

What Would Reducing the Federal Workforce Look Like for America?

Consequences for Economies and Unemployment Rates Across the US

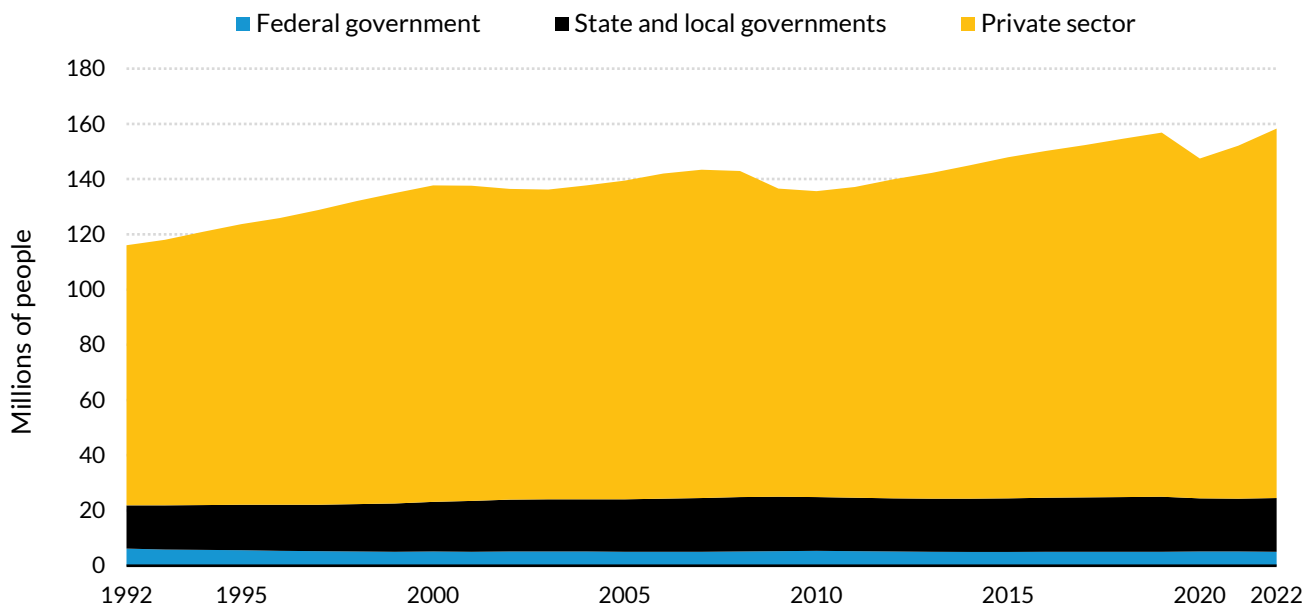
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January 2025

In November 2024, then-President-elect Donald Trump tasked Elon Musk and Vivek Ramaswamy with running the Department of Government Efficiency (DOGE) to “dismantle Government Bureaucracy, slash excess regulations, cut wasteful expenditures, and restructure Federal Agencies.”¹ Since then, Trump, Musk, and Ramaswamy have made several claims about what DOGE will do, including cutting \$2 trillion from the nearly \$7 trillion federal budget^{2, 3} and reducing the federal workforce by 75 percent.⁴ (Ramaswamy has since left DOGE.)⁵ Many have documented how cutting one-third of the federal budget could result in drastic service cuts across the nation,⁶ but how would reducing the federal workforce by three-quarters affect communities across the country?

According to the Congressional Budget Office, the US federal government employed about 5.1 million workers in fiscal year 2022, essentially unchanged since fiscal year 1992 (Falk 2024; see figure 1). By comparison, the private sector workforce rose from 94 million to 134 million over that time period, an increase of about 40 percent. The 5.1 million federal workers includes 2.3 million civilian workers, 2.1 million uniformed military personnel, and about 700,000 “government enterprise workers,” which are self-financing government organizations, such as the US Postal Service, which constitutes the largest share of this group.

