



West Virginia Economic Outlook Long-Term Forecast

FORECAST: 2002-2011
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BUREAU OF BUSINESS AND ECONOMIC RESEARCH
COLLEGE OF BUSINESS AND ECONOMICS



Executive Summary

It's commonly suggested that for the state to improve its economic performance, we need to think outside of the box. This may be true, but in order to think "outside of the box," we need to understand the box and its implications for the future.

Here's the box, according to data through early 2002:

- West Virginia jobs stabilized in late 2001, possibly signaling an end to the state downturn. However, on a seasonally adjusted basis, the state added only 2,700 jobs from October 2001 to April 2002. Further, the preliminary seasonally-adjusted total employment estimate for May 2002 is below the October 2001 estimate, suggesting that we may not be entirely out of the woods yet.
- West Virginia's seasonally adjusted unemployment rate spiked up in early 2002, hitting 6.2 percent in May 2002, 0.4 percentage points above the national rate. This may not be a bad sign, if it reflects increased job search activity spurred by job gains.
- The per capita personal income gap between the state and the nation fell in 2001, from 26.2 percent in 2000 to 24.9 percent. According to this preliminary data, the surge in West Virginia per capita personal income in 2001 was attributable to strong gains in earnings in mining (with the resurgence in coal mining), construction, manufacturing, and services, as gains in each of these sectors outpaced the national average.
- Preliminary Census estimates indicate that the state lost 5,200 residents between July 2000 and July 2001. The state posted negative natural increase (more deaths than births) last year and net migration was negative.
- Overall for the 1990s, the state economy gradually improved by adding jobs, registering increases in per capita personal income and gross state product (GSP) (even after adjusting for inflation), adding residents, and driving down the rate of unemployment.
- West Virginia's growth in jobs, residents, per capita personal income, and per capita GSP fell short of national results during the 1990s.

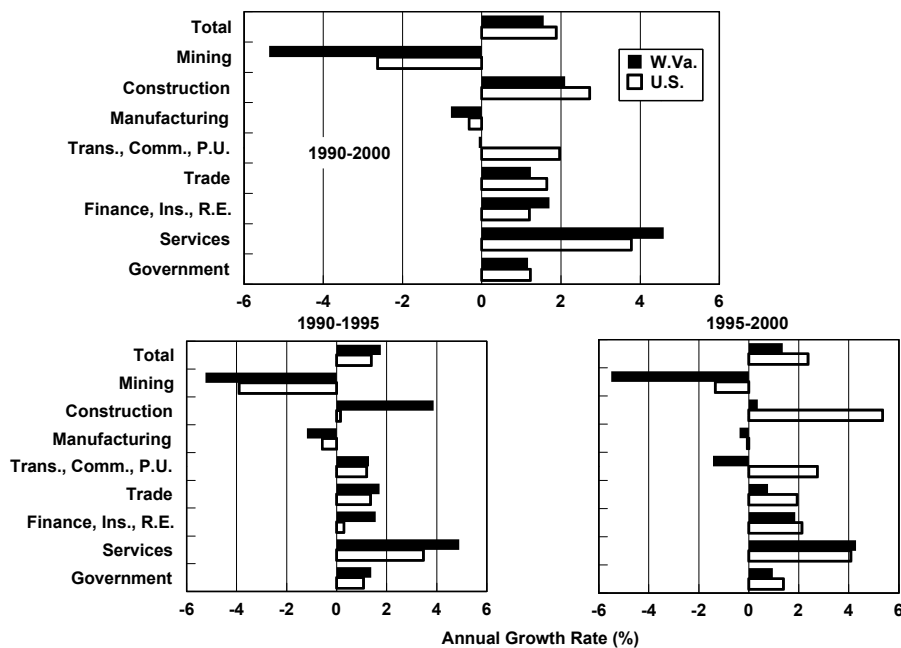
The long-term forecast projects historical economic relationships between the state and national economies into the future. In other words, given the box as it appears now, here's where the state economy is headed:

- The state is forecast to register more jobs, real per capita personal income, and real GSP in 2011 than it does today. In other words, the forecast calls for West Virginia's standard of living to be higher in 2011 than it is today.
- The forecast calls for gradual population declines during the 2002-2011 period, as the state continues to post negative natural increase and to generate little or no net migration into the state.
- The state unemployment rate stabilizes between 4.8 and 6.0 percent during the forecast period.
- West Virginia's growth during the forecast period is expected to be slower than national growth. This leaves the state further behind the national average in 2011 than it is today.

West Virginia in a Box

Jobs, income, gross state product, population, and unemployment rates are the basic indicators economists use to evaluate regional economic performance. Let's start with the job picture during the last decade. As Figure 1 shows, West Virginia's annual job growth (of 1.6 percent per year) lagged slightly below the national rate of 1.9 percent. Note also from the two charts at the bottom of the figure, that the first half of the 1990s was very different from the last half. Contrary to popular belief, West Virginia outpaced national growth during the first half of the decade, but fell behind national results during the last half of the decade. The state fell behind the nation during the last half of the decade not so much because our growth slowed (although it did, from 1.8 percent during the 1990-1995 period to 1.4 percent during 1995-2000), but because national job accelerated from 1.4 percent to 2.4 percent during the last half of the 1990s. The investment spending boom of the late 1990s (think dot com) did a lot more for the national economy than it did for West Virginia.

