



D.C. POLICY CENTER

The Alice M. Rivlin Initiative

Long-term unemployment in the District of Columbia: What it means, how it has changed, and whom it affects

This paper examines the trends and composition of long-term unemployment in the District of Columbia. Before the Great Recession, the share of unemployed D.C. residents who experienced long-term unemployment—which is a jobless spell that lasts 27 weeks (about 6 months) or longer—mirrored the national average, at about 20 percent. During the Great Recession, the incidence of long-term unemployment among unemployed D.C. residents increased. This increase resulted in a new normal for the city. By 2019, the national share of the long-term unemployed had largely returned to its 2007 levels. However, the District’s share in 2019 remained high compared to 2007, standing at 43 percent. In 2023, it remained the case that over a third of unemployed District residents had been jobless for at least six months.

Long-term unemployment in D.C. has affected men, women, and individuals with varying levels of education attainment, but it has mainly affected Black residents. In 2023, Black residents made up 67 percent of the unemployed, and a little more than 80 percent of the long-term unemployed.

Research indicates that long-term unemployment is associated with lower earnings in addition to diminished mental health and personal well-being. This report finds that these negative effects are primarily borne by the District’s Black residents. Reducing the chances of long-term unemployment through the creation of a local talent pipeline is crucial for fostering an inclusive economy that maximizes opportunities for all residents and businesses in the District.

Unemployment rate



Source: BLS CPS and LAUS, seasonally adjusted. Values shown are 12 month averages.



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Why should we care about long-term unemployment?

The unemployment rate is one of the most closely watched economic metrics. It measures the share of a jurisdiction's residents who are not employed and are actively seeking work. Partly due to its urban nature, the District's resident unemployment rate often exceeds the national rate and the rate in the Washington metropolitan area.

Despite its significance, the unemployment rate is an incomplete metric. A low unemployment rate does not necessarily indicate that an economy is generating jobs. An unemployment spell can end because a person finds a job, or because a person stops looking for work. While securing employment is the positive outcome, both scenarios result in a lower unemployment rate. When a person stops looking for work, that person is not counted as unemployed or as part of the labor force.¹

Also, the unemployment rate does not capture the varying experiences with joblessness. Some unemployed people quickly find jobs, while others remain unemployed for longer bouts. An unemployment spell that lasts 27 weeks or longer is considered a "long-term" spell, while one that lasts fewer than 27 weeks is considered a "short-term" spell. Notably, the threshold of 27 weeks coincides with the typical expiration of unemployment insurance benefits.

The last wave of research on long-term unemployment occurred in the aftermath of the Great Recession. Between Janu-

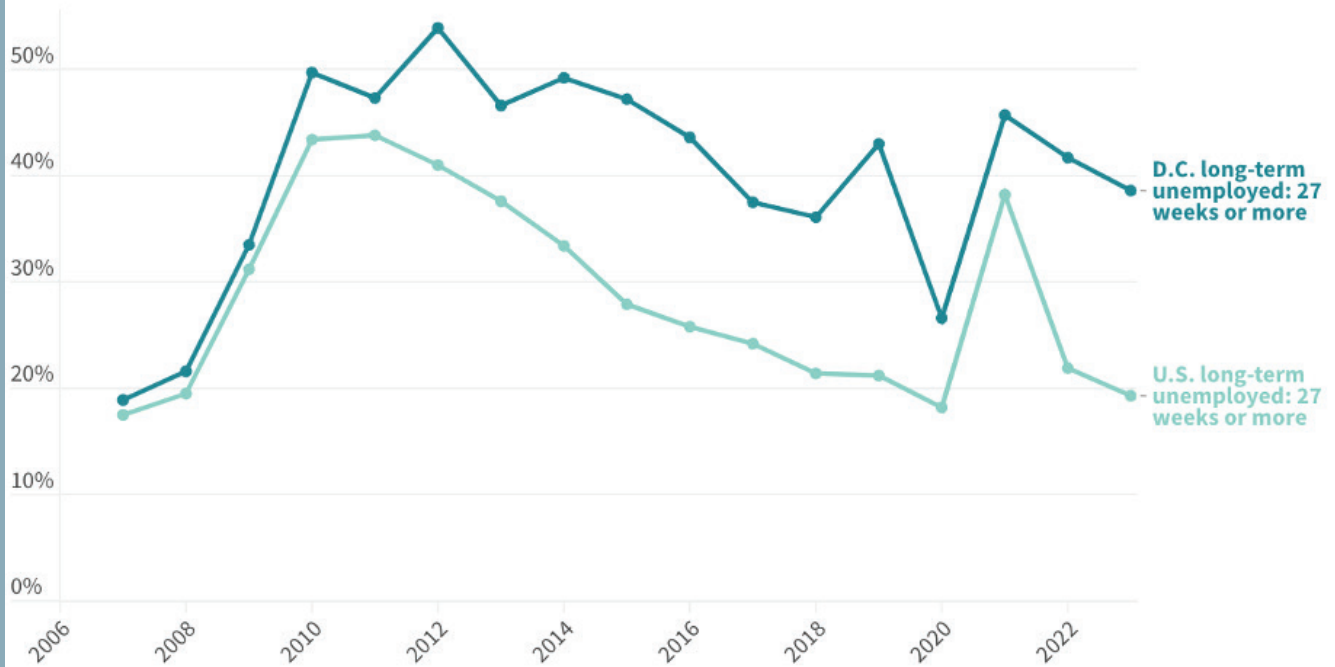
ary 2007 and January 2011, the long-term unemployment rate in the United States increased almost sixfold from 0.7 percent to a little over 4 percent. Researchers investigated inadequate job growth and skill mismatches as potential causes. Identifying the cause is crucial because if skill deficits were the root cause, merely boosting job growth would not fix the problem.²

