Recent Trends in Federal Civilian Employment and Compensation

What GAO Found

From 2004 to 2012, the federal non-postal civilian workforce grew by 258,882 employees, from 1.88 million to 2.13 million (14 percent). Permanent career employees accounted for most of the growth, increasing by 256,718 employees, from 1.7 million in 2004 to 1.96 million in 2012 (15 percent). Three agencies—the Departments of Defense (DOD), Homeland Security (DHS), and Veterans Affairs (VA)—accounted for about 94 percent of this increase. At DOD, officials said that converting certain positions from military to civilian, as well as the growth of the agency’s acquisition and cybersecurity workforce, contributed to this overall increase. At VA, officials said the increased demand for medical and health-related services for military veterans drove most of the growth in personnel levels. DHS officials said the increase in employment was due in large part to the nation’s border security requirements. (In contrast, ten agencies had fewer career permanent employees in 2012 than they did in 2004). Government-wide, most of the increase in employment from 2004 to 2012 occurred within occupational categories that require higher skill and educational levels. These categories include professional occupations (e.g., doctors and scientists), and administrative occupations (e.g., financial and program managers), as opposed to clerical, technical, and blue collar occupations (which remained stable). In terms of turnover, retirement rates remained relatively flat (at around 3.5 percent) from 2004 until the start of the recession in December 2007. Retirement rates fell to a low of around 2.5 percent during the recession in 2009, and then increased to pre-recession rates in 2011 and 2012. With respect to retirement eligibility, of the 1.96 million permanent career employees on board as of September 2012, nearly 270,000 (14 percent) were eligible to retire. By September 2017, nearly 600,000 (around 31 percent) will be eligible to retire, government-wide.

Spending on total government-wide compensation for each full-time equivalent (FTE) position grew by an average of 1.2 percent per year, from $106,097 in 2004 to $116,828 in 2012. Much of this growth was driven by increased personnel benefits costs, which rose at a rate of 1.9 percent per year. Other factors included locality pay adjustments, as well as a change in the composition of the federal workforce (with a larger share of employees working in professional or administrative positions, requiring advanced skills and degrees). In terms of employee pay per FTE, spending rose at an average annual rate of 1 percent per year (a 7.9 percent increase overall). However, as a proportion of government-wide federal discretionary spending, spending on compensation remained constant from 2004 to 2010 (at 14 percent), with slight increases in 2011 and 2012.

While the federal civilian workforce grew in size from 2004 to 2012, most of the growth was concentrated in three federal agencies and was driven by the need to address some of the nation’s pressing priorities. At the same time—as GAO reported in February 2013—large numbers of retirement-eligible employees in the years ahead may be cause for concern: Their retirement could produce mission critical skills gaps if left unaddressed. As GAO reported in its February 2013 High Risk update, strategic human capital planning that is integrated with broader organizational strategic planning will be essential for ensuring that—going forward—agencies have the talent, skill, and experience mix they need to cost-effectively execute their mission and program goals.