Study Snapshot
June 18, 2020

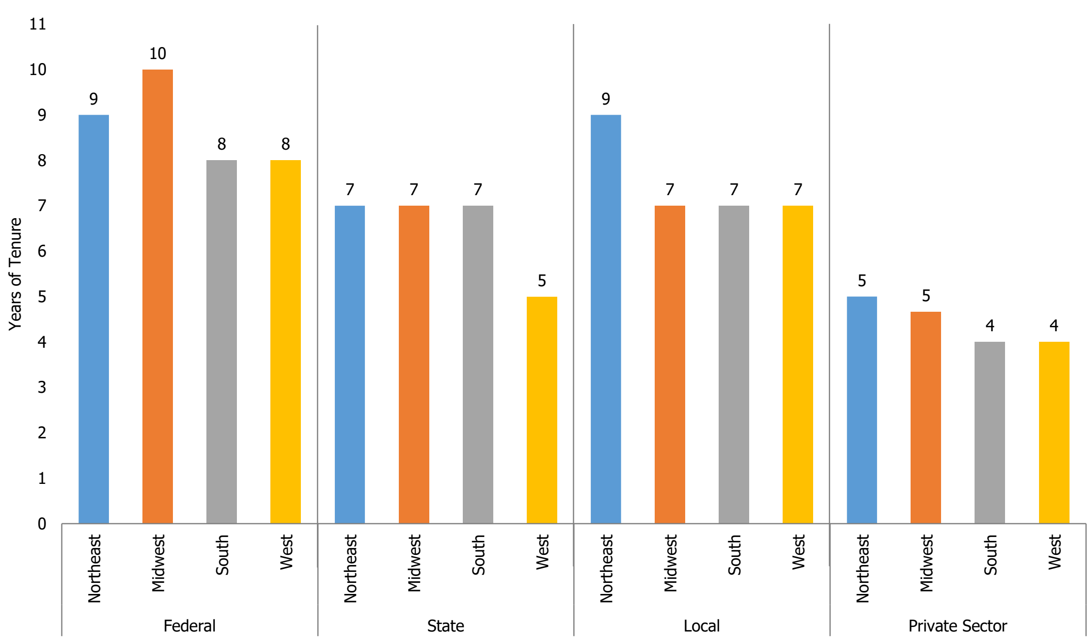
Meaningful Differences in Public Employee Tenure by Geographic Region

A recent *PRRL Research Study* titled "Trends in Public-Sector Employee Tenure" found — based on data from the U.S. Census Bureau's Current Population Survey (CPS) — that workers in the public sector have significantly longer tenures, on average, than those in the private sector. A key conclusion from the *Research Study* was that, given these differences, as well as differences in defined benefit plan availability, retirement programs in the private sector are not likely models for the public sector.

The study further found that, by segmenting tenure levels across each level of government (federal, state, and local) and region (Northeast, Midwest, South, and West), it is possible to show the different challenges various parts of the government face in providing retirement benefits and managing the work force as Baby Boomers retire and Millennials become the largest share of the labor force.

***The median tenure of all public-sector workers* in 2018 was 7 years compared with 4 years for private-sector workers.** This was true regardless of geographic region; however, state workers had the shortest median tenure among the public-sector workers at 6 years, compared with 7 for local workers and 8 for federal workers.

Median Tenure by Class of Worker and Geographic Region



Note: Years of tenure at current job for wage and salary workers ages 20 or older as of 2018.
Source: EBRI estimates from the January 2018 Current Population Survey.

Tenure by public-sector worker class and region reveals specific patterns. Federal workers' median tenures across regions were at least as long as those of the other public-sector worker classes. However, in the Midwest and West, federal workers' median tenures were particularly longer than some of the other public-sector worker classes. In the Midwest, federal workers' median tenure was 10 years, compared with 7 years for local workers. Western federal workers, meanwhile, had a median tenure that was 3 years longer than their state counterparts (8 and 5 years, respectively).

In general, Western workers, regardless of public-sector worker class, tended to have the shortest median tenures, while Northeastern workers tended to have the longest tenures regardless of public-sector worker class. Namely, in the Northeast in 2018, public-sector workers had median tenures ranging from 7 to 9 years compared with 5 years for private-sector workers.

By examining the tenures of public- and private-sector workers, some important conclusions can be drawn. Federal workers had the longest median tenures or were tied across each of the regions, while private-sector workers had the lowest tenures across all regions. However, the median tenures of state and local workers did not have a consistent pattern across the regions other than being higher than those of private-sector workers. Local workers in the Northeast and West had higher tenures than state workers in those regions, but in the South and Midwest, the tenure levels were equal in 2018.

The long tenures of local workers in the Northeast and West could change significantly from the impact of COVID-19, as these regions were hit particularly hard by the virus. Many governments in these regions have announced significant layoffs, with more likely coming from the tremendous loss in budget revenues. Retirement decisions could also be accelerated due to older workers being concerned with their safety in continuing or returning to work.

These changes could have important consequences for public-sector retirement programs, as more participants could become beneficiaries, leading to more payments and withdrawals. Furthermore, the makeup of the work force could change, as more younger workers could be in the ranks of state and local governments.

A younger work force was already indicated by the data due to the relative size of the Millennial generation compared with Generation X. But with significant retirements, this would be hastened. Thus, retirement programs are likely going to need to encompass programs that look at the total finances of the workers, as these can be more important for the younger workers. This could include various financial wellbeing programs, such as emergency savings programs, student loan debt programs, and overall budgeting programs. These programs can help establish the overall finances of the younger workers so that they have their finances in order to prepare for retirement instead of struggling to meet current financial obligations, particularly after the impact of COVID-19.

About PRRL

The Public Retirement Research Lab is a retirement-industry-sponsored collaborative effort of the Employee Benefit Research Institute (EBRI) and the National Association of Government Defined Contribution Administrators (NAGDCA). The PRRL mines data from its Public Retirement Research Database, the first-ever database specific to public-sector defined contribution data, to produce unbiased, actionable research aimed at enhancing understanding of the design and utilization of public-sector defined contribution retirement plans to better inform public plan design, management, innovation, and legislation. To learn more, visit www.prrl.org

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