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# The Municipal Workforce Through the Pandemic: Where Are We Now?

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Two years of economic turmoil caused by the COVID-19 pandemic have created employment loss across the United States; however, not all sectors have been affected equally. Public sector employers, especially municipal employers, have struggled the most to retain workers — negatively impacting local governments' ability to deliver for their communities. This brief provides an analysis of employment data, shares how the pandemic impacted the municipal workforce and highlights local government strategies for using American Rescue Plan Act (ARPA) funds to boost municipal employment.

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Cities, towns and villages provide essential resources and services to their communities. Through dedicated public servants' hard work, cities meet the needs of their residents. Two years of economic turmoil caused by the COVID-19 pandemic have created employment loss across the United States; however, not all sectors have been affected equally. Public sector employers, especially municipal employers, have struggled the most to retain workers. The current municipal labor shortage will negatively impact local governments' ability to deliver for their communities unless local leaders take the necessary steps to rebuild staffing capacity. Local leaders should use funding through the ARPA's $350 billion State and Local Fiscal Recovery Funds (SLFRF) to invest in their local governments' workforce. Based on the analysis completed for this brief, so far cities have allocated about 15 percent of the $8.68 billion ARPA funds designated to support municipal workforce development. Although some communities have had success bringing staff back to work and preparing for the future needs of the public sector workforce, many are still struggling. Moving forward, local governments need to be more active in investing in their municipal staff to address concerns of delayed service delivery and knowledge loss.

This brief provides an analysis of U.S. Bureau of Labor Statistics (BLS) employment data, shares insights into how the pandemic impacted the municipal workforce and highlights local government strategies in using ARPA funds to boost municipal employment. It includes examples of cities implementing the following strategies to solve their public workforce challenges and best serve their communities:

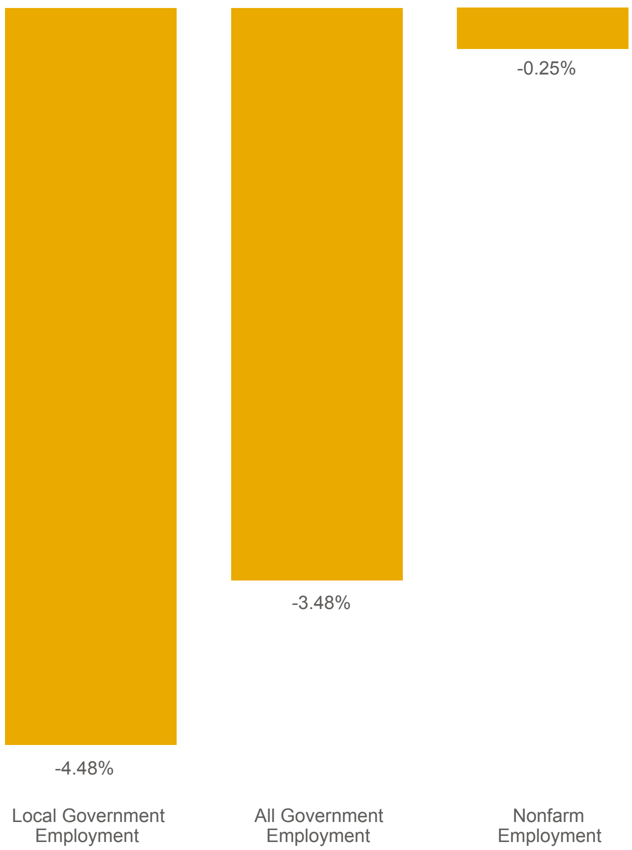
- **Increasing government employee wages, especially through premium pay**
- **Investing in general public sector workforce development**
- **Dedicating funds to new positions**
- **Financing youth public sector workforce opportunities**

