State Workforce Report 2026: Data, Trends, and the Constraints Shaping Government Hiring

Presented by Indeed

Pressure on State Hiring

State governments face a pressing workforce challenge. They must fill critical roles faster as retirements rise, private-sector competition persists, and public sector labor demand shifts toward hard-to-fill personal care and technical jobs. The policy answer is increasingly skills-first hiring, but policy change must be paired with improved candidate onboarding and workforce planning. During a disruptive period across the public sector, competition for specialized talent means that state governments must modernize to attract qualified candidates.

How State Hiring Loses Candidates

Generally, job seekers may expect to follow a five-step hiring process. Due to a lengthy hiring process, public sector employers lose talented candidates in each of these steps, putting state governments at a disadvantage in competing for talent.



Data from the state of Connecticut shows that, in August 2026, state government positions took a median length of 92 days to go from identification of a job need to employee Entrance on Duty. 92 days is comparatively quick for the public sector- North Carolina is seeking to address an average time-to-hire of 182 days.

By contrast, businesses in the United States take an average of 35 days to fill a position. While there is good reason for additional vetting of public sector applicants, delayed decision-making means that governments lose qualified people to private industry before hiring processes can reach the finish line. However, recent government hiring reforms have created opportunities for the public sector to compete more effectively for specialized talent.

AI and a Shifting Labor Demand

Public sector hiring will need to adapt to a labor market changing in two ways at once. Demand is rising for certain specialized skills, while generative AI reshapes white collar work. Economists polled by Indeed project that AI will have an impact on job markets for many traditional white collar jobs, but are split on the impact to data & analytics and software development roles.

