



NEOGOV

Top 5

PUBLIC SECTOR
HR TRENDS

— for 2025 —

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INTRODUCTION

Public sector agencies are preparing for change in 2025. A widening talent pool, rapidly evolving technology, and incoming waves of retirements present unique opportunities for agencies to prepare for their workforce of the future.

Who We Surveyed

Filled with valuable insights gathered from **1,005 survey respondents**, this report reflects the trends, challenges, and opportunities within public sector HR. Respondents included HR generalists, recruiters, managers, analysts, and directors from a variety of agencies across the United States, including city (30%), county (24%), state (20%), and local (16%) governments. The survey was conducted in January 2025.

Key Takeaways

Going into 2025, government agencies are laser focused on finding qualified candidates to fill open positions. Staffing shortages remain a persistent challenge for over half of public sector agencies, and continue to put significant strain on existing staff.

Supporting **employee well-being and improving employee engagement** are high on the list of priorities for this year. More agencies are offering hybrid or remote work options to encourage work-life balance, improve retention, and attract Millennial and Gen Z candidates to open roles.

Despite the growing number of planned retirements in the next five years, over half of agencies have not invested in succession planning to support this transition. Drastically fewer are prioritizing adopting AI or modernizing technology amidst a technological revolution.

Keep reading to explore these trends and additional insights pulled from our data.



Figure 1
Top 5 Priorities for Government HR in 2025





TREND 1: THE JOB MARKET FAVORS PUBLIC SECTOR AGENCIES

The public sector job market is looking a bit different than it did in the first half of 2024. In our [2024 Public Sector Hiring Report: The Fragile Future of Recruitment](#), we reported that **for the first time since 2019, the number of public sector job openings had decreased while the number of applications increased.** This upward growth trend, albeit slight, indicated a positive shift in the public sector job market – a shift that is continuing into 2025.

Current NEOGOV data reflects that state and local governments are actively hiring, with **over 580,000 positions hired over the past year.** Public sector job seekers have long been attracted to the steady benefits, job security, and meaningful work provided by public sector employment. And with plenty of open jobs to choose from, more job seekers are exploring a future in government. Agencies should be on the lookout for a potential rise in highly qualified professionals in state and local candidate pools as promises of Federal restructuring by the new administration come to fruition.

A widening candidate pool and plenty of open jobs paints a promising picture for the public sector job market in 2025. Agencies are eager to fill roles – recruiting quality candidates to fill vacancies remains the highest priority going into 2025 – but finding the right candidate among an influx of applications may continue to pose a challenge for some agencies.

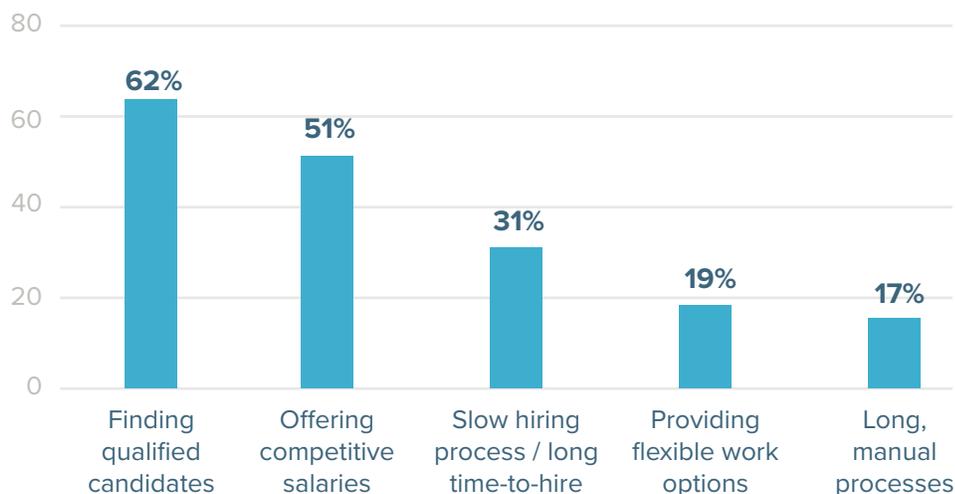
A widening candidate pool and plenty of open jobs paints a promising picture for the public sector job market in 2025.



Figure 2

Agencies' top recruiting challenges

Respondents chose their top two.