# The “Great Resignation” Hits Local Government Employment Hard

During the pandemic, municipal governments have struggled mightily with staffing shortages. Between March 2020 and March 2022, municipal employment fell by 300,300 jobs, driving municipal employment down by 4.48 percent. BLS data showed that municipal labor loss (-4.48%) has declined more than overall government labor loss (-3.48%) and all nonfarm labor loss (-0.25%) (Figure 1). Total nonfarm employment, or total nonfarm payroll, accounts for about 80 percent of workers who contribute to GDP and is defined as “a measure of the number of U.S. workers in the economy that excludes proprietors, private household employees, unpaid volunteers, farm employees, and the unincorporated self-employed.”[1]

**Figure 1. Local government employment was affected more than other sectors by the COVID-19 pandemic**

*Percent Change in Employment by Employment Type (March 2020 – March 2022)*



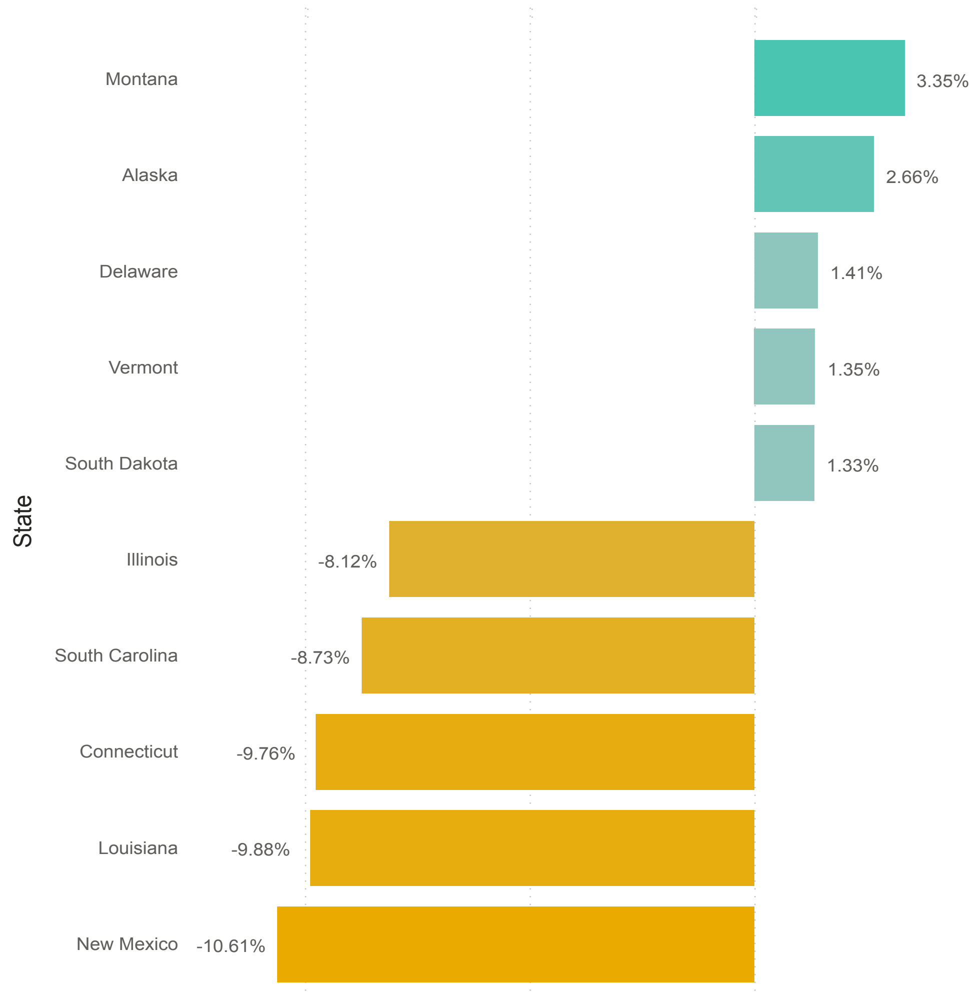

Source: U.S. Bureau of Labor Statistics. (2022). *State and Area Employment, Hours, and Earnings* [Dataset]. data.bls.gov/PDQWeb