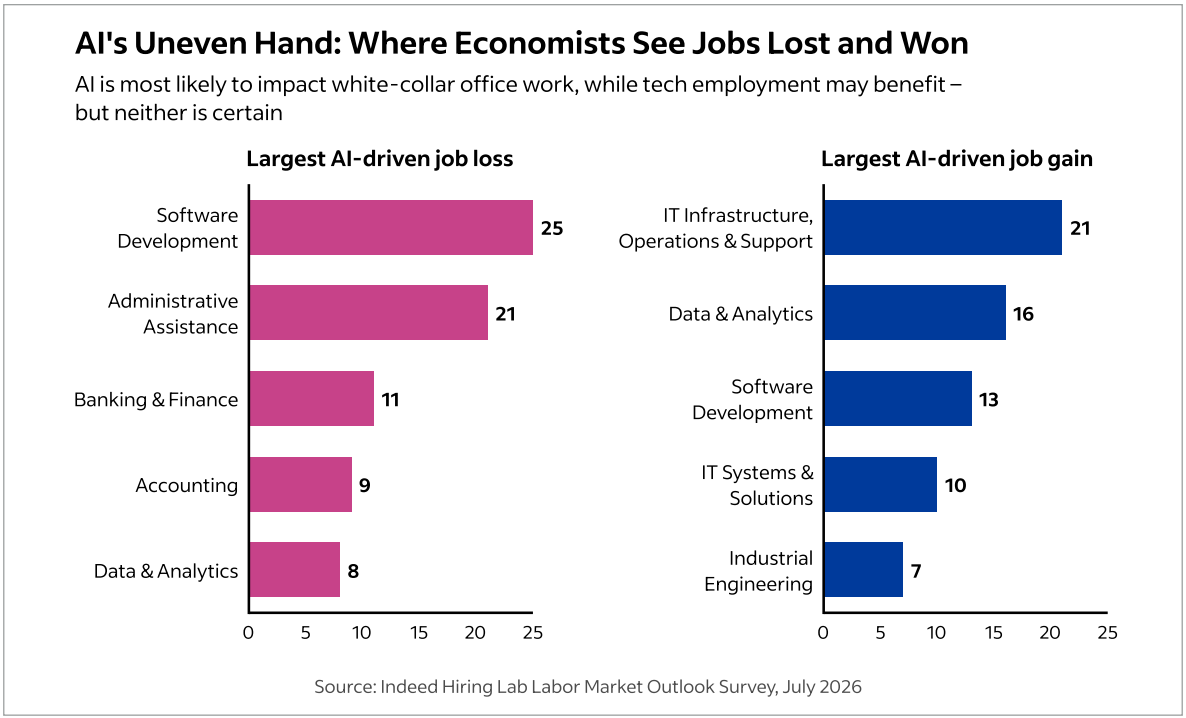
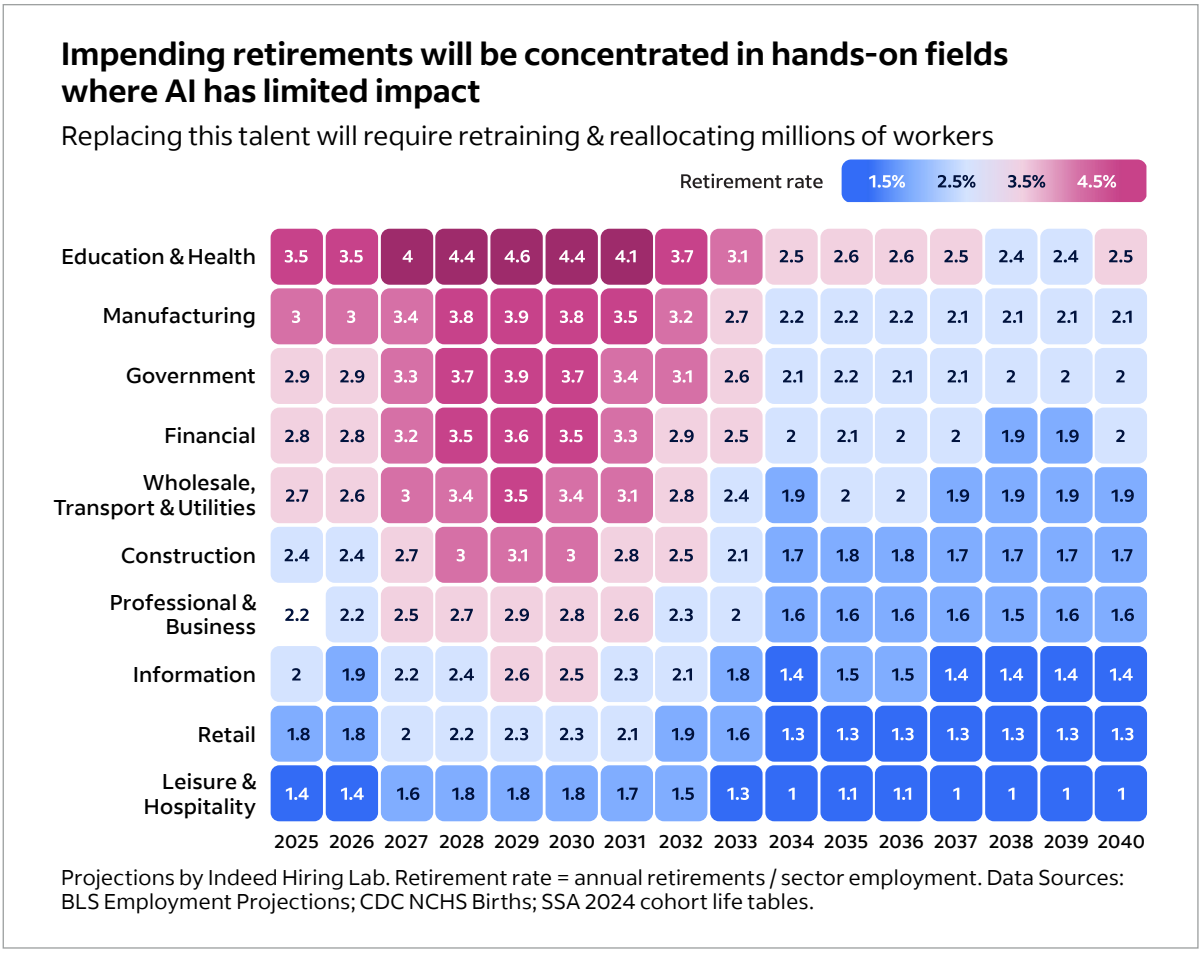


Image source: Indeed Hiring Lab: Economists Expect a Cooled Labor Market and an AI Reshuffling of White-Collar Work

Indeed data shows a significant impact of AI on white collar jobs typically held by college graduates- especially at the entry level. While AI-exposed positions led the job postings decline from 2022-2025, the same positions have led the rebound in 2026. However, that rebound is concentrated in senior roles. In addition to higher posting levels, AI-exposed senior-level roles have experienced the highest wage growth since the pandemic.