Our data shows 62% of agencies are still having trouble finding qualified candidates. There are a number of strategies agencies can employ to attract – and retain – top talent including expanding job sourcing, improving job positioning, enhancing job appeal, and optimizing the hiring process. You can explore these strategies in detail [here](#), and we'll dive into more in this report.

Agencies will need to continue prioritizing competitive salaries to attract and retain top talent. Our survey shows 69% of agencies report the top reason why employees left the organization over the past 1-2 years is for higher paying job opportunities. Offering candidates competitive salaries is also a top challenge during recruitment.

Only 40% of agencies indicate they'll offer more competitive base salaries to improve retention in 2025, but many are offering financial incentives such as tuition reimbursement and signing bonuses to attract candidates. In addition to sign-on bonuses, retention bonuses can motivate employees to stay with the agency long-term.

To maximize the potential of the evolving job market, agencies should **consider building a strong employer brand that highlights the unique benefits of their organization.** You may also want to consider leveraging social media to share your organization's culture and attract high-quality candidates who align with your mission.

TREND 2: AI AND AUTOMATION ARE HERE TO STAY

It's no secret that generative AI is transforming the world of work. The question isn't if agencies should adopt AI, but when – and how quickly. Economists project the gen AI market to grow 36.7% annually to reach a \$136.7 billion valuation by 2030. As AI evolves and advances at mind-boggling rates, agencies should consider how best to adopt and integrate AI into every day operations.

Despite the growing prevalence of generative AI and its cemented presence in everyday life, our survey indicates that **only 7% of agencies are prioritizing AI adoption in 2025**. 65% indicate they have not started using AI to help with recruitment processes, 58% do not have documented policies or procedures around the use of AI, and 70% have not provided any training AI to employees.

SHRM confirms that most organizations have yet to adopt AI to support HR-related tasks, but the number is growing steadily. Their research shows **2 in 3 organizations are using AI to support recruitment related tasks**, like writing job descriptions, screening applicant resumes, communicating with applicants during the interview process, and automating candidate searches.

There is an incredible opportunity for agencies to use AI and automation to alleviate many of the challenges associated with hiring, onboarding, and performance management. Our survey shows agencies are challenged by slow hiring processes and time-consuming, manual processes, ranking performance tracking and evaluations, training and development, and managing policies and procedures as the most challenging areas of operations.



Figure 3
AI & Recruiting
Source: SHRM



Harnessing automation and AI to streamline HR processes can have a powerful, positive downstream effect on recruitment, retention, and the overall health of an organization. Here are actionable ways to start using AI and automation in your HR operations:

1 Automate routine administrative tasks, like writing job postings, screening candidate resumes, writing emails and updates to candidates, scheduling interviews, and preparing interview questions.

Since the #1 impact of staffing shortages is the additional strain on existing employees, using AI for these time-consuming tasks can reduce the administrative burden on overworked staff.

2 Optimize the onboarding process. Most agencies want to automate the onboarding process in 2025 – and for good reason. The onboarding process is an employee’s first impression of their new workplace, and an experience that directly influences their job satisfaction, job performance, and longevity with the organization.

A streamlined onboarding process can improve the employer brand to attract more candidates. The good news is 45% of agencies plan to optimize their onboarding process in 2025 to do just that. A simple way to start optimizing the onboarding process is to update the employee [onboarding portal](#) often, ideally within 6 months before a new hire begins. NEOGOV data shows that agencies who update their onboard portal often have a retention rate that is 16% higher than agencies who don’t.

3 Improve employee communication. Over half of public sector agencies rank communication as the area needing most improvement in 2025. Communicating regularly with the workforce promotes employee engagement, fosters trust and transparency, and develops a positive organizational culture.

HR can use AI tools to provide instant responses to commonly asked questions about benefits, policies, and procedures, or summarize complex policies into easy-to-understand formats.

4 Improve employee engagement. Increasing employee engagement is a top priority among agencies going into 2025. In addition to the communication strategies outlined above, agencies can leverage AI to design feedback or exit surveys, generate ideas and materials for employee events, or draft internal newsletters with updates and announcements.

5 Automate performance management. Performance management ranked high on the list of HR tasks agencies want to automate in 2025. With performance management platforms like [NEOGOV Perform](#), agencies can automate annual and probationary employee evaluations, track goal progress, and provide continuous feedback to employees.

