



Modernizing the Local Government Workforce: A Next Generation Initiative

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The Whitburn Center conducts practical applied research focused on evaluating and improving governance, professional management, and public policy in Wisconsin and beyond.

Philosophy and Values

Our vision is to build local government, nonprofit, and community capacity to promote the common good. We will bring people together across ideological divides to discover nonpartisan solutions. The Whitburn Center will share innovative, research-based knowledge, equipping our partners to address their most pressing needs, while utilizing equitable, efficient, and effective strategies.

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Executive Summary

The Issue: In 2021, Wisconsin local governments (excluding school districts) employed 72,189 employees. Personnel, i.e., salaries and benefits, are the most expensive costs for local governments. More importantly, human capital is the factor most impacting the efficiency and effectiveness of local government. But Wisconsin's local government workforce is facing significant challenges. Municipal executives are struggling to recruit and retain employees. Public sector employers are facing increased competition from private sector employers. Declining levels of trust in government are hurting the morale of the public sector workforce. There is a desire for a public sector workforce that is more welcoming, but also a parallel political backlash against formal diversity, equity, and inclusion (DEI) initiatives. Here in Wisconsin, the lasting legacy of 2011 Wisconsin Act 10, which curtailed collective bargaining for many public employees, remains unclear.

The Method: We utilize survey and interview data collected from a cross-section of local government executives in order to better understand how Wisconsin's municipal workforce can meet the evolving needs of Wisconsin communities. We focus on three broad research questions:

- 1) How do municipalities build management skills and incentive structures in a post-collective bargaining public sector?
- 2) How do municipalities address staffing challenges in local government?
- 3) How do municipalities recruit and retain a diverse and talented workforce?

The Findings: Our results demonstrate the many challenges facing municipal managers in Wisconsin, including:

- Substantial employee turnover and vacancies
- Difficulty recruiting, especially for licensed positions
- A lack of competitive wages for many positions
- Increased public and private sector competition for employees
- Skepticism and political backlash around diversity, equity, and inclusion initiatives

However, respondents also showed a commitment to building cultures of belonging and community that attract diverse talent, as well as a willingness to embrace reforms such as performance pay and hybrid work options. Municipal managers are cognizant of the challenges they face, but also willing to take bold steps to meet those challenges.

The Lesson: The context of local government employment has changed dramatically in the past ten years, and employee training, incentives, and organization needs to catch up to the changing context. We conclude with 13 action items designed to better align public management education with public employer needs, make reform policies free and accessible to municipal organizations of all sizes, help public organizations build cultures of community and belonging, and create and utilize new tools such as regional government cooperatives to assist public managers in meeting workforce needs. The end goal is to create a more effective, efficient, and trusted local government workforce.

Background

In 2021, Wisconsin local governments employed 181,232 full time employees.¹ The majority of local government employees, 109,043, are in the labor-intensive public education field. The other 72,189 employees work in municipal governments like cities, towns, villages, and counties. Personnel, i.e., salaries and benefits, are the most expensive costs for local governments. More importantly, human capital is the factor most impacting the efficiency and effectiveness of local government.

However, there is evidence that Wisconsin's local government workforce is facing significant challenges. Municipal executives are struggling to recruit and retain employees. Public sector employers are facing increased competition from private sector employers. Declining levels of trust in government are hurting the morale of the public sector workforce. There is a demand for a public sector workforce that represents the diversity of the public it serves, but also a parallel political backlash against formal diversity, equity, and inclusion (DEI) initiatives. Here in Wisconsin, the lasting legacy of 2011 Wisconsin Act 10, which curtailed collective bargaining for many public employees, remains unclear.

At the same time, the very nature of local government is changing in Wisconsin. Many municipalities are adopting reforms like performance pay. In 2023, the state reformed shared revenue in a bill designed to encourage more cooperation, consolidation, and innovation. In addition, third party private and nonprofit sector organizations are becoming more integral to service delivery and the local governing process.

Resident expectations for their government also vary across Wisconsin municipalities. In 2023,

Wisconsin has 190 cities, 415 villages, 72 counties, 1,246 towns and over 1,100 special purpose districts.² Each of these municipalities are unique, and naturally resident demands of their local governments vary across size and urbanicity. For example, the staffing needs of a rapidly growing suburban village will be different than a rural town with declining population.

