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Personnel Reform and the Federal Workforce

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Abstract

This paper examines the effects of the 2025 U.S. federal personnel reforms. Using a difference-in-differences design, we document a persistent decline in federal employment, employee engagement, and job satisfaction, alongside a temporary increase in burnout and job search activity. Subjective well-being also declines and remains depressed, indicating spillovers beyond the workplace. Effects are heterogeneous by political affiliation, with large responses among Democrats and Independents and muted responses among Republicans. We find no evidence of partisan differences in attrition, suggesting that deteriorating attitudes did not translate into sustained labor market exits or changes in workforce composition.

Keywords: federal workforce; civil service reform; employee engagement; job satisfaction; public sector; Gallup Workforce Panel.

JEL Codes: J45; J28; H83; J24.

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1 Introduction

Large administrative reforms are typically evaluated through their implications for fiscal costs, government size, and, ultimately, state capacity. Yet state capacity is not produced by institutions and resources alone. A substantial literature emphasizes that it also depends on the incentives, effort, and retention of the bureaucrats who implement policy on a daily basis (Besley and Persson, 2009; Finan et al., 2017; Williams, 2026). Bureaucrats are thus a central input into state capacity, shaping how policy intent translates into realized outcomes. Reforms that reorganize administrative structures may therefore operate not only through changes in rules and resources, but also through their effects on the morale, behavior, and composition of the public workforce.

But there is limited causal evidence on how large-scale administrative reforms shape the behavior and well-being of public sector workers who are subject to these reforms, particularly during periods of reform rollout. Two factors help explain this gap. First, high-frequency, individual-level measures of worker well-being are typically unavailable. Second, sweeping reforms are rare in modern democracies, which more often pursue incremental and narrowly targeted changes.

This paper addresses both challenges by studying the 2025 U.S. federal workforce reforms, a rare contemporary episode in which a high-capacity government simultaneously tightened hiring, weakened employment protections, and pressured agencies to reduce staff. These reforms allow us to examine the short-run organizational costs borne by workers during administrative transition. Such transitional responses are central to assessing the welfare and efficiency consequences of reform, even when long-run objectives emphasize fiscal discipline or improved accountability, because disruptions to morale, engagement, and retention can affect bureaucratic performance

and service delivery in both the short and longer run.

Using longitudinal survey data and labor market outcomes, we analyze the effects of the 2025 reforms on federal employees' employment, engagement, job satisfaction, burnout, job search behavior, and workplace perceptions, documenting a human capital channel through which administrative reform affects state capacity. A key feature of the setting is that the reforms apply exclusively to federal employees and do not alter employment policies or conditions for state or local government workers. This institutional separation naturally lends itself to a difference-in-differences design. We combine data from the Bureau of Labor Statistics with the Gallup Workforce Panel from 2022 through the first quarter of 2026, a rich quarterly longitudinal survey of U.S. workers, and compare federal employees exposed to the reforms to a control group of demographically and occupationally similar state and local government workers who were unaffected by the policy changes. This design exploits shared selection into public sector employment while isolating exposure to the federal reforms, providing a credible counterfactual for how federal worker outcomes would have evolved absent the 2025 policy changes. The plausibility of the identifying assumption is supported by parallel trends for all outcomes prior to the reforms.

Our analysis yields five main findings. First, the 2025 reforms led to a contraction in the federal workforce. Consistent with prior evidence on the Department of Government Efficiency ([Makridis, 2026](#)), official BLS data show that federal employment begins to decline relative to state and local government employment in late spring 2025. Administrative data from the Office of Personnel Management (OPM) indicate that this decline reflects both reduced hiring beginning in early 2025 and a subsequent increase in separations starting in September 2025, driven primarily by quits and retirements. Second, the reforms were accompanied by a substantial deterioration in employee engagement. In specifications with individual fixed effects, federal workers' engagement declines

sharply in mid-2025, reaching -0.17 standard deviations in Q2 and remaining negative through early 2026. These effects are large relative to the flat pre-reform trends and comparable in absolute magnitude to the positive impacts reported for targeted engagement-building interventions. Third, job satisfaction declines even more strongly. Satisfaction falls by roughly 0.27 standard deviations in Q1 2025, deepens to about -0.40 in Q2, and remains well below trend through Q1 2026. The magnitude and persistence of these declines indicate a pronounced reduction in workers' overall assessment of their jobs following the reforms. Fourth, burnout increases in the post-reform period, with effects concentrated in mid-2025. Burnout rises by approximately 0.20 standard deviations at its peak before moderating but remaining elevated into early 2026. Job-search behavior, by contrast, responds sharply but briefly: the probability of actively searching for another job increases by about eight percentage points in early 2025 before dissipating and becoming indistinguishable from zero later in the year. This divergence suggests that deteriorating attitudes do not translate into sustained behavioral adjustment over the short horizon we observe. Fifth, we find substantial heterogeneity in treatment effects by political affiliation, with large responses among Democrats and Independents and muted responses among Republicans, while effects are otherwise broadly similar across tenure groups. The main exception is burnout, which increases more sharply among newer workers.

We examine the mechanisms underlying these effects and find that the reforms primarily altered employees' day-to-day workplace experience rather than inducing immediate changes in labor market behavior. Following 2025, federal workers report marked declines in multiple dimensions of workplace perceptions, including well-being, connectedness, customer orientation, trust, and respect, while reported feedback practices remain largely unchanged. Accounting for well-being and connectedness substantially attenuates the estimated declines in engagement and job satis-

faction and reduces the increase in burnout, indicating that deteriorations in workplace practices constitute an important, though not exclusive, mediating channel.

We also assess whether return-to-office mandates play a central role in driving these effects. Controlling for remote work arrangements leaves the estimates largely unchanged, suggesting that return-to-office policies are unlikely to be the primary driver of the observed reductions in engagement and job satisfaction and corresponding increases in burnout and job search. Compositional analyses further show no partisan differential sorting in the post-reform period, indicating that the attenuation of treatment effects likely reflects within-person changes in perceptions rather than changes in workforce composition. Complementary evidence from OPM shows that there were no meaningful changes in the composition of the federal workforce, separations, or accessions during this period. Beyond the workplace, we document negative effects on *current* life satisfaction, but no independent effects on *expected future* life satisfaction over the next five years once changes in current life satisfaction are taken into account. The magnitude of the estimated reduction in current life satisfaction is economically meaningful relative to existing estimates of the impact of major life events such as divorce, widowhood, and job loss on life satisfaction.

Our paper provides the first quantitative evaluation of the effects of the 2025 federal personnel reforms, which aimed to reduce the size of the U.S. federal government and change practices related to hiring, performance evaluation, and accountability. Using longitudinal worker data and public employment records, we show that the 2025 federal workforce reform rollout imposed large short-run morale costs on federal employees, with the strongest effects among workers politically misaligned with the administration and limited immediate pass-through to realized exit. Because engagement and satisfaction are associated with productivity and retention ([Tett and Meyer, 1993](#); [Griffeth et al., 2000](#); [Judge et al., 2001](#); [Harter et al., 2002](#)), these early declines could pressure

service delivery if left unaddressed.

This paper primarily contributes to the economic literature on state capacity by assessing how large-scale administrative reforms affect the human capital foundations of government performance during periods of institutional transition. A central insight of this literature is that effective states depend not only on formal institutions and fiscal resources, but also on the selection, incentives, motivation, and retention of public sector workers (Besley and Persson, 2009; Blanes i Vidal and Leaver, 2011; Acemoglu et al., 2015; Estrada, 2019; Liu and Zhang, 2025; Muñoz and Prem, 2024; Dahis et al., 2025; Mocanu, 2025; Mocanu and Patacchini, 2025; Muñoz and Otero, 2025; Riaño, 2025; Williams, 2026). While existing work highlights how bureaucratic incentives and management practices shape effort and service delivery in relatively stable environments (Bandiera et al., 2009; Dal Bó et al., 2013; Finan et al., 2017; Rasul and Rogger, 2018; Ali et al., 2021), much less is known about how workers respond to large, system-wide reforms during periods of institutional transition. This gap reflects both the rarity of sweeping administrative reforms in high-capacity democracies and the lack of high-frequency, individual-level data that track worker outcomes during periods of institutional change. By studying the 2025 federal workforce reforms using high-frequency panel data, our paper documents substantial transitional disruptions in employment, morale, engagement, and well-being, highlighting an understudied margin through which administrative reforms can affect state capacity.

Our contribution is twofold. First, to our knowledge, we provide the first comprehensive causal evaluation of how large modern administrative reforms affect dimensions of worker well-being and workplace perceptions that are largely absent from administrative data, including employee engagement, job satisfaction, perceptions of management and organizational culture, and overall life satisfaction. These outcomes complement the existing literature, which has focused primarily

on worker composition, turnover, and performance, and shed light on *mechanisms* through which reforms influence bureaucratic performance and service delivery in the short and medium run. We find sizable morale costs even in the absence of meaningful compositional change, highlighting that analyses centered solely on turnover or employment levels may underestimate the organizational costs of administrative reform and its impact on state capacity.

Second, much of the existing literature examines important but largely incremental changes to public sector institutions within otherwise stable administrative systems, such as adjustments to appointment rules, personnel discretion, or internal promotion and evaluation practices (Blanes i Vidal and Leaver, 2011; Estrada, 2019; Liu and Zhang, 2025; Muñoz and Prem, 2024; Dahis et al., 2025; Mocanu, 2025; Mocanu and Patacchini, 2025; Muñoz and Otero, 2025; Riaño, 2025). Large-scale administrative reforms in high-functioning states are comparatively rare and, when studied, are often confined to historical settings involving the introduction or strengthening of civil service protections. This strand of the literature generally finds positive effects on government performance (Rauch, 1995; Bostashvili and Ujhelyi, 2019; Xu, 2018; Aneja and Xu, 2024; Moreira and Pérez, 2024). It is therefore not obvious that reductions in civil service protections in modern, highly polarized administrations would generate symmetric effects. We study a contemporary reform that erodes civil service protections in a highly polarized political environment and find that its impact varies along partisan lines, with negative responses concentrated among workers whose ideological orientations are misaligned with the reforming administration.

Our paper also contributes to a growing literature on ideology and organizational outcomes. Recent work shows that ideological alignment shapes hiring decisions (Colonnelli et al., 2025), procurement efficiency (Spenkuch et al., 2023), regulatory quality (Bellodi et al., 2025), and worker productivity (Delfino and Espinosa, 2025). We extend this literature by demonstrating that ide-

ological orientation not only influences performance outcomes but also shapes how workers perceive and respond to administrative reform. These perceptual responses, in turn, affect morale, engagement, and support for reform efforts, with implications for the long-run sustainability of institutional change. In this sense, how reforms are implemented are potentially just as important as what the reforms are since they influence how they are perceived and received.

2 Background

This section outlines the federal workforce reforms enacted during the second Trump administration, which constitute the primary focus of this paper.

Former Donald Trump was sworn in again as the 47th President of the United States on January 20, 2025. On that same day, his administration launched a series of aggressive federal government reforms that unfolded over the first 10 months of his presidency, with some still ongoing. These reforms were carried out through a flurry of executive orders (EOs) and memoranda, representing a mix of enacted and proposed changes to the federal government—some of which have not yet been fully implemented. Table A.1 in the Online Appendix summarizes the major executive actions and provides a corresponding timeline. These reforms coalesced around four broad stated goals:

1. *Reducing the size of the federal government.* Beginning on January 20, 2025, President Trump instituted a temporary hiring freeze for all federal civilian positions, with certain exceptions, including military personnel, national security roles, immigration enforcement, and public-safety functions. The hiring freeze was initially set for 90 days but was later extended twice, remaining in effect through mid-October 2025.

In late January, an email titled “Fork in the Road” was sent to federal civilian employees,

offering paid administrative leave through September 30, 2025, in exchange for their resignations. USAID employees were placed on administrative leave in early February 2025, and during the same month, a hiring cap—allowing only one new hire for every four employees who left—was instituted. The Office of Personnel Management (OPM) also instructed federal agencies to submit reorganization and reduction-in-force (RIF) plans to the Department of Government Efficiency (DOGE).

2. *Improving performance and accountability in the federal government.* On January 20, 2025, President Trump signed an executive order establishing the Department of Government Efficiency (DOGE), aimed at modernizing federal technology and software to maximize governmental efficiency and productivity. On the same day, another executive order created the “Schedule Policy/Career” category for federal employees, allowing for easier removal of policy-influencing personnel, reduced certain civil service protections, ended telework, and required all federal employees to return to fully in-person operations.
3. *DEI & Meritocracy.* President Trump undertook a broad rollback of Diversity, Equity, and Inclusion (DEI) initiatives across the federal government beginning on January 20, 2025, issuing a series of executive orders that eliminated DEI offices and positions, revoked DEI-related training and hiring requirements, and directed agencies to base employment decisions solely on merit-based criteria. In the same early period, his administration placed DEI staff on administrative leave, shut down agency DEI programs, and prohibited federal contractors from using DEI considerations in hiring or promotion. These orders also directed the development of a new “Federal Hiring Plan” emphasizing merit-based hiring and forbidding employment decisions based on factors such as “equity” or “gender identity,” while

requiring the termination or redirection of many DEIA (Diversity, Equity, Inclusion, Accessibility) programs. Additional actions removed DEI from Foreign Service recruitment and promotion processes, restricted federal funding for DEI initiatives, and revoked earlier affirmative-action-related policies, including Executive Order 11246 governing federal contracting. Collectively, these measures amounted to a comprehensive dismantling of DEI and affirmative action frameworks across the federal workforce.

4. *Hiring.* President Trump implemented sweeping changes to federal hiring policies aimed at reshaping the composition and priorities of the federal workforce. His administration emphasized a strict merit-based hiring approach, directing agencies to base employment decisions solely on demonstrable skills and performance rather than DEI considerations. As part of this restructuring, agencies were required to establish Strategic Hiring Committees responsible for evaluating workforce needs and ensuring that recruitment aligned with administration priorities. In addition, agencies had to develop annual staffing plans outlining how positions would be filled, consolidated, or eliminated in support of broader governmentwide goals. Together, these measures centralized control over hiring, tightened oversight of personnel decisions, and aligned federal workforce planning more closely with the administration's policy and ideological objectives.

3 Data and Measurement

This section describes the data underlying our analysis, explains the construction of the outcome variables, and presents the summary statistics.

The BLS data. We analyze monthly, seasonally adjusted employment levels for government

employees across different tiers, as reported by the Bureau of Labor Statistics in the Establishment Survey, covering the period from January 2000 through November 2025.

The OPM data. We also use the publicly available monthly microdata released by the Office of Personnel Management (OPM) between January 2022 and November 2025. These data provide information on federal employment, accessions, and separations, disaggregated by personnel action (including hires, quits, retirements, and reductions in force). The dataset also includes workers' highest educational attainment, years of service, age, broad occupational categories, full-time and part-time status, as well as the appointment and employing agency.

