



WHITE PAPER

# Understanding the Real Causes of Government Worker Burnout and How States Can Address it

Improving State Government Capacity and Retention with an Employee-Centric Approach: Findings from BCG's Partnership with the National Governor's Association Skills in the States Initiative

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## Improving State Government Capacity and Retention with an Employee-Centric Approach: Findings from BCG's Partnership with the National Governor's Association Skills in the States Initiative

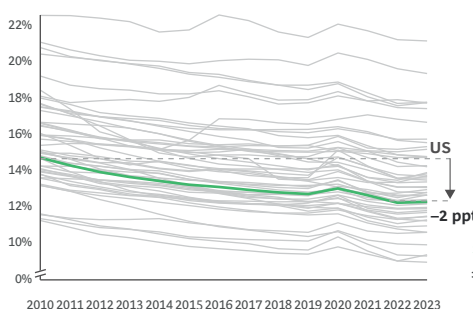
Since 2020, state governments have faced significant shifts in service demands that manifest in diverse ways. From responding to public health and climate-related crises with critical life-saving services, to implementing large-scale federal and state policy shifts for Medicaid and social benefits programs, to transitioning to federal Real ID requirements, and modernizing legacy IT systems, state government workers have been tasked with providing more services. Their expanding workload is illustrated by the fact that U.S. state government expenditures have risen by nearly 60% over the last decade (Exhibit 1).

Yet, despite the increased workload, state and local government employment has been on the decline for over a decade—**meaning there are fewer people to do more work**. In response to this rising demand and workload, state job openings have doubled since 2014 (Exhibit 1). Slow hiring processes and compensation packages that often lag behind private industry are of course key reasons for this, but our research indicates that it's not the full story of persistent vacancy gaps.

### Exhibit 1 - Share of state & local government employment on the decline, despite nearly 60% increase in expenditures; resulting in rising job vacancies

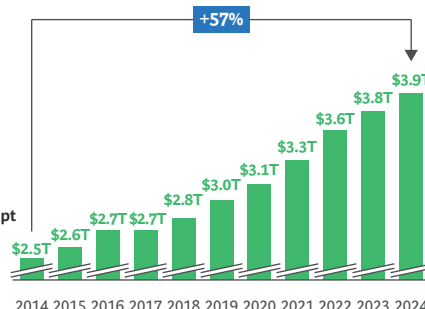
Employment decreased across state & local government...

Share of employment in state & local government<sup>1</sup>



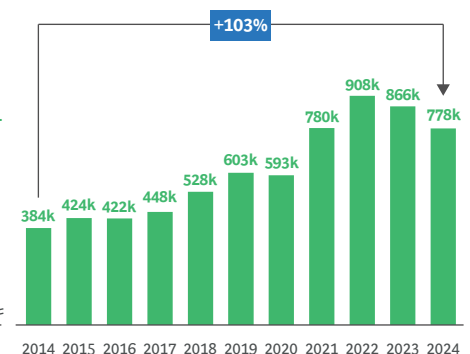
...while expenditures increased nearly 60% in the last decade...

Total US state government expenditures (\$T)<sup>2</sup>



... with a rise in job vacancies over the same period

Total State and Local Gov. job openings<sup>3</sup>



Sources: Federal Reserve Economic Data (FRED); US Bureau of Labor Statistics; BCG analysis.

<sup>1</sup>Some regions experienced a brief increase in government employment during COVID as governments scaled up public services. Each state's state government, local government, and total non-farm employment is exported from FRED.

<sup>2</sup>Based on U.S. Bureau of Economic Analysis via FRED.

<sup>3</sup>Based on US BLS Job Openings and Labor Turnover Survey, annual averages not seasonal adjusted.

## Impacts to Service Delivery

To help address these chronic workforce gaps, BCG has partnered with the National Governors Association Center for Best Practices (NGA Center) to support state and territory leaders on building talent for government agencies. A survey of 18 states and one territory through NGA's Skills in the States Community of Practice found that statewide vacancy gaps averaged around 13% in FY23, with significant variation depending on the agency. Agencies with a higher proportion of frontline workers, including health and human services and corrections agencies, can see vacancy gaps as high as 30-to-40%. These staff shortages are putting government service delivery at risk because fewer workers are available to support a significantly increased workload.

