



BRIEF SERIES 4 OF 7

Expanding Economic Mobility through the Municipal Workforce

Employers have a direct impact on the financial stability and mobility of their workers. When offering living wages and good benefits, employers can ensure a strong financial footing for their workers' families now and in the future. Municipal governments are often one of the largest employers in a region, frequently employing city residents and a higher proportion of women and people of color than other employers. According to the Economic Policy Institute, women made up over 60 percent of state and local government workers, compared to just over 46 percent of private-sector workers in 2019.¹

The same study showed the public sector disproportionately employed Black workers at 13.5 percent compared with 11.5 percent of private-sector workers.²

City employees carry out a range of necessary municipal functions and are employed in jobs across the income scale, including teachers, sanitation workers, construction workers, and police officers. By leveraging their position as an employer, municipal

governments through their workforce can begin to increase economic mobility for residents. Cities can assess their wage and benefits policies to uncover any inequities across job categories and ensure that all employees are paid a living wage, receive competitive benefits and have access to opportunities that can financially stabilize households. In doing so, they can serve as a model for other employers in the region, thereby boosting economic security for a more significant proportion of families within their jurisdiction.

Cities Taking Action

Municipalities have several tools within their reach to improve economic mobility and opportunities for their workers. Wages and benefits, along with access to financial products and other supports, can have a significant impact on the life of a city employee and may increase retention rates for the city.



Strategic Recruitment

Cities can improve economic mobility in certain areas of the city or for targeted populations by strategically recruiting their workforce. They can collaborate with schools and local vocational training programs to build pipelines directly to municipal jobs and thus expand opportunities for city residents. Whereas women and people of color experienced the most significant economic impacts from the pandemic, they can be targeted for employment opportunities by municipalities which can also boost the city's overall recovery efforts.^{3 4} Additionally, cities can target specific marginalized populations by recruiting from underrepresented communities and those who may face barriers to employment, like returning citizens and new mothers.



Living Wages for City Employees

An important first step for municipal human resource departments is to review compensation rates and benefit packages for all full-time, hourly, and seasonal workers. Some cities have passed local wage ordinances that require all city employees (and in some cases, employees of businesses that contract with city government) to be paid a living wage. Aligning pay with the local cost of living estimates and identifying any inequities in pay rates among women and people of color can ensure that lower-income earners can afford necessities, build savings, and improve their quality of life. A Consumer Financial Protection Bureau report on promising workplace strategies underscores that a financially stable workforce can lead to more productive staff.⁵ For a municipality, this can then translate to improved municipal service delivery.

In May 2021, the City of Lakewood, Ohio, enacted an ordinance for all covered municipal employees to earn no less than \$15 an hour. The ordinance included a provision that the local Fair Employment Wage Board will review the effectiveness of the living wage ordinance and will ensure that the community is informed that city service contracts awarded to businesses comply with the ordinance.⁶





Comprehensive Benefits to Meet Employee Needs

Employee benefits are another essential tool for cities to help employees make ends meet and maintain employment. Within city government, many workers in lower-wage jobs still struggle to stay afloat and often rely on public benefits. A comprehensive benefits package that includes health coverage, retirement, options for paid leave, and, when possible, flexible work schedules can significantly impact the lives of municipal workers. When emergencies arise, benefits like paid sick leave and family and medical leave enable employees to respond to the needs of their families without losing pay or their jobs. Paid sick leave has been found to be an essential benefit in reducing the spread of COVID-19 by keeping workers home when they are sick.⁷ Predictable work schedules enable employees to meet the municipality's needs as well as the individual's responsibilities at home, such as scheduling child care or medical appointments. Finally, cities can offer professional development opportunities to their employees, including training or advancement, which can increase wages for employees while also opening new entry-level positions for other city residents in targeted populations or neighborhoods.

The City of Columbus, Ohio, initiated a two-year pilot in 2017 to test a policy allowing workers up to four weeks of paid caregiver leave based on Family and Medical Leave Act (FMLA) guidelines and ultimately adopted the practice for municipal employees.⁸ As of August 1, 2019, eligible city employees can receive up to four weeks of paid caregiver leave under FMLA.⁹





Expanding access to Child Care

Parents and caregivers need access to reliable, affordable child care to maintain employment and provide high-quality services for residents. While this need has been greatly magnified during the COVID-19 pandemic, child care continues to be a pressing concern for many workers with young children. Quality child care can lower employee absenteeism, increase productivity, and increase retention, especially for essential and frontline workers. Cities can provide direct child care subsidies to municipal workers, which can reduce the cost of child care. Cities can also collaborate with local child care providers to expand the network of care, provide employees with a list of available providers, and potentially lower costs for parents and caregivers by purchasing slots.

