

Finding New Opportunities for Federal Workers

As the federal government shrinks its payroll, local stakeholders are working to bring displaced employees back into the workforce

BY MATTHEW WELLS

For 25 years, Michael Rodriguez has worked in international public health, most recently leading a multi-country, \$40 million U.S. Agency for International Development funded project to strengthen health care systems in regions plagued by persistent violent conflict, climate disasters, and displaced populations. When the federal government shuttered the agency's operations in February, he found himself furloughed at first and then ultimately let go on March 10.

Within days, Rodriguez came across an advertisement on LinkedIn for NOVAnext, a program offered by Northern Virginia Community College specifically for recently displaced federal workers and contractors. As one of those contractors, he applied immediately for the free program and completed a six-week intensive course on artificial intelligence (AI) in May. "When I stepped back and looked at what had been happening the last couple of years while I was managing projects, AI exploded," he explains. "If you aren't competitive with AI, you can't even get into a conversation about an interview."

Since completing the program, Rodriguez has served as an informal AI consultant for multiple startups in both the development and health care sectors, and he is optimistic that his AI training and certification will lead to paid employment.

The Partnership for Public Service, a nonprofit group working to promote best practices across government, estimates that approximately 148,000 workers left federal government service as of July, with about 68,000 being laid off and 80,000 accepting buyouts. The administration maintains the number accepting buyouts is higher: about 154,000 employees. The director of the Office of Personnel Management suggests that the total reduction in force by the end of the year will reach 300,000. The final numbers, however, are still in flux, as some employees have been placed on administrative leave pending litigation to reverse or halt their dismissal, while others, such as nuclear engineers at the National Nuclear Security Administration, have been rehired.

For those like Rodriguez who are no longer employed by the federal government either directly or through a contract, stakeholders are developing programs to bring them back into the workforce as quickly as possible. State and local governments are tailoring hiring initiatives specifically for former federal workers and contractors with potentially transferable skills. Universities and community colleges are

also making it easier and more affordable for these workers to transition into new careers in education, nonprofits, or the private sector by offering free or reduced tuition across advanced degree programs and courses for certification in new skills such as teaching, information technology, or program management.

While layoffs across the federal government of this pace are unprecedented (the other significant downsizing occurred during the Clinton administration, which eliminated about 400,000 positions over its first five years), other sectors of the economy have grappled with dramatic workforce reductions before. Steel and auto manufacturing across the industrial Midwest shed over 800,000 jobs during the 1970s and 1980s, and thousands of workers in North Carolina's furniture industry lost their jobs in recent decades. For regions of the United States with high concentrations of federal workers, do these previous episodes offer any guidance for local policymakers wanting to bring the recently unemployed back into the workforce as quickly as possible?

THE FEDERAL WORKFORCE LANDSCAPE

At the end of 2024, about 3 million federal workers (nearly 2 percent of the nation's civilian workforce) were spread across the country working in all areas of public life, from national park rangers to epidemiologists tracking the spread of infectious diseases at the Centers for Disease Control and Prevention (CDC). The Department of Defense employed about 762,000 civilians at the end of last year, making it the largest federal agency, while the smallest, the Department of Education, employed only 4,245 people. Tracking the number of federal contractors like Rodriguez is much more difficult, although estimates have ranged between 4.6 million and 5.3 million.

In the Fifth District, about 454,000 federal government jobs are in the Washington, D.C., metro area. As such, they constitute a larger percentage of the workforce in D.C. (24.6 percent), Maryland (5.4 percent), and Virginia (4.4 percent) than most other states.

Between January and August 2025, Maryland's federal workforce shrank by 9 percent, Virginia's by 5.9 percent, and D.C.'s by 4.5 percent, according to data from the Bureau of Labor



NOVAnext is a free program at Northern Virginia Community College that offers short-term credential courses for recently displaced federal workers and contractors. The program launched in March 2025, and 600 individuals enrolled in the program within five months.