A second area of research explored why the short-term unemployed fare better in the job market than the long-term unemployed. Economists have advanced two explanations. One explanation is that some people may lack the skills or experiences needed to quickly secure employment. A second explanation is that long-term unemployment can lead to "skills erosion" and "stigma," both of which diminish a person's future employment prospects. Skills erosion occurs due to a lack of use or because technological progress renders certain skills obsolete. Stigma refers to the negative perception some employers might have towards those who are unemployed for extended periods of time.

Long-term unemployment imposes significant individual and social costs. The prolonged loss of income can lead to hardship, and the negative economic effects can persist even after an unemployment spell has ended.³ Additionally, being unemployed can negatively affect a person's well-being and mental health.

Long-term unemployment

Percentage of total unemployed



Source: IPUMS CPS microdata, FRED, and author's calculations. D.C. data is not seasonally adjusted.



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The share of unemployed District residents experiencing long-term unemployment permanently increased after the Great Recession.

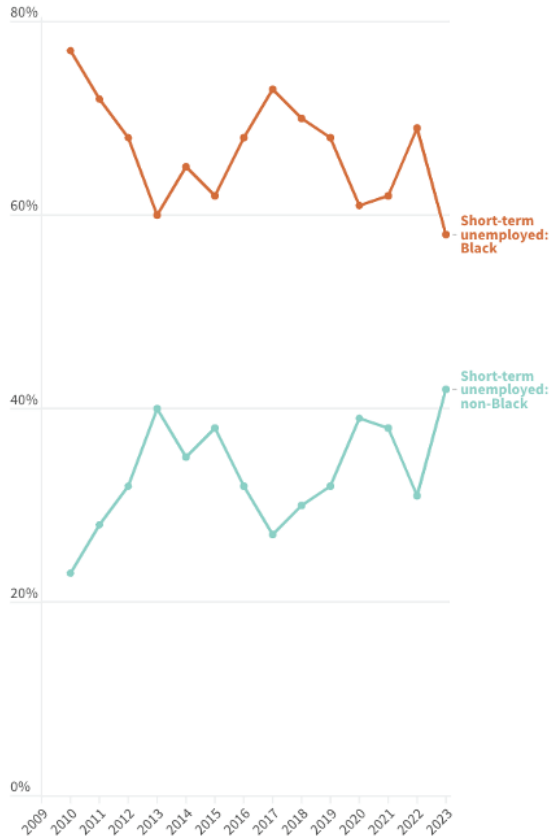
Before the Great Recession, the split between short-term and long-term unemployment in D.C. mirrored the national trend.⁴ Among the unemployed, approximately 80 percent experienced short-term unemployment, while almost 20 percent faced six or more months of joblessness.⁵

The Great Recession changed this split. Between 2007 and 2010, the percentage of the unemployed grappling with long-term unemployment increased both in D.C. and nationally. While the national share started to recover after 2011, the District's share remained elevated. The percentage of long-term unemployed D.C. residents declined from 47 percent in 2011 to 36 percent by 2018. But even with this decline, the District's share was still about 15 percentage points above the national share. What is difficult to ascertain is whether D.C. residents are more persistent in their job search, or whether people across the country become discouraged more quickly or secure jobs at a faster rate.