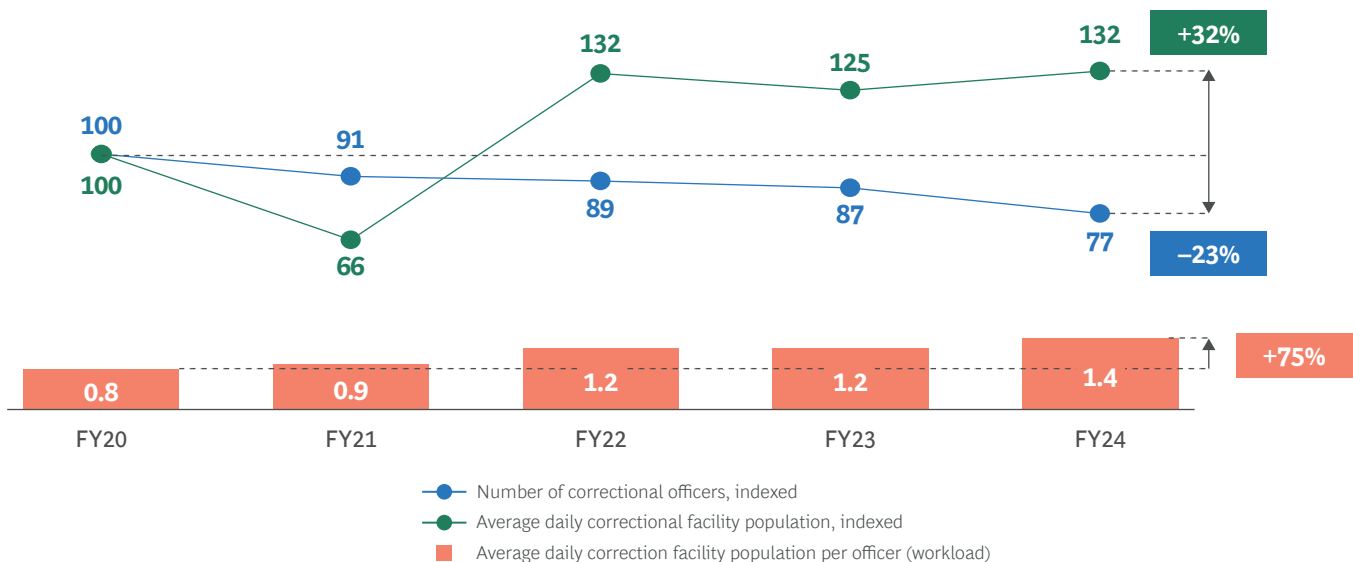
In partnership with the NGA Center, BCG worked with three states to better understand the extent of these gaps and what is driving them. This work revealed salient examples of how these shortages are impacting government service delivery. Here are two examples.

1. A correctional agency's ratio of frontline officers to the daily facility population surged by 75% between fiscal years 2020 and 2024 (Exhibit 2), with only 77 correctional officers to a daily average of 132 inmates in 2024. Staff shortages this significant can lead correctional agencies to shut down rehabilitation programs, increasing the likelihood of recidivism. In addition, when correctional facilities are short on staff, inmates are more likely to remain in their cells, reducing their exercise and social interaction, and increasing the risk of violent incidents for both inmates and officers.

## Exhibit 2 - Corrections officer workload on the rise, in part from growing facility population and staff shortages

### Example A

Average workload increased by 75% driven by 32% increase in correction facility population and 23% decline in corrections staff

