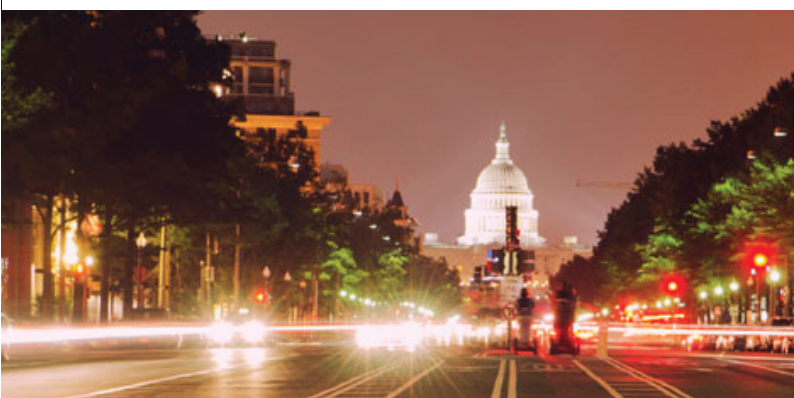




District of Columbia
ANNUAL ECONOMIC
REPORT 2016

DC DEPARTMENT OF EMPLOYMENT SERVICES
OFFICE OF LABOR MARKET
RESEARCH AND INFORMATION



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1. INTRODUCTION

The 2016 District of Columbia Annual Economic Report provides a detailed analysis of population demographics, labor market, job market, and occupational employment trends and activities. The report gives an analysis of the District's economic outcomes relative to national economic activities and outcomes in 2016. The Department of Employment Services (DOES) provides this report in fulfillment of its requirement as the state labor agency for the District of Columbia in accordance with guidelines from the U.S. Department of Labor, Employment and Training Administration (ETA), through the Program Year 2016 Workforce Information Grant.

Through the leadership of the honorable Mayor Muriel Bowser, the District of Columbia has made workforce and economic development the District's top priority. Today almost five thousand fewer District residents are unemployed, and more than 20,000 more District residents have secured employment during the Bowser administration. In January 2015, the District's unemployment rate stood at 7.5 percent. Over the course of the administration, the unemployment rate has dropped more than a full percentage point, down to 5.9 percent. Over the last two and a half years, the District has added almost 32,000 private sector jobs to the local economy. The number of unemployment insurance claims filed has decreased by 28 percent. This focus on workforce and economic development has had positive impacts across the District, including Wards 7 and 8, historically two of the region's most economically disadvantaged areas. In Ward 8, unemployment has decreased 4.5 percent. In Ward 7, the unemployment rate has decreased by 3.7 percent to 9 percent, the lowest since the District began posting these statistics in 2002.

While the District is proud of the progress achieved thus far, all key stakeholders within the administration recognize the importance of continued attention and resource allocation in support of economic development, especially in Wards 7 and 8, which continue to face economic challenges. The Bowser administration has made a concerted effort to address unemployment, build skills and increase access to resources and services to residents who have suffered periods of unemployment including returning citizens. Through efforts such as the vigorous enforcement of our Ban Box Law (officially known as the Fair Criminal Records Screening Act), along with outreach that focuses on educating both returning citizens and employers, the District is ensuring that all residents have a clear pathway to the middle class. As noted in the accompanying report, education is a key driver of unemployment, and making all students college and career ready has been a focus for D.C. Public Schools, where graduation rates have significantly improved. The administration is negotiating and enforcing requirements related to local hiring on city projects, and a signature endeavor for the Mayor is the recent expansion of the Mayor Marion S. Barry Summer Employment Program, both in age (22-24-year-olds) and in the number of private sector employment. The recently seated business-led Workforce Investment Council provides strategic guidance to the District's public workforce system, and has been a committed partner, mobilizing public and private resources aimed at removing barriers that perpetuate long term unemployment.

2. REPORT HIGHLIGHTS

- District of Columbia's population grew three times the national rate (**12 percent versus 4 percent**)
- The Hispanic and Latino population had the highest growth rate of any race/ethnicity in the District of Columbia at almost **30 percent**.
- The District of Columbia had a higher growth of *residents with a bachelor's degree or higher* than the national average (**7 percent versus 3 percent**).

- District residents without high school diploma or equivalent earned 2 percent less (**\$28,467 versus \$29,004**) than their national counterparts.
- The District's African American/Black population had a higher unemployment rate (12.2 percent) than White or Hispanics (**2.1 percent and 3.6 percent respectively**).
- The District's African American/Black population had a lower labor force participation rate (**57 percent**) than White or Hispanics (**83 percent and 79 percent respectively**).
- The District had a private sector job growth of **17 percent** and a government sector job decline of **3 percent** between 2010 and 2016.
- In 2015, the average weekly wage in the District was **67 percent** higher than in the United States as a whole (**\$1,695 versus \$1,018**).
- More than half of all establishments in the District were in professional and business services or other services (**30 percent and 27 percent respectively**).
- More than **60 percent** of all private sector establishments are concentrated in three Wards (2, 3, and 6).
- Wards 7 and 8 combined, accounted for only **4 percent** of total establishments, accounting for **16 percent** of the total labor force.

3. ECONOMIC OUTLOOK for 2016

The District of Columbia's economy is vibrant and robust, with stable job growth and a diverse population characterized by rising incomes and a workforce that is more educated than the national average. In turn, the vibrancy of the District's economy has been a magnet to creative talent that is transforming neighborhoods into hubs of economic activity across all eight wards, including the U Street-Adams Morgan corridor, Dupont Circle, Atlas District on H Street, North of Massachusetts Avenue (NOMA), Penn Square, and the Waterfront. With the attraction of creative talent, the District has seen a tremendous growth of a diverse and vibrant creative economy, making the District one of the nation's most innovative cities.

The District's real GDP was \$107.5 billion, making it the 35th largest economy among all states; and when factoring the population, the per capita real GDP was \$159,938, which made the District the richest economy in the nation in 2015. Despite the District's thriving economy, a significant proportion of District residents historically have not shared in this prosperity. While there has been significant improvement, the District's unemployment and poverty rates remain above the national average, and there is a geographic disparity in economic outcomes between neighborhoods.

The District government has embarked on various development projects, which have created hubs of economic activity, provided good paying jobs, assisted with the reduction of unemployment, and expanded the city's financial base. Private development partners include, Uline Arena, Anthem Row, Highline, and many others. The

Uline Arena project is a redevelopment of existing buildings; the Uline Arena (Washington Coliseum) and the nearby Ice House in NoMa redeveloped for a mixed-use purpose.



The project will transform the current buildings into office and retail space, adding a multi-level parking garage. The retail space is anchored by Recreational Equipment, Inc. (REI); an outdoor recreation retailer.

The Anthem Row project is a renovation to an existing building on K Street (800 K Street, NW) into two buildings. The renovation is scheduled for completion in calendar year 2018, and will result in 390,000 square feet of total space; including 70,000 square feet of retail space. Anthem Row is expected to be a destination location filled with restaurants, retail stores, walking paths, and sit-down areas for public entertainment. The developer has already entered into an agreement with Equinox, a luxury fitness club, to open a location onsite, with more agreements currently in process.



The Highline project located at 320 Florida Avenue NE is a 12 story building near Union Market and the NoMa-Gallaudet U/New York Avenue Metrorail Station. The Highline includes 318 luxury apartments, four penthouses, a rooftop pool and 10,000 square feet of retail space on the ground floor. It is projected to be completed during the first half of 2018. The eco-friendly project will also include a green roof and bicycle parking space, and a park adjacent to the building to serve as a pedestrian connection between Union Market and the NoMa-Gallaudet U/New York Avenue Metrorail Station.



According to the most recent economic indicators, the District's economy stands on solid footing and will continue to grow at a steady pace in the near future. In 2015, the District's real GDP was \$106.74 billion, which represents 0.66 percent of US GDP, and made it the 35th largest economy in the nation. Five years prior to 2015, the District of Columbia's economy grew in real terms by 5 percent at a compound annual growth rate of 1 percent per year. The real GDP of \$106.74 billion in 2015 is the highest level recorded to date. Additionally, the District's real per-capita GDP was \$159,227 in 2015, which is \$109,072 higher than the US per-capita GDP. The District's 2015-2017 short-term forecast projects that the District will add over 11,500 jobs for the next two years to reach a total of 788,798 jobs in 2017.

4. POPULATION DEMOGRAPHICS

4.1 General population trends

Table 1 shows that between 2010 and 2015, the District's population grew at a faster rate than the national rate, increasing by almost 12 percent as compared to 4 percent nationally.

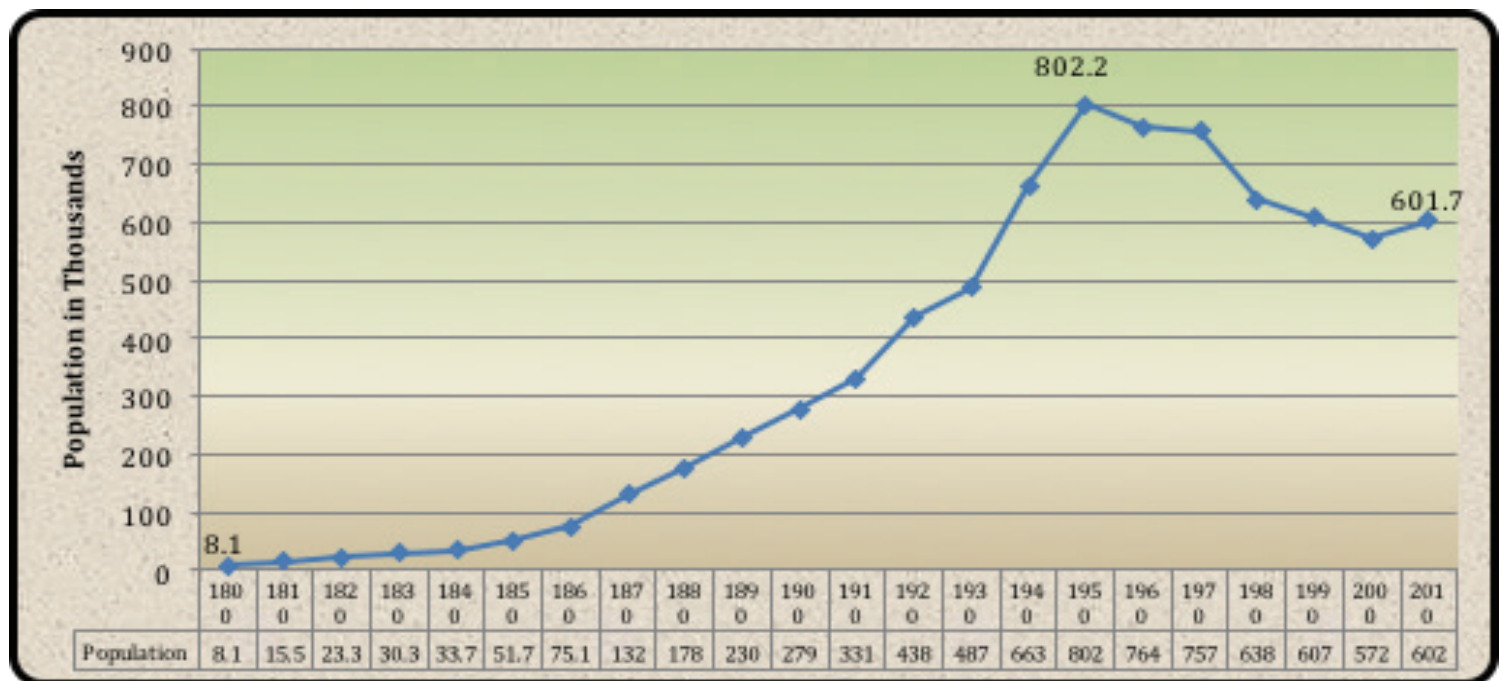
Table 1: Population growth in the District of Columbia and the United States, 2010-2015

Area	Population		Change, 2010-2015	
	2010	2015	Net	Percent
District of Columbia	601,723	672,228	70,505	11.7
United States	308,745,538	320,896,618	12,151,080	3.9

Source: U.S. Census Bureau, Population Division

Figure 1 presents historical population trends in the District of Columbia since 1800. In 1950, the District's population peaked at 802,000 people. The District then experienced a five-decade population decline, losing more than 230 thousands people (or 29 percent) by 2000. The 2010 U.S. Census revealed a reversal of the declining trend when the census showed that, between 2000 and 2010, the District's population increased by 5.2 percent, reaching 601,723 persons in 2010. The 2015 American Community Survey (ACS) 1-year estimates showed that there were more than 672 thousands people living in the District, representing an increase of more than 13,000 persons (or 2 percent) from 2014.

Figure 1: The District of Columbia Historical Population Trend, 1800 to 2010



4.2 Population by race and ethnicity

As reported in Table 2 and Figure 2, African Americans were still the largest racial group in the District in 2015 with almost 314,000 people, or 46.7 percent, followed by Whites with 243,000 people (35 percent), Hispanics with more than 71,000 (11 percent), and Asians with 27,000 people (4 percent). Over the past decade, as the District's population has increased, the racial make-up has also become more diversified: the proportion of African Americans has steadily declined, while the proportion of other races has increased. From 2010 to 2015, the District's population grew by almost 12 percent. During the same period, the Hispanic and Latino population had the highest growth with almost 30 percent, followed by the Asian population with 29 percent growth. The White population and African American population grew at the slowest rate, with 16 percent and 4 percent respectively. In fact, the African American population has declined over the last five years by almost 4 percentage points.

