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**DC Personal Income grew almost 5% at the end of 2015, topping the US rate for the first time in 2 years**

*DC's income per capita, however, grew more slowly than the US average*

Following the Great Recession, the income recovery in both DC and the US as a whole slowed in 2013, a time of cutbacks in federal spending (the sequester) as well as some slowing in the overall national economy. Personal Income growth then resumed, more quickly at first in the US than in DC. After two years, DC now seems to have caught up. According to the US Bureau of Economic Analysis, the December 2015 quarter shows faster year-over-year Personal Income growth in DC than in the US as a whole—4.9% in DC versus 4.0% in the US.

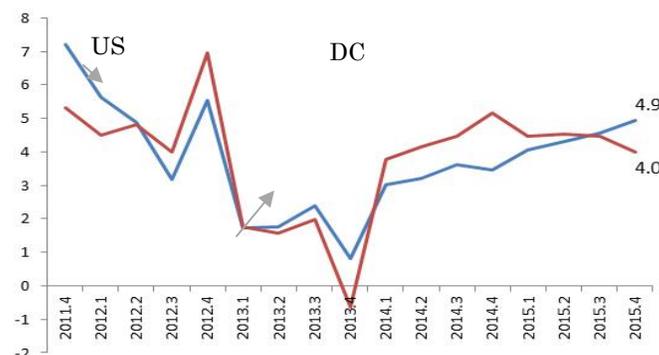
DC's per capita income (Personal Income divided by population) was \$72,109 in December 2015, 50% higher than the US average of \$48,208. The percentage increase in DC's per capita income over the past year was, however, less than the national average: 2.7% in DC compared to 3.2% in the US. In 2015 DC's population (the denominator in the per capita calculation) grew faster than US population.

**% change in Personal Income and other indicators in DC and the US: 2014.4 to 2015.4**

indicator	DC	US
Personal Income growth	4.9	4.0
Per capita income growth	2.7	3.2
population growth	2.2	0.8

Source: BEA and BLS

**Personal Income growth in DC and the US: 2011.4 to 2015.4** (Percent change from the same quarter of the prior



**This briefing document was prepared by Stephen Swaim, DC Office of Revenue Analysis**

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DC’s income grew faster than the national average primarily because the earnings of DC residents increased in 2015 at a faster rate than the year before, whereas nationally the growth rate of earnings fell. (Earnings, are wages and salaries, benefits, and proprietors’ income.)

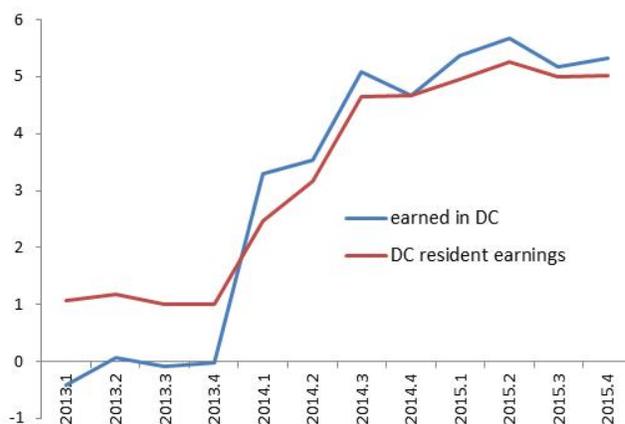
In a manner similar to per capita income, the percentage increase in earnings per resident worker was less in DC than in the US from 2014.4 to 2015.4 (2.1% versus 2.3%). The percent increase in DC’s resident employment was, however, twice that of the US average.

Earnings in DC, earnings of DC residents, and earnings in the US: 2014.4 and 2015.4 from prior year)	(% change)		% change in Resident earnings and other indicators in DC and the US: 2014.4 to 2015.5		
	2014.4	2015.4	indicator	DC	US
Earned in DC	4.7	5.3	Resident earnings*	5.0	3.8
DC resident earnings	4.7	5.0	Earnings per employed resident worker	2.1	2.3
US earnings	5.4	3.8	Resident employment	2.9	1.4

*\*Earnings are after personal contributions for social insurance.*  
 Source: BEA and BLS. Resident workers are resident employment average for the 2014.4 and 2015.4 quarters, calculated from seasonally adjusted data.

In 2015 DC resident earnings grew close to, but at a slightly slower, rate than the amount earned in DC. This has been true for most of the past two years. Accordingly, one possible factor that could boost DC Personal Income growth—having DC residents increase their share of all the income earned in DC—seems not to have contributed to recent Personal Income growth in DC. On the contrary, the share earned in DC by commuters seems to have risen slightly, although this cannot be determined with certainty due to the nature of the Personal Income accounts. (Amounts earned in DC measure earnings there by both DC residents and commuters. Amounts earned by DC residents measure what DC residents earn wherever they work—in DC, in the suburbs, or elsewhere. Because BEA does not show how much of the earnings of DC residents are actually earned in DC, it is not possible to know exactly what share of the amounts earned in DC by everybody are earned by commuters.)