The effects are already visible in government, particularly in office-based and entry-level roles. Indeed data shows a significant impact of AI on white collar jobs typically held by college graduates- especially at the entry level. Government worker retirement rate is soon projected to climb above 3%, higher than the rate at which employees are entering the sector. Building a talent pipeline is about long-term sustainability in the workforce- today's entry-level hires become tomorrow's experts- so these changes can impact future government leadership.



Heavy impending retirement is expected in government and other critical sectors
Indeed Hiring Lab Chartbook: August 2026

To navigate this shift, state government leaders must focus on employee retention, clarify career pathways, and build visible talent pipelines for future needs.

The Move Toward Skills-First Hiring

A recent public sector trend toward skills-first hiring- the principle that candidates should be assessed by demonstrating job competencies, rather than through traditional degree and experience requirements- creates an inflection point for government hiring. If implemented poorly, skills-first hiring could slow decision-making by adding subjectivity and reducing opportunity to automate credential screening. If done well, skills-first could mean quick identification of traditionally ignored candidates to fill vacancies in needed positions.

U.S. job postings on Indeed not mentioning any formal education requirement rose from 48% in 2019 to 51% in 2025. Educational requirements declined in most sectors in the U.S., including 87% of occupational groups analyzed by Indeed. Degree requirements remain highly uneven at the state level: Washington, D.C. shows the highest degree intensity of US territories, while Alaska has the lowest.

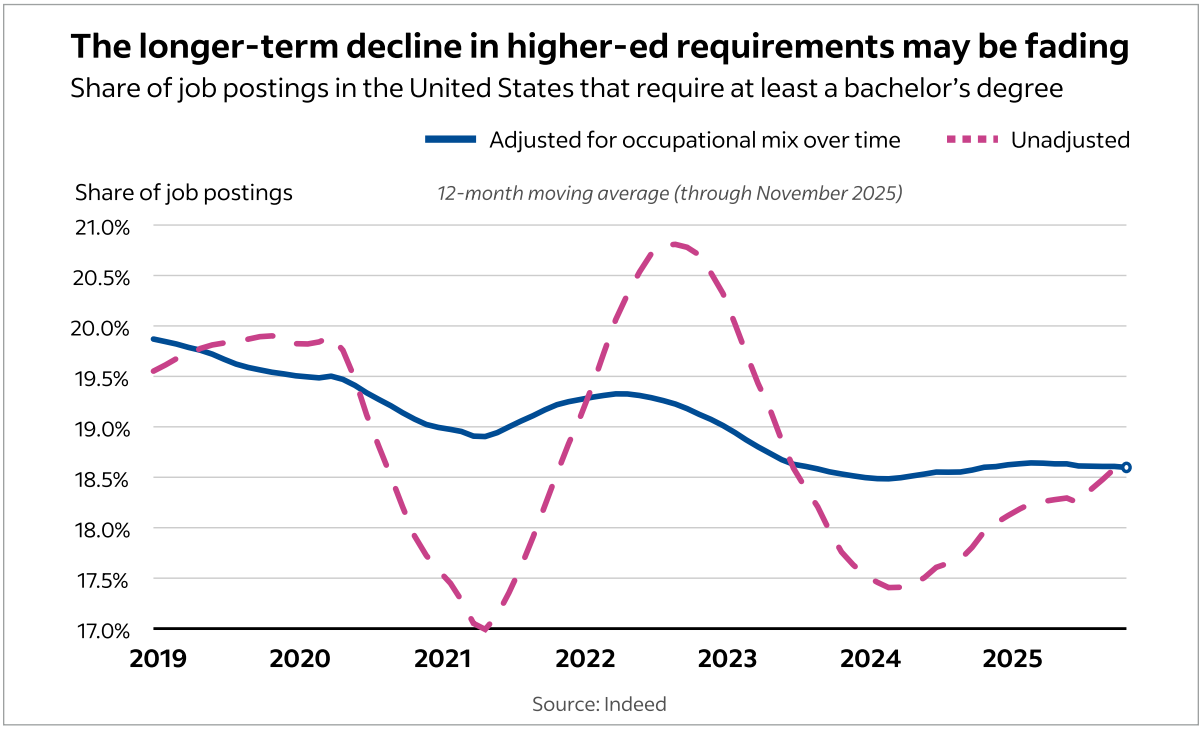


Image source: HL: Where do College Degrees Still Matter in a Skills-First Job Market?

