



The
STEPHEN S. FULLER INSTITUTE
for Research on the Washington Region's Economic Future



Washington Economy Watch

Federal Employment Plummets Nationally

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The Stephen S. Fuller Institute
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Center for Regional Analysis
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George Mason University

The Washington Economy Watch is a monthly report issued by The Stephen S. Fuller Institute that is intended to inform its readers regarding the current and near-term performance of the Washington area's economy. The Leading and Coincident Indices were first reported in February 1991. Given changes brought from the switch to hybrid and remote work in the wake of the pandemic, the Coincident Index has been temporarily modified, and the Leading Index has been replaced with an econometric jobs forecast.

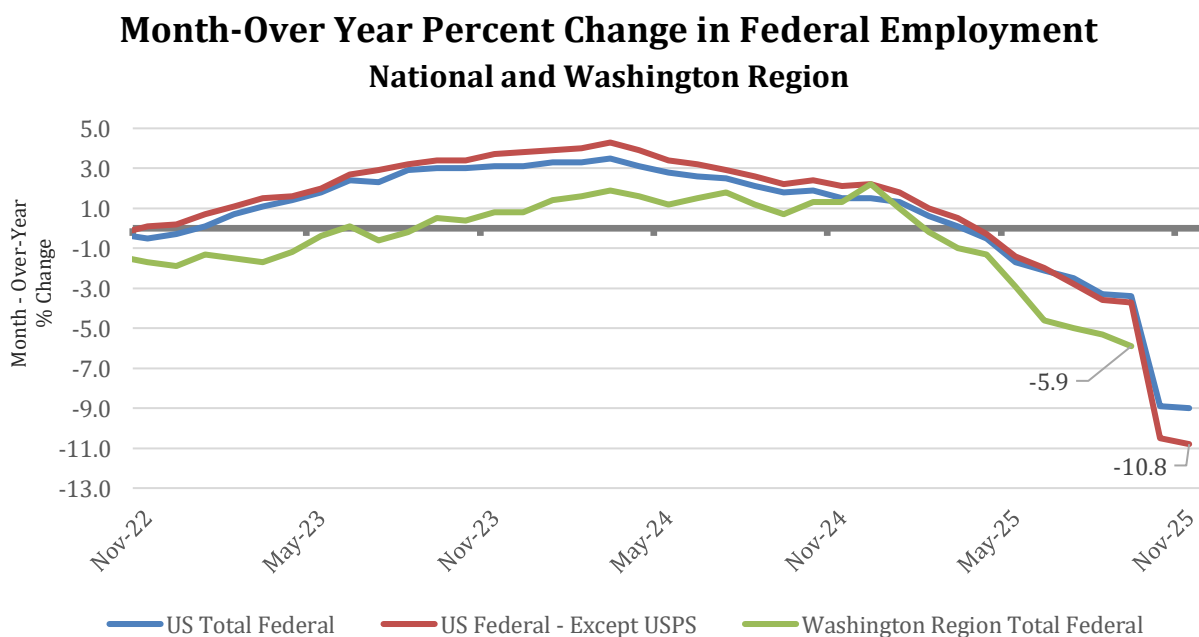
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Washington Area Economy: Federal Employment Plummets Nationally