Amounts earned in DC and earned by DC residents: 2013.1 to 2015.4 (% change from the same quarter of the prior year)



As noted earlier, in the Personal Income accounts amounts earned in DC have three components: wages and salaries, benefits, and proprietors’ income. Wages and salaries make up about three-quarters of all earnings. Wages and salaries accounted for 74.1% of the \$4.66 billion increase in DC earnings in 2015, a slightly higher percentage than the 70.9% share of the smaller (\$3.93 billion) increase in 2014.

Along with an increase in wages earned in DC, 2015 also saw a shift in the amount of new income generated by some of the industries that make up the District's economy. Public sector wage and salary gains (both federal civilian and local government) picked up considerably in 2015, adding \$1.25 billion in 2015 compared to \$420 million in the prior year. The public sector share of the growth in wages went from 15% in 2014 to 36% in 2015.

In the private sector the most striking changes were (1) a rise in the share of wage growth accounted for by a collection of business services: information, finance, management, and other business services, and (2) a decrease in the share contributed by professional and technical services, education, and health.

In 2014 the professional and technical, education, and health services accounted for half of all wage and salary growth in DC. The next year these sectors accounted for less than a quarter of the city's gains. By contrast, the information, finance, management, and other business services share of all DC wage gains rose from 13.3% in 2014 to 21.3% in 2015.

The following tables summarize the components of income earned in DC and the wages and salaries originating in various sectors of the DC economy.

A note of caution. BEA revises data from time to time, so it is important to be aware that as the agency obtains more data from tax filings and other sources, perceptions about developments in the District's economy can change.

—Stephen Swaim, DC Office of Revenue Analysis

#### Amounts earned in DC: 2014.4 and 2015.4

item	Level (\$B)			Ch from the prior year (\$B)		% change from prior year	
	20013.4	2014.4	2015.4	2013.4 to 2014.4	2014.4 to 2015.4	2013.4 to 2014.4	2014.4 to 2015.4
Wages and salaries*	62.76	65.55	69.00	2.79	3.45	4.4	5.3
Benefits	16.89	17.66	18.53	0.77	0.87	4.5	4.9
Proprietor's income	5.87	6.25	6.59	0.38	0.34	6.4	5.5
Total earnings in DC*	85.52	89.46	94.12	3.93	4.66	4.6	5.2
	<i>Percent of total</i>						
Wages and salaries	73.4	73.3	73.3	70.9	74.1		
Benefits	19.8	19.7	19.7	19.5	18.6		
Proprietor's income	6.9	7.0	7.0	9.6	7.3		
Total earnings in DC	100	100	100	100	100		

\*Before personal contributions for social insurance.

Source: BEA. The data is income earned by all persons working in DC.

## Wages and salaries earned in DC by industry sector: 2013.4 to 2015.4

sector	Level (\$B)			Ch. from prior year (\$B)		% ch from prior year	
	2013.4	2014.4	2015.4	2013.4 to 2014.4	2014.4 to 2015.4	2013.4 to 2014.4	2014.4 to 2015.4
Professional and tech	13.28	14.25	14.79	0.97	0.54	7.3	3.8
Education and health	6.32	6.74	6.97	0.42	0.23	6.7	3.4
Retail and hospitality	3.08	3.37	3.66	0.29	0.29	9.5	8.6
Information, finance, and business services	7.99	8.36	9.10	0.37	0.74	4.7	8.8
Organizations	5.90	6.16	6.46	0.26	0.30	4.5	4.9
Other private	2.08	2.13	2.23	0.05	0.10	2.4	4.5
<b>Private sector</b>	<b>38.64</b>	<b>41.01</b>	<b>43.20</b>	<b>2.37</b>	<b>2.20</b>	<b>6.1</b>	<b>5.4</b>
Federal civilian	20.40	20.86	21.93	0.47	1.07	2.3	5.1
Federal military	0.99	0.95	0.95	-0.04	0.00	-4.4	-0.1
Local government	2.73	2.73	2.92	0.00	0.19	-0.1	6.9
<b>Public sector</b>	<b>24.12</b>	<b>24.54</b>	<b>25.79</b>	<b>0.42</b>	<b>1.25</b>	<b>1.7</b>	<b>5.1</b>
<b>Total</b>	<b>62.76</b>	<b>65.55</b>	<b>69.00</b>	<b>2.79</b>	<b>3.45</b>	<b>4.4</b>	<b>5.3</b>
				<i>Percent of total</i>			
Professional and tech	21.2	21.7	21.4	34.8	15.8		
Education and health	10.1	10.3	10.1	15.2	6.6		
Retail and hospitality	4.9	5.1	5.3	10.4	8.4		
Information, finance, and business services	12.7	12.8	13.2	13.3	21.3		
Organizations	9.4	9.4	9.4	9.4	8.8		
Other private	3.3	3.3	3.2	1.8	2.8		
<b>Private sector</b>	<b>61.6</b>	<b>62.6</b>	<b>62.6</b>	<b>84.9</b>	<b>63.7</b>		
Federal civilian	32.5	31.8	31.8	16.8	30.9		
Federal military	1.6	1.4	1.4	-1.6	0.0		
Local government	4.3	4.2	4.2	-0.1	5.5		
<b>Public sector</b>	<b>38.4</b>	<b>37.4</b>	<b>37.4</b>	<b>15.1</b>	<b>36.3</b>		
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: US Bureau of Economic Analysis. Wages and salaries are before deduction for personal social insurance contributions.