

Good Jobs for Government Workers Improve Public Services

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In the face of significant reductions in federal spending and slowing economic growth, many state and local governments may look to cut their own spending in the coming months.¹ Too often, state and local cutbacks mean reducing standards for government workers, who already earn wages significantly below those of their private sector counterparts.² This issue brief highlights research demonstrating that supporting strong standards provides direct benefits to the public.

State and local governments have long adopted wage and benefits standards, job training programs, paid leave requirements, and union protections for direct government workers as well as workers whose jobs are funded by government spending.³ Studies consistently find that these standards help raise wages, reduce racial wealth gaps, and shrink the wage gap between public and private sector workers.⁴ At the same time, job quality standards can create a more effective and efficient government, benefiting the public by boosting worker productivity and improving public outcomes, retaining highly qualified workers, increasing government revenues, and attracting the next generation of public servants.

Who are government workers?

State and local governments employ nearly 20 million workers, representing 13 percent of total workers in the United States.⁵ These workers range from teachers, bus drivers, and firefighters to prosecutors, social workers, and government agency employees. Moreover, states indirectly support millions of jobs by contracting out or using other types of government support to fund essential government services, from the construction of roads and bridges to the maintenance and security of public spaces.⁶ For the purposes of this brief, both direct public employees and indirect government workers are referred to as government workers.

Cities and states are facing mounting fiscal pressures, as the Trump administration and the One Big Beautiful Bill Act have cut federal support to local communities for programs including health and nutrition assistance and infrastructure investments.⁷ However, state and local policymakers should uphold high standards for government workers and thereby ensure that the public continues to receive high-quality services.

Improving outcomes for the public and increasing productivity

Job quality standards increase worker tenure and productivity and thereby support the provision of high-quality, reliable public goods and services. As a result, taxpayers get an effective return on their investment.

For example, state governments can improve outcomes for Medicaid recipients by recognizing the right of Medicaid-funded home care workers to bargain and setting higher standards for these workers. In fact, all five of the states that a 2023 AARP Public Policy Institute scorecard identified as having the best long-term services for older adults and people with disabilities have enacted protections to allow workers to bargain over compensation or adopted baseline compensation standards.⁸ Moreover, public sector unions frequently use the bargaining process to win reforms that benefit the broader public, including smaller public school class sizes and investments in public transit infrastructure.⁹

The provision of other sorts of benefits can function in a similar way. For example, research on municipal police recordkeeping employees indicates that work-from-home benefits increased worker productivity by 12 percent on average by decreasing distractions.¹⁰

Conversely, research finds that outcomes for the public at large deteriorate when job standards are revoked. After Act 10 passed in Wisconsin, the share of teachers with less than five years of experience increased from 19.6 percent to 24.1 percent between 2015 and 2018.¹¹ In states that repealed construction prevailing wage laws in recent years, the growth in hourly worker productivity was 1 percent slower than in states with prevailing wage standards, and the on-the-job fatality rate was 14 percent higher.¹² And a 2007 government report found that low wages led to high turnover among baggage, catering, and fueling personnel supported by federal spending, which in turn contributed to ramp accidents and aircraft entering runways without permission.¹³

Retaining well-qualified workers

State and local public sector workers earn significantly less (82 cents on the dollar) than their private sector counterparts with similar occupations and backgrounds.¹⁴ Raising and maintaining strong standards for these workers and workers whose jobs are funded by government spending will help boost retention, thereby creating a more experienced, knowledgeable workforce and reducing restaffing costs.