The Gallup Workforce Panel. The core of our analysis uses the individual-level survey data from the Gallup Workforce Panel, a longitudinal dataset that provides rich measures of employee outcomes and characteristics. The Panel consists of a representative sample of U.S. employed adults who are surveyed about their work experiences on a recurring basis.¹ In particular, we utilize quarterly waves of the Gallup Panel from Q1:2022 to Q1:2026, covering roughly 20,000 respondents per wave. This period aligns with the pre- and post-reform timeline of interest, allowing us to test the parallel trends assumption. Gallup's sampling methodology combines random digit dialing and address-based sampling to recruit panel participants, and survey weights are provided to ensure that the panel estimates are representative of the national workforce in terms of age, gender, region, and other demographics. In our analysis, we apply these weights so that our results generalize to the broader population of U.S. workers. Crucially, respondents report whether they are in the public (federal or state/local), private, or non-profit sectors. While we begin by using state employees as a control group, we show that our results are robust when

¹Figure A.1 reports the distribution of the number of times individuals have been interviewed. Most individuals have been interviewed more than once and the average individual in our sample has been interviewed 2.89 times.

we compare federal workers with non-federal counterparts, including those in the private sector.

Outcome Variables. Our key outcomes of interest are employee engagement, job satisfaction, job burnout, and looking for a job. We measure burnout as a z -score of the response to: “Please indicate how often each of the following statements is true of your primary job (i.e., the job where you spend the most time working). I feel burned out at work: (5) Always, (4) Very often, (3) Sometimes, (2) Rarely, (1) Never.” Job satisfaction is similarly on a 1-5 scale, ranging from very unsatisfied (1) to very satisfied (5), in response to: “How satisfied are you with your place of employment as a place to work?” Employee engagement is measured in a more parsimonious way, drawing on Gallup’s seminal Q12 survey instrument.² In particular, we take the z -score of the average across all 12 items, including: (1) I know what is expected of me at work, (2) I have the materials and equipment I need to do my work right, (3) At work, I have the opportunity to do what I do best every day, (4) In the last seven days, I have received recognition or praise for doing good work, (5) My supervisor, or someone at work, seems to care about me as a person, (6) There is someone at work who encourages my development, (7) At work, my opinions seem to count, (8) The mission or purpose of my organization makes me feel my job is important, (9) My associates or fellow employees are committed to doing quality work, (10) I have a best friend at work, (11) In the last six months, someone at work has talked to me about my progress, (12) This last year, I have had opportunities at work to learn and grow. Crucially, all measures come from the Gallup Practice Panel survey, which uses identical question wording for federal, state, and local government employees, ensuring comparability. Looking for a job is coded as a dummy variable equal to 1 if the respondent reports actively searching for a job.

²<https://www.gallup.com/workplace/649487/world-largest-ongoing-study-employee-experience.aspx>

We also measure perceptions about the workplace. Respondents rank their degree of agreement on a similar 1-5 scale to the following statements on a 1-5 scale: (a) I feel connected to my organization’s culture, (b) My organization consistently delivers on the promises it makes to customers, (c) I trust the leadership of this organization, (d) My organization cares about my overall wellbeing, (e) I have received meaningful feedback in the past week, and (f) I am treated with respect at work. These variables help us understand how perceptions may have shifted in response to the reforms to the federal workforce. We standardize all indices so that our outcomes are measured as z -scores, and thus we interpret marginal changes in standard deviation units.

Covariates. The data also contain demographic and related factors that we use to control for potential differences between federal and state employees. Demographic variables in our dataset include age (in years), marital status, sex, race, full-time status, children in the household, educational attainment (indicators for the highest degree earned), and political affiliation. Job-related variables include length of tenure with the current employer (in years), North American Industry Classification System (NAICS) codes, and Standard Occupational Classification (SOC) codes.

Summary Statistics. Table 1 presents summary statistics by class of worker. We compare federal workers with state and local government employees and private sector workers. For completeness, the table also reports statistics for non-profit workers, although they are not directly used in the analysis.³ The federal workforce is somewhat younger than the state and local government workforce (42.30 vs. 43.94 years) and slightly younger than the private sector (43.95 years). Federal employment is more male (0.59) than state/local (0.44) and is essentially the same as the private sector (0.60); the share of White workers is lower among federal workers (0.59) than in

³Figure A.1 in the Online Appendix documents the distribution of the number of responses across individuals. The average respondent appears in 2.89 waves. Roughly 32% of respondents are observed in only one wave, while the remaining 68% contribute at least two observations; approximately 15% appear in all waves. This longitudinal variation permits within-person changes in engagement, satisfaction, and burnout.

state/local (0.66) or private (0.72). Federal workers are more likely to be full-time (0.90) than state/local (0.79) or private (0.80) employees and are somewhat more likely to have children (0.42 vs. 0.37 state/local and 0.33 private); marriage rates are similar across groups (0.55–0.57). Educational attainment differs across sectors: the share with *college or more* is 0.47 among federal workers, 0.50 among state/local workers, and 0.37 in the private sector. Finally, federal workers are more likely to identify as Republican (0.265) than state/local employees (0.234), though less so than private-sector workers (0.277). Conversely, they are less likely to identify as Democratic (0.374) than their state/local counterparts (0.420), but more likely than private-sector workers (0.342). The share identifying as independent is similar among federal and state/local employees (0.361 vs. 0.346) and lower than in the private sector (0.381). Engagement (Q12 Avg) is lower for federal employees (−0.052) than for state/local employees (−0.036) but higher than for private-sector employees (−0.117). State/local workers report slightly higher job satisfaction (−0.067) than federal (−0.140) or private-sector (−0.112) workers, while federal workers report somewhat higher burnout (0.088) than their state/local (0.083) counterparts and private-sector workers (0.055). Federal workers are also more likely to be actively looking for another job (0.138) than state/local (0.097) or private-sector (0.107) employees. The analysis draws on 17,569 federal, 62,515 state/local, and 175,694 private-sector observations.

4 Empirical Strategy

We study the impact of the reforms to the federal workforce enacted by the second Trump Administration using a difference-in-differences (DiD) design that exploits the timing of the 2025 federal reforms and the presence of a comparison group. Specifically, the reforms applied to fed-

eral employees but did not affect state or local government workers. We therefore compare the change in outcomes for federal employees before vs. after the reforms to the change in outcomes for observationally similar state/local government employees over the same period. The baseline estimating equation is:

$$Y_{it} = \xi \cdot (Federal_{it} \times Time_t) + \gamma Federal_{it} + \mathbf{X}'_{it} \Theta + \zeta_i + \lambda_t + \varepsilon_{it}. \quad (1)$$

where Y_{it} is the outcome of interest (e.g., engagement or job satisfaction) for individual i in year t . The indicator $Federal_{it}$ equals 1 if person i is a federal employee (treatment group) and 0 if they are a state or local government employee (control group). $Time_t$ is an indicator for each year-quarter for $t \in 2023, 2024, 2025$ (normalized to 2022 in our main specification). The coefficient ξ on the interaction term ($Federal_{it} \times Time_t$) is our parameter of interest and corresponds to the DiD estimator of the reform's causal effect. It captures the differential change in the outcome Y for federal employees relative to state/local government employees between the pre- and post-2025 periods. The term $\gamma Federal_{it}$ accounts for differences between federal and state/local government employees; ζ_i and λ_t are person and year-quarter fixed effects capturing time-invariant heterogeneity across workers and any common shocks in each survey year, respectively. Finally, \mathbf{X}_{it} is the vector of individual covariates (age, full-time status, children in the household, and marital status) with associated coefficients Θ . In specifications without individual fixed effects, \mathbf{X}_{it} additionally includes gender and race. These covariates absorb residual differences in workforce composition and can improve precision. The identifying assumption is that, absent the reform, outcomes for federal and state employees would have followed parallel trends over time. The error term is clustered at the individual level to allow for autocorrelation for the same individual over time. All

analyses incorporate sample weights to ensure that the results are nationally representative.

Validity of the design. While the identifying assumption is inherently untestable, we assess its plausibility by examining pre-reform trends.⁴ We leverage the three pre-treatment years in our data (2022-2024) to conduct a set of placebo tests, which we discuss in the next Section. Reassuringly, we find no significant difference in engagement or satisfaction trends between federal and state employees in that pre-reform interval—the placebo interaction term is close to zero and statistically insignificant. This suggests that prior to 2025, federal and state workers were on parallel paths in terms of the outcomes of interest, lending credibility to the parallel trends assumption.

5 Results

This section presents our main findings, examines heterogeneous treatment effects, discusses mediating factors, and assesses potential compositional changes.

5.1 Main Results

Employment. We begin our empirical analysis by examining the impact of the 2025 reforms on federal employment, using official government employment statistics from the BLS. Figure 1 presents the results and compares federal employment with state and local government employment in a manner that parallels the difference-in-differences approach used in our empirical analysis. While federal and state employment moved closely together prior to the 2025 reforms, beginning in late spring 2025, the number of federal employees began to decline relative to state and local

⁴This control group is critical given the selection into the public and private sector (Makridis, 2021).

government employment. This divergence suggests that the 2025 reforms achieved at least some of their intended effects.

Accessions and Separations. We use official OPM monthly statistics on accessions and separations to shed light on the decline in federal employment shown in Figure 1. Panel (a) of Figure A.2 in the Online Appendix replicates the employment dynamics using OPM data. Panels (b) and (c) show that the decline reflects both a slowdown in accessions starting in January 2025 and a sharp increase in separations beginning in September 2025. Panel (d) indicates that the rise in separations is driven primarily by quits and retirements, with a smaller role for reductions in force. One limitation of these data is that they cover only federal workers and therefore do not allow comparisons of accessions and separations with state and local government employees.

Employee engagement, job satisfaction, burnout, and job search. Figure 2 reports event-study estimates for employee engagement, job satisfaction, burnout, and job search activity. Each panel shows two series: estimates from a specification with demographic controls only (Without Person FE) and from our preferred specification, which includes individual fixed effects (With Person FE). Table A.2 in the Online Appendix reports the full set of coefficient estimates. Pre-period coefficients cluster near zero across all four outcomes, validating the parallel trends assumption. However, beginning in Q1–Q2 2025, outcomes for federal workers diverge sharply from those of their state and local counterparts across all measures, and federal workers fare worse.

Engagement (Panel A) declines by -0.166 standard deviations in Q2 2025 and partially recovers to -0.093 by Q4 2025, although it remains below the pre-reform baseline through Q1 2026 (-0.092).⁵ Job satisfaction (Panel B) declines even more sharply, falling by -0.273 in Q1 2025,

⁵Not all elements of Q12 were asked in Q3 2025, so we are unable to construct a consistent measure of engagement for that quarter; the corresponding coefficient is therefore reported as missing.

−0.397 in Q2 2025, and −0.322 in Q3 2025, and stabilizing around −0.304 through the end of the sample period. Burnout (Panel C) follows a similar pattern, increasing by approximately 0.106 standard deviations in Q1 2025, peaking at about 0.226 in Q2 2025, and then gradually declining, although the effect remains statistically significant throughout. Looking for a job (Panel D) rises by 8 percentage points in Q1–Q2 2025 but fades quickly thereafter, suggesting that the initial behavioral response did not translate into sustained labor-market exit over the course of the year.

The pronounced increase in R^2 when person fixed effects are included suggests that time-invariant differences across workers explain a substantial portion of the total variation in the outcomes. However, this heterogeneity does not appear to be a major confounding factor: the point estimates remain similar across specifications for most outcomes, although failing to include individual fixed effects attenuates the treatment effects for job satisfaction and job-search behavior.

To gauge magnitudes, it is helpful to benchmark our standardized estimates against effect sizes from the intervention literature. A systematic review and meta-analysis of controlled workplace interventions targeting work engagement reports an average improvement of about 0.29 SD—roughly a “small-to-moderate” shift by conventional benchmarks (Knight et al., 2017). Our post-2025 declines in engagement (≈ 0.09 – 0.17 SD) and job satisfaction (≈ 0.27 – 0.40 SD) are therefore comparable in magnitude to what targeted, resource-intensive interventions achieve in the positive direction—and, given the well-documented links between engagement and productivity (Harter et al., 2002), the scale of these declines carries plausible downstream consequences.

Robustness. Next, we show that our main results are robust to including private-sector workers in the control group and classifying individuals based on their 2022 work status. Figure A.3 replicates the baseline event-study design but expands the control group to include private sector workers alongside state and local government employees. The results are broadly consistent with

those in Figure 2. Pre-period coefficients remain close to zero across all four panels, and the post-reform divergence in engagement, job satisfaction, burnout, and job search activity emerges with similar timing and direction as in the state/local-only specification.

That said, the magnitudes are modestly attenuated when private sector workers enter the control group, which is consistent with what we know about selection into the public sector (Makridis, 2021): private sector workers differ from federal employees along several dimensions—occupation mix, compensation structure, and exposure to macroeconomic conditions—that are only partially absorbed by demographic controls and person fixed effects. To the extent that private sector labor market conditions improved over the same period (e.g., through wage growth or tightening external opportunities), including them mechanically compresses the estimated treatment effect, since part of what appears as a federal-specific decline is offset by a concurrent private sector improvement that the DiD differences out. The state/local comparison is therefore the more appropriate main results, as those workers share the public-service context and were insulated from the federal policy changes while facing broadly similar institutional environments, although we will include the private sector when we test for heterogeneous treatment effects in the next sub-section.

Finally, Table A.3 in the Online Appendix replicates the analysis using an alternative classification that defines treatment status based on individuals’ class of work in 2022, specifically whether they were federal workers in that year. The results are robust to this alternative definition.

5.2 Heterogeneity

We also examine heterogeneity in the reform’s impact to identify where, and for whom, the reforms had the greatest effects. Specifically, we re-estimate Equation 1 for subsamples defined by indi-

viduals' self-reported political affiliation and tenure. Because information on political affiliation and tenure is available only from 2023 onward, we exclude 2022 from this part of the analysis.⁶

Figure 3 reports treatment effect estimates by political affiliation across all four outcomes under our baseline model with person fixed effects. The pre-period coefficients are still flat for all three groups, and the post-reform divergence that emerges is striking in its asymmetry. For employee engagement (Panel A), Republicans remain at or above zero throughout 2025, with point estimates that are small and statistically indistinguishable from zero. Democrats and Independents, by contrast, experience sharp declines beginning in Q2 2025, with Independents registering the largest single-quarter drop (approximately -0.35 standard deviations) before partially recovering in Q3–Q4 2025. Democrats exhibit a more persistent pattern of suppressed engagement that does not meaningfully rebound by the end of the sample period.

