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ISSUE BRIEF

A Cross-Sector Review of Public Service Employment

March 2021

Acknowledgements

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ISSUE BRIEF:

A Cross-Sector Review of Public Service Employment

What is Public Service Employment?

The research focus of the Center for State and Local Government Excellence (SLGE) at ICMA-RC is on workforce, retirement, and health and wellness issues that directly impact state and local government. With many other private and nonprofit organizations having an overlapping mission focused on serving the public, the Center is also exploring the workforce environment for the broader public service sector, with a related upcoming brief on the public service sector's benefits environment.

There is no formal definition of “public service” organizations, but for purposes of this brief, we have included:

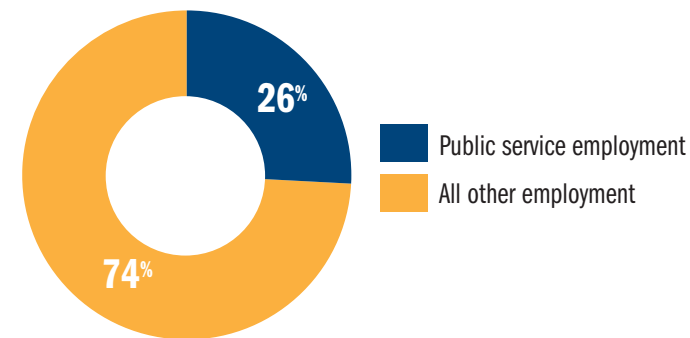
- Local governments
- State governments
- K-12 schools
- Hospitals and health care
- Social assistance

Where the available data have been categorized in slightly different ways, that is discussed below.¹

Baseline Employment

All forms of public service at the state or local levels represent 26% of total employment for the United States. The data shown in Figures 1 to 6 are for 2019, which is the most recent full year for which extensive breakouts are available by industry. Monthly data for 2020 and long-term trends are discussed starting in Figure 7.

Figure 1: Public Service Employment as a Percentage of Total Employment, 2019



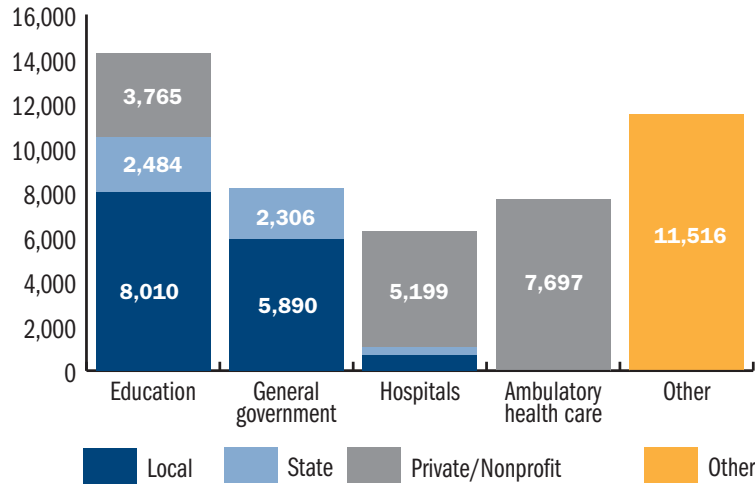
Note: Total employment includes federal civilian employment, but not the military. Source: U.S. Bureau of Labor Statistics, National Employment Matrix

¹ To work from established definitions, the U.S. Bureau of Labor Statistics assigns industry and occupation codes to its employment data. These include such categories as “Local government, excluding education and hospitals” and “Specialty (except psychiatric and substance abuse) hospitals; state.”

In some areas, however, the identification of the service provider is not quite so clear-cut. For example, “School and employee bus transportation” may include local school district employees, contractors who may serve school districts and/or private schools, charter companies, and even private sector employee shuttles. And “utilities” may include city, county, or special

district agencies and investor-owned corporations engaged in electric power, natural gas, steam supply, water supply, and sewage. Likewise, other quasi-public services that are provided by nonprofits in industries like “social assistance” may overlap with the missions of governmental housing, human services, or parks and recreation agencies.

Figure 2: Public Service Employment: State, Local, and Private/Nonprofit (in thousands), 2019