FIGURE 1
Trends in Government and Private-Sector Employment Since 1992

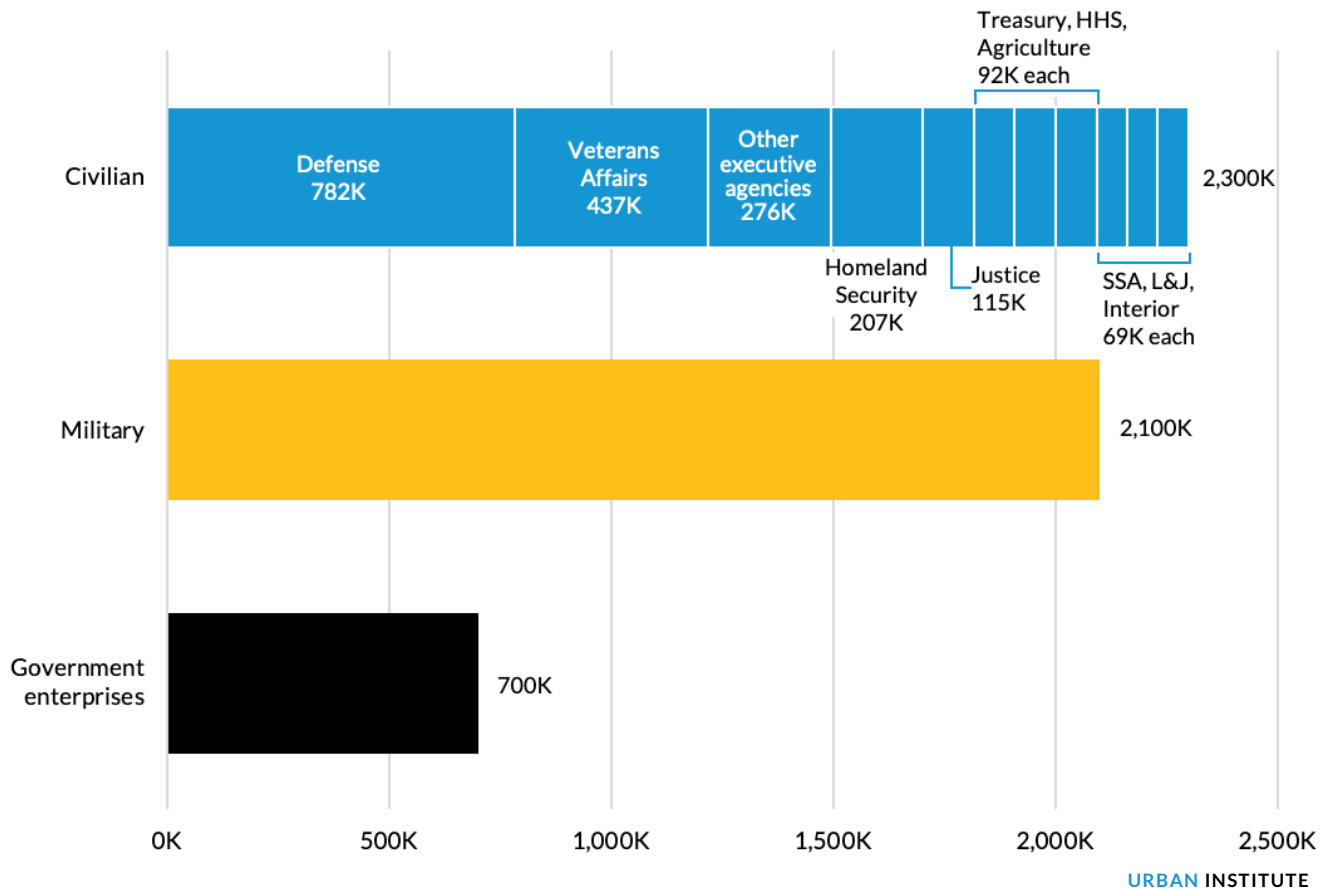


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Source: Justin Robert Falk, “Comparing the Compensation of Federal and Private-Sector Employees,” (Congressional Budget Office, 2024), <https://www.cbo.gov/publication/60235>.

