

Harrison, Marion, and Monongalia County Outlook

FORECAST: 1998-2003

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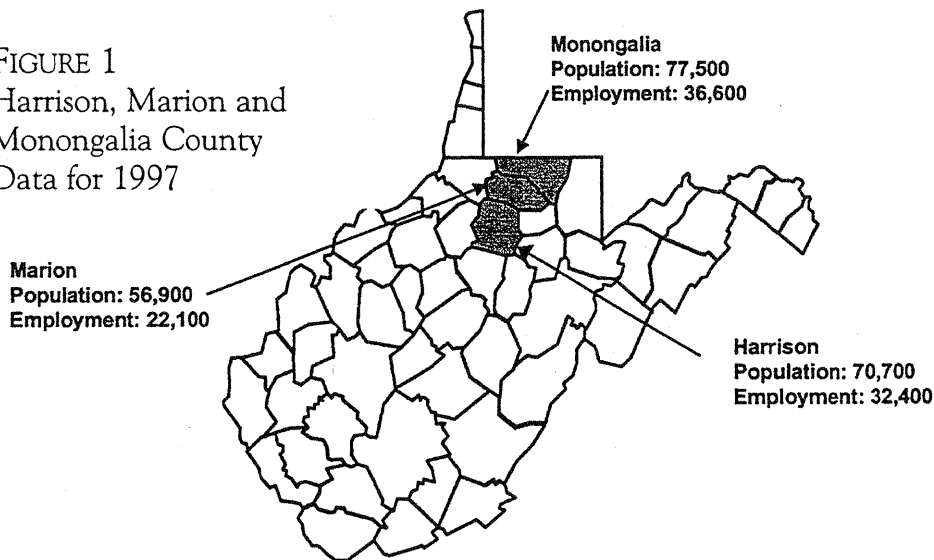
Executive Summary

The Harrison, Marion, and Monongalia County region has recorded strong overall job growth during the 1990s so far, in spite of huge job losses in the coal mining sector. The regional economy is still influenced by developments in coal markets, but growth in trade, services, and government jobs have helped to diversify the regional economy. Overall, during the 1990-1997 period, the regional economy has experienced improved performance in income and population growth and has recorded steady declines in the rate of unemployment. If the U.S. economy avoids recession during the 1998-2003 period, the forecast calls for the regional economy to continue to add jobs and inflation-adjusted personal income, while stabilizing the rate of unemployment and population around current levels.

Recent Developments

This region consists of Harrison, Marion, and Monongalia counties. For 1997, current estimates show 205,100 residents for the region, which accounted for 11.3 percent of West Virginia's population. As shown in Figure 1, the largest county in the region in 1997 was Monongalia County, followed by Harrison County and Marion County.

FIGURE 1
Harrison, Marion and Monongalia County
Data for 1997



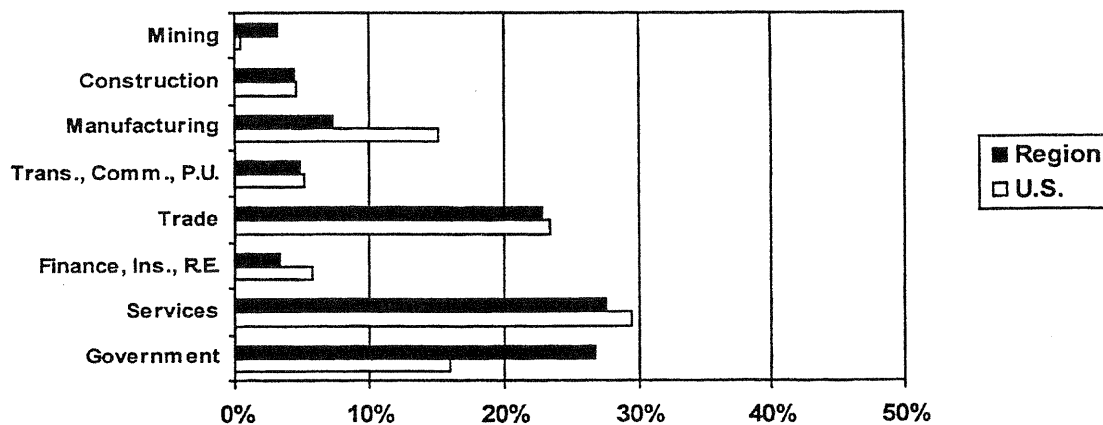
The region is also large in terms of employment, with 91,180 employed residents in 1997. This accounted for 12.2 percent of employed residents statewide. As is the case with population, the largest county in the region in terms of employment was Monongalia County, followed by Harrison County and Marion County.