Statistics (BLS). The Department of Labor also reported that initial unemployment compensation claims by federal workers in D.C. began to rise in mid-January — a common occurrence during a presidential transition — peaking the week of Feb. 15. That same week, Maryland experienced a dramatic spike in filings of 334.8 percent over the week before, and again in June and July when claims spiked 752 percent over a three-week period. D.C. also had its largest jump (439 percent) around that same period, and Virginia experienced its most prominent spike in early July (535 percent). Overall, as of the first week of September, initial unemployment claims by federal workers in D.C., Maryland, and Virginia were up 789 percent, 592 percent, and 69 percent, respectively, since January. In addition to the difficulty determining the total number of federal contractors, it is equally challenging to assess how many such workers have been displaced because of the government's downsizing. Still, their circumstances in this case largely mirror those who worked directly for the government.

Continuing unemployment compensation claims by federal workers grew throughout the year, particularly in D.C. and Maryland. In early January, federal workers filed about 150 continuing claims in each of the three jurisdictions. As of mid-August, about 1,600 continuing claims were filed in D.C., about 600 in Maryland, and about 200 in Virginia. (See figure.) Total claims — both initial and continuing — may continue to rise through the fall and beyond as those who accepted the administration's buyout offer leave their positions.

For an economy as robust as the United States', the total anticipated reduction of about 300,000 jobs spread over time and across the country are unlikely to produce any significant negative macroeconomic effects. However, analysts note that this may not be the case at the regional level. Research has shown that increasing the number of high-skilled workers in an area creates positive economic spillovers through stronger demand for local goods

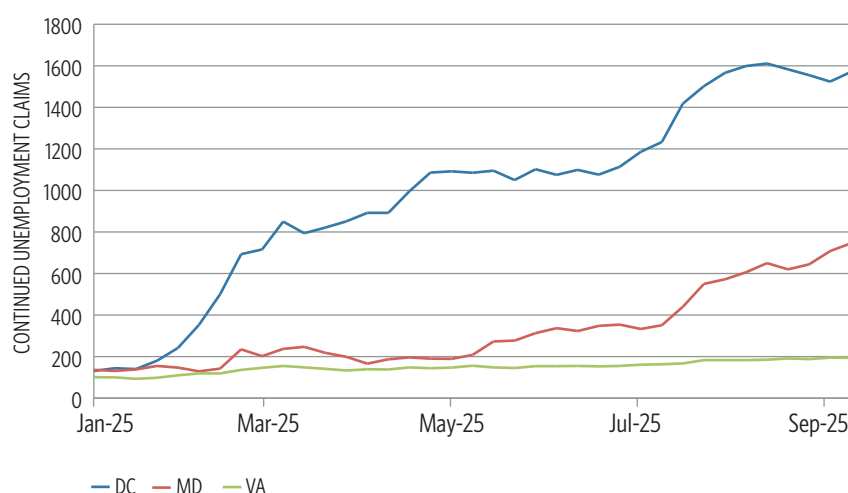
and services. The opposite could also be true, with layoffs of high-skilled workers creating negative spillovers. But in a recent *Economic Brief*, Richmond Fed economists Katarína Borovičková and Claudia Macaluso examined the effect of the current federal layoffs on local economies and found they have had only a modest negative effect, even in government-heavy regions like the Washington, D.C., area. However, they noted that it is still early in the layoff process, and a relatively strong labor market at the beginning of the year may have allowed a portion of those laid off to transition to new employment with relatively little disruption.

HIRING AND TRAINING INITIATIVES TAKE SHAPE

There are signs that former federal workers and contractors are in demand from other employers. For those who want to remain in public service, Work for America, a nonprofit founded in 2024, connects these workers to state and local government hiring managers through its Civic Match

Unemployment Claims Rise for Federal Workers

Weekly filings of continued unemployment claims for federal workers



NOTE: Data are through the week of Sept. 13, 2025.

SOURCE: Employment and Training Administration, U.S. Department of Labor

program. In addition to free access to a job board with state and local government job openings, the program also hosts virtual regional career fairs, as well as fairs centered on particular jobs and skill sets, including communications and public engagement, public health, and finance.

State governments have also responded with new initiatives aimed at encouraging displaced workers to consider applying to open positions in their offices. New York, for example, has over 7,000 open government positions and launched the “You’re Hired!” campaign in early March by posting advertisements in Washington D.C.’s Union Station. Pennsylvania, Maryland, and Virginia — all of which have significant numbers of federal workers — have also started similar targeted hiring initiatives.