In fiscal year 2022, the 2.3 million federal civilian workers cost the federal government \$271 billion in wages and benefits, amounting to about 4.4 percent of total federal spending. About 60 percent of that total was spent on civilian personnel working at the Departments of Defense, Veterans Affairs, and Homeland Security—these include TSA agents, people who manage customs and border inspections, and a large share of the intelligence community (figure 2).

FIGURE 2
Federal Employment in Fiscal Year 2022



Source: Justin Robert Falk, “Comparing the Compensation of Federal and Private-Sector Employees,” (Congressional Budget Office, 2024), <https://www.cbo.gov/publication/60235>.
Notes: Civilian data is broken out by federal branch and department. HHS = US Department of Health and Human Services; SSA = Social Security Administration; L&J = legislative and judicial branches of the federal government; Interior = US Department of the Interior.

Because the military constitutes such a large share of the federal workforce, to cut the entire federal workforce by 75 percent, DOGE would need to reduce the number of uniformed military personnel. Without cuts to national and homeland security, it would be impossible for DOGE to achieve their goal of cutting 75 percent of the federal workforce. Even if they started by eliminating all 700,000 employees of self-financing government enterprises, including all Postal Service employees (Shephard and Davies 2024), they would still need to cut another 874,000 million employees, equivalent to the total personnel now working in federal departments, including the Departments of Justice, Treasury, Health and Human Services, Agriculture, and the Interior, plus the Social Security Administration. In addition, DOGE would still need to fire 676,000 federal employees—or nearly half of the civilian employees—working at the Departments of Defense, Veterans Affairs, and Homeland Security (see table 1).

TABLE 1

Federal Employment Cuts Needed to Meet a Proposed Target of Reducing the Federal Civilian Workforce by 75 Percent

	Federal branch/department	Total employees	Total employees in each group of departments	Total jobs that would need to be cut to hit 75% reduction target	Percentage of jobs that would need to be cut to hit 75% reduction target
Directly defense-related	Defense	782,000	1,426,000	676,000	47%
	Veterans Affairs	437,000			
	Homeland Security	207,000			
Other government agencies	Other executive agencies	276,000	874,000	874,000	100%
	Justice	115,000			
	Treasury	92,000			
	Health and Human Services	92,000			
	Social Security Administration	69,000			
	Agriculture	92,000			
	Interior	69,000			
	Legislative and judicial	69,000			
Self-financing	Government enterprises	700,000	700,000	700,000	100%
TOTAL		3,000,000	3,000,000	2,250,000	

Source: Authors calculations and Justin Robert Falk, “Comparing the Compensation of Federal and Private-Sector Employees,” (Congressional Budget Office, 2024), <https://www.cbo.gov/publication/60235>.

