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Federal civilian employment in DC’s economy: still the biggest game in town

One quarter of all jobs, nearly one third of all wages and salaries, and the underpinning of a diversifying economy

In the quarter ending September 2015, federal civilian employment accounted for 25.9% of all wage and salary jobs located in the District of Columbia and 31.8% of all wages and salaries earned there. These shares of the economy are somewhat smaller than they were 25 years ago (more so in jobs than income, as shown on the table on p.19) because the economy has diversified and federal employment has actually declined. (From 1990 to 2015, 21,000 federal jobs were lost while the economy as a whole added 84,000 jobs.) Still, the federal civilian sector remains DC’s largest, accounting for 21% more jobs and wages than professional and business services, DC’s next largest sector.

The federal civilian sector’s continuing importance to DC’s economy is illustrated in the following chart. The chart shows the amount of change (in billions of dollars) from the prior year in wages and salaries paid by the federal government and by all sectors of the economy.

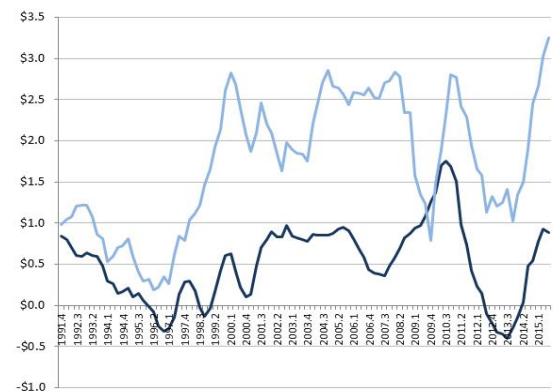
—Sharp declines in federal wages had a major role in pulling down total wage growth in DC in the early 1990’s. This was true again in the period of federal fiscal austerity following the Great Recession (December 2007 to June 2009), although this time the private sector was stronger and total DC wages did not fall as far.

—With the Great Recession, rapid growth in federal wages in DC countered declines from other sectors. Consequently, unlike the US as a whole, DC did not experience any 12-month period of declining wages as a result of the recession.

—When wages earned in DC have grown the most, DC federal wages have generally grown significantly as well, providing underpinning in the range of \$500 million to \$1 billion per year for wage gains in the city. Most recently, *Cont’d on p. 19)*

Amount of change from the prior year in wages and salaries earned in DC in the federal civilian sector and in all sectors: 1990.4 to 2015.3

(\$ billion, calculated from the 12-month moving average)



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

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for example, the federal civilian sector accounted for \$2.0 billion of the \$6.5 billion increase in total wages and salaries earned in DC from 2013.3 to 2015.3 The growth in federal wages over these two years was greater than that in professional and business serves.

The contribution of the federal government’s civilian sector to the District’s economy depends on the amount of federal spending for civilian goods and services in the US economy, and the share of that spending that affects DC. These will be discussed in a subsequent Trend report.

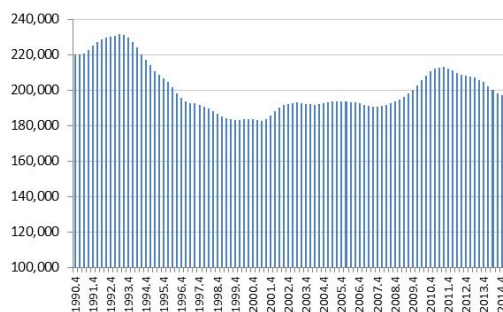
—Stephen Swaim, DC Office of Revenue Analysis

Federal civilian and total wage and salary employment in DC: 1990.4 to 2015.3

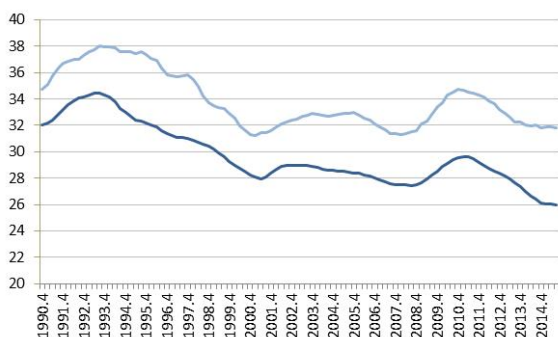
	Level		change	
	1990.4	2015.3	amount	%
Federal	220,017	197,867	-22,150	-10.1
All DC jobs	686,058	762,908	76,850	11.2

Source: BLS Calculated from 12-month moving averages.

Federal civilian jobs in DC: 1990.4 to 2015.3
(Number of jobs, 12-month)



Federal civilian percentage of (1) all wage and salary jobs located in DC and (2) all wages and salaries earned in DC: 1990.4 to 2015.3
(% calculated from 12-month moving averages)



Federal civilian sector share of DC jobs and wages: 1990.4 and 2015.3

	1990.4	2015.3
% of jobs	32.1	25.9
% of wages	34.7	31.8

Source: BLS and BEA, Wage and salary employment and source of income. Calculated from 12-month moving averages.

Wages and salaries in DC by sector: 2013.3 and 2015.3
(\$ billion)

sector	Level (\$B)		Change	
	2013.3	2015.3	\$B	%
Fed civilian	19.69	21.70	2.01	10.2
Prof. & bus ser.	16.17	17.84	1.67	10.3
All other	26.22	29.02	2.81	10.7
Total	62.08	68.56	6.48	10.4

Source: BEA