Federal Employment in the Washington Region
Recent Declines are Likely to Continue

July 26th, 2023
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Federal employment in the Washington region began to decline in late 2022 after being elevated since early 2020. Census 2020 and pandemic-era programs boosted federal employment in the Washington region for the first time since the passage of the Budget Control Act. In this note we examine the recent decline in federal employment and take a broader and longer term view of federal employment trends regionally and across the nation. Taking a broader and longer view suggests that federal employment in the region is likely to decrease by another 8,000 jobs in the coming quarters. In addition to the likely continued decline, the value of federal jobs for the region is being impacted by the remote work policies of federal agencies.

Federal payroll employment in the Washington region over the past 14 years has gone through three distinct periods. The first period was marked by a decline in federal payroll employment from over 386,000 in 2011 to 361,000 at the outset of 2013, resulting from the passage of the Budget Control Act in 2011. The second period was marked by little change from 2013 through the end of the decade. Finally, 2020 through the end of 2022 was characterized by a sharp increase of federal employment, jointly caused by temporary hiring for the decennial census and programmatic hiring associated with the federal pandemic response. As pandemic programs wind down, this third period appears to have come to an end, with federal employment dropping over the past several months.

Federal Payroll Employment in the Washington Region (000s)
January 2011 to May 2023

Source: Bureau of Labor Statistics
Taking a longer view reveals that although the Budget Control Act drove a decrease in total federal employment, the deceased levels were still higher than long term trends and substantially above national trends for the federal workforce. Overall, federal employment declined in the Washington region as well as the nation from the early 1990s through the end of the decade. However, in late 2000, federal employment in the Washington region began to increase while remaining stable nationally (ignoring temporary hiring for the decennial census). Federal employment in the Washington region increased from 325,200 in January 2000 to 343,300 in March 2008 before sharply increasing to over 387,000 in July 2010. The rapid increase in federal employment in the Washington region occurred with only modest increases in federal employment nationally. Despite the fact that federal employment thereafter was reduced by the introduction of the Budget Control Act, as discussed, federal employment in the Washington region remained well over levels recorded from 1995 through early 2008.

Federal Payroll Employment in the Washington Region and United States (000s)
January 1990 to April 2023

Another way to examine federal employment is as expressed as a share of total non-farm payroll employment. Examined this way, the variation in federal employment, regionally and nationally appears less dramatic. Federal employment in the Washington region declined from a high of 16.8 percent of payroll employment in the summer of 1992 to a low of 10.8 percent of payroll employment in the fall of 2019, just prior to the pandemic. Federal employment nationally declined from roughly 3.0 percent nonfarm payroll jobs in the early 1990s to around 2.0 percent by 2000, and remained near 2.0 percent from 2000 through present day, again excluding transitory hiring associated with the Decennial Censuses. While the share of federal employment in the Washington region spiked to over 12.0 percent in the
wake of the pandemic, this was the result of both federal hiring as well as private sector layoffs, especially in retail and leisure and hospitality sectors of the regional economy. Following the increases in 2020, however, federal employment in the Washington region as a share of payroll employment has steadily declined toward pre-pandemic levels. Despite the decline, returning to the pre-pandemic share of 10.8 percent of total regional non-farm payroll employment, holding current total payroll employment constant, implies that federal employment in the Washington region will decrease towards 362,200, implying a loss of about 8,000 jobs in the federal sector in the Washington region.

![Federal Employment as a Share of Total Non-Farm Payroll Employment](source)

**Conclusion**

Federal employment in the Washington region increased sharply in 2020, driven by both the 2020 Decennial Census and the federal government’s response to the pandemic. Following this sharp increase, however, the federal sector stabilized and recently began reducing the number of federal employees in the region. Assuming that federal employment in the Washington region continues to trend toward pre-pandemic shares implies that the region is poised to lose another 8,000 federal employees. While the loss of these federal jobs will undoubtably drag on the region’s economy, the value of a federal job to the region’s economy has been in question more broadly following the pandemic. First, the District has not enjoyed the economic benefits previously associated with federal workers commuting downtown, filling offices, and spending on leisure and hospitality as was the norm prior to the pandemic. Second, given that federal workers have not been returning to the office, it is currently unclear how many of the federal workers live in the region, even if their job is counted as in
the Washington, DC Metropolitan Statistical Area. The data used in this regional economic note are derived from an employer survey. This employer survey counts jobs by place of employment and not by place of residence. Working from home clouds the picture. It is likely the case that many workers chose to relocate to residences farther out under the assumption that they would be willing to endure longer commutes on the more limited occasions that they were required to be in an office. This implies that an unknown number of federal workers likely live outside of the Washington Region. Thus, even though the region appears poised to continue to shed federal employment, the value of a federal worker has likely already declined.
About These Data

All data are from the Bureau of Labor Statistics (BEA). The report uses data from the Current Employment Statistics (CES) program. The CES program provides monthly estimates of employment, hours, and earnings by industry sector for the US, States, and Metropolitan areas. The program collects data on payroll workers in nonfarm sectors. To get these estimates, the BLS surveys roughly 122,000 businesses and government agencies.