In contrast to the Great Recession, the shock associated with COVID-19 did not lead to a greater prevalence of long-term unemployment among the unemployed. Although the share of long-term unemployment briefly increased during the pandemic, the trends turned around. By 2023, the percentage of the unemployed experiencing long-term unemployment both in the District and across the nation had dipped below their respective 2019, pre-pandemic levels.

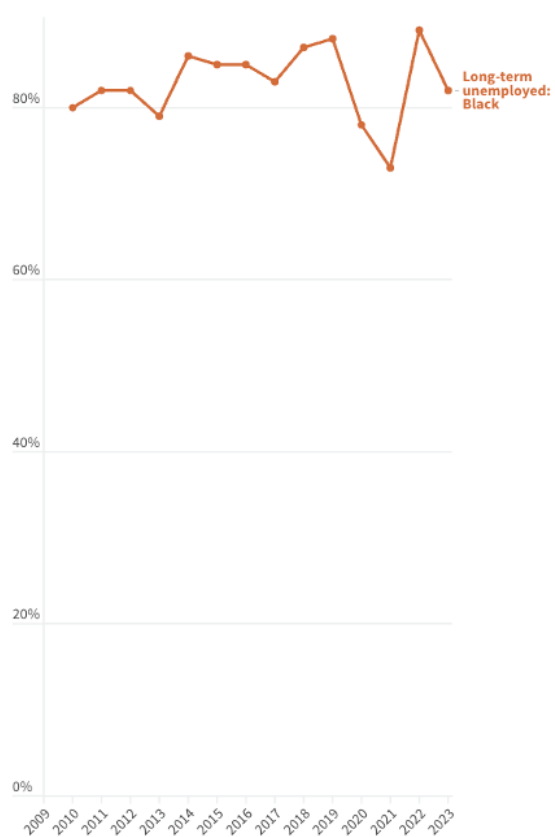
Unemployment by race

Percentage of total short-term unemployed



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Percentage of total long-term unemployed



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Source: IPUMS Current Population Survey microdata and author's calculations.



Long-term unemployment is particularly prevalent among the District's Black residents.

Short- and long-term unemployment has primarily affected Black residents in D.C. Between 2010 and 2022, Black residents consistently accounted for at least 60 percent of the short-term unemployed, and at least 70 percent of the District's long-term unemployed. In 2023, Black residents accounted for 58 percent of the short-term unemployed, 82 percent of those who

faced long-term unemployment, and 67 percent of all unemployed D.C. residents.⁶

American Community Survey (ACS) microdata offers a different way of looking at long-term unemployment in D.C. While ACS data does not tell how many weeks D.C. residents have been unemployed, the data sheds light on how long unem-

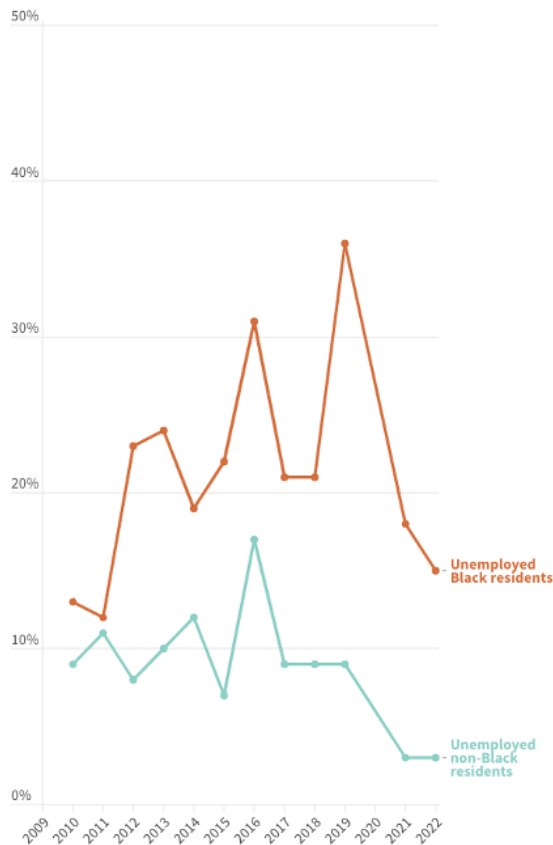
Percentage of unemployed D.C. residents by race