**Local government labor loss was 18x greater than nonfarm labor loss.**

On average, local governments are facing steep staffing shortages compared to other employers; however, some states have experienced municipal employment growth (Figures 2 and 3). Between March 2020 and March 2022, the largest percentage growth in municipal workforce occurred in Montana (3.35%), Alaska (2.66%) and Delaware (1.41%). Comparatively, the largest percentage declines in municipal workforces throughout the pandemic occurred in New Mexico (-10.61%), Louisiana (-9.66%) and Connecticut (-9.76%).

## Figure 2. Most states experienced large municipal labor loss through the pandemic but a few experienced employment growth

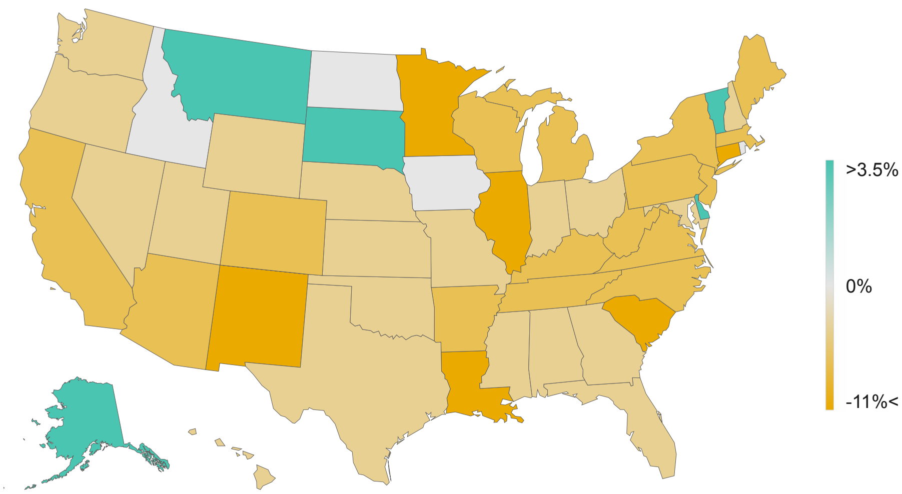
*States Experiencing the Largest Percentage Increases and Decreases of Municipal Employment During the Pandemic (March 2020 - March 2022)*




