

# **Bond Case Briefs**

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## **Wave of Public Finance Retirements to Worsen Worker Shortage.**

- **Online job postings up 84% from 2016 to 2020 in public finance**
- **Smaller workforce to manage record billions in federal aid**

Record amounts of federal aid set to flow through state and local coffers will add to the workload of public accountants and investment officers, pressure that could build further as a potential surge of retirements exacerbates a worker shortage.

The demand for public finance employees based on online job postings surged 84% between 2016 and 2020, even after a slight year-over-year dip last year due to the pandemic, according to a study released Tuesday by the National Association of State Treasurers Foundation.

Over 2019 and 2020, public sector employers across all levels of government posted more than 112,000 jobs online including chief financial officer, accountant, financial analyst, auditor, debt manager and budget specialist, according to the report.

Additionally, the sector that employs more than 850,000 state, county and city government workers may be on the verge of a so-called “silver tsunami,” according to the association. The public finance workforce, 31% of which is over the age of 55, and 60% is over the age of 45, “is on the brink of a wave of retirements,” the report said.

“We are entering a potentially tumultuous era of employment and staffing in the public finance sector,” Indiana Treasurer Kelly Mitchell and Connecticut Treasurer Shawn Wooden said in the opening remarks in the report.

### **Facing Pressure**

The industry is facing “unpredicted rates of retirement,” fewer applicants and competition from the private sector, according to the report. Those challenges come at a time when federal investments in local economic recoveries and infrastructure are increasing public spending as well as the need for employees with skills to manage those resources. The latest stimulus package, the American Rescue Plan Act, is sending \$350 billion to state and local governments over the next few years.

The finance segment of the state and local workforce is one of several in the government sector facing pressures around the country. U.S. state and local government job openings jumped to 936,000 in July, the highest since at least 2000, according to the U.S. Labor Department this month.

U.S. state and local job openings hit a record in July

The foundation undertook the study in collaboration with Emsi Burning Glass to understand the skills needed along with short- and long-term staffing and skills challenges. Demand numbers are reported as a two-year snapshot between Jan. 1, 2019 and Dec. 31, 2020 “to smooth out” some effects of the pandemic. Emsi Burning Glass also analyzed growth rates between 2016 and 2020.

Public sector agencies may need to expand capacity, staffing, and hiring given the level of anticipated retirements “may further exacerbate skills and worker shortages,” according to the report. The sector, however, has several points working its favor for recruiting and retaining employees.

### **Important Work**

Low barriers to entry, an already diverse workforce and entry-level pay that on average is higher than the private sector can help, according to Joel Simon, vice president for workforce strategies at Emsi Burning Glass. Women making up about 52% of the public finance workforce and the sector mostly mirrors the racial and ethnic profile of the broader U.S. workforce.

“It’s a bigger, wider door,” Simon said.

The importance of the work is also key, said Mitchell, Indiana’s Treasurer. The office serves as the chief investment officer for the state and manages nearly \$10 billion. Done properly, public finance posts such as treasurer offices can save money for taxpayers by lowering borrowing costs with higher credit ratings and increasing funds with higher returns on investments, she said.

“I try to draw that line financially between what we do and the impact on individuals own wallet,” Mitchell said in an interview.

### **Bloomberg Politics**

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September 20, 2021, 10:01 PM MDT Updated on September 21, 2021, 11:16 AM MDT