In this project, we explore the changing local government employment landscape in Wisconsin. Specifically, we utilize survey and interview data to demonstrate how Wisconsin's municipal workforce can meet the changing needs of Wisconsin municipalities. We focus on three broad research questions:

- 1) How do municipalities build management skills and incentive structures in a post-collective bargaining public sector?
- 2) How do municipalities address staffing challenges in local government?
- 3) How do municipalities recruit and retain a diverse workforce for local government?

Methods

We answer our research question using a survey sent to municipal executives serving Wisconsin cities and villages, and six in-depth interviews with a cross-section of municipal executives. The survey was designed by the authors in consultation with the University of Wisconsin Oshkosh Master of Public Administration (MPA) advisory board. The survey was initially distributed via email using the Qualtrics survey software. After two emails, a paper survey was distributed to all initial non-respondents.

We obtained 150 usable survey responses, representing a 30 percent response rate. A total of 43.9 percent of respondents served cities, while

56.1 percent of respondents served villages. A comparison of the population of municipalities in our sample with the general population reveals municipalities in our sample are slightly larger (average of 9,154 residents) than the population (average of 7,066 residents). The overrepresentation of larger municipalities is caused by lower response rates among small villages with few if any employees aside from their clerks/administrators.

Survey respondents were also asked if they would be willing to be interviewed as part of the project. A total of six semi-structured 30-minute Zoom interviews were conducted with a cross section of municipal leaders. We purposely sought out a diversity of government types (cities and villages), structures (professional managers and elected mayors), regions, and sizes. All interviews were conducted by both authors, and both took notes and independently compared themes and conclusions. Per the project's institutional review board approval, the names and communities of all survey and interview subjects shall remain confidential.

Survey Results

Employees and Vacancies

On average, respondents report employing 80.84 full-time-equivalent (FTE) employees. Total numbers include a sizable amount of seasonal employees, especially in tourist areas. While municipal leaders shared they had a relatively small number of vacancies, an average of 2.4 or 3.6 percent of all positions, several communities had large numbers of vacancies, including one community with 28.5 percent of its positions open. In general, the number of vacancies was a function of size, with larger communities having more vacant positions.

Respondents were asked a series of Likert scale questions where they were asked to state their level of agreement with various statements where 1=Strongly Disagree, 2=Disagree, 3=Neither Agree Nor Disagree, 4=Agree, and 5=Strongly Agree. As can be seen in Figure One, leaders generally agree it has become more difficult to attract and to retain employees over the last two years.

