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# The Federal Workforce: Characteristics and Trends

Curtis W. Copeland

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# The Federal Workforce: Characteristics and Trends

## Abstract

Understanding the characteristics and trends of the federal workforce is important because, among other things, agencies accomplish their missions via that workforce. Total personnel costs (direct compensation and benefits) for all federal employees (civilian and military, current employees and retirees) were estimated at more than \$523 billion in 2008, and civilian personnel costs in the executive branch alone were estimated at about \$194 billion. Three cabinet departments — the Departments of Defense (DOD), Veterans Affairs (DVA), and Homeland Security (DHS) — accounted for almost 60% of the nearly 1.9 million executive branch civilian employees in 2008. The duty stations for more than 35% of these employees were in four states (California, Virginia, Texas, and Maryland) and the District of Columbia, and DOD was the top federal employer in 35 states. DOD also employed more than 90% of federal civilian employees in foreign countries, and was the top federal employer in U.S. territories. The federal workforce grew by more than 120,000 employees between 2000 (the low point during the last 10 years) and 2008, with the growth concentrated in homeland security-related agencies and DVA. Civilian employment in other agencies (including DOD and most independent agencies) declined during the last 10 years.

The number of blue-collar and clerical federal jobs declined between 1998 and 2008, but the number of professional and administrative jobs increased during this period. The percentage of the federal workforce that was made up of minorities also increased, but the percentage that was women remained almost constant. Although women and minorities represented an increasing portion of the growing professional and administrative groups, the representation of women and minorities in the Senior Executive Service was less than their presence in the overall workforce. The federal workforce was somewhat older in 2008 than it was in 1998, but the average length of service declined from 15.2 years in 1998 to 14.7 years in 2008.

The number of white-collar employees in the General Schedule (GS) pay system declined during the last 10 years, while the number of employees in agency-specific pay systems (primarily at DOD and DHS) increased dramatically (from less than 1% of the workforce in 1998 to 16% in 2008). If these trends continue, the GS system will cover less than half of the federal civilian workforce by the year 2020. The average salary of the workforce was \$69,061 in 2008, but average salaries varied substantially between and within federal agencies and pay systems.

Although the federal workforce has grown somewhat in recent years, a 2006 study estimated that the “hidden” federal workforce of contractors and grantees grew by more than 50% between 1999 and 2005, when it reportedly included more than 10.5 million jobs in 2005. That figure is more than twice as large as the combined total of all three branches of government, the U.S. Postal Service, the intelligence agencies, the armed forces, and the Ready Reserve.

This report will be updated when September 2008 data for the federal workforce become available.

## Comments

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# CRS Report for Congress

## The Federal Workforce: Characteristics and Trends

Updated September 30, 2008

Curtis W. Copeland  
Specialist in American National Government  
Government and Finance Division



Prepared for Members and  
Committees of Congress

# The Federal Workforce: Characteristics and Trends

## Summary

Understanding the characteristics and trends of the federal workforce is important because, among other things, agencies accomplish their missions via that workforce. Total personnel costs (direct compensation and benefits) for all federal employees (civilian and military, current employees and retirees) were estimated at more than \$523 billion in 2008, and civilian personnel costs in the executive branch alone were estimated at about \$194 billion. Three cabinet departments — the Departments of Defense (DOD), Veterans Affairs (DVA), and Homeland Security (DHS) — accounted for almost 60% of the nearly 1.9 million executive branch civilian employees in 2008. The duty stations for more than 35% of these employees were in four states (California, Virginia, Texas, and Maryland) and the District of Columbia, and DOD was the top federal employer in 35 states. DOD also employed more than 90% of federal civilian employees in foreign countries, and was the top federal employer in U.S. territories. The federal workforce grew by more than 120,000 employees between 2000 (the low point during the last 10 years) and 2008, with the growth concentrated in homeland security-related agencies and DVA. Civilian employment in other agencies (including DOD and most independent agencies) declined during the last 10 years.

The number of blue-collar and clerical federal jobs declined between 1998 and 2008, but the number of professional and administrative jobs increased during this period. The percentage of the federal workforce that was made up of minorities also increased, but the percentage that was women remained almost constant. Although women and minorities represented an increasing portion of the growing professional and administrative groups, the representation of women and minorities in the Senior Executive Service was less than their presence in the overall workforce. The federal workforce was somewhat older in 2008 than it was in 1998, but the average length of service declined from 15.2 years in 1998 to 14.7 years in 2008.

The number of white-collar employees in the General Schedule (GS) pay system declined during the last 10 years, while the number of employees in agency-specific pay systems (primarily at DOD and DHS) increased dramatically (from less than 1% of the workforce in 1998 to 16% in 2008). If these trends continue, the GS system will cover less than half of the federal civilian workforce by the year 2020. The average salary of the workforce was \$69,061 in 2008, but average salaries varied substantially between and within federal agencies and pay systems.

Although the federal workforce has grown somewhat in recent years, a 2006 study estimated that the “hidden” federal workforce of contractors and grantees grew by more than 50% between 1999 and 2005, when it reportedly included more than 10.5 million jobs in 2005. That figure is more than twice as large as the combined total of all three branches of government, the U.S. Postal Service, the intelligence agencies, the armed forces, and the Ready Reserve.

This report will be updated when September 2008 data for the federal workforce become available.

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# The Federal Workforce: Characteristics and Trends

## Introduction

The work of the federal government is done via its workforce, so understanding the characteristics and trends of that workforce is a critical part of understanding how the federal government can better accomplish its various missions. As the Government Accountability Office (GAO) said in May 2008,

The importance of a top-notch federal workforce cannot be overstated. The nation is facing new and more complex challenges in the 21<sup>st</sup> century as various forces are reshaping the United States and its place in the world.... To address these challenges, it will be important for federal agencies to change their cultures and create the institutional capacity to become high-performing organizations. This includes recruiting and retaining employees able to create, sustain, and thrive in organizations that are flatter, results-oriented, and externally focused and that collaborate with other governmental entities as well as with the private and nonprofit sectors to achieve desired outcomes.<sup>1</sup>

In 2001, however, GAO identified the management of the federal workforce as a government-wide “high-risk” area because federal agencies lacked a strategic approach to workforce management that integrated those efforts with their missions and goals.<sup>2</sup>

Understanding the federal workforce is also important for a variety of other reasons. Personnel costs for both current and former employees represent a substantial portion of many agencies’ budgets, and a significant portion of the total federal budget. Some federal agencies are major employers in certain states, and tens of thousands of federal employees work outside of the United States. The federal workforce is also expected by some to reflect the gender, racial, and ethnic diversity of the country as a whole. In addition, understanding recent changes in the overall size and composition of the federal workforce can indicate what changes may lie in the future.

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<sup>1</sup> U.S. Government Accountability Office, *Human Capital: Transforming Federal Recruiting and Hiring Efforts*, GAO-08-762T, May 8, 2008.

<sup>2</sup> U.S. General Accounting Office, *High Risk Series: An Update*, GAO-01-263, January 2001.

## Cost and Size of the Federal Workforce

Determining the size or cost of the federal workforce first requires a determination of what should be considered “the federal workforce,” and what are considered relevant costs associated with that workforce. Federal budget documents distinguish federal personnel costs in terms of (1) direct compensation (e.g., salaries and bonuses) versus personnel benefits (e.g. health benefits and life insurance), (2) civilian employees versus military employees, and (3) current employees versus retired employees. The documents also show costs specific to the U.S. Postal Service and the Department of Defense (DOD), and separately show costs for the legislative and judicial branches of the federal government.

