

FACT SHEET ON THE NEW TRUE SIZE OF GOVERNMENT

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Even as Democrats and federal employee unions battle the Bush Administration's proposal to put thousands of federal jobs up for competition with the private sector, the government's largely-hidden workforce created through contracts and grants has reached its highest level since before the end of the Cold War. According to new estimates generated on behalf of the Brookings Institution's Center for Public Service, federal contracts and grants generated just over 8 million jobs in 2002, up from just under 7 million in 1999, and 7.5 million in 1990.

When these "off-budget" jobs created by contracts and grants jobs are added to the "on-budget" headcount composed of civil service, uniformed military personnel, and postal service jobs, the "true size" of the federal workforce stood at 12.1 million in October, 2002 up from 11 million in October 1999. The 2002 true size of government is still smaller than it was at the end of the Cold War in 1990, but is only smaller because of a nearly a reduction of nearly 1 million civil service and uniformed military jobs over the 1990s, almost all of which were cut at the Departments of Defense and Energy, and the National Aeronautics and Space Administration.

According to estimates of the contract and grant workforce compiled by EagleEye Publishers on behalf of the Center for Public Service, the federal government has now added back more half of the headcount savings produced by the end of the Cold War. All totaled, the end of the Cold War produced a reduction of more than 2 million on- and off-budget jobs at Defense, Energy, and NASA by 1999.

Even as the cuts were underway at these three agencies, the federal government added roughly 300,000 non-defense-related on- and off-budget jobs back into government between 1993 and 1999, and nearly 550,000 non-defense-related jobs in the three years since. In addition, increased defense spending has produced roughly 500,000 new defense-related jobs since 1999. When all the jobs are totaled, the federal government has added back all but 500,000 of the jobs cut after the Cold War. Throughout this period, the federal civil service has continued to shrink.

Although some of the post-1999 growth occurred in the final year of the Clinton administration, most of the 1.1 million new on- and off-budget jobs appear to reflect increased spending since the Bush Administration entered office. Many of these jobs have been added at agencies involved in the war on terrorism, but many have also been added at domestic agencies such as Health and Human Services. The number of contract workers would have been even higher, and the civil service cuts even deeper, had the Bush Administration won the battle to

contract out roughly the passenger and baggage screener jobs created by the new Transportation Security Administration. Although it lost the battle over the screener jobs, the Transportation Security Administration uses contractors to recruit and hire the workforce and manage day-to-day personnel administrative. (The \$554 million recruitment contract went to a consortium of California government agencies, while the \$224 million administration contract went to Accenture, a private consulting firm.) The Bush Administration and its allies in the Republican House of Representatives also won the battle to allow contractors to operate the checkpoints at five airports, including Kansas City and San Francisco International.

The charts that follow are based on headcounts of federal civil service, military personnel, and postal workers that come from various federal databases, including the president's annual budget, the Office of Personnel Management's "Fact Book" of federal civilian workforce statistics. The contractor and grantee workforces are estimated derived from the U.S. Bureau of Economic Analysis' input/model of the U.S. economy—simply put, the estimating methodology is designed to assign an employment figure for each transaction recorded in either the Federal Procurement Data System, which records contract activity, or the Federal Assistance Awards Data System, which records grant activity. As such, the contract and grant information should only be viewed as an estimate of total employment. Readers should note that inconsistencies in the federal procurement database were discovered in the latest analysis, which altered the 1999 results reported in the Center's last triennial survey.

Since the same method has been used to calculate the tables discussed below, readers can assume that the trend lines are accurate representations of the decline, then growth in the contract and grant-generated workforce. Although some may dispute the exact numbers of contract- and grant-generated jobs, the trend lines strongly suggest that government is now growing, almost entirely in off-budget jobs that are invisible to the American public in federal budget and headcount documents.

When coupled with the hard headcounts from federal sources, the estimates produce five major findings on the true size of the government workforce:

The true size of government is growing again.

According to table 1, the true size of government has grown by 1.1 million jobs since 1999. Although military personnel and postal employment inched up during the period, almost all of the growth has occurred in two categories: contract and grant-generated jobs.

The federal workforce remains a very large presence in the labor force, and is getting larger.

Using the Center's 1996 estimate of the state and local mandate workforce, which has almost certainly increased with passage of the annual testing requirements in the No Child Left Behind Act, and with added responsibilities associated with the raising and lowering of the terror alert, the true size of the federal government could easily now stand at roughly 17 million, if not more. It is important to note that the estimate of mandate-

created jobs is based on a survey of state and local employees, and reflects perceived burdens.

The true size of government is neither good nor bad in an objective sense—it merely is the total workforce required to deliver the promises the federal government has made. According to a 1999 public opinion survey conducted by Princeton Survey Research Associates on behalf of the Center for Public Service, roughly two in five U.S. households contain someone who works either directly for the federal government, or indirectly through contracts, grants, or mandates.

The federal civil service is not the source of the growth.

As table 1 also shows, civil service employment actually fell by almost 50,000 jobs from 1999 to 2002. During the same period contract-generated jobs went up by more than 700,000 jobs and grant-generated jobs by 333,000.

The “peace dividend” from the Cold War is now half gone.

As table 2 shows, the true size of the federal workforce fell almost 1.5 million between 1990 and 1999. However, as tables 3 and 4 show, the decline was driven almost entirely by a reduction of nearly 2 million jobs from Defense, Energy, and the National Aeronautics and Space Administration, the three federal agencies most directly affected by the sharp decline in defense spending and bomb making at the end of the Cold War. Employment in non-defense agencies actually increased by more than 300,000 jobs during the 1990-1999 period as the Clinton Administration “spent” part of the peace dividend on domestic priorities.

