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# Examining the Financial Wellbeing of the U.S. Public Service Workforce

In recent years, there has been an increased focus on the financial wellbeing of the 19 million public service employees serving state and local entities across the U.S. Amid the COVID-19 pandemic and Great Resignation, more than half of these workers say they are inclined to leave their jobs, driven largely by a need for better pay and benefits.<sup>2</sup> Forthcoming research will provide a deep dive on the economic and retirement security of the state and local public services workforce, with key highlights contained in this infographic.

## The Public Service Workforce Faces Financial Struggles



Since the pandemic, public service employee households have taken several negative financial actions, including:<sup>3</sup>

- taking on more debt than they would have otherwise (23%).
- spending money from an emergency fund to make ends meet (21%).
- borrowing money from friends or family (12%).



**About one-fifth** of all state and local public service employees face financial difficulties.<sup>1</sup>



**From 2017 through 2019, 14% of households** employed in the public sector indicated that they could not pay all of their bills.<sup>1</sup>



**Nearly one in three public service employee households** would have trouble coming up with \$400 in an emergency, indicating that liquid savings is inadequate.<sup>1</sup>



**44% of public service workers** reported that they and their family had been negatively impacted financially by the pandemic, with 6% indicating the negative impact has been significant.<sup>2</sup>



**Less than half (44%)** of state and local government human resource directors said their compensation is competitive with the local labor market.<sup>4</sup>



Through 2019, **72% of single women and people of color** in public service reported doing ok financially, but those groups trailed white or married respondents and men. Since the pandemic, women in public service are more likely than men to report worries about their available emergency funding or retirement savings.<sup>1</sup>

## Concerns Exist About Public Service Workers' Financial Security, But Retirement Benefits Are a Strength

### Access to benefits helps strengthen the financial security of public service employee households:

retirement plans, health and life insurance, health and education savings accounts, and paid time off.<sup>1</sup>

- 92% of state and local government employees had access to retirement benefits at work in 2020.
- 89% of state and local government employees had access to health insurance benefits from their employers in 2020.
- Public employers paid medical care premiums for family coverage plans in 71% of cases in 2020.
- 92% of state and local government employees had paid sick leave available to them in 2020.
- In 2019, 37% of state and local government employees had access to defined contribution retirement plans at work, up from 31 percent in 2012.
- In 2021, 86% of state and local workers had access to a defined benefit pension plan and 91% of employees with a pension were required to contribute to their plan.<sup>6</sup>

**20%**

of state and local public service employees are **extremely or very confident** that their pension will cover all of their living expenses in retirement.<sup>3</sup>

**41%**

of public sector human resources professionals **feel their employees are financially prepared for retirement.**<sup>3</sup>

**38%**

About a third of state and local public service workers **have access to a defined contribution retirement plan**, with 18% participating.<sup>6</sup>

**32.2%**

Almost one-third of state and local public employees with a defined contribution retirement plan loan **used those loans to buy or repair a house from 2010 to 2019.**<sup>1</sup>



### Action Strategies:

This research points to both the value of various public sector benefits and the impact of greater job tenure and stability on retirement savings behavior.

#### Employers may want to consider:

- Using employee engagement or financial wellness surveys to gauge how well the value of benefits is being communicated
- Evaluating the extent to which vesting provisions, matching contributions, and career development initiatives are supporting employees and contributing toward greater employee retention
- Reviewing data by gender, race, and ethnicity to address any potentially disproportionate impacts on retirement readiness or short-term financial security



**Stay tuned for new MissionSquare Research Institute research** that will examine the economic and retirement security of the state and local public service workforce. In the meantime, please visit [missionsq.org/researchinstitute](https://missionsq.org/researchinstitute) for past infographics and reports on public service sector retirement plans, health and financial wellness benefits, and workforce demographics, skillset needs and workforce development.

## Sources

1. **Research Report: Examining the Financial Wellbeing of the U.S. Public Service Workforce.** Authored by Christian Weller and Beth Almeida for MissionSquare Research Institute.
2. **The Great Resignation and COVID-19: Impact on Public Sector Employment and How Employers Can Help.** MissionSquare Research Institute.
3. **Continued Impact of COVID-19 on Public Sector Employee Job and Financial Outlook, Satisfaction, and Retention.** MissionSquare Research Institute.
4. **State and Local Workforce 2022.** MissionSquare Research Institute.
5. **U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, data as of May 2021**, inclusive of general government, schools, and hospitals.
6. **Benefits of State and Local Government Employees.** MissionSquare Research Institute.