

Modest Improvement in District of Columbia Labor Market in February

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Labor market conditions continued to improve in the District of Columbia in February, although at a moderate rate. According to the latest labor market report, the District of Columbia gained 1,900 jobs for the month with modest increases in most industry sectors. Private payrolls rose by a slightly smaller amount, 1,500, as government payrolls rose by 400 jobs. In the household survey, the unemployment rate was unchanged at 9.9 percent after five months of consecutive declines. Positive gains in private payroll employment in nine out of the last 12 months and declines in unemployment over the past six months suggest stabilization and positive momentum in the D.C. labor market.

Looking at the payroll numbers more closely, the February increase in employment was broad-based, with most industry sectors registering a modest increase in employment. Employment in education and leisure and hospitality posted the largest increases, with gains of 600 and 500, respectively, while all other increases were more moderate. The only sectors that posted declines for the month were federal government (which fell by 900), other services, and financial activities. Despite the large decline in federal employment, total government jobs increased by 400 in March. The year-over-year change in total payroll employment in February was 1.9 percent—four tenths above the national rate of 1.5 percent. Private payroll employment, however, rose at a lesser pace of 1.5 percent and below the 2.1 percent rate for the U.S.

The results of the household survey also indicated modest improvement in the labor market. The unemployment rate was unchanged at 9.9 percent after five consecutive months of decline. As was the case in recent months, workers entering the labor force were increasingly successful in finding employment. The labor force increased by 1,300 for the month as the number of employed in the survey increased by 1,400 and the number of unemployed declined by 100 people. However, at 9.9 percent the unemployment rate remained elevated and above the level reached during the recession. In addition, the level of initial and continuing claims for unemployment insurance remained elevated and considerably higher than during the recession. So despite the positive signals from both surveys in recent months, labor market conditions remained weak.

Looking ahead, there remains a great deal of uncertainty about the impact of changes in federal spending on the District economy. Over the past 12 months, federal payroll employment has declined by 3,700 workers, or 1.7 percent. Despite those declines, however, the economy continued to improve. Overall tax collections were up 4.2 percent over the 12-month period ending in February as individual income taxes increased sharply and withholding taxes rose solidly. In addition, general sales and use tax revenue rose 8.2 percent over the period. Strong sales tax collections over the past three months suggest underlying momentum in consumer spending and in the District economy more broadly which should support continued improvement in the labor market.