The region recorded per capita personal income of \$19,319 in 1996, the most recent year for which data is available. This was above the statewide average of \$18,225, but fell 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.

Of the three counties within the region, Monongalia County registered the highest per capita personal income (\$20,111, ranked 8th in the state) in 1996. Harrison County followed with per capita personal income of \$19,489 (ranked 9th), as did Marion County (\$18,032, ranked 14th).

Mining, primarily coal mining, is an important part of the regional economy, as shown in Figure 2. In 1997, mining accounted for 3.1 percent of total nonfarm jobs in the region compared to 0.5 percent of total nonfarm jobs nationally. In addition, the three county region accounted for 11.9 percent of statewide coal production in 1997. Most of the coal mining in the region is underground, with Harrison, Marion, and Monongalia counties accounting for 16.0 percent of statewide coal production from underground mines.

FIGURE 2
Harrison, Marion, and Monongalia County
Employment Shares in 1997 Compared to the Nation

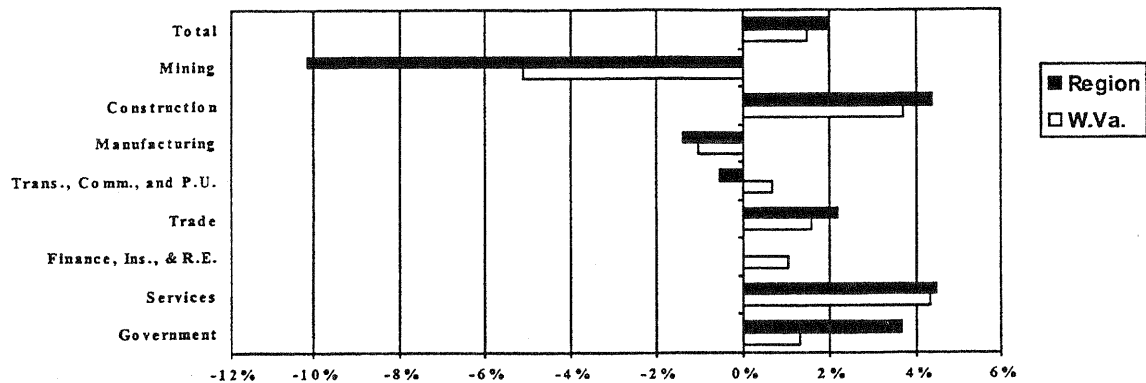


Government jobs also made up a larger share of total jobs in the region (26.7 percent) than nationally (16.0) in 1997. Both federal and state and local jobs made up a larger share of the regional economy than nationally, reflecting the presence of several federal agencies and higher education institutions in the region.

Job growth in the region has outpaced statewide results during the 1990-97 period. The region recorded average annual growth of 1.9 percent per year, compared to statewide growth of 1.5 percent per year. The region exceeded the statewide average growth rate in spite of huge job losses in coal mining during

the last seven years, as Figure 3 shows. Since 1990, the mining jobs in the region have gone from 6,137 to 2,898 in 1997. The region has also lost manufacturing jobs during the last seven years, but the losses have been at about the same pace as recorded statewide.

FIGURE 3
Annual Nonfarm Job Growth: 1990-97
W.Va. and Harrison, Marion, and Monongalia County



The sectors that have driven job growth in the region so far in the 1990s have been construction, services, government, and trade. Each of these has posted growth rates in excess of the statewide average.

Vigorous job growth has contributed to a reduction of the region's unemployment rate from a high of 11.2 percent in 1993 to 6.8 percent in 1997. County unemployment rates in 1997 varied from 4.6 percent in Monongalia County to 9.6 percent in Marion County, with the unemployment rate of Harrison County (7.2 percent) falling in between.

Per capita personal income growth in the region during the 1990-96 period (4.4 percent per year) exceeded both the national growth rate of 4.1 percent per year and the statewide growth rate of 4.3 percent per year. Per capita personal income growth was fastest in Monongalia County (4.7 percent per year, ranked 14th), followed by Harrison County (4.6 percent per year, ranked 16th), and Marion County (3.5 percent per year, ranked 36th).

