

During the recession, the city maintained a 7.3 percent unemployment rate. By September 2011 it had peaked at 11.2 percent. The District's rate was 5.4 percent before the recession.

The District of Columbia is a unique labor market, with three times as many jobs as there are households.³⁶ But only a third of these jobs are held by D.C. residents; much of the workforce resides in nearby Maryland and Virginia.³⁷

Real GDP in Washington, D.C., in 2010 was \$90.7 billion, near the bottom for the South, but still larger than that of much-larger Delaware, Mississippi, and West Virginia. GDP per capita, however, was \$151,000 in 2010, by far the highest in the southern region, reflecting the large ratio of jobs to residents.³⁸ (The city's per capita personal income, at \$71,000, is a more reasonable measure of the area's economic well-being, though it is still the highest in the South.) During the recession, D.C.'s real GDP continued to grow and averaged 6 percent between 2007 and 2010.

According to the Milken Institute's 2010 Best-Performing Cities Index, the D.C. metro area jumped from 25th in 2009 to 6th place by 2010.³⁹ Furthermore, the city is home to 51 of Inc. com's 500|5000 fastest-growing U.S. companies.

However, the benefits of Washington's strong economy are not evenly distributed; the high per capita GDP covers up a social gulf between the highly educated commuter workforce and residents of certain parts of the city proper. Residents of the District face labor market challenges such as rising education requirements for jobs, low adult-reading proficiency, and one of the highest high school dropout rates in the nation.⁴⁰ In six of the eight District wards, over half of all public school students are eligible for free or reduced-price lunches.⁴¹

Industry in D.C.

While the District's economy is heavily influenced by its role as the nation's capital, it is not driven solely by government employment and spending. A variety of institutions, organizations and private companies also benefit from close proximity to the seat of government. Employment rates in the District are propped up by the area's high concentration of universities, nonprofits, defense contractors, professional associations, consulting firms, computer systems design businesses, and law firms.⁴² Nearly a quarter (21.6%) of the workforce is in the professional and business services industry, which provided 23.4 percent of the District's GDP in 2010.

In 2010 the government and public education services sector contributed 35 percent of the city's real output and 33.7 percent of employment. This sector's 14.3 percent growth between

36. http://www.wdcep.com/wp-content/uploads/2010/11/CEDS_FINAL_2010.pdf Wdce Comprehensive Economic Development Strategy. 09/2010.

37. http://www.wdcep.com/wp-content/uploads/2010/11/CEDS_FINAL_2010.pdf Wdce Comprehensive Economic Development Strategy. 09/2010.

38. Personal income for D.C. was just over \$71,000 in 2010. The GDP per capita figure is skewed and more aptly reflects the overall level of economic activity in the District rather than the income of residents.

39. <http://bestcities.milkeninstitute.org/>

40. http://www.wdcep.com/wp-content/uploads/2010/11/CEDS_FINAL_2010.pdf WDCE Comprehensive Economic Development Strategy. 09/2010.

41. http://www.wdcep.com/wp-content/uploads/2010/11/CEDS_FINAL_2010.pdf WDCE Comprehensive Economic Development Strategy. 09/2010.

42. http://www.forbes.com/2009/01/05/cities-jobs-employment-leadership-careers-cx_tw_0105cities_print.html "Ten Cities for Job Growth in 2009." Tara Weiss. 01/05/09

2007 and 2010 was a major reason for the city's striking 6 percent overall growth. Credit goes mostly to an increase in government expenditures, which are likely to decline, perhaps significantly, as Congress tries to reduce the deficit. If that happens, D.C.'s economy will suffer.

As of 2010, most of the large private employers in the District were in postsecondary education-intensive industries: education and healthcare. Five major universities top the list: American University, the Catholic University of America, The George Washington University, Georgetown University, and Howard University. Major healthcare providers include the Washington Hospital Center, Children's National Medical Center, Georgetown University Hospital, and Providence Hospital. Fannie Mae, in the financial services industry, was the eighth-largest private employer in the District in 2010. However, in 2011, the White House announced plans to wind down the government's close relationship with Fannie Mae, which reduced employment opportunities in finance in D.C.⁴³

Occupations in D.C.

