COMPENSATION SATISFACTION IN LOCAL GOVERNMENT

A Cross-Sector Analysis of Pay and Benefits Perceptions

Evergreen 2026 Local Government Workforce Survey

May 2026

Executive Summary

Local governments compete for talent across an increasingly fluid labor market, yet the degree to which they succeed in attracting and retaining workers through compensation varies substantially by employer type. This white paper presents findings from a 2026 survey of 500 public sector employees across four types of local government (school districts, cities/municipalities, counties, and special districts), focusing on four dimensions of compensation perception: overall pay satisfaction, benefits satisfaction, numeric pay rate satisfaction, and perceived position relative to the external labor market. This white paper is the first in a series produced by Evergreen Solutions, LLC to explore current trends and outcomes of the public sector labor market.

The analysis reveals that most local government organizations, regardless of type, struggle to meet employee demand for market-responsive pay, but the degree of dissatisfaction varies by type. Specifically, the analysis finds that school district employees report significantly lower satisfaction with compensation than their counterparts in cities, counties, and special districts across all measures examined. On benefits satisfaction, historically considered a public-sector strength, school district employees are nearly twice as likely to express dissatisfaction as city and county workers. On pay rate satisfaction, school districts trail cities by nearly a full point on a 10-point scale. And nearly one in seven school district respondents (14.9 percent) report being dissatisfied with both pay and benefits, roughly double the rate for any other employer type.

Yet, school district employees simultaneously report the highest work engagement scores of any employer group (mean 8.25/10 vs. 7.31 for cities), suggesting that mission-driven commitment sustains workforce loyalty even as dissatisfaction with compensation grows. This dynamic, while currently stabilizing, may represent a long-term retention vulnerability if compensation gaps are not addressed.

Among county respondents, despite moderate individual pay satisfaction scores, nearly half (49.6 percent) of county employees perceive their compensation system as below market, the highest market-gap rate among employer types. This gap between satisfaction and market perception may point to an emerging retention risk for counties, particularly among employees who are currently managing their expectations but may view the compensation structure as insufficient if fiscal conditions change or competing opportunities become more attractive.

Background and Methodology

This analysis draws on survey data collected in May 2026 from 500 local government employees. After filtering the four primary employer types under examination, the sample comprises 467 comprehensive respondents: 174 from school districts (37.3%), 151 from cities or municipalities (32.3%), 129 from counties (27.6%), and 13 from special districts such as water authorities, fire districts, and transit agencies (2.8%).

The survey measured perceptions of compensation across four focal variables. Pay satisfaction and benefits satisfaction were assessed on five-point Likert scales (1 = Very Dissatisfied, 5 = Very Satisfied). Base pay rate satisfaction was measured on a 1–10 scale, with respondents rating their overall satisfaction with their current pay rate. Pay relative to the market was assessed on a five-point scale from Significantly Below Market (1) to Significantly Above Market (5), capturing each respondent's perception of their compensation relative to comparable employers.

Statistically significant differences were identified using one-way analysis of variance (ANOVA) across all four measures. Pairwise comparisons were conducted using the Mann-Whitney U test, with a Bonferroni correction to control for multiple comparisons across the six possible employer-type pairings. Effect sizes are reported where applicable. Given the small sample size of special districts ($n = 13$), findings for that group should be treated as directional rather than inferentially definitive.

The allocation by employer type and level of unionization appears in **Exhibit 1** below.

Exhibit 1
Sample Composition by Employer Type and Union Status

Employer Type	N	% Sample	% Union	% Non-Union
School District	174	37.3%	57.5%	35.1%
City / Municipality	151	32.3%	39.1%	60.3%
County	129	27.6%	29.5%	69.0%
Special District	13	2.8%	38.5%	53.8%

Findings

Pay Satisfaction: A Consistent Gap Anchored at the School District Level

Overall pay satisfaction showed statistically significant variation across employer types ($F = 4.71$, $p = 0.003$). School district employees reported the lowest mean satisfaction score (2.91 on a 5-point scale), compared to 3.36 for city employees, 3.12 for county employees, and 3.23 for special district employees. Pairwise testing identified one statistically significant contrast after Bonferroni correction: school districts vs. cities/municipalities ($p = 0.002$). No other pairing produced significant differences at the corrected threshold.

As shown in **Exhibit 2**, the distributional data amplifies the mean-level finding. Among school district respondents, 38.5 percent reported being Dissatisfied or Very Dissatisfied with their pay, compared to 24.5 percent of city employees, 30.2 percent of county employees, and 30.8 percent of special district employees. Conversely, just 35.6 percent of school district workers expressed satisfaction with their pay, versus 53.6 percent of city workers, resulting in an 18-percentage-point gap in the share of satisfied employees. At the extremes, school districts had the highest rate of Very Dissatisfied respondents (13.2 percent), more than four times the rate observed among city employees (3.3 percent).