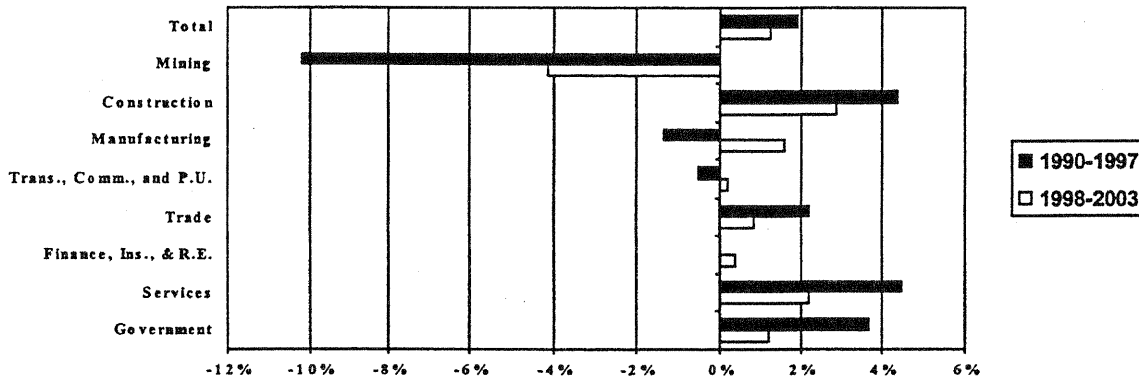
Current estimates suggest that the region's population growth rate has averaged 0.2 percent per year during the last seven years. This is equal to the statewide rate of population growth, but falls well short of the national average rate of growth of 1.0 percent per year. In addition, current estimates suggest that the region has recorded population declines during 1996 and 1997, as has the state. The declines have been moderate to this point, with the drop from 1995 to 1997 estimated to be 1,200 residents.

Forecast: 1998-2003

The fortunes of the region 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 regional economy will follow suit. If the U.S. economy slips into recession, then growth in the region will suffer. The forecast for the region, which is described below, 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 the region, as summarized in Table 1, calls for steady job gains during the 1998-2003 period. However, as Figure 4 shows, the forecast calls for job growth to be slower during the next five years than it was during the 1990-1997 period.

FIGURE 4
Harrison, Marion, and Monongalia County
Annual Job Growth: History and Forecast



Job losses in the coal mining industry are forecast to continue, although at a slower pace than during the early years of the decade. However, the reliance of the region on coal with relatively high sulfur content makes regional coal output vulnerable to lower sulfur coal produced in other parts of the state and the western U.S. The forecast calls for the goods-producing sector as a whole (mining, construction, manufacturing) to generate jobs at a faster rate than is expected statewide or nationally because of better regional performance in construction and manufacturing.

Service-producing job growth is forecast to decelerate during the 1998-2003 period, as job growth in trade, services, and government continues, but at a slower pace than during the 1990-1997 period. Services job growth during the forecast is supported by gains in business services, including telemarketing and computer programming, as well as other services sectors. Government job growth continues during the forecast, but at a slower pace, as federal government job growth decelerates.

Steady job gains during the forecast produce steady unemployment rate and population levels in the region. The forecast calls for the region's unemployment rate to remain in the vicinity of 5.7 percent during the next five years and for the population level to stabilize near 204,000 residents.

The forecast for inflation-adjusted personal income growth calls for regional gains to roughly match statewide results. However, the forecast calls for the regional (and statewide) per capita income levels to make slow progress in closing the per capita income gap with the nation.

TABLE 1
Harrison, Marion, and Monongalia County Region
Employment, Population, and Income Forecasts

