District of Columbia Labor Market Continues to Improve According to Latest Report

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Labor market conditions improved at a solid pace in the District of Columbia in March. The District of Columbia gained 4,000 jobs for the month with increases in most industry sectors. Private payrolls rose by a smaller amount, 2,700, as government payrolls rose by 1,300 jobs. Payroll employment increased in 15 of the last 18 months with an average monthly increase of roughly 2,000 jobs. Private payroll employment increased 1,300 per month on average over the period. In the household survey, the unemployment rate was unchanged at 9.8 percent after six months of consecutive declines. However, the number of unemployed in the survey declined for a seventh consecutive month.

Looking at the payroll numbers more closely, the March increase in employment was broad-based with most industry sectors registering a moderate increase. Employment in leisure and hospitality and professional and business services posted the largest increases, with gains of 900 and 700 jobs, respectively. Education rose by 600 while trade, transportation, and utilities added 400 jobs. All other increases were more moderate. The only sectors that posted declines for the month were other services and financial activities, which edged lower by 200 and 100 jobs, respectively. Health services employment was flat for the month. Federal payrolls rose by 800 jobs, the first increase in three months. The year-over-year change in total payroll employment in March was 1.8 percent—three tenths above the national rate of 1.5 percent. Notably, private payroll employment, however, increased by 3.8 percent over the past 12 months while government payrolls fell by 1.3 percent. A number of sectors posted large increases over the past 12 months: construction increased by 1,800 jobs, or 15.7 percent, education rose by 3,800 jobs, or 7.5 percent, and employment in the health care and leisure and hospitality sectors increased by over 3,000 jobs, or roughly 5.5 percent. The decline in government employment was mostly due to a 1.8 percent decline in federal payrolls, or 3,100 jobs. All told, 4,500 jobs were shed in the government sector in the District over the past 12 months.

In contrast to the establishment survey, the results of the household survey indicated a very modest improvement in the labor market in March. The unemployment rate was unchanged at 9.8 percent after six consecutive months of decline. The number of unemployed edged lower by 100, declining for a seventh consecutive month, while the labor force increased. As was the case in previous months, workers entering the labor force were successful in finding employment—both the labor force and the number of employed in the survey increased in each of the last eight months.

Overall, both surveys indicated continued improvement in the District labor market. It appeared that the cutback in government payrolls and government spending had yet to significantly restrain job growth in the private sector. However, at 9.8 percent the unemployment rate remained elevated and above the level reached during the recession. In addition, the level of claims for unemployment insurance also 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.