The job-satisfaction estimates (Panel B) follow a similar pattern. Republicans appear largely unaffected, whereas both Democrats and Independents experience substantial declines beginning in Q1 2025, falling to approximately -0.5 standard deviations by Q2 2025, with the declines remaining negative and statistically significant through Q1 2026. Democrats exhibit a similarly large but more persistent reduction relative to Independents.

Burnout (Panel C) also displays partisan heterogeneity. Republicans show little movement across 2025, with estimates hovering near zero throughout. Democrats and Independents both see burnout rise in the post-reform quarters, with the increases becoming more pronounced by Q2–Q3 2025, reaching approximately 0.2–0.4 standard deviations above the pre-reform baseline.

Finally, we look at job search behavior (Panel D). Independents display a large and sharp

⁶Given the limited availability of political affiliation data for state and local government workers, we include private-sector workers as part of the control group.

increase in the probability of actively looking for another job beginning in Q2 2025—the most pronounced response of any group across any outcome—reaching approximately 10 percentage points above baseline, before the effect partially dissipates in subsequent quarters. Democrats display a more muted initial response, suggesting that behavioral adjustment to the labor market was most acute among Independents in the immediate aftermath of the reforms. Republicans show comparatively muted, near-zero job-search responses throughout.

Figure 4 examines heterogeneity by tenure, where workers are grouped into terciles: low (<3 years), medium (4–11 years), and high (12–30 years). Pre-period coefficients are flat across all three groups and all four outcomes. The engagement results (Panel A) reveal a broad-based decline that cuts across tenure groups rather than concentrating in any one of them. All three groups track closely through 2024, and all three fall in Q2 2025, with low- and medium-tenure workers experiencing the sharpest drops. By Q4 2025, there is a modest partial recovery across the board, though point estimates remain negative for all groups. The absence of a sharp tenure gradient in engagement suggests that the reforms disrupted workplace experience at all career stages, not only among workers with the least institutional rootedness.

Panel B similarly shows large, broad-based, and persistent reductions in job satisfaction across all three tenure groups, with all groups declining sharply beginning in Q1–Q2 2025 and remaining below the pre-reform baseline through Q1 2026, indicating that the reforms adversely affected workers across the tenure distribution.

The burnout results (Panel C) tell a different story. The post-reform increase in burnout is concentrated almost entirely among low-tenure workers, who see a large and persistent spike beginning in Q2 2025—reaching approximately 0.4 standard deviations above the pre-reform baseline by Q2–Q3 2025—while medium- and high-tenure workers exhibit comparatively modest and impre-

cisely estimated increases. This pattern is consistent with short-tenured federal employees having accumulated fewer pension benefits, facing greater uncertainty about their long-term employment prospects, and having fewer established relationships and institutional resources to draw on when navigating organizational disruption. The reforms appear to have loaded a disproportionate share of the psychological strain onto those with the least career capital to absorb it.

Job search behavior (Panel D) exhibits a sizable initial response for both low- and high-tenure workers, reaching roughly 8 percentage points above baseline in the immediate post period, although the effect is statistically significant only for high-tenure workers. These effects gradually dissipate over time, with small and statistically insignificant estimates by Q1 2026. This pattern aligns with the broader evidence in the data: declines in attitudes do not translate into sustained behavioral adjustments, particularly over the short horizon observed here. Medium tenure workers show little to no response throughout the period.

5.3 Mechanisms other outcomes

In this section, we assess whether the estimated treatment effects are mediated by changes in workplace practices, return to in-person work mandates or compositional changes in the workforce. We also examine the effects of the 2025 reforms on outcomes outside the work domain.

Workplace practices. Table 2 extends the analysis to perceptions of workplace practices given their importance for understanding employee engagement (Makridis and Schloetzer, 2026). Pre-period interactions are generally statistically insignificant, with a few exceptions: well-being is significantly higher for federal workers in 2023 (0.083; col. 1) and remains positive in 2024 (0.066), while respect is modestly elevated in 2024 (0.095; col. 6) and customer orientation trends slightly

lower (-0.058 ; col. 4), though the latter is not statistically significant. In other words, parallel trends look more plausible for connectedness, feedback, and trust than for well-being and respect, where there is some evidence of pre-2025 divergence. Beginning in 2025, however, the pattern shifts sharply and consistently negative across most dimensions. In Q1 2025, well-being registers the first statistically significant post-reform decline (-0.076 ; col. 1), while the remaining outcomes are not yet distinguishable from zero. By Q2 2025, federal workers report sizable relative declines in well-being (-0.264), connectedness (-0.199), customer orientation (-0.198), trust (-0.344), and respect (-0.185), all precisely estimated, while feedback remains near zero and statistically insignificant (0.041). In Q3 2025, these declines persist across the same dimensions: well-being (-0.217), connectedness (-0.170), customer orientation (-0.188), trust (-0.302), and respect (-0.176) are all negative and precisely estimated, and feedback turns modestly negative (-0.088), though it falls short of conventional significance thresholds.

Table 3 investigates whether the estimated treatment effects on engagement, job satisfaction, burnout, and job search behavior are mediated by contemporaneous shifts in workplace perceptions. We augment the baseline specification with two measures—organizational well-being and connectedness—as additional controls. Two data limitations bear noting at the outset. First, the workplace perception questions were not fielded across the full panel, so the mediation sample is shorter and somewhat smaller than the baseline. Second, due to coverage constraints, the engagement measure in this analysis draws on four sub-components of the Q12 rather than the full index: “I know what is expected of me at work,” “At work, I have the opportunity to do what I do best every day,” “There is someone at work who encourages my development,” and “At work, my opinions seem to count.” These items capture core dimensions of the engagement construct—role clarity, skill utilization, developmental support, and voice—so the mediation estimates remain sub-

stantively interpretable, though not directly comparable in scale to the full-Q12 results reported elsewhere. We caution throughout that the coefficients on the workplace controls should not be interpreted causally, as they condition on post-treatment variables (Angrist and Pischke, 2009).

First, well-being and connectedness are strongly and precisely associated with outcomes in the expected direction. Higher perceived well-being and connectedness are each associated with substantially higher engagement (0.333 and 0.255, respectively; col. 2) and job satisfaction (0.286 and 0.256; col. 4), and with lower burnout (-0.191 and -0.127 ; col. 6) and a lower propensity to look for another job (-0.044 and -0.036 ; col. 8). These magnitudes serve as a reminder that workplace practices capture economically meaningful variation in employee sentiment and behavior (Makridis and Schloetzer, 2026). Second, conditioning on these measures materially reduces—but does not eliminate—the post-2025 federal treatment effects. For engagement, the Q2 and Q3 2025 interaction coefficients remain negative and statistically significant in the without-person-FE specification (-0.131 and -0.163 ; col. 1), though their magnitudes are smaller than in the baseline. Conditioning on workplace practices in the person-fixed-effects model markedly attenuates the estimated effects and renders them statistically insignificant (col. 2). Job satisfaction similarly continues to fall in Q2 and Q3 2025 (-0.267 and -0.223 ; col. 3), but the corresponding within-person estimates that condition on workplace practices are attenuated (about -0.127 and -0.105 ; col. 4). For burnout, the estimated post-2025 increases are reduced but persist: the Q2 and Q3 2025 coefficients remain positive and significant in the preferred specification (0.110 and 0.098; col. 6). Job-search responses remain limited throughout—post-period interactions are small and statistically insignificant in the mediation specification from Q2 2025 onward (col. 8).

The evidence is consistent with workplace perceptions serving as an important conduit through which the reforms affected engagement and job satisfaction, and to a lesser extent, burnout. The

moderating role of connectedness is particularly notable: workers who entered the reform period feeling more embedded in their organizational culture experienced meaningfully smaller declines, consistent with managers and peer relationships acting as a buffer against top-down institutional disruption (Lazear et al., 2015; Hoffman and Tadelis, 2021). Nonetheless, the persistence of non-trivial post-2025 declines even after conditioning on these measures indicates that workplace climate is unlikely to be the sole mediating pathway, leaving room for additional channels, e.g. changes in workload, role uncertainty, loss of civil service protections, or perceived fairness.

Remote work. Table A.4 in the Online Appendix replicates the baseline event study specification while controlling for two proxies for remote work, specifically whether a worker is fully remote or works remotely on an occasional basis. Controlling for remote work is important because the 2025 reforms coincided with renewed efforts by the Trump administration to encourage a return to in-person work among federal employees. Changes in remote work arrangements could affect worker outcomes through several channels, including job satisfaction, work-life balance, commuting costs, workplace flexibility, and overall morale, and could also influence job search behavior and retention decisions. As a result, remote work may represent a mechanism through which the reforms affected workers or a confounding factor that could bias estimated treatment effects if unaccounted for. The inclusion of these additional controls leaves our main results unchanged, suggesting that shifts in remote work arrangements are not driving the estimated effects.

Compositional changes. A natural concern with any difference-in-differences design applied to an ongoing reform is that the composition of the treatment group may itself shift over time in response to the policy, potentially confounding the estimated treatment effects. If the workers most negatively affected by the reforms disproportionately exit federal employment, the remaining workforce would be positively selected on resilience or satisfaction, and cross-sectional estimates

would understate the true deterioration in outcomes. Conversely, if the reforms induced the exit of workers who were already disengaged prior to 2025, the post-reform sample would appear more engaged than the pre-reform sample for reasons unrelated to the reforms themselves, biasing estimates in the opposite direction.

Figure 5 examines whether the post-reform period was accompanied by partisan-differential sorting into or out of the federal workforce. The figure plots coefficients from a regression of federal employment status on political affiliation interacted with period dummies, with Republicans as the omitted reference category and 2023 as the base period. A negative coefficient for Democrats or Independents in the post-reform quarters would indicate that workers of those affiliations became less likely to remain in federal (versus state or local) employment after 2025, which would signal that the attitudinal declines documented above were at least partly driven by compositional change rather than within-person deterioration.

The results provide push against the interpretation that the estimated treatment effects are driven by changes in worker composition over time. Across all three political groups, the period-by-period coefficients hover near zero throughout the sample, and no systematic post-2025 divergence is visible for any group. Democrats and Independents do not become measurably less likely to be observed in the federal workforce relative to Republicans after the reforms begin, and the confidence intervals are sufficiently tight in the post-reform quarters to rule out economically meaningful partisan sorting of the kind that would materially bias the main estimates.

Figures A.4, A.5, and A.6 in the Online Appendix provide complementary evidence from OPM showing that there were no meaningful changes in the composition of the federal workforce, separations, or accessions during this period. These figures plot the age distribution, highest educational attainment, occupational mix, full-time versus part-time status, the shares of political

and non-political appointments, and years of service for the universe of federal employees. All characteristics are remarkably stable over time. Notably, the composition of those who separate from and those who join the federal workforce is also highly stable, suggesting that neither inflows nor outflows changed in ways that would generate compositional shifts in the federal workforce.

Two important caveats apply to the analyses discussed in this section. First, the test on political affiliation is conducted within the Gallup Workforce Panel, which by construction only tracks workers who remain in the survey sample across waves. It therefore cannot speak to the extensive margin—workers who exit the labor force entirely, or who leave both federal and state employment, would not be captured here, and any partisan gradient in full labor-force exit would go undetected. Second, the test is limited to political affiliation; compositional shifts along other dimensions, such as education, occupation, or tenure, cannot be ruled out on the basis of this figure alone, though the OPM administrative data presented earlier show broad stability in the observable characteristics of the federal workforce through the end of 2025. Thus, the evidence is most consistent with the post-reform declines in engagement, satisfaction, and burnout reflecting genuine within-person deterioration and a later improvement in perceptions rather than a compositional change.

Life satisfaction. A key advantage of using the Gallup data is that we are not limited to studying how the 2025 reforms affected workers on their job, but we can also explore whether the reform influenced satisfaction beyond the working domain. Table A.5 in the Online Appendix examines additional well-being outcomes, including current and future life satisfaction and a composite thriving indicator (at least a 7/10 on current and 8/10 on future life satisfaction), to assess whether the reforms affected employees' broader perceptions of their lives.

The 2025 reforms had a negative and persistent impact on federal employees' current life

satisfaction (column 1). Current life satisfaction falls by 0.167 standard deviations in Q1 2025 and progressively worsens, reaching its lowest point in Q4 2025 (-0.309). Although Q1 2026 shows a moderate rebound, the coefficient remains negative and statistically significant. The -0.15 to -0.31 reduction in current life satisfaction that we estimate for federal employees following the Trump-era reforms is modest but meaningful when viewed against established effects in the well-being literature. Research using German panel data shows that the life-satisfaction losses experienced by the spouses of newly unemployed workers range from -0.25 to -0.34 , implying even larger declines of roughly -0.8 to -1.0 for the directly unemployed (Nikolova and Ayhan, 2019). Likewise, major life events such as divorce, widowhood, and layoffs generate “strong” negative shocks to life satisfaction in long-running panel studies, typically larger than -0.3 and in many cases closer to -1.0 (Clark et al., 2008). By contrast, international well-being research highlights that population-level life satisfaction is generally quite stable over time, with even small shifts often reflecting meaningful changes in lived experience (Ehrhardt et al., 2000). Thus, while the -0.15 to -0.31 effects we document are smaller than the impact of major personal shocks, they still represent a substantive change at the population level in a domain known for its stability.

Consistent with this interpretation, the “thriving” indicator—which captures high levels of both current and expected future life satisfaction—declines by 8.2 percentage points in Q1 2025 (column 3). This effect partially dissipates over time but remains negative and statistically significant, ranging between -5 and -7 percentage points through the end of 2025, and becomes statistically insignificant in the first quarter of 2026.

Figure A.7 examines heterogeneous treatment effects on the “thriving” indicator by political affiliation. Republicans’ outcomes remain close to zero throughout 2025, whereas Democrats experience a sustained and deepening decline beginning in Q1 2025 that persists through the end of

the sample. Independents also show a substantial decline. These results mirror the results of the heterogeneity analysis on engagement and work satisfaction and indicate that the post-reform deterioration in well-being is concentrated almost entirely among workers whose political orientations are misaligned with the administration implementing the reforms, while Republican employees remain largely unaffected and, in some dimensions, appear to respond positively.

Finally, we examine the impact of the 2025 administrative reforms on expected life satisfaction over the next five years (column 2). Once we account for changes in current life satisfaction, we find no independent effect of the reforms on future life satisfaction, suggesting that the declines in well-being reflect reduced satisfaction with present conditions rather than a sustained deterioration in expectations about the future.

Employer expansions. Federal employees' perceptions of workforce expansion and contraction offer a window into how changes have altered the employment environment—and whether those changes are felt differently across levels of government. Unlike attitudinal outcomes such as engagement or satisfaction, these perceptions reflect employees' read of concrete organizational decisions: whether their employer is growing, shrinking, or holding steady. If federal workers are more likely to report layoffs and less likely to report hiring relative to state and local counterparts, that divergence substantiates the channel on employee experiences documented earlier.