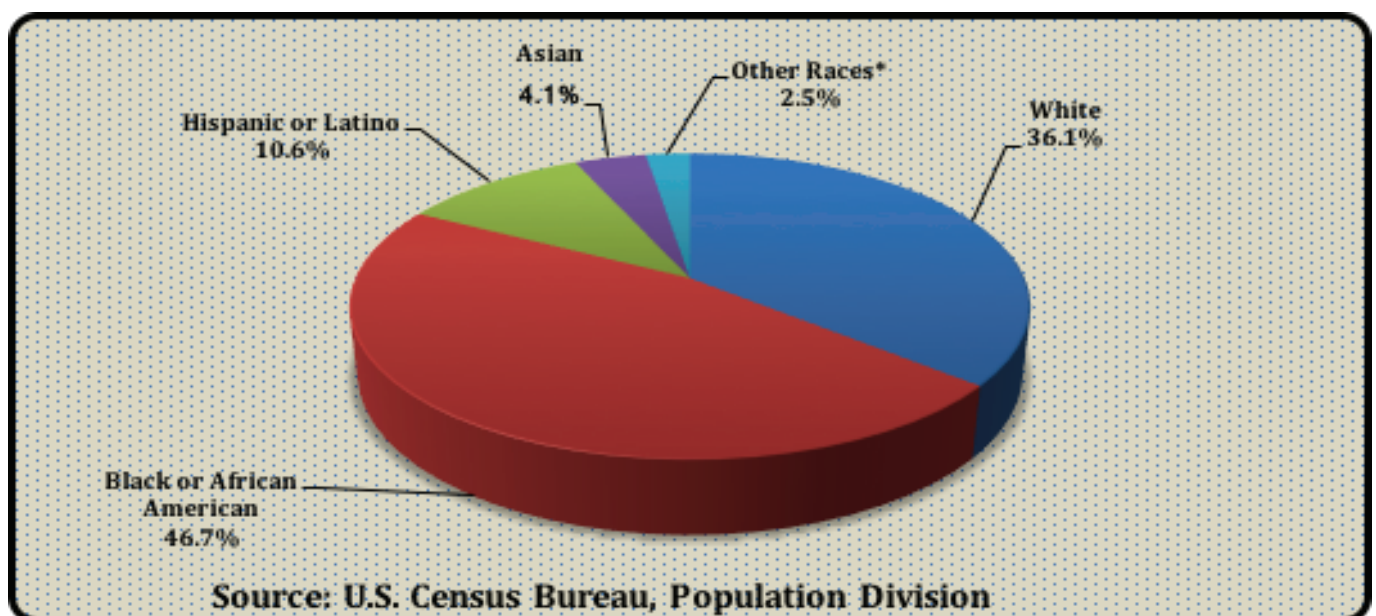
Table 2: District of Columbia Population by Race and Ethnicity, 2010 - 2015

Race	Population		Percent of Population		Change, 2010-2014	
	2010	2015	2010	2015	Net	Percent
Total All Races	601,723	672,228	100.0%	100.0%	70,505	11.7%
White	210,389	242,981	35.0%	36.1%	32,592	15.5%
Black or African Americans	302,051	313,925	50.2%	46.7%	11,874	3.9%
Hispanic of Latino	54,749	71,128	9.1%	10.6%	16,379	29.9%
Asian	21,151	27,379	3.5%	4.1%	6,228	29.4%
Other Races*	13,383	16,815	2.2%	2.5%	3,432	25.6%

*Other Races include American Indian & Alaska Native, Native Hawaiian & Pacific Islander, & two or more races

Source: U.S. Census Bureau, Population Division

Figure 2: District of Columbia Population Percent Share by Race and Ethnicity, 2015



4.3 Population by age and gender

In 2015 half (50.2 percent) of District residents were less than 35-years-old as shown in Table 3. Meanwhile, only 22 percent of residents were seniors (55-years-old and over) with 10 percent of residents between 55 and 64-years-old, and 12 percent over the age of 65. At the same time, in 2015 the District had a smaller proportion of children under the age of 15 than the national average (15 percent versus 19 percent of the population). Finally, the share of District residents near retirement age is also lower than the national average (12 percent versus 15 percent).

Table 3: Population by age in the District of Columbia and the United States, 2010 and 2015

Age	DC Population		Percent Share, 2015		Percent Change, 2010-2015	
	2010	2015	DC	US	DC	US
Total, All Ages	601,723	672,228	100.0	100.0	11.7	4.1
Under 15 years	83,801	102,637	15.3	19.0	22.5	-0.3
15 to 24	104,029	97,121	14.4	13.6	-6.6	0.5
25 to 34	124,745	152,335	22.7	13.7	22.1	7.5
35 to 44	80,659	95,949	14.3	12.6	19.0	-1.2
45 to 54	75,703	77,493	11.5	13.4	2.4	-4.0
55 to 64	63,977	69,689	10.4	12.7	8.9	12.0
65 years and over	68,809	77,004	11.5	14.9	11.9	18.6

Source: U.S. Census Bureau, Population Division

Table 3 also shows that between 2010 and 2015, the District experienced a robust increase in millennials of age group 25 to 34 years with 22 percent growth for the last five years, while this growth represented only 8 percent for the rest of the nation.

In 2015, women still constituted the largest share of residents in the District as shown in Table 4. Women represented almost 53 percent of the population in the District and 51 percent of the nation's population, while males represented 47 percent of the District's population and 49 percent nationally.

Table 4: Gender composition of population in District of Columbia and United States, 2010 and 2015

Area	Male	Female	Male	Female
	2010		2015	
District of Columbia	47.2%	52.8%	47.4%	52.6%
United States	49.2%	50.8%	49.2%	50.8%

Source: U.S. Census Bureau, Population Division

4.4 Population by education and income

As illustrated in Table 5, the District had a more highly educated population than the national average in 2015. About 56 percent of the District's population, of those 25 years and over, were college graduates compared to 28 percent for the nation. By contrast, the nation had a higher percentage of high school graduates than the District (28 percent compared to 17 percent). *From 2010 to 2015, the percent of college graduates in the District rose by almost 7 percentage points while increasing by only 2.5 percentage points in the nation. At the same time, the percent of high school graduates in the District decreased by 2 percentage points as compared to less than 1 percent decrease in the nation (0.9).*

Table 5: Educational attainment for population 25 years and over in the District of Columbia and United States, 2010 – 2015

Educational Attainment	Percent of Population			
	DC		US	
Population 25 years and over	2010	2015	2010	2015
Less than high school diploma	12.6%	10.2%	14.4%	12.9%
High School Diploma or Equivalency	20.3%	17.4%	28.5%	27.6%
Some college, no degree	13.8%	12.7%	21.3%	20.7%
Associate's degree	3.2%	3.0%	7.6%	8.2%
Bachelor's Degree	23.2%	23.8%	17.7%	19.0%
Graduate or professional degree	26.9%	32.9%	10.4%	11.6%

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates

High levels of education among District residents serves as one of many factors that accounts for the District's relatively high level of income. Workers with the same level of education above a high school diploma tend to earn more in the District than their counterparts do nationally. Table 6, analyzes median earnings for residents 25 years and over for 2015. District residents with a bachelors and graduate or professional degrees earned 26 percent more (\$64,142 versus \$50,930 and \$84,682 \$67,286 respectively) than national counterparts. Additionally, residents with some college or associate degree earned 13 percent more (\$38,881 versus \$34,377) than people with the same level of education nationally. However, District residents without a high school diploma or equivalent earned 2 percent less than their counterparts nationally (\$28,467 versus \$29,004). *Overall, District residents earned 56 percent more than the rest of the nation, which can be an illustration of a higher cost of living in the District.*

Table 6: Median earnings for population 25 years and over with earnings by educational attainment in District of Columbia and United States, 2015

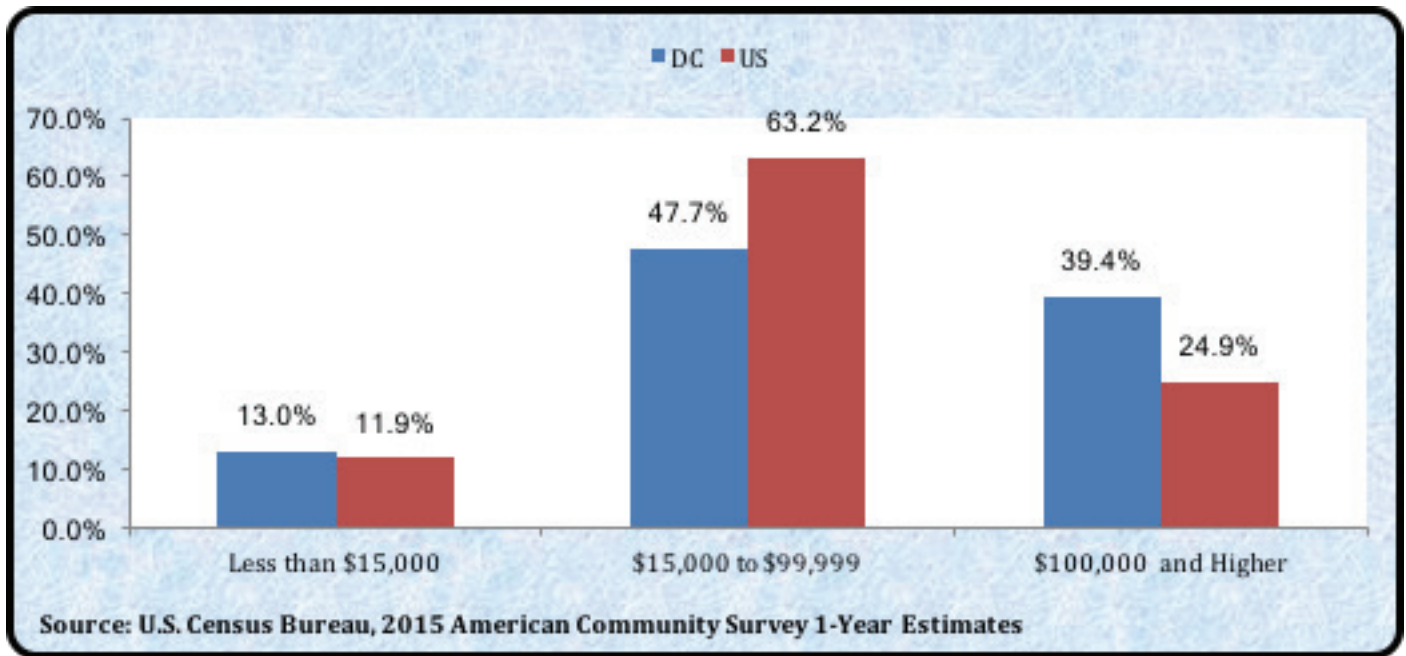
Educational Attainment	Median Earnings		DC - US
	DC	US	Percent Difference
Population 25 years and over	\$57,512	\$36,860	56%
Less than high school diploma	\$23,604	\$21,320	11%
High School Diploma or Equivalency	\$28,467	\$29,004	-2%
Some college, no degree	\$38,881	\$34,377	13%
Bachelor's Degree	\$64,142	\$50,930	26%
Graduate or professional degree	\$84,682	\$67,286	26%
Note: Data in 2015 Inflation adjusted dollars			
Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates			

In addition to relatively high average levels of income, the District is also characterized by income disparities. Table 7 shows that in 2015, *the District had a larger percentage of households with income above \$100,000 than the national average (39.4 percent versus 24.9 percent), and almost the same percentage of households with income below \$15,000 than the national average (13 percent versus 12 percent).*

Table 7: Income distribution in the District of Columbia and United States, 2015

Percent of Households		
Household Income	DC	US
Less than \$10,000	8.6%	6.9%
\$10,000 to \$14,999	4.4%	5.0%
\$15,000 to \$24,999	7.3%	10.2%
\$25,000 to \$34,999	7.1%	9.8%
\$35,000 to \$49,999	9.3%	13.2%
\$50,000 to \$74,999	12.9%	17.8%
\$75,000 to \$99,999	11.1%	12.2%
\$100,000 to \$149,999	16.0%	13.6%
\$150,000 to \$199,999	8.7%	5.5%
\$200,000 or more	14.7%	5.8%
Note: Data in 2015 inflation adjusted dollars		
Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates		

Incidentally, the nation has a much larger percentage of households with income between \$15,000 and \$99,999 (63 percent versus 48 percent). See Figure 3.

Figure 3: Income Distribution in the District of Columbia and United States, 2015

Higher educational attainment for District residents is also reflected in higher levels of income when compared to the national average. As shown in Table 8, in 2015, the District had a per capita personal income of \$50,187 which was 40 percent higher than the national average of \$29,979. The District's median household income was \$75,628 (\$55,775 for the nation), and the median family income was \$94,846 (\$68,260 for the nation). Even as the District enjoys higher levels of income, there are also higher levels of poverty than the national average. For instance, in 2015, about 14 percent of District families and 17.3 percent of District individuals were below the poverty line, compared to 10.6 percent and 14.7 percent at the national level (see Table 8). The child poverty rate in the District was also slightly higher than the national average (25.3 percent versus 20.4 percent).

Table 8: Income and percent of population below poverty levels in the District of Columbia and United States, 2015

	Median	Median	Per Capita	Families	Individuals	
	Household	Family	Personal	Below	Below	Child Poverty
Area	Income	Income	Income	Poverty Level	Poverty Level	Rate
District of Columbia	\$75,628	\$94,846	\$50,187	14.0%	17.3%	25.3%
National	\$55,775	\$68,260	\$29,979	10.6%	14.7%	20.4%

Note: Data in 2015 Inflation adjusted dollars

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates

Tables 9 and 10 show income distribution, levels of income, and percent of population below poverty levels by District Wards. This data offers a window of understanding of the inconsistency between higher levels of income, inequality, and poverty in the District. Table 9 reveals a stark disparity in economic outcomes between affluent

areas referred to as “West of the Park”, including, Wards 1, 2, 3, 4, 5, and 6, and neighborhoods “East of Anacostia River”, Wards 7 and 8. In 2015, the proportion of households with incomes above \$100,000 ranged between 39 percent in Ward 4 and 56 percent in Ward 3. The proportion of households with incomes above \$100,000 ranged from 9 percent in Ward 8 to 27 in Ward 5. Also, the proportion of households with income less than \$50,000 ranged between 21 percent in Ward 3 and 70 percent in Ward 8. *The vast majority of households in Wards 7 and 8 had income less than \$100,000, with 87 percent and 91 percent respectively. On the other hand, 52 percent of households in these Wards had income less than \$15,000 (22 percent for Ward 7 and 30 percent for Ward 8).*

Table 9: Income distribution in the District of Columbia by Wards, 2015

Household Income	Percent of Households							
	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8
Less than \$10,000	7.8%	8.6%	5.4%	7.2%	11.7%	7.9%	15.0%	21.2%
\$10,000 to \$14,999	2.8%	2.4%	2.1%	3.1%	6.3%	3.6%	6.5%	8.6%
\$15,000 to \$24,999	7.4%	3.7%	3.4%	7.2%	8.6%	5.5%	13.5%	13.3%
\$25,000 to \$34,999	5.8%	4.3%	3.5%	7.5%	7.9%	4.8%	10.9%	11.6%
\$35,000 to \$49,999	9.0%	6.6%	6.6%	9.6%	10.1%	7.8%	14.7%	15.0%
\$50,000 to \$74,999	13.9%	13.4%	12.6%	15.6%	16.0%	11.5%	16.0%	13.5%
\$75,000 to \$99,999	12.8%	10.8%	10.2%	10.5%	12.1%	11.6%	10.2%	7.6%
\$100,000 to \$149,999	18.0%	18.9%	17.8%	16.2%	14.3%	19.7%	8.4%	5.8%
\$150,000 to \$199,999	9.9%	10.4%	11.0%	8.3%	6.8%	11.9%	2.9%	2.1%
\$200,000 or more	12.8%	21.0%	27.4%	14.8%	6.2%	15.6%	2.0%	1.3%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Table 10 highlights that in 2015, the median family income ranged between \$91,406 in Ward 1 to \$200,395 in Ward 3, which was above the District’s median family income of \$85,321; the per capita income ranged between \$43,880 in Ward 4 to \$83,452 in Ward 3, which was above the District’s per capita income of \$47,675; and the median household income ranged from \$74,600 in Ward 4 to \$112,873 in Ward 3, as compared to the median household income of \$70,848 in the District. Table 10 also shows that *Wards 7 and 8 had the highest percentage of families below poverty level in the District (24 percent and 35 percent respectively; followed by Ward 5 with almost 14 percent.*

Ward 3 and Ward 2 had the lowest percentage of families below poverty level in 2015, with 2 percent and 5 percent respectively. Overall, more than 14 percent of District families lived below the poverty level. The data also shows that, almost 40 percent and more than 27 percent of individuals in Ward 8 and Ward 7 respectively, lived below the poverty level. Whereas, only 9 percent of individuals in Ward 3 lived below the poverty level, which is two times less than the District average of 18 percent of individuals who live below poverty level. Wards 8 and 7 experienced high child poverty rates, with almost 50 percent and 40 percent, respectively. These rates were well above the District's average child poverty rate of 27 percent. By contrast, the child poverty rate was very low in Ward 3 (2.5 percent) and Ward 2 (6 percent).