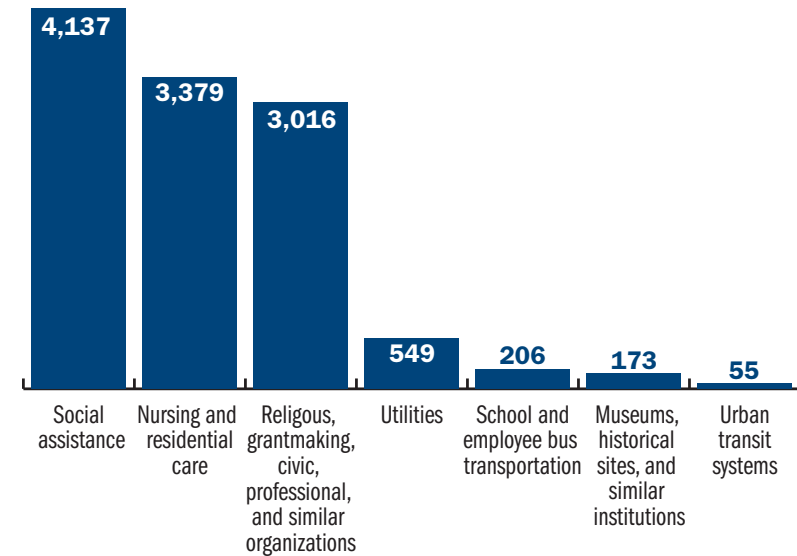


Source: U.S. Bureau of Labor Statistics, National Employment Matrix

The largest components of the public service sector are education, general government, hospitals, and ambulatory health care (e.g., outpatient medical offices). The first three of these involve significant state and local government employment, while the fourth does not. Some state/local governments may operate such non-hospital outpatient facilities, but their employment numbers are small enough that they are not separately tracked.

In total, there are 43.1 million people employed in these community service professions. Of these, the largest share is the 8 million working in education at the local government level. Across agency types, there are a total of 14 million

Figure 3: Other Public Service Employment (in thousands), 2019



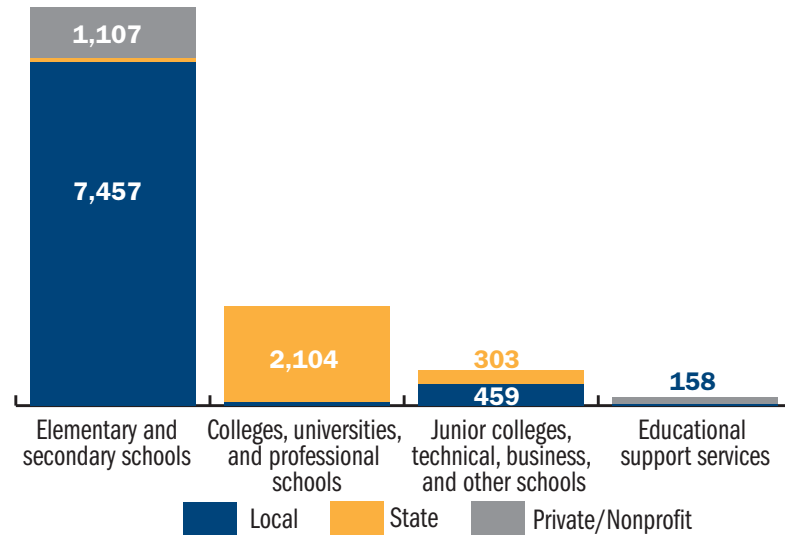
Note: While local and state governments may also include employees in some of these industries, the totals shown above are separate from the figures reported in the prior categories (such as Education or General Government).

Source: U.S. Bureau of Labor Statistics, National Employment Matrix

working in health care, either in a hospital or ambulatory/outpatient setting. While most health care employment is in the private or nonprofit sectors, local and state government account for 684,000 and 387,000 hospital jobs, respectively.

The “other” column in Figure 2 is displayed in greater detail in Figure 3. This includes such industries as social assistance, utilities, school and employee bus transportation, and urban transit systems, which may represent areas of public/private partnership or a commonality of mission with direct state/local government. Nevertheless, these totals are in addition to the employment that is already reflected in the stand-alone totals for general government or education.

