Federal Workforce Report 2026: Data, Trends, and the Constraints Shaping Government Hiring

Presented by Indeed

Pressure on Federal Hiring

The federal government faces a pressing workforce challenge. It must fill critical roles faster as retirements rise, private-sector competition persists, and public sector labor demand shifts toward hard-to-fill personal care and technical jobs. The policy answer is increasingly skills-first hiring, but policy change must be paired with improved candidate onboarding and workforce planning. During a disruptive period across public sector employment, competition for specialized talent means that the federal government must modernize to attract qualified candidates.

How Federal Hiring Loses Candidates

Generally, job seekers may expect to follow a five-step hiring process. Due to a lengthy hiring process, public sector employers lose talented candidates in each of these steps, putting the federal government at a disadvantage in competing for talent.



Office of Personnel Management (OPM) data shows that, in FY24 government positions took 101 days to go from identification of a job need to employee Entrance on Duty (EoD), a lengthy duration that has put the public sector at a disadvantage when it comes to hiring skilled candidates.

By contrast, businesses in the United States take an average of 35 days to fill a position. While there is good reason for additional vetting of public sector applicants, delayed decision-making means that governments lose qualified people to private industry before hiring processes can reach the finish line. However, recent government hiring reforms have created opportunities for the public sector to compete more effectively for specialized talent.

AI and a Shifting Labor Demand

Public sector hiring will need to adapt to a labor market changing in two ways at once. Demand is rising for certain specialized skills, while generative AI reshapes white collar work. Economists polled by Indeed project that AI will have an impact on job markets for many traditional white collar jobs, but are split on the impact to data & analytics and software development roles.

