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What Might Cuts to the Federal Government Workforce Mean for the Fifth District?

By *Stephanie Norris, Santiago Pinto and Sonya Ravindranath Waddell*

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Federal government employment spans the country, but there is a concentration in the District of Columbia and spread through the surrounding counties in Maryland, Virginia, and West Virginia. Historically, the federal government presence has both insulated the region from the effects of economic downturns and also created additional challenges in the case of sequestration in 2013 or during short-lived government shutdowns.

Understanding the economy of the Fifth District, therefore, requires sizing and preparing for any adverse economic impact of cuts in federal government employment and spending. Naturally, the impact of cuts depends both on which agencies are affected and the share of employment in those agencies. Across the board, cuts to departments such as the Department of Defense, Department of the Army, Department of the Navy, and Veterans Affairs have the potential for the most impact on Fifth District regions. There are particular counties and areas that would likely be more affected by federal employment declines than others — not surprisingly, most of those are in the areas immediately around D.C., such as Charles County, Md., or King George County, Va. In addition, many of the federal government jobs are relatively well-educated, well-paying jobs, the loss of which could challenge state and local finances.

Federal Government Presence in the Fifth District

As of January 2025, the Bureau of Labor Statistics (BLS) reported 3,024,000 federal government employees, or 1.9 percent of all employed individuals. This includes about 2.4 million employed by federal agencies and about 600,000 employed by the United States Postal Service (USPS). This does not include the approximately 1.3 million active-duty armed forces members and certain intelligence agencies, such as the Central Intelligence Agency (CIA), National Security Agency (NSA), National Geospatial-Intelligence Agency (NGA), and Defense Intelligence Agency (DIA). If temporary employment related to the decennial census is excluded, federal employment has been below 2 percent of all employment since January 2014.



The Fifth District has a large presence of civilian federal government employment. The chart below takes the number of civilian federal government employees from the Office of Personnel Management (OPM) and compares it to the total number of employees in each state using data from the BLS. The share of state employment is a floor — OPM data do not include some large employing agencies, such as the USPS. In Ohio, for example, about a quarter of federal government workers were employed by the USPS, according to the BLS.

Top 12 States for Federal Government Employment (Q1:2024)

	Total federal government employment	Share of all federal government employment	Share of state employment
District of Columbia	162,144	7.23	21.2
California	147,487	6.58	0.8
Virginia	144,483	6.45	3.5

Source: OPM (federal government employment) and BLS (total state employment); author's calculations.

Notes: The share of state employment is OPM data divided into BLS data, so it is a floor for the share of federal government employment in the state, since OPM does not include USPS or other major sources of federal government employment. See footnote 3 for the treatment of the District of Columbia in the employment data — much of this employment might be in surrounding counties in Virginia and Maryland.

	Total federal government employment	Share of all federal government employment	Share of state employment
Maryland	142,876	6.37	5.3
Texas	129,738	5.79	0.9
Florida	94,014	4.19	0.9
Georgia	79,686	3.56	1.6
Pennsylvania	66,079	2.95	1.1
Washington	56,772	2.53	1.6
Ohio	55,487	2.48	1.0
New York	53,600	2.39	0.6
North Carolina	51,013	2.28	1.0

Source: OPM (federal government employment) and BLS (total state employment); author's calculations.

Notes: The share of state employment is OPM data divided into BLS data, so it is a floor for the share of federal government employment in the state, since OPM does not include USPS or other major sources of federal government employment. See footnote 3 for the treatment of the District of Columbia in the employment data — much of this employment might be in surrounding counties in Virginia and Maryland.

About one-fifth of federal government employment is in the DC-MD-VA region, according to OPM. Although federal government employment numbers in these states are either less than or in line with federal government employment in California or Texas, the economies of Virginia and Maryland are much smaller — thus, the federal government has a much higher share of total employment.