Figure 6 plots weighted means of three binary outcomes—hiring, layoffs, and no change—separately for federal and state and local government employees from 2022 Q2 through 2026 Q1.⁷ The hiring series shows federal employees consistently trailing their state and local counterparts, with the gap shrinking after 2025 Q1. The layoffs series tells the sharper story: reported layoffs

⁷The question used to measure hiring, layoffs, and no change is not asked consistently across survey waves. We therefore report statistics for all waves in which this information is available.

among federal workers rise markedly beginning in 2025 Q1 and diverge substantially from the state and local trend, which remains comparatively flat. The no-change series moves in the opposite direction for federal employees, declining as layoff perceptions rise—consistent with a workforce that perceives active contraction rather than stability. Together, the three panels confirm that federal employees are not merely more pessimistic in the abstract; they are reporting a fundamentally different organizational reality than their government counterparts at the state and local level.

6 Conclusion

This paper examines the impact of the 2025 federal government cuts and restructuring enacted by the second Trump administration, which the administration argued would enhance performance and accountability and reshape the composition and priorities of federal agencies. Using official Bureau of Labor Statistics and Office of Personnel Management data alongside rich longitudinal survey data from the Gallup Workforce Panel, we compare federal employees (treatment group) with state and local government workers (control group) within a difference-in-differences framework extended through Q1 2026. We find that the reforms reduced the size of the federal government and led to declines in employee engagement, job satisfaction, and broader well-being, accompanied by increases in burnout and a short-lived spike in job search activity that dissipated over the course of the year. There is no evidence of pre-trends.

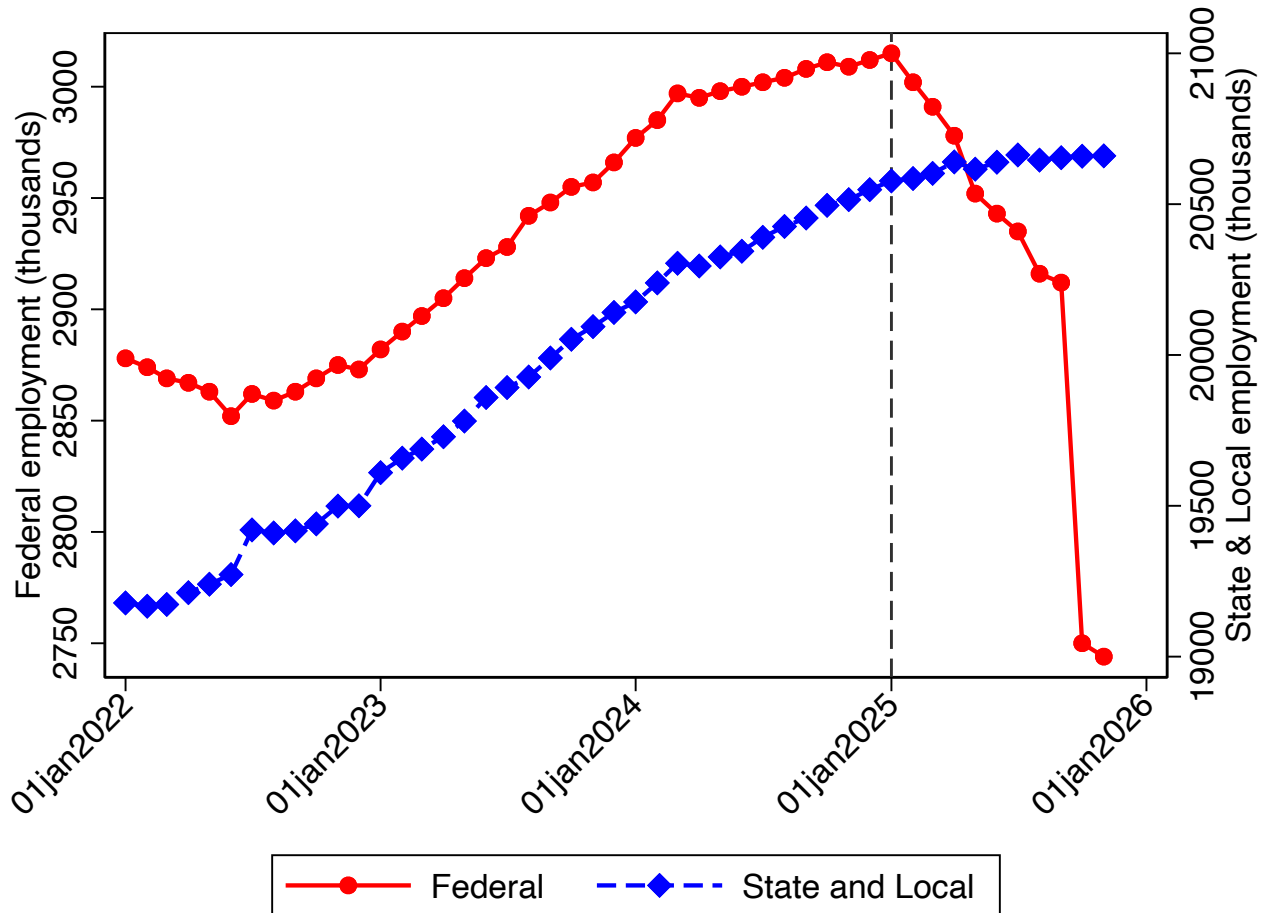
Employee experiences around engagement, job satisfaction, burnout, and job search behavior are highly heterogeneous and differ particularly along party lines: Democrats and Independents experience the most negative impacts, while effects for Republicans are muted. Burnout increases are further concentrated among low-tenure workers, who face the greatest career uncertainty and

have the least institutional capital to absorb organizational disruption. These declines are partially mediated by deterioration in workplace perceptions—organizational connectedness and well-being—though the persistence of nontrivial treatment effects after conditioning on these measures points to additional channels, including workload redistribution, role uncertainty, and the erosion of civil service protections. Compositional analysis provides no evidence of partisan-differential sorting out of the federal workforce, consistent with the declines reflecting genuine within-person deterioration rather than selective attrition of already-disaffected workers. Controlling for remote work does not affect our estimates, suggesting that return-to-office mandates are not the primary driver of the estimated treatment effects, although they are known factors of job satisfaction.

Although it is too early for a complete assessment of these reforms, our findings provide the first quantitative evaluation of their impact and document short-run workforce-side costs of the 2025 reform rollout. Because lower engagement and higher burnout are associated with reduced productivity and higher turnover ([Harter et al., 2002](#)), these results suggest that if such effects persist, they may carry plausible downstream consequences for government performance and public service delivery. Whether those costs are outweighed by efficiency gains is beyond the scope of the current data, because we do not directly observe public-service outputs or fiscal savings.

Tables and Figures

Figure 1: Employment of U.S. Federal Government Workers Over Time

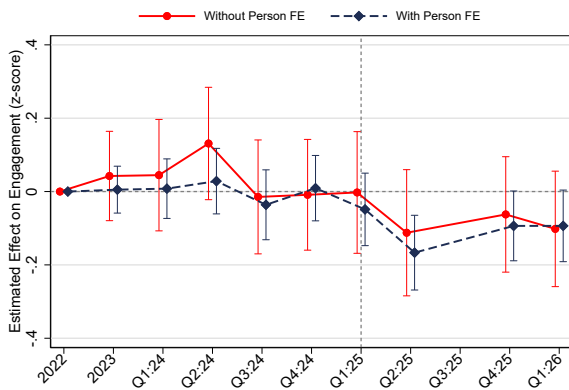
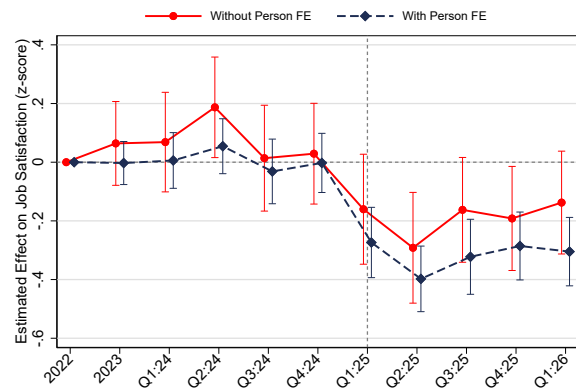
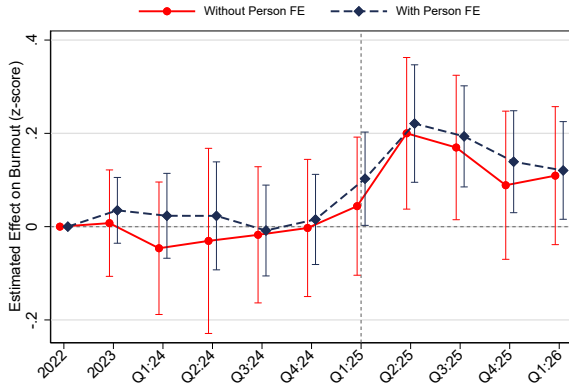
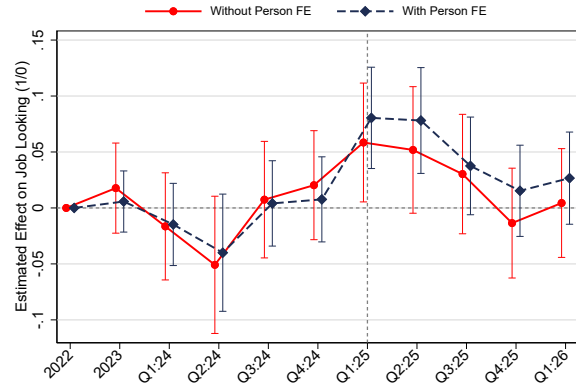


Notes: BLS data (January 2022—November 2025). This figure shows the employment of federal and state/local government workers over time.

Table 1: Summary Statistics on the Gallup Practice Panel

	Federal		State/Local		Private		Non-profit	
	(1)		(2)		(3)		(4)	
	mean	sd	mean	sd	mean	sd	mean	sd
Age	42.30	12.62	43.94	13.86	43.95	13.85	43.31	14.36
Male	0.59	0.49	0.44	0.50	0.60	0.49	0.37	0.48
White	0.59	0.49	0.66	0.47	0.72	0.45	0.67	0.47
Black	0.19	0.39	0.14	0.35	0.09	0.29	0.12	0.33
Full-time	0.90	0.29	0.79	0.41	0.80	0.40	0.71	0.45
Has Children	0.42	0.49	0.37	0.48	0.33	0.47	0.36	0.48
Married	0.57	0.50	0.56	0.50	0.55	0.50	0.53	0.50
Less than HS	0.27	0.44	0.26	0.44	0.33	0.47	0.23	0.42
Some College	0.26	0.44	0.24	0.43	0.30	0.46	0.22	0.41
College or More	0.47	0.50	0.50	0.50	0.37	0.48	0.55	0.50
Republican	0.265	0.441	0.234	0.424	0.277	0.447	0.199	0.399
Democrat	0.374	0.484	0.420	0.494	0.342	0.474	0.465	0.499
Independent	0.361	0.480	0.346	0.476	0.381	0.486	0.337	0.473
Q12 Avg (z-score)	-0.052	1.059	-0.036	0.999	-0.117	1.051	0.135	0.975
Job Satisfaction (z-score)	-0.140	1.090	-0.067	0.989	-0.112	1.031	0.031	0.990
Burnout (z-score)	0.088	1.058	0.083	1.034	0.055	1.012	0.057	1.001
Looking for Job	0.138	0.344	0.097	0.295	0.107	0.309	0.112	0.315
Q12 Avg (z-score) 2022	0.013	0.000	-0.021	0.000	-0.010	0.000	0.204	0.000
Job Satisfaction (z-score) 2022	-0.012	0.000	-0.033	0.000	0.046	0.000	0.149	0.000
Burnout (z-score) 2022	0.002	0.000	0.079	0.000	-0.042	0.000	-0.042	0.000
Looking for Job 2022	0.104	0.000	0.068	0.000	0.068	0.000	0.067	0.000
Observations	17569		62515		175694		60732	

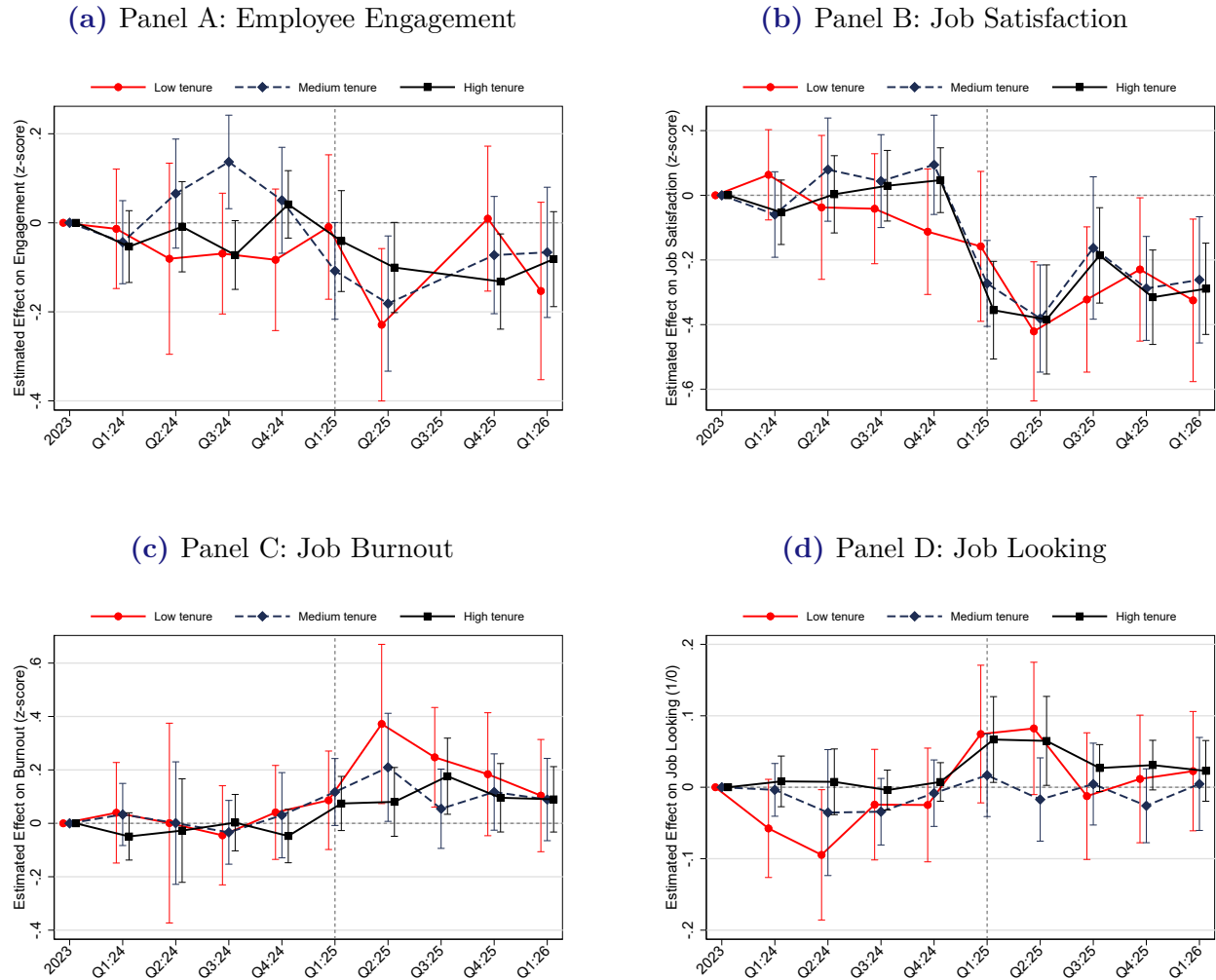
Notes.—Sources: Gallup Panel, 2022-2025. The table reports summary statistics on the key variables by federal, state/local, private sector, and non-profit status. Employee engagement is defined as a z-score of the average across the Q12 indicators: (1) I know what is expected of me at work, (2) I have the materials and equipment I need to do my work right, (3) At work, I have the opportunity to do what I do best every day, (4) In the last seven days, I have received recognition or praise for doing good work, (5) My supervisor, or someone at work, seems to care about me as a person, (6) There is someone at work who encourages my development, (7) At work, my opinions seem to count, (8) The mission or purpose of my organization makes me feel my job is important, (9) My associates or fellow employees are committed to doing quality work, (10) I have a best friend at work, (11) In the last six months, someone at work has talked to me about my progress, (12) This last year, I have had opportunities at work to learn and grow. Burnout is a z-score to: “Please indicate how often each of the following statements is true of your primary job (i.e., the job where you spend the most time working). I feel burned out at work: (a) Always, (b) Very often, (c) Sometimes, (d) Rarely, (e) Never” from (5=always) to (1=never). Job satisfaction is similarly defined: “How satisfied are you with your place of employment as a place to work?” Demographics include: age, race (White, Black), full-time status, having children, and being married. The sample is restricted to full and part-time workers, and the observations are weighted.

