

August 11, 2016

Workers in Private Sector Are 3 Times More Likely to Get Fired Than Gov't Workers

Private sector fired 1.6 million employees while government fired only 88,000

By Ali Meyer

Employees in the private sector are three times more likely to be fired than those working for the government, according to data from the Bureau of Labor Statistics.

According to the bureau, layoffs and discharges are involuntary separations initiated by the employer with no intent to rehire.

The layoff and discharge rate, which measures the number of those fired as a percentage of total employment, was 1.3 percent for those in the private sector in June 2016, which is the latest data available. This is more than three times as high as the 0.4 percent layoff and discharge rate for those in federal, state, and local government.

The report found that there over 1.5 million individuals were fired in the private sector in June 2016, compared to only 88,000 individuals fired in government.

“The disparity between layoffs in the public sector and the private sector shows that unelected bureaucrats don’t face anywhere near the competitive pressures as the businesses they are regulating,” said Alfredo Ortiz, president and CEO of the Job Creators Network. “In addition, public sector employees earn more than their private sector counterparts, meaning there is not only a layoff disparity but also an income disparity between the two groups.”

“Lifetime employment and unfairly high pay come at the expense of hard working small business owners and their employees through higher taxes and an endless hiring of regulators,” Ortiz said. “This power imbalance needs to be flipped.”

James Sherk, a research fellow in labor economics at the Heritage Foundation, said it is much harder to

fire government workers because of time-consuming and costly procedures.

“Federal law makes it very difficult to separate poorly performing federal employees from their jobs,” Sherk says.

“Managers who need to fire problematic employees, whether because of misconduct or poor performance, must go through draining and time-consuming procedures that take about a year and a half.”

“Consequently, the federal government very rarely fires its employees, even when their performance or conduct justifies it,” he said. “In fiscal year 2013 the federal government terminated the employment of just 0.3 percent of its tenured workforce for performance or misconduct.”

“This system shelters bad employees,” Sherk said. “It also raises costs for taxpayers; agencies must hire additional employees to get the job done.”