**Executive Summary**

The Preston County economy has held its own during the 1990s so far, in the face of huge coal mining layoffs. Gains in construction, manufacturing, and services have stabilized overall county job performance, while the unemployment rate has plunged. If the U.S. economy avoids recession during the 1998-2003 period, the forecast calls for the county economy to rebound strongly, with job growth expected to exceed the statewide average both in the goods-producing and service-producing sectors. In turn, improving job growth performance drives down the rate of unemployment and contributes to income and population growth through the forecast period.

**Preston County In Perspective**

As shown in Figure 1, the latest estimates show 29,811 residents in Preston County in 1998, which accounted for 1.6 percent of West Virginia's population. With 11,710 employed residents in 1998, Preston County also accounted for 1.6 percent of employed residents statewide.

**FIGURE 1**
**PRESTON COUNTY DATA FOR 1998**

*WVU Bureau of Business and Economic Research*
Preston County recorded per capita personal income of $14,202 (ranked 39th in the state) in 1996, the most recent year for which data is available. This was below the statewide average of $18,225, and fell well short of the national average of $24,436. Per capita personal income is calculated by dividing an estimate of total personal income by an estimate of the number of residents. Total personal income includes income from a variety of sources, including earnings from work, asset income, and transfer payments. Asset income includes dividends, interest, and rent, while transfer payments primarily include Social Security, Medicaid, Medicare, and welfare payments.

Mining, primarily coal mining, is an important part of the county economy, as shown in Figure 2. In 1997, mining accounted for 4.5 percent of total nonfarm jobs in the county compared to 0.5 percent of total nonfarm jobs nationally. In addition, the county accounted for 1.0 percent of statewide coal production in 1997. Most of the coal mining in the county is underground, accounting for 1.3 percent of statewide coal production from underground mines.

**FIGURE 2**

**PRESTON COUNTY**

Employment Shares in 1997 Compared to the Nation

![Graph showing employment shares for Preston County compared to the nation.]

Government jobs also made up a larger share of total jobs in the county (26.3 percent) than nationally (16.0) in 1997, as did transportation, communications, and public utilities. Services and trade jobs accounted for a smaller share of Preston County jobs than nationally.

**Recent Developments**

Preston County exhibited no overall job growth from 1990 to 1997, compared to statewide growth of 1.5 percent per year. Huge job losses in coal mining during the last seven years, as Figure 3 shows, caused stagnant job performance in the county. Since 1990, mining jobs in Preston County have gone from 793 in 1990 to 309 in 1997.
However, manufacturing job growth in Preston County has outperformed the statewide average during the 1990-1997 period. Preston County manufacturing job growth has averaged 3.0 percent per year since 1990, while statewide manufacturing jobs have declined at an annual average rate of 0.9 percent per year.

Lumber and wood products jobs have enjoyed strong growth in the county so far in the 1990s, posting an annual average growth rate of 6.1 percent per year. Indeed, lumber and wood products jobs accounted for 45.5 percent of county manufacturing jobs in 1997 and there were more lumber and wood products jobs in Preston County in 1997 (381) than there were in Harrison, Marion, and Monongalia counties combined (250). Stone, clay, and glass (SIC 32) and primary metals (SIC 33) jobs are also important sectors in Preston County manufacturing.

![Figure 3: Annual Nonfarm Job Growth: 1990-97 W.Va. and Preston County](image)

Sectors that have recorded strong job growth in the county so far in the 1990s have been construction, manufacturing, and services. Vigorous job growth in these sectors has also contributed to a reduction of the county's unemployment rate from a high of 12.7 percent in 1992 to 7.0 percent in 1998.

Per capita personal income growth in the county during the 1990-96 period (2.5 percent per year) fell short of both the national growth rate of 4.1 percent per year and the statewide growth rate of 4.3 percent per year.

Current estimates suggest that the county's population growth rate has averaged 0.3 percent per year during the last eight years. This exceeds the statewide rate of 0.1 percent, but falls well short of the national average rate of growth of 1.0 percent per year. In addition, current estimates suggest that the region's population has been stable during 1997 and 1998, compared to small declines in statewide population.
Forecast: 1998-2003

The fortunes of Preston County are linked to those of the U.S. and international economies. If the U.S. economy skirts recession during the next five years, then the Preston County economy will follow suit. If the U.S. economy slips into recession, then growth in Preston County will suffer. The forecast for Preston County, which is summarized in Table 2, rests on the assumption that the U.S. economy will avoid recession during the next five years. The U.S. forecast, prepared by Standard & Poor's DRI in December 1998, calls for U.S. growth to slow significantly during the 1999-2000 period, but for the national economy to continue growing.

The forecast for Preston County calls for accelerating job growth in both the goods- and service-producing sectors, as Figure 4 shows. Overall, the forecast calls for county job growth to rise to 1.7 percent per year during the 1998-2003 period, outpacing expected state and national results. The growth rebound is forecast to be evident in both goods- and service-producing sectors, although the improvement in job growth in the goods-producing sector is forecast to be particularly dramatic. The goods-producing sector, which includes mining, manufacturing, and construction, accelerates due to continued gains in manufacturing and construction, while mining job growth is expected to stabilize.