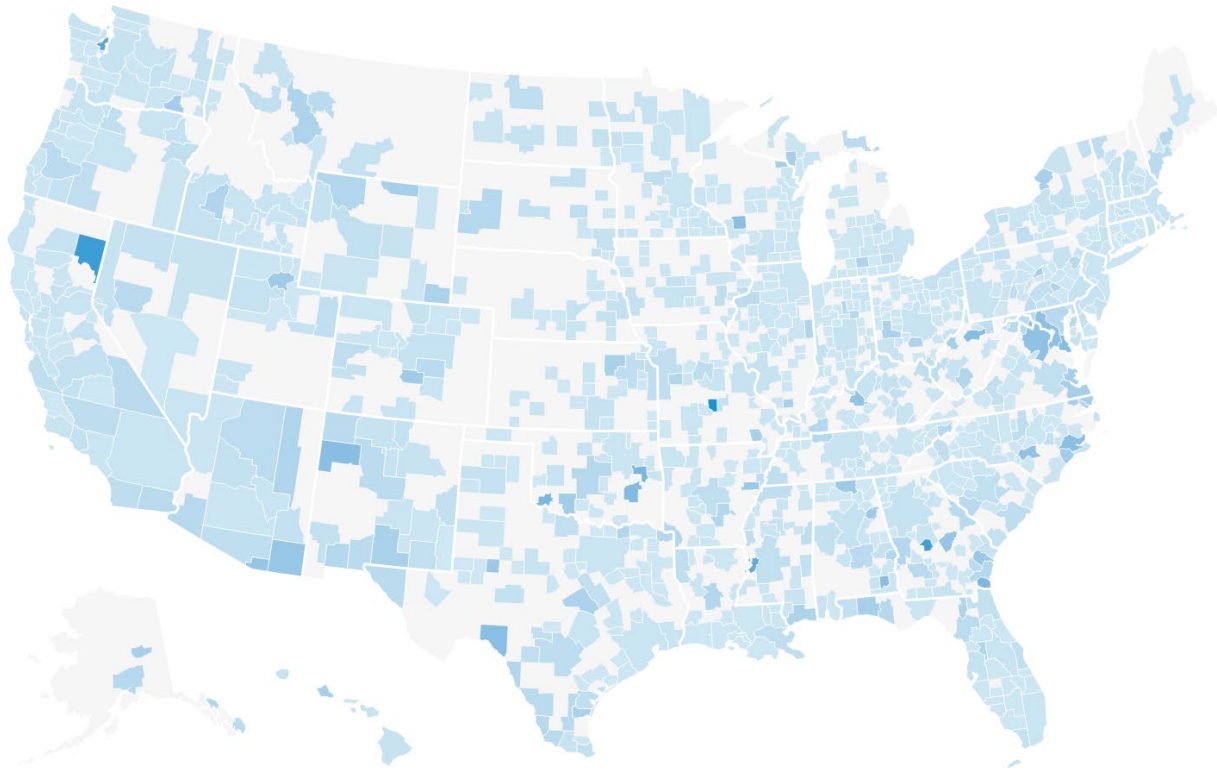
THE GEOGRAPHY OF THE FEDERAL CIVILIAN WORKFORCE

The aggregate numbers paint a picture of severe cuts to federal employment and, likely, to services. How could cutting the entire federal civilian workforce, including defense-related positions, affect specific areas of the country?

Data at the geographical level of Metropolitan and Micropolitan Statistical Areas (together, called Core Based Statistical Areas or CBSAs) provided by the US Office of Personnel Management (OPM) on counts of the federal civilian workforce for March 2024 reveal that federal employees are spread across the country (figure 3; see About the Data, below). The Washington, DC, metropolitan area has the largest number of federal workers (nearly 315,000 people), which is about 15 percent of the entire federal civilian workforce. About half of all federal civilian employees are located in Washington, DC, and seven states: California, Virginia, Maryland, Texas, Florida, Georgia, and Pennsylvania (Leubsdorf and Wilson 2024).⁷

FIGURE 3

Federal Workers as Share of Total Labor Force, by Core Based Statistical Area



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Source: Author's calculations using matched March 2024 US Bureau of Labor Statistics and March 2024 US Office of Personnel Management data.

Perhaps not surprisingly, in areas of the country that have a higher share of federal workers, the federal workforce is an important part of the local economy. Of the 10 CBSAs where federal workers make up the largest share of the total labor force, most have small labor forces relative to other CBSAs in the country (see table 2). Fort Leonard Wood, MO, for example, home to a major US Army training base, has a total labor force of almost 15,000 people and 3,000 (20 percent) are federal civilian employees. (The area also likely has a large number of uniformed military personnel who are not included in the OPM data). The area with the largest labor force of the 10 CBSAs, Bremerton-Silverdale-Port Orchard, WA, is home to one of the largest Navy shipyards in the US and about 16 percent of its labor force is employed by the federal government. The labor force of the Washington, DC, area, by comparison, ranks 17th in the country by share of the labor force who are federal employees and has a total federal workforce of nearly 315,000 workers, which accounts for 9.1 percent of the more than 3.5 million people in the labor force in the area.

