

# Jobs in West Virginia Increased in January 2012; Revised History Gave Boost to 2011 Job Levels

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The labor market in West Virginia enjoyed two bits of good news as it started the new year. The first was the belated release of January's payroll employment report, which showed a solid increase in total nonfarm employment (on a seasonally adjusted basis). The second was a substantial upward adjustment to payroll employment during 2011, which resulted from the annual benchmark revision. The net effect of revising history and adding another month of job gains was that employment in January was virtually back to its pre-recession level—a much brighter picture of labor market conditions than prevailed just a few months ago. To add icing to the cake, the unemployment rate declined sharply, although it still remained higher than rates prior to the onset of the recession. Still, on balance, 2012 has started on a very encouraging note, which hopefully will set the tone for the remainder of the year.

Looking first to the latest monthly release, total nonfarm employment in January increased by 3,100—an impressive gain for a labor market that averaged only about 1,000 new jobs per month during all of 2011. January's gain was about evenly split between private and government sector jobs, which itself was interesting since virtually all of the gains in 2011 occurred in the private sector. Indeed, the government sector averaged only about 100 new jobs per month last year. The gains in government sector were concentrated in state government jobs, which only account for about one third of all government employment in West Virginia. State government jobs rose steadily over the second half of 2011, after declining throughout the first half of last year. On the private sector side, the bulk of the jobs gains came out of the leisure and hospitality sector (1,500), with additional moderate gains coming from business and professional services—both more or less following a pattern that was in place over the second half of last year. Offsetting job losses occurred in manufacturing and in education and health services (both down 700 jobs). Of these two industries, manufacturing was the most disappointing, since its employment level had been relatively stable over the last year.

Looking next to the effect of the annual revision to employment history, West Virginia ended 2011 with over 6,000 more jobs than were reported in the initial December labor market report. The adjustment raised total nonfarm employment in West Virginia to a level that nearly equaled the pre-recession peak back in September 2008. With respect to the pace of recovery, the revision meant that the recovery in jobs lost during the recession went from being just over 60 percent complete by December of last year to being 86 percent complete. Adding in the additional gains in January, the recovery now stands at 98 percent, or virtually a full recovery—if the level holds. Unfortunately, progress toward pre-recession levels of unemployment has lagged the progress made in total state employment. The state's unemployment rate fell to 7.4 percent in January from 7.8 percent a month earlier, achieving its lowest rate since April 2009. However, that unemployment rate was still 3.5 percentage points higher than before the recession. Hopefully, solid employment gains will continue throughout 2012 and bring the unemployment rate back to pre-recession levels as well.