Exhibit 2
Overall Pay Satisfaction by Employer Type

Employer Type	Mean Score	Dissatisfied / Very Dissatisfied	Satisfied / Very Satisfied
School District	2.91	38.5%	35.6%
City / Municipality	3.36	24.5%	53.6%
County	3.12	30.2%	41.1%
Special District	3.23	30.8%	46.2%

Benefits Satisfaction: The Strongest Statistical Signal in the Dataset

Benefits satisfaction produced the most statistically robust differences of any variable examined ($F = 6.72$, $p = 0.0003$), with school districts standing apart from both cities and counties. The mean benefits satisfaction score for school district employees was 3.42, compared to 3.87 for cities and 3.88 for counties, a gap of nearly half a point on a five-point scale. Pairwise testing confirmed significant differences between school districts and cities ($p = 0.001$) and between school districts and counties ($p = 0.002$). Cities and counties were statistically indistinguishable from each other, as were all comparisons involving special districts (likely reflecting limited statistical power at $n = 13$).

This finding carries weight given the traditional assumption that public-sector employment compensates for lower base pay with superior benefits packages. The data suggests this assumption may not hold uniformly across all local government employer types. Among school district employees, 23.0 percent reported dissatisfaction with their benefits, nearly double the rates observed in cities (11.9 percent) and counties (10.1 percent). On the positive end, only 58.0 percent of school district employees expressed satisfaction with their benefits, compared to approximately 73 percent of both city and county workers.

The compounding effect of simultaneous dissatisfaction with both pay and benefits further underscores the magnitude of the findings for this gap, as shown in **Exhibit 3** below. Specifically, 14.9 percent of school district employees, or nearly 1 in 7, expressed dissatisfaction with both pay and benefits, compared to 7.9 percent of city employees, 7.0 percent of county employees, and 7.7 percent of special district employees. This dual-dissatisfaction rate represents the most concentrated indicator of compensation-related workforce risk identified in the survey.

Exhibit 3
Benefits satisfaction by employer type

Employer Type	Mean Score	Dissatisfied / Very Dissatisfied	Satisfied / Very Satisfied	Dual Dissatisfied
School District	3.42	23.0%	58.0%	14.9%
City / Municipality	3.87	11.9%	72.8%	7.9%
County	3.88	10.1%	72.9%	7.0%
Special District	3.85	7.7%	69.2%	7.7%

Individual Pay Rate Satisfaction: A Numeric Confirmation

The individual pay rate satisfaction item (1–10 scale) corroborated the categorical findings above and provided additional granularity. Significant differences were observed across employer types ($F = 3.41$, $p = 0.018$). School district employees gave their current pay rate a mean score of 5.42 out of 10, compared to 6.20 for city employees, 5.99 for county employees, and 6.46 for special district employees. The pairwise comparison between school districts and cities/municipalities reached statistical significance after Bonferroni correction ($p = 0.041$), while other pairings did not.

The school district's mean of 5.42 places the average school district employee below the midpoint of the scale in absolute terms, indicating that this group's numeric rating of their pay is not merely lower than peers, it is, on average, below neutral. This contrasts with city and county employees, whose mean scores of 6.20 and 5.99, respectively, reflect modest net positive evaluations of their pay. The nearly 0.8-point gap between school districts and cities on a 10-point scale is consistent with a practical difference in compensation experience, not merely a statistical artifact.

Pay Compared to Market: A Dual Concern Across Employer Types

Respondents' perceptions of how their compensation compares to the broader labor market produced significant aggregate differences ($F = 2.71$, $p = 0.044$), though no individual pairwise comparison survived Bonferroni correction, thus indicating the overall significance reflects distributed differences rather than a single dominant contrast. **Exhibit 4** summarizes respondent perceptions of market placement. The mean market-comparison scores were 2.62 for school districts, 2.61 for counties, 2.85 for special districts, and 2.91 for cities, all below the midpoint of 3.0 (About at Market).

The most operationally significant finding from this measure concerns the proportion of employees who feel their pay falls below market. County employees reported the highest below-market rate of any group: 49.6%, essentially half of all county respondents perceive their compensation as Slightly or Significantly Below Market. School districts followed closely at 45.4%, while cities (37.1%) and special districts (30.8%) showed lower, though still substantial, below-market perceptions.

The county findings are particularly notable because they do not fully align with the county group's individual pay satisfaction scores, which were moderate rather than strongly negative. This divergence between satisfaction and market perception may suggest that county employees have adjusted their expectations or have other compensating factors (benefits, stability, tenure) that buffer their satisfaction despite recognizing a market gap. However, this kind of perceptual accommodation is fragile, as market awareness increases and external opportunities become more visible, employees who currently tolerate below-market pay may accelerate their departure.