Source: U.S. Bureau of Labor Statistics. (2022). *State and Area Employment*

**42 out of 50 states experienced municipal employment loss during the COVID-19 pandemic**

### Figure 3. Most states experienced municipal employment loss during the pandemic

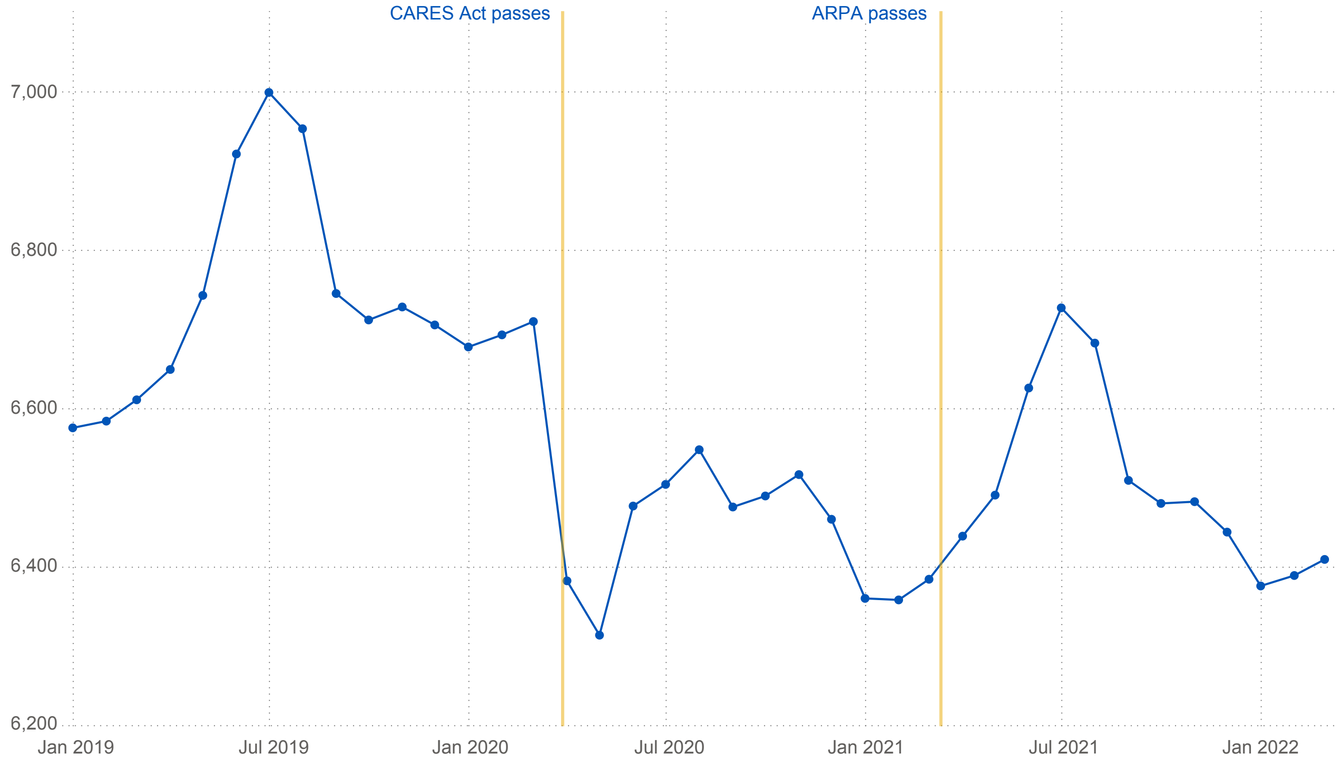



Source: U.S. Bureau of Labor Statistics. (2022). *State and Area Employment*

Although local governments are still struggling to address staffing shortages, there were brief periods of hiring surges in May to September 2020 and 2021 (Figure 4). These surges came shortly after passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020 and ARPA in March 2021. These surges may also be seasonal as local governments experienced similar hiring surges from May to September in 2019. Despite these historic investments in local government relief funding, municipalities continue to struggle in attracting and retaining workers due to increasing retirement rates, competitive pay at other organizations, and job dissatisfaction levels, which have been trending across many sectors.

**Figure 4. Federal investment stabilized the drop in municipal employment caused by the pandemic**

*Municipal Employment Excluding Education Services Totals by Month (January 2019 - March 2022)*




Source: U.S. Bureau of Labor Statistics. (2022). *State and Area Employment*

# Municipal Employment Data in Context

MissionSquare Research Institute conducted a State and Local Government Workforce 2021 survey to better understand challenges in municipal workforce retention efforts. The survey found that retirement is majorly influencing retention efforts with 51 percent of respondents reporting that retirement was a common reason for staff leaving.* Additionally, 52 percent of respondents believe that their largest number of anticipated retirements will occur during the next few years, and 38 percent reported that the number of retirement-eligible employees has grown.

* These survey findings largely represent the status of local government workforces. 82 percent of MissionSquare Retirement's survey respondents worked for local governments while 18 percent of respondents worked for state governments.