Government entities may not have started the trend toward skills-first hiring, but they have embraced and helped formalize the shift. 32 U.S. states and Puerto Rico have issued policy directives for state government hiring entities to remove educational requirements for applicants. This shift has bipartisan support, but the states that benefit will turn policy into faster and clearer hiring practices.

State Employees by the Numbers

Overall, U.S. state governments employed 5.7 million workers in March 2025, 4.1 million of whom were full-time. Texas' state government continued to increase its workforce in summer 2026, driven by hiring in higher education and criminal justice, and California's has also steadily increased. By contrast, Ohio's state government employment in June 2026 was the lowest it had been since May 2024, and Florida and Maryland state government employment remains below pre-pandemic baselines.

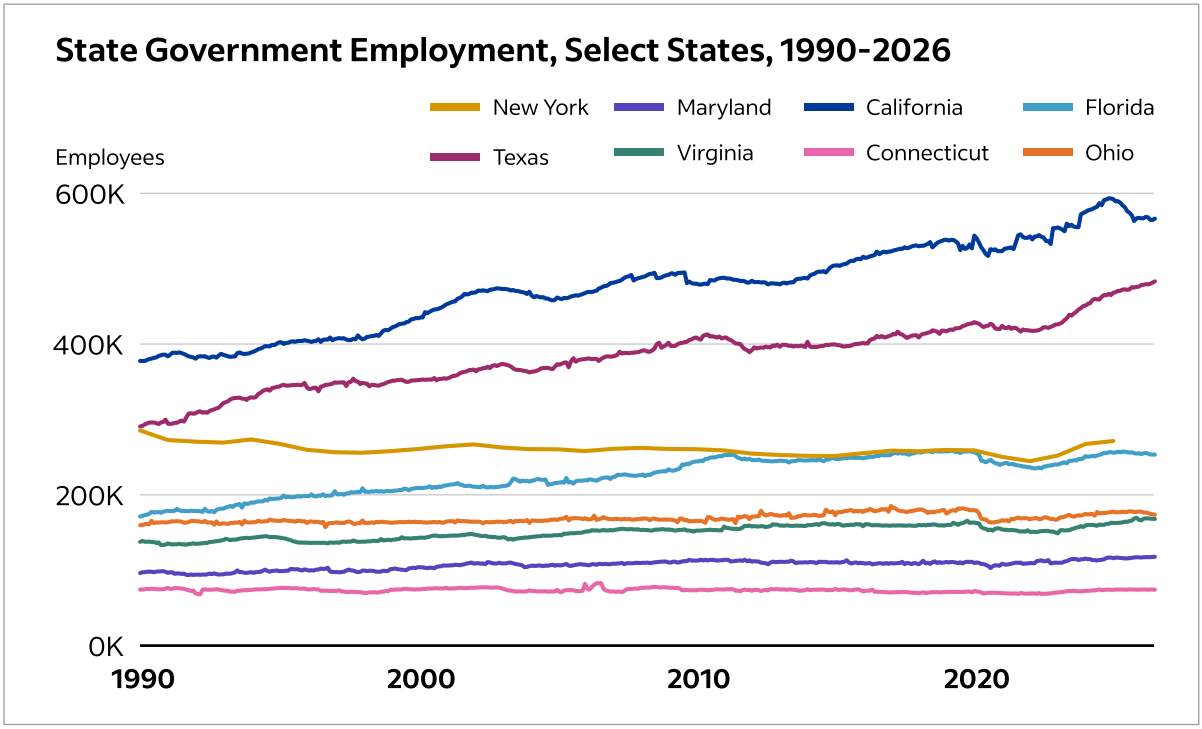


Image data source: Federal Reserve Bank of St. Louis

How State Government Adapts

Redesigning hiring processes – Some states are redesigning hiring processes to turn applicants into employees more smoothly. California's pooled hiring model is one example of an effort to decrease hiring manager workload and improve the job seeker experience. This process redesign reduces hiring manager burden while improving job seeker experience. Private sector collaboration can be a major contributor to hiring success: applicants sourced by Indeed's Sourcing Assistant tool were hired 31% faster than those from other sources, a change that would allow government hirers to take advantage of recent trends and attract talent.

