

# Impact of Federal Firings Analysis

This analysis shows the potential impacts of terminating 200,000 federal government workers nationwide on the District of Columbia’s economy and tax revenue. First, we estimate that for every 50,000 federal workers nationwide who are let go from their jobs, approximately 1,600 District residents who are federal employees are affected, and the District’s unemployment rate increases by roughly 0.4 percentage points. Second, the District’s tax revenue for Fiscal Year 2025 would be expected to decline as residents earn less income. However, the actual impact of the job cuts could be significantly higher or lower, depending on where the jobs being cut are located; the estimates in the tables demonstrate the potential magnitude of nationwide federal firings and should not be interpreted as precise estimates.

Scenario	Number of Federal Workers in DC Impacted	Number of DC Resident Federal Workers Impacted	Percent of Total DC Federal Workforce Impacted	Impact on DC Resident Unemployment Rate
All 200k Federal Workers on Probation Get Terminated	15,796	6,564	8.3%	1.6%
50k (25% of 200k) of Federal Workers on Probation Get Terminated	3,949	1,641	2.1%	0.4%

**NOTE: On average, there are approximately 22,000 workers that leave their jobs, 38,000 job openings, and 2,540 new unemployment insurance claims a month.**

Overall, we estimate the impact to the District’s unemployment rate is an increase of about 0.4 percentage points for every 50,000 federal workers that are terminated. The District’s December 2024 unemployment rate was 5.5 percent; with the baseline scenario of 50,000 firings that rate would increase to approximately 5.9 percent, and the topline scenario of 200,000 firings would increase to 7.1 percent. For context, every month in the District there are approximately 22,000 workers who leave their job, and about 38,000 job openings. The District’s unemployment system has also averaged about 2,500 new filings every month over the past year.

<b>Table 2. Revenue Impact of Nationwide Federal Firings</b>	
<b>Scenario</b>	<b>Potential Revenue Impact in FY 2025</b>
All 200k Federal Workers on Probation Get Terminated	-\$25.7 Million to -\$35.7 Million
50k (25% of 200k) of Federal Workers on Probation Get Terminated	-\$4.5 Million to -\$14.5 Million

Table 2 shows both the baseline and topline scenario of 50,000 and 200,000 federal government workers being terminated from their jobs, respectively. For the topline scenario in which all 200,000 probationary federal workers are let go, District revenues are estimated to decline by a range of \$25.7 million to \$35.7 million in Fiscal Year 2025 (this includes both tax revenue such as income tax revenue, as well as non-tax revenue such as permit fees). This initial decline could be followed by an increase in revenues in the following fiscal year, if the fired employees are reabsorbed into new jobs in the private sector. This analysis assumes the fired workers are out of work for a full calendar year and receive the maximum unemployment insurance benefits.

While this analysis looks at the potential impact on the District from the firing of federal probationary employees, the analysis can also be applied to any large reduction in federal employment. In other words, if 50,000 non-probationary employees are terminated, the same estimates in this analysis would apply. An appendix at the end of this memo provides estimates for additional scenarios. However, this analysis does not include the impact of other potential cuts, such as a reduction in federal contracting or federal grants in the District.

Appendix Tables

<b>Table 1a. Impact of Nationwide Federal Firings</b>					
<b>Scenario</b>	<b>Number of Federal Workers in DC Impacted</b>	<b>Number of DC Resident Federal Workers Impacted</b>	<b>Percent of Total DC Federal Workforce Impacted</b>	<b>Potential New DC Unemployment Rate</b>	<b>Percentage Point Increase in Unemployment from December 2024 (5.5%)</b>
All 200k Federal Workers on Probation Get Terminated	15,796	6,564	8.3%	7.1%	1.6%
150k (75% of 200k) of Federal Workers on Probation Get Terminated	11,847	4,923	6.2%	6.7%	1.2%
100k (50% of 200k) of Federal Workers on Probation Get Terminated	7,898	3,282	4.1%	6.3%	0.8%
50k (25% of 200k) of Federal Workers on Probation Get Terminated	3,949	1,641	2.1%	5.9%	0.4%
<b>NOTE: On average, there are approximately 22,000 workers that leave their jobs, 38,000 job openings, and 2,540 new unemployment insurance claims a month.</b>					

<b>Table 2a. Revenue Impact of Nationwide Federal Firings</b>	
<b>Scenario</b>	<b>Potential Revenue Impact in FY 2025</b>
All 200k Federal Workers on Probation Get Terminated	-\$25.7 Million to -\$35.7 Million
150k (75% of 200k) of Federal Workers on Probation Get Terminated	-\$18.6 Million to -\$28.6 Million
100k (50% of 200k) of Federal Workers on Probation Get Terminated	-\$11.6 Million to -\$21.6 Million
50k (25% of 200k) of Federal Workers on Probation Get Terminated	-\$4.5 Million to -\$14.5 Million