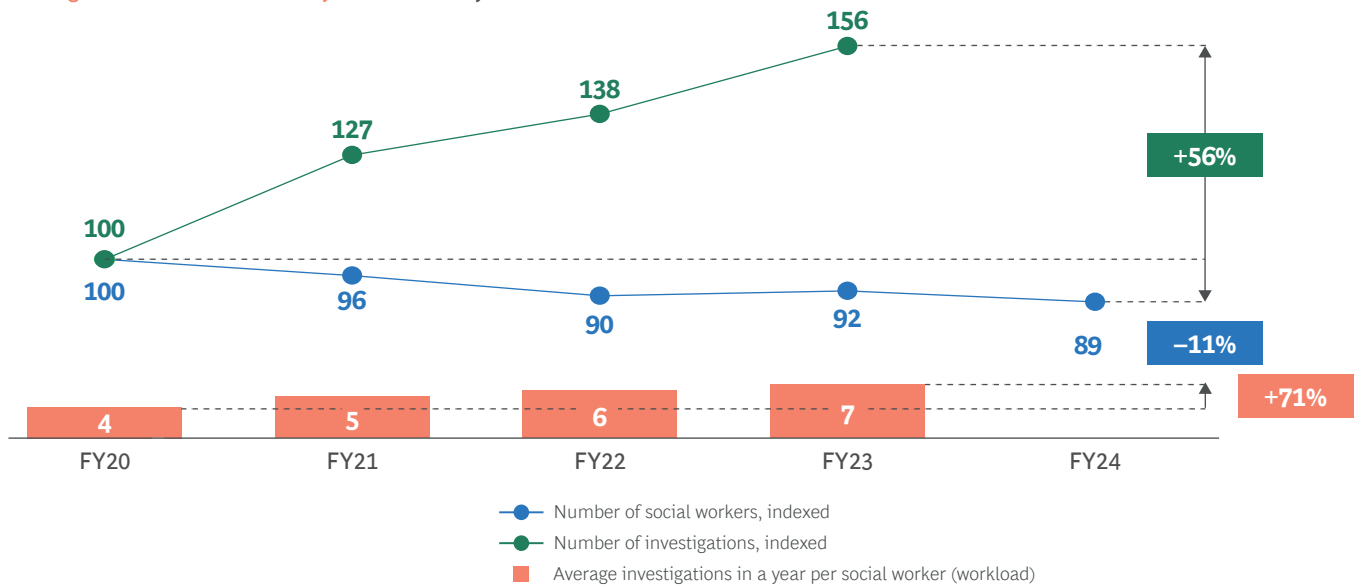


Sources: HRIS data participating states, BCG analysis.

## Exhibit 3 - Social workers facing much higher caseload with simultaneous decline in staff levels

### Example B

Average workload increased by 71% driven by 56% increase in social service demand and 11% decline in social worker staff



Sources: HRIS data participating states, BCG analysis.

2. A state social services agency experienced a 56% increase in investigations, while during the same time the number of social workers declined by 11%, straining the service capacity of available staff (Exhibit 3), increasing the risk of service backlogs, reducing the quality of services, and creating less meaningful interactions between social workers and constituents.

With state agencies providing fewer services due to increased workloads and staff vacancies, it's no surprise that trust in state government has fallen from 62% to 55% since COVID, according to a Gallup's Trust in Government survey. As demand for services increases, state and local governments must rely on their most important asset: their people. It's critical to understand the impact their available talent and resources have on a government agency's ability to deliver services to their constituents.

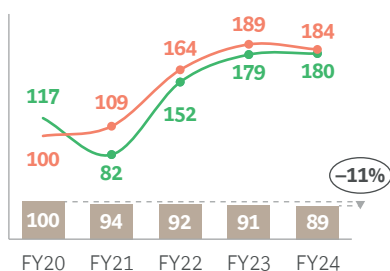
### Hiring is Only One Piece of the Puzzle

Faced with workforce shortages, many government leaders instinctively focus on hiring, however, hiring is only one part of the equation. Retention is an often overlooked and critical piece of the puzzle.

## Exhibit 4 - Turnover for partner states matched or outpaced hiring, leading to workforce decline or stagnation, despite big hiring pushes

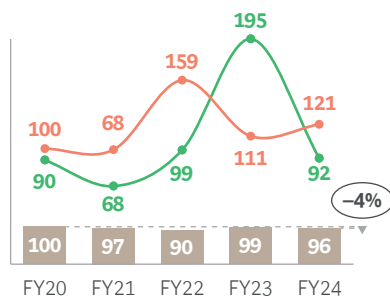
### State 1

Separations outpace hiring efforts, driving workforce decline



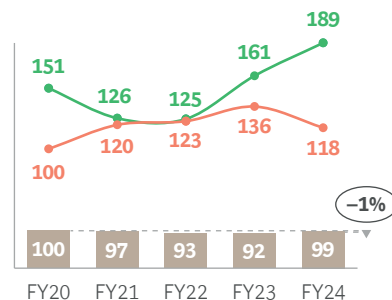
### State 2

Hiring push fails to counteract steady, growing separations



### State 3

Strong hiring gains undermined by persistent turnover



— Hires, Indexed to Separations — Separations, Indexed — Total Employees, Indexed

Sources: HRIS data participating states, BCG analysis.