The larger share could have an impact. To illustrate, if we assume for a moment that all federal government employees employed in the states above live in those states, we can use a blanket approach¹ to calculate how much a state's unemployment rate could increase with a 75 percent decrease in federal government employment.² For example, if California experienced a blanket 75 percent reduction in federal government employment, the state's unemployment rate would rise from its current 5.3 percent to 5.9 percent. Virginia's unemployment rate, on the other hand, would almost double from its current 3 percent to 5.4 percent, and the Maryland rate would more than double from 2.4 percent to 5.7 percent.

The impact on the District of Columbia is hard to gauge because of its small size and the fact that some of the federal government employment counted in D.C. is actually in one of the surrounding states.³ An [Urban Institute analysis](#) estimated that a proposed 75 percent reduction would increase the unemployment rate in the Washington, D.C., metro area (which includes parts of Maryland, Virginia, and West Virginia) from 2.8 percent⁴ to 9.6

percent. They also found that the areas that would experience the highest increases in unemployment rates are smaller communities with military installations or bases.

Many federal government jobs in the Fifth District are well-paying jobs with long-tenured employees. The average federal government employee in Virginia earns \$119,277 and almost 60 percent have a bachelor's degree. In comparison, the 2023 annual mean wage in Virginia was about \$70,000 and a little over 40 percent of Virginians age 25 and older have at least bachelor's degree. Importantly, this varies a lot by region — salaries in the Virginia suburbs of Washington, D.C. (Northern Virginia) are a lot higher than those in other parts of the state. Furthermore, the jobs tend to be long-tenured: the average length of service in federal government jobs ranges from 10.6 years (N.C.) to 14.1 years (D.C.).

Earnings, Educational Attainment, and Length of Service of Fifth District Federal Workers

	Average Salary, Federal Government Employees (OPM)	Average Annual Earnings, All Workers (BLS)	Average Length of Service for Federal Government Employees (Years)	Share of Federal Government Employees with At Least an Associate Degree	Share of Federal Government Employees with At Least a Bachelor's Degree
District of Columbia	\$145,489	\$102,380	14.1	71.7	67.5
Maryland	\$137,624	\$69,340	13.9	74.5	69.5
North Carolina	\$87,444	\$63,920	10.6	63.6	52.6
South Carolina	\$86,962	\$60,280	11.0	64.9	55.7
Virginia	\$116,015	\$67,460	12.2	65.8	58.8
West Virginia	\$89,860	\$58,500	11.4	58.6	46.6

Source: OPM, BLS/Haver Analytics; author's calculations.

Which Agencies are Big in the Fifth District?

Defense or defense-affiliated agencies have the largest employment presence the DC-MD-VA area, particularly in Virginia.

Share of Employment in Top 15 Federal Government Agencies in VA, MD, and DC

Virginia	Maryland	District of Columbia
Source: OPM; author's calculations.		

Virginia		Maryland		District of Columbia	
Federal Agency	Share %	Federal Agency	Share %	Federal Agency	Share %
Department of the Navy	31.4	Department of Health and Human Services	28.1	Department of Homeland Security	16.7
Department of Defense	19.5	Department of the Navy	11.9	Department of Justice	13.5
Department of the Army	10.5	Department of the Army	10.6	Department of the Navy	7.2
Department of Veterans Affairs	8.2	Department of Commerce	9.4	Department of State	6.4
Department of Homeland Security	6.0	Department of Defense	7.1	Department of the Treasury	4.8
Department of the Air Force	4.4	Social Security Administration	7.0	Department of Transportation	4.7
Department of Commerce	4.4	Department of Veterans Affairs	4.5	Department of Veterans Affairs	4.6
Department of the Interior	2.1	Department of the Treasury	3.8	Department of Health and Human Services	2.8
Department of Agriculture	1.6	Department of Homeland Security	3.2	Department of Energy	2.7
Department of Transportation	1.6	Department of Agriculture	2.3	Environmental Protection Agency	2.6
National Aeronautics and Space Administration	1.5	National Aeronautics and Space Administration	2.1	Department of Agriculture	2.2
Department of Justice	1.2	Department of the Air Force	1.9	Smithsonian Institution	2.2
Department of Health and Human Services	1.2	Nuclear Regulatory Commission	1.2	Department of Commerce	2.1
National Science Foundation	1.0	Department of Energy	0.8	Department of Housing and Urban Development	1.9
Department of the Treasury	1.0	General Services Administration	0.7	Department of Labor	1.8
Source: OPM; author's calculations.					