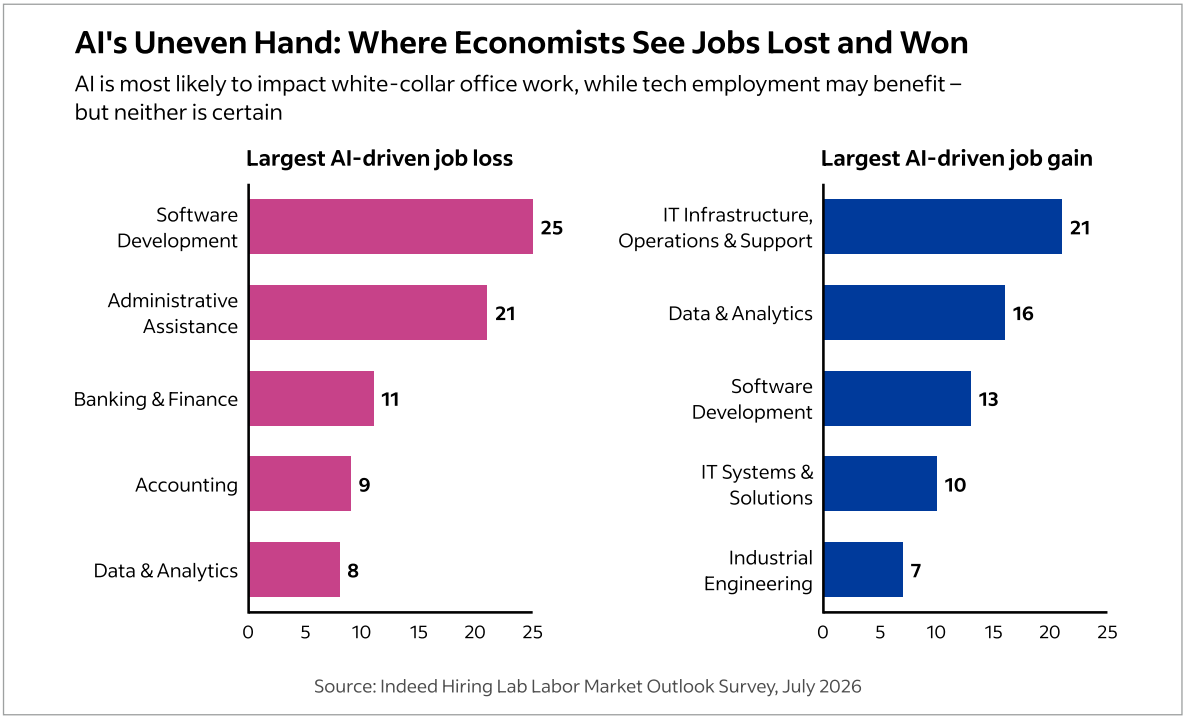
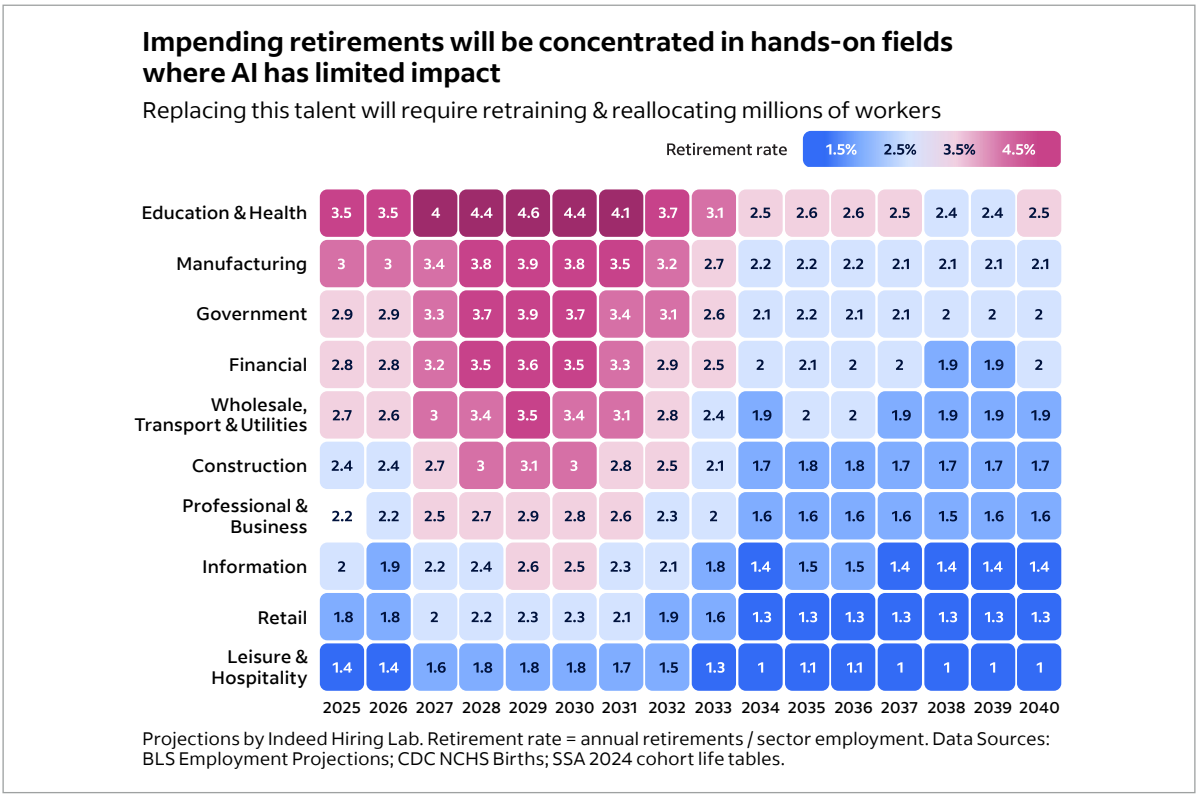


Image source: Indeed Hiring Lab: Economists Expect a Cooled Labor Market and an AI Reshuffling of White-Collar Work

Indeed data shows a significant impact of AI on white collar jobs typically held by college graduates- especially at the entry level. While AI-exposed positions led the job postings decline from 2022-2025, the same positions have led the rebound in 2026. However, that rebound is concentrated in senior roles. In addition to higher posting levels, AI-exposed senior-level roles have experienced the highest wage growth since the pandemic.

The effects are already visible in government, particularly in office-based and entry- level roles. In January 2026, only 7.9% of federal employees were under the age of 30. By contrast, employees below 30 made up 19.4% of the overall U.S. labor force in 2025. In the public sector, Indeed data shows entry-level positions in data entry, human resources and customer service are among those most vulnerable to AI.



Heavy impending retirement is expected in government and other critical sectors
Indeed Hiring Lab Chartbook: August 2026

Some traditional pathways for the federal government to attract and retain entry-level talent- such as CyberCorps- have been disrupted, sending a previously consistent pipeline of young workers toward the private sector. This makes workforce planning more urgent. As entry-level pipelines weaken and retirements accelerate, agencies risk losing current capacity and future leadership. Building a talent pipeline is about long-term sustainability in the workforce- today's entry-level hires become tomorrow's experts

The Move Toward Skills-First Hiring

A recent public sector trend toward skills-first hiring- the principle that candidates should be assessed by demonstrating job competencies, rather than through traditional degree and experience requirements- creates an inflection point for federal hiring. If implemented poorly, skills-first principles could slow decision-making by adding subjectivity and reducing the opportunity to automate credential screening. If done well, skills-first could mean quick identification of traditionally ignored candidates to fill vacancies in needed positions.