FIGURE 1
W.Va. and U.S. Job Growth During the 1990s



During the 1990s, the state lost mining jobs at a rapid clip. The rate of job loss was consistent across the first and second half of the decade, as productivity trends in response to heavy competitive pressure forced continuing job losses. Coal production remained roughly steady at high levels during the most of the 1990s. Further, during the late 1990s the industry has faced pressure from increased regulatory activity related to environment concerns. This produced a particularly bad year in 1999, but with strong national energy demand during 2000-2001 activity in the industry in the state rebounded. Indeed, in 2001 coal-mining jobs posted their first year-to-year gains since 1994, when the state's coal miner's returned to work after a labor dispute. Employment in coal mining has weakened during early 2002, as a warm winter and slower national economic growth has reduced demand for coal.

Proposed changes in the regulatory environment and competitive pressure also restrained job growth performance in transportation, communications, and public utilities, where the state's electric power producers are classified.

The state's construction job growth was similar to the national average during the last decade, but most of those gains came during the first half of the decade, with a rapid rise in infrastructure investment in the state. The story of the last half of the decade is one of maintaining a fairly high level of activity in the face of little or no population gains.

As Table 1 shows, manufacturing jobs in the state declined during the last decade, as they did nationally. The rate of manufacturing job loss in West Virginia (-0.8 percent per year) was more than double the national rate of loss (of -0.3 percent per year). For the state, the rate of job loss was greater during the 1990-1995 period than it was during the 1995-2000 period. Both durable goods and non-durable goods producers in West Virginia registered job losses during the decade, but the rate of decline was far faster for non-durable goods (-1.6 percent per year) than it was for durable goods (-0.2 percent per year). Indeed, the durable goods sector actually posted job gains during the 1995-2000 period, in contrast to continued job losses in the non-durable goods sector.

TABLE 1
W.Va. and U.S. Manufacturing Job Growth

	W.Va. Jobs	Annual Growth Rates in Percent					
		1990-2000		1995-2000		1990-1995	
		2001	W.Va.	U.S.	W.Va.	U.S.	W.Va.
Manufacturing	77,400	-0.8	-0.3	-0.4	-0.1	-1.2	-0.6
Durable Goods	46,200	-0.2	0.0	0.3	0.8	-0.7	-0.8
Wood Products	11,700	4.5	1.2	3.9	1.7	5.2	0.6
Stone, Clay, and Glass	5,900	-1.8	0.4	-0.3	1.4	-3.3	-0.6
Primary Metals	10,000	-3.1	-0.8	-3.4	-0.4	-2.9	-1.2
Fabricated Metals	5,800	0.7	0.8	0.0	1.4	1.4	0.3
Industrial Machinery	5,100	-1.4	0.1	-0.4	0.5	-2.5	-0.3
Electronic Machinery	1,600	-4.5	0.3	-2.2	1.1	-6.8	-0.6
Transportation Equipment	3,800	5.0	-0.7	6.9	0.6	3.1	-2.1
Other Durable Goods	2,400	0.4	-1.0	-0.8	0.2	1.6	-2.2
Non-Durable Goods	31,200	-1.6	-0.8	-1.4	-1.3	-1.8	-0.3
Food Products	4,400	0.9	0.1	-1.7	-0.1	3.5	0.4
Printing & Publ.	5,900	1.1	-0.1	2.6	0.0	-0.4	-0.3
Chemical Products	13,500	-2.3	-0.5	-1.9	-0.0	-2.7	-0.9
Other Non-Durable Goods	7,400	-3.3	-1.7	-3.0	-3.0	-3.5	-0.5

Source: W.Va. Bureau of Employment Programs, Research, Information and Analysis. Author's calculations.

Within the durable goods sector, transportation equipment (auto parts and aircraft) and wood products (including furniture) added jobs at the fastest rate during the 1990s (and outpaced national results). Job losses in durable goods came at the fastest rate in electronic equipment and primary metals (which includes steel products). Job losses in primary metals were related to heavy competitive pressure from world producers, spurred by global over-capacity and a strong U.S. dollar.

The state's largest manufacturing sector (both in terms of jobs and gross state product) is chemical products. This sector also recorded job losses at a rapid clip during the decade, dropping from 17,900 jobs in 1990 to 13,500 jobs in 2000. Strong competitive pressure from domestic and international producers continues to drive productivity gains in the industry in West Virginia. Activity in chemical products has also been influenced by the strong U.S. dollar. In contrast both food products and printing and publishing posted job gains during the decade.

For most service-producing sectors (transportation, communications, public utilities; trade; finance, insurance, real estate; services; government), West Virginia was able to produce job gains at rates similar to the national average. Indeed, the state generated faster services job growth than did the nation during the decade, thanks in large part to solid growth in health care, social services and membership organizations, and business services.