Virginia		Maryland		District of Columbia	
Cumulative	95.5	Cumulative	94.7	Cumulative	76.1
Source: OPM; author's calculations.					

The departments of the Navy, Defense, and Army account for about half of all federal government employment in Virginia and almost a third in Maryland. Maryland also houses the headquarters for the Centers for Medicaid and Medicare (CMS), National Institutes of Health (NIH), and the Food and Drug Administration (FDA), thus a large share of employment in the Department of Health and Human Services is in Maryland. The U.S. Census Bureau and the Bureau of Economic Analysis — both Commerce Department agencies — are headquartered in Prince George's County, Md. Although a lot of the employment is concentrated in the D.C. metro area, there are federal agencies with sites across the district. For example, Norfolk, Va., is home to the largest U.S. naval station, which includes both the civilian personnel captured in the OPM data above and the military personnel who are not captured in this data.

Where Do the Federal Government Workers Live?

The available OPM data identify employment by work location rather than location of residence. The most comprehensive, publicly available data showing where federal workers live is the 2023 American Community Survey 5-Year Estimates. As was the case when exploring data by place of work, the states (or state equivalents) with the highest share of civilian workers employed by the federal government are Maryland, Virginia, and the District of Columbia. West Virginia ranked eighth nationally. The Fifth District was home to just 10 percent of all U.S. civilian workers but 22 percent of civilian workers employed by the federal government.

State Rank by Share of Civilian Workers Employed by Federal Government, 2023

Rank (/51)	State/ Jurisdiction	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
1	District of Columbia	371,410	69,940	18.8
2	Maryland	3,133,266	325,201	10.4
3	Virginia	4,258,744	347,959	8.2
4	Hawaii	668,094	46,382	6.9
5	New Mexico	912,332	62,613	6.9

Source: U.S. Census Bureau 2023 American Community Survey 5-Year Estimates; author's calculations. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.

Rank (/51)	State/ Jurisdiction	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
6	Alaska	338,252	22,019	6.5
7	Oklahoma	1,808,400	85,244	4.7
8	West Virginia	740,597	31,802	4.3
9	Alabama	2,229,912	84,348	3.8
10	Montana	539,136	19,558	3.6
...				
23	South Carolina	2,388,777	61,786	2.6
...				
35	North Carolina	4,990,710	108,329	2.2

Source: U.S. Census Bureau 2023 American Community Survey 5-Year Estimates; author's calculations. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.

There are, of course, certain communities that will be more impacted by a cut to federal employment. As illustrated below, 10 counties (excluding D.C.) in the Fifth District account for almost half (46 percent) of the federal government workforce in the district. (See table). Counties like Fairfax (Va.), Montgomery (Md.), and Prince George's (Md.) have very large numbers of residents working for the federal government.

Top Fifth District Counties by Number of Civilian Workers Employed by Federal Government (Excluding D.C.)

Rank	County	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
1	Fairfax County, Virginia	610,330	81,752	13.4
2	Montgomery County, Maryland	559,184	74,040	13.2
3	Prince George's County, Maryland	498,220	70,139	14.1