Did not work last year, but worked 1 to 5 years ago



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Did not work last year or in the past five years



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Source: IPUMS ACS, 2010-2022.

employed D.C. residents have gone without working—whether it be paid work, work for profit, or unpaid family work.

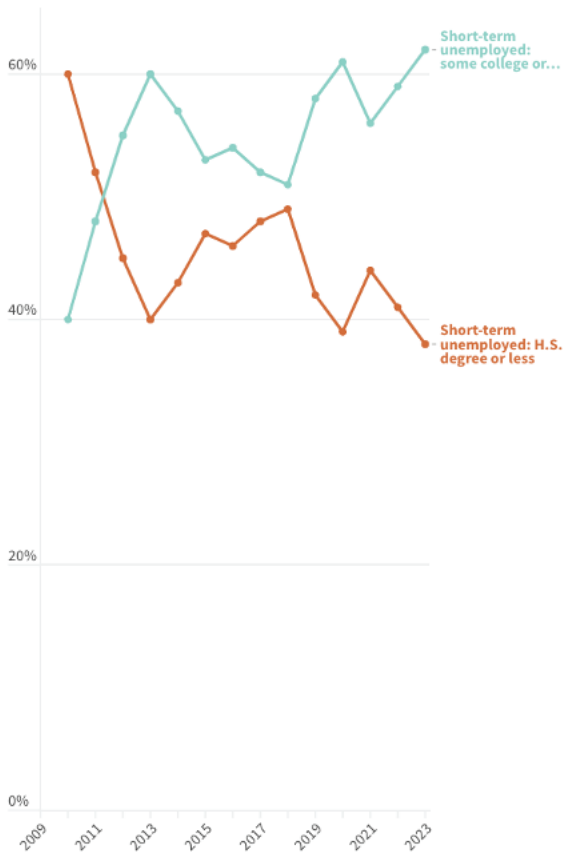
As the chart above shows, in 2022, 44 percent of all unemployed Black residents had not worked in the last year but reported working sometime in the last 1 to 5 years. That share was 32 percent among unemployed non-Black residents, which is a gap of 12 percentage points. But the gap between unemployed Black residents and unemployed non-Black residents is more noticeable when one considers a longer period—the past five years—without work.

In 2022, 15 percent of unemployed Black residents had not worked in the past five years compared to 3 percent of unemployed residents who are not Black.

As alluded to earlier, it is important to remember that the ACS definition of when an unemployed D.C. resident last worked is quite broad. For this reason, the data might somewhat understate the magnitude of the problem because those who worked as an unpaid family worker—even for a couple of days—are counted as having worked in the past year.⁷