The classroom is another potential landing spot for laid-off workers. Virginia has over 3,200 unfilled K-12 teaching positions, while Maryland has over 1,600 such vacancies. To help fill the gap in Maryland, Towson University began the IMAGINE: A Pathway to Teaching program this summer. The weeklong intensive training session funded through a \$1 million grant from the Maryland Higher Education Commission allows participants to gain a conditional license, which, if completed over the summer, puts them in a classroom this school year while they continue to pursue their full credential.

For those looking to transition into the private sector, state and local entities are also creating opportunities to assist in preparing individuals for the job search and gain new in-demand skills. Montgomery County, Md., for example, recently used \$700,000 to open the Mobilize Montgomery Federal Workforce Career Center, where transitioning federal workers can get help with professional development, job placement, executive coaching, and resumes.

Some D.C. area colleges and universities are also expanding opportunities for these workers to gain new skills or education. Georgetown University is offering tuition discounts as well as career counseling for students enrolling in many of its master’s and short-term professional certification courses.

Northern Virginia Community College’s NOVAnext, the program where Rodriguez earned his AI certification, started accepting applications in March. Along with that course, it also offers a number of other short-term credential courses in areas such as project management and human resources. Steven Partridge, the vice president for strategy, research, and innovation at the college, stated the initiative had an original goal of serving 1,000 individuals, and 600 were already in the program after just five months. “We knew we wanted to give back. We did not want to lose this talent,” he says. For those who lost their job, “we wanted to quickly get them reengaged, get them some relevant skills that we knew employers were still hiring on.”

BARRIERS TO (RE)ENTRY

For workers hoping to remain in public service, the process can be complicated by several factors, including compensation and qualification discrepancies, slow-moving bureaucracies, and budgeting. In terms of compensation, *Marketplace* reported in March that workers looking at state and local

government jobs are finding salaries well below what they made at the federal level — as much as \$60,000 less. This might be particularly true for those considering pivoting to teaching, where the average first-year salary in Virginia and Maryland is between \$49,500 and \$52,600. Even if the salary is similar, a job may not carry the same benefits, as paid parental leave is not always provided, and prior government service may not count for retirement purposes.

States may not weigh federal experience equally to state-level experience in job applications, though Pennsylvania recently ordered its agencies to do so. Also, those with advanced degrees, including Ph.D.s with previous college or university-level teaching experience, still need to take the time to enroll in credentialing programs before they can be qualified to teach at the K-12 levels. “If you’re an epidemiologist at the CDC, you likely have the skills needed to teach biology at a high school,” observes Laura Ullrich, the director of economic research at Indeed, one of the largest online job listing sites. However, “the process of getting certified to teach is not as easy as it might need to be for that substitution to make sense,” she says.

Bureaucratic delays can be another hurdle. The average time it takes to get hired in state government is 96 days; for local government, it is 130 days. Both are longer than the 80-day timeframe for hiring in the federal government. To compete for those workers who may want to make the transition to state government, several states — including Maryland and Virginia — are fast-tracking those efforts. For example, earlier this year Maryland Gov. Wes Moore announced an initiative to streamline the hiring process for critical and hard-to-fill positions in state government, such as accountants, human resource and procurement officers, and fiscal account technicians.

But just as the federal government has been shrinking its headcount, state and local governments have encountered budget realities that limit their ability to get the workers they need. Maryland’s efforts to fill some of its 5,000 open state positions were stymied shortly after the announced streamlining efforts by a budget shortfall that necessitated a hiring freeze, locking out many who were already in the hiring pipeline.

For those looking at private sector employment, the current landscape is equally uncertain. Ullrich notes that job postings in industries requiring similar skill sets as those for many government positions lag behind those in other industries like health care, which is adding jobs. “If your current role aligns best with business and professional services, which many jobs in the federal government do, and you were going to switch sectors, there’s very little action in that labor market,” she argues. “It’s extremely stagnant.”

Data from Indeed indicate that even as there are fewer jobs available for displaced federal employees, more of them are looking for work: Profiles by former federal workers have continued to increase sharply throughout most of the year, while the number of actual job applications started by those workers has been declining since April.