Obviously, there was both good news and bad news from job growth performance during the last decade. There is no getting around the fact that the state failed to match national growth, but there is also no avoiding the fact that the state did not miss by much and in some cases outpaced national growth.

Good Things About Jobs

Jobs do several things for the state: they generate income, keep residents off the unemployment rolls, and help to retain residents in the state (or attract residents from other states).

With solid job growth during the decade, per capita personal income growth in the state averaged 4.1 percent per year during the decade. That growth rate fell just short of the national average of 4.2 percent, but exceeded the rate of growth of the personal consumption expenditures deflator (of 2.3 percent per year). That means that the standard of living of the state's residents rose during the decade. We were better off (on average, at least by this monetary standard) in 2000 than in 1990.

West Virginia's per capita personal income gap with the national economy remained wide in 2000, with the state's per capita personal income 26.2 percent below the national average in 2000. This gap also exceeded the difference in 1990, when the percentage difference was 25.5 percent. The preliminary data for 2001 make the picture marginally less depressing, since the state's per capita personal income growth last year (rebound in coal mining) was strong, helping to bring the gap with the nation down to 24.9 percent (and below the 1990 level). Whether the gap is slightly above or below its level in 1990 is less important than the realization that the state's income level remains far below the national average.

Personal income is a broad-based measure, which includes earnings from work (wages and fringe benefits), asset income (dividends, interest, rent), and transfer payments (Social Security, welfare, Medicare, Medicaid). This allows us to explore more deeply the reasons behind the large state per capita personal income gap. To do so however, we must rely on income-by-component estimates which are nearly one year old, because of lags in the data release process devised by the U.S. Bureau of Economic Analysis.

The state's low level of per capita personal income is primarily attributable to low earnings per worker. As Table 2 shows (using data for 2000, which is the most recent year for which a detailed income breakdown is available), the largest gaps between West Virginia and the nation are in earnings per employed resident (28.9 percent), asset income per capita (28.8 percent), and the employment-to-population ratio (10.3 percent). West Virginia exceeds the national average in transfers per person.

A little back-of-the-envelope calculation highlights which income component contributes the most to the income gap. Suppose that West Virginia's net earnings per employed resident matched the U.S., all other things constant. What would the gap be in that case? If the earnings of West Virginia residents matched the national average, the state's per capita personal income would be just over \$27,000 and the gap would fall to just 8.5 percent.

Table 2 contains similar computations for each of the other major components of personal income, but these have a much smaller impact on the gap. It is likely that most of the state's per capita personal income gap can be traced to low earnings from work. But that begs another question: why are wages low? Economic theory suggests that wages are intimately connected to productivity. Productivity (averaged across industries) in turn is influenced by a wide variety of factors, including human capital (health, education), private capital (buildings, machines, used to produce goods and services), public capital (transportation infrastructure, water, sewer, industrial sites), and technology. Making progress in catching-up to the national income level entails continuing investment in these fundamental building blocks of economic growth.

Moderate job and income growth (compared to the nation) during the last decade contributed to rough population stability in the state. The Census 2000 population count puts the state's population gain during the decade at 15,000 residents (which translates into a growth rate of 0.8 percent). This was the second slowest rate of growth posted by any state in the nation (only North Dakota grew more slowly). The national growth rate was 13.2 percent for the decade. Slow, but positive, economic growth has produced rough population stability.

Further, West Virginia's demographic structure restrains population growth, by contributing to slow natural increase (annual difference between births and deaths). Preliminary data for 2001 suggest a continuation of

this pattern, with slightly negative natural increase coupled with moderate net out-migration. The Census Bureau currently estimates that the state lost just over 5,000 residents between July 2000 and July 2001.

TABLE 2
Why Is The PCPI Gap So Big?

	2000*		
	W.Va.	U.S.	%Gap
Per Capita Personal Income (PCPI)	\$21,771	\$29,537	-26.3
Net Earnings per Employed Resident	\$30,089	\$42,318	-28.9
Employment/Population Ratio (%)	43.1	48.0	-10.3
Asset Income per Capita	\$3,847	\$5,403	-28.8
Transfers per Capita	\$4,962	\$3,803	30.5
What would W.Va. PCPI and the gap be if:			
W.Va. Net Earnings per Employed Resident Matched the U.S.? (all other things constant)	\$27,039		-8.5
W.Va. Employment/Population Ratio Matched the U.S.? (all other things constant)	\$23,265		-21.2
W.Va. Asset Income per Capita Matched the U.S.? (all other things constant)	\$23,327		-21.0
W.Va. Transfer Income per Capita Matched the U.S.? (all other things constant)	\$20,612		-30.2

*Due to lags in the Bureau of Economic Analysis data release process, per capita personal income data in this table do not match precisely other available estimates for 2000.

