

# Potomac Highlands Region Labor Market Summary

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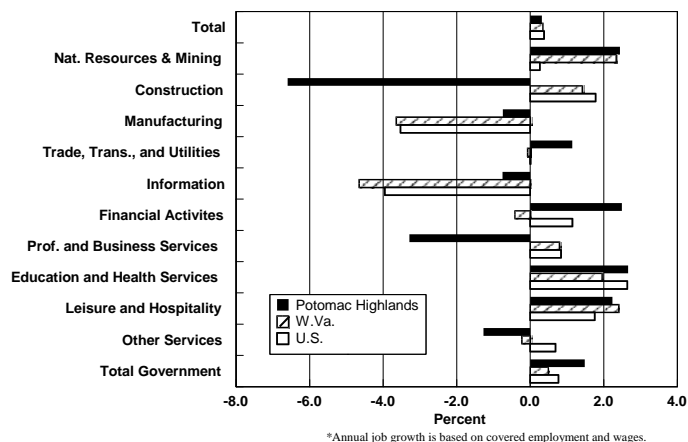
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by  
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Anthony Gregory

This summary provides an overview of the current performance of the Potomac Highlands Region, the state of West Virginia, and the U.S. The Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties. Table 1 below contains summary data for the region, metropolitan areas with component counties in the region, the state, and the nation. Data summarized in this document (and detailed in the associated Excel database) include job growth and wages by industry, the unemployment rate and labor force participation, population growth and demographics, educational attainment, job turnover by industry, farming, and commuting patterns.

The Potomac Highlands Region added 495 jobs from 2004 to 2005, more than replacing the 202 jobs lost during the 2001-2004 period. The bulk of the job gains came in natural resources and mining; construction; and manufacturing, which combined to add 383 jobs last year. Professional and business services also rebounded last year, adding 153 jobs and hitting its highest employment level since 2002. Overall, the region has now added 293 jobs since 2001, which translates into an annual rate of job growth of 0.3 percent per year. This rate matched West Virginia and was close to the nation (0.4 percent per year). As Figure 1 shows, during the last four years the region has lost jobs at a rapid clip in construction (with the completion of a major project in Grant County); professional and business services (jobs remain below 2001 levels); other services; manufacturing; and information. The region's job growth has come from education and health care; leisure and hospitality; natural resources and mining; financial activities; government; and trade, transportation, and utilities.

**Figure 1**  
**Annual Job Growth**  
**Potomac Highlands Region, W.Va. and the U.S.**  
**2001-2005**



The nonfarm employment mix in the Potomac Highlands Region is heavily weighted toward manufacturing (accounting for 9.1 percent of the state's manufacturing jobs), with poultry products, wood products, and defense activity accounting for a large share of employment. The region also has an above average share of government jobs, but relatively small shares of employment in professional and business services and leisure and hospitality.

Agriculture remains an important part of the Potomac Highlands economy. Indeed, according to data from the U.S. Bureau of Economic Analysis, farm employment accounted for 9.2 percent of the region's full and part-time employment, compared to 2.6 percent for the state. Farming in the region is dominated by livestock cash receipts, particularly poultry production, which accounted for 58.5 percent of the West Virginia total in 2004.

The region has continued to generate gains in annual wages since 2000, with annual wages per worker in the region hitting \$26,835 in 2005. Even so, average wages in the region remain well below the West Virginia (\$31,344) and national (\$40,671) levels. Since 1980, region annual wages per worker have risen by 3.3 percent per year, just above the state rate of 3.1 percent.

The region's unemployment rate has followed the state and national trends since 2001, rising to a peak of 5.8 percent in 2003, before falling back to 4.5 percent last year. Rebounding job growth last year contributed to the decline. The region's labor force participation rate, at 59.8 percent in 2000, compares favorably to the West Virginia (55.3 percent) rate but is well below the national average of 64.9 percent. Further, the region has generated a labor force increase of 9,020 during the last 25 years, which translates into a total growth rate of 30 percent. During the 1980-2005 period, Hampshire County contributed 41.3 percent of the Potomac Highland Region's labor force gains.