Table 10: Income and percent of population below poverty levels in the District of Columbia by Wards, 2015

	Median	Median	Per Capita	Families	Individuals	
	Household	Family	Personal	Below	Below	Child Poverty
Area	Income	Income	Income	Poverty Level	Poverty Level	Rate
DC	\$70,848	\$85,321	\$47,675	14.3%	18.0%	26.5%
Ward 1	\$82,159	\$91,406	\$47,982	11.0%	13.5%	23.6%
Ward 2	\$100,388	\$184,150	\$72,388	4.7%	13.4%	6.0%
Ward 3	\$112,873	\$200,395	\$83,452	1.9%	9.4%	2.5%
Ward 4	\$74,600	\$94,741	\$43,880	8.7%	11.9%	16.1%
Ward 5	\$57,554	\$70,655	\$32,449	13.5%	19.0%	21.0%
Ward 6	\$94,343	\$125,278	\$58,354	9.6%	12.5%	16.5%
Ward 7	\$39,165	\$43,712	\$22,917	23.6%	27.2%	39.7%
Ward 8	\$30,910	\$32,678	\$17,596	35.3%	37.7%	49.5%

Note: Data in 2015 Inflation adjusted dollars

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

5 GROSS DOMESTIC PRODUCT

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within an area in a specific time period. Real gross domestic product is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices. It is often referred to as “constant-price,” “inflation-corrected” GDP or “constant dollar GDP.” Unlike nominal GDP, real GDP can account for changes in price level and provide a more accurate figure of economic growth. GDP per capita is calculated by dividing GDP by the population of an area. Table 11 shows Real GDP and per capita Real GDP and their changes for the District of Columbia and the United States from 2010 to 2015.

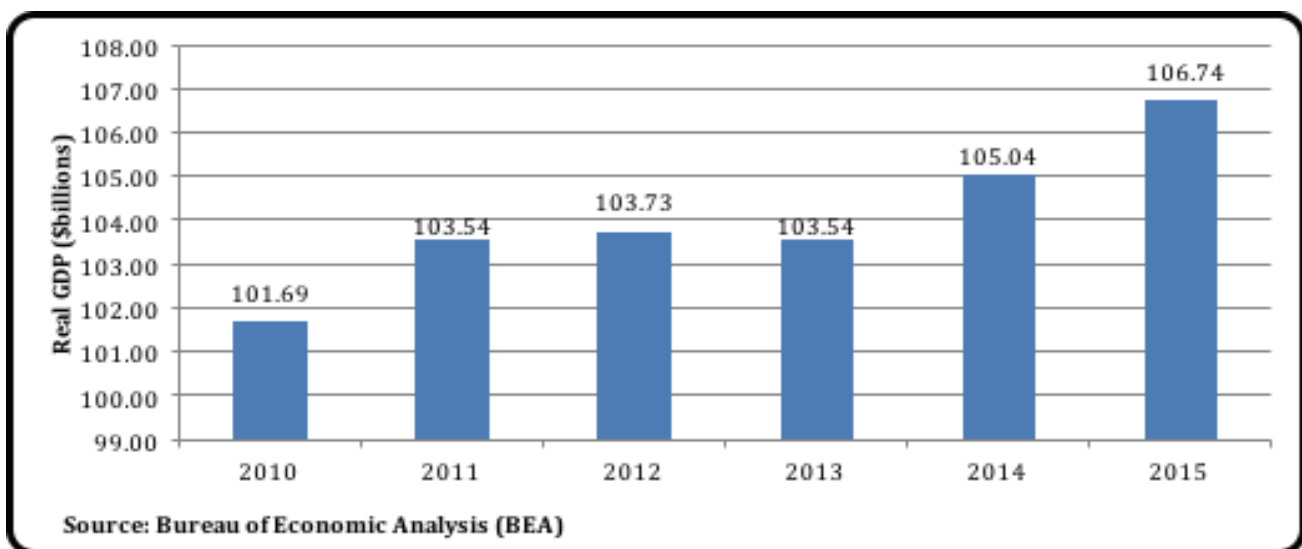
Table 11: Real GDP and Real GDP Per Capita in the District of Columbia and the United States, 2010-2015

	DC Real; GDP	Real GDP Percent Change		Per Capita GDP		GDP Per Capita Percent Change	
Date	(\$billions)	DC	MD	DC	MD	DC	US
2010	101.69	3.3	2.2	\$168,030	\$47,287	1.1	1.3
2011	103.54	1.8	1.4	\$166,870	\$47,595	-0.7	0.7
2012	103.73	0.2	2.0	\$163,274	\$48,173	-2.2	1.2
2013	103.54	-0.2	1.5	\$159,497	\$48,538	-2.3	0.8
2014	105.04	1.5	2.2	\$159,395	\$49,253	-0.1	1.5
2015	106.74	1.6	2.6	\$159,227	\$50,155	-0.1	1.8

Source: U.S. Bureau of Economic Analysis (BEA)

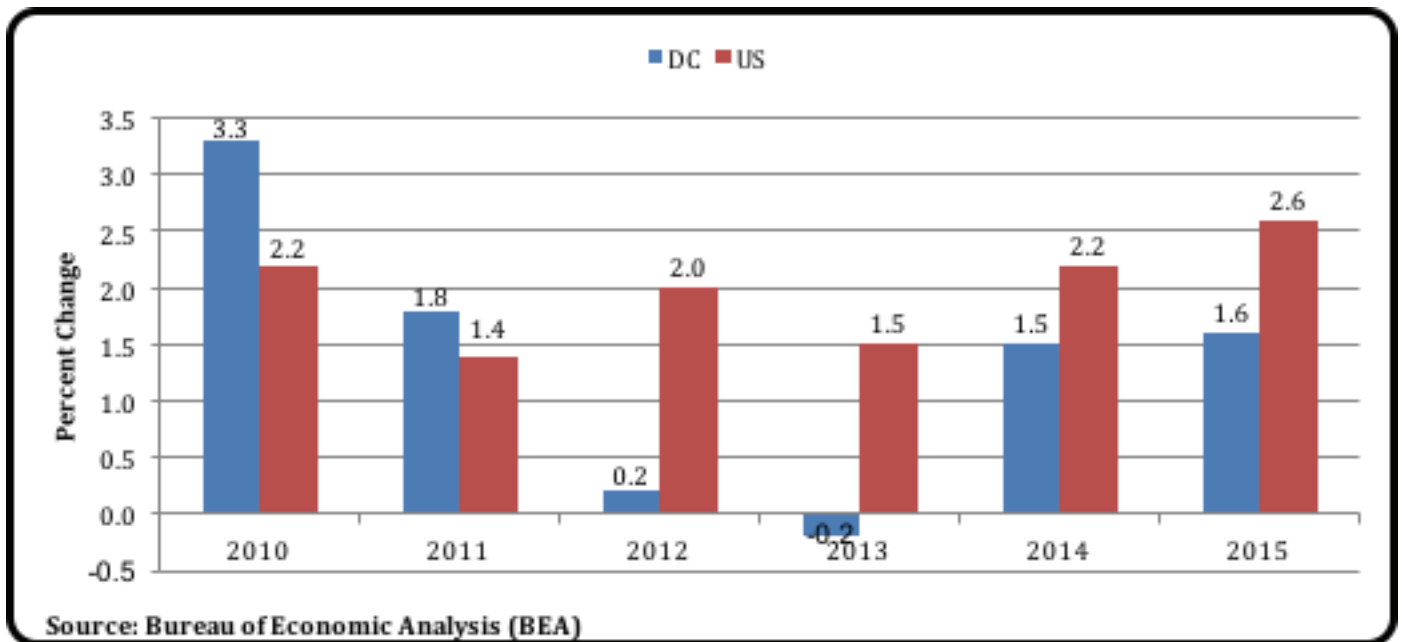
As shown in Figure 4, the District’s real GDP was almost \$107 billion dollars in 2015, which was a 1.6 percent increase compared to 2014 and 5 percent increase compared to 2010.

Figure 4: District of Columbia Real Gross Domestic Product, 2010-2015



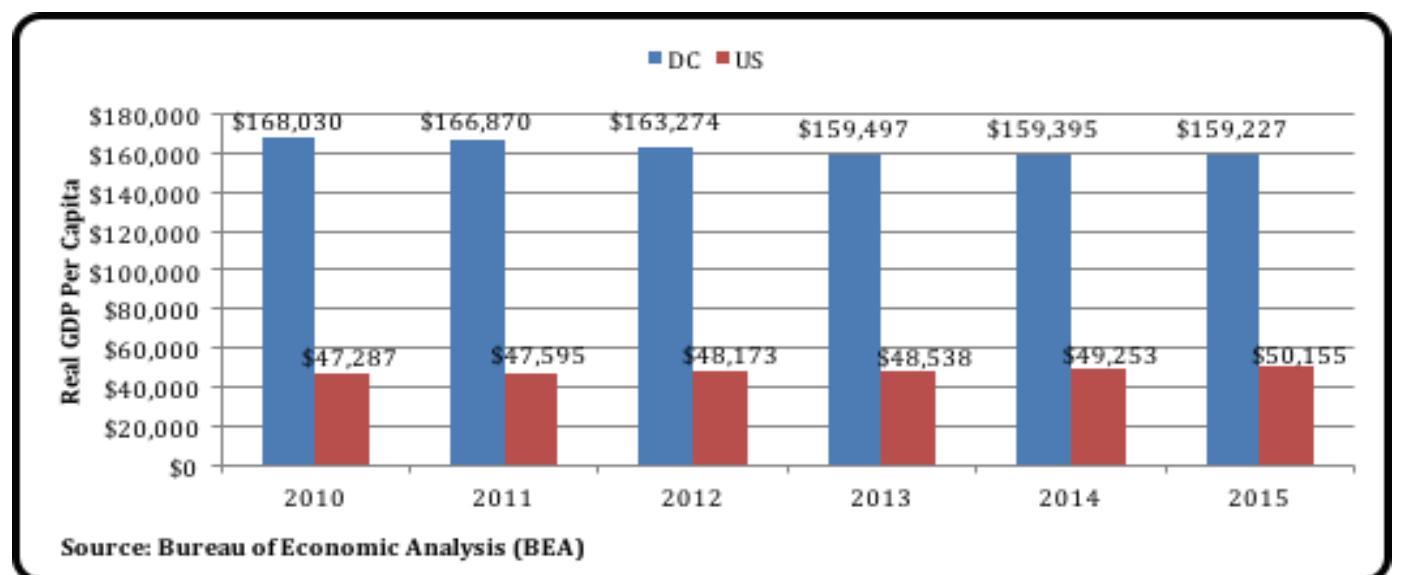
The District's real GDP growth rate was higher than the US growth rate in 2010 and 2011, but lower than the US growth rates from 2012 to 2015. For instance, in 2010 DC real GDP growth rate was 1.1 percentage points higher than the US. While, in 2015, it is 1 percentage point lower than the US (see figure 5).

Figure 5: Percent Change in Real Gross Domestic Product in the District of Columbia and US, 2010-2015



Finally, as shown in Figure 6, District of Columbia had a per capita GDP of \$159,227; which was 5 percent lower than 2010 level (\$168,030). Whereas, the nation's per capita GDP had increased by 6 percent from 2010 to 2015 (\$47,287 versus \$50,155).

Figure 6: Real GDP per Capita in the District of Columbia and US, 2010-2015



6 LABOR MARKET ANALYSIS

This section focuses on three labor market outcomes: (1) the unemployment rate, (2) labor force participation rate, and (3) employment rate. The unemployment rate measures the percentage of people who are without work and is calculated by dividing the number of unemployed people by the civilian labor force. Another gauge of labor market conditions is the labor force participation rate (LFPR), which measures the civilian non-institutional population of persons 16 years and older who are still employed or who are still looking for work within a particular time span. The LFPR measures the willingness of people to look for work. The employment rate, also referred to as employment/population (E/P) ratio, measures the number of employed as a percentage of the civilian non-institutional population 16 years old and over. The E/P ratio is the percentage of the population that is currently working and it is a labor market outcome that is most directly related to the number of jobs held by an area's residents. The E/P ratio is strongly influenced by the unemployment rate and LFPR, specifically, the E/P ratio will be high when LFPR is high and/or when the unemployment is low (i.e., when more people look for work and/or when they can more easily find a job).

6.1 General labor market trends

As indicated in Table 12, the District's civilian non-institutional population 16 years and over was 564,000 persons in 2016. 395,000 of the District's civilian non-institutional population 16 years and over were in the labor force; 371,000 were employed; and 24,000 were unemployed, reflecting a 70.1 percent labor force participation rate, 6.1 percent unemployment rate, and 65.8 percent employment rate. Table 12 also shows the District's unemployment rate was above the national unemployment rate by 1.2 percent (6.1 percent versus 4.9 percent) in 2016. However, the labor force participation rate in the District was higher than in the United States as a whole (70.1 percent versus 62.8 percent), which translated to a higher employment rate for the District relative to the national employment rate (65.8 percent versus 59.7 percent).