Figure 4: Education Employment (in thousands), 2019



Source: U.S. Bureau of Labor Statistics, National Employment Matrix

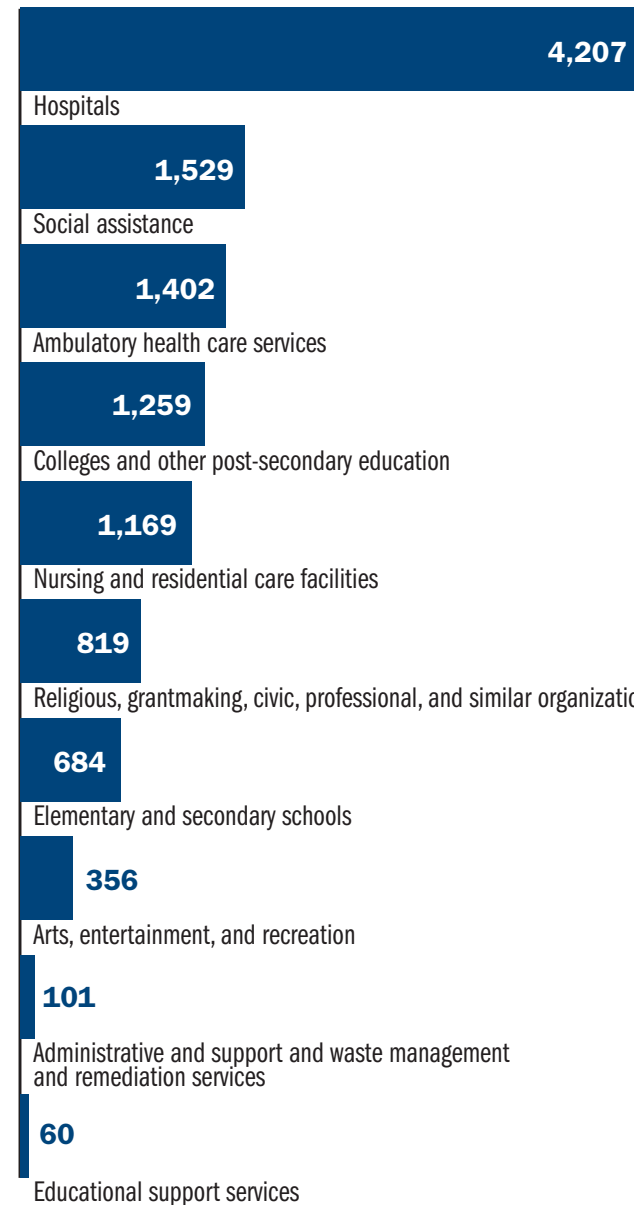
The education category is further detailed in Figure 4, which shows all state and local education employees, as well as private or nonprofit employment at K-12 schools or in educational support services. Excluded from this figure are private or nonprofit postsecondary schools and private “other schools and instruction.”

Nonprofit Sector Employment

While there are nonprofit, [501\(c\)\(3\)](#) organizations across a wide range of artistic, social service, and commercial industries (e.g., retail trade associations), the largest employment category is health care and social assistance, with 8.3 million employees (Figure 5). K-12 education nonprofits are included here as well (684,000 employees).

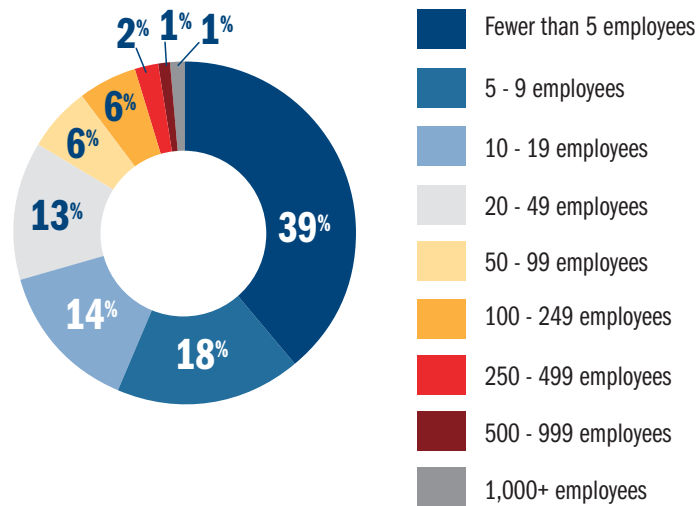
The majority of all types of nonprofit organizations have fewer than 10 employees, and 90% of them have fewer than 100 employees (e.g., local social service or cultural

Figure 5: Nonprofit Public Service Employment (in thousands), 2017



Source: U.S. Bureau of Labor Statistics, Nonprofit Establishment Employment and Wage Estimates, 2017.

Figure 6: Nonprofit Organizations by Staff Size, 2017



Source: U.S. Bureau of Labor Statistics, <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>

organizations). Organizations with over 1,000 employees represent just 1% of total non-profit organizations, but 51% of total employment (e.g., American Red Cross, Boys and Girls Clubs of America). A separate breakout by organization type is not available, but the category of 1,000-plus employees would likely include a large number of hospitals and universities.

Long-Term Trends and Pandemic-Influenced Changes

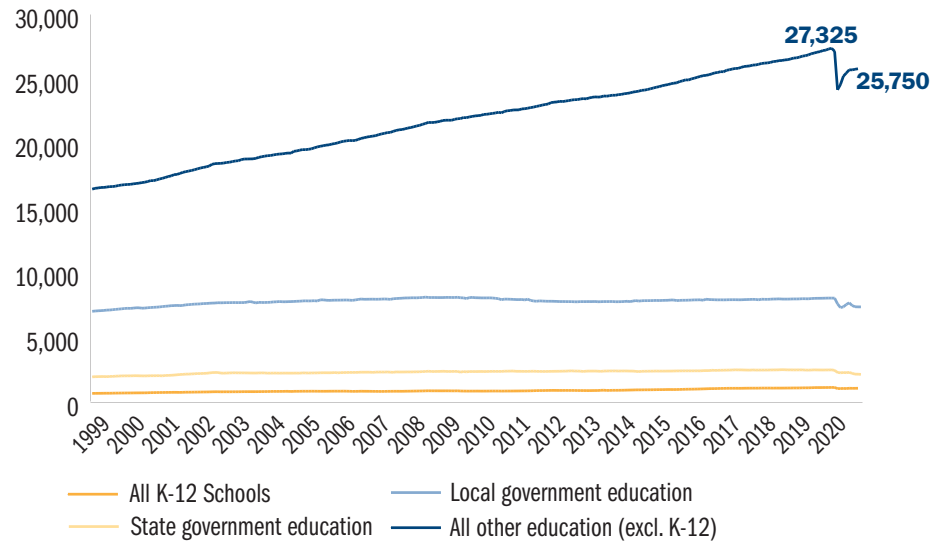
Monthly employment figures do not allow for complete segmentation by public and private employers, but it is possible to compare state and local employment to total K-12 and total other employment.

