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Federal Employment at Record Lows as a Share of Employment, Population—Yet Trump May Freeze Hiring

By Isaac Shapiro

The share of the nation’s workers that the federal government employed in 2016 equaled its lowest level ever recorded, new Bureau of Labor Statistics data show, and signs are growing that this level is too low for the government to effectively perform its basic functions. Nevertheless, President-elect Trump has listed on his agenda for his first 100 days “a hiring freeze on all federal employees to reduce federal workforce through attrition (exempting military, public safety, and public health).”¹

The new data, released last week in conjunction with the Labor Department’s monthly labor report, show that contrary to concerns that public sector employment has grown too large:

- There were an average of 2.8 million federal employees in 2016, representing only 1.9 percent of the nation’s 144 million civilian² jobs. This share ties with 2015 for the lowest federal share ever recorded, with data going back to 1939, and it’s far below its post-World War II average of 3.3 percent. (See Figure 1.)
- The number of federal jobs rose by just 18,000 (0.6 percent) over the last eight years; in contrast, the number of jobs in the country grew by 11.3 million (8.3 percent) during the same period.³
- The number of federal jobs as a share of the nation’s population in 2016 was tied with 2014 and 2015 for its lowest share on record.
- In 2016, state and local jobs each hit their lowest shares of overall employment in several decades (though not the lowest on record).

¹ Amita Kelly and Barbara Sprunt, “Here’s What Donald Trump Would Do in His First 100 Days,” NPR, November 9, 2016, <http://www.npr.org/2016/11/09/501451368/here-is-what-donald-trump-wants-to-do-in-his-first-100-days>.

² The data come from the Bureau of Labor Statistics establishment survey. It describes non-farm payroll employment levels; military employment is excluded.

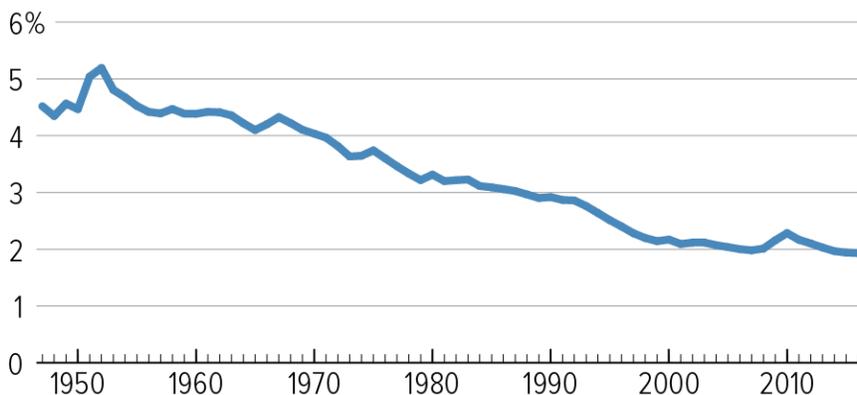
³ For the Obama period this analysis compares employment levels in January 2009 (the month he took office) to December 2016 (the latest month available). All other data in this report reflect annual information that average monthly employment figures across the calendar year.

- As a result, the combined share of civilian employees at all levels of government in 2016 fell to its lowest level since 1959.

FIGURE 1

Civilian Federal Employment at Historically Low Level

Federal government share of total employment



Source: CBPP calculations come from the Bureau of Labor Statistics' establishment survey, which describes non-farm payroll employment levels; military employment is excluded.

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Basic Functions Already Undermined

CBPP has documented how, due to a lack of personnel, basic governmental functions — such as administering the nation's Social Security and tax systems — are already being performed inadequately. In these areas at least, what's required is more hiring, not a freeze, particularly since freezes reduce the federal workforce further due to attrition.

Since 2010, Social Security Administration (SSA) funding has been cut by 10 percent, after adjusting for inflation,⁴ even though the need for the programs it administers has grown with the aging of the baby boom. As a result, "SSA's staff has shrunk 6 percent nationwide since 2010, so there are fewer people to take appointments, answer phones, and process applications for Social Security's vital retirement, survivors, and disability benefits," CBPP reported in September. The funding cutback also led to a 14 percent reduction in federally funded state employees who determine whether applicants' disabilities make them eligible for vital federal help. SSA's budget cuts have contributed to a record backlog in the number of applicants awaiting a final decision on their disability appeals, with this waiting list now exceeding 1 million applicants.

⁴ Kathleen Romig, "Social Security Administration Cuts Hurt Every State," CBPP, September 12, 2016, <http://www.cbpp.org/research/social-security/social-security-administration-cuts-hurt-every-state>. Also, see Kathleen Romig, "Budget Cuts Squeeze Social Security Administration Even as Workloads Reach Record Highs," CBPP, June 3, 2016, <http://www.cbpp.org/research/retirement-security/budget-cuts-squeeze-social-security-administration-even-as-workloads>.

In addition, on January 9 SSA announced further service cutbacks on top of a recent reduction in work hours and a hiring freeze.⁵ Rather than extend SSA's freeze, policymakers should provide sufficient funds for SSA to restore appropriate staffing levels and work hours.

Meanwhile, Internal Revenue Service budget cuts since 2010 have been even larger than SSA's, totaling 17 percent, with sweeping impacts on taxpayer services and enforcement.⁶ The total number of IRS employees fell by 14 percent and enforcement staff fell by 23 percent. Consequently, for three straight weeks during the 2015 tax filing season, more than 90 percent of taxpayers calling the IRS about potential identify theft did not have their calls answered, even though the IRS indicated that they should call on that issue. Individual and corporate audits dropped to their lowest level in a decade, leaving tens of billions of dollars of legally required taxes uncollected and reducing the investigation of criminal activities.

In late 2015, a bipartisan letter from seven former IRS commissioners made a compelling case for a substantial expansion in IRS funding and staffing. They observed how the funding decline and consequent effect on the tax system was unprecedented in their experience and was particularly ill-timed since the reductions occurred at the same time the IRS workload increased substantially due to congressional actions.⁷

Hiring Freeze Is Unwarranted

A comprehensive assessment of all federal agencies would likely find other areas where more employees are needed. To be sure, there are also potentially areas where the same or even fewer employees would be appropriate. But, overall, the basic trends in federal employment and the employment-related problems the government faces delivering essential services indicate that the broad hiring freeze that the incoming Administration may implement is unwarranted.

⁵ Doug Walker, "Finding Value — and my Social Security — in light of Budget Cuts," Social Security Administration, January 9, 2017.

⁶ Chuck Marr and Cecile Murray, "IRS Funding Cuts Compromise Taxpayer Service and Weaken Enforcement," CBPP, updated April 4, 2016, <http://www.cbpp.org/research/federal-tax/irs-funding-cuts-compromise-taxpayer-service-and-weaken-enforcement>.

⁷ See <http://taxprof.typepad.com/files/former-irs-commissioners-letter-on-agency-budget.pdf>.