With these valuable data insights readily available, managers can stay connected and engaged to employee work and quickly identify skill gaps and areas of improvement. According to [SHRM](#), generative AI tools make it easier for HR leaders to extract more detailed insights from workforce data, such as identifying high-performing employees to retain



Over 40% of agencies are offering more opportunities for employee recognition.

TREND 3: FOCUS ON EMPLOYEE EXPERIENCE (EX) AND BELONGING

The employee experience (EX) is becoming increasingly important in public sector roles amidst a competitive job market, constrained budgets, and short staffing. **EX refers to the interactions an employee has with an organization that contributes to their sense of purpose, satisfaction, and connection with the job.**

Fostering a positive employee experience can have a powerful impact on an organization, including reduced turnover, higher productivity, strong brand advocacy, positive workplace culture, and better service delivery for the public.

Prioritizing the employee experience and fostering a sense of belonging are **key to improving retention, recruiting high-quality candidates, and bolstering employee engagement** – the top 3 priorities of public sector agencies in 2025. Here are actionable strategies to enhance EX in your agency:

1

Offer personalized training. Employee training and leadership development remain top priorities for public sector agencies in 2025, especially to improve retention. Unfortunately, many agencies are struggling in these areas. Over 50% indicate that both coaching and development and management skills are areas needing most improvement.

Most agencies offer professional training courses either virtually (65%) or in-person (58%) to support employee development, and a quarter are developing personalized growth or learning plans for employees. By using data insights from performance management platforms, like [NEOGOV's Perform](#), managers can ensure employees receive relevant learning opportunities that align with their specific needs and career ambitions.

2

Support technology modernization and adoption. Embracing new technology not only empowers existing employees, but also attracts younger, tech-native job seekers to apply for open roles. As agencies begin to adopt new technologies, it's also important to provide training and resources so employees feel equipped and confident to use the technology in their jobs.

3

Prioritize recognition programs. Over 40% of agencies are offering more opportunities for employee recognition in 2025. Acknowledging employees' contributions and impact on the community through awards, public recognition, or performance-based incentives can deepen their connection to the agency mission and reinforce their sense of purpose.

4

Implement well-being initiatives. Although burnout rates among government workers appear to be slowing, 41% of government workers report feeling burned out according to [Eagle Hill Consulting](#). The impacts of burnout extend beyond employee health and wellbeing to the ability to serve customers, poor job performance, and spotty job attendance.

Agencies must address the entire employee experience to begin reducing burnout, but supporting employee health and wellbeing through decreasing workloads, increasing paid time off, and offering flexible work schedules is a good place to start. To support employee wellbeing going into 2025, over half of agencies are providing education programs on health and wellness topics, such as nutrition, sleep, and mental health, and are implementing or expanding wellness benefits to support access to therapy or wellness apps.

5

Prioritize succession planning. As the ‘Silver Tsunami’ accelerates, agencies must prepare for the inevitable loss of institutional knowledge from retiring Baby Boomers. Nearly 42% of agencies anticipate losing 5-10% of their workforce within the next decade. Retirement holds its rank as the second most common reason for employee departures over the last two years.

Despite this, nearly half of agencies have not developed succession plans to transfer critical knowledge and skills to the next generation of leaders. While a third of agencies offer mentor programs to support employee development, fewer are leveraging strategies like job shadowing (19%) or career mapping (12%). Building robust succession plans enhances the employee experience by fostering career growth opportunities while minimizing the impact of exiting retirees on existing employees.

6

Adapt to generational and workforce changes. As the workforce continues to change, agencies must evolve to meet the expectations of a younger, tech-native generation. While many survey takers describe their agency’s culture as collaborative, supportive, and inclusive, 30% say it’s outdated.

Modernizing work environments with new technology and flexible work arrangements, like hybrid and remote work options, not only attracts and retains younger, tech-savvy employees, but also supports work-life balance for all staff.



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TREND 4:

HYBRID AND FLEXIBLE WORK MODELS

As public sector agencies navigate post-pandemic shifts in workplace expectations, hybrid and flexible work models are becoming essential to attract and retain talent. Despite the growing 'return to the office' trend, hybrid and remote work options remain highly desirable for workers and job seekers. According to [Pew Research](#), **nearly half (46%) of workers who work from home some of the time would leave their job if they could no longer work remotely**, and 63% of people who rarely or never work from home say they would choose to work from home if it was an option for them.