Both K-12 employment and other education employment grew steadily from January 1999 to January 2020, with employment increases of 68% and 66%, respectively. By contrast, local government education staffing grew by just 15%, while state education staffing grew by 27%. The pandemic-induced job losses in public schools from January to October 2020 were also deeper than for the education sector as a whole (-8% local and -13% state, versus -6% for both K-12 and all other).²

In raw numbers, the largest increase in staffing was in colleges and universities (total for public, private and nonprofit), where employment increased from 1.18 million to 1.62 million from January 1999 to October 2020. By contrast, junior college staffing decreased over that same time period by 28,000. These differences in staffing growth rates may reflect the differing extent to which these schools depend upon tuition vs. governmental appropriations.

² Further discussion of changes by occupation is included below in the section on Projected Employment through 2029.

Figure 7: Education Staffing: K-12 and All Other vs State and Local (in thousands)

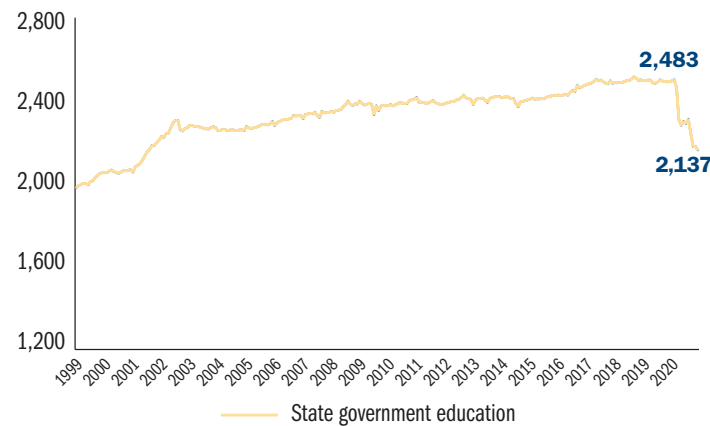


Source: U.S. Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics survey

The state and local change can be seen in greater detail below—with state staffing continuing relatively unaffected by the Great Recession, but local staffing peaking in 2008 and not ever returning to that pre-recession level before dropping again in 2020.

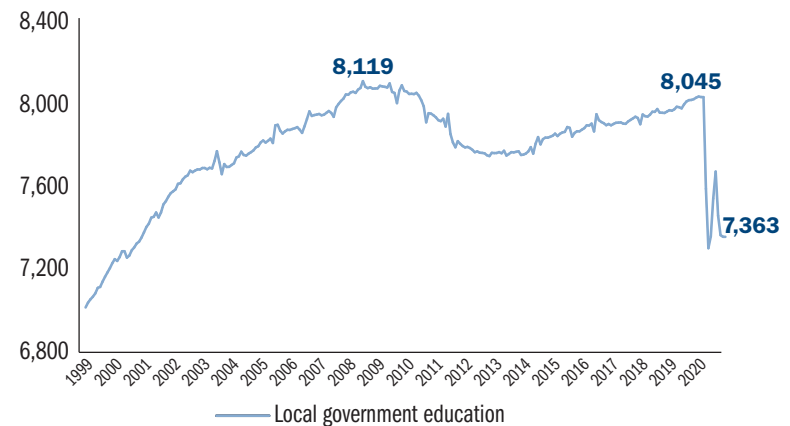
For additional detail on general government staffing, see the Center’s related infographic, [State and Local Employment](#), which also includes discussion of specific positions within the public sector workforce and the impacts of technology on total workforce needs.