TABLE 2

How a Proposed 75 Percent Reduction in the Federal Workforce Could Affect Areas of the US with the Highest Shares of Federal Workers in Their Workforce

	Number unemployed	Number of federal workers	Total labor force	Federal workers as share of total labor force (%)	Unemployment rate (%)	Projected unemployment rate after proposed job cuts (%)
Fort Leonard Wood, MO	678	3,001	14,931	20.1	4.5	19.6
Susanville, CA	611	1,562	8,613	18.1	7.1	20.7
Warner Robins, GA	2,579	14,840	84,054	17.7	3.1	16.3
Bremerton-Silverdale-Port Orchard, WA	6,694	20,103	129,051	15.6	5.2	16.9
Vicksburg, MS	500	2,742	18,723	14.6	2.7	13.7
Muskogee, OK	1,144	3,383	28,471	11.9	4.0	12.9
Altus, OK	305	1,286	11,294	11.4	2.7	11.2
Kingsland, GA	738	2,634	23,381	11.3	3.2	11.6
McAlester, OK	778	1,779	16,530	10.8	4.7	12.8
Clarksburg, WV	1,983	4,767	46,551	10.2	4.3	11.9

Source: Author's calculations based on merged March 2024 US Office of Personnel Management and March 2024 US Bureau of Labor Statistics data.

With these differences in local labor forces, cutting 75 percent of the federal workforce would affect areas of the country differently. DOGE's proposed federal workforce cuts would likely take into account roles, functions, and even regions, but for illustrative purposes, we assume a straight across-the-board reduction in the workforce: We take 75 percent of the federal civilian workforce in each geographic area (including civilian roles related to the military), add that number to the number of the area's unemployed workers, and divide the new total by the existing size of the labor force to find the area's projected unemployment rate. Of course, these workers may ultimately find employment in other sectors of the economy, move to other areas of the country, or even leave the labor force altogether, but for this exercise, we are approximating the immediate, short-term impacts of a substantial reduction in the federal workforce.

With the proposed 75 percent job cuts, each of the 925 CBSAs in the data would experience an increase in their unemployment rate, ranging from virtually no change in areas with a small share of federal workers to an increase of 15 percentage points in Fort Leonard Wood, MO. In areas with small labor forces, such workforce cuts could have big impacts. In the 10 areas in the country with the smallest labor forces, adjusted unemployment rates would rise by upwards of 0.6 percentage points (table 3). In Zapata, TX, located on the Texas-Mexico border and home to the US Customs and Border Protection Zapata Station, the estimated unemployment rate would increase from 6.9 percent to 9.4 percent. In Ketchikan, AK, home to the Ketchikan International Airport and an educational and visitor center managed by the US Forest Service at the foot of the Tongass National Forest—the largest national forest in the US—both of which employ federal workers, the unemployment rate would increase from 4.6 percent to 6.8 percent. By comparison, among a labor force of about 7,000 people, there are only six federal workers in Sweetwater, TX, who could be employees of the US Department of Agriculture's Nolan County Farm Service Agency, so changes to the local unemployment rate would be minimal.

TABLE 3

How a Proposed 75 Percent Reduction of the Federal Workforce Could Affect Areas of the US with the Smallest Local Labor Forces

	Number unemployed	Number of federal workers	Labor force	Federal workers as share of labor force (%)	Unemployment rate (%)	Adjusted unemployment rate (%)
Zapata, TX	315	156	4,578	3.4	6.9	9.4
Vernon, TX	247	9	5,032	0.2	4.9	5.0
Fitzgerald, GA	257	4	5,671	0.1	4.5	4.6
Ketchikan, AK	289	178	6,217	2.9	4.6	6.8
Snyder, TX	264	10	6,424	0.2	4.1	4.2
Atchison, KS	245	18	6,539	0.3	3.7	4.0
Sweetwater, TX	242	6	7,086	0.1	3.4	3.5
Nantucket, MA	858	24	7,117	0.3	12.1	12.3
Clarksdale, MS	292	43	7,155	0.6	4.1	4.5
Raymondville, TX	516	18	7,157	0.3	7.2	7.4

Source: Author’s calculations based on merged March 2024 US Office of Personnel Management and March 2024 US Bureau of Labor Statistics data.