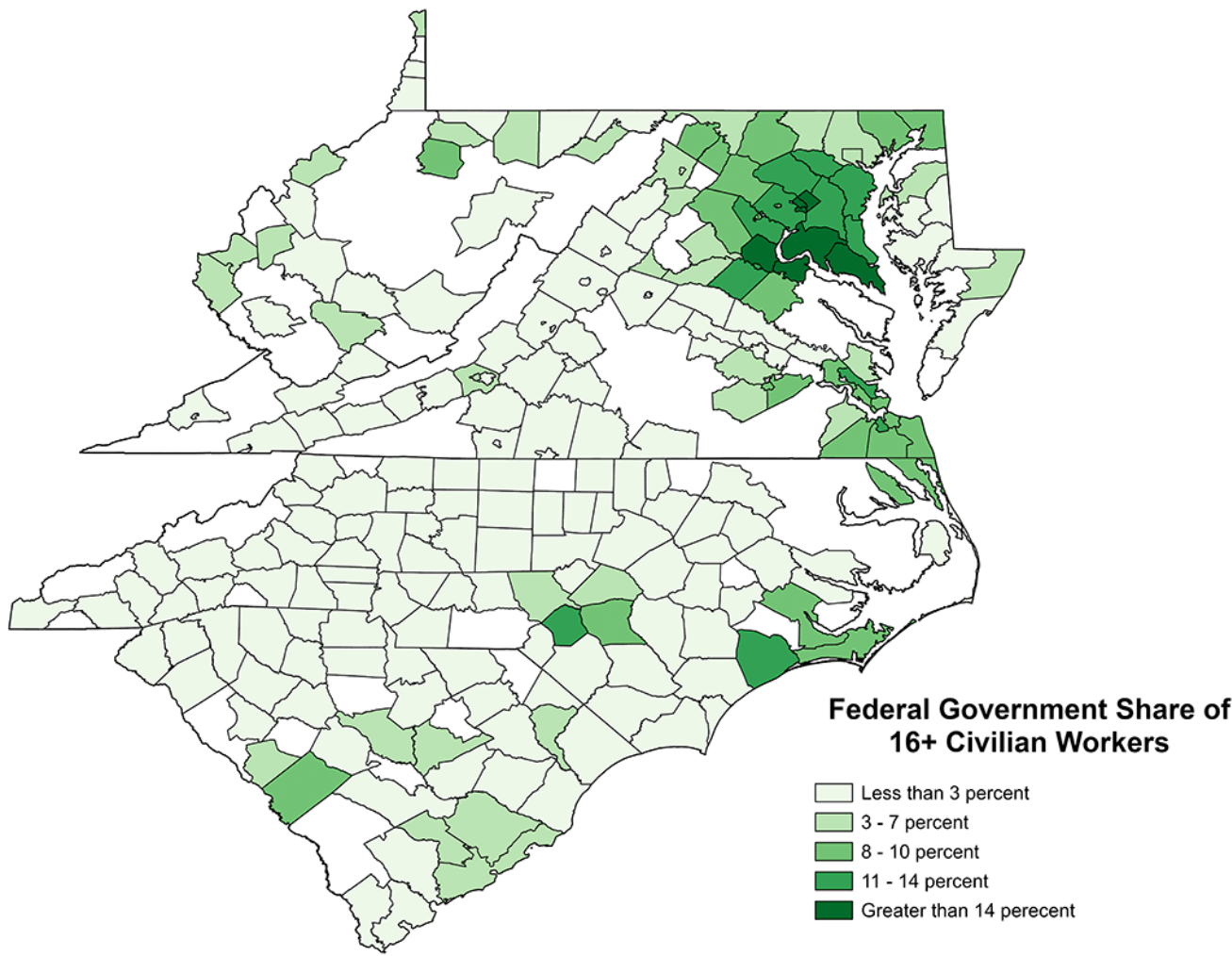
Source: U.S. Census Bureau 2023 American Community Survey 5-Year Estimates; author's calculations. District of Columbia is excluded in county rankings. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.

Rank	County	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
4	Anne Arundel County, Maryland	303,008	35,852	11.8
5	Prince William County, Virginia	249,301	32,197	12.9
6	Arlington County, Virginia	145,584	27,088	18.6
7	Baltimore County, Maryland	428,418	24,953	5.8
8	Howard County, Maryland	174,635	20,620	11.8
9	Loudoun County, Virginia	232,066	20,383	8.8
10	Virginia Beach city, Virginia	223,094	19,014	8.5
Top 10 5E Counties		3,423,840	406,038	11.9
Rest of 5E (Excluding D.C.)		12,088,254	469,039	3.9

Source: U.S. Census Bureau 2023 American Community Survey 5-Year Estimates; author's calculations. District of Columbia is excluded in county rankings. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.