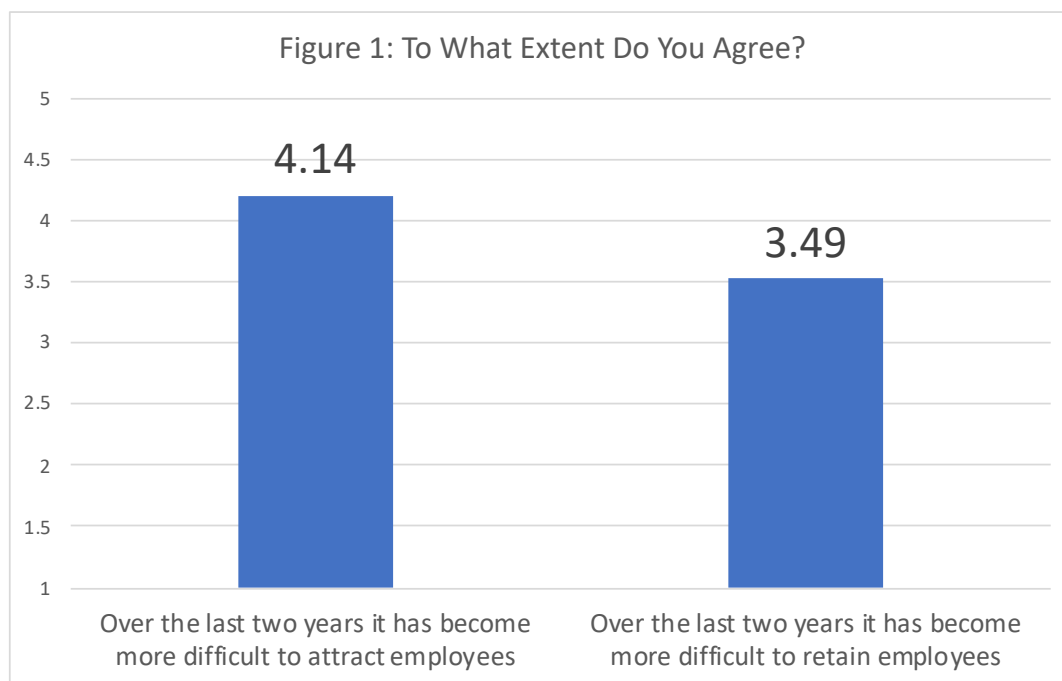


Table One displays responses to a series of Likert Scale items related to barriers to attracting new employees. Means above 3 indicate agreement, while means below three indicate disagreement. The greatest perceived barriers to attracting new employees are wages, competition from the private sector, competition from the public sector, and an overall lack of qualified candidates. When asked about barriers to retaining existing employees (see Table Two), respondents told a similar story, citing wages, a lack of financial tools for in-

centivizing retention, and competition from both the public and private sectors. Overall, these responses show traditional bread and butter issues like pay and opportunity are of most concern to municipal managers.

Respondents also indicated significant concerns with employee turnover in the past two years. When asked what percentage of their workforce had turned over in the past two years, municipal executives stated:

Table 1: To what extent do you agree the following are a barrier to attracting new employees?

Statement	Mean
A lack of qualified candidates	3.93
Competition from other public sector employers	3.95
Competition from private sector employers	4.09
Wages	4.20
Organizational culture	2.76
Work/life balance	2.91
Undesirable location	2.33
Low representation of diverse personnel in current workforce	2.58
Political divisiveness	2.51

Table 2: To what extent do you agree the following are a barrier to retaining existing employees?

Statement	Mean
Employee quality	2.82
Absence of retention incentives	3.46
A lack of advancement opportunities	3.61
Competition from other public sector employers	3.76
Competition from private sector employers	3.84
Wages	4.05
Organizational culture	2.73
Work/life balance	2.83
Undesirable location	2.18
Low representation of diverse personnel in current workforce	2.49
Political divisiveness	2.48
Employee Morale	2.82

- Less than 10 percent: 49.0 percent
- 10 to 25 percent: 34.0 percent
- 26 to 50 percent: 10.9 percent
- 51 to 75 percent: 4.1 percent
- Greater than 75 percent: 2.0 percent

In other words, 17 percent of respondents report that 26 percent or more of their workforce turned over in the past two years. Table three displays the ranked order of reason for turnover (the lower the number the more significant the reason). Retirements are the leading cause of employer turnover, however the second and third leading causes are employees voluntarily leaving for jobs in both the public and private sectors.

Our survey also featured open-ended questions where we asked respondents to share broader thoughts about challenges to their workforce. Three main areas were evident in open-ended responses. First, the lack of housing in smaller communities, as well as communities in tourist areas, is making recruitment difficult. Related, smaller communities report the lack of opportunities for an employee’s partner often prevented them from accepting or keeping a job. The second oft-cited challenge was a belief that cultural changes were

discounting the value of work, and/or incentivizing people not to work. Several respondents cited specific social programs as demotivating potential employees. Last, multiple respondents cited a lack of respect for public employees as hurting recruitment efforts.

Interviews told a similar story as the open-ended response questions. As one subject put it, “We are facing vacancies like we’ve never had,” and another stating, “People see government as a last resort.” When pressed on their recruitment challenges, municipal executives pointed to specific positions, including police officers, drivers with CDLs, electricians and other positions that people are avoiding due to a lack of perceived community respect (police) and the possibility of higher pay in the private sector.

Overall, the responses in the areas of employment and vacancies reveal that local governments are struggling to attract and retain employees, putting them in position to manage substantial numbers of vacancies and significant turnover. Wages, competition from other employers, and a lack of fiscal tools to retain employees are challenging local government executives.