By comparison, among the 10 areas with the largest labor forces in the country, simulated unemployment rates would rise by about a percentage point for the group as a whole (table 4). The Atlanta metropolitan area would see an increase of about 1 percentage point and the Philadelphia metropolitan area would experience an increase of about 0.9 percentage points. The increase in the Washington, DC, metropolitan area would be much higher, with the unemployment rate rising from 2.8 percent to 9.6 percent, a change of 6.8 percentage points.

TABLE 4

How a Proposed 75 Percent Reduction of the Federal Workforce Could Affect Areas of the US with the Largest Local Labor Forces

	Number unemployed	Number of federal workers	Labor force	Federal workers as share of labor force (%)	Unemployment rate (%)	Projected unemployment rate after proposed job cuts (%)
New York-Newark-Jersey City, NY-NJ	437,440	60,411	10,037,543	0.6	4.4	4.8
Los Angeles-Long Beach-Anaheim, CA	324,671	36,455	6,627,534	0.6	4.9	5.3
Chicago-Naperville-Elgin, IL-IN	242,802	34,796	4,899,509	0.7	5.0	5.5
Dallas-Fort Worth-Arlington, TX	172,759	35,684	4,385,590	0.8	3.9	4.5
Houston-Pasadena-The Woodlands, TX	158,875	25,157	3,695,231	0.7	4.3	4.8
Washington-Arlington-Alexandria, DC-VA-MD-WV	95,861	314,981	3,466,360	9.1	2.8	9.6
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	120,802	39,276	3,305,386	1.2	3.7	4.5
Atlanta-Sandy Springs-Roswell, GA	103,214	42,497	3,303,451	1.3	3.1	4.1
Miami-Fort Lauderdale-West Palm Beach, FL	89,806	25,123	3,278,574	0.8	2.7	3.3
Boston-Cambridge-Newton, MA-NH	89,245	26,305	2,779,202	0.9	3.2	3.9

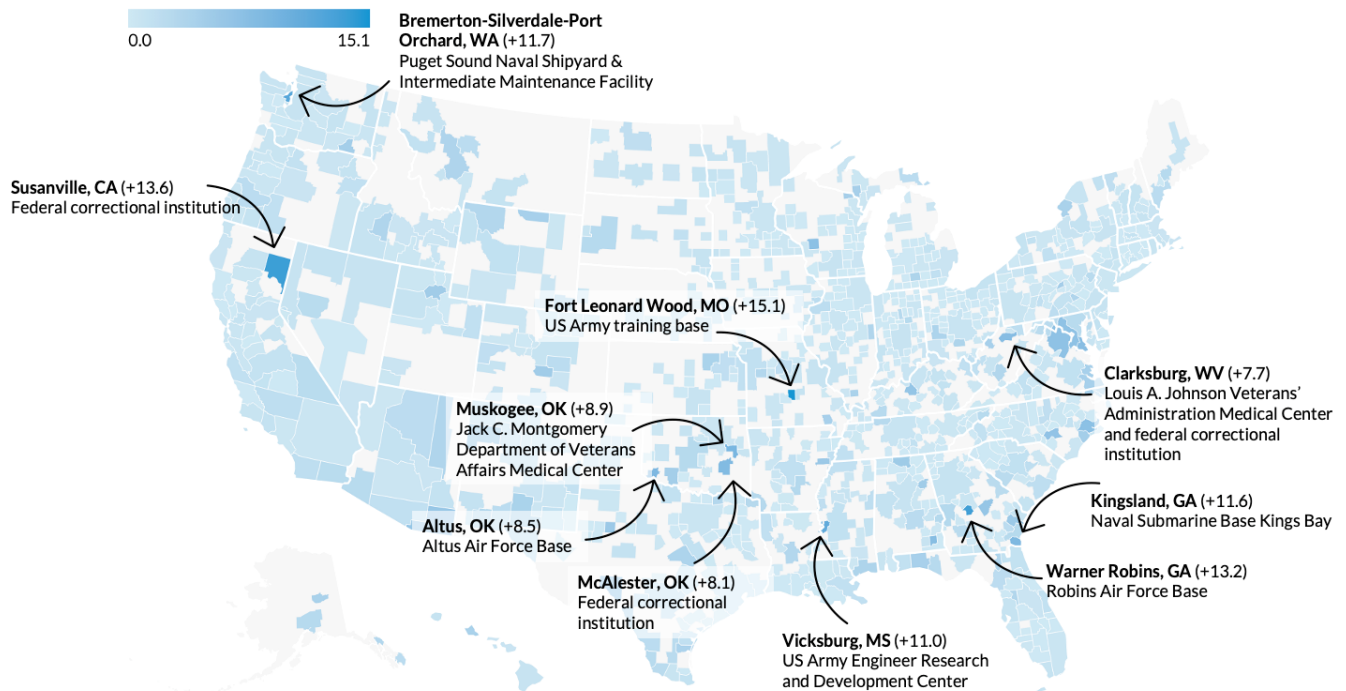
Source: Author's calculations based on merged March 2024 US Office of Personnel Management and March 2024 US Bureau of Labor Statistics data.