The District of Columbia leads the nation in the percentage of jobs requiring postsecondary education. The leading job categories in 2010 were managerial and professional office, sales and office support, and food and personal services.

The fastest-growing occupational clusters between 2010 and 2020 are predicted to be STEM jobs (20%), education (15%), community services and arts (15%), and healthcare (11%). Sales and office support jobs and the relatively small blue-collar sector are expected to grow the least, at 11 and 10 percent respectively. Social science occupations will grow at a substantial rate, but they make up the smallest category.

76% OF JOBS IN D.C. WILL REQUIRE POSTSECONDARY EDUCATION AND TRAINING IN 2020 (UP FROM 71% IN 2010)

Table 7: Snapshot of Education Demand for Total Jobs in the District of Columbia (2010 and 2020)

	2010	2020	% in 2020
High school or less	187,100	179,200	24%
Some college	87,400	101,500	13%
Associate's	20,800	31,800	4%
Bachelor's	175,200	211,300	28%
Graduate	185,600	238,500	31%
Total	656,100	762,300	100%

By 2020, 76 percent of all jobs in the District of Columbia will call for some postsecondary training.

43. <http://www.bloomberg.com/news/2011-02-11/obama-administration-calls-for-ultimately-winding-down-fannie-freddie.html>

Through 2020, D.C. is projected to create 231,100 job vacancies both from new job openings and from those becoming vacant due to retirement. Of the total number of job openings, 176,700 will be for those with postsecondary credentials, 19,700 for high school graduates and 34,700 for high school dropouts.

The District of Columbia ranks 1st in the South in the proportion of 2020 jobs requiring a bachelor's degree and in the proportion requiring a graduate degree. In contrast, D.C. ranks last in the proportion available to high school dropouts.

Virginia > High education > Tech-based

Virginia's unemployment remained well below the national average, throughout the recession and beyond. The rate has been consistently dropping since peaking at 7.2 percent in late 2009. Virginia's real GDP grew by 3.7 percent between 2007 and 2010, while many neighboring states' economies actually shrank. Furthermore, its 2010 per capita real GDP of \$47,600 put the state 3rd, behind only Delaware and the District of Columbia.

Industry in Virginia

Clearly, Virginia's close ties to the federal government have made it more resistant to recession and stronger in the recovery. In 2010 government and public education services comprised 17.5 percent of the state's real output and 20.9 percent of employment. Between 2007 and 2010, while many sectors lost jobs, government and public education in Virginia grew by 5.2 percent. In most states, at least two-thirds of government contributions come from the state and local level, and these tax revenues dropped precipitously during the recession. In Virginia, however, close to 55 percent comes from the federal civilian and military sectors. Major employers in the Old Dominion include the Department of Defense, the U.S. Postal Service, Fairfax County Public Schools, the County of Fairfax, and the City of Virginia Beach Schools.

Other sectors in Virginia, including professional and business services, also receive significant government outlays. In fact, 30 percent to 40 percent of all professional and business services contracts are with the federal government. This sector provided 19.0 percent of state employment and 18.2 percent of GDP in 2010. While professional and business services was hard-hit in other states, stimulus money and ongoing defense expenditures helped this sector's contribution to state GDP grow by 11.0 percent between 2007 and 2010, a growth rate 2nd only to natural resources. Government contracts are also important to other sectors; they have helped put Northrop Grumman Shipbuilding (manufacturing), and Booz, Allen and Hamilton (professional and business services) among the state's 10 largest employers.⁴⁴ Employment in government is expected to grow by 31.5 percent between 2010 and 2020, a rate exceeded only by healthcare and education services (37.2% and 31.9%, respectively).

44. "Economic Assumptions for the United States and Virginia: Calendar years 2010, 2011, and 2012, Program years 2010 and 2011." Virginia Employment Commission, Economic Information Services Division. http://www.alex.vec.virginia.gov/Imi/pdfs/eabook_2010.pdf