U.S. job postings on Indeed not mentioning any formal education requirement rose from 48% in 2019 to 51% in 2025. Educational requirements declined in most labor sectors in the U.S., including 87% of occupational groups analyzed by Indeed. Degree requirements remain highly uneven across geographies: Washington, D.C. shows the highest share of job postings requiring a bachelor's degree or higher in the United States, while Alaska has the lowest.

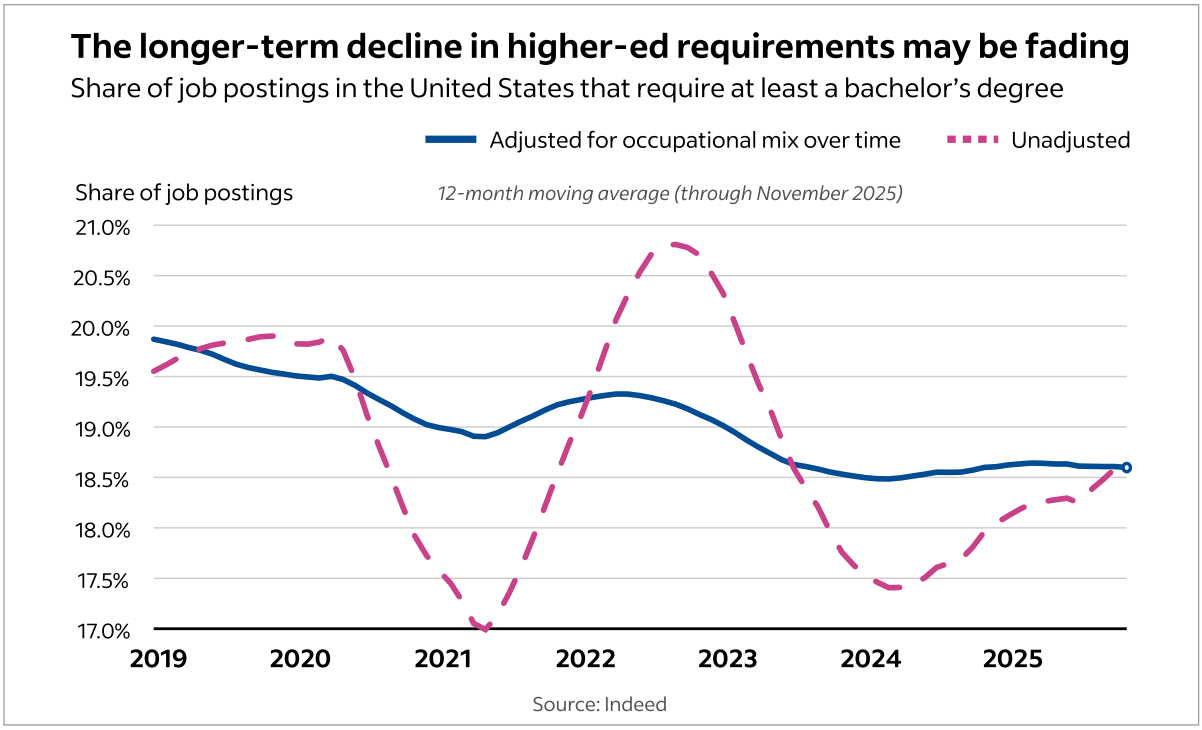


Image source: HL: Where do College Degrees Still Matter in a Skills-First Job Market?

Government entities may not have started the trend toward skills-first hiring, but they have embraced and helped formalize the shift. At the national level, the rolling back of educational requirements for government jobs has become a bipartisan focus. Additionally, 32 U.S. states and Puerto Rico have issued policy directives for state government hiring entities to remove educational requirements for applicants.

Where Federal Workforce Pressure is Most Visible

The federal workforce has shrunk rapidly in the last two years, from 2.3 million in 2024 to 1.9 million civilian employees in 2026, per OPM data. Major, cabinet-level federal departments, such as Agriculture, Health and Human Services, Interior, and Treasury experienced the largest cuts as a result of this trend.