Retirements are a natural part of the employee lifecycle, so local governments that invest in municipal staff and their development will be better positioned to attract and retain good employees to replace retiring staff. MissionSquare found that many local governments could do more to invest in municipal staff, with 50 percent of respondents indicating that their government offered leadership development opportunities to staff, and 32 percent reporting that their government established career ladder programs for staff development. Additionally, 32 percent of respondents indicated that their government utilized apprenticeship and internship programs, and 15 percent reported that their government used data-driven decision making to guide retention efforts.[2]

Besides retirement, the MissionSquare survey identified common reasons for respondents leaving state or local employment:[3]

- **Advancement with another public employer** (36%)
- **Non-competitive compensation** (30%)
- **Lack of internal advancement opportunities** (25%)
- **Advancement with a private employer** (24%)

These trends are not unique to the municipal workforce. The Pew Research Center found that approximately 20 percent of adults voluntarily left their jobs in 2021, regardless of sector. The top reasons cited were due to low pay (65%) and limited opportunities for advancement (63%). Pew's research indicates that overall job dissatisfaction was the primary motivation for employees to leave their jobs. Adults who left their job in 2021 have also cited workplace disrespect (57%) and childcare (48%)* as top reasons for choosing to leave their place of employment.[4]

* Among respondents with a child younger than 18 in the household.

# Impacts Of Municipal Employment Loss

## Loss and delay of vital services

Municipal workers are critically important for local government service delivery. Without municipal workers, municipal services like trash pick-up or emergency response may be delayed. MissionSquare's survey found that healthcare and public safety roles are among the hardest municipal jobs to fill.[5] The inability to hire for these hard-to-fill jobs will lead to service delays and disruptions, and cause extended negative impacts on the community if not addressed.

## Leadership and knowledge loss

Across the country, local governments have historically underinvested in building talent pipelines into management roles. Additionally, most local governments cannot provide competitive benefits and pay to employees compared to private organizations.[6] As many retirement-age municipal workers begin transitioning out of the workforce, local governments will struggle to fill many mid-to-upper management roles with qualified candidates.

**Check out NLC's report on Hard-To-Fill Infrastructure Jobs**
[www.nlc.org/resource/how-hard-to-fill-infrastructure-jobs-impact-building-our-future](www.nlc.org/resource/how-hard-to-fill-infrastructure-jobs-impact-building-our-future)

# Leveraging Federal Funds to Rebuild Municipal Workforce

As local governments continue distributing their ARPA funds, spending on economic and workforce development initiatives should be a priority for local governments. Through these initiatives, municipalities will be able to leverage opportunities to strengthen the municipal workforce and improve local government service delivery. NLC's analysis of ARPA spending by the largest metropolitan cities found that general economic and workforce development initiatives account for more than 10 percent of allocated funds.[7] In small municipalities, nearly three percent of SLFRF is allocated to local economic and workforce development initiatives.[8] By 2026, local governments must budget and spend their ARPA funds. With a thoughtful approach, municipalities can direct their efforts to continue supporting municipal workers and bolstering their abilities to serve and support the community.

**Small municipalities refers to non-entitlement units (NEUs).**

**NEUs are local governments that typically serve 50,000 residents or less.[9] Of the $65.1 billion allocated to cities, towns and villages across the country, SLFRF allocated $19.5 billion, or 30 percent, to NEUs.[10]**

