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HOW MUCH DOES IT COST TAXPAYERS TO HIRE A NEW FEDERAL BUREAUCRAT?

President Obama's budget calls for hiring "several hundred thousand" federal employees over the next four years to replace retiring Baby Boomer bureaucrats, and to expand the federal workforce.

How much will it cost taxpayers to hire each of these employees over a working career? The range is between \$2.02 million for the cheapest employee (GS-1), and \$11.3 million for the most expensive employee (GS-15). An employee in the middle of the federal pay scale (GS-8) will cost \$4.27 million.

Let's assume the middle, GS-8 cost of \$4.27 million per employee is the representative one. If Obama plans to replace or hire 250,000 federal employees, that obligates the taxpayer to the tune of over \$1 trillion. This is during the same forty-year period where taxpayers will be on the hook to pay for the unfunded obligations of Social Security, Medicare, and Medicaid (not to mention the national debt).

Candidates running for President in 2008 called for a slow attrition of the federal workforce that this Baby Boomer retirement presents as an opportunity. Unfortunately for taxpayers, Obama is squandering this once in a lifetime chance to transform the bloated federal bureaucracy into a lean and accountable civil service.

How does ATR arrive at these conclusions? Here are our assumptions:

- *The federal GS-schedule is used, which can be found at OPM's website. The national average is the table consulted*
- *The worker is assumed to stay in the same GS-grade for a forty-year career. This makes the numbers conservative, since workers often move up in GS-grade when promoted. On the other hand, most federal workers don't work for forty years, so this seemed like a good way to balance the numbers*
- *The worker starts at step one of his grade level, and gets a 6 percent raise for the first nine additional years (this is a conservative accounting for the annual GS-scale COLA and the "step-up" workers get their first decade on the job)*
- *The worker gets a 3 percent COLA raise in years 11 through 40*
- *The worker's step-one salary is plussed-up by 20% to account for fringe benefits like the thrift savings plan match, the federal employee retirement system defined benefit pension, the cost of the federal employee health benefits plan, the government's share of FICA tax, and other non-salary costs of compensation*
- *All figures are nominal (inflation is not subtracted out)*

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