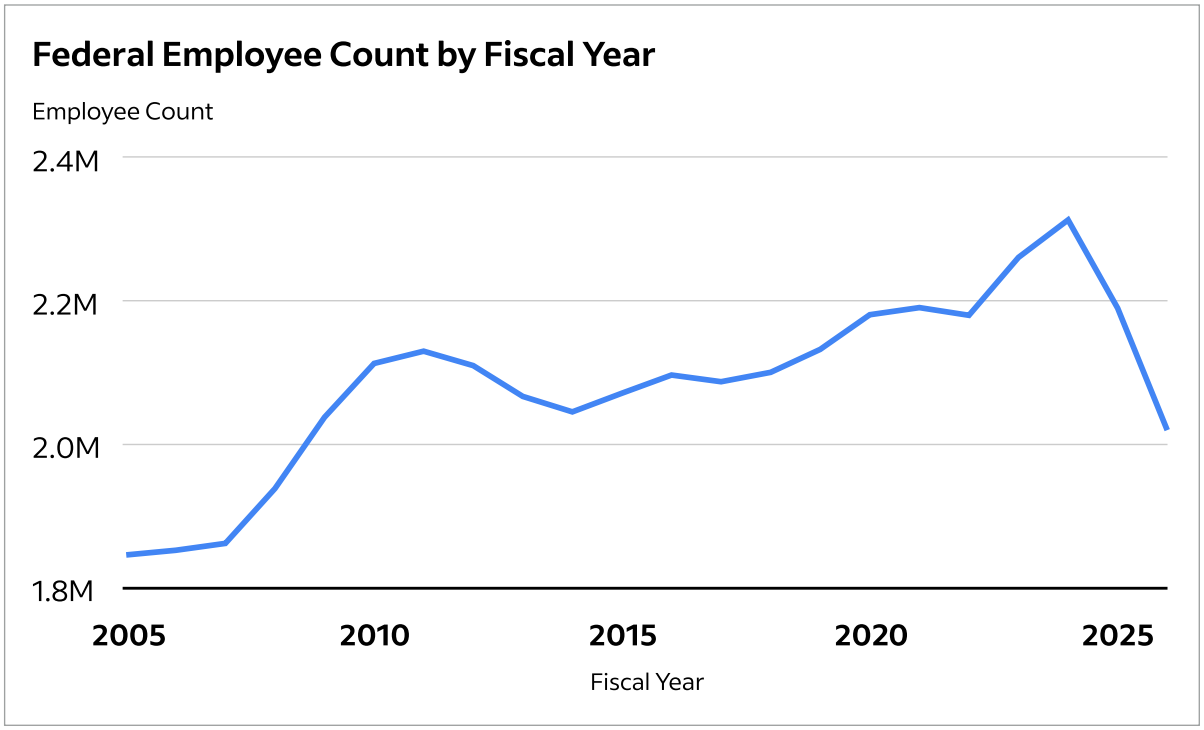


Image source: OPM Data: Workforce Size and Composition

Over three quarters of open federal roles are with the Department of Defense, Department of Homeland Security, Veterans Affairs, and Department of Justice. Urgently hiring positions include IT, cybersecurity, healthcare, STEM, law enforcement, and contracting specialist positions.

How the Federal Government Adapts

To fill priority vacancies, OPM has encouraged agencies to shift from passive posting to more proactive recruitment of talent, particularly tech talent. OPM may grant use of Direct Hire Authority to fast-track filling of urgently needed roles by bypassing certain standard regulations. Roles granted Direct Hire status may provide a snapshot of hiring priorities. OPM has also concentrated on articulating career paths to applicants and incumbents alike to boost recruitment and retention. Private sector collaboration can be a major contributor to hiring success: applicants sourced by Indeed's Sourcing Assistant tool were hired 31% faster than those from other sources, a change that would allow government hirers to take advantage of recent trends and attract talent.

Government-adjacent contracting work has rebounded in 2026. In 2025, $1.32 billion in civilian deobligations and over 13,000 cancelled contracts made for a year of relative sparsity in job postings across the federal contracting landscape, demonstrating how changes to federal policy impact sectors outside the government itself.