Table 3: Ranking Reasons for Turnover

Item	Average Rank
Retirements	1.86
Employees leaving for other public sector jobs	2.8
Employees leaving the public sector	3.15
Personal reasons (e.g. health issues)	4.66
Involuntary separation	4.72
Family/caregiving responsibilities	5.05
Political divisiveness	6.43

Act 10 Legacy and Reform Adoption

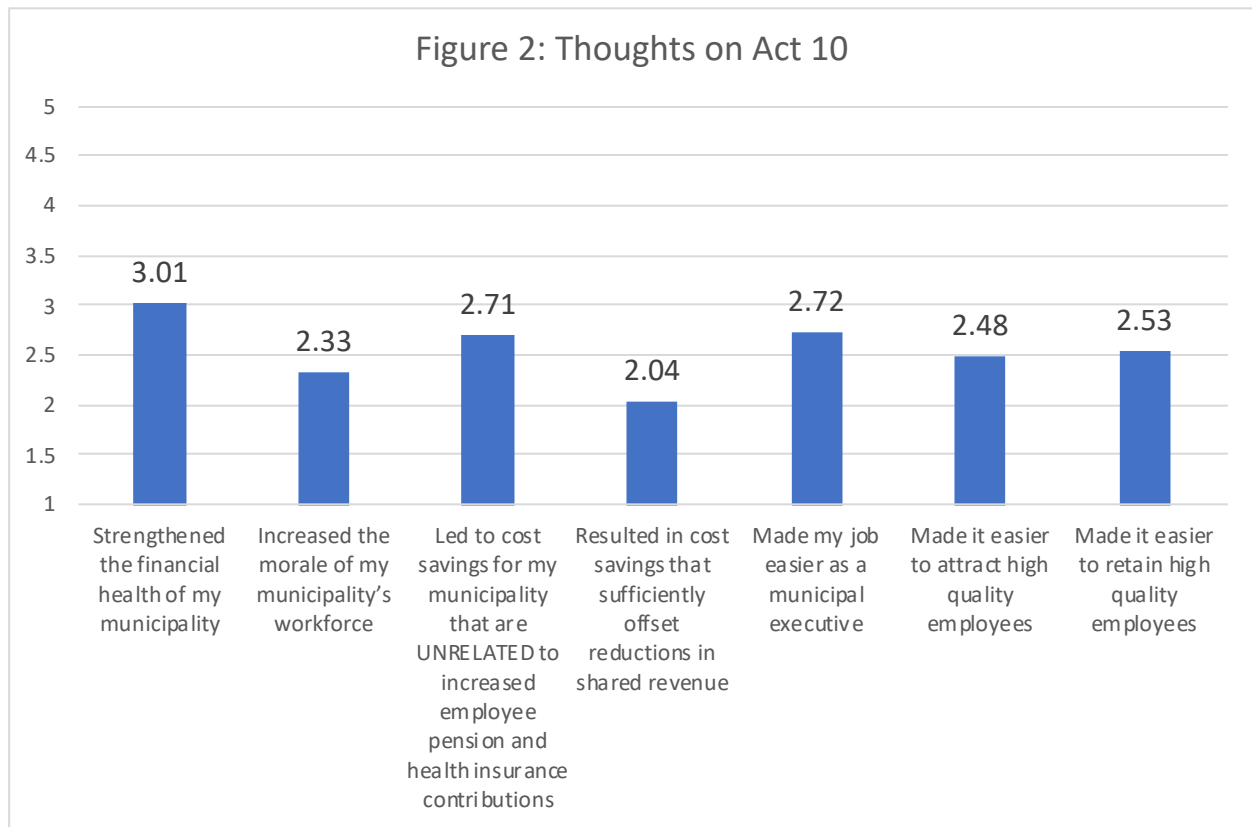
Wisconsin’s 2011 Act 10, which curtailed collective bargaining for public employees (excluding police and fire), spurred fierce protests in Wisconsin, but also redefined the relationship between public sector manager and employee.³ Previous research related to Act 10 showed that its legacy was still viewed through a political lens, as opposed to a local government reform lens.⁴ However, Wisconsin school superintendents did report an uptick in reform adoption, particularly performance pay initiatives, due to the passage of Wisconsin Act 10.⁵

As can be seen in Figure Two, municipal executives have a fairly negative view of the lasting impact of Act 10 as it related to human resource management in Wisconsin local government. On a five-point Likert scale, where 1=Strongly Disagree and 5=Strongly Agree, respondents dis-

agreed that Act 10 increased employee morale, or made it easier to attract and retain quality employees. Respondents were neutral on the overall fiscal impact of the reform but disagreed that cost savings from Act 10 were sufficient to offset cuts in stated shared revenue.