Solid job gains and population stability have combined to bring the state unemployment rate down from 8.4 percent in 1990 to just 5.5 percent in 2000 and 4.9 percent in 2001 (just 0.1 percent above the U.S. average rate for the year). Indeed, from August 2001 to January 2002, the seasonally adjusted state rate was below the national rate. That has not happened since the 1970s. Overall, the West Virginia economy now makes more efficient use of its labor resources than it has in decades.

Finally, West Virginia real GSP grew 1.3 percent in 2000 (the latest year for which data are available), compared to 4.5 percent nationally. West Virginia's growth in 2000 was slower than nationally in nearly all sectors, with the exception of agriculture, forestry, and fishing, mining, and government. For the 1990s, West Virginia posted real GSP growth of 2.3 percent per year, again falling short of the national growth rate of 3.4 percent per year. Gross state product is the value of goods and services produced by labor and property located in a state.

Forecast: 2002-2011

West Virginia's long-term growth depends in part on economic activity nationally and internationally. Thus, the state forecast depends on a forecast for the U.S. Table 3 summarizes the U.S. outlook which underpins the state outlook. The national forecast assumes that there are no new terrorist attacks which affect the U.S. economy and that there are no new major U.S. military operations abroad.

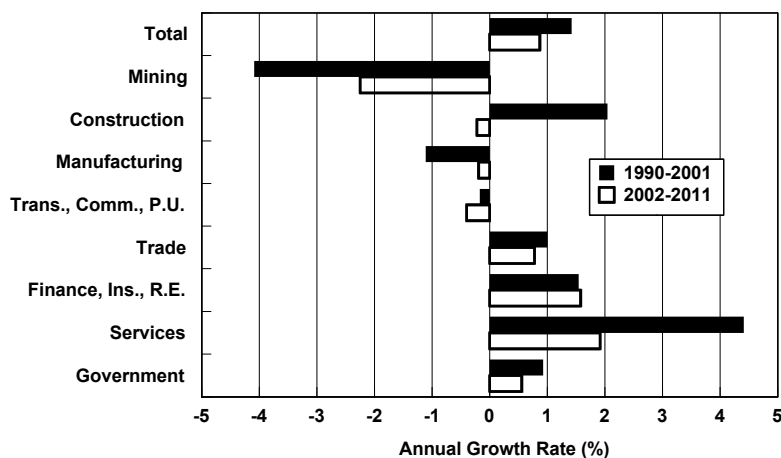
The national outlook through 2011 calls for renewed economic growth during the second half of 2002. Real gross domestic product (GDP) growth rebounds from 1.2 percent in 2001 to 2.5 percent in 2002 and rises to 3.6 percent in 2003 and then remains in the 3.0-3.6 percent range through 2011. Monetary policy gradually becomes more restrictive during the forecast, with the federal funds rate rising from 2.0 percent on average during 2002 to 5.5 percent by 2004. This preventive action by the Federal Reserve restrains inflation during the ten-year period, with increases in the consumer expenditures deflator remaining in the 2.5 percent range through the end of the forecast.

National population growth remains in the 0.8-0.9 percent range during the next ten years, with gradual increases in the rate of growth of the population age 65 and older. Employment growth stays sluggish during 2002, as employers wait for firm signs of recovery, but employment growth accelerates during 2003-2004. The acceleration in employment growth drives the unemployment rate down to 5.0 percent by 2005. Steady job gains during the rest of the forecast, combined with a gradually aging population, push the U.S. unemployment rate down below 4.5 percent by 2011.

The outlook for the U.S. dollar calls for it to gradually depreciate during the forecast. This tends to make U.S. exports more competitive in international markets and tends to make foreign goods and services more expensive for U.S. residents. The combination of these forces drives net exports (U.S. exports minus U.S. imports) as a share of GDP down from -4 percent in 2003 to -2.9 percent by 2011.

Overall, the outlook calls for the U.S. economy to (sluggishly) rebound from the 2001 recession. What does this mean for the state? Tables 4 and 5 summarize the employment, population, and income forecasts. As Figure 2 shows, the national economic rebound translates into renewed growth in West Virginia jobs as well, although state job gains are expected to be modest compared to growth rates posted during the 1990s.

FIGURE 2
W.Va. Job Growth Remains Steady



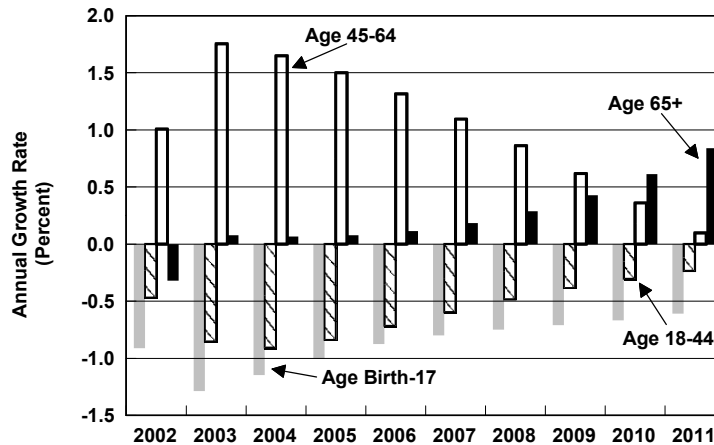
Mining employment is forecast to continue to decline, as overall trends toward increased productivity and consolidation in the industry proceed. Construction jobs hover around the 34,000 mark, as interest rates rise and the state's population falls. Manufacturing employment stabilizes at around 73,000 jobs during the forecast, with the best job performance coming in wood products and transportation equipment. Primary metals (steel) and chemical products continue to lose jobs during the forecast as intense competitive pressure (both domestic and international) continues to force productivity gains. These two sectors may get a little extra breathing room during the forecast, as the U.S. dollar gradually depreciates.