The growth in the region's labor force is due to its own job growth and also to employment opportunities outside the region. This is reflected in the strong commuting ties between the Potomac Highlands Region and Allegany County in Maryland, as well as with Frederick County (and Winchester City) in Virginia. Allegany County is part of the Cumberland MSA, which also includes Mineral County in West Virginia. Frederick County (with Winchester City) is part of the Winchester MSA, which includes Hampshire County in West Virginia.

One important measure of labor market performance is the job turnover rate. According to new data released by U.S. Census Bureau, most counties within the region experience turnover rates close to the state average and below the levels of Maryland and Virginia. This suggests that the region's labor markets are about as stable as West Virginia's and more stable than Maryland and Virginia.

The region's rates of educational attainment tend to be below the state and national averages. However, the share of region residents with an Associate's degree is equal to the state level, but remains well below the national rate. The region's shares of residents with Bachelor's degrees and graduate and professional degrees are well below the state and national averages. However, Potomac State College of West Virginia University, in Mineral County, has granted 708 degrees or certificates during the last five years and Eastern West Virginia Community College, in Hardy County, had undergraduate headcount enrollment of 882 in certificate, associate degree, or non-degree programs in fall 2005.

The Potomac Highlands Region has added 2,346 new residents since 2000, with 641 of those coming last year. All counties in the region, except Pendleton County which lost 323 residents, have experienced population gains. The region has added residents at an average annual rate of 0.6 percent per year since 2000, which is far above the state growth rate (0.1 percent), but below the national growth rate of 1.0 percent per year. Counties within the region tend to have median ages close to or above the state average of 38.9 years, and well above the national median age of 35.3 years. Compared to the nation, the region has large shares of residents in the 45-64 and 65-84 age groups. Indeed, 39.4 percent of region residents are between the ages 45-84, compared to 38.7 percent and 32.9 percent for West Virginia and the nation, respectively.

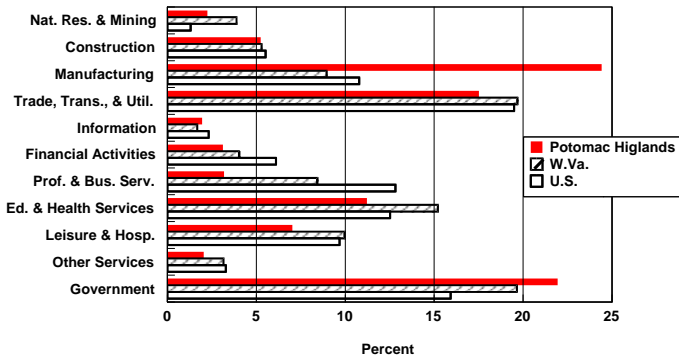
According to data from F.W. Dodge, construction activity in the region has increased from 1999 to 2005, with residential, non-residential, and infrastructure projects contributing to the increase. Residential construction activity is responding to population growth and to low mortgage rates, and may reflect increasing activity in second home building. Indeed, according to Census 2000 15.5 percent of homes in the region were for seasonal, recreational, and occasional use, far above the state (4.5 percent) and national (3.3 percent) rates.

**Table 1**  
**Summary Data for the Potomac Highlands Region**

	Grant County	Hampshire County	Hardy County	Mineral County	Pendleton County	Potomac Highlands Region	Cumberland MSA	Winchester MSA	W.Va.	U.S.
Nonfarm Jobs (Thous., 2005)*	3,683	4,063	6,633	7,085	1,772	23,236	37,369	54,055	695,300	131,595,637
Annual Job Growth (2001-2005, %)	-5.4	1.8	2.4	0.9	1.5	0.3	0.4	1.8	0.3	0.4
Average Annual Wage Per Worker (2005)	\$31,610	\$24,254	\$24,722	\$28,225	\$25,179	\$26,835	\$28,635	\$33,788	\$31,344	\$40,671
Job Turnover Rate (Four Qtr. Avg., %)**	8.1	9.3	8.7	9.2	9.2	--	--	--	9.8	--
Unemployment Rate (2005, %)	6.1	3.9	3.7	5.1	3.8	4.5	5.8	2.8	5.0	5.1
Labor Force Participation Rate (2000, %)**	60.0	58.3	64.0	58.9	59.5	59.8	57.9	67.6	55.3	64.9
Population (2005)	11,673	22,025	13,287	27,028	7,844	81,857	100,667	116,267	1,816,856	296,410,404
Annual Population Growth (2000-2005, %)	0.7	1.6	0.9	0.0	-0.8	0.6	-0.2	2.3	0.1	1.0
Median Age (2000)	39.3	38.5	38.9	39.1	41.1	--	39.1	--	38.9	35.3
Share of residents with:										
Associates Degree or More (2000, %)^	14.2	14.7	12.5	18.0	14.5	15.4	20.2	23.0	19.2	30.7
High School Degree or More (2000, %)^	70.8	71.3	70.3	80.3	72.0	74.2	80.0	76.4	75.2	80.4
Per Capita Personal Income (2004)	\$23,479	\$20,444	\$22,551	\$23,306	\$23,622	\$22,480	\$23,907	\$28,735	\$25,792	\$33,050
Farm Cash Receipts (2004, \$Mil. Livestk & Crops)	\$34.3	\$16.8	\$109.2	\$8.8	\$67.6	\$236.7	\$14.5	\$44.1	\$467.2	\$250,737.3

