Improving Quality of Life by Strengthening Philadelphia’s Public Sector Workforce

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As the birthplace of American democracy, Philadelphia is not just a symbol for freedom and self-determination, but of creation. Consider our history as the home to many of our nation’s firsts—the first library, hospital, and university. This is a city built by innovators and activists, establishing institutions like the first African Methodist Episcopal Church and the first women’s medical college. Today, Philadelphia is home to diverse neighborhoods that offer something for everyone, a vibrant arts and culture scene, passionate sports fans, award-winning food, and an attitude that is uniquely ours.

It is also a city with significant challenges. High poverty rates and deeply entrenched racial inequities have left many Philadelphians behind. For the past three years, COVID-19, a racial reckoning, and community violence have put Philadelphians to the test. But as you know, we’re also an underdog city that fights back. When things get tough, we come together to stand up for each other and for Philadelphia.

It is in this spirit that a group of Philadelphia-based philanthropic organizations have unified behind a desire for a brighter future. Drawing on our collective experience and insights from community partners, we have identified key issues that the city faces and commissioned regional and national thought leaders to explore a series of promising solutions that can improve city services and quality of life for all residents. We want our city’s leaders to understand our current context, the historical underpinnings of the issues we face, and the policy levers that can be used to make meaningful change. We hope this suite of materials will illuminate solutions to inform and motivate productive action toward equity and wellbeing.

We are proud of this city and are deeply committed to making it a great place for the more than 1.5 million people who live, learn, and do business here. We hope you’ll join us in considering the possibility for Philadelphia — today and for future generations.

Sincerely,

[Signatures]
In Philadelphia, as is the case in localities across the country, the recruitment and retention of a full-capacity, effective municipal workforce is essential to maintaining a high quality of life for residents, businesses, visitors, and other key stakeholders. Any mismatch between service needs and adequate levels of qualified and committed city workers creates a significant burden on all who depend on core city programs.

Such workforce imbalances remain particularly acute in 2023. As of December 31, 2022, the City of Philadelphia reported that 5,950 of 32,310 budgeted positions were unfilled, resulting in a historically notable vacancy rate of 18 percent. While current recruitment and retention challenges reflect a blend of both micro and macro employment factors, city staff across departments are currently working to determine and address the degree to which these vacancies are the result of the increasingly competitive, post-pandemic labor marketplace and administrative aspects of the city’s hiring system.

As the city develops and implements its workforce development strategies in 2023 and beyond, the decisions made today will greatly impact the provision of essential municipal programs and services well into the future. In that regard, officials should consider the following approaches, among others:

- **Accelerating the hiring process and reducing barriers to recruitment**
- **Highlighting the comprehensiveness of the city’s benefit package**
- **Re-envisioning approaches to workforce development**
- **Using data to enhance workforce decision-making and succession planning.**

To help inform these efforts, this paper provides a briefing on current and future public employment, core public sector compensation components, and evolving approaches to conducting the work of the public sector, concluding with key considerations for developing the municipal workforce of the future.
Across the United States, including in Philadelphia, the size of the local government workforce has fluctuated much over the past decade. This has been driven by many factors including the continued recovery from the longer-term financial impacts of the 2007-2009 Great Recession; the employment shocks experienced in the early portions of the COVID-19 pandemic; and the ongoing spike in retirements and other job separations being realized throughout the US labor market.

Nationally, non-education local government employment dropped substantially during the 2007-2009 Great Recession, taking 11 years to recover. As shown in Figure 1, the numbers bounced back slowly, increasing gradually from 2013 through a peak employment level in 2019. Then came COVID-19. As a result of stoppages of in-person government services and programs during the early stages of the pandemic and ongoing labor turnover, local government employment dropped by almost 4% from 2019 to 2021.

![Local Government Workforce Employment](image-url)

**FIGURE 1**
*Overall Non-Education, Local Government Employment 2013-2022*

- 2013: 6,100,000
- 2014: 6,200,000
- 2015: 6,300,000
- 2016: 6,400,000
- 2017: 6,500,000
- 2018: 6,600,000
- 2019: 6,700,000
- 2020: 6,326,100
- 2021: 6,418,500
- 2022: 6,574,900

Source: BLS Current Employment Statistics program
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Employment levels in Philadelphia city government align with these national trends and were affected by many of the same factors, such as a spikes in separations in the early stages of the pandemic and continued labor turnover. As shown in Figure 2, recent Philadelphia municipal workforce employment levels peaked in 2019 and fell in the following three years, contracting by about 7.6%.

Another way to look at the city government workforce is in terms of vacancies. From 2010 through 2019, the number of vacant positions at the end of each calendar year hovered around 2,000. The impact of the pandemic on vacant positions notably increased these vacancy levels. At a time when the city was and is trying to expand its workforce to meet service demands, the number of vacancies rose to 2,832 at the end of 2020, 4,300 at in 2021, and 5,960 in 2022—including 873 in the prisons department (39.9% of the department), 851 in the police department (11.6%), and 621 in the fire department (18.4%).