Figure 8: Education Staffing: State Government Detail (in thousands)



Source: U.S. Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics survey

Figure 9: Education Staffing: Local Government Detail (in thousands)



Source: U.S. Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics survey

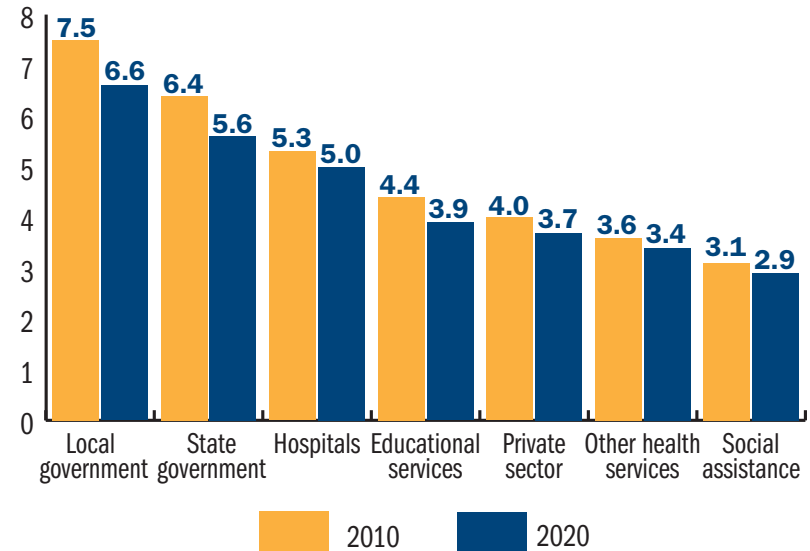
Employee Tenure

As shown in Figure 10, staff tenures with local and state governments (6.6 and 5.6 years, respectively) are longer than for the private sector generally (3.7 years). For other health, educational, and social assistance professions, tenure varies, tracking with the trends for management and professional occupations to have longer-tenured and older employees.

The shorter median tenure in fields like social assistance (2.9 years)—or in service fields generally, including within the larger state or local government industries—may be a reflection of a lower median age for those employees, not necessarily indicative of how long they plan to remain.

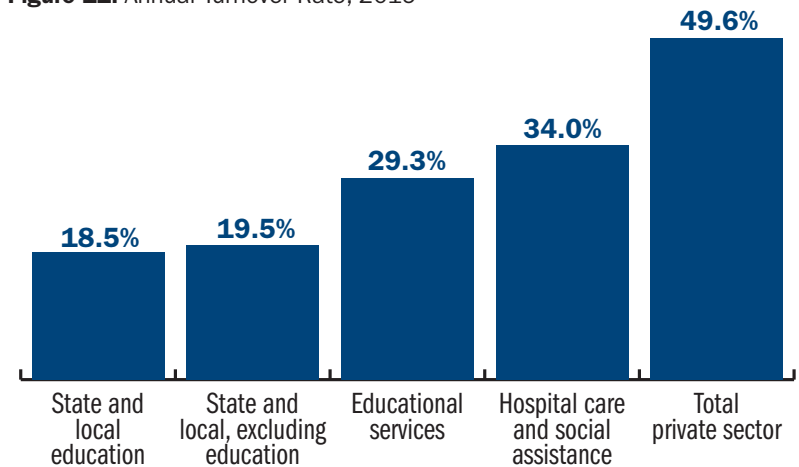
Social assistance and health service fields that have shorter tenure also have high turnover (34% in 2019); see Figure 11. This may reflect a more transitory career path for those working for multiple employers and could have implications for employee retention efforts premised on benefits for which the vesting period may be longer than the employees planned tenure.

Figure 10: Median Years of Tenure



Source: U.S. Bureau of Labor Statistics, *Employee Tenure in 2020*

Figure 11: Annual Turnover Rate, 2019



Source: U.S. Bureau of Labor Statistics, *Job Openings and Labor Turnover Survey*

Projected Employment through 2029

The pandemic has accelerated many of the predicted changes to workforce planning that were already in their early stages via automation, telework, and service restructuring. It is still too early to say what the final picture of post-pandemic employment will be—in part because the potential for aid to state and local government is still the subject of debate and also the remaining uncertainty about how many furloughs might become permanent layoffs—but projections from 2019 to 2029 give us some idea of where many industries are headed.