Service-producing jobs generate most net job growth during the forecast, with services supplying the lion's share of job gains. Business services (which includes call centers, computer programming, and janitorial services, to name a few) and health care services drive the growth in this sector during the forecast. Travel-and-tourism-related services also contribute to gains in this sector during the forecast. However, gains in this sector are forecast to come at a slower rate during the next decade than they did during the 1990s. Slower national growth and tight public sector budgets combine to slow gains in business, health care, and tourism-related services.

Moderate job gains during the forecast generate modest income growth. On a per capita basis, West Virginia's real personal income growth averages 1.8 percent per year during the 2002-2011 period, implying a rising standard of living. Indeed, the forecast calls for the state to generate an additional \$416 of real income (expressed in 1996 dollars) per year for each resident. This is income (adjusted for the effects of inflation) that is

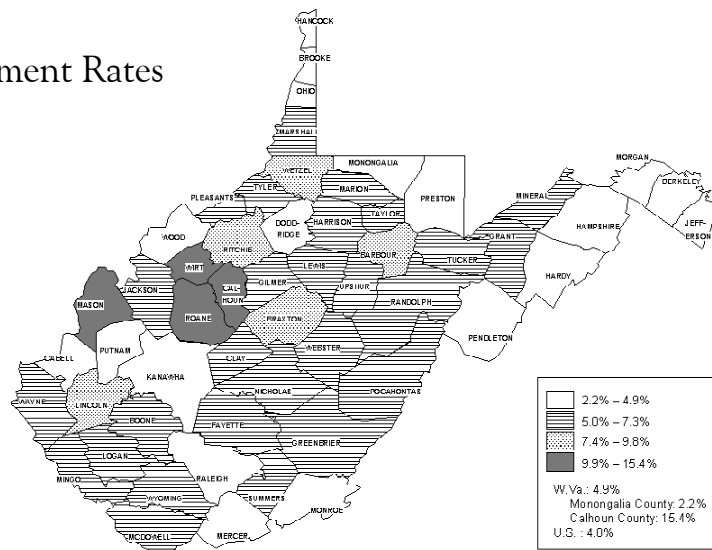
available for additional purchases (although income taxes must still be paid). In short, the forecast calls for West Virginia residents to be better off in 2011 than they are today. However, the forecast also calls for real per capita personal income growth in the state to fall behind national growth of 2.2 percent per year. These growth rates imply an increase in the per capita personal income gap from 24.9 percent in 2001 to 26.6 percent by 2011. This would be the largest income gap since 1989.

FIGURE 3
W.Va. Population Gains Concentrate in the Older Age Groups



With job and income gains coming at a slower rate than is expected for the nation, West Virginia’s population level is forecast to continue its gradual descent, falling from 1.8 million in 2001 to 1.785 million by 2011. Two major factors drive this result: continued negative natural increase and near-zero net migration. These two factors also influence the age distribution of the state’s residents, driving the number of young residents down and the number of older residents up. As Figure 3 shows, the forecast calls for continued declines in the school age population (age birth to 17 years) and in the population age 18 to 44. The state posts the largest gains in the 45-to-64 age group as the baby boomers gradually transition out of the 18-to-44 group. Late in the forecast we begin to see a surge in growth in the 65-and-older age group.

FIGURE 4
W.Va. County Unemployment Rates 2001



Continuing job gains, coupled with mild population losses, combine to push the state unemployment rate down from 6.0 percent in 2002 to 4.8 percent by 2011. Overall, the state’s labor market is expected to return to 2001 levels by the end of the forecast. This does not mean that all of the state’s regional labor markets will

perform equally well. As Figure 4 shows, unemployment rates in 2001 were widely dispersed, with the lowest rate recorded by Monongalia County (2.2 percent) and the highest rate posted by Calhoun County (15.4 percent). The more metropolitan counties tend to post lower unemployment rates than do the more rural and isolated counties. This is a long-run structural problem which is unlikely to change during the next decade.

Table 6 summarizes the forecast for GSP growth in the state. As the table shows, the forecast calls for nominal GSP growth to average 3.1 percent per year during the 2001-2011 period. This is slower than annual growth posted during the 1990s, when West Virginia GSP grew by 4.1 percent per year. Likewise, the forecast calls for real GSP growth to decelerate from 2.3 percent per year during the 1990s to 1.8 percent annually during the next ten years.