Nationally, these vacancies stem from several factors. For the 2020-2022 timeframe, (non-education) state and local governments experienced employee quit rates 11% higher than the 10-year average, with 2022 rates close to 22% higher. Also, in the category of separations that includes retirements, there were notable spikes in the first half of 2020 and again in the fall of 2021. Against the backdrop of these separations, job opening rates in 2021 and 2022 have been 39% and 67% above the average rates for the previous ten years, respectively.

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About the Philadelphia Civil Service Commission

More than 80% of jobs in Philadelphia city government are covered by civil service, a process designed to assure that hiring is based on merit. This process is managed by an independent body known as the Civil Service Commission. The three-member body has authority over personnel practices, recruitment, hiring, position classification, disciplinary actions, promotions, and removals, making it a key component in the process of recruiting and retaining the future Philadelphia public sector workforce. Some of the duties of the Commission include:

- Developing civil service exams
- Writing civil service job titles and descriptions
- Filing employment complaints
- Administering appeals processes for civil service workers
- Hiring and supervision of the Director for Human Resources

Commissioners are selected via a nominating process. For each opening, a panel of civic, labor, and political leaders, chosen by the mayor, submit three names to the mayor, who picks one. Commissioners serve four-year terms.

And the problem is not likely to be going away soon. In a 2022 survey of state and local HR directors, 69% of respondents said that the number of employees leaving jobs in their governments was higher in 2021 than in 2020, with 60% saying that retirements were elevated as well. Only 22% of these public HR professionals thought the largest number of retirements was occurring in 2022, with 41% expecting a retirement peak to occur over the ensuing few years.\(^8\)

How these factors played out in Philadelphia through the end of 2021 is shown in Figure 3. The total number of separations rose from 2,057 in 2019, the last pre-pandemic year, to 2,933 in 2021— an increase of nearly 43%. Nearly half of those separations, 1,364, were resignations, the number of which nearly doubled from 2020 to 2021. The second largest category, retirements, accounted for 995 departures, 34% of the whole.

Looking ahead, local government employment across the US is expected to increase by 1.4% from 2021 through 2031.\(^9\) Many of the positions with the largest expected growth are those that require formal post-secondary education and/or specialized training. Positions expected to contract in number are those most likely to be replaced by automation and related IT applications, able to be provided by entities outside of the local government sector, and/or no longer needed given changes to the overall local government portfolio of services.

In Philadelphia, major growth is expected in protective service positions, healthcare practitioners and technical occupations, architecture and engineering, community and social service, and healthcare support. Major areas of expected occupational decline for Philadelphia include office and administrative support, management, and building and grounds cleaning and maintenance, with contracting contributing to position decreases.

**FIGURE 3**
Philadelphia Municipal Workforce Separations

Source: Covid Impact on Employee Separations, Pennsylvania Intergovernmental Cooperation Authority - April 2022
The Compensation Profile of the Local Government Workforce

Historically, salaries in Philadelphia city government have been lower than in the region's private sector. With the labor shortage in many parts of the private sector pushing wages higher, this makes attracting qualified candidates to city government more difficult than in previous years. When healthcare, retirement, and other benefits are included, total compensation for city employment is comparable to that of the private sector. Unfortunately, as is the case with many state and local government employers, the value of the overall compensation package offered by the city often is not fully communicated to current and prospective employees.

The benefit package for new municipal hires includes a stacked primary hybrid pension (a combined defined benefit and defined contribution plan). City employees also can participate in a supplemental deferred-compensation retirement plan. In addition, the city offers traditional quality of life benefits including robust health benefit plans, four weeks of paid parental leave, employee assistance programs, as well as vacations and paid sick leave. Employees are provided a pre-tax option for purchasing public transit passes, along with assistance for bike commuters, as well as home purchasing assistance, which includes $10,000 for first-time homebuyers within income parameters (a benefit available to all residents).

Also, the city offers retirement and financial planning assistance, focusing on such topics as retirement savings, deferred compensation, and dependent care flexible spending. Other quality of life benefits offered are flex time, remote work, signing bonuses, and repayment of student loans and tuition assistance.

Since 2020, Philadelphia has required that individuals live in the city for a year prior to employment; the requirement has been waived for police officers and prison workers. Nationally, as of 2018, 41% of municipalities had residency requirements, this including 16% for all employees and 18% for public safety employees. Among the 10 largest cities in the US, as of 2020, three cities had some form of residency requirement: New York, Chicago, and Phoenix. Few, though, have a pre-employment residency requirement like Philadelphia’s.

Nationally, benefits also are a significant element in compensation for employees of state and local governments. In 2022, approximately 62% of the total compensation for state and local government employees was related to their wages and salaries, with 38% attributable to total benefits. While average wages for the state and local sector increased by 29% from 2013 through 2022, the portion of total compensation attributable to wages has consistently gone down. That’s largely because benefit costs have risen, driven by factors including (but not limited to) increased employer legacy costs related to defined-benefit pensions and health care cost inflation.
Given the need for local governments to recruit and retain essential talent at a time of increased competition for skilled workers and increased labor turnover, what can governments such as Philadelphia do to best position themselves as employers of choice? National survey data offers insights into considerations public administrators can take into account when forming their short- and long-term workforce plans.