According to the FY2009 federal budget, and as shown in **Table 1** below, total federal personnel costs (i.e., direct compensation and benefits) in 2008 for all groups (i.e., civilian and military, current employees, and retirees) were estimated at more than \$523 billion. Direct compensation costs for current civilian employees (including all three branches of government and the U.S. Postal Service) were estimated at just under \$190 billion. Civilian compensation costs for just the executive branch were estimated at nearly \$144 billion, with DOD constituting about one-third of that total. In comparison, direct compensation costs for the legislative and judicial branches were relatively small (less than \$5 billion combined). Compensation costs for employees of the U.S. Postal Service are almost entirely funded by postal fees, not appropriations. Some federal regulatory agencies (e.g., the Securities and Exchange Commission, the Nuclear Regulatory Commission, and the Federal Communications Commission) are also entirely or primarily funded through fees rather than appropriations.

According to the Office of Personnel Management (OPM), and as shown in **Table 2** below, there were slightly more than 2.7 million employees in the total federal civilian workforce (all three branches plus the U.S. Postal Service) in September 2004 — down from nearly 3.0 million in September 1994.<sup>3</sup> From the beginning to the end of this period, the number of executive branch civilian employees declined by nearly 259,000 employees,<sup>4</sup> driven largely by reductions in the Department of Defense (DOD, down nearly 212,000 employees) and the U.S. Postal Service (down by more than 55,000).<sup>5</sup> The number of legislative branch employees declined somewhat during this period (down about 5,000 employees),

---

<sup>3</sup> U.S. Office of Personnel Management, *The Fact Book: 2005 Edition*, p. 7, available at [<https://www.opm.gov/feddata/factbook/2005/factbook2005.pdf>]. OPM has not published *The Fact Book* since 2005, so 2004 data are the most recent available. Here and throughout this report, the number of employees reported is based on head counts of employees on board as of a particular date. Federal budget documents and other sources sometimes use “full-time equivalent” or “FTE” numbers, in which two employees working 20 hours per week are treated as one FTE.

<sup>4</sup> As the table shows, executive branch employment actually reached its lowest point during this period in 2000, and has risen somewhat since then.

<sup>5</sup> For more information on the Postal Service, see CRS Report RS22864, *U.S. Postal Service Workforce Size and Employment Categories, 1987 - 2007*, by Wendy Ginsberg.



while the number of judicial branch employees increased somewhat (up nearly 6,000).

**Table 1. Estimated Civilian and Military Personnel Compensation and Benefits, 2008**

(millions of dollars)

Organizational/ Employee Grouping	Cost		
	Direct Compensation	Personnel Benefits	Total Compensation
<b>Civilian Personnel Costs</b>			
Department of Defense (DOD)	\$46,040	\$12,367	\$58,407
Executive Branch — Non-DOD	\$97,604	\$38,297	\$135,901
Postal Service	\$41,356	\$18,609	\$59,965
Legislative Branch	\$1,988	\$548	\$2,536
Judicial Branch	\$2,672	\$879	\$3,551
<b>Total Civilian</b>	<b>\$189,660</b>	<b>\$70,700</b>	<b>\$260,360</b>
<b>Military Personnel Costs</b>			
DOD	\$82,510	\$48,608	\$131,118
Other Uniformed Personnel	\$2,717	\$1,040	\$3,757
<b>Total Military</b>	<b>\$85,227</b>	<b>\$49,648</b>	<b>\$134,875</b>
<b>Civilian and Military Personnel Costs</b>	<b>\$274,887</b>	<b>\$120,348</b>	<b>\$395,235</b>
<b>Retiree Costs</b>			
Civilian	\$65,522	\$8,872	\$74,394
Military	\$45,480	\$8,349	\$53,829
<b>Total Retiree</b>	<b>\$111,002</b>	<b>\$17,221</b>	<b>\$128,223</b>
<b>Grand Total — Civilian and Military, Active and Retiree</b>	<b>\$385,889</b>	<b>\$137,569</b>	<b>\$523,458</b>

**Source:** U.S. Office of Management and Budget, *Budget of the U.S. Government: Analytical Perspectives; Fiscal Year 2009*, Table 24-3.

**Note:** “Personnel benefits” for retirees includes health benefits and (for civilian personnel) life insurance.

**Table 2. Trends in Federal Civilian Employment,  
1994 - 2004**  
(in thousands)

	1994	1996	1998	2000	2002	2004
Legislative Branch	35.4	31.5	30.5	31.2	30.9	30.0
Judicial Branch	28.0	29.6	31.7	32.2	34.7	33.8
Executive Branch	2,908.2	2,786.3	2,727.3	2,644.8	2,649.9	2,649.3
— DOD	879.9	795.9	717.9	676.3	670.2	668.2
— Non-DOD	1,205.6	1,138.1	1,137.9	1,107.8	1,168.1	1,213.5
— U.S. Postal Service	822.7	852.3	871.5	860.7	811.6	767.6
Total	2,971.6	2,847.4	2,789.5	2,708.1	2,715.5	2,713.2

Source: OPM's *The Fact Book: 2005 Edition*, p. 7.

These totals do not, however, include employees in the intelligence agencies, members of the active armed forces, or members of the reserve forces. The number of employees in the intelligence agencies is classified, but has been estimated at more than 100,000.<sup>6</sup> FY2009 appropriations legislation authorizes nearly 1.4 million members of the active armed forces,<sup>7</sup> and in September 2007, DOD reported that the “Ready Reserve” strength was more than 1 million.<sup>8</sup>

The OPM workforce data also do not include federal contractors and grantees. The exact number of direct and indirect federal contract and grant jobs is unknown, but Paul Light of New York University has estimated the total to be more than 10.5 million in 2005 — more than twice as many as the combined total of all three branches of government, the U.S. Postal Service, the intelligence agencies, the armed forces, and the Ready Reserve.<sup>9</sup> As **Table 3** below shows, the estimated number of federal contract jobs increased by more than 70% between 1999 and 2005 (from more than 4.4 million to more than 7.6 million) — a change that was reportedly

<sup>6</sup> Pamela Hess, “Contractors Make Up One-Fourth of Intelligence Workforce,” *Government Executive.com*, August 27, 2008. The “more than 100,000” estimate was verified by Ronald Sanders, chief human capital officer for the Office of the Director of National Intelligence.

<sup>7</sup> CRS Report RL34590, *FY2009 National Defense Authorization Act: Selected Military Personnel Policy Issues*, Lawrence Kapp, Coordinator.

<sup>8</sup> CRS Report RL30802, *Reserve Component Personnel Issues: Questions and Answers*, by Lawrence Kapp. In addition to the Ready Reserve, there were more than 21,000 members of the Standby Reserve and more than 650,000 members of the Retired Reserve.

<sup>9</sup> Paul C. Light, Robert F. Wagner Graduate School of Public Service, New York University, *The New True Size of Government*, August 2006. To view the study, see [http://wagner.nyu.edu/performance/files/True\_Size.pdf].

driven almost entirely by increased spending at DOD.<sup>10</sup> The table also shows that, taken together, the number of federal contract and grant jobs increased by more than 50% during this six-year period.

**Table 3. Number of Direct and Indirect Federal Contract and Grant Jobs, 1999 and 2005**

	1999	2005	Increase	
			Number	Percent
Federal contract jobs	4,441,000	7,634,000	3,193,000	71.9%
Federal grant jobs	2,527,000	2,892,000	365,000	14.4%
Total	6,968,000	10,526,000	3,558,000	51.1%

Source: Paul C. Light, *The New True Size of Government*, August 2006.

OPM's Central Personnel Data File (CPDF) is the most comprehensive, authoritative, and up-to-date database of federal executive branch employees, but it does not include information for certain executive branch agencies (e.g., the intelligence agencies) and certain entities that are sometimes considered part of the federal government (e.g., the U.S. Postal Service). It also does not include contractors, grantees, members of the armed forces, reservists, federal employees in the judicial branch, or most employees in the legislative branch.<sup>11</sup>

The data provided in the remainder of this report focus on civilian employees in executive branch departments and agencies. Unless otherwise noted, the data are drawn from OPM's "FedScope" website ([<http://www.fedscope.opm.gov>]), which is based on the CPDF. According to FedScope, in March 2008, there were 1,885,490 employees in the federal agencies that the CPDF covers.