Overall, the outlook for the state calls for gradual improvement in economic conditions. The forecast calls for the state to reach new highs in the number of jobs, in real per capita personal income, and in real GSP. The forecast also calls for the state to post moderate population declines and a stable unemployment rate in the neighborhood between 5.0-6.0 percent. All in all, not a dismal outlook. However, it's hard to feel good about the forecast, because it calls for state growth to fall well below the national standard.

With this in mind, there are a number of risks to the forecast. Some of these risks are specific to West Virginia and some are common to all states. In terms of state-specific risks, the outlook for coal remains uncertain due in part to legal conflict regarding environmental regulation related to water quality issues. In addition, two of the state's major manufacturing industries (chemicals and primary metals) are under considerable competitive pressure, both from domestic and international sources. Major plant closures in either of these two sectors would have an impact on the outlook for the state as a whole.

West Virginia faces macroeconomic risks (along with other states) related to national and international economic growth. Under baseline assumptions, the national economy is expected to rebound weakly through 2002, but if this weak growth descends into an extension of the current recession, it will drag the state's growth down with it.

TABLE 3
U.S. Long-Term Forecast
DRI-WEFA May 2002

	Actual	Forecast									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
		Annual Growth Rates									
Real Gross Domestic Product	1.2	2.5	3.6	3.9	3.0	2.7	2.8	3.3	3.4	3.6	3.2
Industrial Production	-3.7	0.4	6.2	5.2	4.1	3.8	3.9	4.4	4.9	5.3	5.7
Nonfarm Employment	0.4	-0.4	1.9	2.3	1.6	1.1	1.1	1.1	1.1	1.4	1.3
Real Personal Income	2.9	2.1	3.5	3.6	2.8	2.6	2.6	2.9	3.0	3.3	3.0
Personal Consumption Deflator	1.9	1.2	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.7
Total Population	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Population Age 16+	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	0.9	0.9
Population Age 65+	0.7	0.7	0.9	1.0	1.1	1.3	1.7	2.2	1.9	1.8	2.1
Real Export Growth	-4.5	-4.0	6.1	7.3	6.8	7.4	7.2	7.3	7.4	7.0	6.7
Real Import Growth	-2.7	3.3	7.2	6.0	4.9	4.2	4.3	4.4	4.8	5.1	4.9
Nominal Trade-Wtd. Value of U.S.\$ (Industrialized Countries)	6.1	1.8	-4.5	-2.9	-1.8	-1.5	-1.0	-1.2	-1.2	-1.2	-1.2
		Annual Averages									
Unemployment Rate	4.8	6.0	5.7	5.2	5.0	5.1	4.9	4.7	4.4	4.2	
Federal Funds Rate	3.9	2.0	4.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Thirty-Year Treasury Bond Yield	5.0	5.4	5.9	6.0	5.9	5.9	6.0	6.0	6.0	6.1	6.1
Net Exports: Share of GDP	-3.2	-3.8	-4.0	-4.0	-4.0	-3.8	-3.6	-3.4	-3.2	-3.0	-2.9

TABLE 4
West Virginia Employment, Labor Force, and Unemployment Rate Forecasts
 (Thousands)