Several academic studies have demonstrated that direct state employees who are represented by unions and better paid are significantly less likely to quit.¹⁵ Moreover, after the city of San Francisco instituted a wage standard for airport service workers, annual turnover rates fell significantly, saving employers about \$4,275 per employee they otherwise would have had to replace.¹⁶ And a 2023 academic paper comparing turnover of public K-12 teachers at school districts with stronger unions to those with weaker unions found that school districts with stronger unions had a lower turnover rate of qualified teachers but higher dismissal rates of nontenured teachers for weak performance.¹⁷

Conversely, weakening workplace standards increases turnover. For example, a 2019 Center for Retirement Research study found that dramatic benefits reductions to the Employee Retirement System of Rhode Island in 2005 resulted in a 2.4 percentage point increase in the state's workforce separation rates.¹⁸ And after Indiana repealed its construction prevailing wage standard, turnover increased among highway construction workers.¹⁹ Similarly, annual turnover among teachers spiked in Wisconsin after its legislature eliminated collective bargaining rights for most public sector workers in 2011.²⁰

High turnover also increases associated restaffing costs, including the costs of materials and staffing required for off-boarding a departing worker; recruiting and hiring; onboarding and training a new worker; and the forgone productivity while positions are vacant. A 2024 accounting of turnover and restaffing costs found that large school districts spend about \$25,000 to replace a departing teacher.²¹ Finally, a review of turnover costs among Nebraska state social workers found that replacement cost 34.5 percent of a social worker's salary.²²

Reducing reliance on public assistance and increasing tax revenue

Low standards for government workers hide the actual cost of running the government because workers paid poverty wages are more likely to rely on publicly funded safety net programs. Among the lowest-paid government workers, reliance on public assistance to offset poor pay is all too common.

Surveys find that a majority of home care workers receive some sort of public assistance, and a study of school cafeteria workers in California found that they used an average of \$1,743 per year in public assistance due to low wages.²³ Even college-educated government workers report very low wages. In a 2023 survey of Louisiana teachers, more than 1 in 4 reported reliance on public assistance.²⁴

When government workers earn decent wages and benefits, they are less likely to rely on public assistance, and they contribute more in state and local taxes. For example, research shows that prevailing wage laws decrease the number of construction workers in poverty by 30 percent.²⁵ Construction workers' income tax and property tax contributions are 17 percent higher in states with prevailing wage laws than in those without.²⁶ For example, Minnesota's prevailing wage law creates \$37 million in state and local tax revenue annually.²⁷

Attracting the next generation of government workers

A record number of Americans will reach retirement age from 2024 to 2027.²⁸ In a recent survey of state and local government human resources professionals, a majority said that they expect their largest wave of retirements to come in “the next few years.”²⁹

Inadequate compensation and job quality creates significant barriers to recruiting new workers for public sector jobs. But competitive wage and benefits standards can attract qualified workers to fill these shortages.³⁰ For example, a 2020 study found that cities and states with more generous pension plans were better able to attract skilled workers from the private sector, but this advantage was lost as required worker contributions increased.³¹ Research demonstrates that there is a high correlation between teacher salary and teacher willingness to work in a state.³²

Increasingly, unions and employers are partnering to create registered apprenticeships and other sorts of high-quality training programs to attract the next generation of public service workers. Long used to help guarantee a steady supply of well-qualified workers on public works projects, public employee unions are increasingly partnering with state and local governments to create high-quality workforce training programs in order to train workers in sectors such as child care, IT, nursing, and building management.³³

However, reductions in compensation or job quality could lead more young workers to forgo a career in public service. In a 2023 survey, less than one-third of young state and local government workers were “very” or “extremely satisfied” with their salary, and 71 percent of those considering changing jobs cited seeking a higher salary as their primary reason.³⁴ According to a 2025 analysis of educator

pay data by the National Education Association, starting pay for entry-level teachers has fallen by 5 percent over the past decade after accounting for inflation.³⁵ And research from the Economic Policy Institute finds that ongoing shortages of school bus drivers is a result of years of disinvestment and declining driver pay.³⁶

Conclusion

Advocates serious about making the government work efficiently for the public should support high standards for public sector workers. Strong standards will not only benefit a range of workers, from construction workers on state highways to elementary school teachers, but will also ensure that the public is rewarded with high-quality, dependable services.

Endnotes

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