Table 12: Employment status of the civilian non-institutional population in District of Columbia and United States, 2016 annual averages

Area	Civilian Non-Institutionalized Population	Civilian Labor Force		Employment		Unemployment	
		Number	Percent	Number	Percent	Number	Percent
District of Columbia	564,000	395,000	70.1	371,000	65.8	24,000	6.1
United States	253,538,000	159,187,000	62.8	151,436,000	59.7	7,751,000	4.9

Note: Data is for civilian population 16 years and over.

Source: US Bureau of Labor Statistics, Current Population Survey (CPS)

Figures 7, 8, and 9 display the progression of the unemployment rate, the labor force participation rate, and employment rate in the District of Columbia and the United States between 2000 and 2016. In 2000, the unemployment rate in the District was 5.8 percent and the pre-recession (2007) unemployment rate was 5.5 percent. During the same period of time, the highest unemployment rate was observed in 2011 with 10.4 percent. Since 2011, the unemployment rate has fallen significantly, and was 6.1 percent in 2016 (see Figure 7). In fact, the District's unemployment rate in 2011 (10.4 percent) was the highest since 1983, when it was 11 percent.

Figure 7 also shows that, between 2000 and 2016 changes in the District's unemployment rates largely mirrored changes in the national unemployment rate. During the entire period, the unemployment rate in the District has been above the national average, except in 2010 when the District's rate was 9.2 percent and the national rate was 9.6 percent.

Figure 7: Unemployment rate in District of Columbia and United States, 2000 - 2016

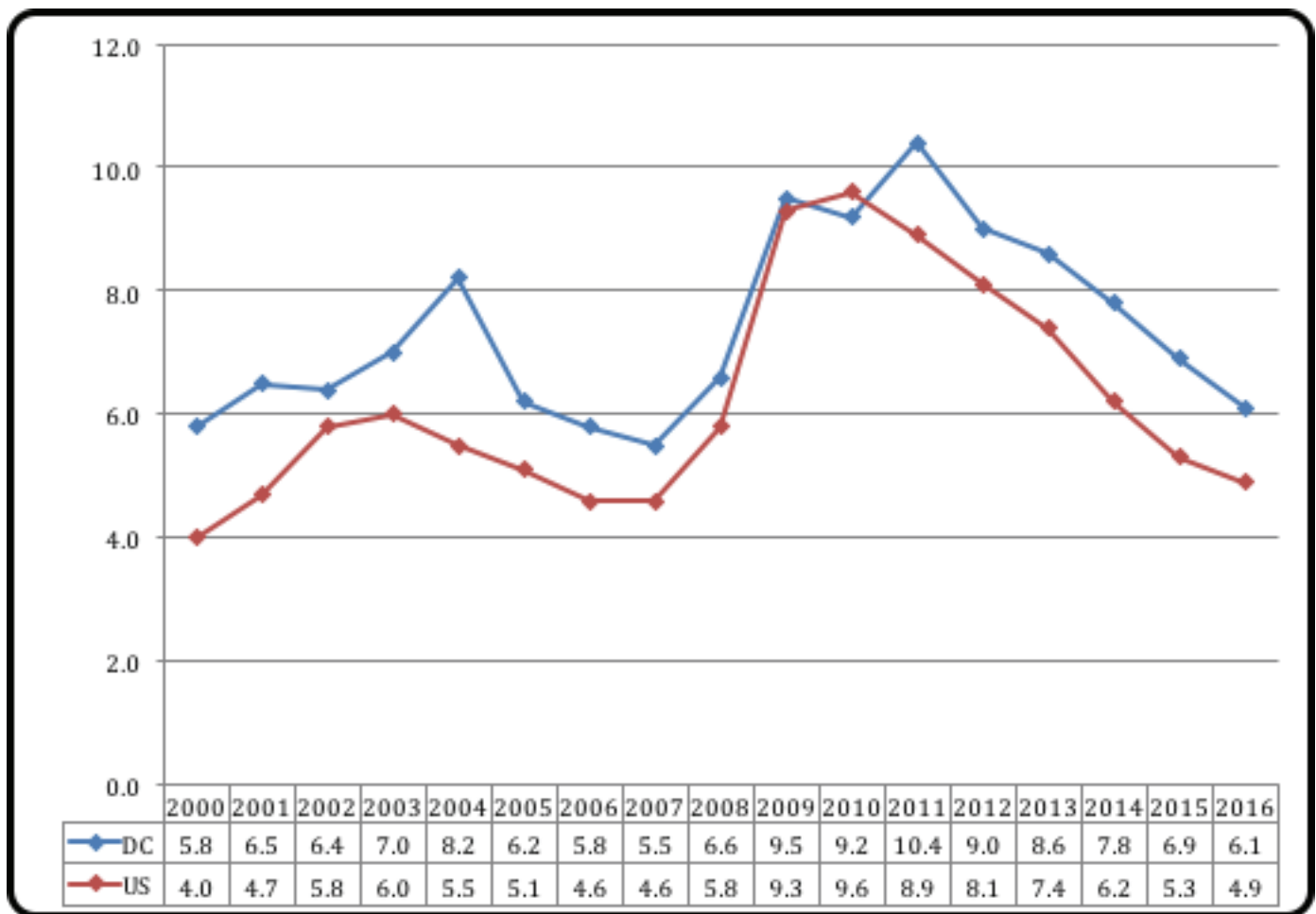


Figure 8 shows that the District's LFPR increased from 67.5 percent to 70.1 percent between 2000 and 2016. At the same time, the national LFPR declined from 67.1 percent in 2000 to 62.8 percent in 2016. As a result of these trends, the District's LFPR, which was quite similar to the national rate in the early 2000s, has become 4 to 6 percentage points higher than the national rate during the Bowser administration.

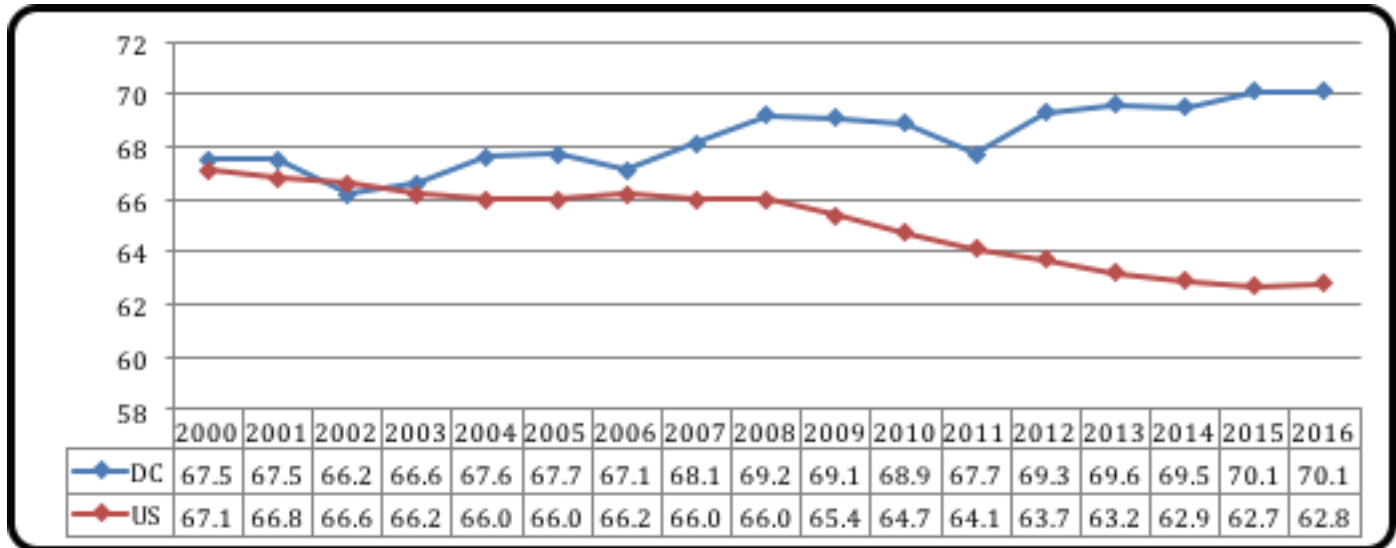
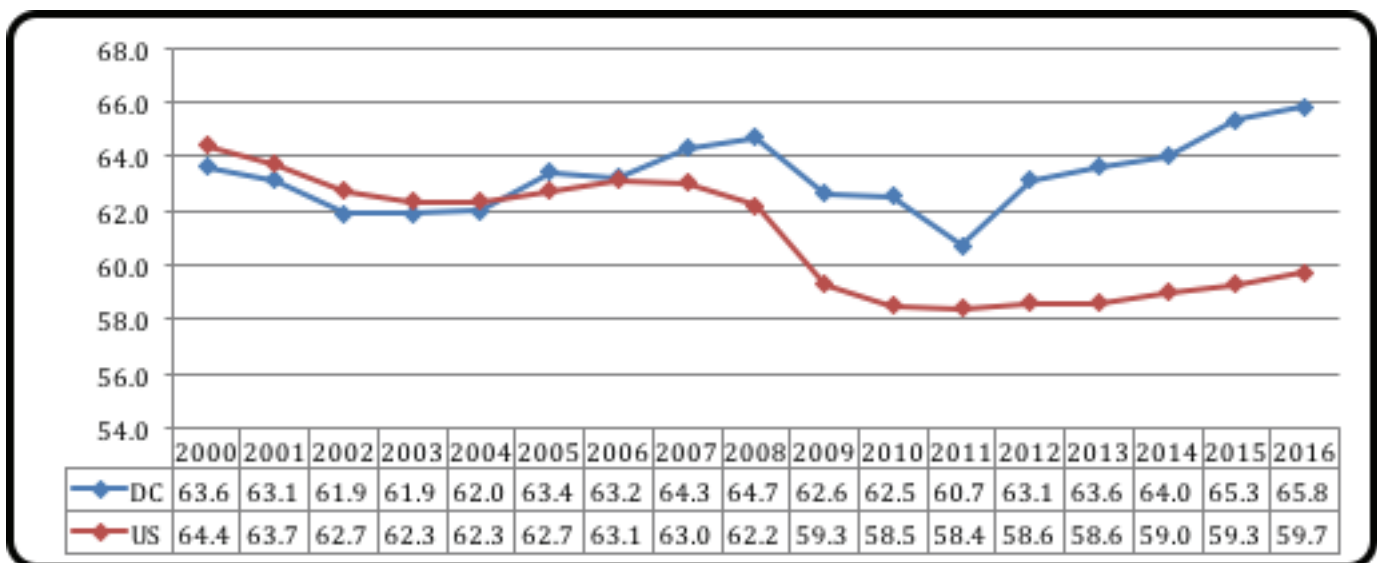
Figure 8: Labor force participation rate in District of Columbia and United States, 2000 - 2016

Figure 9 shows that the District's employment rate ranged between 63.6 percent in 2000 and 64.7 percent in 2008; dropped gradually to 60.7 percent in 2011; then reversed upward to 65.8 percent in 2016. The changes in unemployment rate can be explained by the combination of the changes in unemployment and LFPR discussed above. The national employment rate shows a gradual decrease from 64.4 percent in 2000 to 58.6 percent in 2013, then a slight reversal upward to 59.7 percent in 2016. As a result, the District's employment rate, which was lower than the national rate in the early 2000s, has become 2 to 6 percentage points higher than the national employment rate in the recent years.

Figure 9: Employment rate in District of Columbia and United States, 2000 - 2016

6.2 Labor market outcomes by race and ethnicity

Table 13 shows that African American residents in the District had a much higher unemployment rate (12.2 percent) than either White (2.1 percent) or Hispanic (3.6 percent) residents in 2016. The table also shows that, the District's African American unemployment rate was higher than the rate nationally (which stood at 8.4 percent in 2016), while the District's unemployment rates for Whites and Hispanics were lower than the corresponding rates nationally (4.3 percent and 5.8 percent respectively in 2016). When analyzing race and ethnicity, the District's overall unemployment rate was driven by high unemployment among its African American residents.

Between 2010 and 2016, African American, Hispanics, and White District residents experienced a decrease in unemployment rates (5.0, 4.8, and 1.2 percentage points, respectively). Nationally, the three racial groups experienced significant unemployment rate drops by 7.6, 6.7, and 4.4 percentage points, respectively.

Table 13: Employment status of the civilian non-institutional population by race or ethnicity in District of Columbia and the United States, 2010 – 2016

District of Columbia									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
Race or Ethnicity	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total, All Races	9.2	6.1	-3.1	68.9	70.1	1.2	62.5	65.8	3.3
White	3.3	2.1	-1.2	81.7	82.7	1.0	79.0	81.0	2.0
African American	17.2	12.2	-5.0	56.8	56.8	0.0	47.0	49.9	2.9
Hispanic	8.4	3.6	-4.8	76.0	78.9	2.9	69.6	76.1	6.5
United States									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
Race or Ethnicity	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total, All Races	9.6	4.9	-4.7	64.7	62.8	-1.9	58.5	59.7	1.2
White	8.7	4.3	-4.4	65.1	62.9	-2.2	59.4	60.2	0.8
African American	16.0	8.4	-7.6	62.2	61.6	-0.6	52.3	56.4	4.1
Hispanic	12.5	5.8	-6.7	67.5	65.8	-1.7	59.1	62.0	2.9

Source: Bureau of Labor Statistics, Current Population Survey (CPS)

Table 13 indicates that the LFPR was much lower among the District's African American residents (56.8 percent) than it was among White (82.7 percent) or Hispanic (78.9 percent) residents in 2016. The District's African American LFPR was also lower than the rate nationally (61.6 percent). In contrast, White and Hispanic LFPR were significantly higher in the District than in the United States as a whole (62.9 percent and 65.8 percent, respectively). Between 2010 and 2016, the national LFPR decreased for all racial groups. Over the same period, the District's LFPR for Hispanics and Whites increased by 2.9 and 1 percentage points, respectively; while the District's African American LFPR remained unchanged.

6.3 Labor market outcomes by gender

Table 14 shows that, in 2016, the unemployment rate for women in the District was slightly lower than for men, 5.9 percent versus 6.2 percent, respectively. Nationally, the unemployment rate was slightly lower among women (4.8 percent) than among men (4.9 percent). Also, in 2016, the unemployment rate for both men and women in the District was noticeably higher than the corresponding rates for both men and women nationally. Between 2010 and 2016, both the District and the nation experienced a decrease in unemployment for both genders, although the decline in unemployment was slightly faster nationally.

