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## A tale of two sectors: federal government in DC and durable goods manufacturing in Michigan

*Both sectors had ups and downs and a net loss of jobs from 1990 to now, but DC mostly fared better*

Durable goods manufacturing in Michigan fell 31.6% from 1990 to the first quarter of 2015. DC's leading sector, federal civilian employment, also declined over the same period, but by a much more modest 10.1%. That both sectors lost jobs is not surprising because the jobs in these two sectors declined in the national economy as well. The difference: DC had the good fortune to be part of an industry that nationally fell less than half as much (13.0% compared to 28.1%), and DC's share of the industry total grew 3.3% over that period, while Michigan's declined 4.9%.

The story over the past 25 years, however, is not as simple as DC's federal civilian sector doing better than manufacturing in Michigan. There have been ups and downs in both sectors as shown in the graph below (and the table on p.19):

- From 1990.1 to 2000.4 (a decade that included a long national expansion after the 1990 recession) durable goods manufacturing in Michigan rose 8% while federal employment in DC fell 17%.

- From 2000.4 to 2007.4 (a period that began with a recession and the 9/11 attacks and ended with the expansion before the Great Recession) durable goods employment in Michigan tumbled 34% while DC's federal sector gained 5%

- In the 21 months from 2007.4 to 2009.3 (the Great Recession era), durable goods manufacturing in Michigan fell another 29%, while DC's federal sector grew 6%.

- From 2009.3 to 2015.1 (recovery from the Great Recession and subsequent expansion) durable goods employment in Michigan grew 36% and federal employment in DC fell 2.5%.

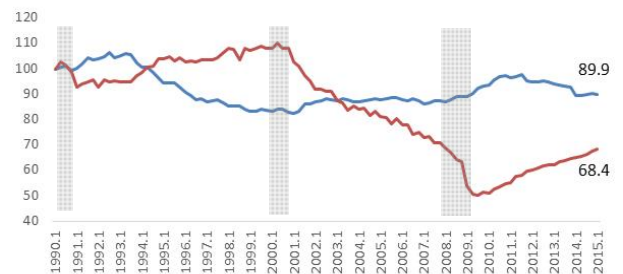
Over the 25 years there were actually more years when durable goods manufacturing in Michigan grew faster than civilian jobs in DC. The problem for Michigan was the period from 2000 to 2009. Its (Continued on p. 2)

Federal civilian and durable goods manufacturing employment: 1990.1 to 2015.1

indicator	Durable goods (US and MI)	Federal civilian (DC and US)
% change in US sector total	-28.1	-13.0
% change in state share of US total	-4.9	+3.3
% change in state jobs in sector	-31.6	-10.1

Source: BLS

Federal civilian employment in DC and durable goods manufacturing in Michigan: 1990.1 to 2015.1  
(Index numbers: 1990.1 = 100)



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

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durable goods manufacturing sector got hammered those 9 years, losing 53% of its jobs. DC’s federal civilian sector has been more stable. In its worst period, about 8 years of fairly steady decline from 1993 to 2001 that included a fiscal crisis requiring federal oversight of DC’s finances, DC lost about 22% of its federal civilian jobs.

Looked at from the point of view of wages rather than jobs, DC’s federal civilian sector looks much less like a declining sector. Although it lost about 10% of its jobs from 1990 to the end of 2014, the sector’s inflation-adjusted wages paid to federal workers in DC increased by almost 32% over the period. From 1990.1 to 2000.4 real wages increased by 5.4% even though employment dropped 17.0%. From 2000.4 through the end of the recession (2009.3), the percentage increase in real wages in DC’s federal civilian sector was about twice that for employment. In the past 5 years, however, there has been a significant change: a 2.2% decline in jobs was also accompanied by a 1.4% decline in real wages.

