‘October’s pace of job cutting was much higher than average’: Definitive layoff report reveals ‘DOGE impact’ on labor market

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Layoffs have hit the highest level for the month of October since 2003, and hiring has slowed to the lowest point in 14 years as companies look to cut costs and make room for AI integration, according to a new report from Challenger, Gray & Christmas.

The monthly report, published Thursday, lays out a gloomy job market in which U.S.-based employers announced 153,074 job cuts in October. This is up 175% from last October, when 55,597 cuts were announced, and a 183% increase from last month’s 54,064 job cuts announced, the report said.

“October’s pace of job cutting was much higher than average for the month. Some industries are correcting after the hiring boom of the pandemic, but this comes as AI adoption, softening consumer and corporate spending, and rising costs drive belt-tightening and hiring freezes,” said

Andy Challenger, chief revenue officer of Challenger. “Those laid off now are finding it harder to quickly secure new roles, which could further loosen the labor market.”

But as AI adoption disrupts the workforce, the “DOGE impact” remains the leading cause for layoffs this year, according to the report.

This year, through October, employers have announced roughly 1.1 million job cuts, an increase in the first 10 months of last year and year-to-date the highest level through October since 2020, the report said.

The Department of Government Efficiency (DOGE) initiative shrunk public-sector employment by more than 290,000 jobs—including federal employees and contractors, according to the report. Some analysts estimate DOGE-effected job losses to reach 300,000 to 400,000 by year-end.

As of mid-2025, reported layoffs attributed specifically to DOGE tallied just below 300,000 with additional private-sector and nonprofit jobs indirectly affected by reductions in federal grants and procurement. Economists say that when contract workers and downstream impacts are included, DOGE-related activities could ultimately result in nearly 1 million jobs affected throughout the economy.

Some federal agencies and contractors have issued temporary furloughs during the government shutdown—which total an estimated 670,000 federal employees affected—but Usha Haley, a professor at the Barton School of Business at Wichita State University, told *Fortune* a majority of DOGE’s reductions are structural and will affect the public sector permanently.

“These layoffs, along with cutting federal grants, will have ripple economic effects affecting federal contractors, universities, hospitals, research institutes, and non-profits—which, in turn, will reduce available jobs, consumer purchases and detrimentally affect local economies,” Haley said.

The White House did not immediately respond to *Fortune*’s request for comment regarding DOGE-related job cuts.

But Challenger’s data is known to be volatile, as are many private-sector jobs reports. Experts are looking to make sense of U.S. employment through an array of labor market indicators in the absence of official government data. The Trump administration did not release a jobs report in October, and November’s report scheduled for Friday is expected to be delayed because of the continued government shutdown.

This week’s ADP employment report showed private payrolls rising by 42,000 in October, stronger than expected, with pay up 4.5% year-over-year and outpacing inflation—a sharp contrast from Challenger’s report. Still, this is a 82% decline in private-sector job growth from ADP’s report in October 2024.

The Chicago Fed's Labor Market Indicators, an index tracked by the Federal Open Market Committee, was also released Thursday and reported a slight uptick in the unemployment rate in October at 4.36% from August's 4.32%.

As alternative data point to a cooling job market, cost cutting, and AI were the leading factors for job cuts and were collectively responsible for roughly 82,000 layoffs in October, according to Challenger.

AI led to 31,039 job cuts in October alone, the report said, accounting for a large portion of the 48,414 jobs the tech has affected this year.

"Like in 2003, a disruptive technology is changing the landscape," Andy Challenger said.