## Federal Civilian Employment by Agency

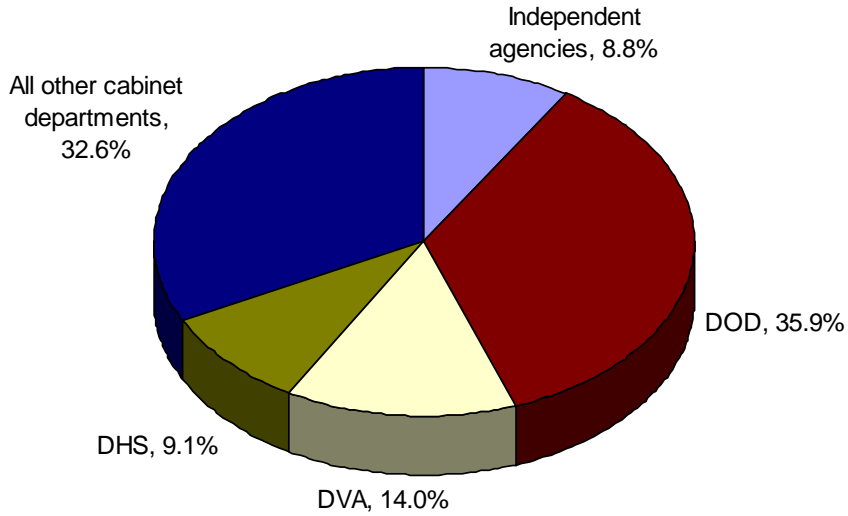
As **Figure 1** and **Table 4** below show, DOD was by far the largest federal agency in March 2008 (669,926 civilian employees), followed by the Department of Veterans Affairs (DVA, 263,667 employees) and the Department of Homeland Security (DHS, 170,663 employees). These three cabinet departments accounted for

<sup>10</sup> Ibid.

<sup>11</sup> Specifically, CPDF coverage of the executive branch currently includes all agencies except the Board of Governors of the Federal Reserve, the Central Intelligence Agency, the Defense Intelligence Agency, Foreign Service personnel at the State Department, the National Geospatial-Intelligence Agency, the National Security Agency, the Office of the Director of National Intelligence, the Office of the Vice President, the Postal Rate Commission, the Tennessee Valley Authority, the U.S. Postal Service, and the White House Office. Also excluded are the Public Health Service's Commissioned Officer Corps, non-appropriated fund employees, and foreign nationals overseas. The legislative branch is limited to the Government Printing Office, the U.S. Tax Court, and selected commissions.

nearly 60% of the federal civilian workforce. More than 91% of federal civilian employees worked in one of the 15 cabinet departments. Among independent federal agencies (i.e., those agencies that are not part of a cabinet department), more than 65% of employees (108,701 of 166,845) were in four agencies: the Social Security Administration (SSA), the National Aeronautics and Space Administration (NASA), the Environmental Protection Agency (EPA), and the General Services Administration (GSA).

**Figure 1. Federal Civilian Workforce, March 2008**



**Source:** OPM's FedScope database.

**Table 4. Number of Federal Civilian Employees by Department and Major Independent Agency, March 2008**

Department/Agency	Number of Civilian Employees
<b>Cabinet Departments</b>	
Department of Defense	669,926
Department of Veterans Affairs	263,667
Department of Homeland Security	170,663
Department of the Treasury	118,555
Department of Justice	106,635
Department of Agriculture	95,513
Department of Health and Human Services	74,310
Department of the Interior	67,812
Department of Transportation	54,311
Department of Commerce	42,101
Department of Labor	15,379
Department of Energy	14,882
Department of State	11,142
Department of Housing and Urban Development	9,416
Department of Education	4,333
Subtotal: All cabinet departments	1,718,645
<b>Independent Agencies</b>	
Social Security Administration	60,465
Environmental Protection Agency	17,894
National Aeronautics and Space Administration	18,516
General Services Administration	11,826
All other independent agencies	58,144
<b>Total</b>	<b>1,885,490</b>

Source: OPM's FedScope database.

## Federal Civilian Employment by Location

As of March 2008, about 97.5% of federal civilian employees worked in the United States. As shown in **Table 5** below, more than 35% of federal civilian employees' duty stations (665,826 of 1,885,490) were in four states (California, Virginia, Texas, and Maryland) and the District of Columbia. DOD had the largest number of federal employees in 35 states, and the department had the second highest number of employees in eight other states and in the District of Columbia. DVA had the largest number of federal employees in 10 states, and was the second largest federal employer in 24 other states. Other federal departments or agencies with large numbers of employees in certain states included DHS (with more than 10,000 employees in five states, including more than 20,000 in both California and Texas); the Department of Justice (DOJ, with more than 21,000 employees in the District of Columbia); and the Department of Health and Human Services (HHS, with more than 32,000 employees in Maryland). Among independent agencies, the Social Security Administration was the largest and most ubiquitous, with more than 11,000 employees in Maryland, more than 1,000 employees in 15 other states, and an average of more than 350 employees in each of the remaining states.

As of March 2008, 34,578 federal civilian employees worked in foreign countries, 13,844 employees worked in U.S. territories, and 765 worked in "unspecified" locations.<sup>12</sup> As **Table 6** below shows, more than 90% of federal civilian employees in foreign countries worked for DOD, with DHS and the Agency for International Development (AID) a distant second and third, respectively. DOD employees in foreign countries most commonly worked for the Army (11,653 employees) or in DOD "Education Activity" (10,615 employees).

More than 75% of federal employees in U.S. territories worked for DOD, DVA, or DHS. Within DOD, most employees worked for the Army (1,191 employees) or in DOD "Education Activity" (952 employees). Within DHS, most employees worked for either the Transportation Security Administration (TSA, 1,069 employees) or the Bureau of Customs and Border Protection (838 employees).

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<sup>12</sup> These data do not include certain agencies or employees in certain agencies (e.g., the intelligence agencies and Foreign Service personnel in the Department of State).

**Table 5. States With Largest Number of Federal Civilian Employees (Duty Stations), March 2008**

State	Federal Civilian Employees	Major Federal Employer(s)
California	152,554	DOD (55,238) DVA (21,886) DHS (20,119)
District of Columbia	149,034	DOJ (21,309)
Virginia	127,986	DOD (81,106)
Texas	124,577	DOD (42,414) DHS (21,756)
Maryland	111,675	HHS (32,432) DOD (30,561)
Florida	78,436	DOD (25,409)
Georgia	72,621	DOD (33,626)
Pennsylvania	64,326	DOD (24,750)
New York	64,042	DVA (16,583)
Washington	50,052	DOD (24,547)
Illinois	46,177	DOD (14,110)
Ohio	45,685	DOD (21,852)
North Carolina	37,991	DOD (18,187)
Missouri	37,181	DOD (8,952)
Arizona	37,130	DOD (8,479)
Alabama	36,487	DOD (22,175)
Oklahoma	34,390	DOD (20,444)

**Source:** OPM's FedScope database.

**Note:** The table includes all states with at least 30,000 federal employees, and shows the largest federal employer in those states (including all departments with 20,000 or more employees in the state). For security purposes, FedScope does not provide detailed location information for certain agencies (e.g., the Federal Bureau of Investigation, the Drug Enforcement Agency, and the U.S. Secret Service). Employees of these agencies that work in the Washington, DC-MD-VA-WV Metropolitan Statistical Area are all reported as working in the District of Columbia. Other employees are reported as "Suppressed" (a total of 32,000 in the Department of Justice). As a result, FedScope somewhat overstates employment for the District of Columbia and understates employment for all states, territories, and foreign countries.

