



D.C. Office of Revenue Analysis Briefing Document Number: 2012-9 Date: November 2012

Vincent C. Gray, Mayor

Natwar M. Gandhi, Chief Financial Officer

Fitzroy Lee, Deputy CFO & Chief Economist

DC gained 37,400 jobs since December 2007, but unemployment also rose by 12,452

More DC residents got jobs, but not enough to keep pace with a rising labor force

Since December 2007, the date that the Great Recession began, by many measures DC’s economy has done extremely well compared to the nation as a whole. Unemployment, however, is one measure where DC has not done so well.

According to the US Bureau of Labor Statistics, total seasonally-adjusted wage and salary employment located in DC grew from 700,100 in December 2007 to 737,500 in September 2012, an increase of 37,400 (5.3%) jobs over this period of almost 5 years. By contrast, for the nation as a whole, total employment in September 2012 was still down 4.4 million (3.2%) from the recession’s start despite a recovery period now well into its third year.

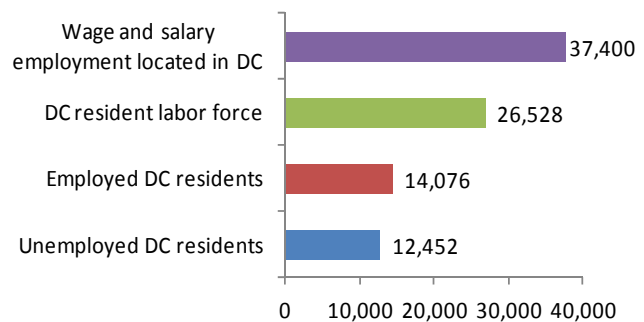
Unemployment tells a different story. In September 2012 there were 30,908 unemployed persons in the District of Columbia, 12,452 or 67.5% **more** than when the recession began. DC’s percentage increase in the number of unemployed is higher than for the US, which saw a 58.1% increase over the same period.. Furthermore, unemployment rose in DC even though there was an increase of 14,076 (4.5%) in the number of employed DC residents.

By definition, DC unemployment is the difference between the labor force and employed DC residents. In a formal accounting sense, therefore, unemployment rose from December 2007 to September 2012 because the labor force increased by more than resident employment. The labor force increased by 26,528 and resident employment by only 14,076, resulting in an unemployment gain of 12,452.

BLS’s summary statistics provide two insights into the dynamics of the current DC labor market that have produced both more employment and more unemployment. One is an increase in commuters. The other is DC population growth.

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Change in DC wage and salary employment, labor force, resident employment and unemployment: December 2007 to September 2012



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

This brief first appeared in the November 2012 DC Economic and Revenue Trends. District of Columbia briefing documents are prepared by the Office of Revenue Analysis, which is part of the Office of the Chief Financial Officer of the District of Columbia government. The purpose of these documents is to make information available that is not of a policy nature. See also District of Columbia Economic and Revenue Trends and Economic Indicators issued monthly by the D.C. Office of the Chief Financial Officer ([www.cfo.dc.gov/Economy and Revenue](http://www.cfo.dc.gov/Economy%20and%20Revenue)).

For comment or further information, please contact Fitzroy Lee, Deputy Chief Financial Officer and Chief Economist, Office of Revenue Analysis, 1101 4th St., SW, Suite W770, Washington D.C. 20024, fitzroy.lee@dc.gov, 202-727-7775

DC jobs and unemployment, continued from p.1

An approximation of how much of the net increase in DC jobs went to commuters is to take the difference between the increase in jobs (37,400) and the increase in resident employment (14,076). By this estimate, 23,324 (62.4%) of the gain in jobs went to commuters. This is an approximation for two reasons. First, some of the increase in DC resident employment may reflect jobs outside of DC (i.e., reverse commuting). In addition, the data on jobs and on resident employment are derived from different BLS surveys as explained in the note to the table below.

The labor force can change without a change in the population if the number of people seeking work changes in response to available job opportunities. However the increase in the District's population certainly must have contributed greatly to the increase in the labor force since December 2007. According Global Insight, DC's population increased by 54,250 (9.4%) between the last quarter of 2007 and the third quarter of 2012. A portion of the rise in resident employment over the past 5 years is therefore likely associated with additional DC residents getting jobs rather than reductions in unemployment.

The dynamics involving labor force, jobs, unemployment varied over the December 2007 to September 2012 period, with sharp differences before and after December 2009.

- *December 2007 to December 2009*—the beginning of the recession to the peak of DC's unemployment rate rise (10.5% in December 2009). Jobs grew by 5,200, the labor force grew by 6,185, and resident employment fell by 10,654. In this period unemployment rose by 16,839.
- *December 2009 to September 2012*—the recovery period. Jobs grew by 32,200, the labor force grew by 20,343, and resident employment rose by 24,730 (more than the growth in the labor force). Accordingly, in this period unemployment fell by 4,387, job growth began to make a dent in the number of unemployed, and the unemployment rate began to fall. In this period it is noteworthy that (1) the increase in resident employment accounted for about three quarters (76.8%) of the increase in jobs in DC, and (2) it took an increase of 7.3 jobs in the economy to reduce DC unemployment by one.

Going forward, one would hope that job increases would contribute directly to reducing unemployment, but experience over the past 5 years suggests that there may continue to be uncertainty regarding the connections between employment changes in DC and the number of unemployed.

—Stephen Swaim, DC Office of Revenue Analysis

Labor market and employment in DC and the US: December 2007 to September 2012 *(seasonally adjusted)*

	Level in selected period:			Amount of change		Percent change:		Change from Dec 07 to Sep 12	
	Dec 2007	Dec 2009	Sep 2012	Dec 07 to	Dec 09 to	Dec 07 to	Dec 09 to	Amount	%
				Dec 09	Sep 12	Dec 09	Sep 12		
DC:									
Labor force	330,768	336,953	357,296	6,185	20,343	1.9	6.0	26,528	8.0
Resident employment	312,312	301,658	326,388	-10,654	24,730	-3.4	8.2	14,076	4.5
Unemployed	18,456	35,295	30,908	16,839	-4,387	91.2	-12.4	12,452	67.5
Unemp. rate (%)	5.6	10.5	8.7	4.9	-1.8	87.5	-17.1	3.1	55.4
Wage and salary jobs in DC	700,100	705,300	737,500	5,200	32,200	0.7	4.6	37,400	5.3
US (in thousands)									
Labor force	153,918	153,091	155,063	-827	1,972	-0.5	1.3	1,145	0.7
Resident employment	146,273	137,968	142,974	-8,305	5,006	-5.7	3.6	-3,299	-2.3
Unemployed	7,645	15,124	12,088	7,479	-3,036	97.8	-20.1	4,443	58.1
Unemp. rate (%)	5	9.9	7.8	4.9	-2.1	98.0	-21.2	2.8	56.0
Wage and salary jobs in DC	137,982	129,319	133,584	-8,663	4,265	-6.3	3.3	-4,398	-3.2

Source: US Bureau of Labor Statistics. Labor force data is from household survey data. Wage and salary data is from establishment surveys and is not strictly comparable to household survey results because it counts jobs (both full and part time) and not people working (one person could have more than one job). Data for September 2012 reflect October 2012 BLS revisions. All data is subject to further revision by BLS.