Figure 4
Preston County
Annual Job Growth: History and Forecast
Growth in the service-producing sector, which includes transportation, communications, and public utilities; wholesale and retail trade; services; finance, insurance, and real estate; and government sectors, is forecast to continue at about the same rate as is expected for the state. Overall, growth is likely to be strongest in the trade and services sectors, but if the federal prison currently being discussed for the county comes to fruition, then growth will strongly accelerate in the government sector.

Expected job growth during the forecast drives down the Preston County unemployment rate to 6.3 percent by 2000. While that would put the Preston County unemployment rate below the expected statewide rate, it would still leave the county rate well above that currently expected for the Harrison, Marion, and Monongalia region.

Job growth and labor market stability combine to put the Preston County population near the 30,000 resident level, while producing inflation-adjusted personal income gains in excess of the rate expected statewide.
Overview of the County from the 1990 Census

As shown in Table 1, Preston County recorded a median age below the statewide average, but well above the national median age. The county age distribution in 1990 was a bit more concentrated in the school age (5-17) groups than for the state or the nation. Overall, in 1990, the county had a smaller share of its population in the 18-64 age group (58.7 percent) than did the state (60.7 percent) or the nation (61.8 percent).

Table 1
Preston County
Population by Age Group

<table>
<thead>
<tr>
<th>Population</th>
<th>Share of Population by Age Group: July 1990</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>under 5</td>
<td>5-17</td>
</tr>
<tr>
<td>Preston County</td>
<td>29,057</td>
<td>6.3</td>
</tr>
<tr>
<td>W.Va.</td>
<td>1,792,402</td>
<td>5.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>248,439,545</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Source: July 1998 Census release
Preston County median age is from Census STF1a CD-ROM

Preston County residents generally lived in rural areas in 1990 and many residents commuted to Monongalia County for work. Indeed, according to Census Bureau estimates, 22 percent of Preston County workers commuted to Monongalia County in 1990. According to the same estimates, 61 percent of Preston County workers found employment within the county.
**Forecast Data Glossary**

**Covered Nonagricultural Employment by Industry**
These data come from the West Virginia Bureau of Employment Programs in a publication titled West Virginia Employment and Wages, various years. Data for selected years are also available on the Internet. Data for 1997 can be found at <http://www.state.wv.us/bep/lmi>. Annual data are an average of four quarters for the calendar year and cover employees at firms participating in the West Virginia Unemployment Compensation system. These data cover approximately 90 percent of employees in the state. Major exceptions are railroad workers, the self-employed, student workers, most church workers and unpaid family workers. Jobs are counted based on where the establishment is located, not by where the worker lives.

**Civilian Labor Force, Employment, Unemployment, and the Unemployment Rate**
Labor force data (including labor force, employment, unemployment, and the unemployment rate) are available in several publications from the West Virginia Bureau of Employment Programs (including the annual West Virginia County Profiles and the monthly Economic Summary). These data are also available on-line at <http://www.state.wv.us/bep/lmi>. Labor force data cover West Virginia residents that are participating in the labor market (even if they participate by working or looking for work in other states). Residents are counted as participating in the labor force if they are employed or, if unemployed, actively seeking work. The unemployment rate is the number of unemployed residents divided by the labor force.

**Population**
Population estimates are from the U.S. Census Bureau and are available on-line at <http://wvbeis.be.wvu.edu/public/cat/98cogopwv.txt>. Population estimates are designed to reflect the number of persons whose usual place of residence was within the state or county on July 1 of the relevant year. Persons in the military or institutionalized are counted where the military base or institution is located, as long as that is within the U.S.

**Real Personal Income**
Real personal income is nominal personal income adjusted for the effects of inflation, using the U.S. personal consumption deflator. Personal income includes earnings from work (wages, proprietors' income, fringe benefits); dividends, interest and rent; and transfer income (social security, Medicare, Medicaid, welfare). These data are compiled by the U.S. Bureau of Economic Analysis and are available on-line at <http://wvbeis.be.wvu.edu/public/default.htm>.
## Table 2

Preston County

Employment, Population, and Income Forecasts

<table>
<thead>
<tr>
<th>Actual</th>
<th>Forecast</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6,227</td>
<td>6,165</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>1,538</td>
<td>1,460</td>
</tr>
<tr>
<td>Service Producing</td>
<td>4,689</td>
<td>4,705</td>
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</table>

<table>
<thead>
<tr>
<th>Actual</th>
<th>Forecast</th>
<th>Annual Growth</th>
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</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>12,640</td>
<td>13,060</td>
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<tr>
<td>Employment</td>
<td>11,580</td>
<td>11,810</td>
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<tr>
<td>Unemployment Rate</td>
<td>8.4</td>
<td>9.6</td>
</tr>
<tr>
<td>Total Population</td>
<td>29.9</td>
<td>29.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actual</th>
<th>Forecast</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Personal Income ($92)</td>
<td>387,455</td>
<td>385,649</td>
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</tbody>
</table>

*Covered nonagricultural employment by industry includes employment at firms participating in the Unemployment Compensation system. These estimates exclude the self-employed, student workers, most church workers, railroad workers, and unpaid family workers. West Virginia forecast from West Virginia Economic Outlook 1999.


Goods-producing industries include mining, construction, and manufacturing

Service-producing industries include transportation, communications, and public utilities; wholesale and retail trade; finance, insurance, and real estate; services; and government.