**Table 6. Federal Civilian Employees in Foreign Countries and U.S. Territories by Major Department or Agency, March 2008**

Department or Agency	Number of Federal Civilian Employees Working		
	in Foreign Countries	in U.S. Territories	Outside the United States
DOD	31,563	4,041	35,604
DVA	17	3,566	3,583
DHS	918	2,896	3,814
AID	909	0	909
USDA	186	723	909
Treasury	48	613	661
All other departments and agencies	937	2,035	2,972
Total	34,578	13,844	48,422

**Source:** OPM's FedScope database.

**Note:** FedScope does not include Foreign Service personnel in the Department of State.

Although there was at least one federal civilian employee in 162 foreign countries, **Table 7** below shows that more than 75% of these employees worked in four countries — Germany, Japan, Korea, and Italy. In these countries, 99% of the employees worked for DOD. Federal employment in U.S. territories is even more stratified, with more than 75% of employees in those areas working in Puerto Rico and 93% working in either Puerto Rico or Guam. In Puerto Rico, the major agencies are DVA (3,566 employees), DHS (2,896 employees), and DOD (2,151 employees). In the other territories, DOD is the dominant agency (e.g., 697 of 720 employees in the Virgin Islands).



**Table 7. Federal Civilian Employees in Foreign Countries and U.S. Territories by Major Countries and Territories, March 2008**

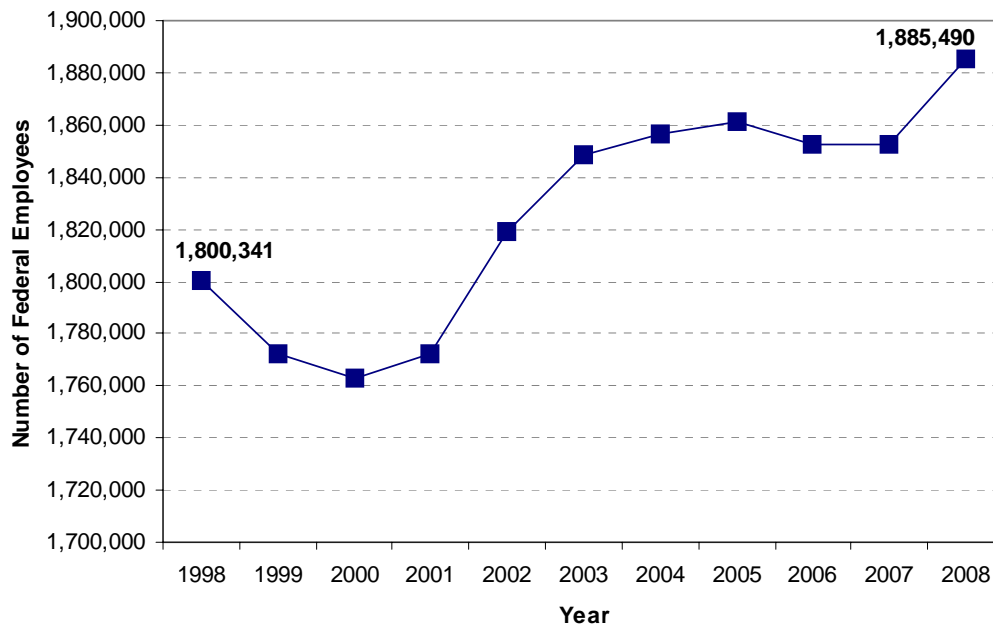
Country/Territory	Federal Civilian Employees	
	Number	Percent of Total
<b>Foreign Countries</b>		
Germany	13,901	40.2%
Japan	7,013	20.3%
Korea	2,839	8.2%
Italy	2,368	6.8%
United Kingdom	1,748	5.1%
Iraq	777	2.2%
Belgium	632	1.8%
All other countries	5,300	15.3%
Total in foreign countries	34,578	100.0%
<b>U.S. Territories</b>		
Puerto Rico	10,605	76.6%
Guam	2,283	16.5%
Virgin Islands	720	5.2%
All other territories	236	1.7%
Total in U.S. territories	13,844	100.0%

Source: OPM's FedScope database.

## Changes in the Size of the Federal Civilian Workforce

As **Figure 2** below indicates, the federal civilian workforce became somewhat smaller between 1998 and 2000, but has grown since 2000. As of March 2008, the workforce had about 75,000 more employees than it had in September 1998. As mentioned previously, though, the number of federal contractors is believed to have increased much more substantially during this period, growing by more than 3 million workers between 1999 and 2005 (from more than 4.4 million to more than 7.6 million).<sup>13</sup>

<sup>13</sup> Paul C. Light, Robert F. Wagner Graduate School of Public Service, New York University, *The New True Size of Government*, August 2006.

**Figure 2. Size of the Federal Civilian Workforce, 1998 to 2008**

**Source:** OPM's FedScope database.

Several federal departments and agencies were created or substantially reorganized between 1998 and 2008, so tracking changes over time by department or agency must take those changes into account. For example, before DHS was created in 2003, several of its bureaus were parts of other cabinet departments (e.g., the U.S. Coast Guard was in the Department of Transportation, the U.S. Customs Service was in the Department of the Treasury, and the Immigration and Naturalization Service was in the Department of Justice).

With that caveat, **Table 8** below shows the number of employees in the major departments and agencies in September 1998 and March 2008. As the table shows, some of the agencies that were unconnected to the creation of DHS grew larger during this period (e.g., HHS<sup>14</sup> and DVA), and some grew smaller (e.g., the Department of Agriculture and SSA).

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<sup>14</sup> Most of the increase in HHS was in the Office of the Secretary, which grew from 2,896 in 1998 to 13,493 in 2008.

**Table 8. Federal Civilian Workforce: September 1998 and March 2008**

Department/Agency	September 1998	March 2008	Change	
Department of Agriculture	107,709	95,513	(12,196)	(11.3%)
Department of Commerce	38,933	42,101	3,168	8.1%
Department of Defense	710,412	669,926	(40,486)	(5.7%)
Department of Justice	122,580	106,635	(15,945)	(13.0%)
Department of Labor	15,946	15,379	(567)	(3.6%)
Department of Energy	16,148	14,882	(1,266)	(7.8%)
Department of Education	4,833	4,333	(500)	(10.3%)
Department of Health and Human Services	58,261	74,310	16,049	27.5%
Department of Homeland Security	(Did not exist)	170,663	—	—
Department of Housing and Urban Development	9,984	9,416	(568)	(5.7%)
Department of the Interior	73,038	67,812	(5,226)	(7.2%)
Department of State	15,637	11,142	(4,495)	(28.7%)
Department of Transportation	64,858	54,311	(10,547)	(16.3%)
Department of the Treasury	141,966	118,555	(23,411)	(16.5%)
Department of Veterans Affairs	240,846	263,667	22,821	9.5%
EPA	19,242	17,894	(1,348)	(7.0%)
GSA	14,221	11,826	(2,395)	(16.8%)
NASA	19,207	18,516	(691)	(3.6%)
SSA	65,629	60,465	(5,164)	(7.9%)
All other independent agencies	70,891	58,144	(12,747)	(18.0%)
<b>Total</b>	<b>1,810,341</b>	<b>1,885,490</b>	<b>75,149</b>	<b>4.2%</b>

Source: OPM's FedScope database.

Note: Negative changes are in parentheses.

## Types of Appointments and Work Schedules

As **Table 9** below indicates, almost 90% of federal employees in March 2008 were full-time, permanent employees (which was about the same percentage as in

September 1998). About 5% of federal employees were full-time, nonpermanent; 3% were not full-time, permanent; and 3.5% were not full-time, nonpermanent.<sup>15</sup>

**Table 9. Federal Employees' Type of Appointment and Work Schedule, March 2008**

Work Schedule	Type of Appointment			
	Permanent	Non-permanent	Unspecified	Total
Full-time	1,664,642	96,089	117	1,760,848
Not Full-time	58,767	65,735	2	124,534
Unspecified	89	5	14	108
Total	1,723,528	161,829	133	1,885,490

Source: OPM's FedScope database.