For public sector agencies facing competitive job markets and staffing challenges, hybrid and flexible work models may offer a creative solution. In fact, **37% of agencies are already leveraging remote or hybrid options** to fill job openings, while 31% are offering flexible hours to improve retention.

Although the benefits of hybrid and remote work are clear, agencies must address the challenges of implementing flexible work policies to ensure their success.

Hybrid/Flexible Work Challenges

- **Bridging communication gaps.** To foster effective communication between remote teams, agencies can provide digital collaboration tools, schedule regular check-ins, and encourage open dialogue between coworkers and managers.
- **Onboarding employees remotely.** Remote onboarding can be challenging, especially without the in-person benefits of building connections with new colleagues. Pairing new hires with seasoned coworkers for regular check-ins and using screen-sharing to walk through essential processes can ensure a smoother transition. Onboarding software, like [NEOGOV's Onboard](#), removes the manual tasks associated with onboarding, like filling out benefit enrollment forms, and provides new hires a central place to find resources and information to succeed in their new role.
- **Maintaining employee engagement.** Keeping employees engaged in a hybrid or remote environment requires intentional efforts to build team cohesion. Agencies can host regular virtual team-building activities, encourage peer recognition, and ensure remote employees are included in decision-making processes when appropriate.
- **Tracking performance and productivity.** Measuring employee performance in a remote setup can be difficult. Traditional performance indicators, like KPIs and attendance, cannot be easily applied to remote employees. [Businesses](#) are starting to shift away from traditional annual performance reviews in favor of more frequent, results-driven performance assessments with managers that encourage learning. As such, agencies should focus on outcomes rather than hours worked, and use [performance management tools](#) to set measurable objectives and provide regular feedback.
- **Ensuring compliance with labor laws.** Flexible work policies must adhere to labor laws, including regulations on overtime and rest breaks. Comprehensive HR self-service platforms like [NEOGOV HRIS](#) allow employees to complete virtually any HR task at any time, including accessing paystubs, requesting time off, or clocking in or out.



TREND 5: DATA-DRIVEN DECISION-MAKING IN WORKFORCE MANAGEMENT

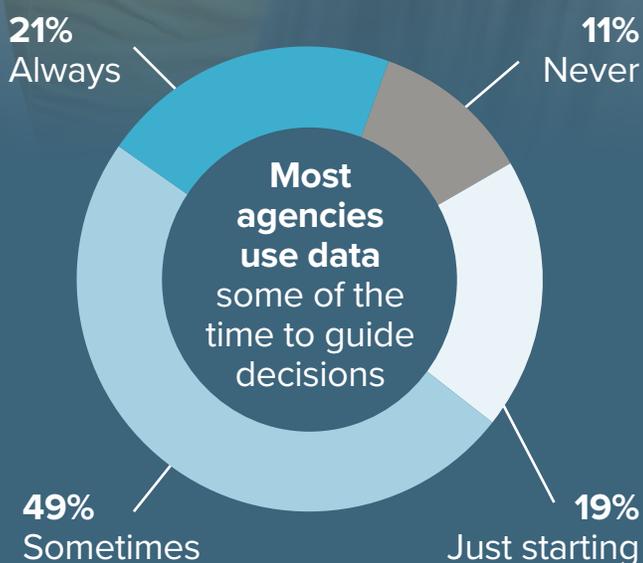
As agencies face challenges with competitive hiring and technology adoption, the need for real-time workforce insights to inform HR strategies has never been greater. **Nearly half of agencies are already leveraging data and analytics to improve decision-making, influence leadership decisions, and secure additional budget.** 21% consistently use data and analytics, and another 19% are just beginning to integrate tools into their process – a strong signal of a growing recognition of the value of data in workforce management.

Analyzing HR data can provide critical insights into workforce dynamics, operational inefficiencies, employee engagement levels, and the effectiveness of HR programs. Workforce demographics, turnover rates, and performance trends are a few key metrics to start measuring and analyzing.

Predictive analytics is also emerging as a powerful tool for public sector HR teams. **By forecasting staffing needs and budget allocations, predictive models allow agencies to proactively address challenges** such as retirements, recruitment bottlenecks, or workload imbalances that leave certain roles at higher risk of turnover.