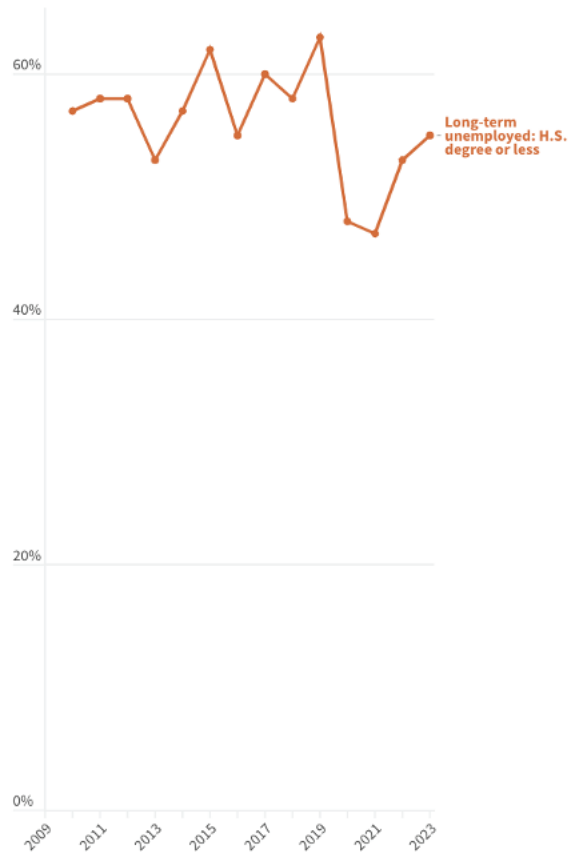
Unemployment by educational attainment

Percentage of total short-term unemployed



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Percentage of total long-term unemployed

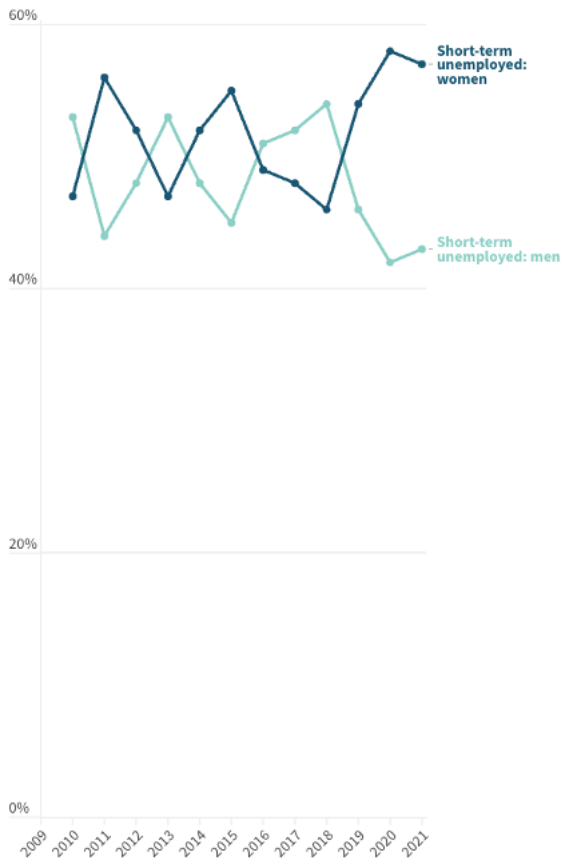


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Source: IPUMS Current Population Survey microdata and author's calculations.

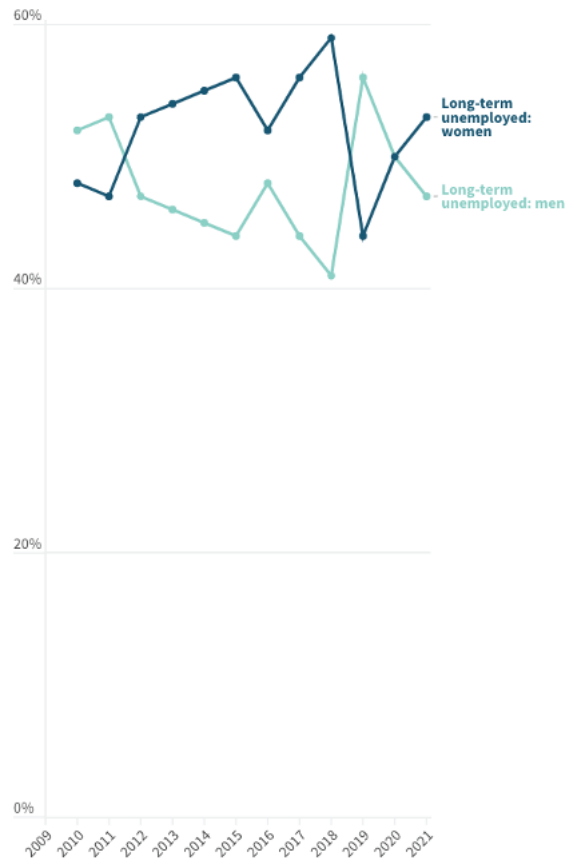
Unemployment by gender

Percentage of total short-term unemployed



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Percentage of total long-term unemployed



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Source: IPUMS Current Population Survey microdata and author's calculations.