The departments and agencies with the largest percentage of non-permanent employees were SSA (32.6%), HHS (28.6%), and the Department of State (24.3%). Those with the largest percentage of employees working less than a full-time schedule included OPM (22.6%), HHS (20.1%), and the Department of Commerce (18.0%). There were also substantial variations within these departments and agencies. For example, within the Department of Commerce, almost half (49.9%) of Census Bureau employees worked less than full-time; rates for the other parts of the department were less than 9%.

## The Arrival and Departure of Federal Employees

In each of the last several years, about 250,000 employees joined federal agencies. These "accessions" may be divided into two main groups — employees who transferred into the agencies from other federal agencies (either through individual or mass actions) and new hires. Each year, transfers are typically less than

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<sup>15</sup> The "non-permanent" category mainly consists of excepted service Schedule A and Schedule B employees. According to OPM, Schedule A appointing authorities "describe special jobs and situations for which it is impractical to use standard qualification requirements and to rate applicants using traditional competitive procedures." For example, agencies must use a Schedule A exception to hire attorneys because, by law, OPM cannot develop qualification standards or examinations for attorney jobs. OPM says Schedule B authorities "also apply to jobs and situations for which it is impractical to rate applicants using competitive procedures. However, under Schedule B authorities applicants must meet the qualification standards for the job. For example, Schedule B includes hiring authorities for the Student Temporary Employment Program, the Student Career Experience Program, and the Federal Career Intern Program. Only students qualify for student programs; it is not practical to use competitive procedures for them." For more information, see [[https://www.opm.gov/Strategic\\_Management\\_of\\_Human\\_Capital/fhfr/FLX05020.asp#itemA1](https://www.opm.gov/Strategic_Management_of_Human_Capital/fhfr/FLX05020.asp#itemA1)]. The "not full time" category mainly includes intermittent and part-time seasonal and nonseasonal employees.

10% of all accessions.<sup>16</sup> In FedScope, “new hires” are divided into competitive selections, excepted service appointments,<sup>17</sup> and selections for the Senior Executive Service (SES). As **Table 10** below indicates, in 2007 (the most recent year for which complete data are available), most new federal hires were into excepted service positions, not through the competitive selection process.

**Table 10. Type of Federal Hiring by Type of Position, 2007**

Type of Position	Type of Hiring			Total
	Competitive	Excepted Service	Senior Executive Service	
Full-time permanent	59,721	47,061	331	107,113
Not full-time permanent	36,622	96,998	30	133,650
Total	96,343	144,059	361	240,763

Source: OPM’s FedScope database.

The table also shows, however, that most federal hiring in 2007 was for other than full-time and/or temporary employment. Of the 240,763 hires in 2007, less than half (107,113, or 44.5%) were full-time/permanent employees. Among these full-time/permanent hires, 59,721 (55.8%) were hired through the competitive selection process and 47,061 (43.9%) were hired into excepted service positions. Some agencies were more prone to hire full-time, permanent employees without using the competitive selection process than others. For example, in 2007, 100% of TSA hires and 90.5% of hires in the Bureau of Customs and Border Protection were into excepted service positions.<sup>18</sup>

In each of the last several years, about 250,000 employees separated from federal agencies in one of two ways — through transfers to other agencies (either through individual or mass actions) or via separations from federal service. As was the case with accessions, transfers typically account for about 10% of all separations

<sup>16</sup> For example, in 2007, 22,781 (8.6%) of the 263,544 accessions were either individual or mass transfers. The exception to this trend in recent years was 2003, when more than 162,000 employees were mass transferred when DHS was created, including 67,958 at TSA, 37,416 at the Bureau of Immigration and Customs Enforcement, and 24,239 at the Bureau of Customs and Border Protection.

<sup>17</sup> Certain positions are excepted from competitive service by law, by executive order, or by OPM on the grounds that competitive examinations for such positions are not appropriate or impracticable (e.g., attorneys, medical doctors, and students under certain temporary employment programs).

<sup>18</sup> Several agencies have been granted broad excepted service hiring authority, including TSA, DHS, DVA, the Government Accountability Office, and the Federal Bureau of Investigation. See [<http://www.makingthedifference.org/federaljobs/exceptedservice.shtml>] for a list of the major excepted service agencies.

each year.<sup>19</sup> Separations from the federal service may be divided into employees who quit, retire, are separated through a reduction-in-force (RIF), are terminated, die, or have some other type of separation. As **Table 11** below shows, the most common forms of separation from the federal service in 2007 were quits (40.0% of all separations from federal service), removals/terminations (29.9%), and retirements (20.1%). However, when considering only full-time, permanent employees, retirements were most common (52.7% of all separations from federal service) followed by quits (36.9%). Almost 87% of all removals/terminations involved employees who were not full-time, permanent employees.

**Table 11. Type of Separation From Federal Service by Type of Position, 2007**

Type of Position	Type of Separation from the Federal Service					Total
	Quit	Retire	Removal	Death	RIF/Other	
Full-time, permanent	42,120	60,515	8,649	2,788	746	114,818
Not full-time, permanent	46,553	1,729	57,453	254	380	135,961
Total	88,673	62,244	66,302	3,042	1,126	250,779

Source: OPM's FedScope database.

## Changes in Federal Occupational Categories

Federal occupations vary widely, from pipefitting to psychology.<sup>20</sup> At the broadest level, federal occupations are categorized as blue-collar and white-collar, and the white-collar occupations may be grouped into five general categories: professional, administrative, technical, clerical, and other.<sup>21</sup> **Table 12** below shows the distribution of federal employees in these categories in 1998 and 2008. The table shows that the number of employees working in blue collar and clerical occupations declined substantially during this period (down 17.2% and 19.3%, respectively), while the number working in administrative occupations increased substantially (up 23.3%). The number of employees in professional occupations increased slightly (up 4.3%), and the number in technical occupations declined slightly (down 2.0%).

<sup>19</sup> For example, in 2007, 29,392 (11.7%) of the 250,779 separations were either individual or mass transfers.

<sup>20</sup> As of March 2008, there were 2,645 federal employees in the "pipefitter" occupational series, and 5,125 employees in the "psychology" series.

<sup>21</sup> See [<http://www.opm.gov/feddata/gp58.pdf>] for the distinctions between these groups.

**Table 12. Occupational Categories in the Federal Civilian Workforce, September 1998 and March 2008**

Occupational Category	September 1998	March 2008	Change	
			Number	Percent
Blue-collar	242,977	201,272	(41,705)	(17.2)
White-collar	1,567,170	1,683,801	116,631	7.4
— Professional	439,704	458,475	18,771	4.3
— Administrative	531,395	655,175	123,780	23.3
— Technical	349,524	342,512	(7,012)	(2.0)
— Clerical	198,898	160,541	(38,357)	(27.6)
— Other	47,843	67,515	19,672	41.1
Total	1,810,341	1,885,490	75,149	4.2

**Source:** OPM's FedScope database.

**Note:** The "other" category includes a few hundred "unspecified" in each year. Negative changes are in parentheses.

## Changes in the Demographic Characteristics of the Federal Civilian Workforce

The federal civilian workforce has also changed during the last 10 years in terms of certain demographic characteristics (e.g., race/ethnicity, gender, age, and length of service). Some of those changes were more significant than others, and some appear to be continuations of longer-term trends.

