

# Latest Data Give Mixed Picture of District of Columbia Labor Market

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The latest labor report gave mixed signals regarding the direction of the District of Columbia labor market. The District lost 6,100 jobs in January. However, in the household survey the unemployment rate declined for a fifth consecutive month to 9.9 percent in January from 10.1 percent in December. The unemployment rate declined by six tenths of a percent over the past five months. In addition, revisions to the payroll employment data indicated that job growth was stronger in 2011 than initially thought. With the revised data, payroll employment increased by 20,000 jobs in 2011 on a seasonally adjusted basis—up from 7,100 jobs pre-revision.

Looking at the payroll numbers more closely, the January losses were relatively widespread across industries. Employment declines were largest in government, education, professional and business services, and leisure and hospitality. The only significant increase was in other services. Most other sectors showed little change or declined slightly. On the other hand, revisions to the employment data showed that employment growth in recent months was stronger and more broad based across industries than previously estimated. Overall, the level of payroll employment was higher by 16,500 in December with over 13,000 of the upward adjustment due to private sector employment. The level of payroll employment was revised higher for most sectors, with the exception of professional and business services, which saw a substantial decline of 2,200; and financial activities, which was revised lower by just 100 jobs.

The results of the household survey were positive for a fifth consecutive month. The unemployment rate declined two-tenths to 9.9 percent. For a fifth consecutive month, workers entering the labor force were more successful in finding employment as the labor force increased and the number of unemployed declined. The number of employed workers in the survey increased again in January—its sixth consecutive increase. Revisions to the household survey indicated that the unemployment rate increased in 2010 more than originally thought, reaching 10.1 percent in December 2010, not 9.6 percent as previously estimated. The unemployment rate was almost half a percentage point higher than originally estimated throughout the first half of 2011. The decline in the unemployment rate in the second half of 2011, as a result, was more pronounced with the revised data.

Looking ahead, conditions in the labor market will depend on how the economy rebounds from the slowdown in 2011 and weathers changes in federal spending. There remains a great deal of uncertainty about the impact of future budget cuts on the District economy. Overall tax collections were up 8.2 percent fiscal year to date through January—a good sign that the District economy continues to improve. Individual income taxes were up sharply as were withholding taxes. However, general sales and use tax revenue through January were down 1.9 percent fiscal year to date compared to the same period last year. Still, the recent data reports, on balance, indicate continued improvement in the labor market. The pace of that improvement, of course, will continue to be linked to changes in federal government hiring and spending.