There are also smaller counties that might have a smaller federal government workforce but that workforce plays a disproportionate role in the local economy. These are often the small counties where, as mentioned by the [Urban Institute](#), military installations or bases drive a lot of the economy. For example, Hoke County, which is just outside Fayetteville, N.C., is home to part of the Fort Bragg military installation. This also includes Perquimans County in eastern North Carolina, which is within driving distance of the Virginia Beach-Norfolk-Newport News metro area and is home to some military testing facilities.

Federal Share of Civilian Workers Age 16+ in the Fifth District



Source: U.S. Census Bureau 2023 American Community Survey, 5-Year Estimates; author's calculations. District of Columbia is excluded in county rankings. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.

[Enlarge](#)

20 U.S. Counties by Share of Civilian Workers Employed by Federal Government, 2023

Rank	County	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
1	Los Alamos County, New Mexico	10,346	3,332	32.2
2	King George County, Virginia	13,649	3,235	23.7
3	Charles County, Maryland	85,993	18,760	21.8
4	St. Mary's County, Maryland	56,954	12,079	21.2

Rank	County	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
5	Pulaski County, Missouri	19,195	3,971	20.7
6	Stafford County, Virginia	77,628	15,615	20.1
7	Rio Arriba County, New Mexico	15,834	3,131	19.8
8	Todd County, South Dakota	2,328	440	18.9
9	Alexandria city, Virginia	95,601	17,884	18.7
10	Arlington County, Virginia	145,584	27,088	18.6
11	Glacier County, Montana	4,963	919	18.5
12	Rolette County, North Dakota	4,319	781	18.1
13	Oglala Lakota County, South Dakota	3,100	533	17.2
14	Brewster County, Texas	4,809	810	16.8
15	Roosevelt County, Montana	3,638	612	16.8
16	Falls Church city, Virginia	7,778	1,265	16.3
17	Kitsap County, Washington	121,151	19,622	16.2
18	Bleckley County, Georgia	4,896	790	16.1
19	Apache County, Arizona	18,475	2,976	16.1
20	Kinney County, Texas	1,459	230	15.8

Rank	County	Civilian Workers Age 16+	Civilian Workers Age 16+ Employed by Federal Government	Share of Civilian Workers Age 16+ Employed by Federal Government
Source: U.S. Census Bureau 2023 American Community Survey 5-Year Estimates; author's calculations. District of Columbia is excluded in county rankings. In many cases, margins of error for federal employment estimates are high for small counties; interpret with caution.				

What Will the Impact Be?

There are other ways in which federal government spending affects the Fifth District. For example, Virginia and Maryland (in addition to California and Texas) have consistently been some of the top recipients of federal contract dollars. Furthermore, reductions in research grants and spending on medical or biotech research from the federal government might disproportionately impact regions of the Fifth District such as the Research Triangle in North Carolina. Employment counts in this article are lower-bound estimates, since contractors are paid through federal contract money and there are grant-funded positions throughout the country. A reduction in direct federal government employment and spending will undoubtedly affect D.C., Maryland, and Virginia more extensively than the rest of the country, but much depends on how and where the spending reductions are implemented.

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- 1 We do not account for the type of job cuts or other labor market adjustments in the state, such as employees finding different roles.*
 - 2 We chose 75 percent because of an early proposal to cut the federal workforce by 75 percent and because other analysis has used that criteria.*
 - 3 OPM does not provide detailed location information for a number of Justice and Treasury Department agencies. Employees of these agencies who work in the Washington, DC-MD-VA-WV metropolitan statistical area (see metropolitan statistical area), which includes parts of Maryland, Virginia, and West Virginia, are all reported as working in the District of Columbia (under the United States category). The location of employees in other states is suppressed. Thus, employment in D.C. will be overestimated and employment in other states underestimated.*
 - 4 According to the BLS Local Area Unemployment Statistics, the unemployment rate in the Washington, D.C., metro area in the most recent release (December 2024) was 3.2%.*
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Joseph Mengedoth

Sonya Ravindranath Waddell

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