Addressing healthcare shortages and removing barriers for urgent positions – State governments are consistently hiring for practical nurses, counselors and home health aides in California, Connecticut, Florida, Maryland, New York, Ohio, Texas, Virginia- and across the country. Maryland is addressing its healthcare workforce by offering zero-interest loans to nursing students. Healthcare provides a case study for urgent public sector hiring, given the specialized talent most workers in the field possess and a competition for scarce labor. Most states have a mechanism for dropping typical requirements to hire quicker for urgently needed positions, such as New York's Hiring for Emergency Limited Placement Statewide (NY HELPS)

Program or California's Work4CA website. The success of these programs suggests that every state should maintain a rapid-hiring mechanism for critical shortages, especially in healthcare, cybersecurity, and other hard-to-fill fields.

The State of the State Employee

Government work remains desirable to job seekers. Indeed identifies retirement and insurance benefits, stable employment, transparent pay, work-life balance and rewarding work as some of the largest draws for becoming a government worker. Nine state capital regions landed on Indeed's Best Cities for Work 2026 list, indicating a high level of job satisfaction in these places. Glassdoor company reviews reflect that state government employees across departments enjoy mission-driven work and atmospheres of camaraderie and collaboration.

More critical reviewers focus on bureaucratic red tape making progress more time-consuming and lament slow career advancement in public sector work. Public sector pay often lags behind its private equivalent: state and local government employees in Virginia earn, on average, 26.7% less than private-sector peers with similar education and experience.

Public sector leaders can address these critical reviews by clarifying career pathway opportunities and providing avenues for skill development. The hiring process is the government's first chance to build a positive relationship with employees, and timely hiring can help candidates feel that their time has been respected. In other words, hiring is the first step in employee retention and must be prioritized for a continually healthy workforce.

Recommendations for a More Competitive Workforce

State government lawmakers have correctly identified the need to hire more effectively. Cutting time to hire, implementing skills-first hiring practices, and utilizing mechanisms for urgent hiring of needed positions can make state governments more attractive employers and more effective servants of the public. Now, proper execution of those goals is necessary for government hiring to be competitive with the private sector.

We recommend that state leaders focus on five priorities:

- Use of real-time private sector data for monitoring talent shortages, hiring competition and vulnerabilities.
- Shorten time-to-hire for critical and specialized roles (e.g. personal care, home health, corrections, cybersecurity and IT).

- Implement skills-first hiring with clear assessments to expand access without adding friction.
- Strengthen career pathway visibility and skill development to improve retention and support a healthy long-term workforce.
- Expand job visibility and candidate access through private sector platforms.

Indeed's labor market intelligence and position as the global leader in job matching, posting and hiring makes it a powerful partner for workforce modernization.

About Indeed

Indeed is the #1 job site in the United States by traffic[1] and is trusted by over 700 public sector employers nationwide[2]. Resumes on Indeed reflect over 57.1M active job seekers, including 837K employees with active clearances across the country[3].

[1]Comscore, Unique Visitors, July 2026
[2]Indeed data (US)
[3]Indeed Data, June 2026. Top metros identified by clearance-resume concentration (per 1,000 people)

References

Commonwealth of Virginia. (2026). *Health and Human Services.* Virginia Jobs.

Doubleday, J. (2026, April 6). *CyberCorps Grads Consider Private Sector as Fed Hiring Challenges Persist.* Federal News Network.

FRED St. Louis (Ed.). (2026). *FRED Economic Data.* FRED.

The Future of Hiring is Skills First. Indeed for Employers. (n.d.).

Glassdoor. (2026). *Companies & Reviews | Glassdoor.* Company Reviews.

Gudell, S., & Ullrich, L. (2026, August 5). *Economists expect a cooled labor market and an AI reshuffling of white-collar work.* Indeed Hiring Lab.

Indeed Editorial Team. (2026, June 15). *Working in government: Pros and cons | indeed.com. Working in Government: Pros and Cons.*

Indeed Employer Content Team. (2025a, April 25). *How Long Does the Hiring Process Take?. Indeed for Employers.*

Indeed Employer Content Team. (2025b, May 22). *Managing the Talent Pipeline for Sustainable Hiring Success.*

Indeed Employer Content Team. (2025c, September 16). *How to Create a Positive Candidate Experience.* Indeed for Employers.

Indeed Employer Content Team. (2025d, October 29). *What is skills-first hiring? an introduction for employers.* What Is Skills-First Hiring? An Introduction for Employers.

