

District of Columbia Labor Market Shows Modest Improvement in October

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Labor market conditions improved modestly in the District of Columbia in October. According to the latest labor market report, the District of Columbia gained 1,500 jobs for the month with notable increases in several sectors. Private payrolls rose by an even greater amount, up 2,500 for the month. According to the household survey, the unemployment rate declined for the first time in eight months, falling from 11.2 percent to 11.0 percent. Despite the decline, the unemployment rate remained at a level not seen since 1983. Taken together, the surveys indicated that the labor market remains weak but continues to move forward at a sluggish pace.

Looking at the payroll numbers more closely, the October increase in employment was a result of sizable increases in professional and business services, and leisure and hospitality, along with moderate increases in wholesale trade, transportation and utilities; and retail trade. Partially offsetting those increases was a decline in federal government, health care, education, and financial services employment. Over the past 12 months, employment growth was essentially flat, up just 0.1 percent, with private job growth up 0.4 percent.

Despite the anemic job growth over the past year, several sectors posted stronger rates of job growth. The largest gain was in professional and business services, which increased by 2.4 percent or 3,600 jobs. Within that category, there were notable increases in professional, technical and scientific services; legal services; employment services; and administration, waste management and remediation services. In contrast, the weakest employment sector was education services, which declined by 4.1 percent over the past 12 months. This is partly due to sizable declines in college, university, and professional school employment.

The results of the household survey were positive for the first time since early spring. The unemployment rate declined two-tenths to 11 percent after six months of consecutive increases. Workers entering the labor force in October were more successful in finding employment as the labor force increased by 1,200 workers and the number of unemployed declined by 500 workers. Still, at 11 percent the unemployment rate was higher than its most recent peak of 10.4 percent in December 2009 and has not been at this level since 1983.

Looking ahead, labor conditions will depend on how the economy weathers the slowdown. Tax collections indicate that the District economy strengthened over the past 12 months, in part due to strong wage and salary growth. However, sales tax collections slowed dramatically in late spring and summer. While sales taxes were up 1.4 percent over the past year, the three-month moving average of total tax collections was down 2.5 percent from last year. There has been indication of stabilization in the broader economy and a pickup of growth in the third quarter of the year. However, whether that turnaround is being felt by the D.C. economy is not yet clear. The decline in the unemployment rate in October after its upward trend in recent months is a positive sign.