The true size of government is now growing in all areas, defense and non-defense.

As tables 3 and 4 show, the growth in contract and grant-generated employment has occurred in all areas of government except for Energy, NASA, and several domestic agencies. By itself, the Department of Defense accounts for roughly 500,000 of the new contract and grant-generated jobs, while domestic agencies account for slightly more. The growth in defense has come entirely through contracts, while the growth in non-defense has been split one-third/two-thirds through contracts and grants respectively. It is impossible to calculate how many of these jobs were created through congressional earmarks of one kind or another.

Manufacturing jobs account for the largest increase in the contract workforce.

Increased defense spending for weapons systems accounts for a large share of the increased contract workforce. Service contract jobs grew the fastest at the General Service Administration, largely driven by the agency’s role as a government-wide purchaser of information technology services.

Table One: The True Size of the Federal Government, 1999-2002

	<i>1999</i>	<i>2002</i>
Total Civil Servants	1,802,000	1,756,000
Total Contractors	4,441,000	5,168,000
Total Grantees	2,527,000	2,860,000
Total Military Personnel	1,386,000	1,456,000
Total Postal Service	872,000	875,000
TOTAL TRUE SIZE OF GOVERNMENT	11,028,000	12,115,000
State and Local Mandated Employees (1996 estimate)	4,650,000	4,650,000
TOTAL TRUE SIZE w/ MANDATED EMPLOYEES	15,678,000	16,765,000

Table Two: The True Size of Government Total, 1990, 1993, 1999, and 2002

<i>Measure</i>	<i>1990</i>	<i>1993</i>	<i>1999</i>	<i>2002</i>	<i>Change 1999- 2002</i>	<i>Change 1990- 2002</i>
1. Federal civil servants	2,174,000	2,139,000	1,802,000	1,756,000	-46,000	-418,000
2. Contractor jobs	5,058,000	4,884,000	4,441,000	5,168,000	727,000	110,000
3. Grantee jobs	2,416,000	2,400,000	2,527,000	2,860,000	333,000	444,000
4. Uniformed military personnel	2,106,000	1,744,000	1,386,000	1,456,000	70,000	-650,000
5. Postal service jobs	817,000	820,000	872,000	875,000	3,000	58,000
The True Size of Government	12,571,000	11,987,000	11,028,000	12,115,000	1,087,000	-456,000

Table Three: The True Size of Defense, Energy, and NASA

<i>Measure</i>	<i>1990</i>	<i>1993</i>	<i>1999</i>	<i>2002</i>	<i>Change 1999-2002</i>
1. Federal civil servants	1,080,000	1,080,000	720,000	700,000	-20,000
2. Contractor jobs	4,390,000	4,020,000	3,520,000	4,080,000	560,000
3. Grantee jobs	40,000	187,000	130,000	63,000	-67,000
4. Uniformed military personnel	2,106,000	1,744,000	1,386,000	1,456,000	70,000
5. Postal service jobs	0	0	0	0	0
Adjusted True Size of Government in Defense, Energy, and NASA	7,616,000	7,031,000	5,756,000	6,299,000	543,000

Table Four: The True Size of the Non-Defense-Related Government

<i>Measure</i>	<i>1990</i>	<i>1993</i>	<i>1999</i>	<i>2002</i>	<i>Change 1999-2003</i>
1. Federal civil servants	1,094,000	1,059,000	1,082,000	1,056,000	-26,000
2. Contractor jobs	668,000	864,000	921,000	1,088,000	167,000
3. Grantee jobs	2,376,000	2,213,000	2,397,000	2,797,000	400,000
4. Uniformed military personnel	0	0	0	0	0
5. Postal service jobs	817,000	820,000	872,000	875,000	3,000
Adjusted True Size of Government in non-defense-related departments and agencies	4,955,000	4,956,000	5,263,000	5,816,000	+544,000

Table Five: Manufacturing and Service Contractor Jobs, 1990-2002

<i>Measure</i>	<i>1990</i>	<i>1993</i>	<i>1999</i>	<i>2002</i>
Manufacturing Jobs	2,402,000	1,970,000	1,476,000	2,145,000
Service Jobs	2,656,000	2,914,000	2,965,000	3,023,000
Defense Manufacturing Jobs	2,026,000	1,581,000	1,203,000	1,723,000
Defense Service Jobs	1,420,000	1,512,000	1,562,000	1,636,000
Energy Manufacturing Jobs	84,000	51,000	48,000	43,000
Energy Service Jobs	538,000	572,000	418,000	427,000
NASA Manufacturing Jobs	146,000	134,000	72,000	153,000
NASA Service Jobs	177,000	174,000	154,000	226,000
HHS + SSA Manufacturing Jobs	1,000	4,000	4,000	34,000
HHS + SSA Service Jobs	50,000	83,000	124,000	136,000
GSA Manufacturing Jobs	18,000	20,000	21,000	42,000
GSA Service Jobs	61,000	91,000	133,000	215,000
VA Manufacturing Jobs	9,000	17,000	11,000	17,000
VA Service Jobs	36,000	45,000	53,000	85,000
Justice Manufacturing Jobs	7,000	7,000	12,000	14,000
Justice Service Jobs	24,000	40,000	72,000	83,000
EPA Manufacturing Jobs	1,000	1,000	1,000	1,000
EPA Service Jobs	43,000	34,000	29,000	24,000