

West Virginia Gave Back Some Job Gains in February, But Unemployment Still Dropped

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After a healthy increase in January's payroll employment, West Virginia's labor market in February gave back some of those gains (seasonally adjusted). After rising by more than 3,000 in January (the largest increase in six months), the state lost 1,300 jobs in February. Unlike January, however, where job gains were about evenly split between the government and private sectors, the losses in February were heavily concentrated in the private sector. Indeed, the private sector absorbed slightly more than three-quarters of all the job losses during the month. In all fairness, however, that was roughly in line with the sector's share of total employment in the state, suggesting that the setback was proportionately shared by the private and government sectors. Unfortunately, the same cannot be said for the distribution of job losses within the private or government sectors.

In the private sector, job changes from a month ago tended to follow along with industry trends over the last several years. For example, most of the job losses in February occurred in two industries—trade/transportation/utilities and financial activities (accounting for over 1,000 jobs between them). Both of these industries have been on a downward trend since at least the end of 2006 (before the recession officially began). However, they were not the only private sector industries to lose jobs in February. Both leisure/hospitality and "other" services lost about 200 jobs each. While employment in "other" services has been moving virtually sideways in recent years, leisure/hospitality industries have been an important center of job creation. Partly offsetting these job losses were advances in health/education (up nearly 1,000), and this industry has been a steady source of job growth in recent years. Professional/business services and manufacturing also added some jobs, with manufacturing being the most notable for having suffered the largest job decline (percentage wise) of any state industry since the onset of recession. However, employment in this industry has been relatively stable over the last year.

In the government sector, the bulk of the job losses (800) were at the state level, while local governments in February added nearly as many jobs (600) as the state lost. And, while the increase in local government employment was following a pattern of job gain over the last year, the losses in state government jobs reversed the trend in that segment of government jobs. A small loss of federal government jobs simply followed a pattern that has been in place for the last two years (since the end of the Census worker hiring).

Surprisingly, given the job losses, the state's unemployment rate declined in February, falling to 7.2 percent—its lowest rate since March 2009. Even more encouraging was the fact that the rate declined not only from a relatively large decrease in the number of unemployed (1,900), but also despite an increase in the labor force (1,300) during the month. While payroll employment and the unemployment rate come from different surveys and do not always align, the fact that the unemployment rate fell even as more workers entered the labor market is an encouraging sign that the state's labor market is trending in the right direction.