The City of Pittsburgh offered on-site emergency child care at City Hall for municipal workers when schools are closed for snow. This initiative also provided free child care to the city's employees on the 15 days each year when Pittsburgh Public Schools are closed for teacher professional development and other events.¹⁰





Increasing Access To and Utilization of Financial Products

Earned wages should be protected and accessible to municipal employees without expensive transaction fees or delays. Cities can leverage their relationships with local financial partners to provide all employees with direct deposit into affordable, FDIC-insured accounts. This can increase employee access to checking and savings accounts, which helps avoid high fee check-cashing services that reduce take-home pay. Additionally, direct deposit creates a more predictable payment schedule for workers, reduces staff time required to process payroll each cycle, and provides additional security to the city. Municipalities also can help employees mitigate the financial impact of crises by providing access to other financial products such as payroll advance loans.

The City of Austin, Texas, offers all employees small-dollar loans with affordable terms from \$400 to \$1,000 through the Community Loan Center of Austin (CLC). Directly connecting employees with access to affordable non-predatory loans from a community lender, the city helps workers in need of short-term funds avoid using payday lenders that often result in high-interest rates and trigger a cycle of debt.¹¹



City As A Model Employer and Contractor

Because they are often the largest employer in a region, municipalities can influence other employers to adopt similar policies that support employees' economic well-being. Cities can do this by sharing their successes in offering supports that lead to employee retention and productivity through the local Chamber of Commerce and business roundtables.

Cities can also lead through procurement practices by requiring potential contractors to include competitive worker pay and benefits in their proposals. City leaders may find that the weight of municipal contracts can incentivize local employers to reevaluate their wage and benefits policies to align with municipal practices.



Data Considerations

To implement model employer practices, cities will need to better understand the needs and challenges of employees and other residents targeted for recruitment into municipal employment. For cities considering a living wage policy for all employees, the Massachusetts Institute of Technology offers a tool that estimates the cost of living based on local data in every state.¹² Cities can conduct employee surveys to identify the types of benefits or employee policies most needed to improve economic mobility for workers. Local universities or research firms can assist cities in developing a survey tool and analyzing the data obtained. Cities can also work with their local Chambers of Commerce and other stakeholders to gather additional data to understand worker needs and challenges across the city and compare benefits packages offered by employers throughout the city.

Action Steps

As cities identify options for improving the economic mobility of their workforces and serving as a model for other employers, local leaders should consider these key action steps:

- 1 Regularly** assess municipal wage structures and benefits packages to identify potential inequities and ensure that wages and benefits are competitive with other employers in the region.
- 2 Conduct** periodic surveys of municipal employees to identify unmet needs and consider non-traditional benefits (such as small-dollar loans) to boost economic security and improve employee retention.
- 3 Proactively** recruit for municipal positions at all levels from marginalized communities and those most impacted by the pandemic.
- 4 Encourage** other large employers to follow the city's lead and adopt living wage policies and comprehensive benefits to ensure that residents working in the city can thrive.

If cities lead the charge supporting municipal workers' pay and benefits and overall economic well-being, they can expand economic security for residents citywide.

Resources

[Cuts to the state and local public sector will disproportionately harm women and Black workers](#), Economic Policy Institute

[Five Steps to Build the Financial Resilience of City Employees](#), National League of Cities

[How Equitable Access to Banking Improves Economic Conditions for Everyone](#), National League of Cities

[Living Wage Calculator](#), Massachusetts Institute of Technology

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Learn more about taking action to expand economic mobility for your residents and visit <https://www.nlc.org/initiative/equitable-economic-mobility-initiative/>

Endnotes

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- ¹⁰ Office of Pittsburgh. (2017, December 4). City Will Offer Free Child Care for Employees and During Public Community Meetings. Retrieved from <https://pittsburghpa.gov/press-releases/press-releases.html?id=1233>
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- ¹² Glasmeier, Amy K. (2020). Living Wage Calculator. Massachusetts Institute of Technology. Retrieved from livingwage.mit.edu