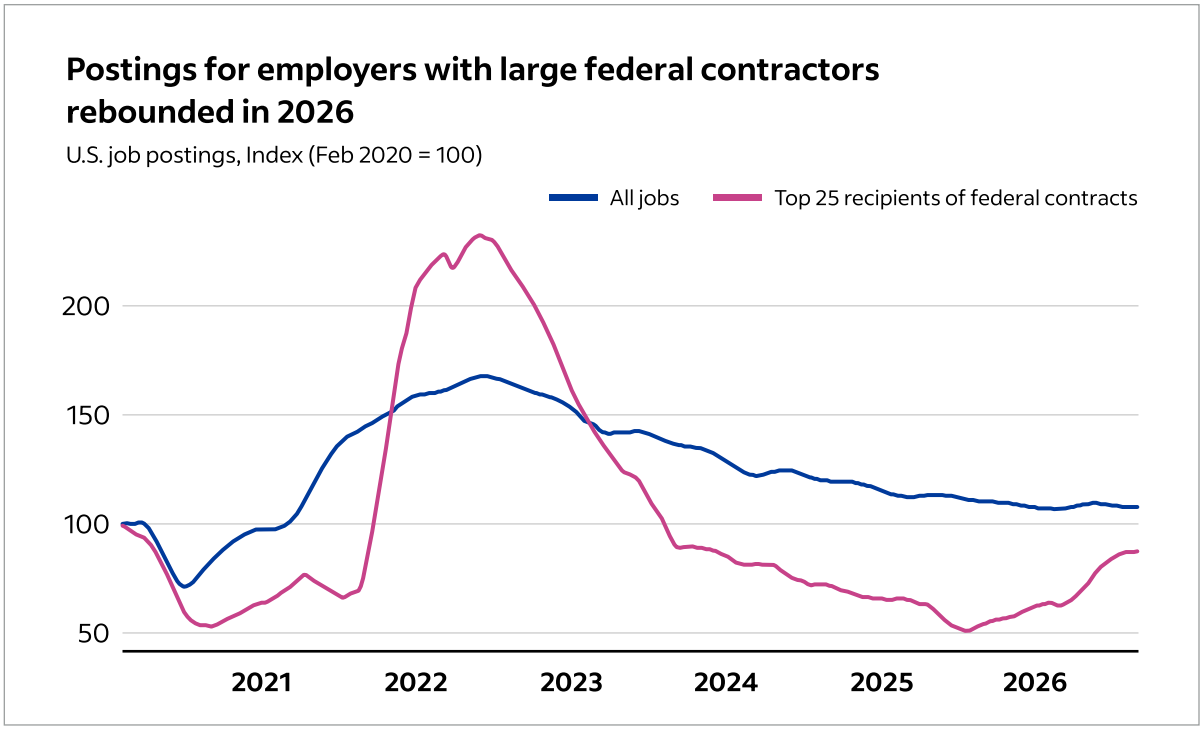


Image source: Indeed's 2026 US Jobs Report. Data updated through August 2026.

The Federal Value Proposition

Government work remains desirable to job seekers. Indeed identifies retirement and insurance benefits, stable employment, transparent pay, work-life balance and rewarding work as some of the largest draws for becoming a government worker. Glassdoor reviews suggest that federal employees across departments enjoy mission-driven work and the camaraderie and collaboration it can create.

One key area for improvement in government is reducing time-to-hire. This is a credibility issue — long delays can weaken candidate trust before employment even begins. Any closing of the gap in this metric between public and private could make a significant difference. The hiring process is the employer's first chance to build a positive candidate experience, and timely hiring can help candidates feel that their time has been respected. Additionally, lengthy delays in hiring decision making mean candidates may accept other offers before a federal process is complete, even if they are well suited for the role.

Recommendations for a More Competitive Workforce

Washington lawmakers have correctly identified the need to hire more effectively. Cutting time to hire, implementing skills-first hiring practices, and utilizing mechanisms for urgent hiring of needed positions can make the federal government a more attractive employer and a more effective servant of the public. Now, proper execution of those goals is necessary for government hiring to be more competitive with the private sector.

We recommend that federal leaders focus on five priorities:

- Use real-time private sector data to monitor talent shortages, hiring competition and vulnerabilities.
- Shorten time-to-hire for critical and specialized roles (e.g. personal care, home health, corrections, cybersecurity and IT).
- Implement skills-first hiring with clear assessments to expand access without adding friction.
- Strengthen career pathway visibility and skill development to improve retention and support a healthy long-term workforce
- Expand job visibility and candidate access through private sector platforms.

Federal hiring reform can allow agencies to turn policy flexibility into faster and clearer pathways for candidates to enter public service. Indeed's position as the global leader in job matching and hiring makes it a powerful partner for tracking the effect of policy changes in workforce activity.

About Indeed

Indeed is the #1 job site in the United States by traffic[1] and is trusted by over 700 public sector employers nationwide[2]. Resumes on Indeed reflect over 57.1M active job seekers, including 837K employees with active clearances across the country[3].

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[1]Comscore, Unique Visitors, July 2026

[2]Indeed data (US)

[3]Indeed Data, June 2026. Top metros identified by clearance-resume concentration (per 1,000 people)