At a national level, the unemployment rate is estimated to increase by a percentage point after the proposed job cuts, from 4.1 percent to 5.1 percent. The map in figure 3 labels the 10 areas that would see the largest increases in unemployment rates with a 75 percent cut in the federal workforce (see also table 2). These areas have federal correctional institutions (e.g., Susanville, CA, and McAlester, OK), military bases (e.g., Warner Robins, GA, Kingsland, GA, and Altus, OK), Navy shipyards (e.g., Bremerton-Silverdale-Port Orchard, WA), or Veterans' Affairs medical centers (e.g., Clarksburg, WV, and Muskogee, OK) that all employ federal workers.

FIGURE 4

Projected Increases in Local Unemployment Rates after a Proposed 75 Percent Reduction in the Federal Workforce

Ten areas of the US that would see the largest increase in unemployment rates



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Source: Author's calculations using matched March 2024 US Bureau of Labor Statistics and March 2024 US Office of Personnel Management data.

Note: Data shown by Core Based Statistical Area.

If DOGE implements a 75 percent reduction in the federal workforce, areas with large federal labor forces would experience greater *numbers of people* who lose their federal jobs, but they would not necessarily experience increases in their unemployment *rates*. Among the country's largest labor markets, only the Washington, DC, metropolitan area would experience a marked increase in the overall local unemployment rate. And while the impacts of such a substantial federal job cut for each area will depend on the departments or agencies affected, the number of federal employees in the area, their share of the area's labor force, and other local economic conditions, a 75 percent cut to the federal workforce will likely affect every region and every state in the country.

ABOUT THE DATA

The US Office of Personnel Management (OPM) provided data for March 2024 at the Core Based Statistical Area (CBSA) level, which are limited to federal civilian employees. The data do not include employees of 18 executive branch offices, including the US Postal Service, Office of the Vice President, Postal Regulatory Commission, Foreign Service personnel at the State Department, Central Intelligence Agency, Tennessee Valley Authority, National Security Agency, Federal Reserve Board of Governors, Defense Intelligence Agency, US Public Health Service's Commissioned Corps, National Geospatial-Intelligence Agency, Nonappropriated Fund employees, Office of the Director of National Intelligence, foreign nationals overseas, White House Office, Executive Residence, Official Residence of the Vice President, and the President's Intelligence Advisory Board.

The OPM data were matched to county-level Local Area Unemployment Statistics (LAUS) program data from the US Bureau of Labor Statistics (BLS) and then aggregated to CBSA levels. Data for Connecticut were matched using cities and towns LAUS data and then aggregated to CBSA geographies. The BLS data are not seasonally adjusted.