Table 14: Employment status of the civilian non-institutional population by gender in District of Columbia and the United States, 2010 - 2016

District of Columbia									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
Gender	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total	9.2	6.1	-3.1	68.9	70.1	1.2	62.5	65.8	3.3
Men	9.7	6.2	-3.5	74.1	74.2	0.1	66.9	69.6	2.7
Women	8.6	5.9	-2.7	64.4	66.5	2.1	58.8	62.5	3.7
United States									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
Gender	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total	9.6	4.9	-4.7	64.7	62.8	-1.9	58.5	59.7	1.2
Men	10.5	4.9	-5.6	71.2	69.2	-2.0	63.7	65.8	2.1
Women	8.6	4.8	-3.8	58.6	56.8	-1.8	53.6	54.1	0.5
Source: Bureau of Labor Statistics, Current Population Survey (CPS)									

In 2016, the District's LFPR was higher for men than for women (74.2 percent versus 66.5 percent), which was in line with the national pattern (69.2 percent versus 56.8 percent, respectively). For both genders, the labor force participation was stronger in the District than it was nationally. Between 2010 and 2016, the District's LFPR for women experienced a jump of 2.1 percentage points while the participation rate for men slightly increased to 74.2 percent. Nationally, LFPR for both men and women experienced declines of 2.0 and 1.8 percentage points, respectively.

Table 14 also shows that 69.6 percent of the District's men of working age were employed, compared to 62.5 percent of working-age women in 2016. Nationally, the employment rate was also higher for men than for women (65.8 percent versus 54.1 percent), while trailing the District's employment rate. Between 2010 and 2016, the District experienced an increase in the employment rate for women by 3.7 percentage points, while women nationally showed an increase of 0.5 percentage points. The trend was similar for men, with 2.7 and 2.1 percent increases in the male employment rate in the District and the nation, respectively between 2010 and 2016.

6.4 Labor market outcomes by age

Table 15 shows that, in general, the groups with the least number of years of experience in the labor market have the highest unemployment rates and those with the most number of years in the labor market have the lowest rates. In 2016, the District's civilian non-institutional population between 16 to 19 years of age experienced the highest levels of unemployment at 30.4 percent, which was higher than the U.S. rate of 15.7 percent for this age group. Additionally, age groups of 20-24 years, 35 to 44 years, 45 to 54 years, and 55 to 64 years had higher unemployment rates in the District (12.3 percent, 4.8 percent, 5.9 percent, and 5.8 percent, respectively) than they did nationwide (8.4 percent, 3.8 percent, 3.5 percent, and 3.6 percent, respectively). In 2016, the District's 65 years and over age group had a slightly lower unemployment rate than the same age group nationally, at 3.3 percent compared to 3.8 percent nationally. Also, the District's 25-34 years age group experienced a slightly lower unemployment rate than the corresponding age group nationally (5.0 percent versus 5.1 percent, respectively).

Between 2010 and 2016, all the District's age groups experienced a decrease in unemployment. While the District's 16 to 19 years age group had the largest decrease in unemployment between 2010 and 2016 (19.5 percent), the unemployment for the same group remained the highest of all age groups at 30.4 percent in 2016. Nationally, all age groups experienced decreases in unemployment between 2010 and 2016.

Table 15: Employment status of the civilian non-institutional population by age in District of Columbia and the United States, 2010 - 2016

District of Columbia									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total, 16 years and over	9.2	6.1	-3.1	68.9	70.1	1.2	62.5	65.8	3.3
16-19	49.9	30.4	-19.5	22.2	20.6	-1.6	11.1	14.5	3.4
20-24	16.5	12.3	-4.2	67.1	68.3	1.2	56.1	59.7	3.6
25-34	7.7	5.0	-2.7	87.7	87.5	-0.2	80.9	83.1	2.2
35-44	7.1	4.8	-2.3	87.3	87.2	-0.1	81.1	83.2	2.1
45-54	9.4	5.9	-3.5	80.6	81.0	0.4	73.0	76.2	3.2
55-64	6.4	5.8	-0.6	63.7	66.6	2.9	59.6	62.9	3.3
65+	6.2	3.3	-2.9	23.3	25.3	2.0	21.9	24.4	2.5
United States									
	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
Gender	2010	2016	Change	2010	2016	Change	2010	2016	Change
Total, 16 years and over	9.6	4.9	-4.7	64.7	62.8	-1.9	58.5	59.7	1.2
16-19	25.9	15.7	-10.2	34.9	35.2	0.3	25.9	29.7	3.8
20-24	15.5	8.4	-7.1	71.4	70.5	-0.9	60.3	64.6	4.3
25-34	10.1	5.1	-5.0	82.2	81.6	-0.6	73.9	77.4	3.5
35-44	8.1	3.8	-4.3	83.2	82.4	-0.8	76.5	79.3	2.8
45-54	7.7	3.5	-4.2	81.2	80.0	-1.2	74.9	77.2	2.3
55-64	7.1	3.6	-3.5	64.9	64.1	-0.8	60.3	61.8	1.5
65+	6.7	3.8	-2.9	17.4	19.3	1.9	16.2	18.6	2.4

Source: Bureau of Labor Statistics, Current Population Survey (CPS)

In 2016, the District's labor force participation and employment rates were also lowest among those ages 16 to 19 (20.6 percent for LFPR and 14.5 percent for employment). Furthermore, these rates were lower than the corresponding national LFPR and employment rate (35.2 percent and 29.7 percent, respectively).

In 2016, the District's residents ages 25 to 34 and 35 to 44 had higher labor force participation (87.5 percent and 87.2 percent) and employment (83.1 percent and 83.2 percent) rates than their counterparts nationally (81.6 percent and 82.4 percent, respectively for labor force participation; 77.4 percent and 79.3 percent, respectively for employment). Data also suggest that the District's older workers were more willing to postpone retirement and continue working than their counterparts elsewhere in the country. Specifically, 24.4 percent of District residents

65 years and over were employed in 2016 as compared to only 18.6 percent nationally.

Table 16 and Figure 10 provide more detailed information on unemployment rates for residents ages 16 to 19 years old, by race or ethnicity and gender in the District of Columbia and the nation as a whole, in 2016. The table shows that the District's unemployment rate among White, and Hispanic teens was lower than the corresponding rates nationwide at 10.9 percent, and 15.3 percent, respectively for the District; and 14.1, and 17.1 percent, respectively for the nation. In contrast, the unemployment rate for African American teens in the District was higher than the corresponding rate nationwide; 39.9 percent and 26.7 percent respectively.

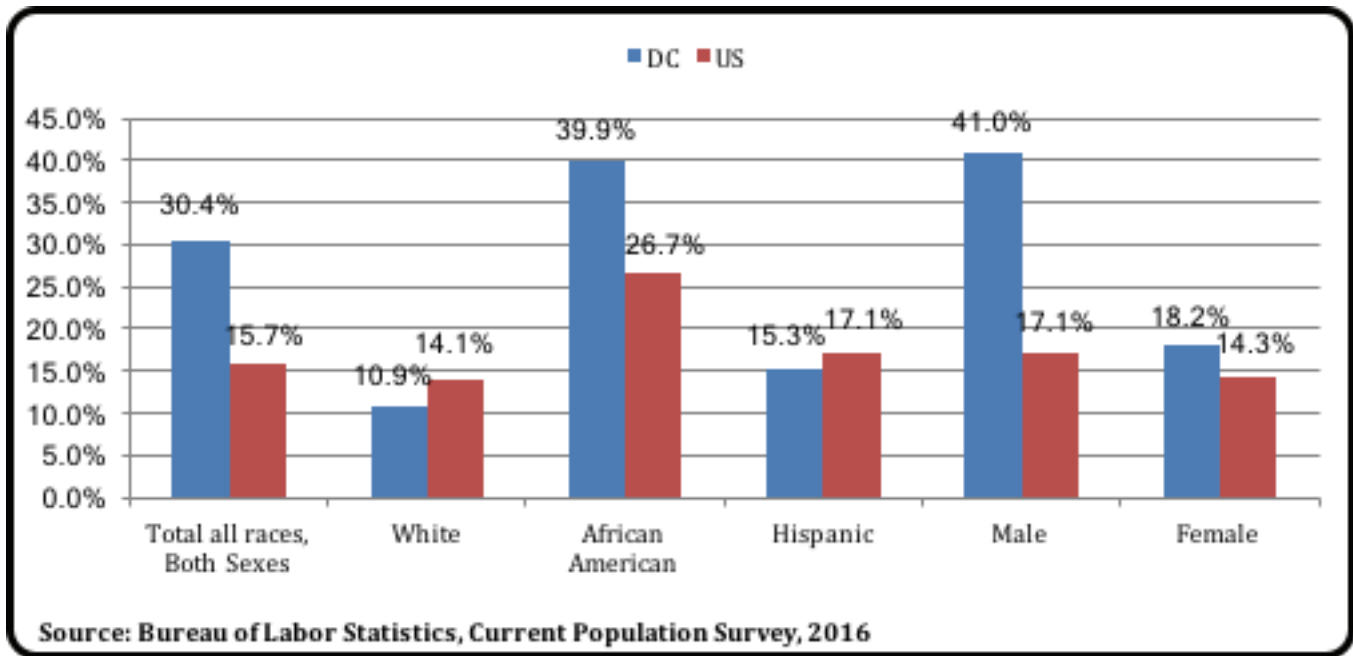
Table 16 also shows that in 2016, teen unemployment was significantly higher for male teens than for female teens (41 percent versus 18.2 percent). The same pattern is also observed nationally, where male teens had an unemployment rate of 17.1 percent, compared to an unemployment rate of 14.3 for female teens in 2016.

Table 16: Unemployment rate for population 16 to 19 years by race or ethnicity and Sex in District of Columbia and the United States, 2016

Population Group	Unemployment Rate		Employment Rate
	DC	US	Difference
Total all Races, Both Sexes	30.4	15.7	14.7
White	10.9	14.1	-3.2
African Americans	39.9	26.7	13.2
Hispanic (of any race)	15.3	17.1	-1.8
Men	41	17.1	23.9
Women	18.2	14.3	3.9

Source: U.S. Bureau of Labor Statistics, Current Population Survey

Figure 10: Unemployment rate for population 16 to 19 years, by race or ethnicity and sex in District of Columbia and the United States, 2016



6.5 Labor market outcomes by education

Table 17 and Figure 11, indicate that unemployment tends to decrease with educational attainment, and to a large extent, this is true for the District as well as the nation. For example, in 2016, District residents with a bachelor's degree or higher had the lowest rate of unemployment at 2.4 percent (2.5 percent for the nation), followed by residents with some college or an associate's degree, whose unemployment rate was 9.4 percent (4.1 percent for the nation). The unemployment rate was the highest for District residents with a high school diploma or equivalent, but without college education and those with less than high school diploma. These two segments of the population had unemployment rates of 13.6 percent and 9.5 percent, respectively. Nationally, the comparable unemployment rates for the population 25 years and over with a high school diploma or equivalent without college education, and those with less than high school diploma in 2016 was 5.2 percent and 7.4 percent, respectively.

Table 17: Employment status of the civilian population 25 years and over by educational attainment in District of Columbia and the United States, 2016 (based on CPS)

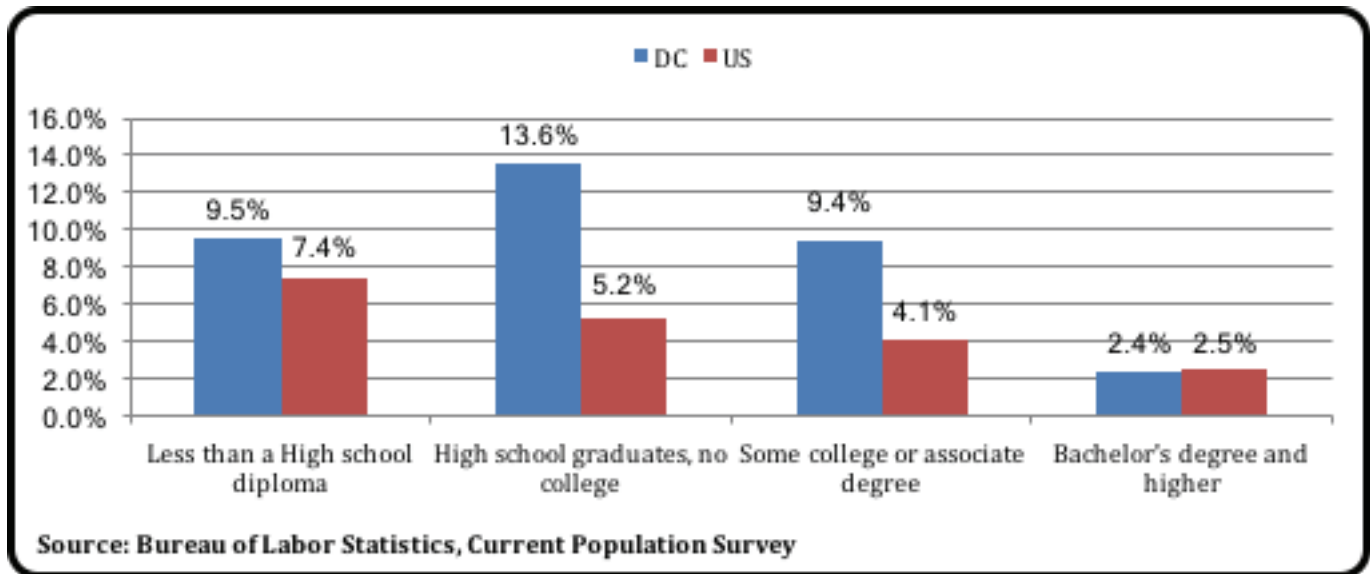
District of Columbia									
Educational attainment	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
	2010	2016	Change	2010	2016	Change	2010	2016	Change
Less than a High school diploma	18.0	9.5	-8.5	48.1	43.5	-4.6	39.4	39.3	-0.1
High school graduates, no college ¹	17.2	13.6	-3.6	55.6	53.8	-1.8	46.0	46.5	0.5
Some college or associate degree	12.5	9.4	-3.1	64.7	64.6	-0.1	56.6	58.5	1.9
Bachelor's degree and higher ²	3.1	2.4	-0.7	84.5	84.0	-0.5	81.9	82.1	0.2
United States									
Educational attainment	Unemployment Rate			Labor Force Participation Rate			Employment Rate		
	2010	2016	Change	2010	2016	Change	2010	2016	Change
Less than a High school diploma	14.9	7.4	-7.5	46.3	45.7	-0.6	39.4	42.3	2.9
High school graduates, no college ¹	10.3	5.2	-5.1	61.6	57.5	-4.1	55.3	54.5	-0.8
Some college or associate degree	8.4	4.1	-4.3	70.5	66.3	-4.2	64.6	63.6	-1.0
Bachelor's degree and higher ²	4.7	2.5	-2.2	76.7	74.1	-2.6	73.1	72.2	-0.9

Notes: ¹ Include persons with a high school diploma or equivalent
² Include person with bachelor's, master's, professional and doctoral degree

Sources: U.S. Bureau of Labor Statistics, Current Population Survey

Between 2010 and 2016, District residents in all educational groups experienced a decrease in unemployment. The decrease was higher for the groups that had less than a high school diploma or a high school diploma (8.5 and 3.6 percentage points, respectively), than for the groups with some college or associate's degree and bachelor's degree or higher (3.1 percent and 0.7 percent, respectively) between 2010 and 2016. Similarly, members of all educational groups experienced a decrease in unemployment nationally. The decrease, nationally, was higher for the groups that had less than high school diploma or a high school diploma (7.5 and 5.1 percentage points, respectively), than for the groups with some college or associate degree and bachelor's degree or higher (4.3 and 2.2 percentage points, respectively).