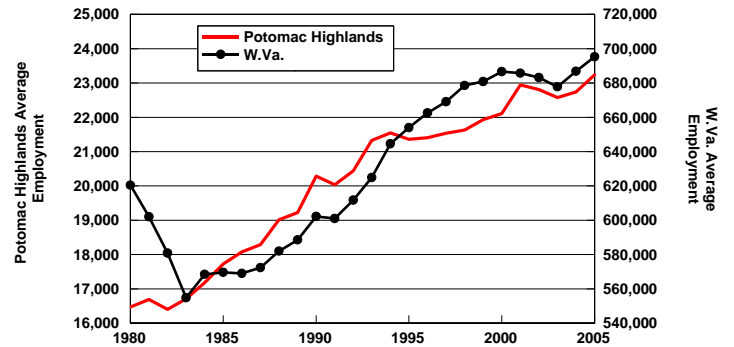
\*Quarterly Covered Employment and Wages (QCEW)  
 \*\*Per quarter, from third quarter 2003 to third quarter 2004. Data for MSAs are W.Va. part only.  
 \*\*\*Estimated based on institutionalized population for all ages.  
 ^percent of population age 25 and older.  
 Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties in W.Va.  
 Cumberland MSA includes Mineral County, W.Va. and Allegany County, Md.  
 Winchester MSA includes Hampshire County, W.Va., Frederick County, Va., and Winchester City, Va.

**Nonfarm Employment Shares 2005**  
**Potomac Highlands Region, W.Va., and U.S.**



Source: Employment and Wages, Workforce WV

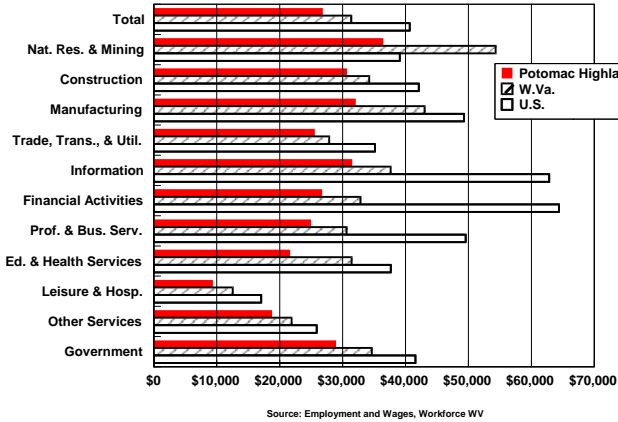
**Employment Trends in**  
**Potomac Highlands Region and W.Va.**



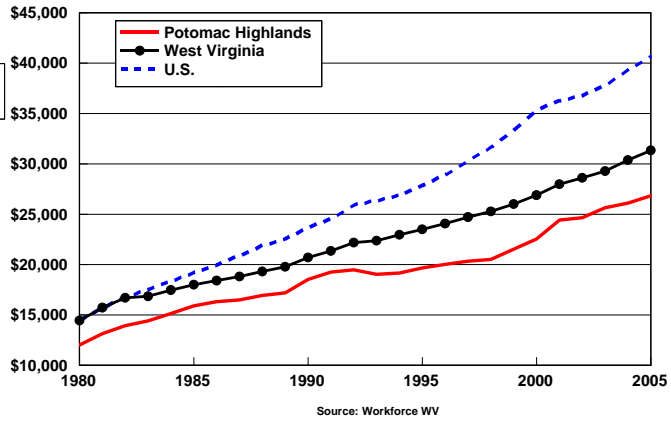
Source: Employment and Wages, Workforce WV

