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Muriel Bowser, Mayor

Jeffrey S. De Witt, Chief Financial Officer

Fitzroy Lee, Deputy CFO & Chief Economist

Revised data show more jobs located in DC in 2016, but a slower pace of growth at year end

Revisions add private sector jobs and subtract public sector ones. DC resident employment was reduced

As it does each year at this time the US Bureau of Labor Statistics (BLS) revised its labor market data for all of the states and the District of Columbia based on additional information that has become available. For DC, this year's revisions showed that at the end of last year—the December 2016 quarter—there were 2,267 (0.3%) more wage and salary jobs located in DC, but 4,052 (1.1%) fewer employed DC residents than had been previously estimated. (See p. 4 for BLS's explanation of the basis for the revisions.)

Jobs located in DC and DC resident employment in the December quarter of 2016: previous and revised estimates

	Jobs in 4th Q of 2016		Revision	
	Previous est.	Revised est.	amount	%
Jobs located in DC	787,933	790,200	2,267	0.3
DC resident employment	375,631	371,578	-4,052	-1.1

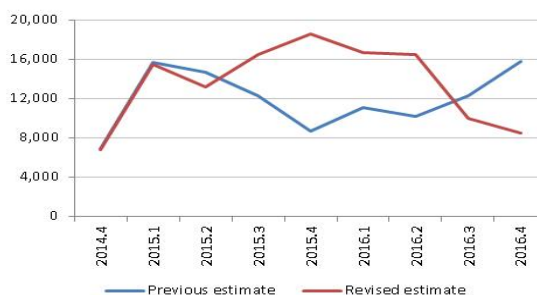
Source: BLS

These revisions to the final quarter of 2016 in DC seem relatively modest, but there is more to the story. The revisions over the past two years changed the pattern of growth not only for DC but for the Washington metropolitan area as well. These revisions result in a changed picture about how the recent dynamics of DC's labor market compare to those in the metropolitan area and the US. We look at five such changes.

1. DC job growth at the end of the year was slowing down, not speeding up. The revisions increased job growth over the last half of 2015 and the first half of 2016, but reduced it in the last half of 2016. In the 2015.4 quarter, for example, job growth over the prior year was revised upward from 8,700 to 18,633—more than double. Even though 2,267 jobs were added to the 2016.4 quarter, the year ended with job growth slowing rather than speeding up.

(Continued on p. 2)

Previous and revised estimates of 1-year change in jobs located in DC: 2014.4 to 2016.4

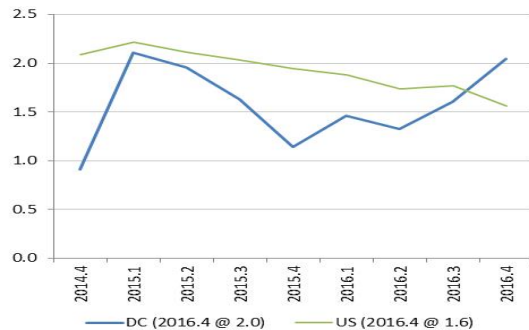


This briefing document was prepared by Stephen Swaim, DC Office of Revenue Analysis

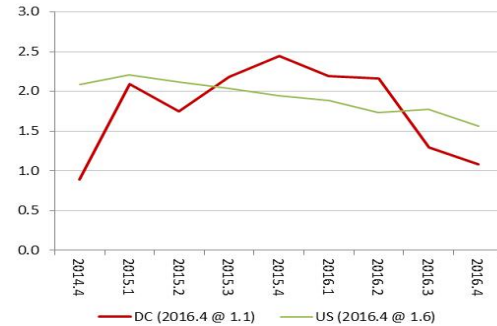
This brief first appeared in the March 2017 *DC Economic and Revenue Trends*. District of Columbia briefing documents are prepared by the Office of Revenue Analysis, which is part of the Office of the Chief Financial Officer of the District of Columbia government. The purpose of these documents is to 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/Reports/Economic Reports/Briefing documents](http://www.cfo.dc.gov/Reports/Economic-Reports/Briefing%20documents)). 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.

2. At the end of the year DC's rate of job growth was below the US average, not above it. Previously, it appeared that an increasing rate of growth in jobs brought DC to the point where its rate of increase in jobs exceed the national rate of 1.6% in the 2016.4 quarter. The revision boosted DC's rate of growth above the US for most of 2015 and the first half of 2016, but it slowed DC's rate to well below the US average by the end of the year.

Previous estimate of job growth in DC and the US: 2014.4 to 2016.4 (1 yr. % change)



Revised estimate of job growth in DC and the US: 2014.4 to 2016.4 (1 yr. % change)



3. At the end of the year DC private sector jobs were growing at a faster rate than public sector ones, not at a slower rate. The upward revision of 2,267 jobs for the 2016.4 quarter was a net number, resulting from a 4,867 cut in the public sector and an increase of 7,133 in the private sector. The decrease in the public sector was mostly in federal government jobs (down 3,733), but local government ones were also reduced by 1,133. In the private sector there was modest increase in professional and business services (367), but most (6,767) was a 1.8% net increase in all other parts of the private sector.