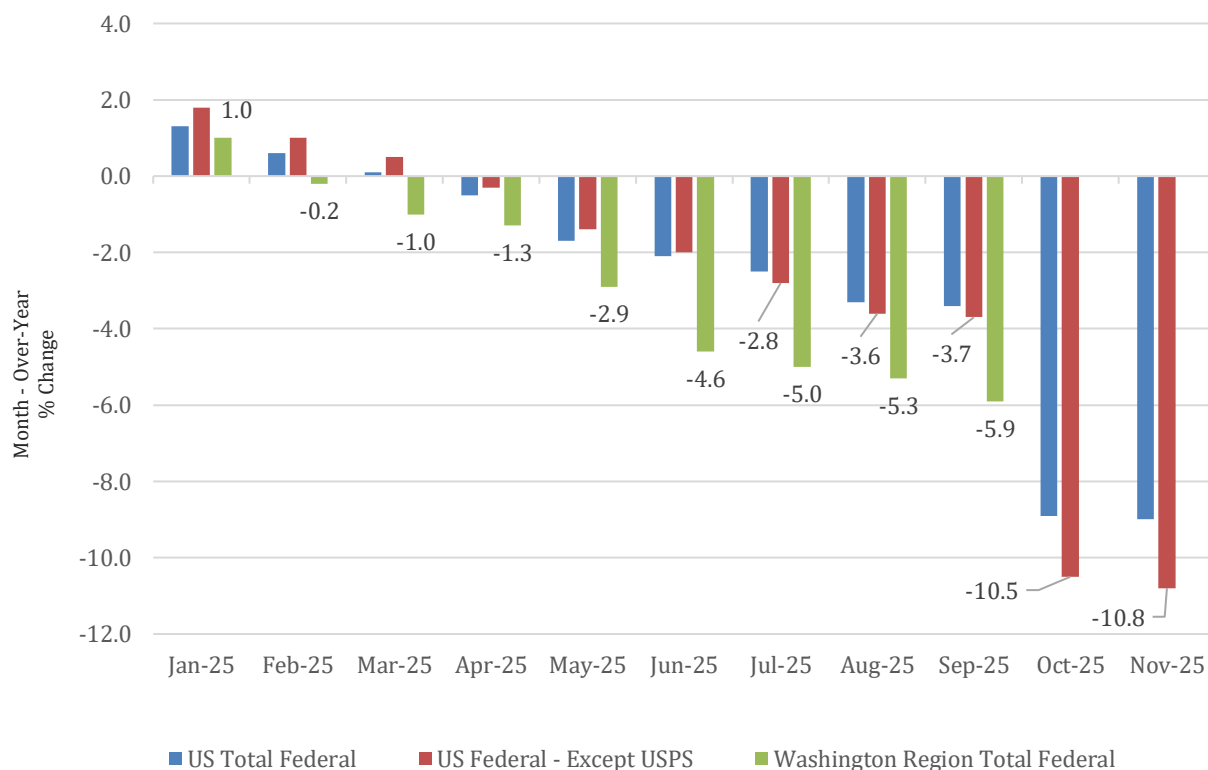
After a significant delay of data due to the Federal shutdown, the Bureau of Labor Statistics released October and November employment estimates for the nation. Focusing on federal employment reveals that it sank by 271,000 from 3,014,000 in November 2024 to 2,743,000 in November 2025, a decline of 9.0 percent. Examining federal employment except the United States Postal Service (USPS) reveals that employment declined 261,000 from 2,410,000 in November 2024 to 2,148,000 in November 2025, a decline of 10.8 percent. The last data available for the month-over-year percent change for the Washington Region shows that federal employment declined 5.9 percent from September 2024 to September 2025. Overall, while the month-over-year percent for the Washington Region has tracked the nation, it declined at a faster rate throughout 2025.



Source: Bureau of Labor Statistics. Not Seasonally Adjusted. GMU CRA.

Examining 2025 alone reveals more clearly how much faster federal employment in the Washington Region declined as compared with the nation. From September 2024 to September 2025, federal employment in the Washington Region declined by 5.9 percent, compared to 3.7 percent nationally (excluding the USPS). Federal employment declines in the Washington Region exceeded the national decline at a similar rate in August and July. The Washington Region declined first and faster for the entirety of 2025.

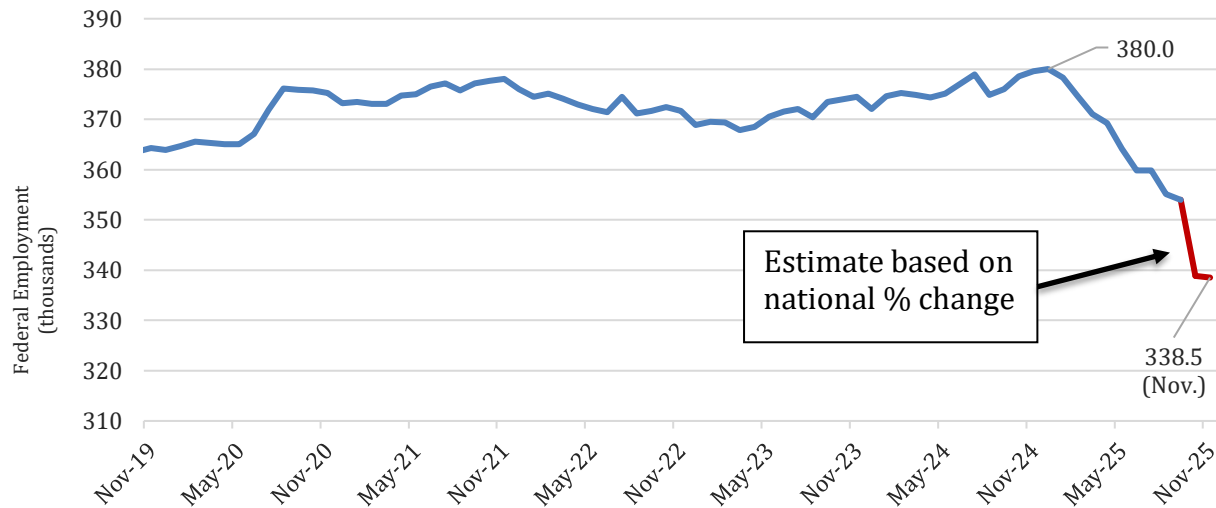
Month-Over Year Percent Change in Federal Employment: 2025 National and Washington Region



Source: Bureau of Labor Statistics. Not Seasonally Adjusted. GMU CRA.