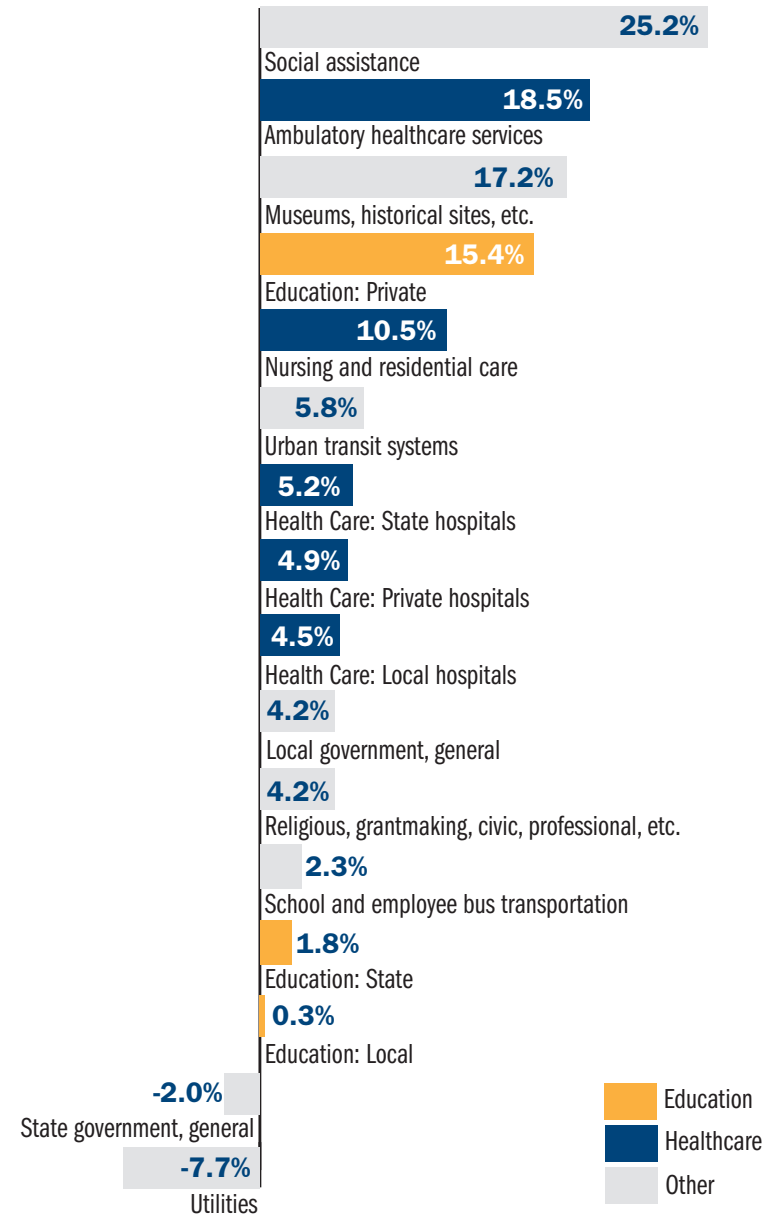
In Figure 12, education employment is projected to see only minimal growth among local and state governments (0.3% and 1.8%, respectively), while private or nonprofit education employment is projected to increase by 15.4%.

In health care, the employment figures for local, private, and state hospitals are much more comparable (all between 4.5% and 5.2% growth), while services that are more exclusively private or nonprofit based such as nursing and residential care and ambulatory healthcare services are projected to see more significant increases (10.5% and 18.5%, respectively). The largest projected increase is for social assistance organizations—anticipated to grow from 4.1 million jobs to 5.2 million jobs (a 25.2% increase).

The more modest growth in the state and local sector may have multiple causes, including a more cautious ramp-up to rehiring post-recession, an aversion to risky, more entrepreneurial ventures or new service lines, political constraints on competing with the local business community, and budgetary constraints on maintaining salaries that are comparable to what is being offered by the private sector.

As reported in the most recent [workforce survey](#) conducted by the Center, the International Public Management Association for Human Resources (IPMA-HR), and the

Figure 12: Projected Employment Change, 2019-2029



Source: U.S. Bureau of Labor Statistics, National Employment Matrix

National Association of State Personnel Executives (NASPE), only 53% of state and local human resource managers feel their organization’s wage compensation is competitive with the labor market. This consideration may, in turn, contribute to the wide range of positions that they report as being hard to fill, such as engineers, information technology professionals, police officers, and nurses. For all of these categories, more than half of 2020 survey respondents indicated that they received fewer qualified applicants than they had available positions.

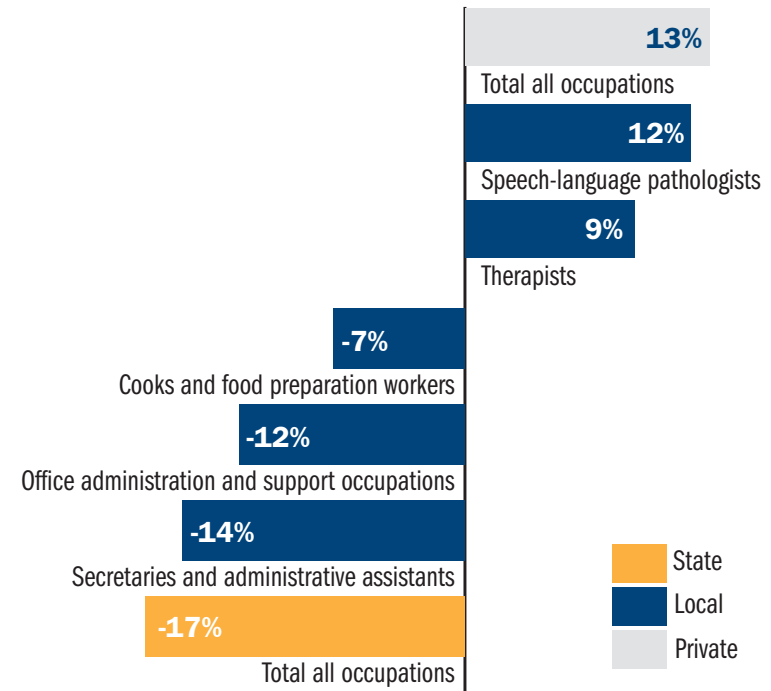
As far as individual positions are concerned, the Center’s research on the [Workforce of the Future](#) noted that even pre-pandemic, technology was leading to efficiencies in such tasks as recruitment, application review, customer service, clerical support, and even supervisory span of control.