Figure 2: Dynamic Effects of Federal Employment Status on Employee Outcomes**(a) Panel A: Employee Engagement****(b) Panel B: Job Satisfaction****(c) Panel C: Job Burnout****(d) Panel D: Looking for Job**

Notes.—Source: Gallup Workforce Panel, 2022–2026 Q1. The figure reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to state and local government employees (control), normalized to 2022 as the base period. Each panel shows two series: estimates from a specification with demographic controls only (Without Person FE) and from a specification that additionally absorbs individual fixed effects (With Person FE). The vertical dashed line marks 2025 Q1, when the federal workforce reforms began. Outcomes are: employee engagement (z-score on the average of Gallup Q12 items, 1–5 scale), job satisfaction (z-score, 1–5 scale), job burnout (z-score, 1–5 scale), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

Figure 3: Political Heterogeneity in the Dynamic Effects of Federal Employment Status

Notes.—Source: Gallup Workforce Panel, 2023–2026 Q1. The figure reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to state and local government employees (control), normalized to 2023 as the base period. Each panel plots the estimates from a specification that includes demographic controls and individual fixed effects, by political affiliation. The vertical dashed line marks 2025 Q1, when the federal workforce reforms began. Outcomes are: employee engagement (z-score on the average of Gallup Q12 items, 1–5 scale), job satisfaction (z-score, 1–5 scale), job burnout (z-score, 1–5 scale), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

Figure 4: Tenure Heterogeneity in the Dynamic Effects of Federal Employment Status

Notes.—Source: Gallup Workforce Panel, 2023–2026 Q1. The figure reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to state and local government employees (control), normalized to 2023 as the base period. Each panel plots estimates from a specification with demographic controls and individual fixed effects, estimated separately by tenure group. The vertical dashed line marks 2025 Q1, when the federal workforce reforms began. Tenure is binned into terciles based on the observed tenure distribution: low tenure = <3 years, medium tenure = 4–11 years, and high tenure = 12–30 years. Outcomes are: employee engagement (z-score on the average of Gallup Q12 items, 1–5 scale), job satisfaction (z-score, 1–5 scale) job burnout (z-score, 1–5 scale), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

Table 2: Baseline Effects of Federal Status on Workplace Perceptions

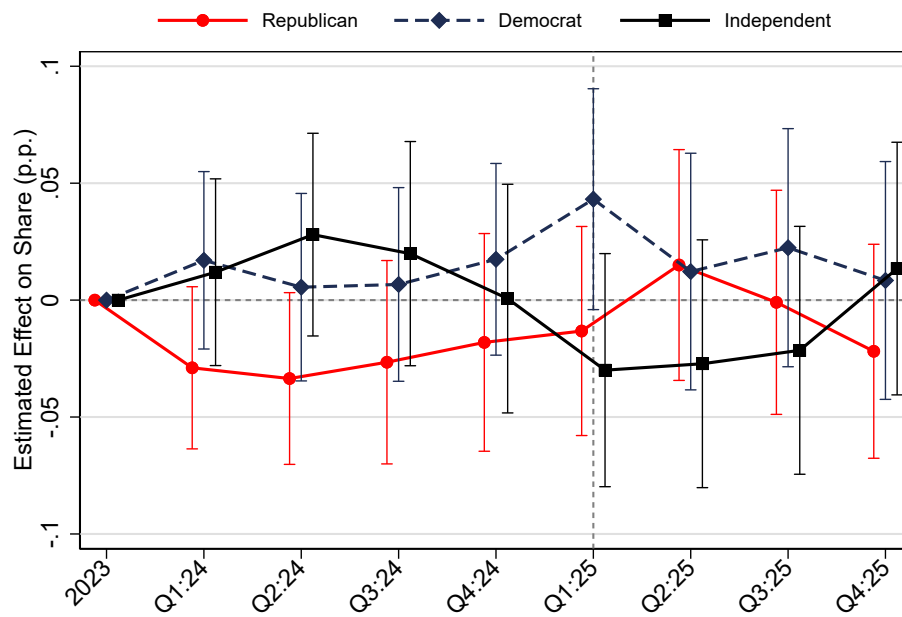
Dep. var. =	Wellbeing	Connected	Feedback	Customers	Trust	Respect
	(1)	(2)	(3)	(4)	(5)	(6)
Federal Worker	-.063	-.074	.082	.007	-.090	-.069
	[.055]	[.062]	[.071]	[.098]	[.112]	[.091]
× 2023	.083***	.045	.035	.005	.033	.005
	[.029]	[.029]	[.041]	[.036]	[.046]	[.039]
× 2024	.066**	.055	.006	-.058	.050	.095**
	[.033]	[.035]	[.042]	[.046]	[.059]	[.040]
× Q1:2025	-.076*	-.022	-.054	.016	.000	-.069
	[.043]	[.042]	[.046]	[.070]	[.]	[.049]
× Q2:2025	-.264***	-.199***	-.041	-.198**	-.344***	-.185**
	[.068]	[.071]	[.072]	[.078]	[.087]	[.079]
× Q3:2025	-.217***	-.170***	-.088	-.188***	-.302***	-.176***
	[.046]	[.046]	[.054]	[.056]	[.065]	[.055]
Age	-.023***	-.006	-.026***	-.042***	.076***	-.011
	[.006]	[.006]	[.007]	[.007]	[.021]	[.007]
Full time	-.042	.066	.034	.078	-.191**	-.051
	[.046]	[.045]	[.059]	[.066]	[.082]	[.057]
Has Children	-.010	.010	-.004	-.039	-.047	.009
	[.032]	[.037]	[.037]	[.044]	[.045]	[.040]
Is Married	-.024	.001	-.003	-.028	-.017	-.026
	[.036]	[.043]	[.038]	[.040]	[.059]	[.052]
R-squared	.70	.69	.64	.68	.74	.68
Sample Size	62942	54810	40512	42245	24686	45715
Demographics	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Person FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes.—Sources: Gallup Panel, 2022-2025. The table reports the coefficients associated with regressions of a z -score for perceptions of different workplace practices on an indicator for being a federal worker (relative to state worker, excluding all private) with 2022 as the normalization. Workplace (management) practices are based on responses to the degree of agreement with the following statements on a 1-5 scale: (a) I feel connected to my organization's culture, (b) My organization consistently delivers on the promises it makes to customers, (c) I trust the leadership of this organization, (d) My organization cares about my overall wellbeing, (e) I have received meaningful feedback in the past week, and (f) I am treated with respect at work. Demographics include: age, race (White, Black), full-time status, having children, and being married. The sample is restricted to full and part time federal and state workers, and the observations are weighted.

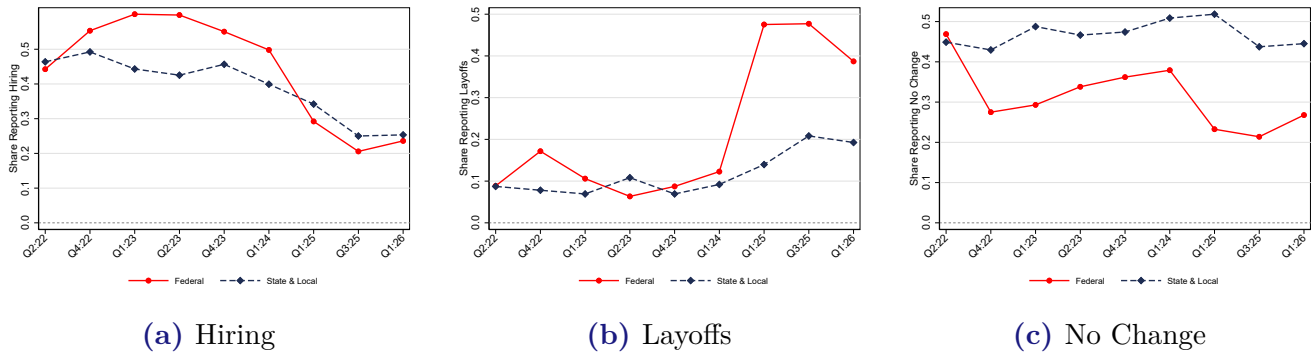
Table 3: The Role of Workplace Practices in Mediating the Effects of Federal Reforms

Dep. var. =	Avg Engagement		Job Satisfaction		Burnout		Looking for Job	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Federal Worker	-.116	-.069	-.021	.018	.055	.032	.004	-.003
	[.081]	[.067]	[.071]	[.058]	[.097]	[.091]	[.028]	[.028]
× 2023	.045	.005	.078**	.046*	-.004	.019	.003	.009
	[.034]	[.028]	[.032]	[.027]	[.035]	[.033]	[.013]	[.012]
× 2024	.058	.027	.091**	.070**	-.041	-.033	-.017	-.014
	[.036]	[.031]	[.037]	[.032]	[.039]	[.037]	[.015]	[.015]
× Q1:2025	-.072	-.035	-.219***	-.186***	.092**	.073*	.071***	.067***
	[.046]	[.038]	[.057]	[.048]	[.045]	[.044]	[.021]	[.021]
× Q2:2025	-.131**	.025	-.267***	-.127**	.204**	.110	.060*	.040
	[.065]	[.051]	[.070]	[.060]	[.085]	[.086]	[.032]	[.032]
× Q3:2025	-.163***	-.037	-.223***	-.105**	.171***	.098**	.021	.005
	[.048]	[.045]	[.055]	[.049]	[.051]	[.049]	[.019]	[.019]
C: Wellbeing		.333***		.286***		-.191***		-.044***
		[.010]		[.011]		[.011]		[.005]
C: Connected		.255***		.256***		-.127***		-.036***
		[.010]		[.012]		[.010]		[.005]
Age	-.022***	-.016***	-.024***	-.018***	-.004	-.008	.001	-.000
	[.006]	[.005]	[.006]	[.005]	[.006]	[.005]	[.002]	[.002]
Full time	.069	.061	.044	.020	-.319	-.218	-.060**	-.058**
	[.053]	[.045]	[.063]	[.054]	[.302]	[.269]	[.023]	[.024]
Has Children	.014	.012	-.027	-.031	-.060*	-.059*	-.012	-.012
	[.033]	[.026]	[.032]	[.028]	[.034]	[.032]	[.014]	[.013]
Is Married	.000	.013	-.020	-.012	-.019	-.021	.006	.005
	[.037]	[.029]	[.041]	[.038]	[.039]	[.036]	[.014]	[.014]
R-squared	.75	.82	.68	.74	.72	.74	.50	.51
Sample Size	54074	54074	53849	53849	45170	45170	52260	52260
Demographics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes.—Sources: Gallup Panel, 2022-2025. The table reports the coefficients associated with regressions of a z-score for the average across all Q12 questions on employee engagement scores, a z-score of job satisfaction, a z-score of burnout, and an indicator for looking for a new job on an indicator for being a federal worker (relative to state worker, excluding all private) with 2022 as the normalization, conditional on controls and both time and person fixed effects. Employee engagement is defined as a z-score of the average across four of the Q12 indicators (to account for missing values among some of the others): I know what is expected of me at work, At work, I have the opportunity to do what I do best every day, There is someone at work who encourages my development, and At work, my opinions seem to count. Burnout is a z-score to: “Please indicate how often each of the following statements is true of your primary job (i.e., the job where you spend the most time working). I feel burned out at work: (a) Always, (b) Very often, (c) Sometimes, (d) Rarely, (e) Never” from (5=always) to (1=never). Job satisfaction is similarly defined: “How satisfied are you with your place of employment as a place to work?” Workplace (management) practices are based on responses to the degree of agreement with the following statements on a 1-5 scale: I feel connected to my organization’s culture, and My organization cares about my overall wellbeing. Demographics include: age, race (White, Black), full-time status, having children, and being married. The sample is restricted to full and part time federal and state workers, and the observations are weighted.

Figure 5: Changes in Composition of Political Affiliation

Notes.—Sources: Gallup Workforce Panel, 2023–2026 Q1. The figure reports coefficients from a single regression in which the dependent variable is an indicator for being a federal (versus state or local government) employee. The regressors of interest are interactions between period dummies and indicators for Democrat and Independent affiliation, with Republicans as the omitted reference category and 2023 as the base period. The plotted coefficients therefore capture the differential change in the probability of federal employment for Democrats and Independents relative to Republicans over time; a coefficient near zero indicates no partisan-differential sorting into or out of the federal workforce. The specification includes demographic controls (age, gender, race, education, full-time status, children in household, and marital status). The sample includes full- and part-time federal and state/local government workers, and all observations are weighted using Gallup survey weights. Standard errors are clustered at the individual level.