Figure 11: Unemployment rate for population 25 years and over by educational attainment in the District of Columbia and the United States, 2016



The rate of labor force participation in the District has proven to be higher for residents with more education. As shown in Table 17, in 2016, this rate was 43.5 percent for the residents with less than a high school diploma, 53.8 percent for those with high school diploma with no college, 64.6 percent for those with some college or associate degree, and 84 percent for the residents with bachelor's degree or higher. For the group with high school diploma with no college, and some college or associates degree, the rate of labor force participation was lower in the District than it was nationally. In contrast, the District residents with at least a bachelor's degree had stronger labor force participation than their counterparts elsewhere in the country (84 percent versus 74.1 percent).

The patterns of employment rate by educational attainment observed in the District are similar to those for labor force participation rate. In 2016, the employment rate was lowest among the District's residents with less than high school diploma (39.3 percent), followed by the rate among high school graduates with no college (46.5 percent). The employment rate was 58.5 percent among the residents with some college or an associate's degree and 82.1 percent among the residents with a bachelor's degree or higher. Like the District's labor force participation rate, the District's employment rate was higher than the national rate for college graduates (82.1 percent versus 72.2 percent), but was lower than the national rate for the three other educational groups.

6.6 Labor market outcomes by Wards

In 2014, unemployment rates varied significantly across the District's eight wards.

Figure 12: District of Columbia unemployment rates by Wards, 2016

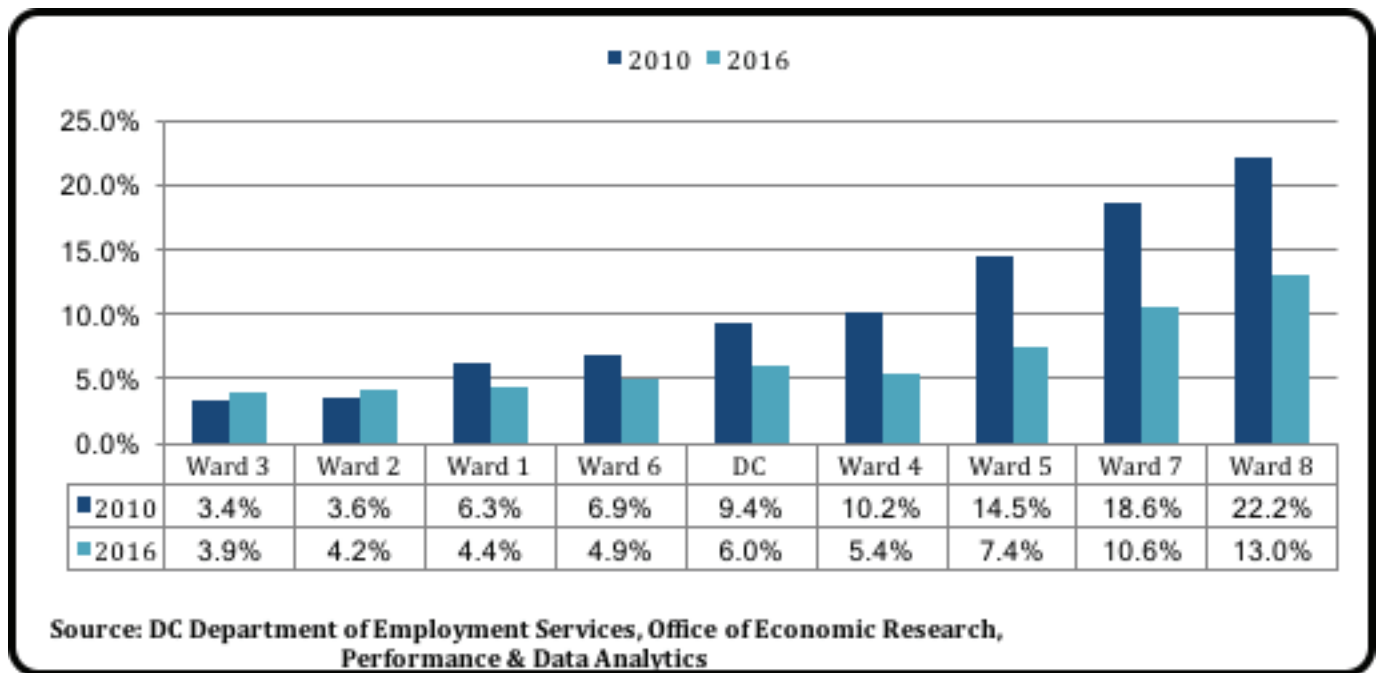


Figure 12 shows that, in 2016, the areas East of the Anacostia River experienced higher levels of unemployment, with unemployment rates of 10.6 percent and 13 percent in Wards 7, and 8 respectively. These rates were also above the District's average unemployment rate of 6 percent in 2016. Ward 3 had the lowest unemployment rate in the District with an unemployment rate of 3.9 percent in 2016. Ward 2 followed with an unemployment rate of 4.2 percent, then Wards 1, 6, and 4, with unemployment rates of 4.4 percent, 4.9 percent, and 5.4 percent, respectively. Compared to 2010, the unemployment rate was higher in Wards 2 and 3; and significantly lower for all the other Wards in 2016. Ward 8 experienced the largest drop of unemployment from 22.2 percent to 13 percent, comparing 2010 rates to those of 2016.

7 JOB MARKET ANALYSIS

7.1 Non-farm payroll employment

Table 18 shows data from the Bureau of Labor Statistics Current Employment Statistics (CES) survey, otherwise known as the nonfarm payroll or establishment survey. The data collected allows CES to produce detailed industry estimates of employment, hours, and earnings on the basis of payroll records of nonfarm business establishments. These data points, along with data from the Current Population Survey, serve as the first economic indicator of current employment trends each month and are used to help gauge the overall health of the U.S. economy.

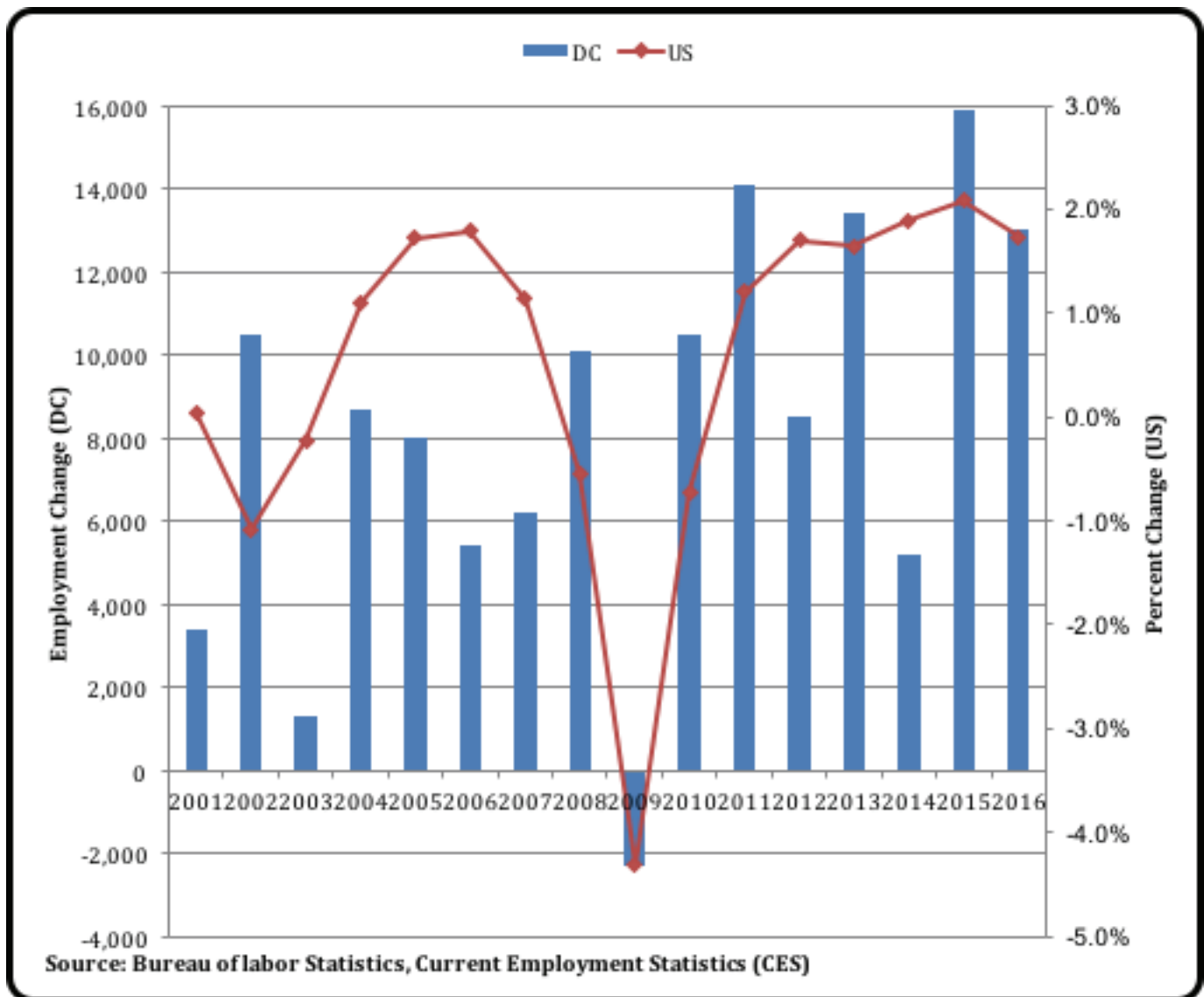
Table 18: Annual Percent changes in total non-farm employment in District of Columbia and the United States, 2000 - 2016 (not seasonally adjusted)

Year	Employment	Annaul Change	Over-the-Year Percent Change	
	DC	DC	DC	US
2000	650,300	***	***	***
2001	653,700	3,400	0.5%	0.05%
2002	664,200	10,500	1.6%	-1.1%
2003	665,500	1,300	0.2%	-0.2%
2004	674,200	8,700	1.3%	1.1%
2005	682,200	8,000	1.2%	1.7%
2006	687,600	5,400	0.8%	1.8%
2007	693,800	6,200	0.9%	1.1%
2008	703,900	10,100	1.5%	-0.5%
2009	701,600	-2,300	-0.3%	-4.3%
2010	712,100	10,500	1.5%	-0.7%
2011	726,200	14,100	2.0%	1.2%
2012	734,700	8,500	1.2%	1.7%
2013	748,100	13,400	1.8%	1.6%
2014	753,300	5,200	0.7%	1.9%
2015	769,200	15,900	2.1%	2.1%
2016	782,200	13,000	1.7%	1.7%

Source: Bureau of labor Statistics, Current Employment Statistics (CES)

Nonfarm payroll employment measures the number of jobs in the state. Table 18 and Figure 13 show nonfarm employment growth in the District and the nation between 2000 and 2016. The data shows that, in 15 of the last 16 years, the District experienced positive employment growth with 2015 having the fastest rate of job growth (2.1 percent or a gain of 15,900 jobs), while 2016 had slower job growth (1.7 percent or 13,000 jobs). Only in 2009 did the number of jobs in the District decline (by 0.3 percent or for a loss of 2,300 jobs). Table 18 and Figure 13 show that in nine of the last 16 years (from 2001 to 2004, 2008 to 2011, and 2013), the annual rate of job growth in the District was higher than it was nationwide. The difference between the two rates was particularly large in 2002 and 2009, the years of national recession troughs. In contrast, employment in the District grew slower than across the United States between 2005 and 2007, 2012, and 2014, when the national economy was booming.

Figure 13: Total non-farm employment change in the District of Columbia and percent change in the United States, 2000–2016 (not seasonally adjusted)



7.2 Employment by major industry sector

Table 19 shows the decomposition of employment by major industry sector for the District of Columbia and the United States. Most notably, in 2016 the District had a larger share of government employment than the nation: 30.6 percent of all the District's jobs were in the Government compared to 15.4 percent nationally. While the District had a much larger share of jobs in the federal government (25.5 percent for the District versus 1.9 percent nationally), it actually had a significantly smaller share of jobs in state and local government (5.1 percent versus 13.5 percent nationally).

Table 19: Employment by major industry sector in District of Columbia and the United States, 2010-2016

Industry	Employment (DC)			Percent Share, 2016		Percent Change, 2010-2016	
	2010	2016	Change	DC	US	DC	US
Total, All Jobs	712,100	782,200	70,100	100.0%	100.0%	9.8%	10.7%
Total Private	465,200	542,800	77,600	69.4%	84.6%	16.7%	13.2%
Goods Producing	11,700	16,400	4,700	2.1%	13.7%	40.2%	11.2%
Service Producing	700,400	765,800	65,400	97.9%	86.3%	9.3%	10.6%
Construction	10,600	15,200	4,600	1.9%	4.7%	43.4%	21.6%
Manufacturing	1,100	1,200	100	0.2%	8.6%	9.1%	7.1%
Trade, Transportation & Utilities	27,300	32,500	5,200	4.2%	18.9%	19.0%	10.5%
Information	18,700	17,000	-1,700	2.2%	1.9%	-9.1%	2.4%
Financial Activities	26,900	30,000	3,100	3.8%	5.7%	11.5%	7.7%
Professional and Business Services	147,700	165,600	17,900	21.2%	14.0%	12.1%	20.4%
Educational and Health Services	107,900	134,300	26,400	17.2%	15.7%	24.5%	13.2%
Leisure and Hospitality	59,700	75,100	15,400	9.6%	10.8%	25.8%	19.7%
Other Services, except public administration	65,400	72,100	6,700	9.2%	3.9%	10.2%	6.6%
Total Government	246,900	239,400	-7,500	30.6%	15.4%	-3.0%	-1.2%
Federal Government	210,600	199,300	-11,300	25.5%	1.9%	-5.4%	-6.1%
State and Local Government	36,300	40,100	3,800	5.1%	13.5%	10.5%	-0.4%

Source: Bureau of Labor Statistics, Current Employment Statistics (CES)

In the private sector, the largest share of jobs in the District came from professional and business services (21.2 percent of the District's total employment), educational and health services (17.2 percent), leisure and hospitality (9.6 percent), and other services (which include religious, grant making, civic, professional and similar organizations - 9.2 percent). As compared to the nation, the District had a significantly larger share of jobs in professional and business services (21.2 percent versus 14 percent) and other services (9.2 percent versus 3.9 percent). In contrast, the District had a significantly smaller share of jobs in trade, transportation, and utilities (4.2 percent versus 18.9 percent), manufacturing (0.2 percent versus 8.6 percent) and construction (1.9 percent versus 4.7 percent).