In the Washington, D.C., region in particular, private sector employment in these industries is struggling. Data from the

labor departments of Maryland, Virginia, and D.C. indicate that as of late August, private firms in those jurisdictions announced that almost 7,500 positions in public administration and professional, scientific, and technical services were slated for elimination.

PREVIOUS SECTORAL LOSSES

This is not the first time sectors of the economy have experienced significant job losses. Shifting trade patterns and policies, economic conditions, and technological innovations have all prompted policymakers at one time or another to step in to provide assistance to those displaced through no fault of their own.

The steel and auto industries of the upper Midwest have been dealing with layoffs for decades. According to a 2007 paper by economists James Feyrer and Bruce Sacerdote of Dartmouth College and Ariel Stern of the Hasso Plattner Institute, the auto and steel industries lost over 500,000 and 350,000 jobs, respectively, between 1977 and 1987. These losses were particularly devastating in concentrated areas, as most occurred in about 140 of the country's approximately 3,000 counties.

Cities like Cleveland were hit hard. According to a 2011 Brookings Institution report, the city lost over 110,000 manufacturing jobs, or over 42 percent of the sector's local workforce. For those who were laid off at General Motors, Ford, or Chrysler, the federal government provided unemployment benefits through the Trade Adjustment Assistance (TAA) Act, as the Department of Labor determined their jobs were lost due to foreign competition. Local business leaders and community colleges engaged in several initiatives to retain those workers and train them on new technologies, but those efforts focused almost exclusively on manufacturing, an industry that was also declining because of larger macroeconomic forces that moved those jobs abroad.

While unemployment rates spiked in these regions, they generally returned to the U.S. average within five years. However, this return to previous unemployment rates did not happen because new jobs arrived or labor force participation increased in places like Cleveland. Instead, they occurred because those who lost jobs moved to other regions of the country where they might be able to find work.

Furniture manufacturing was another sector of the American economy disrupted by international competition. Concentrated primarily in North Carolina, the industry employed about 90,000 workers as of 1990. (See "The Rise and Sudden Decline of North Carolina Furniture Making," *Econ Focus*, Fourth Quarter 2020.) That number had been cut in half by 2009, due in large part to China's entry into the sector. Amid those losses, between 2002-2003, the

federal government sent \$4 million to affected regions in the state for reemployment programs focused on job search assistance, skill retraining, and career counseling. To further facilitate rehiring, the state's community college system developed a new program — the first of its kind in the country — where it worked with employers in the region to develop training programs specifically tailored to their needs. In this case, government at various levels and local stakeholders sought solutions to get displaced workers back into the workforce.

Overall, these retraining programs, particularly those tied to U.S. TAA, have seen mixed results. Studies from the 1990s consistently showed they did not significantly benefit TAA recipients relative to nonbeneficiaries in terms of reemployment and income levels; instead, recipients were further behind on those outcomes. A later analysis from 2008 found improvement in reemployment outcomes but lower wages. However, a 2012 report by Mathematica, a policy analysis firm, and Social Policy Research Associates found TAA programs had no effect on wages, although beneficiaries did have higher employment rates than nonbeneficiaries four years or more after they were fired.

IS THIS TIME DIFFERENT?

Despite the different causes for layoffs across the public and private sectors, local policymakers and businesses must still grapple with the same effect — higher unemployment — and they are now doing their best to adjust to a new reality.

For these communities to keep these workers, there need to be jobs for them to fill. The D.C. region is already full of white-collar workers at private companies, many of whom may be dependent on government contracts. And as the data from Indeed indicate, job openings in these areas, at least in the short term, are also becoming scarcer. In the long run, however, there is reason for optimism. Many workers, like Rodriguez, have college and graduate degrees. This should be helpful, as he and thousands of others are pivoting into the job market from the other end of the spectrum as the workers who lost jobs in manufacturing.

"College seems to be really protective against long-term unemployment," says Urvi Neelakantan, a senior policy economist at the Richmond Fed. "You have a broader skill set that makes you more agile and more able to find other jobs."

If the downsizing of the federal workforce in the D.C. area is long-lasting, however, those new jobs may need to be found elsewhere, prompting displaced workers to move to other cities where their talents can be put to use. **EF**

Editor's Note: This article was published online on Nov. 6, 2025, and all data are current as of that date.

READINGS

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