

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

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Labor market conditions improved in the District of Columbia in June according to the latest labor market report. Payroll employment rose by 1,600 jobs and the unemployment rate continued to decline. Private employment increased by 2,200, although the gains were not widespread across sectors. However, the household survey indicated continued improvement as the unemployment rate declined for a third consecutive month and for the ninth time in 10 months. At 9.1 percent, the unemployment rate was 1.4 percentage points lower than its recent peak of 10.5 percent in August 2011.

Looking at the payroll numbers more closely, the June increase was largely a result of an increase in education jobs that was originally reported in May. Education employment rose by 3,100 in June after a decline of 1,600 in May—originally reported as a gain of 3,400. As a result of the correction, total payroll employment in May declined by 4,000 instead of a gain of 2,100. Outside of education, there was a gain in construction jobs in June of 1,000 and a moderate increase in health care and professional and business services. Partially offsetting those increases was a notable decline of 1,700 jobs in leisure and hospitality and moderate declines in financial services; information; trade, transportation and utilities; and other services. Government payrolls declined by 600 jobs as a result of a decline in federal employment of 1,000 jobs. The year-over-year change in total payroll employment in June edged down to 1.3 percent from 1.4 percent last month—one-tenth below the national rate of 1.4 percent. Growth in private sector employment was more robust, with private sector jobs increasing by 2.7 percent over the past 12 months, well above the 1.8 percent rate for the United States.

The results of the household survey indicated continued improvement in the labor market in June. The unemployment rate fell two-tenths to 9.1 percent. The unemployment rate declined by one percentage point in the first half of 2012 and was 1.4 percentage points lower than its recent peak of 10.5 percent in August 2011. However the unemployment rate was still considerably higher than the 5.5 percent rate that prevailed just prior to the onset of the recession. As was the case in previous months, workers entering the labor force in June were successful in finding employment—both the labor force and the number of employed in the survey increased in each of the last 11 months. At the same time, the number of unemployed in the survey declined for the 10th consecutive month.

Overall, both surveys indicated continued improvement in the District of Columbia's labor market. Despite ongoing concerns about anticipated cutbacks in federal spending, the labor market continued to improve and there has yet to be a significant restraint on job growth in the private sector. However, at 9.1 percent the unemployment rate remained very elevated, indicating a very weak labor market for District residents. In addition, the level of claims for unemployment insurance also remained elevated and considerably higher than during the recession. So, despite notable improvement over the past 11 months, labor market conditions remained weak.