Integrating data-driven decision-making into workforce management empowers agencies to operate more strategically, anticipate future needs, and allocate resources effectively to better adapt to an evolving workforce.

Figure 4
How often do you use data and analytics to improve decision making?



THE ROLE OF TECHNOLOGY IN DRIVING THESE TRENDS

In a shifting HR landscape, technology plays a pivotal role in enabling government agencies to adapt and thrive. NEOGOV's comprehensive suite of SaaS solutions are specifically designed to address the unique challenges faced by government organizations. By automating manual tasks and providing powerful employee self-service tools, NEOGOV empowers HR teams to focus on strategic initiatives rather than time-consuming administrative duties. This results in enhanced operational efficiency, compliance, and a most engaged workforce – ensuring you not only attract top employees, but also retain them.

NEOGOVS Tools for Automation, Workforce Analytics, and Employee EX



Insight Applicant Tracking System:

Streamlines the recruitment process by automating job postings, applicant screenings, and communications, thereby reducing time-to-hire and improving the candidate experience.



Onboard Employee Onboarding:

Simplifies and automates the onboarding process, allowing new hires to complete paperwork, access resources, and begin training seamlessly. This creates a positive first impression and boosts long-term retention



Perform Performance Management:

Facilitates continuous feedback and standardized evaluations, enabling HR teams to monitor employee performance effectively and support professional development.



HRIS (Human Resources Information System):

Consolidates core HR functions, including payroll, benefits, and time and attendance, into a single platform, simplifying data management and ensuring accuracy.



Discover how the [City of Lansing](#) used NEOGOV Onboard to reduce onboarding inefficiencies and **obtain time savings of approximately 35%** for both new hires and administrators.

STRATEGIC RECOMMENDATIONS FOR GOVERNMENTS

As government agencies navigate shifting demands and workforce challenges, HR leaders must take proactive steps to align with emerging trends.

1. Take advantage of a growing public sector labor pool by **building a strong employer brand** that highlights the unique benefits only your organization can provide. Consider leveraging social media to showcase your brand and connect with high-quality clients.
2. Develop a plan to **adopt and integrate AI into HR processes**. Start by choosing one or two small, low-risk tasks to automate, and build your AI portfolio over time.
3. Enhance employee well-being and attract high-quality talent by **adopting hybrid and remote work policies**. Ensure flexible models are set up for success by developing clear communication protocols and using the right tools to encourage collaboration and compliance.
4. Provide **professional development tailored to individual needs** using data insights from performance management platforms.
5. **Invest in succession planning** so your agency is prepared to transfer critical institutional knowledge as Baby Boomers retire over the next decade. Consider in-depth mentoring and career mapping to foster career growth in your next generation of leaders.
6. **Use real-time data and predictive analytics** to make strategic decisions about staffing, processes, budget, and policy. Consider providing training on data tools so managers are equipped with the skills to analyze and act on HR data effectively.

Partnering with technology providers like NEOGOV is critical to modernizing HR processes and addressing public sector workforce challenges now and in the future. Technology platforms streamline recruitment, onboarding, performance management, and compliance, enabling agencies like yours to operate more efficiently and future-proof HR processes.

Over the next decade, public sector HR will be defined by technological advancements, generational shifts, and evolving workforce expectations. Agencies will increasingly rely on AI and predictive analytics to drive data-informed decision-making, improve operational efficiency, and personalize the employee experience. Flexible work models will become standard, with hybrid and remote policies reshaping how teams collaborate and engage. Ultimately, **HR teams that embrace innovation and adaptability will lead the way** in creating resilient, future-ready organizations that meet the needs of both employees and the communities they serve.



NEXT STEPS

The five trends shaping public sector HR in 2025 – leveraging a growing labor pool, adopting AI and automation, enhancing the employee experience, embracing hybrid work, and utilizing data-driven decision-making – offer state, city, and local governments a roadmap to navigate workforce challenges and build resilient organizations.

Let's work together to modernize your HR practices and future-proof your workforce for the decade ahead.

NEOGOV serves public sector HR with a comprehensive suite of solutions for recruitment, onboarding, performance management, employee development, and more. We are proud to serve the people who serve the people.

13,000+

Public Sector Agencies

800,000+

People Use NEOGOV

20+

Years of Experience