



D.C. Office of Revenue Analysis Briefing Document *Number: 2015-8 Date: August 2015*

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For 3 1/2 years, resident employment has grown more rapidly than jobs located in DC

Jobs for DC’s growing labor force included ones in the suburbs and turnover in jobs formerly held by commuters

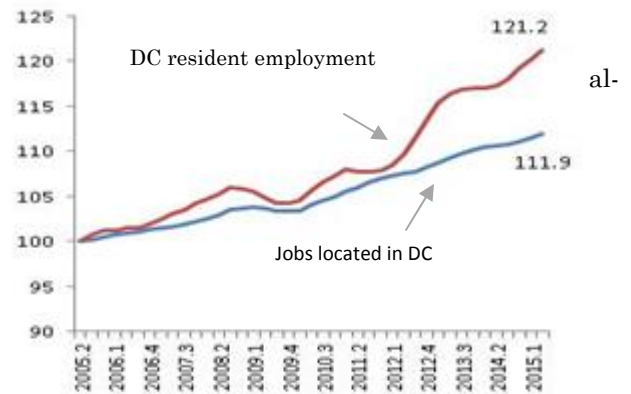
Two frequently-watched economic indicators, derived from different monthly surveys conducted by the US Bureau of Labor Statistics, provide insight into the dynamics of DC’s economy. The first, a survey of employers of wage and salary jobs, measures the number of people working in DC regardless of where they live. The second, a household survey of residents, measures labor force characteristics including the number of DC residents who are employed regardless of the jurisdiction in which their job is located.

The two employment surveys show that the average number of employed residents in DC, 354,055 for the 12-months ending June 2015, was less than half of the number of wage and salary employees working in DC (759,667). It is not surprising that there are far fewer employed DC residents than jobs, because as the central city of a large metropolitan area, DC has a much larger share of the region’s jobs (24%) than of population (11%). Indeed, there are more jobs located in DC than the city’s entire population. This makes it particularly noteworthy that over the past 3 1/2 years resident employment in DC has been increasing much more rapidly than the city’s job base.

From December 2011 to June 2015, resident employment not only increased by a greater percentage (12.3% v 4.6%) than DC’s job base, but by more in absolute numbers—38,900 more resident jobs versus 33,500 more jobs located in DC. What accounts for this?

In the years leading up to December 2011, resident employment and the job base grew at about the same rate, even allowing for the downturns in the recession. Thus, from June 2005 to December 2011 the job base grew 7.0% and resident employment 7.9% (representing average annual growth of 1.0% and 1.2%, respectively). Resident employment then began to grow faster. In December 2011 resident employment was equivalent to 43.4% of the job base; by June 2015 this percentage had risen to 46.5%. This percentage did not, however, rise because growth in the job base slowed down—the average annual rate of growth of jobs in DC actually increased to 1.4%. (*Cont’d on p. 2*)

DC resident employment and jobs located in DC: 2005.2 to 2015.2 Index number of 12-month moving averages: 2005.2 = 100)



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

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The percentage rose because resident employment’s average annual rate of growth rose to 3.8%.

Three reasons can be given for why the growth of resident employment accelerated over the past 3 1/2 years compared to the growth in DC’s job base.

First, the rapid increase in resident employment growth reflects demographic changes occurring in DC. Not only did the population grow more rapidly in the recent period (2.0% annual rate versus the earlier 1.4%), but the share of the population in the labor force has been rising. (The labor force grew at a 2.8% annual rate since December 2011.)

Second, in the turnover that is constantly occurring in the labor market, DC’s resident employment grows without a net increase in the job base whenever a DC resident fills a vacancy left by a commuter who retires or takes a job outside of DC. In addition, in 2010 about 27% of DC’s employed residents were working outside of DC, and more of this may be occurring. Thus, the net increase in jobs located in DC does not define how much resident employment can grow.

Third, relatively more people who are working may be self employed or working as individual contractors (such as an Uber driver) and therefore less likely to be counted in BLS surveys of wage and salary jobs located in DC.

While the more rapid growth in resident employment since December 2011 has not been based on a weakening of DC’s job base, it is reasonable to wonder whether there is a limit to how long resident employment can continue to grow so much faster than jobs located in the city. Over the past 30 years the ratio of resident employment to wage and salary jobs located in DC has never been higher than 47.8% (in 1985, a time when DC had 17% of the region’s population, 33.6% of the region’s jobs, and had more people living in the city than working in it).

Although DC’s job base did not weaken over the past 3 1/2 years, the continued health of the city’s job base cannot be taken for granted. From December 2011 to June 2015, DC’s average annual rate of growth in jobs located in DC (1.4%) was below the US average (1.7%), and uncertainty regarding the future of federal spending, which plays a large role in the regional economy, remains a matter of concern.

