Metro Economic Outlook: Washington, D.C.

After enduring several years of declines in federal spending, the Washington, D.C. region is now benefiting from stability in the federal budget. But the area’s economy is also now less reliant on the U.S. government, as evidenced by recent job gains in the private sector.

Federal contracting started to decline in 2010, but has risen from its recent low of $69.1 billion in the D.C. region in 2013, according to data from the Center for Regional Analysis (CRA) at George Mason University. The U.S. government spent $71.1 billion locally in 2015, down just slightly from $71.5 billion in 2014.

“2015 was our best year for job growth since 2006, and this is without a real increase in federal spending,” said Stephen Fuller, the CRA’s senior advisor and director of special projects. “One could argue that the economy is now being driven by non-federally dependent business growth. There’s no way to know for sure, but you have to suspect that federal contractors saw this coming and they have repositioned their markets. They haven’t changed their products, but they have found out how to serve non-federal markets.”

The D.C. metro area includes the nation’s capital, nine counties in Virginia, five counties in Maryland and one county in West Virginia. The bulk of its new jobs are coming from professional and business services, construction, education and health services, and hospitality services.

“The pattern has changed,” Fuller said. “Professional and business services and education and health services continue to be a major source. Those are

<table>
<thead>
<tr>
<th>Washington, D.C. Metro: Vital Stats</th>
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<tbody>
<tr>
<td><strong>Total working age population:</strong> 3,817,435 out of a total population of 6,098,283</td>
</tr>
<tr>
<td><strong>Number of households:</strong> 2,172,310</td>
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<tr>
<td><strong>Consumer price index:</strong> 157.706 (goods and services that cost $100 in 1996 cost $157.71 in November 2016)</td>
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<tr>
<td><strong>Percentage of local residents with bachelor’s degrees:</strong> 25.4</td>
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<tr>
<td><strong>With graduate or professional degrees:</strong> 24.0</td>
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<tr>
<td><strong>Workers in STEM industries:</strong> 56.8 per 1,000 residents</td>
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</tbody>
</table>

the two largest sectors in our region right now. They constitute over 1 million jobs together and account for roughly 60 percent of the job growth.”

Among the region’s locally-headquartered Fortune 500 companies are defense contractors Lockheed Martin and General Dynamics, financial services company Capital One Financial, and hotelier Marriott International.

Traffic congestion remains a major issue locally, and to address it, the region’s governments have approved several high-occupancy toll lanes on the D.C. area’s highways in recent years.

Elsewhere, a $5.6 billion expansion of the region’s Metro system will eventually extend train service out to Dulles International Airport in Virginia. It includes the creation of four new train stations in Tysons Corner, a business district that is one of the largest such regions in the country. Metro service began in Tysons Corner in July 2014, and the project’s second phase to Dulles may be finished by 2020.

Challenges remain for the region’s fiscal health. Its fragmented nature – spanning two states and the District of Columbia – has made it difficult for local leaders to work together on economic development, and the area has a high cost of living.

“We have an inability to attract new workers due to affordability,” Fuller said. “There’s a set of constraints. Business leaders often reflect on the inefficiencies of local governments. There’s too much poaching. Jurisdictions work against each other rather than together to promote the region as a totality.”

Source: U.S. Census Bureau (2015)

Employers in the D.C. metro area are less likely to offer consumer-driven health plans compared with the national average, by a margin of 5 percent.

They are somewhat more likely to offer domestic partner benefits, by a margin of 11 percent above the national level.

The D.C. metro area’s workforce has a higher rate of 401(k) participation compared with the national level, by a margin of 7 percent.
Income and Turnover Data

The turnover rate in the D.C. metro area’s workforce is on par with the national average.

Median household income in the D.C. metro area is significantly higher than the national level, by more than $36,000 annually.

Per capita income in the D.C. area is also much higher than the national level, by more than $14,000 annually.
### Top Management Salaries Data

#### Median salaries, top management

<table>
<thead>
<tr>
<th>Position</th>
<th>Median Salary (U.S.)</th>
<th>Median Salary (D.C. Metro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top legal executive</td>
<td>$320,000</td>
<td>$322,100</td>
</tr>
<tr>
<td>Chief information officer</td>
<td>$298,500</td>
<td>$280,500</td>
</tr>
<tr>
<td><em>Top HR executive</em></td>
<td>$260,100</td>
<td>$232,500</td>
</tr>
<tr>
<td>Chief financial officer</td>
<td>$385,500</td>
<td>$348,600</td>
</tr>
<tr>
<td>Chief executive officer</td>
<td>$591,500</td>
<td>$650,000</td>
</tr>
</tbody>
</table>


*Without labor relations experience*

Median salaries for top management level employees in the Washington, D.C. metro area vary when compared with national levels.

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For more information, please contact:

SHRM Research Department  
1800 Duke Street, Alexandria, VA 22314, USA  
Phone: (703) 548-3440 Fax: (703) 535-6432  
Email: SHRMResearch@shrm.org  
Web: www.shrm.org/research

Project lead: Joseph Coombs, Senior Analyst, Workforce Trends, SHRM  
Project contributors: Shonna Waters, Ph.D., VP of Research  
External contributors: Stephen Fuller, George Mason University  
Copy editing: Katya Scanlan, copy editor

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