**Representation of Minorities and Women.** Table 13 below provides data on the percentages of the federal civilian workforce in September 1998 and March 2008 that were minorities and women. The data indicate that the representation of minorities in the federal workforce rose somewhat during this period (from 29.6% to 33.1%), while the representation of women rose only slightly (from 44.4% to 44.7%). These data suggest a continuation of previous federal workforce trends. According to OPM, in September 1988, minorities composed 26.7% of the executive branch workforce, and women composed 42.2%.<sup>22</sup>

The relatively small change in the percentage of the federal workforce that was women between 1998 and 2008 may be partly a function of the decline in the number of federal clerical jobs during this period (down by more than 38,000, as shown in Table 13 above), and in their participation rate in those jobs. As Table 14 below shows, clerical jobs were 82% women in September 1998 but less than 70% women by March 2008. On the other hand, the representation of women in the professional

<sup>22</sup> U.S. Office of Personnel Management, *The Fact Book, 1999 Edition: Federal Civilian Workforce Statistics*, OWI-99-2 (September 1999).

and administrative categories (occupational categories that were growing during this period) increased somewhat during this period.

**Table 13. Percentage of the Federal Civilian Workforce, Women and Minorities, 1998 and 2008**

Women/Minorities	September 1998	March 2008
Women	44.4%	44.7%
Minorities	29.6%	33.1%
— African American	15.9%	17.6%
— Hispanic	6.4%	7.2%
— Asian/Pacific Islander	4.5%	5.4%
— Other minorities	2.1%	3.0%

**Sources:** The September 1998 data are from OPM's *The Fact Book: 1999 Edition* (OWI-99-2, September 1999), p. 56. The March 2008 data are from OPM's FedScope database.

**Table 14. Percentage of Federal Civilian Workforce Categories That Were Women, 1998 and 2008**

Occupational Category	Percentage of the Federal Workforce - Women	
	September 1998	March 2008
Blue-Collar	10.8%	11.0%
White-Collar	49.6%	48.7%
— Professional	39.0%	44.5%
— Administrative	42.6%	44.6%
— Technical	60.4%	59.4%
— Clerical	82.1%	69.4%
— Other	12.2%	14.4%
Total	44.4%	44.7%

**Source:** OPM's FedScope database.

As **Table 15** below shows, the percentage of the federal workforce that was minorities increased in all of the occupational groupings, but the increases were most notable in the professional, administrative, and "other" occupational categories.



**Table 15. Percentage of Federal Civilian Workforce Categories That Were Minorities, 1998 and 2008**

Occupational Category	Percentage of the Federal Workforce - Minorities	
	September 1998	March 2008
Blue-Collar	34.6%	34.8%
White-Collar	28.9%	32.9%
— Professional	21.3%	25.3%
— Administrative	24.5%	30.6%
— Technical	36.0%	39.7%
— Clerical	43.1%	46.4%
— Other	36.1%	41.0%
Total	29.6%	33.1%

**Source:** The September 1998 data are from OPM's *The Fact Book: 1999 Edition* (OWI-99-2, September 1999), p. 46 and p. 56. The March 2008 data are from OPM's FedScope database.

The Senior Executive Service represents the most experienced and senior element of the federal government's career workforce, and racial, ethnic, and gender diversity in the SES ranks can bring a variety of perspectives and approaches to policy development and implementation.<sup>23</sup> As **Table 16** below shows, the percentage of the SES that was women in March 2008 was less than women's representation in the federal workforce as a whole (28.9% in the SES versus 44.7% in the workforce). Minorities were even less represented in the SES than in the federal workforce (15.3% of the SES were minorities versus 33.1% of the workforce as a whole).

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<sup>23</sup> See, for example, David W. Pitts, "Representative Bureaucracy, Ethnicity, and Public Schools: Examining the Link Between Representation and Performance," *Administration & Society*, vol. 39 (July 2007), pp. 497-527; and Morgen S. Johansen, "The Effect of Female Strategic Managers on Organizational Performance," *Public Organization Review*, vol. 7 (September 2007), pp. 269-280.

**Table 16. Percentage of the Federal Civilian Workforce and the Senior Executive Service That Were Women and Minorities, March 2008**

Women/Minorities	Representation in the	
	Federal Workforce	SES
Women	44.7%	28.9%
Minorities	33.1%	15.3%
— African American	17.6%	7.9%
— Hispanic	7.2%	3.3%
— Asian/Pacific Islander	5.4%	2.4%
— Other minorities	3.0%	1.7%

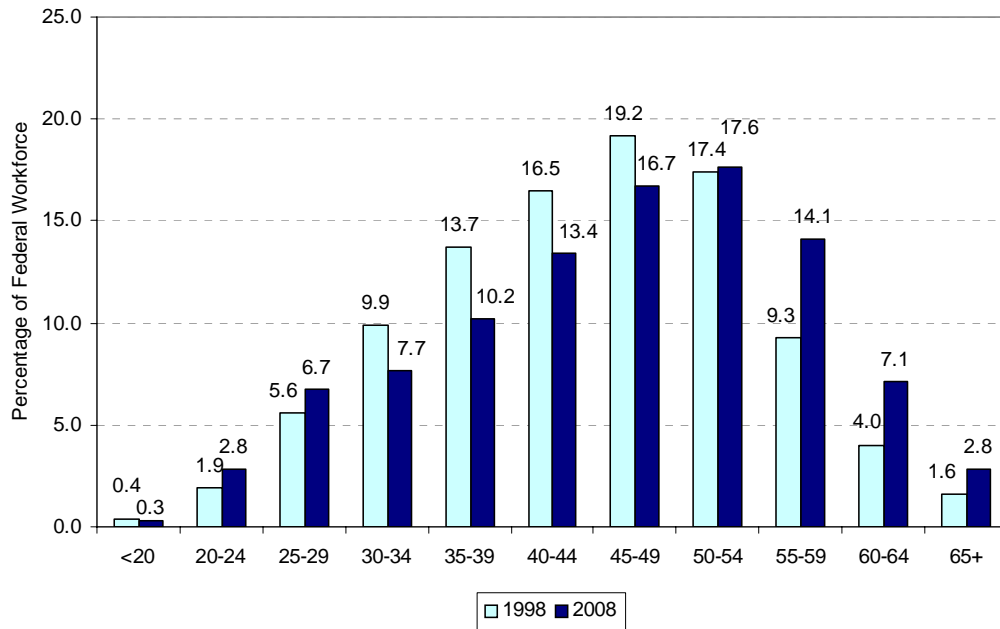
**Source:** OPM's FedScope database.

**Age and Length of Service.** As **Figure 3** below illustrates, the federal workforce was somewhat older in March 2008 than in September 1998. For example, the percentage of employees aged 55 and older increased from 15.1% in 1998 to 24.2% in 2008. On the other hand, the percentage of employees aged 30 to 49 declined from 59.5% in 1998 to 48.2% in 2008. These changes are evidence of a much-discussed aging of the federal workforce, with a larger percentage of federal employees potentially eligible to retire, or approaching retirement eligibility than in previous years.<sup>24</sup>

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<sup>24</sup> See, for example, testimony of Nancy H. Kichak, Associate Director for Strategic Human Resources Policy, U.S. Office of Personnel Management, before the Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia, Committee on Oversight and Government Reform, U.S. House of Representatives, May 20, 2008, available at [<http://www.opm.gov/feddata/gp58.pdf>].