The fact that federal employment in the Washington Region declined faster than the national average, even when excluding USPS, suggests that when November's data for the Washington Region are released in January, the month-over-year decline will likely exceed 10.8 percent. Despite this, applying the same 10.8 percent decline as the national figure to the region implies that federal employment in the Washington Region dropped to 338,500 in November, down from 380,000 in December 2024. This suggests that the region lost roughly 41,500 federal jobs in 2025. However, given the steeper local declines throughout the year, the estimate of lost jobs is likely too low.

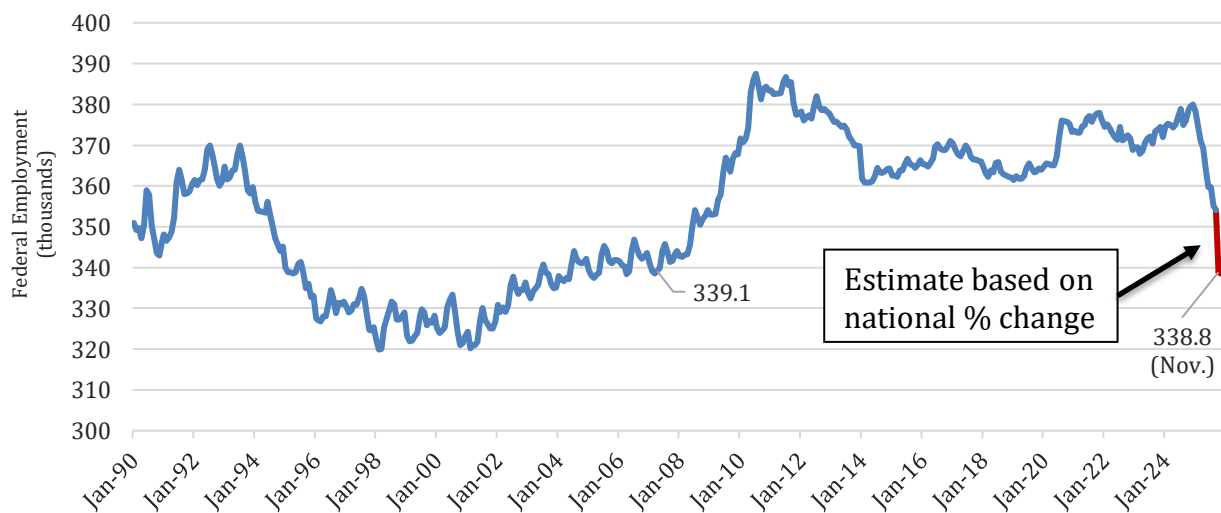
Federal Employment in the Washington Region 2019 to 2025



Source: Bureau of Labor Statistics. Not Seasonally Adjusted. GMU CRA.

For historical context, the chart below plots federal employment over the past 35 years. Federal employment at 338,800 would roughly be equivalent to the same number of federal jobs as in April 2007, when direct federal employment in the Washington Region was 339,100.

Federal Employment in the Washington Region January 1990 to November 2025



Source: Bureau of Labor Statistics. Not Seasonally Adjusted. GMU CRA

Conclusion

While the federal government shutdown delayed the release of regional employment data, national data released today show that federal employment dropped sharply in October and November, largely due to federal workers taking the deferred resignation package. Although it's unclear exactly how much the shutdown has affected these numbers, the decline in federal employment during these months is the steepest in 35 years. Even using an optimistic estimate for the Washington Region, the area likely lost 41,500 direct federal jobs between December 2024 and November 2025.

While these estimates could be used to examine the impact on total employment, we will explore this issue in coming editions of Economy Watch, as BLS estimates for the region become available. Given that the regional data provided here are estimated from National data, it is likely prudent not to extend the estimates too far to make broader conclusions. However, the national data make it clear that the severe contraction in federal employment will amplify, rather than buffer, any looming national recession.

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