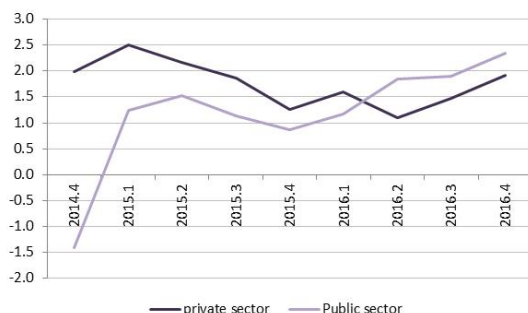
Jobs located in DC in the December quarter of 2016: previous and revised estimates

	Jobs in 4th Q of 2016		Revision	
	Previous est.	Revised est.	amount	%
Total	787,933	790,200	2,267	0.3
Public sector	243,867	239,000	-4,867	-2.0
Federal government	202,900	199,167	-3,733	-1.8
State and local	40,967	39,833	-1,133	-2.8
Private sector	544,067	551,200	7,133	1.3
Business and professional	167,800	168,167	367	0.2
All other private	376,267	383,033	6,767	1.8

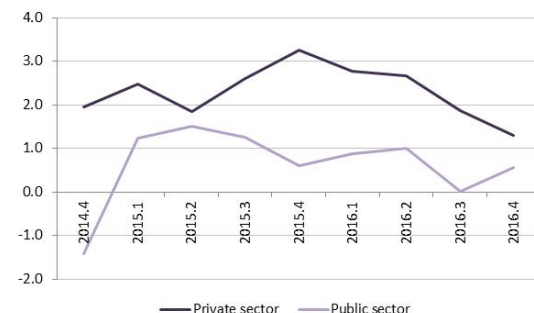
Source: BLS

The revision was enough to change the relationship of DC's public and private sector job growth over the past two years. Previously, the rate of increase in public sector employment was shown overtaking the private sector in 2016. The revision substantially cut the growth of public sector jobs in 2016, so that they grew more slowly than private sector ones—even though growth in the private sector was slowing.

Previous estimate of the % change from the prior year in DC's private and public sectors: 2014.4 to 2016.4



Revised estimate of the % change from the prior year in DC's private and public sectors: 2014.4 to 2016.4



4. DC's rate of private sector growth over the past two years has been similar to that in the suburbs, not significantly different. The revisions to Washington metropolitan area wage and salary employment cut 19,033 jobs from the area total in the 2016.4 quarter, a 0.6% reduction. The net reduction in the metro area total was entirely due to a 21,300 (0.9%) reduction in suburban jobs. Most of the suburban reduction, 16,167, was in the private sector—7,133 of which was shifted to DC and 9,033 was lost to the area. The suburban private sector loss was about equally divided between business and professional services and all other private sector jobs.

A consequence of the change to metropolitan area job growth over the past two years is that the pattern of change in DC's private sector is now seen to track that of the suburbs fairly closely. Previously, the rate of change in DC's private sector appeared to be much weaker than in the suburbs over most of the past two years. With the revision, DC's private sector is now shown to have grown faster over most of that time, just falling below the suburbs at the end of 2016.

Wage and salary jobs located in the Washington DC metro. area in the Dec. quarter of 2016: previous and revised estimates

	Jobs in 4th Q of 2016		Amt. of revision	% change
	Previous est.	Revised est.		
Total	3,284,900	3,265,867	-19,033	-0.6
Public sector	715,000	705,033	-9,967	-1.4
Federal government	372,200	368,433	-3,767	-1.0
State and local gov.	342,800	336,600	-6,200	-1.8
Private sector	2,569,867	2,560,833	-9,033	-0.4
Prof. and bus. ser.	754,100	746,300	-7,800	-1.0
All other private	1,815,767	1,814,533	-1,233	-0.1

Source: BLS

Revisions to December 2016 quarter job estimates in DC, the Washington metropolitan area, and the suburbs

	DC	Metro area	Suburbs
Total	2,267	-19,033	-21,300
Public sector	-4,867	-9,967	-5,100
Federal government	-3,733	-3,767	-33
Local government	-1,133	-6,200	-5,067
Private sector	7,133	-9,033	-16,167
Professional and bus. services	367	-7,800	-8,167
All other private	6,767	-1,233	-8,000

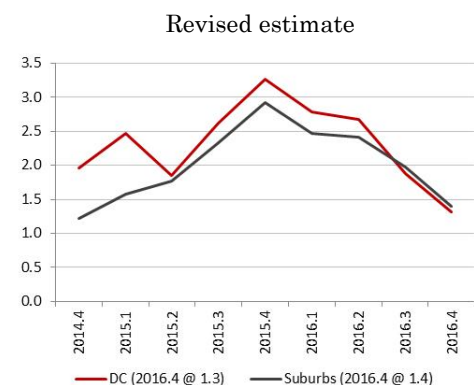
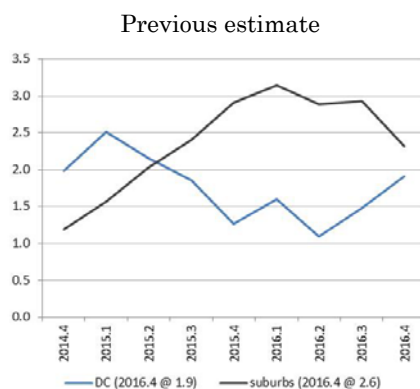
Source: BLS