	Actual		Forecast				Region 1998-2003	Annual Growth		U.S. (%) 1998-2003	
	1995	1996	1998	1999	2000	2001		2002	2003		Region (%) 1998-2003
Total	86,871	87,594	88,300	89,592	90,807	91,824	93,087	94,003	1.3	1.1	1.3
Goods Producing	15,514	14,521	13,948	13,522	13,708	13,880	13,986	14,112	0.9	-0.2	-1.1
Mining	4,208	3,449	2,898	2,693	2,598	2,519	2,439	2,314	-4.1	-2.9	-3.4
Construction	4,332	4,058	4,257	3,778	4,062	4,146	4,233	4,353	2.9	1.0	0.7
Manufacturing	6,974	7,014	6,793	6,885	7,097	7,215	7,324	7,445	1.6	0.0	-1.6
Service Producing	71,357	73,073	74,352	74,795	77,006	77,944	79,092	79,890	1.3	1.4	1.8
Trans., Comm., P.U.	5,147	4,696	4,506	4,472	4,484	4,494	4,503	4,516	0.2	0.0	0.7
Trade	20,924	21,105	21,456	21,895	21,896	22,130	22,330	22,533	0.9	0.9	1.3
Finance, Ins., R.E.	3,241	3,072	3,038	2,986	2,998	3,009	3,032	3,040	0.4	0.8	1.3
Services	21,659	22,628	23,196	23,452	24,332	25,059	25,594	26,126	2.2	2.3	2.7
Government	20,386	21,572	22,156	22,291	23,198	23,253	23,633	23,674	1.2	1.0	1.6
Labor Force	94,550	97,880	97,800	96,339	97,065	97,969	98,142	98,566	0.5	0.8	1.2
Employment	88,000	90,560	91,180	90,812	91,578	92,222	92,448	92,893	0.5	0.8	1.0
Unemployment Rate	6.9	7.5	6.8	5.7	5.9	5.8	5.8	5.7	-0.3	-0.1	3.7
Total Population	206.3	206.1	205.1	204.4	204.0	204.1	204.2	204.3	0.0	0.1	1.0
					Population (Thousands)						
					1997	1998	1999	2000	2001	2002	2003
						Forecast					
						Real Personal Income (Thousands of 1992 Dollars)					
Total	3,583,228	3,628,605	3,643,899	3,656,371	3,704,199	3,747,462	3,796,586	3,847,865	3,891,251	3,936,744	3,982,233
Wage and Salary	2,028,419	2,037,022	2,043,527	2,047,077	2,082,759	2,107,866	2,135,759	2,161,674	2,178,871	2,196,168	2,213,465
Other Labor Income	251,011	243,533	233,185	227,149	228,371	230,341	232,084	233,885	235,410	236,935	238,460
Proprietors' Income	234,410	234,783	240,936	243,755	249,861	254,592	258,682	262,725	266,811	270,854	274,897
Dividends, Interest, Rent	588,551	608,523	616,634	620,055	617,746	615,541	615,371	619,648	628,442	637,235	646,028
Transfer Income	845,020	861,889	867,934	878,593	891,255	908,385	926,848	945,337	960,689	976,137	991,589

The Region includes Harrison, Marion, and Monongalia counties.

* Covered nonagricultural employment by industry includes employment at firms participating in the West Virginia 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. U.S. forecast from Standard & Poor's DRI, December 1998.

Overview of the Region from the 1990 Census

As shown in Table 2, the age distribution in 1990 was more concentrated in the 18-24 and 65-and-older age groups in the region than for the state or the nation. The large share of the population in the 18-24 age group arose from the higher education institutions located in the region. Overall, in 1990, the region had a larger share of its population in the 18-64 age group (62.7 percent) than did the state (60.7 percent) or the nation (61.8 percent).

TABLE 2
Harrison, Marion, and Monongalia County
Population by County and Age Group

	Population		Share of Population by Age Group: July 1990								Median Age
	July 1990	Ann.Gr.Rt.90-97	under 5	5-17	18-24	25-44	45-64	65+	16+	85+	April 1990
Harrison County	69,249	0.3	5.9	18.3	8.7	28.6	20.8	17.7	78.9	1.8	36.9
Marion County	57,174	-0.1	5.4	17.0	11.0	27.7	20.7	18.2	80.5	1.9	37.3
Monongalia County	75,530	0.4	5.4	14.3	23.5	30.1	15.9	10.9	82.7	1.1	29.2
Region	201,953	0.2	5.5	16.4	14.9	28.9	18.9	15.3	80.8	1.6	--
W.Va.	1,792,402	0.2	5.9	18.4	10.2	29.9	20.6	15.0	78.7	1.4	35.3
U.S.	249,439,545	1.0	7.6	18.2	10.8	32.4	18.6	12.5	77.0	1.2	32.8

Source: U.S. Bureau of the Census

Monongalia County was the least rural of the six counties in 1990, with half of its resident living in rural areas. Harrison (61 percent) and Marion (65 percent) counties were somewhat more rural in 1990.

In 1990, 90 percent of Monongalia County employed residents also worked within the county. For Harrison County and Marion County, the percentage of employed residents working in the county was also high, at 85 percent and 79 percent, respectively.

Monongalia County drew in workers from surrounding counties in 1990, with the most coming from Preston and Marion counties in West Virginia. Fayette and Greene counties in Pennsylvania also contributed workers in 1990, as did Harrison and Taylor counties. Harrison County drew the most workers from Marion, Taylor, Doddridge, Lewis, and Barbour counties. Marion County drew workers from Harrison, Monongalia, and Taylor counties. Overall, Monongalia County and Harrison County drew workers in from surrounding counties, while Marion county contributed workers.

Harrison, Marion, and Monongalia County Outlook

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