Figure 6: Perceptions of Employer Expansion and Contraction

Notes.—Source: Gallup Workforce Panel, 2022 Q2–2026 Q1. The figure plots the share of federal and state and local government employees reporting each workforce outcome over time, based on the question: “Based on what you know or have seen, would you say that your company or employer is hiring new people and expanding the size of its workforce, letting people go and reducing the size of its workforce, or not changing the size of its workforce?” The sample is restricted to respondents employed by the federal government or by state and local governments, excluding those who responded “don’t know” or did not answer. Series are weighted means constructed using Gallup survey weights, collapsed to the quarter level separately for each employment group.

A Online Appendix

Table A.1: Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Jan 20 2025	EO 14170 — “Reforming the Federal Hiring Process and Restoring Merit to Government Service”	Directs development of a “Federal Hiring Plan” within 120 days, emphasizes merit-based hiring, prohibits hiring based on “equity/gender identity” rather than skill, reduction in average time to hire to under 80 days	DEI & Merit-Orientation
Jan 20 2025	EO 14151 — “Ending Radical And Wasteful Government DEI Programs And Preferencing”	Requires termination or re-orientation of many federal DEIA (Diversity, Equity, Inclusion, Accessibility) programs.	DEI & Merit-Orientation

Table A.1 (continued): Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Jan 20 2025	EO 14158 — “Establishing and Implementing the President’s “Department of Government Efficiency”	Establishes DOGE with the aim to modernize Federal technology and software to maximize governmental efficiency and productivity.	Performance & Accountability
Jan 20 2025	DCPD-202500149 — Memorandum on Restoring Accountability for Career Senior Executives	Proposed changes to the Senior Executive Service (SES) recruitment, training, oversight, aiming to prioritize “merit” and “alignment with national priorities”.	DEI & Merit-Orientation
Jan 20 2025	Presidential Memorandum 90 FR 8247 — “Hiring Freeze”	Hiring Freeze for all federal civilian positions, with exceptions for military, national security, immigration enforcement, and public safety roles. Agencies were prohibited from creating new positions or filling vacancies.	Workforce Size / Hiring Controls

Table A.1 (continued): Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Jan 20 2025	Presidential Memorandum — “Return to In-Person Work”	Orders all federal employees to end remote work and return to full-time, in-person work.	Performance & Accountability
Jan 20 2025	EO 14171 — “Restoring Accountability to Policy-Influencing Positions Within the Federal Workforce”	Establishes the “Schedule Policy/Career” category for federal employees which would permit easier removal of policy-influencing employees. Removes some civil service protections for federal workers.	Performance & Accountability
Jan 21 2025	EO 14173 — “Ending Illegal Discrimination and Restoring Merit-Based Opportunity”	Revokes earlier orders (e.g., EO 11246) on affirmative action in federal contracting; emphasized “restoring merit-based opportunity”.	DEI & Merit-Orientation

Table A.1 (continued): Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Jan 28 2025	Deferred Resignation Program	An email titled “Fork in the road” was sent to federal civilian employees offering to be placed on administrative leave, retain their benefits, and get until Sep 30, 2025.	Workforce Size / Hiring Controls
Feb 4 2025	Announcement USAID Employees on administrative leave	The administration announced administrative leave for USAID employees effective on Feb 7 2025.	Workforce Size / Hiring Controls
Feb 7 2025	OPM issues guidance on revocation of EO 14003, restoring prior Trump-era discipline/unsatisfactory performance rules	Reverses certain Biden-era protections; signals return to stronger agency discipline and removal processes.	Performance & Accountability

Table A.1 (continued): Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Feb 11 2025	EO 14210 — “Implementing the President’s ‘Department of Government Efficiency’ Workforce Optimization Initiative”	Establishes large-scale workforce optimization: agencies must coordinate with a new entity (DOGE) to shrink workforce, hiring cap of 1 new hire per 4 separations (with exceptions).	Workforce Size/Hiring Control
Feb 26 2025	OPM memorandum on reorganization and reductions-in-force plans	OPM instructs agencies to submit reorganization and reductions-in-force plans to DOGE	Workforce Size / Hiring Controls
Mar 27 2025	EO 14251 — “Exclusions From Federal Labor-Management Relations Programs”	Ends union representation for employees in agencies deemed critical to national security (e.g., Defense, DHS, State, EPA, CDC).	Performance & Accountability

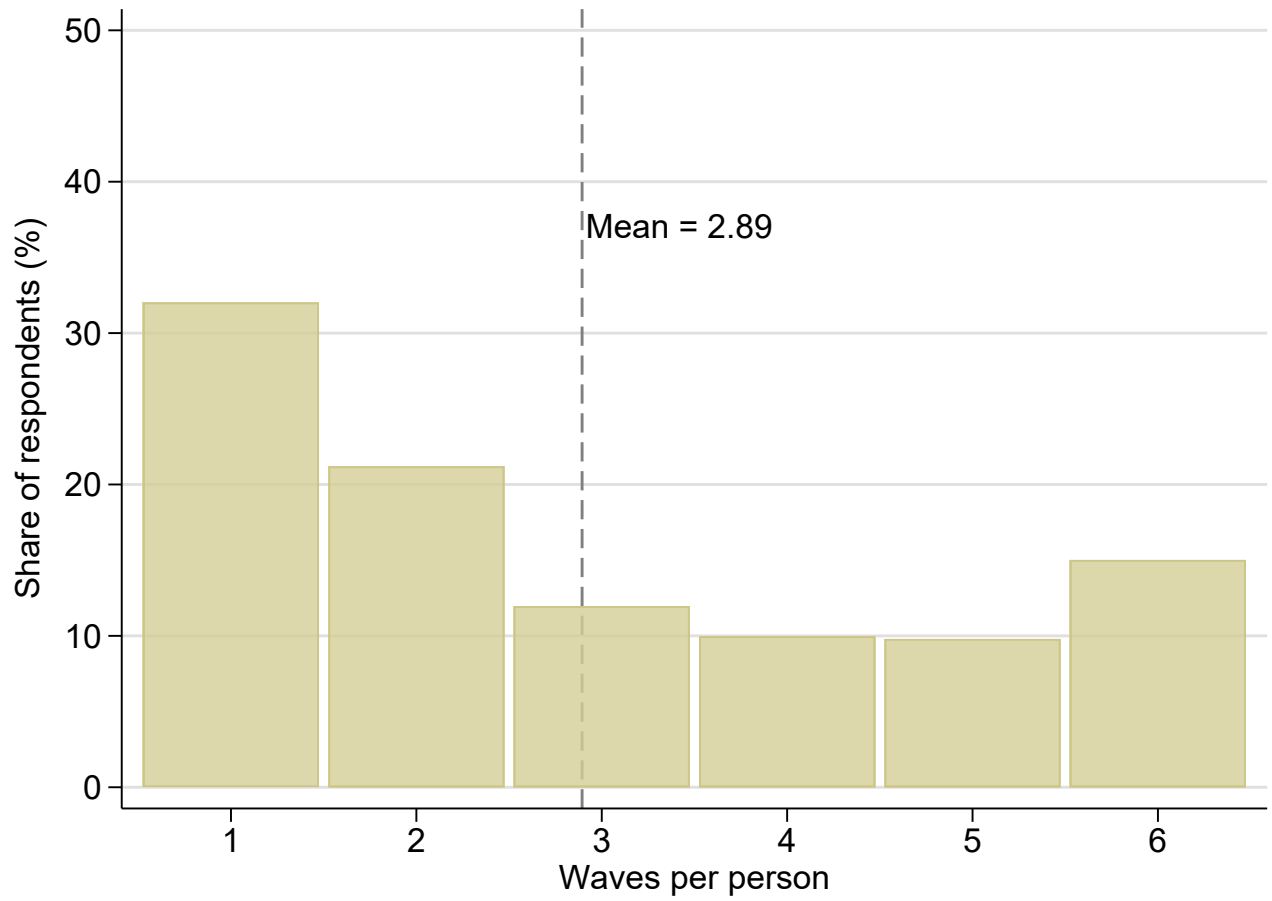
Table A.1 (continued): Key Federal Workforce Actions in 2025

Date	Action	Description	Policy Focus
Apr 18 2025	OPM proposes a rule to implement EO14171	A proposed rule to create a “Schedule Policy/Career” classification that would permit easier removal of policy-influencing employees.	Performance & Accountability
May 29 2025	OPM issues new “Merit Hiring Plan” guidance for agencies consistent with EO 14170	Provides more detail to agencies on how to implement the merit-based hiring changes.	Hiring & Recruitment
Summer 2025	Mass Layoffs	Reduction-in-force notices issued across agencies, targeting diversity, equity, and inclusion (DEI) staff and other positions deemed non-essential.	DEI & Merit-Orientation
Oct 15 2025	Executive order — 14356 “Ensuring Continued Accountability in Federal Hiring”	Requires agencies to create Strategic Hiring Committees and annual staffing plans aligned with administration priorities.	Hiring & Recruitment

Notes: This table provides an overview of major federal workforce-related actions in 2025, including executive

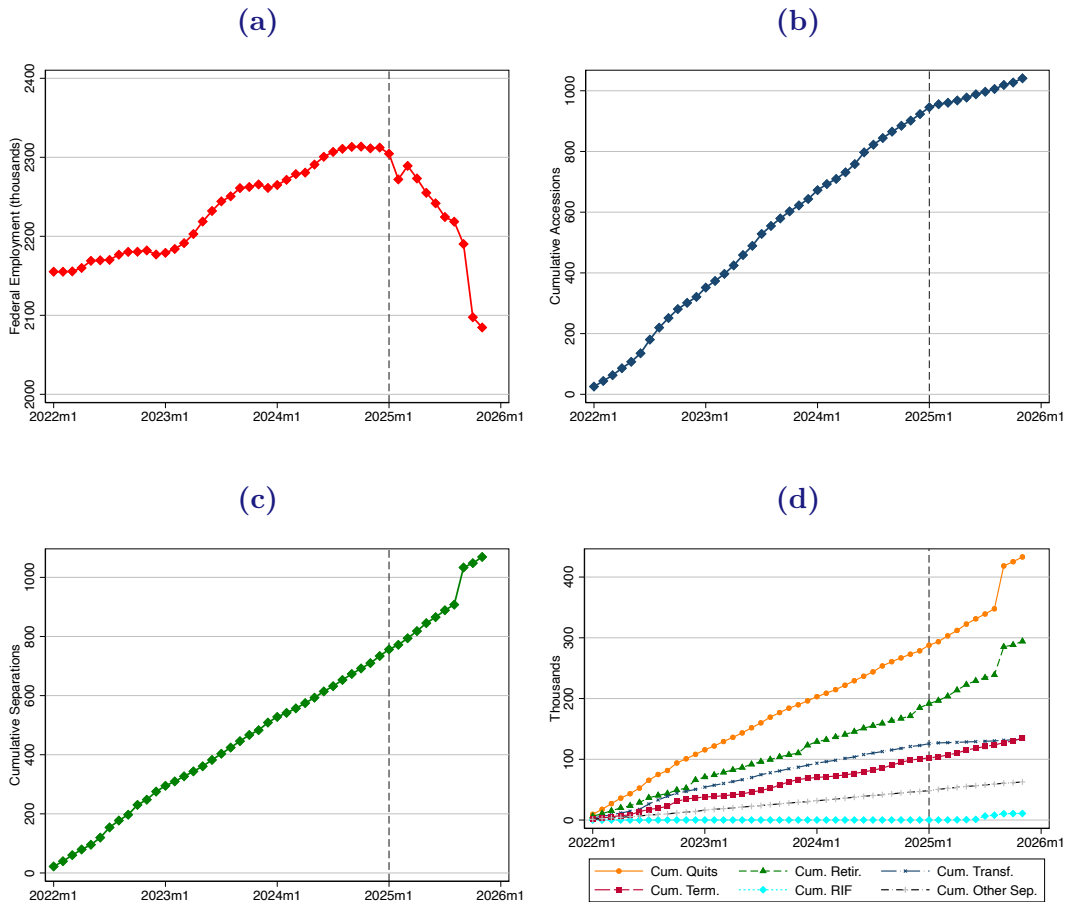
orders, presidential memoranda, and agency guidance. Each entry is categorized by its primary policy focus: Workforce Size Hiring Controls, DEI & Merit-Orientation, Performance & Accountability, and Hiring & Recruitment. EO stands for Executive Order, and OPM stands for Office of Personnel Management.

Figure A.1: Descriptive Evidence on Longitudinal Variation



Notes.—Sources: Gallup Panel, 2022-2026. The figure plots the share of respondents across the potential number of waves in the data.

Figure A.2: Federal Employment, Accessions, and Separations Over Time



Notes: OPM data (January 2022—November 2025). Panels (a)–(c) show the evolution of federal employment, cumulative accessions, and cumulative separations over time. Panel (d) further decomposes changes in separations into their main components, namely quits, retirements, transfers, terminations, reductions in force (RIF), and all other separation types.

