

Mixed Signals from Latest District of Columbia Labor Market Report

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Labor market conditions were mixed in the District of Columbia in August according to the latest labor market report. Payroll employment fell by 11,200 jobs due to a sharp decline in government employment. Private employment declined by a more modest 1,900 jobs. However, the household survey indicated continued improvement as the unemployment rate declined for a fifth consecutive month and for the eleventh time in 12 months. At 8.8 percent, the unemployment rate was 1.7 percentage points lower than its recent peak of 10.5 percent in August 2011.

Looking at the payroll numbers more closely, the August decline in private payroll employment resulted from losses in several sectors. The largest decline was in the professional and business services sector, which decreased by 1,900 jobs due to a large decline in administration, waste management and remediation employment. There were also notable losses in accommodation and food services, and health care services employment. Trade, transportation, and utilities employment edged lower as well. Together, these sectors combined for a loss of 3,500 jobs in August. Partially offsetting these declines were moderate gains in educational and other services employment along with very modest increases in financial services, information, and construction. Total government employment fell by 9,300 due to declines at the local level as federal government payroll employment increased by 1,300 for the month. The year-over-year change in total payroll employment in August stood at 1.2 percent—two-tenths lower than the national rate of 1.4 percent. Year-over-year growth in private sector employment fell sharply in August to 1.7 percent from 2.5 percent last month but still was close to the national rate of 1.8 percent.

The results of the household survey indicated continued improvement in the labor market in August. The unemployment rate fell one-tenth to 8.8 percent and declined 1.7 percentage points since August 2011. The number of unemployed declined for the twelfth consecutive month, while the number of employed in the survey edged higher for a thirteenth consecutive month. The labor force edged higher, reversing a slight decline in July. As a result, the labor-force participation rate remained at 67.6 percent, well above its recent low of 66.5 in July 2011.

Overall, the surveys paint a mixed picture of the labor market. Private payroll employment was flat over the past five months after a notable increase over the prior seven months. Perhaps concerns about anticipated cutbacks in federal spending have impacted hiring decisions within the District. The unemployment rate continued to decline in August, albeit from a very high level. At 8.9 percent, the unemployment rate remained 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 improvement over the past 12 months, labor market conditions remained weak and the outlook for the near term was still uncertain.