Exhibit 4
Pay Compared to Market by Employer Type

Employer Type	Mean Market Score	% Below Market	% At Market	% Above Market
School District	2.62	45.4%	33.9%	20.7%
City / Municipality	2.91	37.1%	29.8%	33.1%
County	2.61	49.6%	31.0%	19.4%
Special District	2.85	30.8%	38.5%	30.8%

Discussion and Implications

The School District Compensation Challenge

The data present a coherent and concerning picture for school districts. Across all compensation measures examined, including pay satisfaction, benefits satisfaction, numeric pay rating, and market comparison, school district employees score lower than their peers in other local government sectors. The gap is not driven by a single outlier question; it is structural and consistent.

What makes this finding particularly consequential is its intersection with engagement. School district employees reported the highest mean work engagement score of any employer type (8.25/10), compared to 7.74 for counties and 7.31 for cities. This engagement-compensation paradox suggests that mission commitment, or the intrinsic value that educators and school support staff place on their work, is currently absorbing much of the compensation dissatisfaction. School districts should not interpret high engagement as a sign that compensation is adequate. Mission-driven workers can remain highly committed while also being actively aware of and bothered by pay inequity. If compensation gaps widen or alternatives become more accessible, the very employees who are most committed to students and communities may be the first to leave rather than face continued financial strain.

The benefits gap deserves consideration. When a sector can no longer claim superior benefits as a competitive advantage, as this data suggests, it loses one of its primary tools for attracting workers who might otherwise choose higher-paying private sector roles. School districts should audit their benefits packages relative to both peer local government employers and regional private sector competitors, prioritize benefits equity in collective bargaining and budget planning, and monitor dual-dissatisfaction rates as a leading indicator of turnover risk.

The County Market-Perception Gap

The finding that nearly half of county employees perceive their compensation system as below-market, despite reporting moderate overall pay satisfaction, warrants particular attention from county HR and budget leadership. This pattern is consistent with what compensation researchers call a satisfaction paradox or expectation adjustment. In essence, employees who have worked in the public sector for extended periods may calibrate their expectations against public-sector norms rather than the broader labor market, producing satisfaction scores that appear acceptable while masking underlying competitive exposure. Another potential explanation is that post-COVID increases driven by rising inflation moved employees through market lagging pay structures, offsetting individual pay dissatisfaction in the short term.

The risk becomes more pronounced in these situations when the environment changes: economic upturns, targeted private sector recruiting, peer conversations, or publicized salary data can rapidly convert passive market awareness into active job searching. County governments would benefit from proactive market-positioning strategies, such as transparent communication about total compensation value, targeted retention incentives for high-risk roles, and systematic market benchmarking, rather than relying on satisfaction scores alone as a proxy for retention security.

A Universal Finding

While differences between employer types are the focus of this analysis, one finding applies to all organizational types. Across school districts, cities, counties, and special districts alike, employer performance on providing annual pay increases that exceed inflation received the lowest ratings of any compensation component assessed. Mean performance scores on this dimension ranged from

2.35 (school districts) to 2.77 (special districts) on a five-point scale, all falling in the Poor to Fair range. This shared weakness reflects a structural challenge in local government compensation: budget-driven pay processes that trail inflation systematically erode real wages over time, regardless of employer type. Addressing this dynamic would require sector-wide advocacy for compensation funding mechanisms explicitly indexed to labor market and cost-of-living conditions, rather than being treated as discretionary line items subject to annual budgetary availability.

Conclusion

The *2026 Local Government Workforce Survey* reveals a compensation landscape that varies significantly by employer type, with school districts facing the most acute and multi-dimensional challenges. Four key conclusions emerge from the data:

- School districts face a compensation disadvantage relative to cities and counties on pay satisfaction, benefits satisfaction, and numeric pay rating. This disadvantage is not offset by engagement; it is masked by it, creating a deceptive picture of workforce stability.

- Benefits satisfaction is the sharpest point of differentiation, with school district employees being nearly twice as likely to be dissatisfied with their benefits as city or county employees.

- Counties face a distinct but equally important risk: widespread below-market perception of the pay systems (49.6 percent) that is not yet fully reflected in satisfaction scores, suggesting a vulnerability that may deepen as labor market instability increases.

- The failure of annual pay increases to keep pace with inflation is a cross-sector challenge shared by all employer types, demanding systemic rather than employer-specific solutions.

Taken together, these findings call for differentiated strategic responses:

- school districts must address a compensation gap that now spans both pay and benefits;

- counties must actively manage the growing distance between employee market perception and internal satisfaction metrics; and

- all local government employers must confront the structural reality that compensation systems built on static budgets and administrative inertia are increasingly misaligned with the competitive demands of the modern public sector labor market.