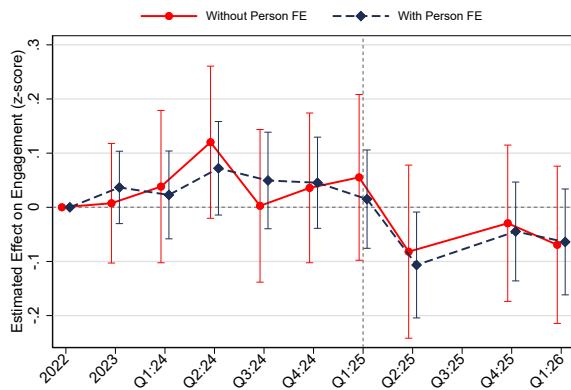
Table A.2: Effects of Federal Employment Status on Employee Outcomes (Tabular Format)

Dep. var. =	Avg Engagement		Job Satisfaction		Burnout		Looking for Job	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Federal Worker	.003	.042	-.028	.064	-.013	.068	.028	-.016
	[.065]	[.064]	[.078]	[.073]	[.063]	[.087]	[.019]	[.027]
× 2023	.042	.005	.064	-.003	.008	.036	.018	.006
	[.062]	[.033]	[.073]	[.037]	[.060]	[.037]	[.021]	[.014]
× 2024	.040	.005	.077	.010	-.023	.013	-.003	-.006
	[.068]	[.036]	[.079]	[.040]	[.065]	[.039]	[.021]	[.015]
× Q1:2025	-.003	-.047	-.161*	-.273***	.045	.106**	.058**	.080***
	[.084]	[.050]	[.096]	[.061]	[.077]	[.052]	[.027]	[.023]
× Q2:2025	-.112	-.166***	-.292***	-.397***	.205**	.226***	.052*	.077***
	[.088]	[.052]	[.096]	[.057]	[.085]	[.066]	[.029]	[.024]
× Q3:2025	.000	.000	-.163*	-.322***	.174**	.198***	.030	.037*
	[.]	[.]	[.091]	[.065]	[.081]	[.056]	[.027]	[.022]
× Q4:2025	-.062	-.093*	-.192**	-.285***	.091	.143**	-.014	.014
	[.080]	[.049]	[.091]	[.059]	[.083]	[.057]	[.025]	[.021]
× Q1:2026	-.102	-.092*	-.138	-.304***	.112	.123**	.004	.026
	[.080]	[.050]	[.090]	[.060]	[.077]	[.055]	[.025]	[.021]
Age	-.004***	-.002	.006***	.022*	-.010***	-.024**	-.003***	-.001
	[.001]	[.012]	[.001]	[.012]	[.001]	[.011]	[.000]	[.005]
Male	-.121***		.045*		-.189***		-.003	
	[.029]		[.026]		[.029]		[.006]	
White	.026		.013		.020		-.021**	
	[.036]		[.037]		[.039]		[.010]	
Black	-.007		-.001		-.125**		.025*	
	[.054]		[.049]		[.054]		[.014]	
Full time	-.063*	.084*	-.155***	.046	.447***	-.092	-.039***	-.062***
	[.037]	[.044]	[.032]	[.047]	[.114]	[.306]	[.010]	[.019]
Has Children	.009	.031	.032	.005	.037	-.055*	-.003	-.017
	[.030]	[.030]	[.027]	[.031]	[.028]	[.032]	[.007]	[.012]
Is Married	.060*	.004	.047*	-.039	-.032	-.038	-.036***	.001
	[.032]	[.029]	[.027]	[.037]	[.030]	[.033]	[.006]	[.012]
R-squared	.01	.77	.02	.66	.03	.70	.03	.48
Sample Size	69805	65350	79146	74550	64555	60518	76268	71606
Demographics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person FE	No	Yes	No	Yes	No	Yes	No	Yes

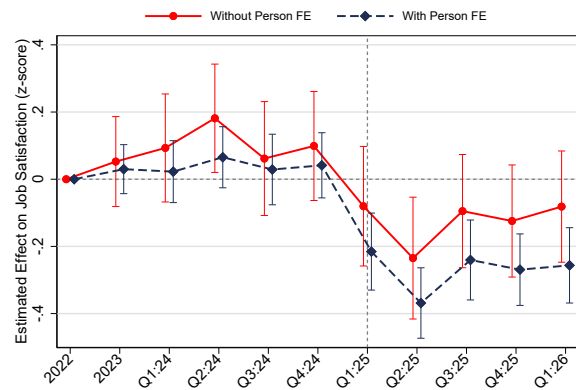
Notes.—Source: Gallup Workforce Panel, 2023–2026 Q1. The table reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to non-federal (state/local and private sector) employees (control), normalized to 2022 as the base period. Outcomes are: employee engagement (average of Gallup Q12 items, 1–5 scale), job burnout (z-score), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in the household, and marital status. All regressions are weighted using Gallup survey weights, and standard errors are clustered at the individual level.

Figure A.3: Effects of Federal Employment Status on Employee Outcomes (With Private Sector)

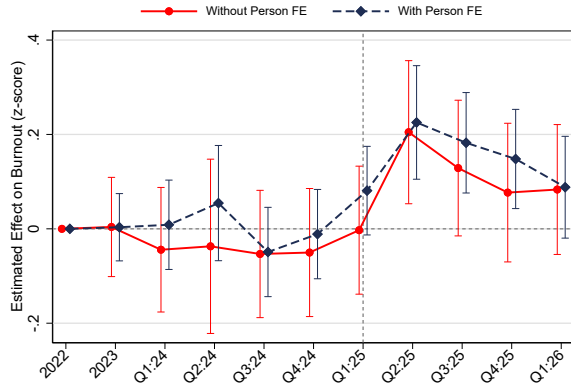
(a) Panel A: Employee Engagement



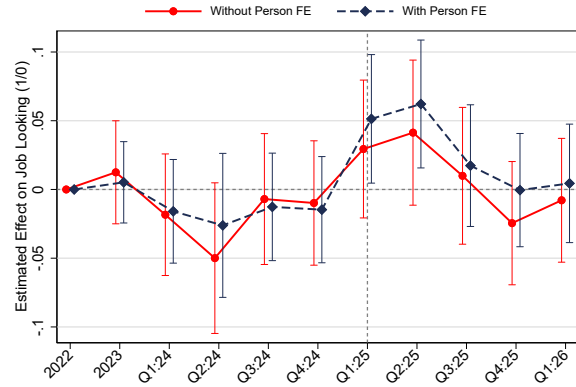
(b) Panel B: Job Satisfaction



(c) Panel C: Job Burnout



(d) Panel D: Job Looking



Notes.—Source: Gallup Workforce Panel, 2022–2026 Q1. The figure reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to non-federal (state/local and private sector) employees (control), normalized to 2022 as the base period. Each panel shows two series: estimates from a specification with demographic controls only (Without Person FE) and from a specification that additionally absorbs individual fixed effects (With Person FE). The vertical dashed line marks 2025 Q1, when the federal workforce reforms began. Outcomes are: employee engagement (z-score on the average of Gallup Q12 items, 1–5 scale), job satisfaction (z-score, 1–5 scale), job burnout (z-score, 1–5 scale), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

Table A.3: Effects of Federal Status on Employee Engagement Outcomes (2022 Status)

Dep. var. =	Avg Engagement		Job Satisfaction		Burnout		Looking for Job	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Federal Worker (as of 2022)	.016		-.017		-.000		.034*	
	[.067]		[.081]		[.063]		[.019]	
× 2023	.030	.019	.036	.005	-.019	-.016	-.005	-.002
	[.056]	[.031]	[.066]	[.034]	[.055]	[.035]	[.019]	[.014]
× 2024	.043	.048	.063	.018	-.028	-.026	-.002	-.001
	[.071]	[.034]	[.078]	[.037]	[.066]	[.037]	[.022]	[.016]
× Q1:2025	.008	-.033	-.228**	-.265***	.042	.079	.046	.048*
	[.090]	[.055]	[.105]	[.066]	[.085]	[.055]	[.031]	[.026]
× Q2:2025	-.121	-.145***	-.445***	-.480***	.231**	.281***	.038	.045
	[.091]	[.055]	[.106]	[.072]	[.097]	[.066]	[.033]	[.029]
× Q3:2025	.000	.000	-.172*	-.257***	.235**	.219***	.025	.017
	[.]	[.]	[.099]	[.067]	[.107]	[.074]	[.031]	[.026]
× Q4:2025	-.090	-.080	-.327***	-.337***	.169*	.125**	.021	.015
	[.094]	[.060]	[.108]	[.073]	[.095]	[.060]	[.026]	[.022]
× Q1:2026	-.071	-.047	-.251**	-.258***	.142	.110*	.029	.024
	[.099]	[.056]	[.108]	[.065]	[.102]	[.062]	[.030]	[.026]
Age	-.003*	-.007	.008***	.027*	-.012***	-.025*	-.003***	.003
	[.002]	[.015]	[.002]	[.015]	[.002]	[.013]	[.000]	[.005]
Male	-.151***		.048		-.180***		.002	
	[.041]		[.038]		[.042]		[.008]	
White	.020		.009		.020		-.028	
	[.057]		[.065]		[.062]		[.017]	
Black	-.049		-.104		-.180**		.001	
	[.088]		[.088]		[.088]		[.024]	
Full time	-.097	.055	-.193***	.069	.433***	-.082	-.039**	-.086***
	[.063]	[.071]	[.057]	[.071]	[.115]	[.311]	[.017]	[.031]
Has Children	.016	.062*	.059	.016	.031	-.055	-.016*	-.019
	[.045]	[.036]	[.041]	[.039]	[.042]	[.039]	[.009]	[.014]
Is Married	.068	.005	.046	-.045	-.020	-.007	-.032***	.002
	[.047]	[.035]	[.041]	[.045]	[.044]	[.036]	[.009]	[.013]
R-squared	.01	.77	.03	.67	.04	.71	.03	.46
Sample Size	43952	42687	49121	47856	40447	39031	47425	46126
Demographics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person FE	No	Yes	No	Yes	No	Yes	No	Yes

Notes.—Sources: Gallup Panel, 2022-2025. The table reports the coefficients associated with regressions of a z-score for the average across all Q12 questions on employee engagement scores, a z-score of job satisfaction, a z-score of burnout, and an indicator for looking for a new job on an indicator for being a federal worker fixed based on the respondent’s 2022 status (relative to state worker, excluding all private) with 2022 as the normalization. Employee engagement is defined as a z-score of the average across the Q12 indicators: (1) I know what is expected of me at work, (2) I have the materials and equipment I need to do my work right, (3) At work, I have the opportunity to do what I do best every day, (4) In the last seven days, I have received recognition or praise for doing good work, (5) My supervisor, or someone at work, seems to care about me as a person, (6) There is someone at work who encourages my development, (7) At work, my opinions seem to count, (8) The mission or purpose of my organization makes me feel my job is important, (9) My associates or fellow employees are committed to doing quality work, (10) I have a best friend at work, (11) In the last six months, someone at work has talked to me about my progress, (12) This last year, I have had opportunities at work to learn and grow. Burnout is a z-score to: “Please indicate how often each of the following statements is true of your primary job (i.e., the job where you spend the most time working). I feel burned out at work: (a) Always, (b) Very often, (c) Sometimes, (d) Rarely, (e) Never” from (5=always) to (1=never). Job satisfaction is similarly defined: “How satisfied are you with your place of employment as a place to work?” Demographics include: age, race (White, Black), full-time status, having children, and being married. The sample is restricted to full and part time federal and state workers, and the observations are weighted.

Table A.4: Effects of Federal Employment Status on Employee Outcomes (With Remote Work)

Dep. var. =	Avg Engagement		Job Satisfaction		Burnout		Looking for Job	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Federal Worker	-.013	.005	-.028	.082	-.008	.119	.036*	-.026
	[.067]	[.061]	[.083]	[.065]	[.063]	[.075]	[.020]	[.031]
× 2023	.026	.012	.052	.006	.015	.018	.009	.001
	[.063]	[.031]	[.074]	[.035]	[.059]	[.033]	[.021]	[.014]
× 2024	.015	.007	.048	-.015	-.017	-.007	-.012	-.003
	[.068]	[.033]	[.080]	[.038]	[.065]	[.036]	[.022]	[.016]
× Q1:2025	.056	-.008	-.190*	-.266***	.049	.076	.055**	.070***
	[.084]	[.046]	[.099]	[.056]	[.077]	[.048]	[.028]	[.023]
× Q2:2025	-.080	-.128***	-.312***	-.380***	.206**	.191***	.037	.067***
	[.090]	[.050]	[.101]	[.055]	[.086]	[.064]	[.029]	[.025]
× Q3:2025	.000	.000	-.185*	-.339***	.170**	.161***	.032	.037
	[.]	[.]	[.097]	[.066]	[.082]	[.055]	[.028]	[.023]
× Q4:2025	-.002	-.067	-.196**	-.301***	.088	.106**	-.014	.018
	[.082]	[.047]	[.095]	[.059]	[.084]	[.054]	[.026]	[.021]
× Q1:2026	-.085	-.080*	-.135	-.280***	.109	.088*	-.000	.023
	[.081]	[.048]	[.093]	[.059]	[.078]	[.052]	[.025]	[.022]
Always Remote	.290***	.141***	.264***	.182***	-.112**	-.058	.021*	.008
	[.041]	[.054]	[.042]	[.054]	[.048]	[.053]	[.011]	[.019]
Sometimes Remote	.196***	.086***	.133***	.140***	-.022	-.062**	.001	-.014
	[.030]	[.022]	[.027]	[.027]	[.030]	[.026]	[.006]	[.009]
R-squared	.02	.77	.01	.67	.03	.70	.03	.47
Sample Size	60535	56974	66497	62886	63946	60356	64147	60477
Demographics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person FE	No	Yes	No	Yes	No	Yes	No	Yes

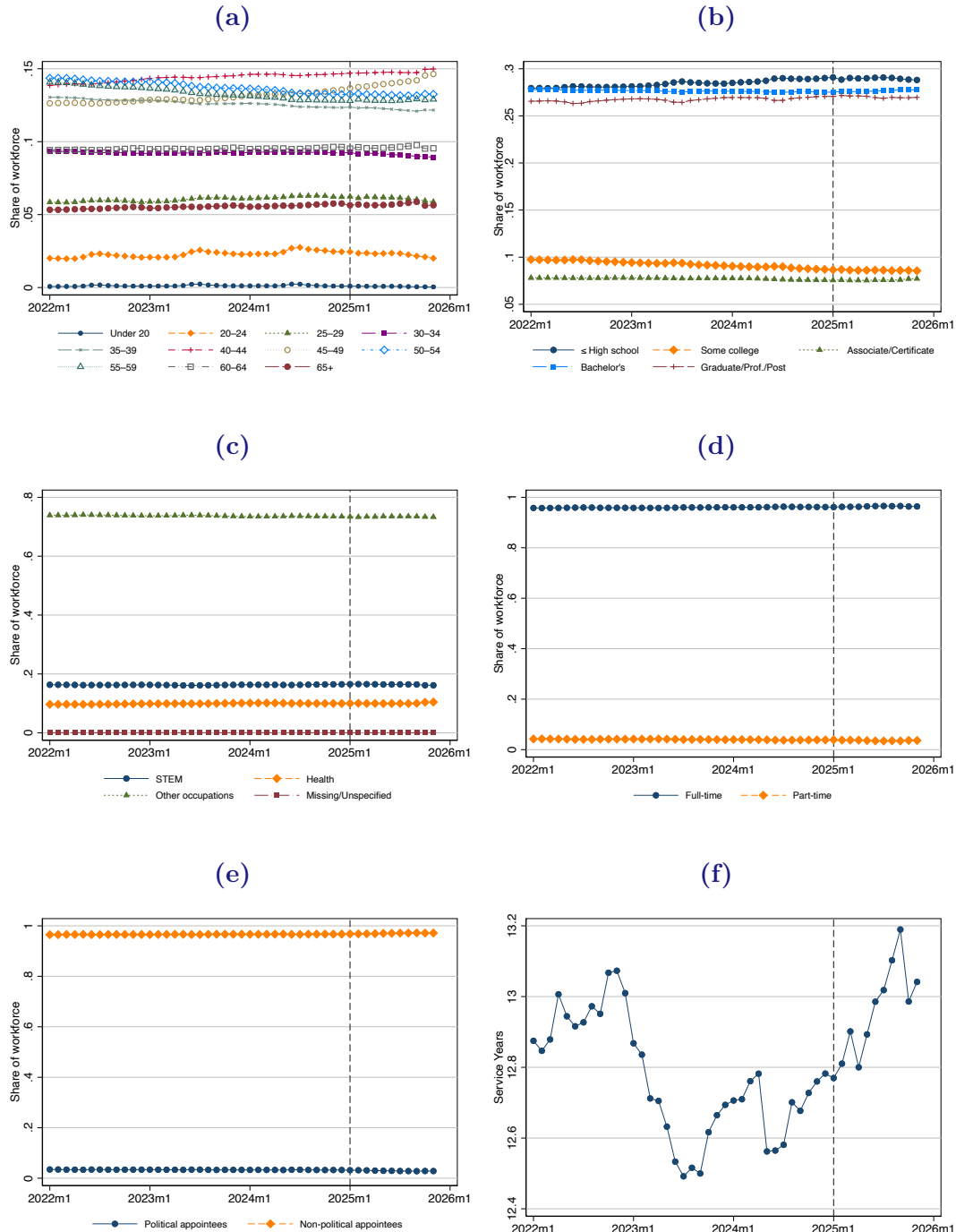
Notes.—Source: Gallup Workforce Panel, 2023–2026 Q1. The table reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to non-federal (state/local and private sector) employees (control), normalized to 2023 as the base period. Outcomes are: employee engagement (z-score on the average of Gallup Q12 items, 1–5 scale), job satisfaction (z-score, 1–5 scale) job burnout (z-score, 1–5 scale), and an indicator for actively looking for another job. Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