- The manufacturing sector accounts for 24.4 percent of the Region’s nonfarm employment in 2005, more than any other sector and far more than the state and national averages.
- In 2005, 9.1 percent of West Virginia’s manufacturing jobs were in the region.
- The professional and business services sector is much smaller in the Potomac Highlands Region (3.2 percent) than in West Virginia (8.4 percent) and the U.S. (12.8 percent).
- With an average annual growth rate of 1.4 percent since 1980, the Potomac Highlands Region’s total employment grew much faster than that of West Virginia (0.5 percent).

**Annual Wages per Worker 2005  
Potomac Highlands Region,  
W.Va., and U.S.**

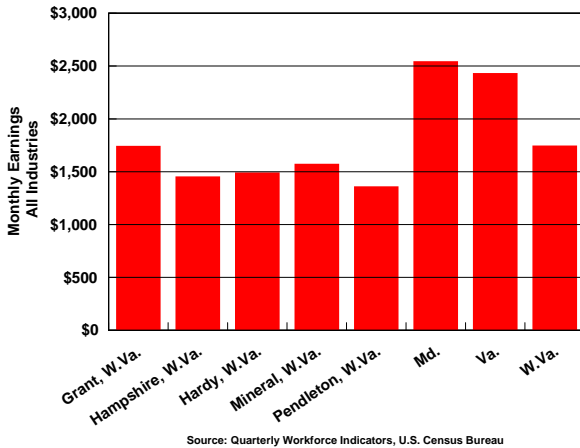


**Total Wages per Worker in the  
Potomac Highlands Region, W.Va., and U.S.**

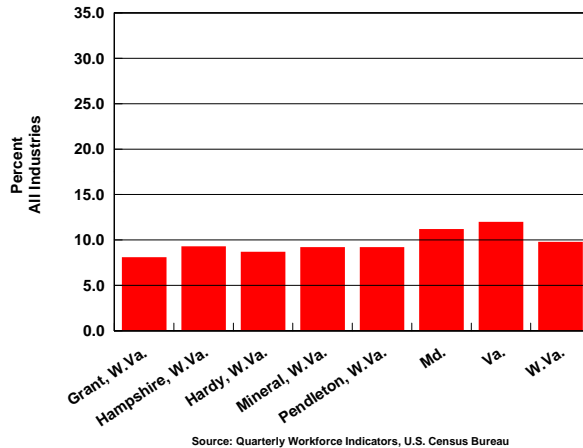


- The 2005 average annual wage per worker in the Potomac Highlands Region was \$26,835, which was lower than both the state (\$31,344) and national (\$40,671) levels.
- The Region’s highest average annual wage was in the natural resources and mining at \$36,464.
- Total wages per worker in the Potomac Highlands Region have been growing at an average annual rate of 3.3 percent since 1980, which is higher than the 3.1 percent rate in West Virginia.