In 2022, only 44% of state and local HR professionals believed their government’s wage compensation was competitive with the overall labor market, while 85% thought the benefits compensation offered was competitive. And 86% placed great importance on making compensation packages more competitive.

In a national MissionSquare Research Institute survey of state and local employees in 2022, 65% of state and local workers said they were satisfied with their health insurance benefits, 60% with retirement benefits, and only 39% with salary. Seventy-three percent of employees thought salary increases would retain more employees, 54% thought bonuses, and 39% mentioned improved benefits. In a 2022 survey of new career entrants to local public service, 82% of listed traditional benefits as important factors when assessing their future workplace.

Non-traditional/emerging benefit compensation has also continued to receive increased attention from public employees and employers as additional components of a comprehensive benefits package. Less than a third (26%) of state and local workers said they were satisfied with their employer’s non-traditional benefits offerings in 2022. This benefit category can include components such as tuition assistance, student loan repayment, and childcare assistance, among others. Over half (53%) of early career local government employees listed non-traditional benefits as important factors when assessing their future workplace, while 34% of state and local workers overall considered these benefits to be a factor in their entering public service.

Aside from compensation, public employers and employees are looking at how and where government work is conducted in efforts to provide public services effectively, while also minimizing employee stress and burnout. In 2022, 32% of state and local workers considering changing jobs wanted better work-life balance, 13% wanted more flexibility for childcare, and 11% did not want to return to the office. Also, 28% of state and local employees thought their employers should offer more flexible work schedules, and 24% thought employers should offer more remote work opportunities, in order to retain staff. Over two-thirds (69%) of surveyed new career entrants to local public service listed flexible hours as an important factor in assessing their future workplace.
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Against the backdrop of a tight and dynamic labor market, now is a good time to reexamine existing workforce rules and procedures to ensure they are continuing to serve their intended civil service purposes while also enabling efficient recruitment, hiring, and onboarding processes. More efficient processes allow for a wider range of applicants to stay engaged with and focused on positions with the city and not need to look elsewhere given current hiring delays, which in some instances can last up to a year. These efforts can be combined with ongoing efforts to create a government-wide recruitment office with greater capacity and a wider internal/external labor market perspective. Until now, recruitment has been done on a department-by-department basis.

While Philadelphia and other large local governments may not always be able to match pay levels to the position equivalents in other sectors, their benefits packages provide key compensation components that support short- and long-term financial security, comprehensive health care and wellness, and other quality of life considerations. Philadelphia and other local governments should aim to highlight and clearly communicate the comprehensiveness of benefits offered to current and prospective employees, in strategically supporting retention and recruitment.

1. Optimizing the hiring process and reducing barriers to recruitment

As Philadelphia and other local governments look to develop their future workforces, several key management considerations surface. The following list offers a blend of themes derived from recent public sector workforce research and the specific problems facing Philadelphia.26

2. Highlighting the comprehensiveness of the city’s benefits package

Acting on the Vision
3. Re-envisioning approaches to workforce development

Philadelphia and other large local governments already have a lot of talent on their human resources staffs. Government workforce development is optimized when these professionals are empowered to collect input from and provide subject matter expertise to elected and appointed leaders and employees throughout the organization. To develop the current workforce, HR professionals throughout city government can continue to look for ways to identify in-house and external professional development opportunities, specifically geared toward future city staffing needs, equitably available to all employees. In helping to develop a workforce that reflects the make-up of the city, areas of focus can be on expanded outreach to communities that would not typically consider a local government job/career and those from other career paths (e.g., military); high schools, community colleges, job training programs, and neighborhood/civic associations; and non-traditional and community-based media outlets.

4. Using data to enhance workforce decision making and succession planning

Philadelphia and other large local governments have access to a range of workforce data (via surveys, focus groups, exit/stay interviews, etc.) that can be used to strategically plan for workforce labor turnover, current and future skillset needs, and employee training/career development (especially for those whose current positions are impacted by technological change). Data collection efforts and related analyses also can help Philadelphia develop and implement actionable public-sector oriented succession plans.27

A fully staffed, effective municipal workforce is directly linked to the standard of living experienced by residents and the range of services they depend on, both in the short- and long-term. At the same time, the robust, multifaceted quality of life found in cities such as Philadelphia, if managed and communicated well, is a positive contributing factor to the recruitment and retention of this skilled public workforce, even at a time of hyper competition for employees of all talents. As Philadelphia looks forward, now is the time to focus on key public workforce processes, compensation, labor force development, and data-centric strategic planning, all with an eye toward positioning Philadelphia as an employer of choice.
References


5 Figure 2 developed with data from: City of Philadelphia’s Quarterly City Managers Report [Internet] Pennsylvania Intergovernmental Cooperation Authority; [cited 2023 Jan 31] Available from: https://www.picapa.org/city-of-philadelphias-quarterly-city-managers-report


10 Hybrid [Internet]. National Association of State Retirement Administrators; [cited 2023 Jan 31] Available from: https://www.nasra.org/hybrid

11 NOTE: This requirement can be waived via Civil Service recommendation and Administrative Board approval.


19 Ibid.


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