There are 952 CBSA distinct localities in the OPM data, which use the 2023 geographic delineations as per OMB Bulletin No. 23-01. The BLS LAUS data currently use geographic definitions set forth in OMB Bulletin No. 18-03. Fortunately, BLS maintains a county-to-23-01 mapping available at the BLS Federal Statistical Area Delineations page.⁸ Connecticut geographies are handled slightly differently, but BLS was kind enough to prepare a county-to-CBSA mapping file.

There are 27 records in the OPM data that correspond to micropolitan statistical areas that dropped out of the OMB delineations per bulletin No. 23-01 and thus seemingly have no match to the BLS data. It is possible that when OPM converted the list of areas to the 23-01 basis, they left the previous CBSA codes and titles in place for counties that dropped out of the system per bulletin No. 23-01. These areas include 3,348 federal employees, or less than 0.2 percent of the entire sample, and have been dropped from the analysis.

The final dataset and underlying code to merge the various files together is available on the [Urban Institute Github repository](#).

NOTES

- ¹ Donald J Trump, (@realDonaldTrump). "I am pleased to announce that the Great Elon Musk, working in conjunction with American Patriot Vivek Ramaswamy, will lead the Department of Government Efficiency ('DOGE')..." Truth Social, November 12, 2024, <https://truthsocial.com/@realDonaldTrump/posts/113472884874740859>.<https://truthsocial.com/@realDonaldTrump/posts/113472884874740859>.
- ² Diccon Hyatt, "Trump Advisor Musk Wants to Trim Government by \$2 Trillion: Here's What That Looks Like," Investopedia, November 13, 2024, <https://www.investopedia.com/trump-advisor-musk-wants-to-trim-government-by-usd2-trillion-here-s-what-that-looks-like-8744628>.
- ³ Federal budget outlays data from "The Budget and Economic Outlook: 2025 to 2035," Congressional Budget Office, January 17, 2025, <https://www.cbo.gov/system/files/2025-01/60870-Outlook-2025.pdf>.
- ⁴ Hannah Demissie and Kendall Ross, "GOP Presidential Candidate Vivek Ramaswamy Wants to Cut Federal Workforce by 75%" ABC News, September 13, 2023. <https://abcnews.go.com/Politics/gop-presidential-candidate-vivek-ramaswamy-cut-federal-work/story?id=103152562>.
- ⁵ Theodore Schleifer and Madeleine Ngo, "Ramaswamy Will Bow Out of Cost-Cutting Project and Run for Governor in Ohio," The New York Times, January 20, 2025, <https://www.nytimes.com/2025/01/20/us/politics/ramaswamy-doge-ohio-governor.html>.
- ⁶ Jonathan Schwabish, "Can the DOGE Commission Deliver? A Data-Driven Look at Elon Musk and Vivek Ramaswamy's Government Reform Claims," PolicyViz, December 11, 2024, <https://policyviz.com/2024/12/11/can-the-doge-commission-deliver-a-data-driven-look-at-elon-musk-and-vivek-ramaswamys-government-reform-claims>.
- ⁷ States listed in order of number of federal civilian employees.
- ⁸ "Federal Statistical Area Delineations: Local Area Unemployment Statistics," US Bureau of Labor Statistics, last updated January 3, 2025, <https://www.bls.gov/lau/lausmsa.htm>.

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Shepherd, Michael, and Emily Davies. "Trump Eyes Privatizing U.S. Postal Service, Citing Financial Losses." *The Washington Post*. December 14, 2024. <https://www.washingtonpost.com/business/2024/12/14/trump-usps-privatize-plan>.

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ACKNOWLEDGMENTS

This summary was funded by internal Urban Institute funds. The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples. Copyright © January 2025. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.

The author would like to thank Kassie Martincheck and Aaron Williams for comments and suggestions on the data and code used in this analysis, and Jamie Carter for setting up the Github repository. The author is indebted to staff at the Office of Personnel Management for providing timely data, and staff in the BLS LAUS team invaluable assistance matching OPM and BLS data.