**Average New Hire Earnings  
Potomac Highlands Counties  
Average from 2004Q3 to 2005Q3**

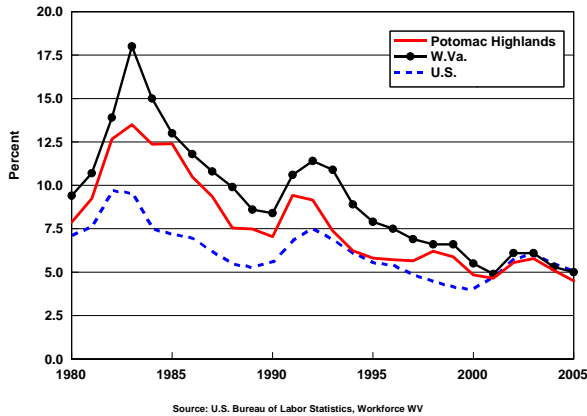


**Turnover Rates  
Potomac Highlands Region  
Average from 2004Q3 to 2005Q3**

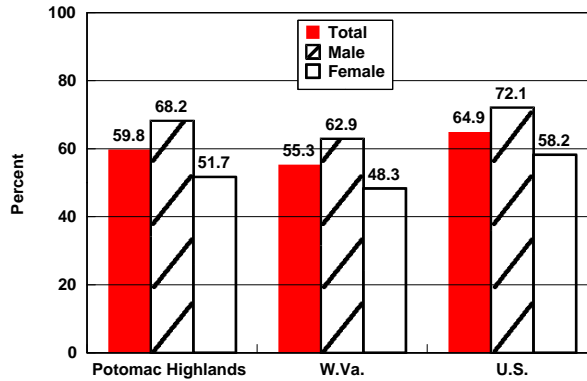


- New hire earnings in Potomac Highlands Region counties tend to be below comparable earnings for Maryland, Virginia, and West Virginia.
- Turnover rates in the Potomac Highlands Region are below comparable rates in Maryland, Virginia, and West Virginia.
- The turnover rate is computed by summing the number of job accessions and job separations per quarter, dividing this sum by two, and then dividing by the number of jobs.

**Unemployment Rate Trends in the Potomac Highlands Region, W.Va., and U.S.**

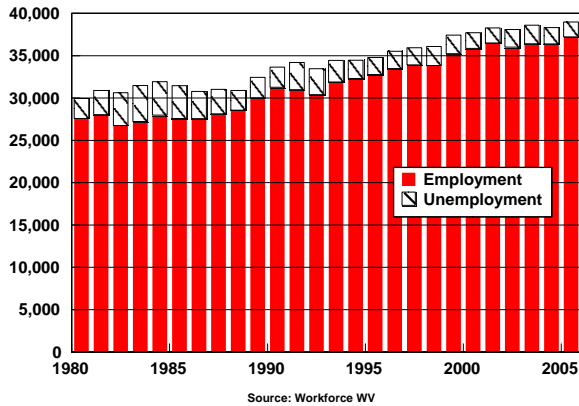


**Labor Force Participation Rates Census 2000**

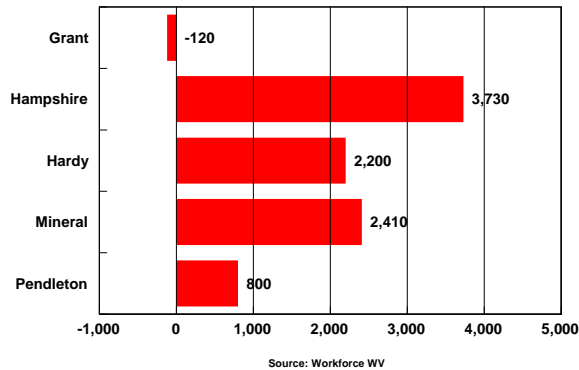


- The 2005 unemployment rate in the Potomac Highlands Region was 4.5 percent, which was lower than both West Virginia (5.0 percent) and the U.S. (5.1 percent).
- The Potomac Highlands Region unemployment rate has followed state and national trends closely since 1980. In addition, unemployment rates for the Region, the state, and the nation have converged during the last 25 years.
- The Potomac Highlands Region has a labor force participation rate of 59.8 percent, which is above the West Virginia rate of 55.3 percent, but below the 64.9 percent rate of the U.S.