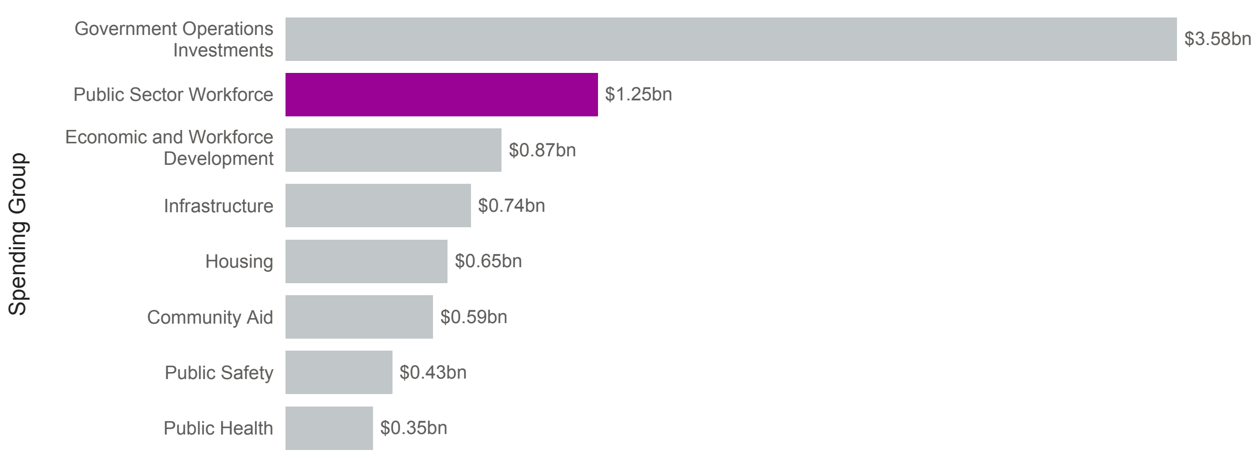
**Metropolitan cities are local governments that serve more than 50,000 residents, or principal cities of Metropolitan Statistical Areas (MSAs), including those that relinquish or defer their status in the Community Development Block Grant (CDBG) program.[11] SLFRF allocated $45.6 billion, or 70 percent, to metropolitan cities.[12]**

To understand local government spending on public sector workforce development alone, NLC reviewed budgeted allocations from 89 of the largest metropolitan cities that submitted a project expenditure report to the U.S. Department of the Treasury by December 31, 2021.[13, 14] Four main spending subcategories support public sector workforce development:

- **Government Employee Wages and Hiring**
- **General Public Sector Workforce Development**
- **Public Sector Youth Workforce Development**
- **Public Safety Workforce Development, including police, fire, etc.**[15]

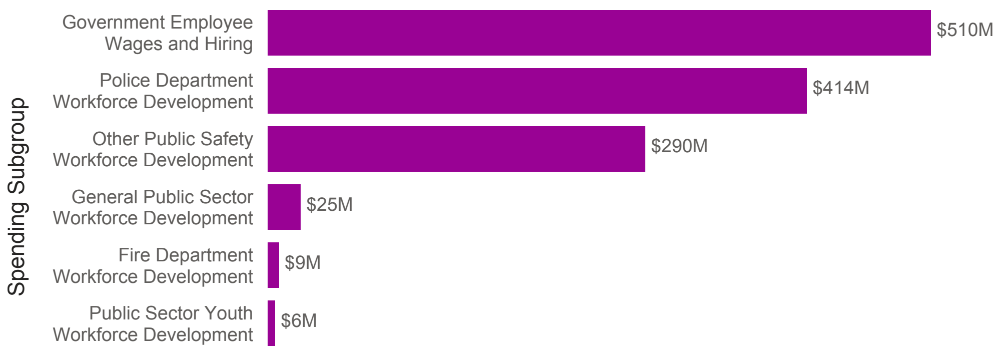
To address employee attraction and retention issues, the Biden Administration has encouraged local governments to utilize ARPA dollars for employee pay raises and bonuses. Some local governments have made significant investments in municipal workforce attraction and retention, but many could be doing more.[16] Of the nearly $8.68 billion in ARPA funds already designated for use, local governments have invested about $1.25 billion (approximately 15%) in municipal workforces (Figure 5). The following sections highlight plans focused on public sector workforce initiatives.

## Figure 5. ARPA spending on public sector workforce represents 15 percent of ARPA investments




Source: National League of Cities, Brookings Metro, & National Association of Counties. (n.d.). *ARPA Local Investment Tracker.* Retrieved June 29, 2022 from www.nlc.org/resource/local-government-arpa-investment-tracker

### Figure 6. Public sector workforce ARPA spending




Source: NLC, Brookings, & NACo. *ARPA Local Investment Tracker*

## Government Employee Wages and Hiring

Of the four identified spending categories, large metropolitan cities allocated the largest portion to government employee wages and hiring. In total, government employee wages and hiring represents approximately 41 percent, or nearly $510 million, of SLFRF allocations for this subset of cities and accounts for 110 distinct projects across 51 cities (Figure 6).