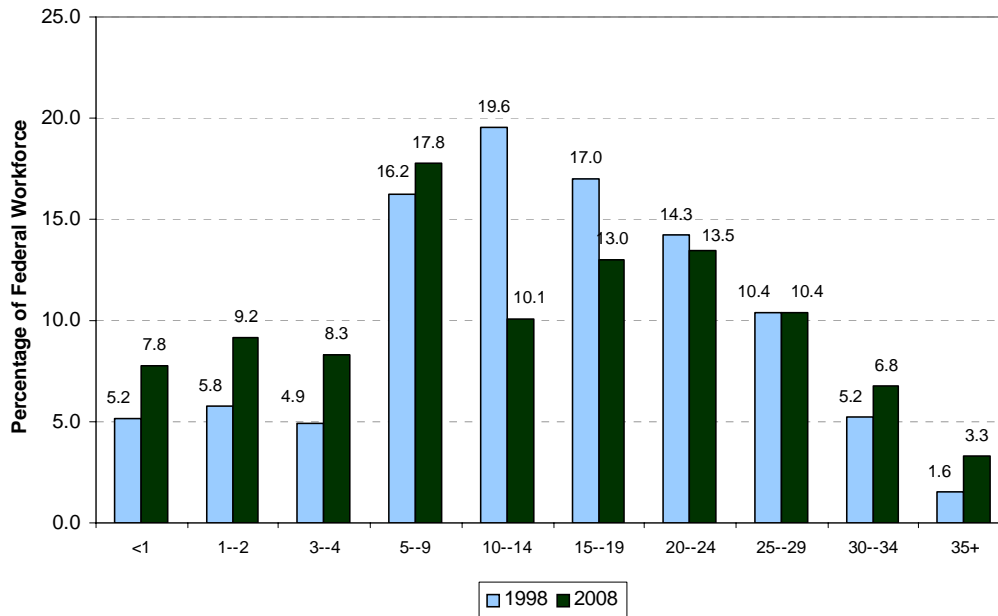
**Figure 3. Age Distribution of the Federal Civilian Workforce, 1998 to 2008**



**Source:** OPM's FedScope database.

In contrast, the average length of service for the federal workforce declined between September 1998 and March 2008 — from 15.2 years to 14.7 years. As **Figure 4** below shows, the changes between 1998 and 2008 were not uniform across the length-of-service categories. A larger percentage of the federal workforce had less than five years of federal service in 2008 than in 1998 (25.2% versus 15.8%, respectively), but a somewhat larger percentage of the workforce in 1998 also had more than 30 years of experience in 2008 (10.0% versus 6.8% in 1998). Differences between 1998 and 2008 are also apparent in the middle length-of-service categories (and particularly in the 10 to 14 year category). In 1998, 52.8% of the federal civilian workforce had between 5 and 19 years of service; by 2008, the percentage of the workforce with that category of service fell to 40.9%. The percentage of workers with between 10 and 14 years of service fell most sharply — from 19.6% in 1998 to 10.1% in 2008.

**Figure 4. Years of Service Distribution of the Federal Civilian Workforce, 1998 to 2008**



Source: OPM's FedScope database.

## Federal Civilian Workforce Pay Systems and Average Pay

The General Schedule (GS) was created by the Classification Act of 1949, and is by far the largest federal pay system. However, as **Table 17** below shows, the percentage of federal civilian employees who were covered by the GS and related pay systems declined from nearly 80% in September 1998 to about 67% in March 2008, and the percentage in the “Prevailing Rate” (blue-collar) pay system declined from 13.4% to 10.6%. During the same period of time, the percentage of employees in single-agency pay systems increased substantially — particularly in pay systems not related to nursing or teaching. The number of employees covered by such systems increased from less than 16,000 in 1998 (0.8% of the federal civilian workforce) to more than 300,000 in 2008 (16.0% of the federal workforce). According to FedScope, within the “single agency” category, the largest pay plans (other than nursing) were

- the “Standard Career Group” pay schedules used by DOD for (1) professional and analytical employees (69,967 employees), (2) supervisors and managers (35,355 employees), and (3) technical and support employees (20,873 employees);<sup>25</sup>
- the pay plan for TSA administrative employees within DHS, other than executives (59,918 employees);<sup>26</sup>

<sup>25</sup> For more information on the DOD pay system, see CRS Report RL34673, *Pay-for-Performance: The National Security Personnel System*, by Wendy Ginsberg.

<sup>26</sup> For more information on the DHS pay system, see CRS Report RL32261, *DHs's Max-HR* (continued...)

- the Federal Aviation Administration (FAA) “Core Compensation” plan (19,431 employees); and
- the FAA air traffic controller compensation plan (18,458 employees).

**Table 17. Employees in Major Federal Civilian Pay Systems, 1998 and 2008**

Federal Pay System	September 1998		March 2008	
	Number	Percent	Number	Percent
General Schedule or related	1,431,757	79.1%	1,264,913	67.1%
Prevailing Rate	241,837	13.4%	200,298	10.6%
Other	136,520	7.5%	420,217	22.3%
A. Government-wide	76,125	4.2%	69,830	3.7%
1. Admin Determined	58,652	3.2%	52,704	2.8%
2. Senior Executive Service	7,019	0.4%	7,550	0.4%
3. All other	10,454	0.6%	9,576	0.5%
B. Single Agency	60,395	3.3%	350,387	18.6%
1. Nursing	32,267	1.8%	40,024	2.1%
2. Teaching	12,242	0.6%	8,554	0.5%
3. All other	15,886	0.8%	301,809	16.0%
Total	1,810,341	100.0%	1,885,490	100.0%

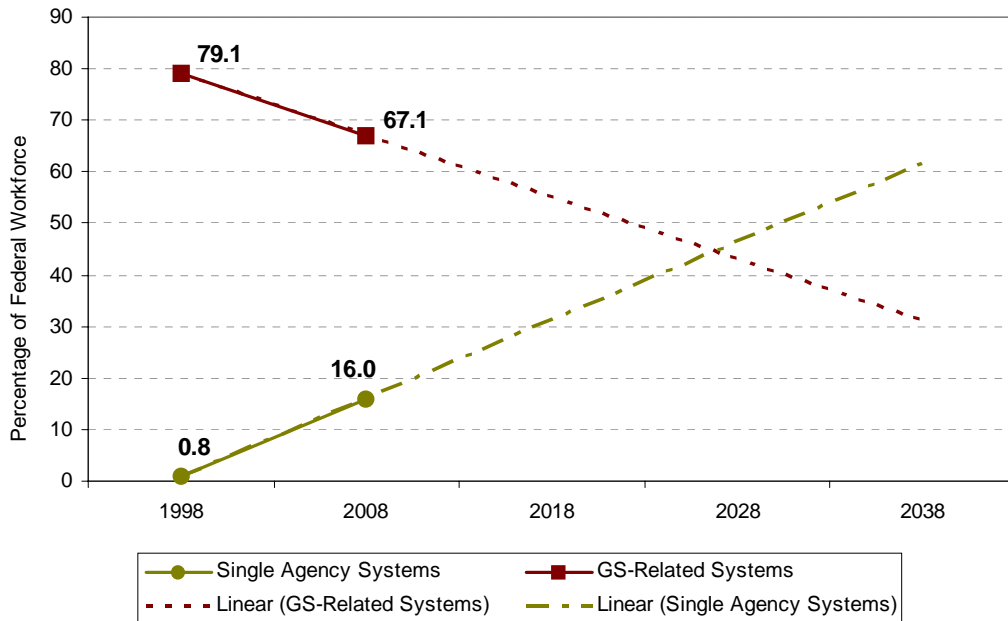
Source: OPM’s FedScope database.

As shown in **Figure 5** below, if these rates of change continue into the future, by about the year 2020, GS and related pay systems could cover less than half of the federal workforce. By about the year 2026, the trend lines suggest that single agency pay systems may cover as many employees as the GS and related systems.

<sup>26</sup> (...continued)

*Personnel System: Regulations on Classification, Pay, and Performance Management Compared With Current Law, and Implementation Plans*, by Barbara L. Schwemle.

**Figure 5. Percentage of Federal Civilian Employees in GS/Related and Single Agency Program Systems, 1998 to 2008 and Projections**



**Source:** OPM's FedScope database.

**Average Salary Differences.** In March 2008, the average salary of the nearly 1.9 million federal employees covered by the CPDF was \$69,061. However, this average varies substantially by agency and pay system, even among the major cabinet departments. For example, as **Table 18** below shows, the average salary at DHS (which includes a large number of relatively lower-paid TSA employees) was \$59,220, whereas the average salary at DOT (which includes a large number of relatively high-paid FAA employees) was \$99,561.<sup>27</sup> The agency with the highest average salary in March 2008 was the Securities and Exchange Commission (\$134,153), and the agency with one of the lowest average salary was the National Archives and Records Administration (\$55,889).

