

West Virginia's Unemployment Rate Held Steady, Despite an Employment Dip in December

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West Virginia's labor market slid backwards a bit in December, but still ended the year on a fairly strong note. The state lost about 1,000 jobs during the month, with the losses roughly split between the private and government sectors. However, December's modest decline followed two consecutive months of solid job gains that made November the high point of the year. Moreover, the state's unemployment rate held steady at 7.9 percent, marking the second straight month that the rate was below 8 percent. On balance, the state's labor market continued to follow an upward trend, even though December's performance was not quite as strong as those of earlier months.

While it might seem strange to put a positive spin on the loss of 1,000 jobs, December's performance must be placed in the context of the pattern of monthly employment changes over the entire year. Most particularly, job gains appeared to reach a plateau over the summer, raising concerns that the state's labor market was stalling at a time when the national economy was slowing and world governments were facing rising fears about their ability to manage public debt. However, after two solid months of gains at the beginning of the fourth quarter, December's losses—for now—look more like a minor correction than a reversal of a positive employment trend.

Another factor that provided some hope that the job loss in December was a temporary setback was the fact that the losses were concentrated in just a few sectors. Of the seven largest private sector industries in the state, only two lost jobs in December—trade, transportation, and utilities, and manufacturing. Both of those industries have been on a downward trend since the middle of the year. In contrast, education and health services posted solid gains (1,700 jobs) after edging downward over the previous three months. Other private industries made small but significant job contributions, even if they weren't enough to offset the job losses in other industries. The government sector also contributed to the total decline in jobs for the month, with most of the losses occurring at the local government level. However, it should be noted that state government employment was a relatively bright spot in the labor market over the second half of the year.

Finally, while West Virginia lost jobs in December, the unemployment rate remained at 7.9 percent for the second straight month after hovering above 8 percent for most of the year. It also appeared that the gain in hiring over previous months induced over 1,000 workers to re-enter the labor force. While it is unfortunate that the labor market could not absorb the additional workers looking for jobs, their willingness to re-enter the market suggested that more workers were becoming hopeful of eventually finding a job. Of course, some may have also been forced back into the market by declining savings or loss of unemployment benefits. If the upward trend in employment persists into 2012, the unemployment rate should continue to decline. However, given the slow pace of the national economy, job growth in West Virginia may be slow and high unemployment rates may persist.