Open ended responses and interview data provide more color into municipal leaders’ thoughts on Act 10 and its legacy. A common belief among respondents was that Act 10 made an initial positive fiscal impact that is waning over time, as one respondent put it:

“I believe there were cost savings from Act 10 initially but as time has progressed and public sector employment is not differentiated in terms of total compensation from other employers we are no [sic] in a place where we are forced to compete for talent (wages, benefits, etc.) and our revenues are unable to keep up.”



Many respondents also reiterated the negative impact they feel Act 10 had on employee morale and recruitment. “The adage that government pays less but has better benefits is no longer true,” and “It killed morale, there is a clear divide between employees who experienced it and those that did not.” However, several interview subjects shared their belief that generational change in their workforce will eventually offset the strong feelings still held about the curtailing of public sector collective bargaining.

One argument articulated by Act 10 proponents is that it enabled innovations such as performance pay that were difficult or impossible prior.⁶ Much of the work regarding Act 10’s legacy and reform adoption focuses on school districts, however, Figure Three shows that municipal executives were also active in the past two years in adopting various reforms to attract and retain employees. Over half report implementing flexible work schedules, but it should be noted this was likely related to work changes during COVID-19. Almost a third of respondents, 30.2 percent, adopted a performance pay initiative in the past two years. Sizable numbers of municipal executives also report contracting out, creating

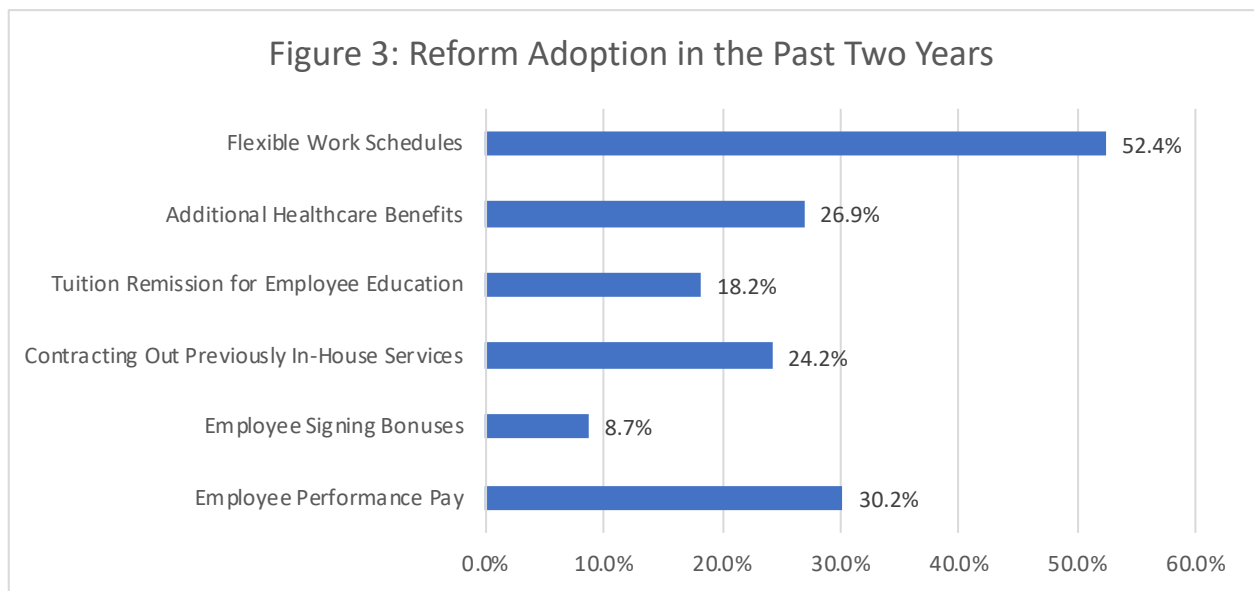
tuition remission programs, and adding additional healthcare benefits for their employees. A small but trivial number of respondents also report offering signing bonuses for new employees.

Overall, the lasting legacy of Act 10 remains complicated. It is still viewed by many through a strictly political lens, and evidence suggests there will remain a divide between employees who lived through the changes and those who began their local government careers after its passage. At the same time, municipal executives are actively adopting reforms made possible, or at least made easier, with the all but elimination of collective bargaining for non-public safety employees.