	Forecast											Annual Growth		
	Actual	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-2011	2002-2011
Total	735.8	735.7	739.3	748.1	754.9	762.9	770.1	777.0	782.5	790.5	795.3	6.6	0.9	1.4
Goods Producing	133.8	131.7	130.3	129.2	128.1	127.2	126.4	125.4	125.1	125.2	125.5	-0.7	-0.5	1.0
Mining	22.5	22.4	21.3	20.6	19.8	19.3	19.0	18.7	18.5	18.4	18.3	-0.5	-2.2	-1.8
Coal Mining	17.6	17.6	16.6	15.8	15.0	14.6	14.2	14.0	13.8	13.7	13.6	-0.4	-2.8	NA
Construction	33.9	35.0	34.7	34.5	34.4	34.3	34.3	34.2	34.2	34.2	34.3	-0.1	-0.2	2.0
Manufacturing	77.4	74.3	74.2	74.2	74.0	73.6	73.1	72.5	72.3	72.6	73.0	-0.1	-0.2	0.6
Durable Mfg.	46.2	44.5	44.8	45.2	45.6	45.8	45.9	45.7	45.6	45.8	46.0	0.2	0.4	0.8
Wood Products	11.7	11.4	11.8	12.2	12.5	12.7	12.8	12.9	13.1	13.4	13.6	0.2	2.0	-7.6
Stone, Clay, Glass	5.9	5.4	5.2	5.0	4.8	4.6	4.4	4.3	4.1	4.0	3.9	-0.2	-3.5	-0.2
Primary Metals	10.0	9.5	9.5	9.6	9.6	9.6	9.4	9.2	9.1	9.0	8.9	-0.1	-0.7	0.1
Fabricated Metals	5.8	5.7	6.0	6.1	6.3	6.3	6.4	6.3	6.4	6.4	6.5	0.1	1.4	0.6
Non-Elec. Mach.	5.1	4.9	4.5	4.3	4.3	4.5	4.8	4.7	4.6	4.6	4.7	0.0	-0.4	-0.4
Elec. Machinery	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3	0.0	-2.0	3.2
Trans. Equip.	3.8	3.8	3.9	4.0	4.0	4.1	4.1	4.1	4.2	4.3	4.4	0.1	1.8	-0.5
Other Dur.	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.7	2.8	2.8	2.9	0.0	1.7	-7.3
Non-Durable Mfg.	31.2	29.8	29.4	28.9	28.4	27.7	27.2	26.8	26.7	26.8	27.0	-0.3	-1.1	0.4
Food Products	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.2	4.1	4.1	4.1	0.0	-0.9	0.7
Printing & Publ.	5.9	5.7	5.8	5.8	5.9	5.9	5.9	6.0	6.1	6.1	6.2	0.0	0.8	2.0
Chemicals	13.4	12.2	11.7	11.2	10.6	10.0	9.6	9.3	9.3	9.4	9.6	-0.3	-2.6	-0.3
Other Non-Dur.	7.5	7.4	7.5	7.5	7.5	7.5	7.4	7.3	7.2	7.2	7.1	0.0	-0.5	-0.3
Service Producing	601.9	604.0	609.0	618.9	626.7	635.7	643.7	651.6	657.4	665.3	669.8	7.3	1.2	1.5
Trans., Comm., P.U.	37.0	36.8	36.9	37.0	36.9	36.6	36.3	36.1	35.9	35.7	35.5	-0.1	-0.4	2.0
Trade	161.9	162.1	163.1	164.7	166.2	167.7	169.3	170.8	171.8	172.9	173.8	1.3	0.8	0.7
Wholesale Trade	29.9	29.6	29.8	30.1	30.3	30.5	30.8	31.0	31.2	31.5	31.8	0.2	0.8	1.1
Retail Trade	132.0	132.5	133.3	134.6	135.9	137.2	138.6	139.8	140.6	141.4	142.0	1.1	0.8	0.5
Finance, Ins., R.E. Services	29.5	30.0	30.6	31.3	31.9	32.3	32.7	33.2	33.7	34.1	34.5	0.5	1.6	1.4
Business	232.5	234.1	236.2	241.9	247.4	253.8	259.8	264.7	269.0	273.4	277.7	4.8	1.9	2.6
Health Care	31.0	30.4	31.2	32.6	34.0	35.2	36.5	37.9	39.2	40.6	41.8	1.3	3.6	NA
Social & Member	74.8	76.4	76.6	77.5	77.9	78.8	80.4	81.6	82.5	83.5	84.7	0.9	1.2	2.1
Other Services	61.3	61.1	61.0	62.8	65.4	68.4	70.4	71.6	72.4	73.1	73.6	1.4	2.1	NA
Government	65.4	66.2	67.4	69.0	70.2	71.3	72.4	73.6	74.9	76.3	77.6	1.3	1.8	NA
Federal Civilian	141.0	140.9	142.2	144.0	144.3	145.4	145.6	146.8	147.1	149.1	148.2	0.8	0.6	0.4
State & Local	21.8	22.2	22.8	23.2	23.6	23.9	24.3	24.6	25.0	25.9	25.2	0.3	1.4	0.1
Resident Labor Force, Employment, and Unemployment Rate	119.2	118.8	119.4	120.8	120.8	121.5	121.3	122.2	122.1	123.2	123.0	0.5	0.4	0.4
Labor Force	833.2	806.9	809.6	823.8	833.9	841.7	847.9	853.0	856.7	859.8	864.0	6.3	0.8	1.1
Employment	792.4	758.8	763.4	781.0	790.6	796.9	802.5	808.1	812.4	818.4	822.6	7.1	0.9	1.3
Unemployment Rate(%)	4.9	6.0	5.7	5.2	5.2	5.3	5.4	5.3	5.2	4.8	4.8	-0.1	-2.4	-3.8