Between 2010 and 2016, the District saw private sector job growth of 16.7 percent, while the government sector declined by 3.0 percent; nationally, the private sector grew by 13.2 percent while the government sector declined by 1.2 percent. Seven of the District's private sector industries had higher employment growths than the nation: construction (43.4 percent versus 21.6 percent), educational and health services (24.5 percent versus 13.2 percent), financial activities (11.5 percent versus 7.7 percent), trade, transportation, and utilities (19 percent versus 10.5 percent), leisure and hospitality (25.8 percent versus 19.7 percent), other services (10.2 percent versus 6.6 percent), and Manufacturing (9.1 percent versus 7.1 percent).

Meanwhile, one of the District's private sector industries experienced decline in the number of jobs: information technology, with a decrease of 9.1 percent, as compared to an increase of 2.4 nationally.

7.3 Covered employment, wages, and number of establishments by major industry sector

Table 20 portrays data from the Quarterly Census of Employment and Wages (QCEW), which provides more information on the industrial composition in the District of Columbia and the United States. In 2015, 37.1 percent of all wages were paid to government employees, while 62.9 percent of wages were paid to private sector employees. Nationwide, the corresponding numbers were 15.3 percent and 84.7 percent, respectively. Compared to the nation, the District had a much larger share of wages in the federal government (32.5 percent versus 2.9 percent), almost the same percent of wages in the state government (3.9 percent versus 3.5 percent), and a much smaller percent of wages in local government (0.6 percent versus 8.9 percent).

In the private sector, most of the District's wages in 2015 were paid within professional and business services (26.5 percent), education and health services (10.3 percent), and other services (8.8 percent) industries. Furthermore, professional and business services and other services were the only two private sector industries that paid a higher percent of wages in the District than they did nationally (where they paid 26.5 percent and 8.8 percent versus 18.4 percent and 2.0 percent of total wages, respectively). In contrast, manufacturing (0.2 percent), construction (1.4 percent), trade, transportation and utilities (2.6 percent), information technology (3.2 percent), leisure and hospitality (4.1 percent), and financial activities (5.4 percent), represented a much smaller proportion of the District's total payroll than they did nationally, where the shares of total wages were 10.7 percent, 5.0 percent, 16 percent, 3.5 percent, 4.5 percent, and 9.3 percent, respectively.

In 2015, there were 37,997 establishments in the District: 37,619 or 99 percent were in the private sector (for comparison, 96.9 percent of all establishments nationwide were in the private sector). More than half of all establishments in the District were in professional and business services (29.8 percent) or other services (27 percent). These two industries also had a larger proportion of establishments in the District than they had nationally (where the proportion was 18.1 percent and 8.6 percent, respectively). By contrast, the District had a significantly smaller share of establishments in manufacturing (0.4 percent versus 3.6 percent nationwide), construction (2.6 percent versus 8 percent), and trade, transportation, and utilities (8.2 percent versus 20.1 percent).

Table 20: Employment, total wages, and establishments by major industry sector in District of Columbia and the United States, 2015

Industry	Establishments			Employment			Total Wages		
	Num- ber	Percent		Number	Percent		Total (in \$000s)	Percent	
	DC	DC	US	DC	DC	US	DC	DC	US
Total Covered	37,997	100	100	743,596	100	100	\$65,554,575	100	100
Government	378	1.0	3.1	236,822	31.8	15.2	\$24,302,405	37.1	15.3
Federal Government	339	0.9	0.6	198,144	26.6	2.0	\$21,310,189	32.5	2.9
State Government	12	0.0	0.7	34,002	4.6	3.3	\$2,577,011	3.9	3.5
Local Government	27	0.1	1.8	4,677	0.6	9.9	\$415,205	0.6	8.9
Total Private	37,619	99.0	96.9	506,774	68.2	84.8	\$41,252,170	62.9	84.7
Construction	975	2.6	8.0	14,521	2.0	4.6	\$923,599	1.4	5.0
Manufacturing	147	0.4	3.6	1,094	0.1	8.8	\$104,849	0.2	10.7
Trade, Transportation & Utilities	3,115	8.2	20.1	31,669	4.3	19.1	\$1,689,936	2.6	16.0
Information	969	2.6	1.6	16,998	2.3	2.0	\$2,068,026	3.2	3.5
Financial Activities	2,020	5.3	8.9	26,594	3.6	5.6	\$3,556,822	5.4	9.3
Professional & Business Services	11,323	29.8	18.1	160,814	21.6	14.1	\$17,404,132	26.5	18.4
Education & Health Services	2,770	7.3	16.1	111,174	15.0	15.1	\$6,738,736	10.3	13.5
Leisure and Hospitality	2,756	7.3	8.5	72,474	9.7	10.8	\$2,669,298	4.1	4.5
Other Services	10,257	27.0	8.6	67,374	9.1	3.1	\$5,777,937	8.8	2.0
Unclassified	3,289	8.7	2.0	4,063	0.5	0.2	\$318,835	0.5	0.2

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

7.4 Average weekly wages by major industry sector

Table 21 shows the average weekly wages. Average weekly wage is an important measure of economic health and another useful indication of economic wellbeing. The measure is based on place of work, not place of residence. What is apparent from the table and figure is that the District's weekly earnings are well above the national average and varied by industry. In 2015, ***the average weekly wage in the District was 66.5 percent higher than in the United States as a whole: \$1,695 for the District compared to \$1,018 nationwide.*** The District's government workers earned more than the District's private sector workers: \$1,973 per week versus \$1,565 per week. While the District's government workers earned 92.5 percent more than their national counterparts, the District's private sector employees earned 53.9 percent more than the private sector workers nationwide. Consistent with the national trends, the District's federal government employees earned higher wages than its state and local government workers (\$2,068 versus \$1,458 and \$1,707, respectively).

In all industries, the wages in the District were higher than in comparison to the nation's comparable wage by category. The wage gap was particularly large in other services, where the District's workers earned 144.3 percent more than their national counterparts (\$1,649 versus \$675).

Table 21: Average weekly wage by major industry sector in District of Columbia and the United States, 2015

Industry	Average Weekly Wage		Percent Difference
	DC	US	DC - US
Total, All Industries	\$1,695	\$1,018	66.5%
Total Government	\$1,973	\$1,025	92.5%
Federal Government	\$2,068	\$1,498	38.1%
State Government	\$1,458	\$1,075	35.6%
Local Government	\$1,707	\$915	86.6%
Total Private	\$1,565	\$1,017	53.9%
Construction	\$1,223	\$1,096	11.6%
Manufacturing	\$1,844	\$1,237	49.1%
Trade, Transportation & Utilities	\$1,026	\$852	20.4%
Information	\$2,340	\$1,829	27.9%
Financial Activities	\$2,572	\$1,691	52.1%
Prof. & Business Services	\$2,081	\$1,332	56.2%
Education & Health Services	\$1,166	\$911	28.0%
Leisure and Hospitality	\$708	\$419	69.0%
Other Services	\$1,649	\$675	144.3%

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages

The wage gap between the District and the nation was relatively small in construction (\$1,223 versus \$1,096, or 11.6 percent), trade, transportation and utilities (\$1,026 versus \$852, or 20.4 percent), and education and health services

(\$1,166 versus \$911, or 28 percent).

Figure 14: Average weekly wage by major industry in the private sector in the District of Columbia and the United States, 2015

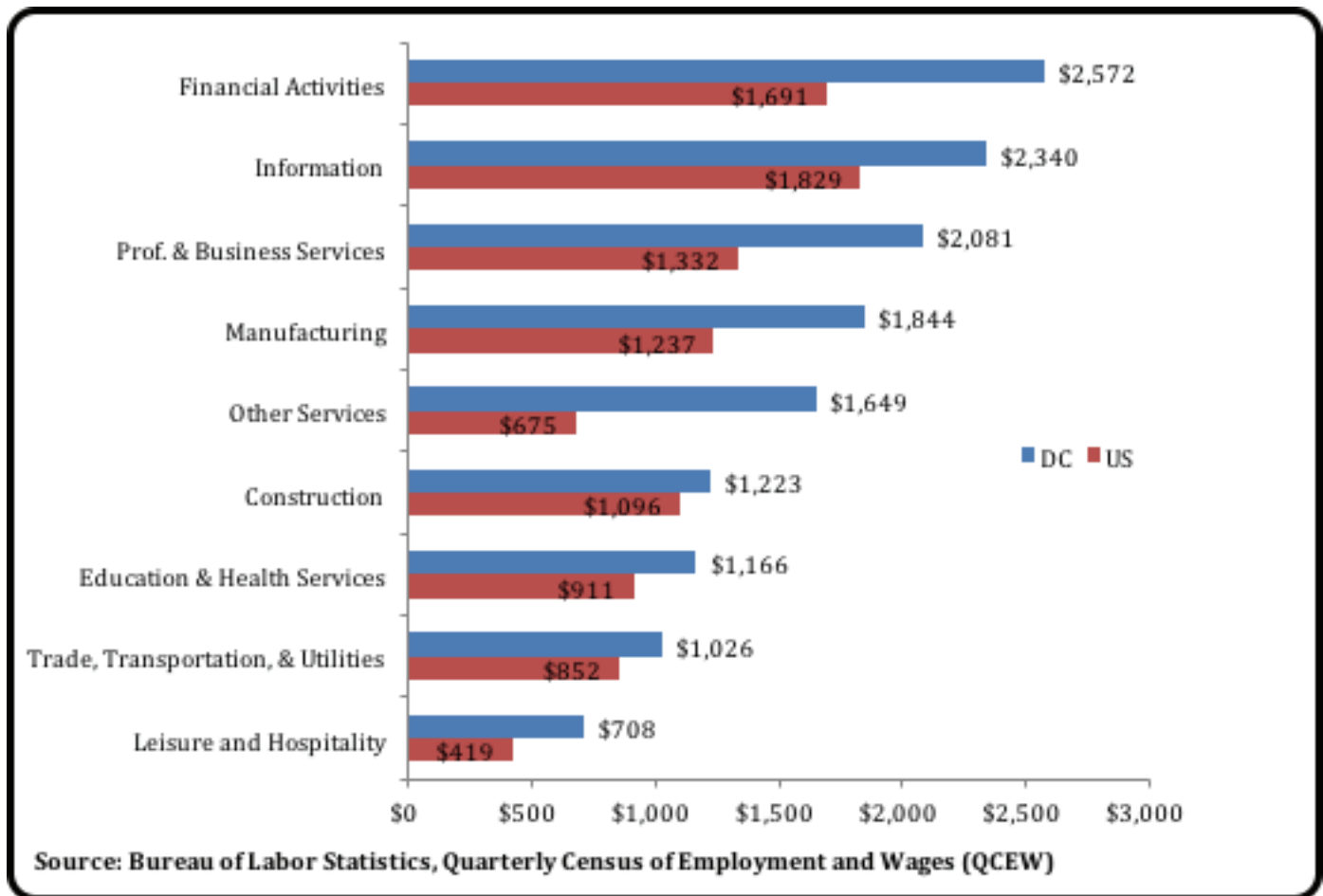


Figure 14 shows the average weekly wage in the private sector. In 2015, District workers earned the highest wages in financial activities (\$2,572 per week), information (\$2,340 per week), professional and business services (\$2,081 per week), and manufacturing (\$1,844 per week). These were also the four private sector industries that paid the highest weekly wages nationwide. The District's workers earned the lowest weekly wages in leisure and hospitality (\$708), trade, transportation and utilities (\$1,026), and education and health services (\$1,166). These industries also paid some of the lowest weekly wages in the nation.

7.5 Top 20 private sector employers in the District of Columbia

Table 22 lists the 20 largest private sector employers in the District of Columbia in December 2015. Thirteen of the top 20 employers in the District were either universities or hospitals. Leading the list are Georgetown University, George Washington University, and the Washington Hospital Center.

Table 22: Top 20 private sector employers in the District of Columbia, September 2015 Q4

RANK	Trade Name	3-Digit NAICS Industry
1	GEORGETOWN UNIVERSITY	Educational Services
2	GEORGE WASHINGTON UNIVERSITY	Educational Services
3	WASHINGTON HOSPITAL CENTER	Hospital
4	CHILDREN'S NATIONAL MEDICAL CENTER	Hospital
5	AMERICAN UNIVERSITY	Educational Services
6	HOWARD UNIVERSITY	Educational Services
7	GEORGETOWN UNIVERSITY HOSPITAL	Hospital
8	CATHOLIC UNIVERSITY OF AMERICA	Educational Services
9	FANNIE MAE	Credit Intermediation and Related Services
10	BOOZ ALLEN & HAMILTON INC	Professional, Scientific, and Technical Services
11	RED COATS	Administrative and Support Services
12	GEORGE WASHINGTON UNIVERSITY HOSPITAL	Hospital
13	ALLIED BARTON SECURITY SERVICES	Administrative and Support Services
14	HOWARD UNIVERSITY HOSPITAL	Hospital
15	SIBLEY MEMORIAL HOSPITAL	Hospital
16	ADVISORY BOARD CO	Professional, Scientific, and Technical Services
17	PROVIDENCE HOSPITAL	Hospital
18	MARRIOTT HOTEL SERVICES, INCORPORATED	Accommodation
19	GEORGE WASHINGTON MEDICAL FACULTY ASSOCIATES	Ambulatory Health Care Services
20	NAI SATURN EASTERN LLC	Food and Beverage Stores

Source: DC Department of Employment Services, Office of Economic Research, Performance & Data Analytics

7.6 Covered Employment and wages by Ward in the District of Columbia

Table 23: DC Private Sector Total Establishment by Ward- 2016 Q3

Ward	Establishment	Average Employment	Total Wage	Labor Force	Share of Establishment	Share of Labor Force
Ward 1	2,448	24,196	\$325,899,189	61,767	6%	16%
Ward 2	13,148	272,768	\$6,204,337,892	63,810	34%	16%
Ward 3	5,187	40,347	\$654,049,712	56,238	13%	14%
Ward 4	1,984	15,621	\$164,644,398	47,681	5%	12%
Ward 5	1,797	43,053	\$702,860,310	42,669	5%	11%
Ward 6	5,271	69,872	\$1,398,810,576	56,252	14%	14%
Ward 7	582	7,260	\$92,866,014	35,362	2%	9%
Ward 8	658	9,117	\$144,055,603	28,657	2%	7%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); DC Department of Employment Services, Office of Economic Research, Performance & Data Analytics.

