

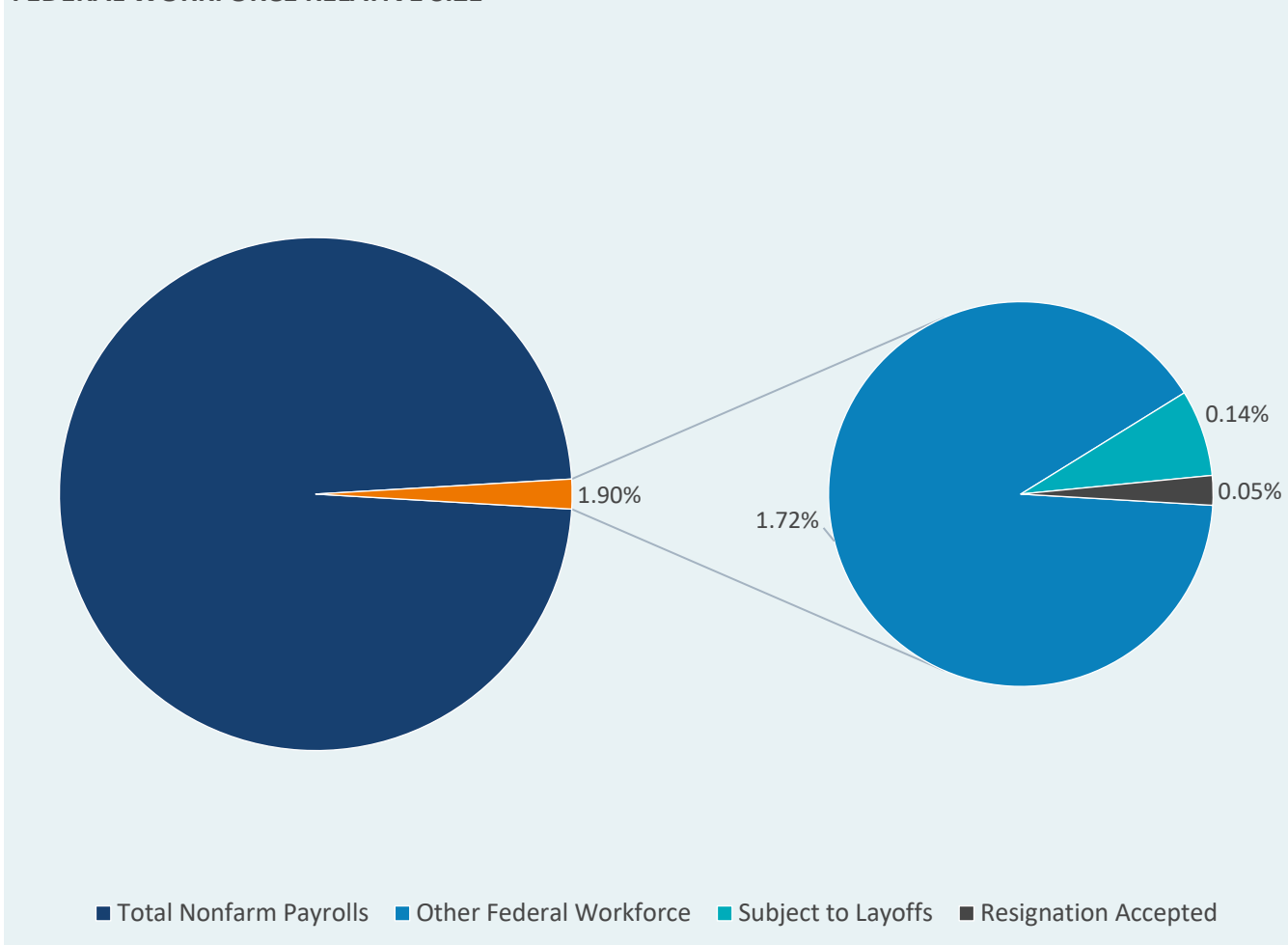
Verus Market Note

How might federal workforce reductions impact the labor market?

President Donald Trump and Elon Musk's Department of Government Efficiency (DOGE) is moving quickly and taking an aggressive approach to cutting both spending and jobs. Unsurprisingly, given the speed of action and unique tactics, many initiatives are being challenged in court. It appears very likely that the Trump Administration will be at least somewhat successful in eliminating what it sees as wasteful spending, effectively reducing the size and scope of the Federal government.

This week's Market Note digs into the scale of potential changes to the Federal Workforce. With Federal Workers making up less than 2% of the overall labor force, a portion of layoffs within this group is unlikely to make waves in the labor market and a spike in unemployment, although certain regions will see a bigger impact. Between the 220,000 (0.14% of the total workforce) that lack civil service protection, and the estimated 75,000 (0.05%) that have so far accepted President Trump's "deferred resignation" offer, these workers represent less than 0.2% of the total labor force. While job losses are always unfortunate, the total impact may be muted and not a concern for the direction of the economy.

FEDERAL WORKFORCE RELATIVE SIZE



Source: BLS as of 1/31/25, Associated Press as of 2/19/25