TABLE 5
West Virginia Population and Income Forecasts

	Forecast										Annual Growth			
	Actual	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	W.Va. 2002-2011	U.S. (%) 2002-2011
Total Population	1,802	1,799	1,796	1,794	1,794	1,792	1,790	1,789	1,788	1,787	1,786	1,785	-1.5	0.8
Age 0-17	401	397	392	388	384	380	377	375	372	369	367	367	-3.3	NA
Age 18-44	671	668	663	657	651	646	642	639	637	635	633	633	-3.9	NA
Age 45-64	454	458	466	474	481	487	493	497	500	502	502	502	4.9	NA
Age 65 and up	276	275	275	275	276	276	276	277	278	280	282	282	0.8	NA
Total Real Income	37,385	38,087	38,643	39,225	39,895	40,610	41,344	42,085	42,861	43,673	44,483	44,483	711	3.0
Wage and Salary	18,350	18,530	18,696	18,950	19,185	19,436	19,686	19,916	20,152	20,431	20,666	20,666	237	2.9
Other Labor Income	2,452	2,509	2,517	2,530	2,547	2,554	2,573	2,599	2,639	2,682	2,732	2,732	25	2.3
Proprietors' Income	2,402	2,492	2,567	2,581	2,596	2,632	2,675	2,725	2,775	2,831	2,886	2,886	44	3.0
Div., Int., Rent	6,508	6,461	6,531	6,593	6,662	6,733	6,798	6,861	6,919	6,982	7,054	7,054	66	3.1
Transfer Income	8,686	9,239	9,451	9,648	9,951	10,287	10,628	10,985	11,356	11,719	12,091	12,091	317	3.7
Real Per Capita Personal Income (1996 Dollars)	20,747	21,174	21,513	21,870	22,269	22,686	23,109	23,535	23,981	24,447	24,914	24,914	416	2.2
Wage and Salary	10,183	10,301	10,408	10,565	10,709	10,857	11,003	11,138	11,275	11,437	11,574	11,574	141	2.0
Other Labor Income	1,361	1,395	1,401	1,411	1,422	1,427	1,438	1,454	1,477	1,502	1,530	1,530	15	1.5
Proprietors' Income	1,333	1,385	1,429	1,439	1,449	1,470	1,495	1,524	1,552	1,585	1,616	1,616	26	2.1
Div., Int., Rent	3,612	3,592	3,636	3,676	3,719	3,761	3,800	3,837	3,871	3,909	3,951	3,951	40	2.2
Transfer Income	4,820	5,136	5,261	5,379	5,554	5,747	5,941	6,143	6,354	6,560	6,772	6,772	182	2.9

TABLE 6
West Virginia Gross State Product Forecasts

	Actual	Forecast										Annual Growth		
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	W. Va.
Gross State Product	42,271	44,022	45,046	46,402	47,820	49,244	50,799	52,435	54,117	55,898	57,903	59,948	1,593	3.1
Goods Producing	11,912	12,657	12,981	13,265	13,453	13,631	13,886	14,177	14,482	14,857	15,317	15,840	318	2.3
Ag., For., Fishing	309	294	317	336	343	346	351	357	364	372	382	392	10	2.9
Mining	2,863	3,284	3,458	3,479	3,514	3,521	3,569	3,637	3,720	3,812	3,918	4,034	75	2.1
Construction	1,980	2,178	2,298	2,360	2,418	2,482	2,555	2,632	2,716	2,803	2,897	3,000	82	3.3
Manufacturing	6,760	6,901	6,908	7,090	7,178	7,281	7,411	7,551	7,681	7,869	8,120	8,414	151	2.0
Durable Mfg.	2,951	2,995	3,013	3,090	3,109	3,151	3,220	3,282	3,325	3,379	3,465	3,567	57	1.8
Non-Durable Mfg.	3,809	3,906	3,895	4,000	4,069	4,130	4,191	4,268	4,356	4,491	4,655	4,847	94	2.2
Service Producing	30,357	31,364	32,065	33,137	34,367	35,613	36,913	38,258	39,636	41,041	42,586	44,107	1,274	3.5
Trans., Comm., P.U.	4,551	4,674	4,693	4,782	4,865	4,935	4,998	5,062	5,128	5,194	5,262	5,329	66	1.3
Trade	6,476	6,524	6,633	6,847	7,080	7,321	7,574	7,842	8,122	8,412	8,721	9,055	253	3.3
Wholesale Trade	2,237	2,236	2,246	2,341	2,438	2,537	2,641	2,751	2,867	2,988	3,121	3,264	103	3.9
Retail Trade	4,239	4,289	4,387	4,506	4,642	4,785	4,934	5,091	5,256	5,423	5,600	5,791	150	3.0
Finance, Ins., R.E.	4,816	4,917	4,959	5,087	5,248	5,423	5,597	5,778	5,965	6,158	6,359	6,578	166	3.0
Services	7,719	8,209	8,429	8,766	9,196	9,634	10,117	10,612	11,093	11,569	12,081	12,629	442	4.4
Government	6,795	7,041	7,352	7,655	7,978	8,299	8,626	8,965	9,327	9,709	10,164	10,516	347	4.1
Federal Civilian	1,666	1,741	1,830	1,957	2,084	2,216	2,353	2,501	2,655	2,827	3,053	3,162	142	6.2
Federal Military	260	294	365	385	401	416	432	448	466	486	507	530	24	6.1
State & Local	4,869	5,006	5,157	5,313	5,493	5,667	5,841	6,016	6,205	6,396	6,604	6,823	182	3.1
Real Gross State Product	39,715	41,067	41,636	42,398	43,050	43,770	44,547	45,398	46,245	47,152	48,182	49,150	808	1.8

West Virginia Economic Outlook: Long-Term Forecast

George W. Hammond, Ph.D., Director, West Virginia Economic Outlook Project

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Jay H. Coats
Tom S. Witt
Tim A. Terman
Anna M. Willard
Connie Banta

Dean
Associate Dean for Research & Outreach
Director of Communications
Graphic Design
Writer/Editor

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