Table 23 portrays data from the Quarterly Census of Employment and Wages (QCEW) and Local Area Unemployment Statistics (LAUS), which provides information on establishments, wages, and labor force by District Ward. As of quarter three of 2016, Ward 2 accounted for almost 60 percent of all private sector wages generated in the District, while Ward 7 and 8 combined accounted for slightly over 2 percent. Private sector average employment for Ward 2 represented almost 53 percent of all employment, while Wards 7 and 8 combined represented slightly over 3 percent (1.4 and 1.8 percent respectively). Lastly, a quarter of all wages generated in the District came from Wards 3, 5 and 6 combined (6.3 percent, 6.8 percent and 13.4 percent respectively).

Figure 15: Private Sector Establishments by in the District of Columbia, 2016 Q3

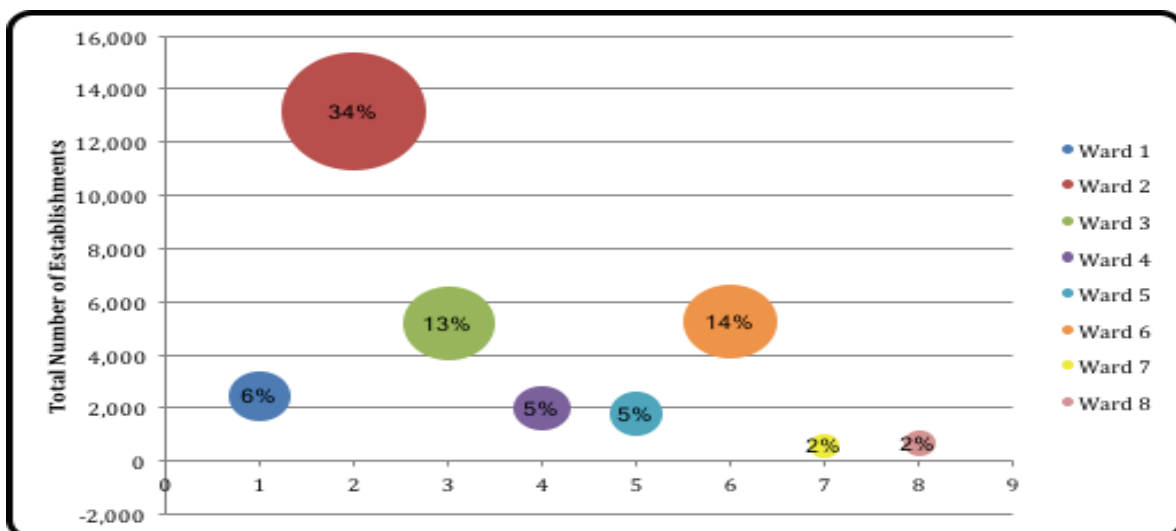


Figure 15 shows the share of the private sector establishments in the District of Columbia by Ward. In the third quarter of 2016, 34 percent of all the private sector establishments in the District were located in Ward 2, while 2 percent were located in Ward 7 and Ward 8 respectively. The combined 4 percent total for Wards 7 and 8 is less than the 5 percent in either Ward 4 or 5. More than 60 percent of all private sector establishments are concentrated in three Wards (2, 3, and 6), while these Wards represented less than half of the labor force in the District. *Meanwhile, Wards 7 and 8 combined accounted for only 4 percent of total establishments with 16 percent of total labor force, which clearly shows lack of employment opportunities in these neighborhoods.*

8 OCCUPATIONAL EMPLOYMENT AND WAGES

8.1 *Employment and wages by major occupational groups*

The Standard Occupational Classification (SOC) system divides occupations into one of 22 major occupational groups. Using this system, we can compare the District of Columbia occupational wages to wages for the same occupations across the nation.

Table 24: Occupational employment and median wages by major occupational groups in the District of Columbia and the United States, 2016

Occupational Group	Total	Share of Employment		Annual Median Wage		Percent Difference
	Employment	DC	US	DC	US	DC-US
All Occupations	702,380	100.0%	100.0%	\$67,870	\$37,040	83.2%
Management	85,800	12.2%	5.1%	\$132,370	\$100,790	31.3%
Business & financial operations	102,510	14.6%	5.2%	\$91,130	\$66,530	37.0%
Computer & mathematical science	41,390	5.9%	3.0%	\$104,000	\$82,830	25.6%
Architecture & engineering	11,520	1.6%	1.8%	\$103,610	\$77,900	33.0%
Life, Physical & Social Services	25,470	3.6%	0.8%	\$98,140	\$63,340	54.9%
Community & social services	11,840	1.7%	1.4%	\$52,240	\$42,990	21.5%
Legal	38,960	5.5%	0.8%	\$149,790	\$79,650	88.1%
Education, training, & library	33,830	4.8%	6.2%	\$64,010	\$48,000	33.4%
Arts, design, entertainment, sports, & media	36,180	5.2%	1.4%	\$77,410	\$47,190	64.0%
Healthcare practitioner & technical	30,660	4.4%	5.9%	\$75,160	\$63,420	18.5%
Healthcare support	11,930	1.7%	2.9%	\$30,320	\$27,910	8.6%
Protective service	29,170	4.2%	2.4%	\$54,840	\$38,660	41.9%
Food preparation & serving related	55,670	7.9%	9.2%	\$24,490	\$20,810	17.7%
Building & grounds cleaning & maintenance	21,530	3.1%	3.2%	\$29,640	\$24,700	20.0%
Personal care & service	15,290	2.2%	3.2%	\$28,460	\$22,710	25.3%
Sales & related	27,140	3.9%	10.4%	\$30,810	\$26,590	15.9%
Office & administrative support	80,670	11.5%	15.7%	\$47,550	\$34,050	39.6%
Farming, Fishing, and Forestry	360	0.1%	0.3%	\$38,590	\$23,510	64.1%
Construction & extraction	13,690	1.9%	4.0%	\$51,670	\$43,610	18.5%
Installation, maintenance, & repair	9,490	1.4%	3.9%	\$53,290	\$43,440	22.7%
Production	4,870	0.7%	6.5%	\$53,040	\$33,130	60.1%
Transportation & material moving	14,400	2.1%	6.9%	\$37,120	\$30,730	20.8%

Source: US Bureau of Labor Statistics, Occupational Employment Statistics (OES), May 2013

Table 24 shows the District of Columbia and the United States occupational employment and median wages by major occupational groups in 2016. Business and financial operations, management occupations, and office and administrative support were the top three occupational groups in the District, representing 14.6 percent, 12.2 percent, and 11.5 percent, respectively. Office and administrative support was the largest occupational group nationwide, representing 15.7 percent of the nation's total employment. It was followed by sales and related occupations (10.4 percent of total employment) and food preparation and serving-related occupations (9.2 percent).

Some occupational groups in the District represented a significantly larger share of employment than they did nationwide. These groups included business and financial operations (with 14.6 percent of total employment in the District versus 5.2 percent nationwide); management (12.2 percent versus 5.1 percent); legal (5.5 percent versus 0.8 percent); arts, design, entertainment, sports, and media (5.2 percent versus 1.4 percent); computer and mathematical science (5.9 percent versus 3 percent); and life, physical, and social services (3.6 percent versus 0.8 percent).

In contrast, other occupational groups represented a much smaller share of total employment in the District than they did nationwide: sales and related (3.9 percent in the District versus 10.4 percent nationwide); production (0.7 percent versus 6.5 percent); transportation and material moving (2.1 percent versus 6.9 percent); office and administrative support (11.5 percent versus 15.7 percent); installation, maintenance, and repair (1.4 percent versus 3.9 percent); and construction and extraction (1.9 percent versus 4 percent).

8.2 Median annual wages by major occupational groups

In 2016, the District paid higher wages in all major occupational groups when compared to national averages: the annual median wage for the District was \$67,870 compared to \$37,040 for the nation (See Table 24). The gap in median wage between the District and the nation was particularly large in legal occupations (88.1 percent); farming, fishing, and forestry occupations (64.1 percent); arts, design, entertainment, sports, and media occupations (64 percent); production occupations (60.1 percent); and life, physical, and social science occupations (54.9 percent). The wage gap was smallest in health care support occupations (8.6 percent) and sales and related occupations (15.9 percent).

9 CONCLUSION and POLICY IMPLICATIONS

The 2016 District of Columbia Annual Economic Report provides an analysis of the District's population trends, labor market outcomes, and job market outcomes for calendar years 2015 and 2016. The District's population and industry trends show a strong and robust economy that is creating new jobs and attracting new residents (especially millennials). The average District resident is also experiencing rising income and is more educated than their national counterparts. The picture is not as rosy on the labor front: even though the District's unemployment rate has been declining in recent years, the rate has remained above the national average, and there is an employment disparity across Wards 5, 7, and 8, which continue to experience high unemployment, and Wards 1, 2, 3, 4, and 6, which enjoy low unemployment. Meanwhile, unemployment has decreased by 4.5 percentage points in Ward 8 and by 3.7 percentage points to 9.0 percent in Ward 7, the lowest since the Department of Employment Services (DOES) started posting these statistics in 2002.

In 2015, the District's real GDP was \$107.5 billion with a per capita real GDP of \$159,938, which made the District the richest economy in the nation. The District of Columbia's population grew three times the national rate (11.7% versus 3.9%) from 2010-2015. The Hispanic and Latino population had the highest growth rate of any race/ethnicity in the District of Columbia with almost 30% growth over the last five years. For the same period of time, the District of Columbia had a higher growth of residents with a bachelor's degree in the nation with 6.6%. Also, District residents without a high school diploma or equivalent earned 2 percent less than their national counterparts in 2015 (\$28,467 versus \$29,004), which can be explained by the structure of the labor market in the District with most of the jobs requiring more than high school diploma or equivalency.

The African American/Black population has a substantially higher unemployment rate (12.2%) than Whites or Hispanics (2.1% and 3.6% respectively). Meanwhile, the District's African American/Black population had a lower labor force participation rate (56.8%) than White or Hispanics (82.7 and 78.9% respectively) in 2016, which indicates a level of discouragement and/or lack of opportunities available to the African American population. The labor market in the District was strong and healthy in 2016. Private sector jobs grew by 16.7 percent, while government sector jobs declined by 3.0 percent between 2010 and 2016. While there was overall job growth, opportunities have not been equally distributed across the District. More than half of all establishments in the District were in professional and business services (30 percent) or other services (27 percent), and more than 60 percent of all private sector establishments are concentrated in three Wards (2, 3, and 6). Wards 7 and 8 combined accounted for 4.0 percent of total establishments and 16 percent of the total labor force, which is clear indication of lack of employment opportunities in these neighborhoods.

The healthy economic picture demonstrated by overall population, GDP, job, and income data, tends to obscure the wide disparity in economic outcomes among District residents evidenced by Ward unemployment, establishments and wage data. These findings suggest that targeted policy and programmatic approaches are required to address the varying needs of the District's diverse residents. Most notably, a continued reduction in unemployment in Wards 5, 7, and 8, will not only reduce the overall unemployment in the District, but more importantly improve economic outcomes of disadvantaged groups. A properly functioning economy relies on its labor force, participation in the labor market and sustainable employment opportunities, which are vital if individuals and families are to have a livelihood and income that allows for independent living. Obtaining employment and a living wage is a fundamental pathway out of poverty and homelessness. The key to engaging and reengaging the District's long-term and chronically unemployed individuals into the workforce is to harness their skills, abilities, and interests through participation in education and job-training and career-development programs that enable job seekers to gain vocational skills and access to the job market, leading to sustainable employment.

The Bowser Administration has made a concerted effort to diligently address the myriad of issues related to unemployment and the overall work readiness of District residents. The following activities and initiatives highlight strategic investments designed to better serve unemployed and underemployed District residents:

- Building skill capacity and combatting discrimination against returning citizens through efforts such as vigorous enforcement of the District's ban-the-box law (Fair Criminal Records Screening Act).
- Educating both returning citizens and employers on reentry, job training, and work readiness opportunities.
- Ensuring students are college and career ready through D.C. Public Schools, highlighted by rising graduation rates, as education is a key driver of unemployment.
- Negotiating and enforcing requirements for local hiring on construction projects in the District.
- Expanding the Mayor Marion S. Barry Summer Youth Employment Program (MBSYEP), both in number of

- participants and in connecting a wider range of young adults to long-term employment.
- Providing dedicated resources for innovative job training and employment services to the Department of Employment Services (DOES).
- Standing up a business-led Workforce Investment Council (WIC), empowered to deliver on the Mayor's strategic vision and present solutions for reducing long-term unemployment.

The District also launched or enhanced workforce development programs aimed at various disadvantaged groups:

- Back to Work 50+ caters to seniors ages 50 and over, and offers unsubsidized employment following a participant's satisfactory completion of subsidized work-based training.
- Project Empowerment Program (PEP), a transitional employment program for ages 22-54, provides job readiness training, work experience, and job search assistance to District residents who face significant barriers to employment including, basic skills deficiency, lack of secondary education, history of substance abuse, homelessness, long term unemployment, and the formerly incarcerated. New services include home wellness visits, financial empowerment and improved retentions services.
- ASPIRE to Entrepreneurship connects returning citizens to services that help them create opportunities through entrepreneurship.
- Learn, Earn, Advance, and Prosper (L.E.A.P.), a network of interconnected partners that utilizes the "earn-and-learn" approach to link the District's unemployed residents with employment, education and training opportunities within local government.
- Workforce on Wheels is a mobile access point for services, serving as an extension of the District's American Job Centers.
- Expanded pre-apprenticeship and nontraditional apprenticeship programs.

These initiatives and/or programs have begun to capitalize on the District's current economic growth and create a pathway to the middle class for all District residents.

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