Wage and salary jobs located in the DC suburbs in the Dec. quarter of 2016: previous and revised estimates

	Jobs in 4th Q of 2016		Amt. of revision	% change
	Previous est.	Revised est.		
Total	2,496,967	2,475,667	-21,300	-0.9
Public sector	471,133	466,033	-5,100	-1.1
Federal government	169,300	169,267	-33	0.0
State and local gov.	301,833	296,767	-5,067	-1.7
Private sector	2,025,800	2,009,633	-16,167	-0.8
Prof. and bus. ser.	586,300	578,133	-8,167	-1.4
All other private	1,439,500	1,431,500	-8,000	-0.6

Source: BLS

Previous and revised estimates of the % change from the prior year in private sector jobs in DC and in the Washington suburbs: 2014.4 to 2016.4



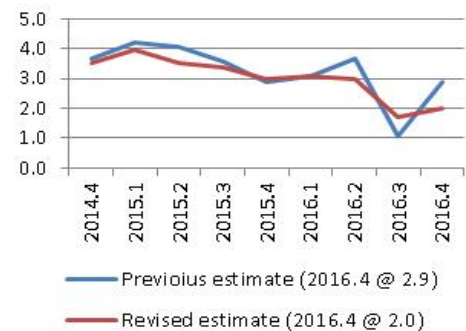
5. DC resident employment did not end the year with a sharp increase. The 4,052 (1.1%) downward revision to resident employment in the 2016.4 quarter was notable because it reversed a sharp increase which previously had been reported. This revision mostly results from cuts to the labor force (a 1.2% cut of 4,832), not higher unemployment. (Unemployment was actually reduced by 779, resulting in a 0.1 percentage point reduction in the unemployment rate.) The reduction to the labor force is consistent with slowing population growth which occurred in 2016. DC ended the year with growth rates in the labor force and resident employment similar to those of the Washington area suburbs and the US average.

DC labor force, resident employment, and unemployment in the December quarter of 2016: previous and revised estimates

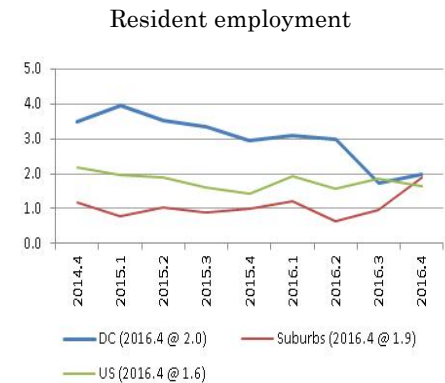
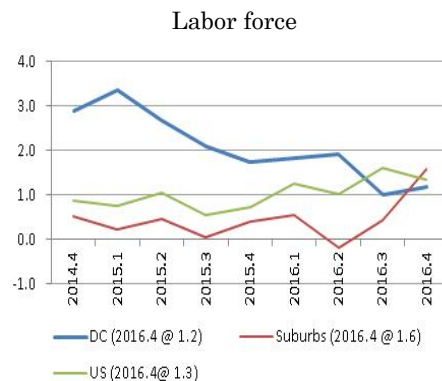
	Jobs in 4th Q of 2016		Amt. of revision	% change
	Previous est.	Revised est.		
Labor force	398,806	393,974	-4,832	-1.2
Resident employment	375,631	371,578	-4,052	-1.1
Unemployment	23,175	22,396	-779	-3.4
Unemployment rate	5.8	5.7	-0.1	

Source: BLS

Previous and revised estimates of the % change from the prior year in DC resident employment: 2014.4 to 2016.4



Revised estimates of % change from the prior year in labor force and resident employment in DC, the Washington suburbs, and the US: 2014.4 to 2016.6



According to BLS, momentum in DC's labor market seems now to be slowing at a time when federal spending policies under consideration may weaken the region's economy. Should such policies materialize, the preceding discussion underscores the difficulty of keeping current with how well DC's labor market is responding to the new environment. Data can be revised.

Appendix. BLS explanation of the basis for labor market data revisions (February 27, 2017)

Wage and salary employment: Nonfarm payroll estimates for states and metropolitan areas have been revised as a result of annual benchmark processing to reflect 2016 employment counts primarily from the BLS Quarterly Census of Employment and Wages (QCEW), as well as updated seasonal adjustment factors. Not seasonally adjusted data beginning with April 2015 and seasonally adjusted data beginning with January 2012 were subject to revision.

Resident employment: The civilian labor force and unemployment data for states, the District of Columbia, and modeled sub-state areas were revised to incorporate updated inputs, new population controls, re-estimation of models, and adjustment to new census division and national control totals. Both not seasonally adjusted and seasonally adjusted data were subject to revision from January 2012 forward.