Consistent data for wages earned in durable goods manufacturing in Michigan only go back to 1998 when BEA Personal Income accounts adopted changes to the manufacturing and other industry classifications. For the periods tracked here, however, the change in real wages more closely tracked employment than was the case in DC’s federal sector. (See graphs on p. 20.) From 2000.4 to 2009.3 inflation-adjusted wages earned in Michigan’s durable employment sector declined by about the same percentages as employment. Real wages then increased with the rebound in employment since 2009.3, but at a lesser rate (26.4% for wages versus 34.1% for employment).

The past 25 years have seen many changes: three recessions, including the worst since the Great Depression, a major terrorist attack, sequestration reductions in federal spending, and changes in the competitiveness of US manufacturing. In various ways all of these developments have affected the federal civilian sector in DC and the durable manufacturing one in Michigan.

On balance, both sectors lost jobs over the past 25 years. Yet the extent to which each can be characterized as a growing or declining sector depends on the time period being considered. For example, over the past 14 years federal government civilian employment and wages in DC outpaced the US average—yet the sector is far under the US average for the past 5 of those years. Conversely, durable goods manufacturing in Michigan looks terrible from a 14-year perspective, but is a star performer over the past 5 years.

The tale of the two sectors continues. It is a tale that will change as each sector responds to the market forces and to the government fiscal and other policies that exert such great influence on each of them.

—Stephen Swaim, DC Office of Revenue Analysis

**Federal civilian sector in DC and durable goods manufacturing sector in Michigan: percent change in jobs and wages in selected periods from 1990.1 to 2014.4**

Period	Federal civilian sector in DC		Durable goods manufacturing in Michigan	
	Jobs	Real wages	Jobs	Real wages
1990.1 to 2000.4	-17.0	5.4	8.1	na
2000.4 to 2007.4	5.0	15.5	-34.4	-31.6
2007.4 to 2009.3	5.7	9.8	-28.9	-31.2
2009.3 to 2014.4	-2.2	-1.4	34.1	26.4

*Note: from 2009.3 to 2015.1, federal civilian employment in DC declined 2.5%, and durable goods manufacturing in Michigan increased by 35.7%*

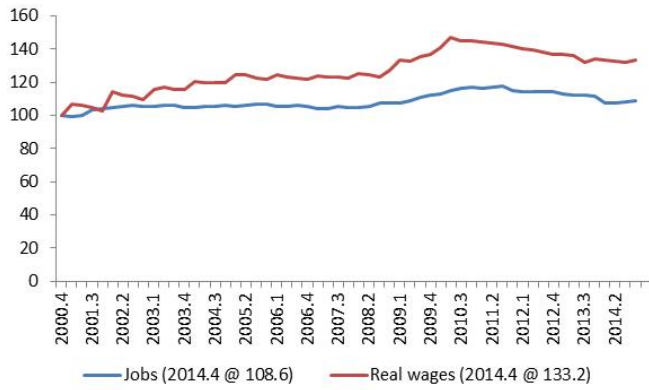
*Source: BLS and BEA. Wage and salary employment. Wages adjusted for inflation.*

**Percent change in wage and salary employment and inflation-adjusted wages and salaries in (1) DC federal civilian sector ,(2) Michigan durable goods manufacturing, and (3) All sectors in the US economy: selected periods from 1990.1 to 2014.4**

	Jobs	Wages
<b>Approximately the last 25 years (1990.1 to 2014.4)</b>		
Federal civilian sector in DC	-9.8	31.8
Durable goods manufacturing in MI	-32.5	na
Total US	30.7	52.6
<b>Last 14 years (2000.4 to 2014.4)</b>		
Federal civilian sector in DC	8.6	33.2
Durable goods manufacturing in MI	-37.5	-39.3
Total US	5.9	13.5
<b>Approximately the last 5 years (2009.3 to 2014.4)</b>		
Federal civilian sector in DC	-2.2	-1.4
Durable goods manufacturing in MI	34.1	26.4
Total US	8.4	10.2

*Source: BLS and BEA*

Federal civilian employment and inflation-adjusted wages in DC: 2000.4 to 2014.4  
(index number: 2000.4 = 100)



Durable manufacturing employment and inflation-adjusted wages in Michigan: 2000.4 to 2014.4  
(index number: 2000.4 = 100)