**Potomac Highlands Region Employment and Unemployment**

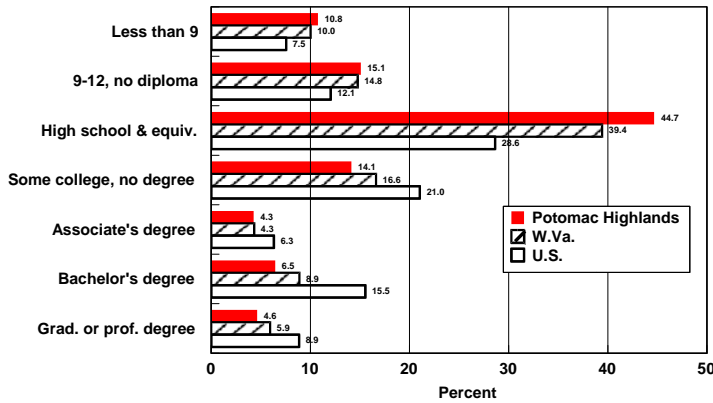


**Potomac Highlands Region Labor Force Growth by County 1980-2005**

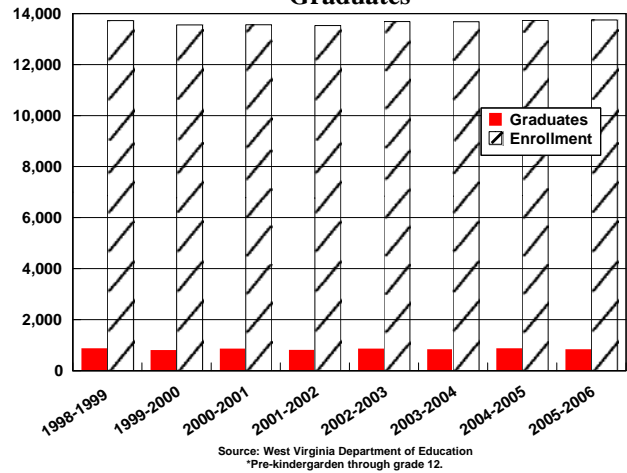


- The Potomac Highlands Region has posted strong labor force increases during the last 25 years, adding 9,020 labor market participants.
- The labor force includes both employed residents and unemployed residents that are actively seeking work. Increases in resident employment have driven labor force growth during the 1980-2005 period, rising by over 9,000. In contrast, the number of unemployed residents has declined during the period.
- A large share of the labor force growth was concentrated in Hampshire County, which accounted for 41.4 percent of the rise in the Potomac Highlands Region labor force.

**Educational Attainment  
Census 2000**

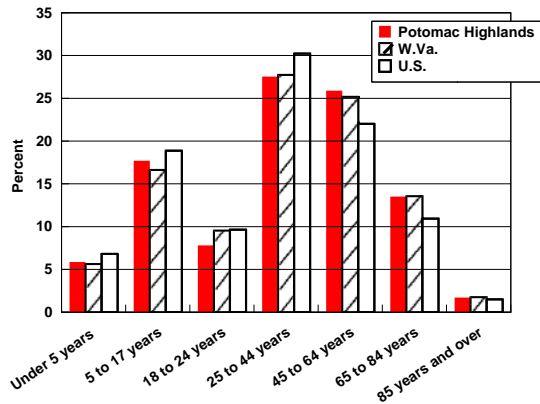


**Potomac Highlands School Enrollment and Graduates**

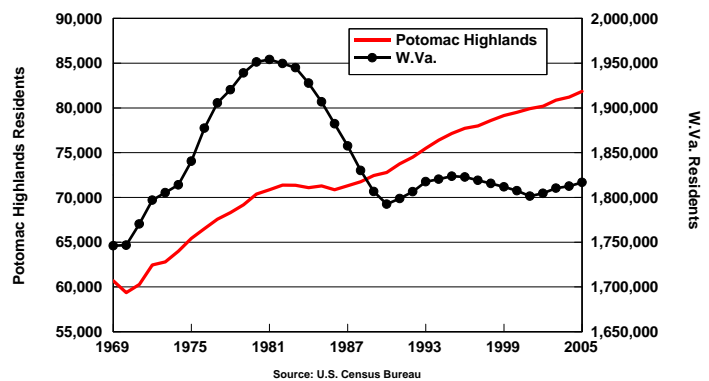


- In 2000, 11.1 percent of the Potomac Highlands Region’s residents 25 years or older held a bachelors degree or better, lower than both West Virginia (14.8 percent) and the U.S. (24.4).
- At 44.7 percent, the Potomac Highlands region has a large portion of its population with a high school degree or equivalent as the highest level of educational attainment.
- During the 2005-2006 school year, school enrollment in the region was 13,746, with 838 graduates.