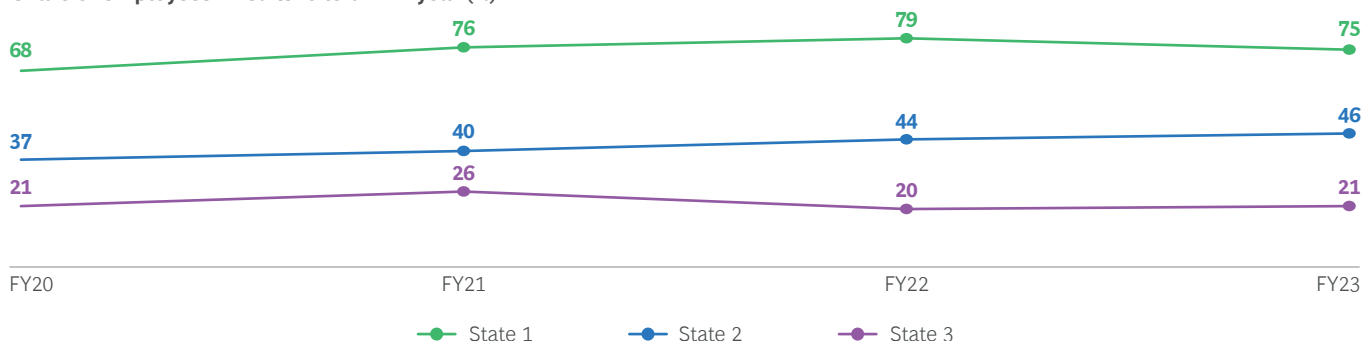
HR data from across three states showed significant increases in hiring in the last few years, indicating prioritized efforts to recruit and onboard new employees since the “great resignation” following pandemic shutdowns. However, in all cases, the attrition rate was either equal to or greater than the agency’s hiring rate, undermining the state’s recruiting efforts (Exhibit 4). In most cases, attrition matched or outpaced hiring efforts, preventing agencies from making progress on critical vacancy gaps.

Retention is a significant strategic lever to help ease future hiring needs by creating fewer open positions to fill, preserving institutional knowledge, and maintaining service continuity.

Despite gains in hiring, state agencies experience a very high rate of “quick quitting” among new hires, which is a costly waste of state resources. For those states included in our research, the quit rate varied with 20-to-80% of new employees resigning within their first year (Exhibit 5). For the public sector, we estimate that the cost to agencies of quick quitting can range in the millions depending on the size of the workforce. For one state we estimated the cost at \$10-12M per year. Retention is therefore not only important for tenured state governments to retain institutional knowledge, but also for ensuring new hires receive proper on-the-job training and development and being the best stewards of taxpayer dollars. This lack of retention also highlights the importance of “fit,” providing clarity on job expectations with new recruits, and creating a streamlined and supportive onboarding process that builds capabilities and relationships during a new hire’s first days, weeks, and months.

## Exhibit 5 - Partner states have persistent new hire churn, ranging from 20–80%

Share of employees hired who left in <1 year (%)



Sources: HRIS data participating states, BCG analysis.



## Rethinking Retention: It's Not Just about Pay

State governments often focus on compensation as the primary way to reduce staff shortages, with many seeking legislative approval for retention and hiring bonuses. **Increasing pay is important, but BCG's research finds that compensation alone is not enough,** especially when it comes to retention.

Pay and compensation are deciding factors when state employees are *looking for a new job*. But when it comes to their *decision to stay*, pay and compensation drop in importance relative to other factors. [Exhibit 6](#) outlines what functional and emotional factors encourage state employees to stay on the job. Here are four important findings:

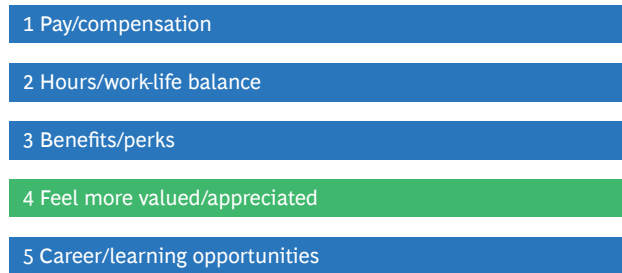
- 1. Pay drops in importance but less so relative to other industries on both a national and global scale.** Pay is ranked as the 6th most important need for state government employees versus 20th for most other industries globally. This indicates that state efforts to adjust pay will drive value for retention among state government employees.
- 2. “Emotional needs” matter.** This includes feeling heard, supported, respected, and doing work the employee enjoys—factors that in many cases come down to the quality of an employee’s manager (e.g., the right team leadership skills) and the nature of the day-to-day work done (e.g., focusing more on feeling the impact of engaging with constituents versus filling out forms).
- 3. Other “functional needs” rise to the top for state employees, including the work environment, which includes both work setting** (e.g., quality of facilities or offices) and ways of working with other colleagues and coworkers (e.g., culture and operating model), and career advancement, including opportunities for, and awareness of, internal promotion and upskilling opportunities, and encouragement to pursue them.
- 4. Top needs vary by employee segment.** In the example here, we see differences between key employee segments including frontline workers who prioritize work they enjoy, hours/work-life balance, and respect as top unique factors, versus desk-based workers who want to feel heard, feel supported and care about agency reputation. We also see significant differences based on factors like tenure, rank in the organization, and geographic/programmatic area, **demonstrating the importance of taking a tailored approach (not a one-size fits all).**

