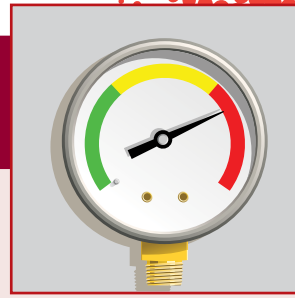


States Under Stress

The End of the Cushy Government Job



State employees in Florida recently received their first pay raise in 7 years. Lucky them. City workers in Philadelphia have not had a pay increase since 2007. State workers in New Mexico must feel as though they are rolling in it; they recently received a whopping 1 percent pay raise.

This is an all-too-common story. A 2013 survey of senior state and local officials by *Governing* magazine found that more than 40 percent of them reported pay freezes in the preceding 12 months. Nine percent reported pay cuts. Freezes in public-sector pay raises were a common response to the budget pressures of the Great Recession of 2008–2009. Seven or eight years later, many public employees are still waiting for a thaw.

The implications of these long-term pay freezes are far-reaching for public agencies and the services they provide. Watching increases in the cost of living shrink paychecks year after year is not exactly a recipe for good employee morale. But more than that, it is making retaining and recruiting qualified people to work in the public sector more difficult.

Especially hard-hit are public employees who are not members of public unions. Because of collective bargaining agreements, governments are often contractually obligated to honor pay increases for union members. Not so nonunion employees, who are often found in management positions and jobs requiring high levels of education.

Some public agency managers, their paychecks stagnant for the better part of a decade, have found themselves earning less than the unionized employees they

supervise. Some are even leaving management in favor of union jobs to increase their salaries. Individuals with advanced skill sets, especially engineers and information technology (IT) professionals, are simply abandoning jobs in the public sector for the higher-paying private sector.

This all raises some big questions about the future of public agencies. While higher-paying jobs have always been available in the private sector, working for a public agency used to involve a decent paycheck, good benefits, and a high degree of job security. For many states and localities, that is simply no longer the case. The pay is low, and the benefits and job security are under pressure as state governments seek to roll back collective bargaining rights.

Some states have started to grasp that if they do not start being more competitive in the labor market, they may face a real personnel crisis. North Carolina, for example, created a special fund to help retain workers in high-demand fields. This is critical for retaining employees in, say, a critical state data center if Google or Facebook moves in next door and starts offering top dollar for skilled IT workers.

Such programs certainly help but are not a long-term solution. For one thing, they create the possibility of a two-speed pay scale. If you work for a public agency and your skill set is in demand in the private sector, you get a pay raise. If you work for a public agency that provides vital services (law enforcement, firefighting, social work) but does not have a Google or Facebook competing for your services, well, maybe you go 5 or 6 years without a pay raise.