**Population Age Distribution  
Census 2000**



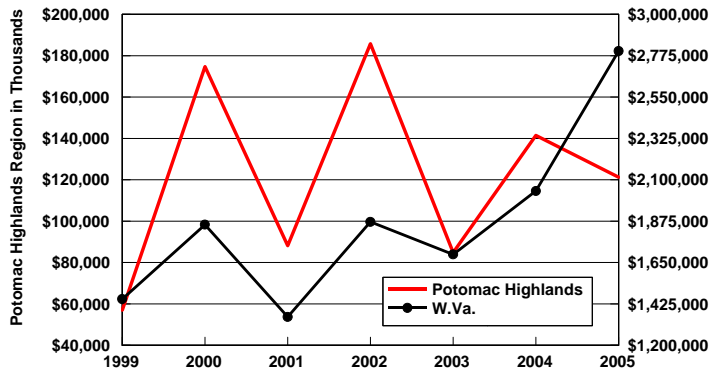
**Population Trends in the  
Potomac Highlands Region and W. Va.**



- In 2000, 41.1 percent of the Potomac Highlands Region’s residents were 45 years or older compared to 40.5 percent and 34.4 percent for the state and nation, respectively.
- The Potomac Highlands Region (0.8 percent per year) has been growing at a much faster rate than West Virginia (0.1 percent) since 1969.

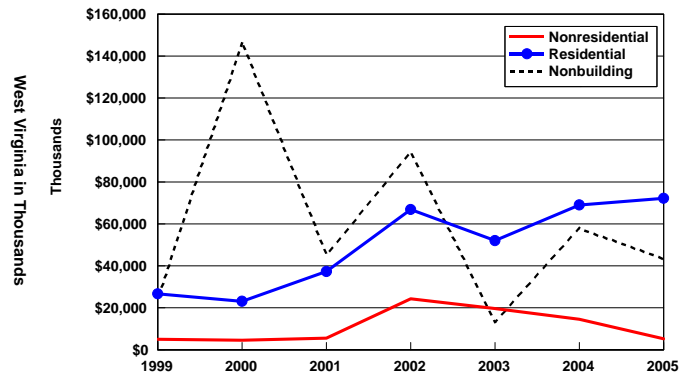
### Potomac Highlands Region and W.Va. Total Value of Construction Starts

F.W. Dodge



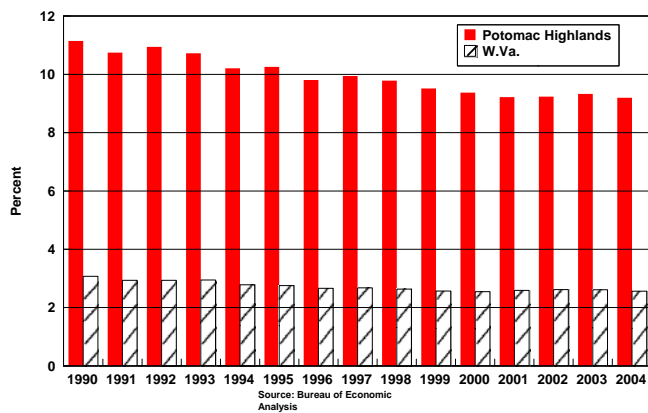
### Potomac Highlands Region Value of Construction Starts by Type

F.W. Dodge

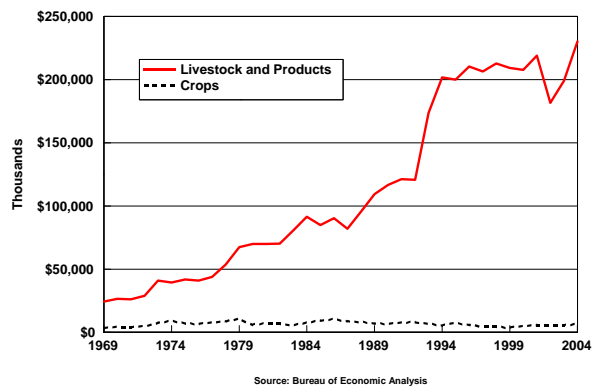


- The Potomac Highlands Region's 2005 total value of construction of \$121.3 million accounted for 4.3 percent of West Virginia's total and has risen significantly since 1999.
- In 2005, residential construction accounted for 59.5 percent of the Region's construction value.
- The total value of construction in the Potomac Highlands Region has fluctuated greatly over the last six years due to fluctuations in the infrastructure activity (highways, water, sewer, etc.), which can change greatly from year to year.
- According to Census 2000, 15.5 percent of homes in the region were for seasonal, recreational, and occasional use, far above the state (4.5 percent) and national (3.3 percent) rates.