**Raleigh, NC,** allocated $230,000 in SLFRF to hire two grant managers to oversee federal grant compliance. The managers will oversee budget and management services and finance relating to the SLFRF grants. Additionally, the two managers will conduct community outreach to ensure the city's SLFRF are distributed equitably.[17]

**Arlington, TX,** allocated $3.6 million in SLFRF to the city's general fund to lift the city's hiring freeze. The hiring freeze was put in place in spring 2020 in response to the pandemic.[18]

## General Public Sector Workforce Development

Public sector workforce development is the fourth largest spending category for the analyzed metropolitan cities. This category represents roughly 2 percent, or $25.2 million, of SLFRF allocations in the sample and accounts for 6 distinct projects across 4 cities (Figure 6).

**San Jose, CA,** allocated nearly $3.8 million in SLFRF to provide adults living in high-poverty and high-unemployment neighborhoods with access to comprehensive job training for work in public parks. Participants will receive numerous trainings, such as CPR, first aid and OSHA 10. Additionally, participants will have opportunities to develop financial literacy and leadership skills. Finally, the program will enable participants to develop skills necessary for permanent employment with the city and its partners.[19]

## Public Sector Youth Workforce Development

Youth workforce development in the public sector is the smallest spending category for the analyzed metropolitan cities. In total, public sector youth workforce development represents less than 1 percent, or nearly $5.6 million, of SLFRF allocations in the sample and accounts for 8 distinct projects in 7 cities. Many cities in this sample allocated funding to youth workforce opportunities across private and nonprofit sectors, accounting for more than $33.8 million in SLFRF. However, only a few projects emphasized public sector positions (Figure 6).

**St. Louis, MO,** allocated $2.7 million in SLFRF to the St. Louis Agency on Training and Employment (SLATE) "to support ongoing efforts to connect city youth with jobs in summer."[20] SLATE partners with the city's Youth Jobs Program which connects 16- to 24-year-olds with paid summer positions across both the public and nonprofit sectors. Currently, the program has hundreds of participants on the waitlist and needs additional staffing capacity. The program also connects participants to a career coach and mentor while providing them with opportunities to network, develop public speaking skills, and complete job readiness and financial literacy training.[21]

# Conclusion

As municipalities continue recovering from the pandemic, it is critical for them to prioritize bolstering their municipal workforces to ensure continued equitable service delivery to residents. Cities, towns and villages are in a unique position to use ARPA funds to enhance their public sector workforce initiatives by increasing local job opportunities, developing employee skills, offering training for diverse groups of workers and improving opportunities for advancement. Many cities are already investing in employee wages and public safety workfroce development. Given the clear lost of leadership due to staff departures, greater investment in the development of youth and young professionals info the public sector is advisable. Overall, while cities are investing in their workforce in a variety of ways, they may need to do more in the nearterm to prevent further loss of organizational knowledge and delayed and inequitable service delivery for their residents.

**The time for local leader action is now. By 2026, local governments must budget and spend their ARPA funds. Providing opportunities and resources for all those interested in joining the public sector workforce can improve local government service delivery, economic development and resident outcomes.**

## Acknowledgements

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[14] At the time of publishing, NLC was awaiting additional clarification on budgeted ARPA allocations from Tulsa, OK; therefore, Tulsa's data was not included in this analysis. Additionally, researchers removed New York City from the dataset as to avoid skewed responses as NYC accounted for $5.9 billion (nearly 41%) of total budgeted APRA funds. The dataset also does not include the consolidated city/county governments of Lexington and Louisville due to a lack of project coding prior to this brief's release.

[15] A subsequent brief in this series will further detail ARPA spending on public safety workforce development.

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