Long-term unemployment affects both educated and less educated D.C. residents.

Between 2012 and 2022, D.C. residents with some college education or higher levels of educational attainment made up a larger percentage of the short-term unemployed.⁸ Conversely, during the same period, D.C. residents with a high school degree or lower levels of educational attainment accounted for around half or

more of the long-term unemployed. Such estimates imply that residents with higher levels of educational attainment likely accounted for the other half of the long-term unemployed. In 2023, residents with lower levels of educational attainment made up 38 percent of the short-term jobless, and 55 percent of the long-term unemployed.⁹

Long-term unemployment affects both men and women.

Between 2010 and 2021, unemployment—short-term¹⁰ or long-term¹¹—affected men and women relatively equally. In 2021, for instance, women accounted for 57 percent of the short-term unemployed, and a little more than half of the long-term un-

employed. Meanwhile, men made up 43 percent of the short-term unemployed, and 47 percent of long-term unemployed.

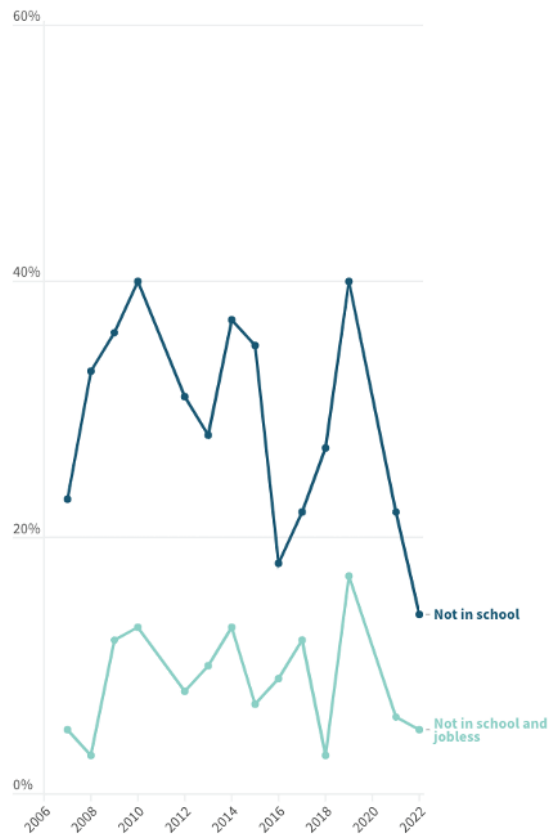
Youth aged 16 to 24 who were born and reside in D.C.

Percentage of Black youth



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Percentage of non-Black youth



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Source: ACS IPUMS, 2007-2022. Jobless includes those who are unemployed or out of the labor force.



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Disparities among D.C. youth may provide clues as to why long-term unemployment has disproportionately affected Black residents.

In 2022, slightly more than half of Black D.C. youth (ages 16-24) did not attend school at “any time” over a three-month period—whether it be homeschool, high school, or college.¹² Even more concerning, approximately 1 in 5 Black D.C. youth were neither attending school nor employed. In contrast, 14 percent of non-Black youth were not attending school, and a little over 5 percent of non-Black youth were without a job and not attending school. While the exact percentages have fluctuated over time, the persistent disparities in school attendance and employment among D.C.’s youth may help shed light on why long-term unemployment in D.C. has a significant racial dimension.¹³

The disparities evident in the data above underscore the importance of developing a local talent pipeline. Such a pipeline would allow employers in D.C. to directly participate in “the education and training of the District’s youth.” More generally, the establishment of a local talent pipeline would foster a more inclusive and competitive economy by harnessing the potential of all D.C. residents, and, in turn, reduce the likelihood that talent goes untapped because of long-term unemployment.¹⁴

DATA APPENDIX

- The data used in this report primarily comes from the Current Population Survey (CPS) microdata. The CPS sample was limited to people who reside in the District of Columbia and who are in the labor force. The American Community Survey (ACS) microdata used in this report can be found [here](#). The national data for the percentage of unemployed who are facing long-term unemployment can be found at [FRED](#).

- The author only used and displayed CPS data when all monthly estimates within a given period (i.e. 2010-2021) were statistically significant. However, these monthly estimates often had high standard errors. The percentages shown in the graphs that relied on CPS microdata represent 12-month averages. Unfortunately, reliable estimates for more granular demographic groups—such as those with a B.A. or higher—could not be obtained.