### Farm Employment Shares in the Potomac Highlands Region and W.Va.



### Farm Cash Receipts in the Potomac Highlands Region



- Farm employment accounted for 9.2 percent of total employment in 2004 in the Potomac Highlands Region, which far exceeded the state share of 2.6 percent.
- The Potomac Highlands Region had a total of \$230.3 million in cash receipts from livestock and products (primarily poultry) in 2004, which accounts for 58.6 percent of West Virginia cash receipts from livestock.

**Top Commuting Destinations for Potomac Highlands Residents, 2000**  
Counties with 0.5 percent or more

Work County	Number of Employed Residents Traveling to Work County	As a Percentage of Potomac Highlands Employed	
		Residents	Workers
Potomac Highlands	22,041	63.9	
Allegany Co. MD	4,631	13.4	
Frederick Co. VA	2,098	6.1	
Winchester city VA	1,658	4.8	
Rockingham Co. VA	655	1.9	
Harrisonburg city VA	447	1.3	
Garrett Co. MD	299	0.9	
Shenandoah Co. VA	298	0.9	
Fairfax Co. VA	191	0.6	
Berkeley Co. WV	176	0.5	
Montgomery Co. MD	168	0.5	
Washington Co. MD	163	0.5	
<b>Total</b>	<b>34,469</b>	<b>100.0</b>	

**Top Commuting Sources for Potomac Highlands Jobs, 2000**  
Counties with 0.5 percent or more

Residence County	Number of Workers Traveling From Residence County	As a Percentage of Potomac Highlands	
		Workers	Jobs
Potomac Highlands	22,041	88.8	
Allegany Co. MD	1,466	5.9	
Garrett Co. MD	351	1.4	
Randolph Co. WV	130	0.5	
Tucker Co. WV	115	0.5	
<b>Total</b>	<b>24,828</b>	<b>100.0</b>	

Source: U.S. Census Bureau, Population Division, Journey-To-Work & Migration Statistics Branch, Census 2000.  
Tabulation by the Bureau of Business and Economic Research, West Virginia University

- In 2000, 63.9 percent of Potomac Highlands Region residents lived and worked in the region.
- Allegany County in Maryland attracted the most residents of the region and sends the most workers to the region in 2000. This makes sense because Allegany County and Mineral County in West Virginia together make up the Cumberland metropolitan statistical area (MSA). MSAs are defined in part based on the strength of commuting flows.
- The region also sends significant numbers of workers to jobs in Frederick County in Virginia (and Winchester City in Virginia). Hampshire County, Frederick County, and Winchester City make up the Winchester MSA.

**Top 10 Largest Employers in Potomac Highlands Region**  
March 2006

Rank	Company Name
1	Pilgrim's Pride Corporation of West Virginia
2	American Woodmark Corporation
3	ATK Tactical Systems Company LLC
4	Mineral County Board of Education
5	Hampshire County Board of Education
6	Grant Memorial Hospital
7	Hardy County Board of Education
8	Virginia Electric & Power Company
9	West Virginia Department of Highways
10	Wal-Mart Stores, Inc.

Source: Workforce WV

**Industrial, Business, and Technology Parks in Potomac Highlands Region**

Name	County	City	Miles to	
			Highway*	Total Acreage
Grant County Industrial Park	Grant	Petersburg	66	100
Mountain Top Industrial Park	Grant	Mt. Storm	29	182
Hampshire County Industrial Park	Hampshire	Romney	28	57,943
Capon Bridge Industrial and Technology Park	Hampshire	Capon Bridge	15	90
Baker Industrial Park	Hardy	Baker	30	30
Wardensville Industrial Park	Hardy	Wardensville	18	29.46
Robert C. Byrd-Hardy County Industrial Park	Hardy	Moorefield	45	61.34
Keyser-Mineral County Industrial Park	Mineral	Keyser	20	211
Fort Ashby Business and Technology Park	Mineral	Fort Ashby	12	70
Upper Tract Industrial Park	Pendleton	Upper Tract	43	28.22

Source: West Virginia Development Office

\*Location to nearest interstate or four lane highway.

## Potomac Highlands Region Labor Market Summary

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