Diversity and Belonging

The 2020 murder of George Floyd and the significant civil unrest that followed spurred more widespread discussion, and adoption, of Diversity, Equity and Inclusion (DEI) initiatives in local government. According to Julianna Lopez, writing for the U.S. Chamber of Commerce:⁷

“DEI involves creating a place where everyone is welcome, supported, and has the resources they



need to grow and thrive regardless of identity, origin, or difference in circumstances.”

Local governments have taken a variety of approaches to implementing DEI initiatives. One common example is the formation of citizen DEI committees to offer suggestions to local elected bodies. It is also common for local governments to contract consultants to offer staff trainings. Another approach is hiring a full time DEI coordinator on staff. However, our survey shows this approach is very rare in Wisconsin, as 98.63 percent of survey respondents report they do not have a DEI coordinator, and 98.57 percent report they do not have plans to hire a DEI coordinator. The small number of municipalities that do employ a DEI coordinator are larger with comparatively more diverse community demographics.

We asked municipal leaders, on a five-point Likert scale where 1=Strongly Disagree and 5=Strongly Agree, to react to a series of statements regarding DEI initiatives. As seen in Table Four, respondents had generally neutral to negative views on DEI initiatives generally. While they do not think such initiatives are a distraction, nor temporary, they are also skeptical that staff and community members buy into the need for such initiatives.

Interviews and open-ended survey responses reveal a more nuanced picture of DEI initiatives in local government. Several themes emerged. First,

Table 4: General Thoughts on DEI Initiatives

Statement	Mean
Our municipality is currently in the process of adopting DEI-related initiatives	2.36
Staff generally buy into the need for DEI initiatives	2.63
Community members generally buy into the need for DEI initiatives	2.46
DEI initiatives improve government performance	2.90
DEI initiatives improve staff recruitment and retention efforts	2.81
DEI initiatives are a distraction from the core duties of government	2.68
DEI initiatives are likely a temporary response to recent events	2.72

there is no agreement on what DEI initiatives actually are. Several respondents interpreted DEI as affirmative action in hiring and stated their opposition to such policy. Others defined DEI as establishing a culture of belonging. Still others expressed skepticism that DEI was anything but a political buzzword:

“This is a flavor of the month buzzword that turns people off. We already work through HR to build a culture of belonging.”

A more widespread answer, and one that was common in our interviews, was the belief that the term DEI was likely to be rejected by their community and staff, but that the concepts of belonging and representation of all viewpoints and backgrounds in local government was important, and likely to be accepted. As one respondent stated:

“We focus on the idea of belonging, if we called it DEI our community would reject it.”

In conclusion, our questions about diversity and belonging showed that local government leaders see the importance of building a culture of belonging in their organization and see the need to deepen their talent pool by building welcoming organizations but are worried about the culture war politics tied to initiatives branded as DEI.

Regaining the Momentum

The presented survey and interview results show Wisconsin's local governments are at an inflection point. As one municipal manager put it: "We have lost momentum to create long term civil servants." Local government employers are facing new competition from the private sector and increasing competition from other public sector employers. The incentive structures for attracting and retaining employees have not yet evolved into the post-Act 10 governing context. Efforts to create a deeper talent pool with a more representative and responsive government workforce have been sidetracked by culture war politics. Finally, public management education has not evolved to meet these challenges. Below are several themes, and actionable steps that can be taken, to regain the momentum for creating a modern local government workforce in Wisconsin.

Embracing Reforms in the Current Governing Context

The curtailing of collective bargaining was a political earthquake for Wisconsin. Local government managers and employees are now ten-plus years into a post-collective bargaining public sector for non-police and fire employees. As our results show, municipalities are already implementing performance pay, signing bonuses, and other reforms. There are several specific actions that can be taken to maximize the positive impact and reach of such reforms:

Action Item 1: Develop a public state depository of reform policies implemented in local governments. Such a depository would make model policies for reforms like performance pay, contracting for services, tuition reimbursement, etc., free and accessible to governments of all sizes.

Action Item 2: Form regional government cooperatives to provide shared services. Cooperatives could be formed along regional lines and provide a menu of a la carte services for smaller local governments without the funds or need for full time positions in critical areas. Cooperatives would be funded through the purchase of services from municipalities and/or innovation funds as part of the 2023 municipal finance reforms.

Action Item 3: Incorporate private sector comparables into government job descriptions and salary studies. Recognizing the reality of competition from the private sector could better inform the setting of competitive wages for difficult to staff local government positions.