Table A.5: Effects of Federal Employment Status on Life Satisfaction

Dep. var. =	Current Life Satisfaction	Future Life Satisfaction	Is Thriving (1/0)
	(1)	(2)	(3)
Federal Worker	.016 [.051]	-.020 [.041]	-.013 [.025]
× 2023	.051 [.034]	.009 [.022]	.024 [.016]
× 2024	.065* [.037]	.021 [.028]	.021 [.019]
× Q1:2025	-.167*** [.054]	-.077* [.046]	-.082*** [.027]
× Q2:2025	-.145*** [.054]	-.007 [.047]	-.052* [.027]
× Q3:2025	-.192*** [.057]	-.033 [.048]	-.055** [.027]
× Q4:2025	-.309*** [.062]	-.034 [.050]	-.071** [.028]
× Q1:2026	-.170*** [.055]	-.021 [.041]	-.041 [.028]
Current Life Satisfaction		.503*** [.012]	
Age	.014 [.011]	-.007 [.009]	.002 [.006]
Full time	.146*** [.036]	-.009 [.030]	.052*** [.019]
Has Children	.024 [.031]	.009 [.025]	.023 [.017]
Is Married	-.033 [.037]	.050* [.030]	.011 [.020]
R-squared	.74	.82	.67
Sample Size	72363	69556	69556
Demographics	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Person FE	Yes	Yes	Yes

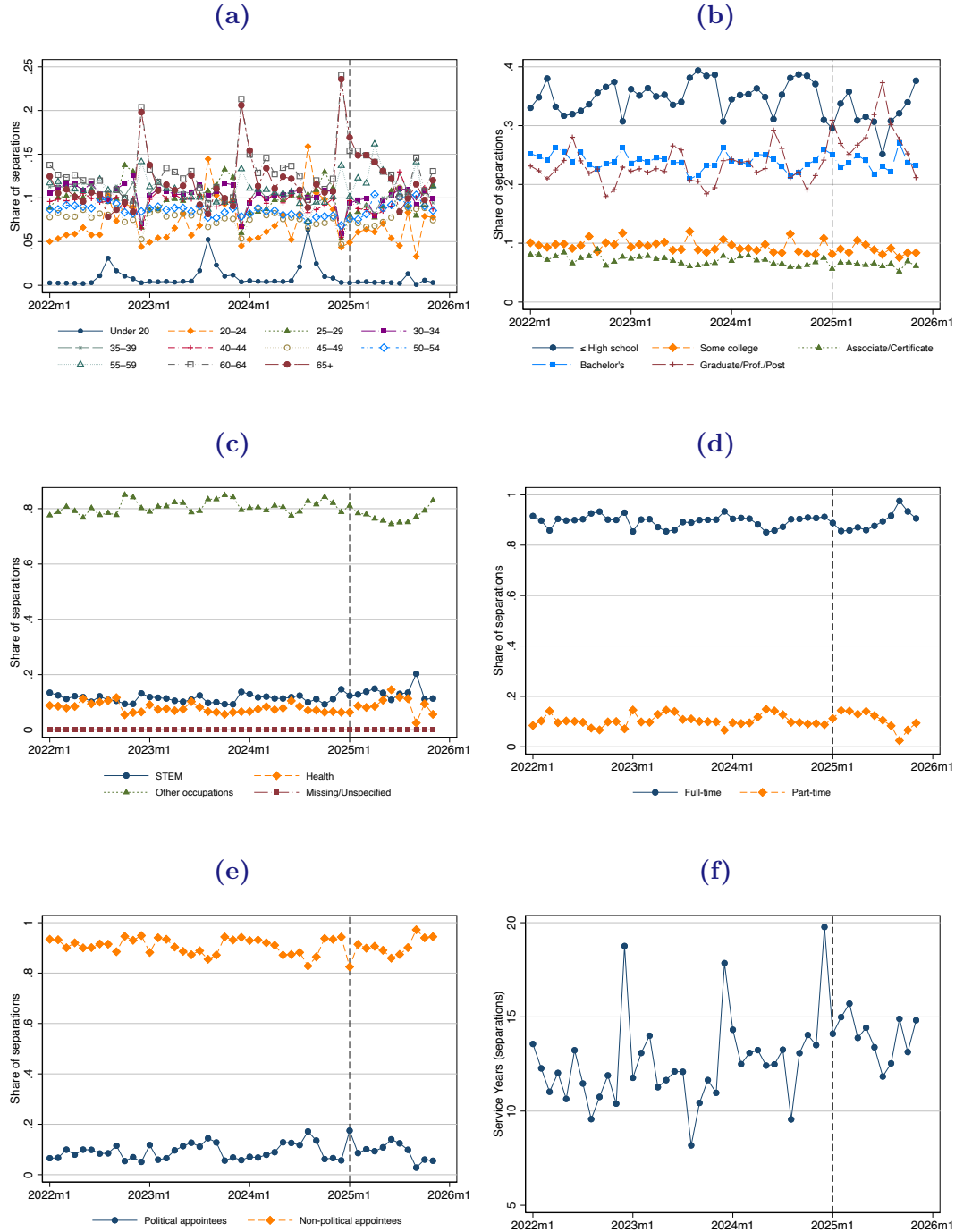
Notes.—Sources: Gallup Panel, 2022-2025. The table reports the coefficients associated with regressions of a z-score for current life satisfaction and expected (over the next five years) life satisfaction and an indicator for whether the respondent is thriving (at least a 7/10 on current and 8/10 on future life satisfaction) on an indicator for being a federal worker (relative to state worker, excluding all private) with 2022 as the normalization, conditional on demographic factors and both person and year fixed effects. Life satisfaction is measured as: “Please imagine a ladder with steps numbered from zero at the bottom to ten at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?” Future life satisfaction is measured as: “On which step do you think you will stand about five years from now?” Demographics include: age, full-time status, having children, and being married. The sample is restricted to full and part-time federal and state workers, and the observations are weighted.

Figure A.4: Evolution of the Characteristics of Federal Workforce



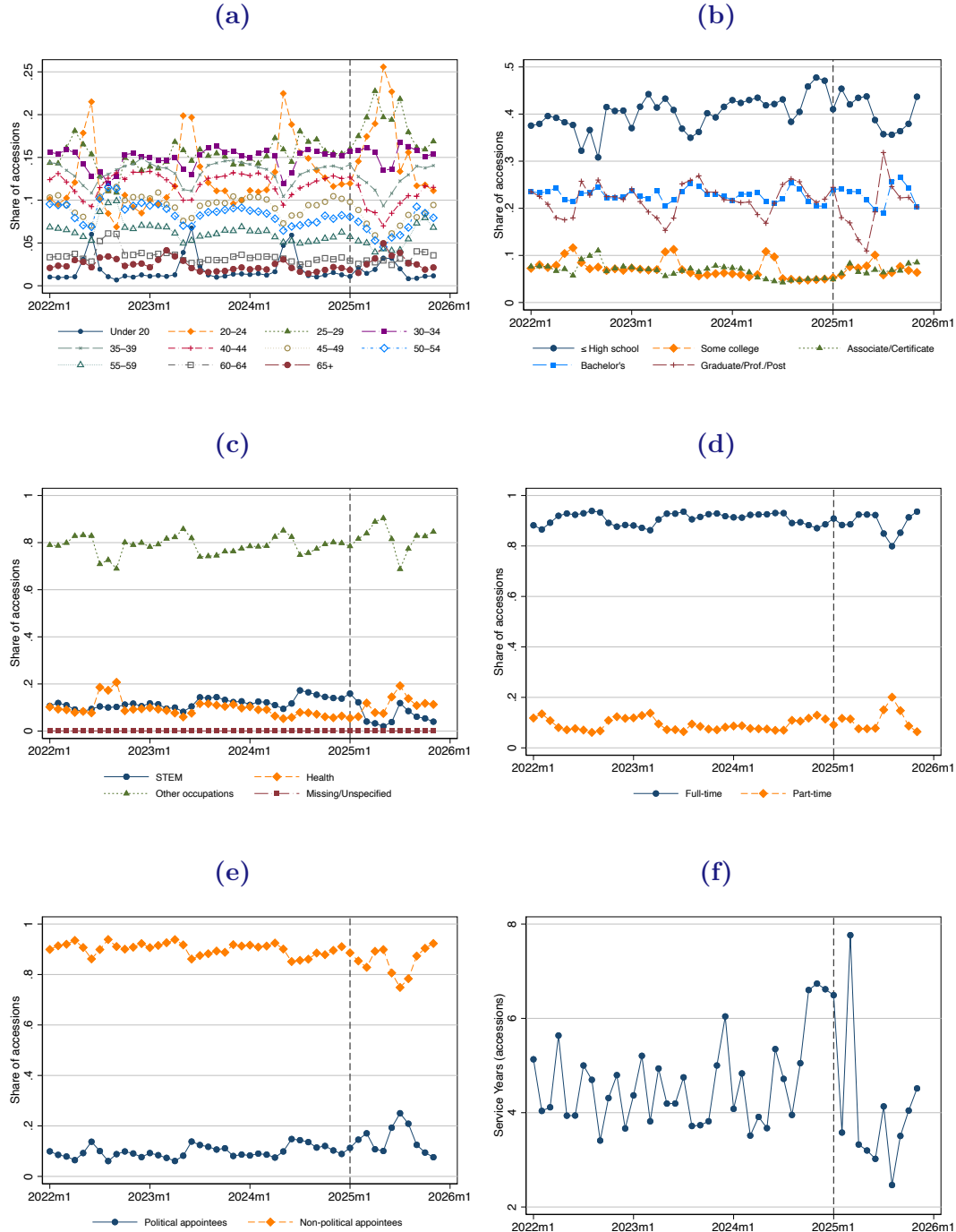
Notes: OPM data (January 2022—November 2025). Panels (a)–(f) illustrate the evolution of federal employees’ characteristics across six dimensions: age, education, occupation, full-time employment status, political appointment status, and years of service.

Figure A.5: Evolution of the Characteristics of Federal Workforce Separations

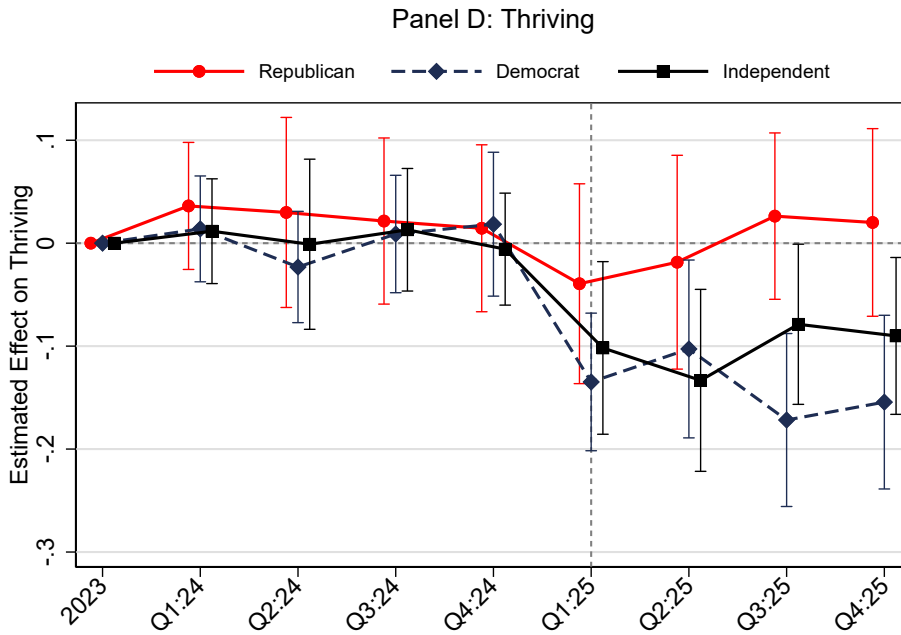


Notes: OPM data (January 2022—November 2025). Panels (a)–(f) illustrate how the characteristics of employees leaving the federal workforce evolve over time across six dimensions: age, education, occupation, full-time employment status, political appointment status, and years of service.

Figure A.6: Evolution of the Characteristics of Federal Workforce Accessions



Notes: OPM data (January 2022—November 2025). Panels (a)–(f) illustrate how the characteristics of employees joining the federal workforce evolve over time across six dimensions: age, education, occupation, full-time employment status, political appointment status, and years of service.

Figure A.7: Political Heterogeneity in the Dynamic Effects of Federal Employment Status

Notes.—Source: Gallup Workforce Panel, 2023–2026 Q1. The figure reports event-study coefficients from difference-in-differences regressions comparing federal employees (treatment) to state and local government employees (control), normalized to 2023 as the base period. Each panel plots the estimates from a specification that includes demographic controls and individual fixed effects, by political affiliation. The vertical dashed line marks 2025 Q1, when the federal workforce reforms began. Outcomes is an indicator for whether the respondent is thriving (at least a 7/10 on current and 8/10 on future life satisfaction). Demographic controls include age, gender, race, full-time status, children in household, and marital status. All regressions are weighted using Gallup survey weights and standard errors are clustered at the individual level.

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