<sup>27</sup> The average salary for TSA employees was \$43,051, whereas the average salary for FAA employees was \$101,368.

**Table 18. Average Salaries for Selected Federal Departments and Agencies, March 2008**

Departments/Agencies	Average Salary (March 2008)
<b>Departments/agencies with relatively high average salaries</b>	
Securities and Exchange Commission	\$134,153
Federal Housing Finance Board	\$131,517
Commodities Futures Trading Corporation	\$126,929
Merit Systems Protection Board	\$111,750
Federal Labor Relations Authority	\$110,139
Federal Communications Commission	\$108,450
Nuclear Regulatory Commission	\$108,085
Federal Deposit Insurance Commission	\$105,457
Department of Transportation	\$99,561
— Federal Aviation Administration	\$101,368
Department of Energy	\$97,243
<b>Departments/agencies with relative low average salaries</b>	
Department of the Interior	\$62,736
— Indian Affairs	\$49,623
Department of Agriculture	\$60,968
— Agricultural Marketing Service	\$44,777
Department of Defense	\$64,735
— U.S. Army Installation Management	\$53,599
Department of Homeland Security	\$59,220
— Transportation Security Administration	\$43,051
National Archives and Records Administration	\$55,889

**Source:** OPM's FedScope database.

Average employee salaries also varied by major federal pay system, and sometimes within those pay systems. For example, as **Table 19** below indicates, average salaries for employees in the blue-collar Prevailing Rate pay system were substantially lower than in the white-collar GS and related systems, and much lower than in the "other" systems (both government-wide and single-agency systems). However, the table also shows that there were substantial average salary differences by agency within the single agency systems (e.g., \$43,576 for the pay systems within DHS versus \$104,072 for the pay systems within DOT).

**Table 19. Average Salaries Within Major Federal Pay Systems**

Pay System/Department	Average Salary
General schedule/related pay systems	\$68,674
Prevailing Rate pay system	\$47,652
Other pay systems	\$80,444
Government-wide pay systems	\$104,856
Single agency pay systems	\$75,628
Within DHS	\$43,576
Within DOD	\$77,012
Within DOT	\$104,072

Source: OPM's FedScope database.

Another way to examine the salary differences by pay system is to look at the percentage of employees in each system above various pay points. As **Table 20** below indicates, in the GS and related pay systems, less than 10% made more than \$110,000 per year and less than 1% made more than \$150,000 per year. On the other hand, more than 55% of employees in governmentwide pay systems (e.g., the Senior Executive Service and the physicians/dentist schedules) made more \$110,000 per year, and more than one-third made more than \$150,000 per year.

**Table 20. Percentage of Federal Civilian Employees in Major Pay Systems at Various Pay Points, March 2008**

Pay System	More than \$110,000/year	More than \$130,000/year	More than \$150,000/year
General schedule/ related pay systems	9.7%	3.8%	0.8%
Other pay systems	20.8%	12.9%	6.6%
— Government-wide	55.2%	46.7%	34.1%
— Single agency	15.8%	8.1%	3.0%

Source: OPM's FedScope database.

## Summary Observations

The data provided in this report show that the size, shape, and character of the “federal workforce” varies substantially depending on how that workforce is conceived. Viewed broadly, the “federal government” includes civilian and military employees, all branches of government, and the U.S. Postal Service. However, most discussions of the federal workforce focus on civilian employees in the executive branch. Within that category, while OPM's FedScope data indicates that nearly 90% of the workforce in March 2008 was composed of full-time, permanent employees,



more than half of all accessions and separations each year involve temporary and/or other than full-time employees. Therefore, in discussions about “the federal workforce,” or even more specific issues of federal recruitment and retention, it is important to be clear which agencies and what types of employees are included.

Some aspects of the federal civilian executive branch workforce are, however, relatively unambiguous. That workforce grew by more than 120,000 employees between 2000 (the low point during the last 10 years) and 2008, with the growth concentrated in homeland security-related agencies and DVA. The civilian workforce at DOD, on the other hand, declined between 1998 and 2008 by more than 40,000 employees (5.7%), and independent agencies like EPA and SSA also grew smaller. Although federal employees work in more than 100 agencies and organizations, the data indicate that nearly 60% of the federal civilian workforce was in three large cabinet departments in 2008 — DOD, DVA, and DHS. Even in its reduced size, DOD was by far the largest and most ubiquitous federal department or agency. In 35 states, DOD was the largest federal civilian employer (often by a wide margin), and DOD was the second largest employer in most of the other states. DOD also employed more than 90% of federal civilian employees in foreign countries (not including the foreign service).

It is also clear from the data that certain aspects of the federal workforce have changed in recent years. For example, between September 1998 and March 2008, the number of blue-collar jobs declined by more than 17%, and the number of clerical jobs declined by more than 27%. Meanwhile, the number of professional and administrative jobs increased by more than 4% and 23%, respectively. The percentage of the workforce that was minorities also increased during this period, but the percentage that was women remained almost constant. Also, although women as well as minorities represented an increasing proportion of the growing professional and administrative groups, their representation in the Senior Executive Service lagged behind their representation in the workforce as a whole.

The federal workforce is also noticeably older than it was 10 years ago. The percentage of the workforce that was age 55 or older rose by more than 60% between 1998 and 2008. In 1998, the age grouping with the largest percentage of federal workers was age 45-49; in 2008, the modal age grouping was age 50-54. With a larger percentage of federal workers either eligible or almost eligible to retire, OPM submitted a legislative proposal in March 2008 that would allow agencies in all three branches of government to more easily rehire annuitants without a salary offset. (Currently, unless agencies receive a waiver from OPM, federal retirees who are reemployed by the federal government must have their salaries reduced.) The proposal is similar to H.R. 3579, which would cover only executive branch employees. Other legislation has been introduced in the 110<sup>th</sup> Congress (e.g., H.R. 2780) that would allow certain employees to switch to a part-time schedule at the end of their career without affecting the calculation of their annuities.

The data also illustrate a decline in the dominance of the GS pay system during the last 10 years and a corresponding increase in the use of agency-specific pay systems. If recent trends continue into the future, the GS system will cover less than half of the federal workforce within the next 15 years, and the GS system will be surpassed by agency-specific pay systems shortly thereafter. Several of these single-

agency pay systems are “pay for performance” systems, however, and those systems have been met with resistance from federal employees, unions, and some Members of Congress.<sup>28</sup> Therefore, to the extent that these single-agency systems are based on pay for performance, and to the extent that pay for performance is resisted by Congress and others, the growth in those agency-specific systems could slow in the future.

Perhaps the most surprising statistics, however, involve the “hidden” federal workforce of contractors and grantees. That workforce was estimated to include more than 10.5 million jobs in 2005 — more than twice as large as the combined total of all three branches of government, the U.S. Postal Service, the intelligence agencies, the armed forces, and the Ready Reserve. The number of contractor and grantee jobs was also estimated to have increased by more 50% between 1999 and 2005. If that rate of increase continued for the next six years, the number of federal contractors and grantees could reach nearly 16 million by the year 2011. However, the growth in contracting and grants could slow considerably if the next administration is not as committed to transferring certain federal functions to the private sector as the current Bush Administration.

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<sup>28</sup> See, for example, Laura D. Francis, “Lawmakers Told of Inequities in Federal Pay But Urged to Reject Alternative Pay Systems,” *BNA Government Employee Relations Report*, August 7, 2007, p. 910; and Brittany Ballenstedt, “Defense to Probe Fairness of Pay for Performance System,” *Government Executive*, August 22, 2008.