## Exhibit 6 - Pay and compensation falls below other needs as they correlate to attrition

### Overall State Gov't Worker Cohort – reasons to take a new job

When considering a new job... functional needs a priority & feeling **valued and appreciated** is also key

Top reasons workers would take a new job



### Overall State Gov't Worker Cohort – reasons to stay

When considering staying in a job... balance of needs drive attrition risk

Needs correlated most to retention at one year<sup>1</sup>



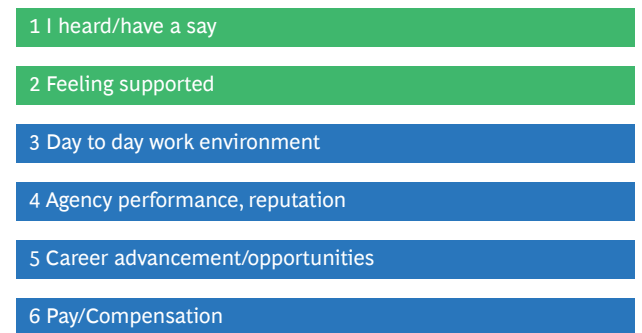
### Frontline Workers – reasons to stay

Needs correlated most to retention at one year<sup>1</sup>



### Desk-Based Workers – reasons to stay

Needs correlated most to retention at one year<sup>1</sup>



Functional

Emotional

**Source:** NGA Survey, October 2024 (n = 1437 public sector employees across CT, OH and ND, frontline n=614, desk based n=819).

<sup>1</sup>Correlation between satisfaction with each listed element and answer to the question “I see myself working at my current employer in 1 year.”

<sup>2</sup>Percentage of respondents who are very or somewhat satisfied with that need (functional needs) or that they feel that way all/most or majority of the time (emotional needs).

**State agencies have a unique opportunity to improve retention**, by addressing key workplace factors that matter to employees without solely relying on complex policy changes or costly compensation adjustments, **and creating a unique competitive advantage**.

## Recommendations for State and Territory Governments to Strengthen Their Workforce

- **Ditch generic solutions—build a holistic strategy that fits your state’s priorities.** Start with a focused, agency-specific workforce plan rooted in your mission, culture, and unique pain points. The plan must also avoid one-off solutions and take a holistic approach across the employee life cycle.
- **Make your workforce case impossible to ignore.** Tie staffing gaps directly to service failures. Quantify the risk and root causes of staffing gaps. Then use that narrative to secure resources, attention, and action from key stakeholders and other decision-makers.
- **Put your top leaders on the front lines of engagement.** Workforce issues aren’t just an HR problem. Encourage senior leadership to own employee morale, culture, and retention through visibility, accountability, and authentic action.
- **Team up across government to go further, faster.** Don’t tackle this alone. Coordinate across governor’s office, central HR agency, and state agencies to share data, pilot innovations, and scale what works—and ensure you have the resources required to make it happen.
- **Act urgently to keep your best people and bring in more talent.** Every day counts. Launch immediate efforts to improve retention, strengthen career pathways, and visibly support employee well-being. Delays will cost talent you can’t afford to lose. By the time an employee completes an exit survey, it’s too late to win them back.
- **Eliminate low-value work with tech—and free people to lead.** Use GenAI and other smart tools to wipe out administrative burdens that reduce engagement and the ability for your employees to engage with constituents and create the impact they seek. Then reinvest that time in coaching, connection, and high-impact service.
- **Make mission your magnetic force.** State government workers already care deeply about the work. Elevate your purpose in internal comms, storytelling, onboarding, and leadership messaging. Make it front and center—daily, recognizing individual impact stories and sharing key metrics that represent progress towards the big picture vision.

BCG’s partner in this effort, The National Governors Association Center for Best Practices, remains committed to supporting states and territories adopt skills-first hiring and talent management strategies through its **Skills in the States** initiative. To learn more about the initiative and explore available resources, visit the [Skills in the States website](#).



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