

Harrison, Marion, and Monongalia County Outlook

FORECAST: 1998-2003

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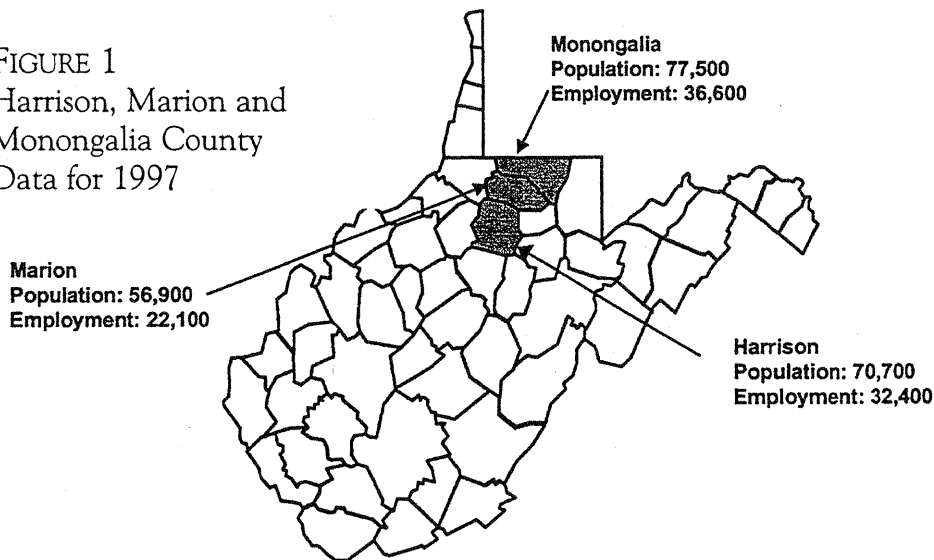
Executive Summary

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



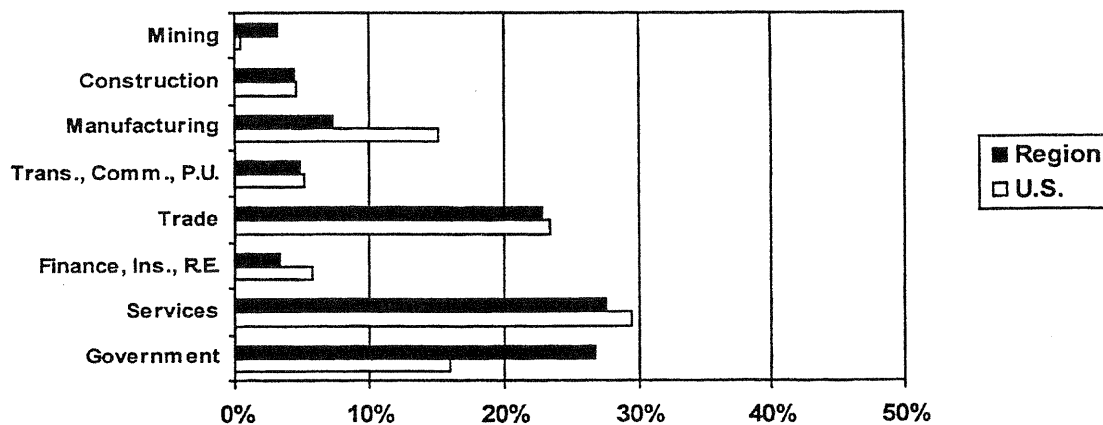
The region is also large in terms of employment, with 91,180 employed residents in 1997. This accounted for 12.2 percent of employed residents statewide. As is the case with population, the largest county in the region in terms of employment was Monongalia County, followed by Harrison County and Marion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

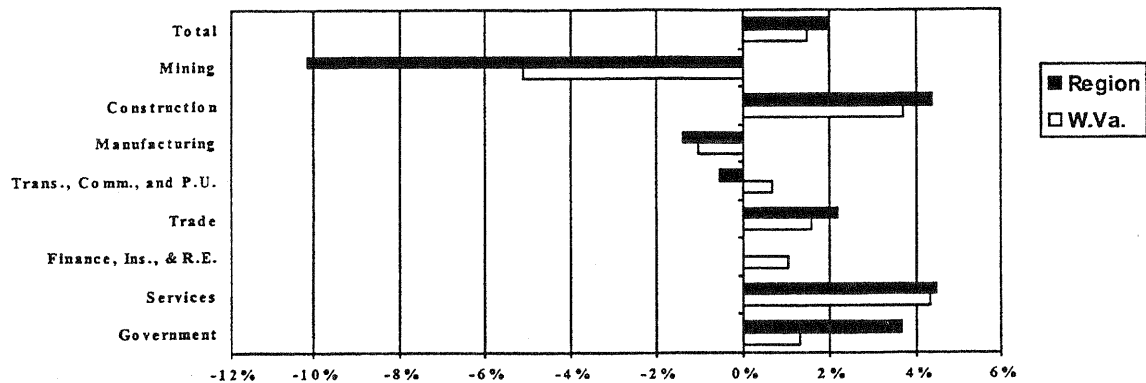


Government jobs also made up a larger share of total jobs in the region (26.7 percent) than nationally (16.0) in 1997. Both federal and state and local jobs made up a larger share of the regional economy than nationally, reflecting the presence of several federal agencies and higher education institutions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

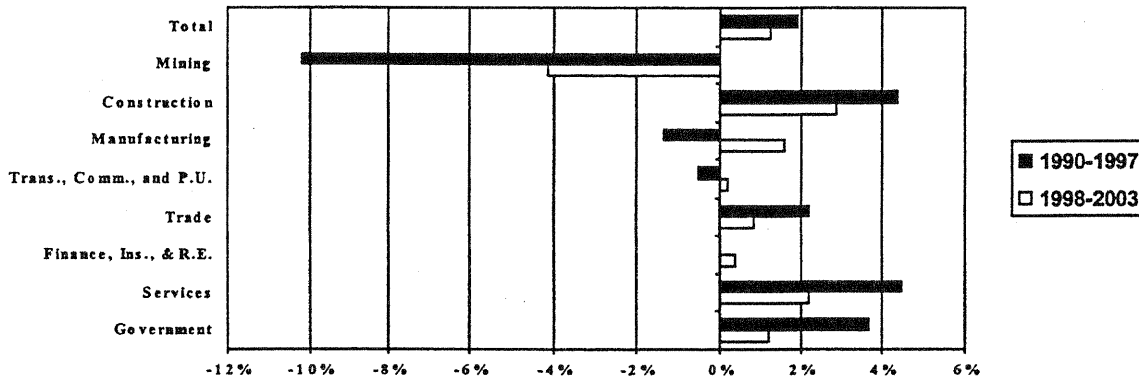
Current estimates suggest that the region's population growth rate has averaged 0.2 percent per year during the last seven years. This is equal to the statewide rate of population growth, but falls well short of the national average rate of growth of 1.0 percent per year. In addition, current estimates 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.

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.

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