U.S. nonfarm employment has declined 1.8% since March 2001, the most recent peak in business activity. Since then, employment growth in the states of the Fourth Federal Reserve District has varied above and below the national average. As in many other heavily industrial states, employment has decreased in Ohio (down 3.8%) and Pennsylvania (down 2.8%). In contrast, Kentucky’s employment decrease was lower than the national average and West Virginia’s decrease was about average.

The Bureau of Labor Statistics (BLS) annually corrects the employment series for jobs that were overlooked by the monthly establishment survey. The corrections are based on data from nearly all U.S. employers, which are collected quarterly at the state level and used to administer unemployment insurance. The establishment survey overlooks new locations as they open and cannot distinguish business closures from other nonrespondents, so the BLS uses state-specific adjustment factors to account for the average effect of openings and closings. Thus, the re-benchmarked figures show large changes when states are departing from their recent employment patterns.

The BLS reported minor benchmark revisions in February, indicating that there were 199,600 fewer
jobs in the U.S. in December than originally estimated. Despite a downward revision of 0.2% in employment estimates at the national level, December nonfarm employment was better than originally estimated for Ohio and Kentucky but worse for West Virginia and Pennsylvania. As a result, Ohio’s employment was revised up by 13,200 (0.2% of total revised employees) and Kentucky’s by 11,300 (0.6%). Pennsylvania’s employment was revised down by 46,700 (0.8% of total revised employees) and West Virginia’s by 2,100 (0.3%).

State employment indexes, designed to reflect monthly changes in nonfarm and manufacturing employment, show that manufacturing employment in Fourth District states has dropped steeply in the last several years. Furthermore, manufacturing employment was revised downward—Pennsylvania showed the District’s largest manufacturing employment revisions (down 13,600 from the original estimates), followed by Ohio (down 11,500). Among the Fourth District states, Pennsylvania has undergone the largest percentage decline in manufacturing employment (17%), and Ohio the second-largest (16%) since March 2001. The numbers of manufacturing jobs lost during the same period were 143,000 in Pennsylvania and 157,500 in Ohio. Manufacturing employment losses were less pronounced in Kentucky (33,400) and West Virginia (10,600).