- The author’s estimate of the annual percentage of long-term unemployed in D.C. in 2013 (46.6 percent) aligns with the estimate reported by the Economic Policy Institute. The author’s analysis of CPS microdata also aligns with the D.C. Fiscal Policy Institute’s finding that, in 2022, approximately 48 percent of all unemployed Black residents were unemployed for 27 weeks or longer.

- For analyses with CPS or ACS data, a “non-Black” D.C. resident is any respondent who does not identify as “Black or African American.”

Endnotes

1 On the national level, older economic research estimated that between 45 and 50 percent of unemployment spells end because a person leaves the labor force. Furthermore, the authors of a 2013 Brookings paper reported that “nearly half of those who were jobless for seven months or longer had withdrawn from the labor force within 15 months of becoming unemployed in 2012.” (p. 230)

2 A common empirical strategy that researchers used to identify the cause was to see whether long-term unemployment affected all kinds of workers, or whether it only affected workers with certain characteristics. If long-term unemployment predominantly affected workers with certain characteristics, such evidence would point to structural issues—such as skill mismatches—as a primary cause.

3 One 2017 study found that people who are not employed for a year or longer can experience long-term earnings losses of 35 to 40 percent.

4 Due to data limitations, this report does not address whether the long-term unemployment rate has increased or decreased over time. In principle, it is possible for the long-term unemployment rate to increase or decrease, while the composition stays the same. An example illustrates this point. Imagine that 1,000 people are in the labor force. Suppose that 200 people are experiencing long-term unemployment—100 college graduates and 100 high school graduates. Now suppose that the labor force doubles, but nothing else changes. In this case,

the long-term unemployment rate has decreased, but the composition of the long-term unemployed has stayed the same.

5 For 2007, the average error associated with the D.C. estimate makes it unclear whether D.C. trailed or led in the nation in the percentage of long-term unemployed.

6 Given the high margins of error, the long-term unemployed estimates should be treated as suggestive rather than definitive. It should also be noted that reliable estimates for the number of long-term unemployed residents who are non-Black could not be obtained.

7 ACS survey respondents are asked the following question: “When did this person last work, even for a few days?” It should also be noted that, according to the Bureau of Labor Statistics, “employment and unemployment estimates from the ACS and CPS can differ because the surveys use different questions, samples, and collection methods.” The BLS later notes that “in 2022, the numbers of people in the U.S. that the ACS classified as “employed” and “unemployed” were higher than the official CPS estimates, while the number of people that the ACS classified as “not in the labor force” was lower than the office CPS estimate. The ACS-based unemployment rate was 4.3 percent, compared to the CPS annual average of 3.6 percent.”

8 Given the uncertainty associated with the estimates, one cannot confidently determine which educational attainment

group made up a greater proportion of the short-term unemployed in 2011, 2015, 2017-2018.

9 Long-term unemployment percentages for D.C. residents with some college education or more are not shown because not all the monthly estimates for the period in question were statistically significant. Please see the Data Appendix section for more information.

10 Given the uncertainty associated with these estimates, one cannot confidently determine which gender constituted a greater percentage of the short-term unemployed in 2010, 2012-2014, and 2016-2019.

11 Given the uncertainty associated with these estimates, one cannot confidently determine which gender made up a greater percentage of the long-term unemployed in 2010, 2016, and 2020-2021.

12 ACS survey respondents are asked the following question: “At any time IN THE LAST 3 MONTHS, has this person attended school or college? Include only nursery or preschool, kindergarten, elementary school, home school, and schooling which leads to a high school diploma or a college degree.”

13 While this paper points to the possible role of school and employment disparities among D.C. youth, a full explanation of why long-term unemployment exhibits a significant racial dimension would identify multiple causes. For more educational outcomes in the District Columbia, see Chelsea Coffin and Hannah Mason, “State of D.C. Schools, 2022-23: Challenges to

pandemic recovery in a new normal” D.C. Policy Center, March 8, 2024.

14 See Emilia Calma and Yesim Sayin, “The case for creating a local talent pipeline in the District of Columbia” D.C. Policy Center, April 29, 2021.