Indeed Employer Content Team. (2026a, May 14). *Time to Fill vs. Time to Hire: What's the Difference and Why Does It Matter?* Indeed for Employers.

Indeed Employer Content Team. (2026b, June 29). *How Indeed's Branding, Sourcing and Screening Tools Help You Hire Faster.* Indeed for Employers.

Indeed. (2026a, March). *About Indeed.*

Indeed. (2026b, June 15). *Indeed's AI-powered sourcing assistant helps employers hire over 30% faster - indeed newsroom.* Indeed Newsroom.

Laura Ullrich, S.G. (2026, August 5). *Economists expect a cooled labor market and an AI reshuffling of white-collar work.* Indeed Hiring Lab.

New York State. (2026). *Statejobsny - general public: Jobs open to the general public.* Statejobsny.

New York State. (n.d.). *Department of Civil Service.* NY HELPS.

Office of the Governor. (2026, August 20). *State of Maryland and Social Finance announce Maryland pay it forward fund to strengthen Maryland's nursing workforce.* The Office of Governor Wes Moore.

OPM. (2025). *OPM Time to Hire Dashboard.* U.S. Office of Personnel Management.

OPM. (2026a, June). *Workforce Size & Composition.*

OPM. (2026b, September 2). *Data sources.* OPM Federal Workforce Data.

OPM. (n.d.-a). *Direct Hire Authority.* U.S. Office of Personnel Management.

OPM. (n.d.-b). *Understanding the Career Path.* U.S. Office of Personnel Management.

Opportunity at Work. (2026). *Skills-based talent practices in the public sector.* Opportunity@Work.

Partnership for Public Service. (2026, April 24). *The Federal Workforce one Year into the Trump Administration.*

Puri, S. (2026, February 13). *Where do college degrees still matter in a "skills-first" Job market?* Indeed Hiring Lab.

Puri, S., & Aidala, F. (2026, July 29). *The Labor Market is Tilting toward Seniority.* Indeed Hiring Lab.

SEANC Media. (2026, August 13). *Gov. Stein signs bipartisan act to speed up state hiring process.* SEANC.

Services, D. of A. (2026, August 25). *Time to fill state positions: Connecticut Data.* CT Open Data Portal.

Sherer, J., & Morrissey, M. (2026, January). *Stronger collective bargaining laws will benefit all Virginians.* Economic Policy Institute.

Stahle, C. (2024, March 19). *Educational requirements are gradually disappearing from job postings.* Indeed Hiring Lab.

Stahle, C. (2026, January 22). *January 2026 US labor market update: Jobs mentioning AI are growing amid broader hiring weakness.* Indeed Hiring Lab.

Stahle, C., & Shrivastava, A. (2025, December 9). *Indeed's 2026 US Jobs & Hiring trends report: How to find stability in uncertainty.* Indeed Hiring Lab.

State of California. (2025, July 21). *State of California launches new resource site for displaced Federal Workers.* CalHR Website.

State of California. (2026a). *State careers.* CalCareers.

State of California. (2026b, July 14). *New pooled hiring model accelerates state recruitment and boosts student pipeline.* CalHR Website.

State of Connecticut. (2026). *74,000 jobs, employment in Connecticut July 23, 2026| indeed.* Indeed.

State of Florida. (2026). *Healthcare.* State of Florida Careers - People First.

State of Maryland. (2026). *State of Maryland job openings.* JobAps website.

State of Ohio. (2026). *Ohio's top jobs.* State of Ohio Governor's Office of Workforce Transformation.

Sylva Herald. (2025, July 9). *State moves to make hiring easier.* The Sylva Herald.

Trading Economics. (2026, June). *All employees: Government: State government in OHIO2026 data 2027 forecast 1990 historical.*

Ullrich, L., & Aidala, F. (2026, May 21). *The great mismatch: How a shrinking workforce, AI, and labor reallocation will define the next 15 years.* Indeed Hiring Lab.

Ullrich, L., & Puri, S. (2026, February 20). *February 2026 US labor market update: New Year, same resolutions.* Indeed Hiring Lab.

USAJOBS Direct Hire Positions. USAJOBS. (2026).

USAJobs. (2026). USAJOBS.

WorkinTexas. (2026). *State of Texas Jobs.* WorkInTexas.