Some of these trends can also be seen in the projections for K-12 and general hospital employment, as shown in Figures 13 and 14. In some cases, as with private and state K-12 employment and local and state hospitals, the projected change is similar for all positions.³

K-12 employment shows the greatest variation among local governments, with some specialized positions increasing demand (e.g., speech pathologists and therapists), while food preparation, office, and secretarial positions are projected to decline. Similar trends can be seen in hospitals, with the clerical and customer service positions (both vulnerable to technological change) showing the greatest decline.

In part, cuts are being driven by COVID-19’s impact on income and sales tax receipts, which for states account for a large share of the revenues used to fund their own services or to pass along to local governments.¹

Figure 13: K-12 Employment: Projected Change, 2019-2029



Source: U.S. Bureau of Labor Statistics, National Employment Matrix

³ In figures 13 and 14, data is graphed for those categories with at least 50,000 employees and a projection of at +/- 5% change from 2019-2029. Where the variation between occupations is insignificant, only the total is shown

Positions cut or furloughed in 2020 varied by jurisdiction but include those with high levels of public interaction (e.g., recreation, community services, school bus transportation), especially where services were suspended or moved online. The extent to which those employment figures will bounce back in 2021 or beyond will depend upon immunization and infection patterns, decisions on service restarts or restructuring, and the long-term revenue picture at both the state and local level.

COVID-19 is a factor not only in the staffing cuts and work restructurings that have taken place in the past year, but also in individual [employee views and decision making](#) regarding their health and safety on the job and the weighing of decisions on staying with their present employer, considering a job change, or retiring. This has been noted both among public employees generally and in research on [public sector K-12 staff](#).

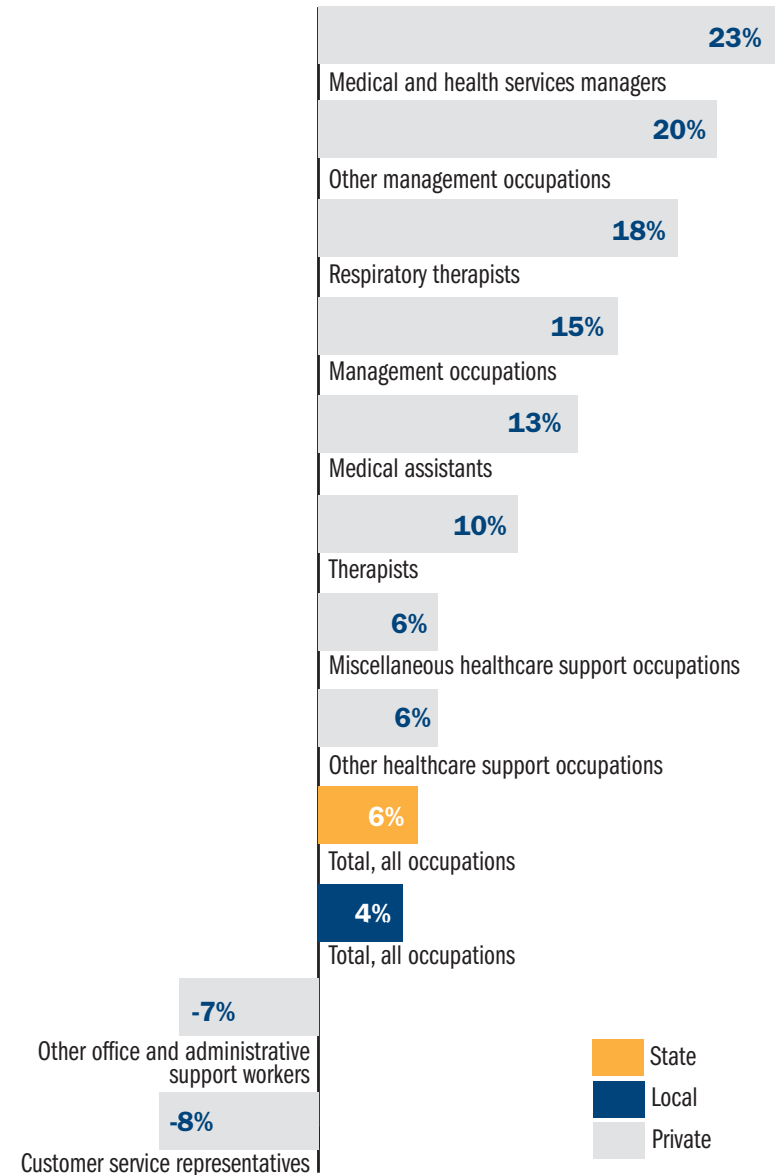
Cross-Sector Partnerships

The pandemic-influenced restructuring of employment in general and the commonality of mission many governments share with other public service organizations both point to the importance of cross-sector partnerships.