Action Item 4: Track and publish employee free agency, i.e., the job mobility of public employees, using Wisconsin Retirement System (WRS) data. Anecdotal evidence suggests local government employees are serving for shorter periods of time and gravitating towards larger more resourced local governments. However, the extent of employee free agency is not well-established and an annual report using WRS data could inform policymakers on the extent of the challenges they face.

Action Item 5: Create floating management analyst positions. Several municipalities have already begun hiring and training generic management analysts to oversee an evolving and changing public employment profile. More focus on generalists would give government managers more flexibility, and more ability to align staffing with operational needs.

Action Item 6: Create a categorical aid for licensed positions. Survey and interview respondents reported the highest degree of difficulty in staffing licensed positions, like truck drivers with

CDLs and licensed electricians. A new categorical aid funded through the recently established local government innovation fund could empower governments to make competitive offers to licensed employees.

From DEI to Belonging

As discussed, DEI is a hot button topic that elicits political passions, is not widely understood, and is often interpreted as a call for legally problematic affirmative action hiring. At the same time, respondents were positive about the need to build positive workplace cultures that foster belonging and a sense of community, and attract and retain a deeper and more representative talent pool. Several action items could shift public discussion from the term DEI to more specific concepts geared toward improving government culture and performance.

Action Item 7: Rebranding DEI to stress culture, belonging, and performance. Local governments can replace formal DEI initiatives with more specific activities that are more widely understood and less politically charged so as to prevent DEI branding from being a distraction from related organizational goals.

Action Item 8: Move from discussion of DEI coordinators to infusion of concepts that enhance a culture of community and belonging. While coordinator positions get much attention, they are rare in Wisconsin and not financially feasible for most municipalities. Workplace initiatives that unpack goals around culture and belonging, and attach clear performance indicators marking department level progress towards articulated goals, can make these often-vague concepts actionable and understood.

Action Item 9: Tying efforts to create a workplace culture of community and belonging to government performance. Tracking changes in efficiency and responsiveness before and after cultural improvement initiatives allows government managers to demonstrate a link between such initiatives and performance. The use of quantitative metrics also provides accountability for initiatives that are not meeting their goal of improving overall government performance.

Building a Talent Pipeline

Modernizing the local government workforce also requires aligning public administration education with government workforce needs. The following are several steps universities could take to improve the talent pipeline to local government.

Action Item 10: Modernizing Master of Public Administration (MPA) curriculums with feedback from practitioners. The traditional MPA degree may not be meeting the needs of Wisconsin local governments. State MPA programs should work with local government leaders to reform offerings to align with workplace needs. Such consultations and reforms should occur at regular intervals.

Action Item 11: Moving from degrees to micro-credentialing. Many pressing government workforce needs are specific competencies that can be an afterthought in general management programs. Short trainings around specific competencies are a more efficient option for meeting specific government workforce needs. Students taking these trainings could stack them towards a MPA degree if desired, but they should also stand as reputable credentials on their own.

Action Item 12: Enhancing undergraduate degrees with public management content. Many of the skills taught in traditional liberal arts programs, i.e., communication and critical thinking skills, are applicable to public management. Offering targeted undergraduate public management credentials to liberal arts majors can create a new pipeline of public employees and connect liberal art majors to directly applicable skills and in-demand careers.

Action Item 13: Moving towards a collaborative UW system approach to public administration education. UW system institutions offer a variety of undergraduate and graduate programs in public administration. A system wide MPA program, or the ability to take courses across campuses that apply to any UW system MPA program, can give students a more targeted course of study that aligns with their local public workforce needs.

Conclusion

The success of any organization is dependent on the quality of its workforce. In local government specifically, many of the tools managers use to build a quality workforce are regulated by a rules-driven bureaucracy, state policy and reporting requirements, and evolving revenue sources. As implied by the title of this report, the context of local government employment has changed dramatically in the past ten years, and employee training, incentives, and organization need to catch up to the changing context.

The action items recommended in this report, all informed by public managers across Wisconsin, can better align Wisconsin's public sector workforce and the scarce resources on which it relies with community needs, political and social realities, and ever-evolving legal contexts. In turn, a modern local government workforce will be more fiscally efficient, more effective at meeting

community needs, more effective at creating a positive economic climate, and ultimately more trusted by Wisconsinites.

Endnotes

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