—Stephen Swaim, DC Office of Revenue Analysis

Change in DC resident employment and jobs located in DC: 2005.2 to 2015.2

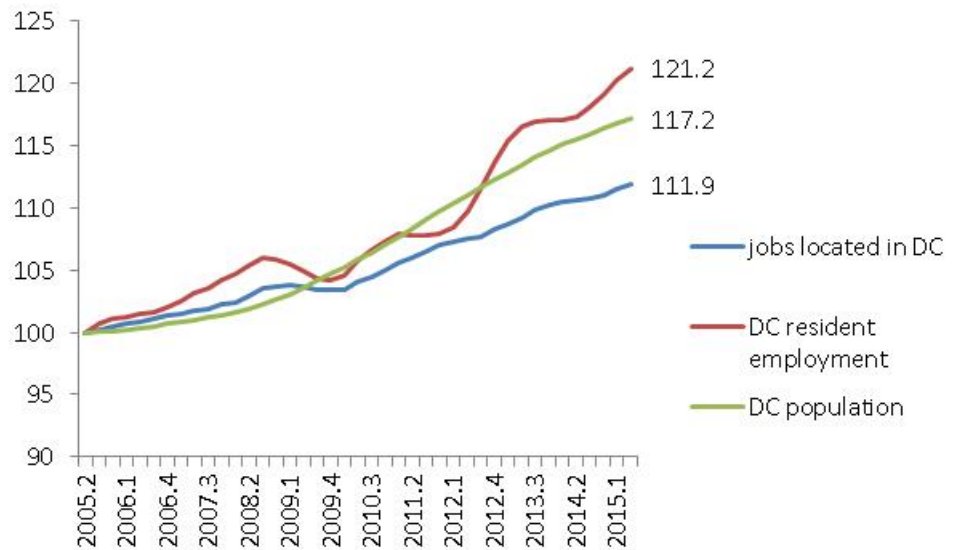
Indicator	Amount of change		Percent change	
	2005.2 to 2011.4	2011.4 to 2015.2	2005.2 to 2011.4	2011.4 to 2015.2
DC resident employment	23,043	38,896	7.9	12.3
Jobs located in DC	47,492	33,458	7.0	4.6

Average annual amount and percent change for jobs located in DC, labor force, resident employment, and population: 2005.2 to 2015.2	Indicator	Average change per year		Annual rate of change	
		2005.2 to 2011.4	2011.4 to 2015.2	2005.2 to 2011.4	2011.4 to 2015.2
		Jobs located in DC	7,306	9,560	1.0
Labor force	5,364	9,188	1.6	2.8	
Resident employment	3,545	11,113	1.2	3.8	
Population	8,435	12,169	1.4	2.0	

Source: BLS and Census

Jobs located in DC, DC resident employment, and DC population: 2005.2 to 2015.2

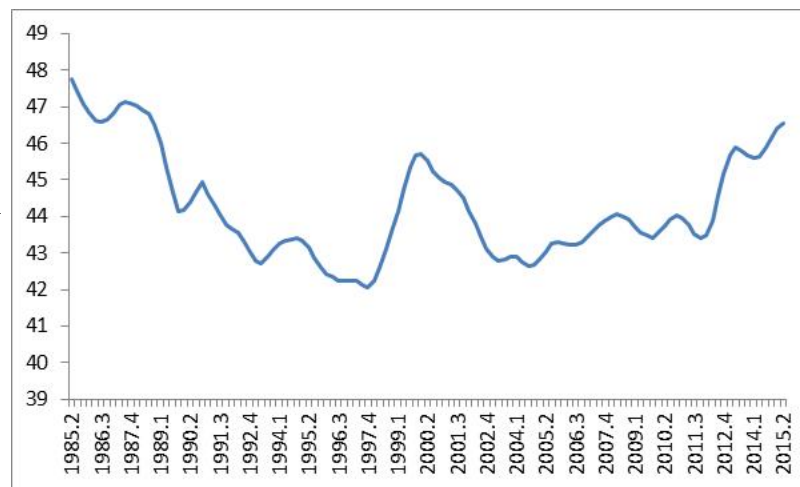
Index numbers of 12-month moving averages: 2005.2 = 100



DC resident employment as % of wage and salary jobs located in DC: 1985.2 to 2015.2

(Calculated from 12-month moving averages)

Source: BLS



Change in DC resident employment and jobs located in DC: 2005.2 to 2015.2

(12-month moving average)

DC indicator	2005.2	2011.4	2015.2	Amount of change		Percent change	
				2005.2 to 2011.4	2011.4 to 2015.2	2005.2 to 2011.4	2011.4 to 2015.2
Jobs located in DC	678,717	726,208	759,667	47,492	33,458	7.0	4.6
Labor force	315,974	350,843	382,999	34,868	32,157	11.0	9.2
Resident employment	292,117	315,159	354,055	23,043	38,896	7.9	12.3
Unemployment	23,858	35,683	28,944	11,826	-6,739	49.6	-18.9
Unemployment rate	7.6	10.2	7.5	2.6	-2.6	34.7	-25.8
Population	567,368	622,197	664,787	54,830	42,590	9.7	6.8
Labor force/ pop. ratio	0.56	0.56	0.58	0.64	0.76		
Res. emp./pop. ratio	0.51	0.51	0.53	0.42	0.91		

Source: BLS. Data are 12-month moving averages for dates shown. Census Bureau population estimates accessed through Moody's Analytics.