Within the fields of health care and education, technology is playing a significant role in workforce transformations, as telemedicine, electronic medical records, distance learning, MOOCs (massive open online courses), and other innovations have quickly become more prevalent.

If state and local organizations are projected to see slower employment growth post-pandemic, and if other sectors either invest more heavily in technology or see more significant staffing growth (as in the social assistance category), such characteristics may make these other organizations logical partners in exploring cross-sector service delivery.

Figure 14: Hospitals (General) Employment, Projected Change, 2019-2029



Source: U.S. Bureau of Labor Statistics, National Employment Matrix

For additional resources, see Center research on cross-sector partnerships such as those focused on innovations in the [health and human services workforce](#), [public health collaborations](#) between cities, counties and military bases, as well as cross-sector partnerships for [affordable housing](#), [healthy community design](#), and [substance misuse](#).

Next Steps

SLGE at ICMA-RC continues to explore public, private, and nonprofit partnerships around such topics as [workforce planning](#) and [employee financial wellness](#) through a series of summits with key stakeholder groups.⁴ The goal of these convenings is to highlight best practices, avoid duplication of effort, find potential areas and projects for collaboration, and help all public service organizations to recruit and retain talented employees.

That work will also be supplemented by SLGE at ICMA-RC's annual workforce survey, with new results to be published in the spring of 2021.

The Center is also exploring the workforce environment for the broader public service sector, with a related upcoming brief on the public service sector's benefits environment.

Endnotes

i Elizabeth Romanov and Dan Thatcher, "School Officials Await Potential COVID-19-Related Budget Cuts," *State Legislatures Magazine*, November 10, 2020, available at <https://www.ncsl.org/research/education/school-officials-await-potential-covid-19-related-budget-cuts-magazine2020.aspx>

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[Survey Findings – K-12 Public School Employee Views on Finances, Employment Outlook, and Safety Concerns Due to COVID-19](#), SLGE, February 2021.

[Survey Findings – Update on Public Sector Employee Views on Finances and Employment Outlook Due to COVID-19: May vs. October 2020](#), SLGE, January 2021.

[Stakeholders Meeting on Developing the Public Sector Workforce of the Future](#), SLGE, December 2020.

[Successful Collaborations Between Local Government and Public Health: Exploring Multisector Partnerships to Improve Population Health](#), SLGE and the de Beaumont Foundation, November 2020.

[State and Local Employment, Infographic](#), SLGE, November 2020.

[Shared Staffing in Public Health: Collected Resources](#), SLGE and the Center for Sharing Public Health Services, 2017-2020.

[Survey Findings - State and Local Government Workforce: 2020 Survey](#), SLGE, IPMA-HR and NASPE, April 2020.

[How Does the Public Health Workforce Compare with the Broader Public Sector?](#), SLGE and the de Beaumont Foundation, March 2020.

[Public Sector Workforce 2030 Summit: Key Takeaways](#), SLGE, National League of Cities and ICMA-RC, March 2020.

[Innovations in the Health and Human Services Workforce: State and Local Governments Prepare for the Future](#), SLGE and Kronos, November 2019.

[Workforce of the Future: Strategies to Manage Change](#), SLGE and Kronos, October 2018.

ii Gerald Young, "10 Common Outcomes of COVID-19 on Local Government Budgets," ICMA, November 4, 2020, available at <https://icma.org/blog-posts/10-common-outcomes-covid-19-local-government-budgets>

⁴ In September 2019, SLGE, the National League of Cities and ICMA-RC cohosted a summit on the Public Sector Workforce 2030 that was open to managers and employees of state and local governments and affiliate groups. Summits of key stakeholder organizations followed in October 2020 and February 2021.

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The Center for State and Local Government Excellence (SLGE) at ICMA-RC

The Center for State and Local Government Excellence (SLGE) was founded in 2007 by ICMA-RC, and in 2021 the two organizations formally joined forces to form The Center for State and Local Government Excellence at ICMA-RC. SLGE at ICMA-RC helps local and state governments become knowledgeable and competitive employers so they can attract and retain a talented and committed workforce. SLGE at ICMA-RC identifies leading practices and conducts research on public retirement plans, health and wellness benefits, workforce demographics and skill set needs, labor force development, as well as topics facing the not-for-profit industry and the education sectors. Additionally, SLGE at ICMA-RC brings state and local leaders together with respected researchers. For more information, access to all research and publications, and to sign up for the SLGE at ICMA-RC newsletter, visit slge.org and follow [@4GovtExcellence](https://twitter.com/4GovtExcellence) on Twitter.