and local government to increase by 8% overall between 2006 and 2016 (with a 10- year growth rate of 11% for education and 20% plus for health care).<sup>11</sup>

While growth in the state and local sectors will be dampened by the economic conditions of 2008 (and 2009), there will be job growth in areas where the public sector is key during economic downturns:

community, social, health, protective, and information technology services. According to the Bureau of Labor Statistics, the following public sector occupations are expected to increase by more than 10% between 2006 and 2016:

- Accountants
- Computer specialists
- Urban/regional planners
- Lawyers
- Library technicians and assistants
- Correctional and police officers
- Firefighters
- Gaming service workers
- Education administrators
- All categories of teachers and instructors
- Childcare workers
- Bus drivers
- Recreational protective service workers
- Police, fire, and ambulance dispatchers
- Construction equipment operators
- Water and liquid waste treatment plant and system operators
- All healthcare occupations (except dentists, secretaries, and psychiatric technicians)

The Bureau of Labor Statistics projects that by 2016, 124 million persons will be employed by the private sector (nonfarm), while the state and local government workforce will increase to 21 million.<sup>12</sup>

### **Current and Future State and Local Government Workforce Challenges**

In 2007 and 2008, the Center for State and Local Government Excellence (<http://slge.org>) conducted formal rolling, open-ended interviews with more than 40 state and local government leaders from all regions of the United States. Interviewees included city and town managers, department directors, and other high-level state and local government officials, who were asked, among other things, about the recruitment and retention challenges their governments face.

Most of the respondents identified challenges they face that go beyond salary decisions and negotiations to competition for talent, the geographic locations of their governments, and prospective employees' family considerations.<sup>13</sup> While some of these issues may be similar to those faced by the private and nonprofit sectors, state and local government officials must consider them when they plan their recruitment and retention strategies.

#### *Competition for Talent*

Competition for talent among the public, private, and nonprofit sectors is well documented in the mainstream media and trade and academic journals. One additional area of competition noted by practitioners was that among governments themselves.

State government executives identified stiff competition with other sectors and governments for many of the positions in the list above, such as all healthcare positions (including mental health specialists, dentists, nurses, physicians, dieticians, nursing home workers, and developmentally disabled specialists), corrections (including juvenile justice corrections), state police, engineers, social workers, heavy equipment operators, tradesmen, information technology specialists, auditors, and custodial workers.

Similarly, at the local government level, the executives discussed competition for engineers (and related technical positions), finance and accounting professionals, information technology specialists, urban planners, building and development professionals, attorneys, public safety, general management, and public health professionals.

The executives also talked about the importance of their using online technologies as the private sector does to streamline application processes, more easily match applicants with appropriate openings, and showcase employment opportunities so they are more appealing to job seekers. The practitioners also noted that the amount of time it takes from an applicant's first interest in a position to when the government offers him or her a job puts them at a disadvantage compared with the private sector, and they often lose talented and qualified applicants to the private sector because of it.

The executives see the ability of state and local governments to provide better health insurance, pension plans, and other non-salary benefits to both active and retired employees as one of their strong points. They feel they must communicate more effectively the value of these non-salary benefits to potential employees, especially to younger job seekers. As Figure 4 documents, state and local government offer greater stability, with less nonvoluntary turnover than in the private sector. Several state and local executives believed that emphasizing such stability would help in their competition for talent, especially as the economies of 2008 (and 2009) weaken.

#### *Location of Positions*

The location of government jobs may greatly affect jurisdictions' ability to attract and recruit talent from outside their geographic area. Respondents repeatedly mentioned that if a government position is located in an area with high property values, recruiting individuals from other parts of the state or country might be difficult, especially if they are coming from areas with lower housing costs. While this problem does exist for the private sector, respondents remarked that private firms can strategically move based on the costs of doing business, while state capitals and municipalities cannot.

Another impact of government location is that in higher density areas where there are many local governments (and/or a state capital or state office cluster) within reasonable commuting distance, government leaders often end up competing with each other for the same applicants, and in some cases they have to bid up salaries above normal salary ranges.

When recruiting outside their area, governments find it a plus if their location has cache or is attractive. Potential employees are often swayed by their perceptions of the lifestyle and amenities different areas can offer and may lean heavily on their perceptions when deciding whether to take a position. This adds another factor to the recruitment process. In many cases, governments need to "sell" their location to attract qualified and talented employees.

#### *Family Considerations*

Family considerations are often at the top of an applicant's priority list. Government executives recognize this. Those who were interviewed raised two specific issues regarding family needs and their impact on recruitment.

Government leaders have found that applicants with families often inquire about the government offering childcare benefits. Very few local governments and not all state government agencies offer a childcare benefit of any sort, be it on-site childcare, subsidized off-site childcare, emergency childcare, or childcare referral. "For many local governments, a limited financial capacity places them in an analogous situation to that of a small business that lacks the capital, expertise and economies of scale to develop and administer a complete benefits program [including work-life/family friendly benefits]."<sup>14</sup>

One other challenge applicants often present is the need to find employment for a spouse. Especially when a government position is located in a remote area or one with a small population or local economy, job opportunities for spouses may be limited. Governments have found that if employment opportunities for a potential employee's spouse are not readily available, attracting qualified applicants can be difficult.

## **Conclusion**

The past two decades have brought much change to the unique state and local government labor force. The projections of future needs of the workforce reflect the role governments play in people's lives, especially in times of economic downturn. When one considers the current and projected demographic data of public sector employees today and in the future, along with the thoughts and concerns of state and local

government executives on the issues associated with developing a talented and effective workforce, many important hurdles lie ahead for governments across the United States. How they meet these challenges will help determine their ability to manage their financial, public safety, infrastructure, and many other responsibilities.

## Endnotes

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9. Congressional Budget Office. 2008. *The Budget and Economic Outlook: An Update*. <<http://www.cbo.gov/ftpdocs/97xx/doc9706/09-08-Update.pdf>>. One should note that economic uncertainty impacts the accuracy of future labor projections.
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