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USVI Economy Experiencing Strong Rebound, OMB Says, Even With 3,000 Fewer Jobs in April 2022 Compared to Feb. 2020; Tourism is Major Bright Spot

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Office of Management and Budget Director, Jenifer O'Neal on Monday told lawmakers that more than 94 percent of jobs lost between February and April 2020 recovered by April 2022 in the U.S. Virgin Islands, and unemployment claims have dropped to a pandemic-low of 122 in April 2022 from 2,727 in March 2020.

Speaking during the Committee on Finance's budget overview hearing, Ms. O'Neal also revealed that the labor market shrunk dramatically when comparing pre-pandemic data. "Despite the improvement in the labor market, however, the territory had about 3,000 fewer jobs in April 2022 than it had in February 2020 before the pandemic," she said. The territory-wide unemployment rate fell to 6.7 percent in April 2022 compared to 12.3 percent at the height of the pandemic in

May 2020.

The OMB lead said employment growth should continue in 2022 but at a slower rate. “This, in addition to the loss of approximately 20,000 residents per the 2020 Census, is indicative of the difficulties being faced in recruiting that the GVI and other entities are enduring,” she said.

Bureau of Economic Research Director, Allison DeGazon, said the unemployment rate currently stands at 8.1 percent on St. Croix, down from 8.8 percent, while the St. Thomas-St. John District rate stands at 5.6 percent, down from 6.2 percent. “As you know, as people get off of drawing down from unemployment benefits, unemployment will drop because it is no longer being considered in those numbers,” she said. “It can be that they gained employment or they just came off the system where they are no longer submitting claims.”

In her presentation, Ms. O’Neal told the committee that the USVI real Gross Domestic Product showed a relatively healthy economy because the pandemic-induced contraction of 2.8 percent in 2020 trailed the mainland, where real GDP declined 3.5 percent during the same period — [even after robust fourth-quarter growth](#).

“With current year performance, it is expected that growth will rebound strongly throughout 2022, and over the next two years growth should remain above its pre-pandemic level,” Ms. O’Neal said, adding that the monthly jobs report from the Department of Labor shows an economy that continues to demonstrate recovery from the pandemic-induced recession.

A major bright spot has been the tourism industry, where approximately 1,072,981 visitors traveled to the territory in 2021 — representing twelve solid months of visitation growth from 861,274 in 2020.

“In a strong start to 2022, first-quarter visitor arrivals surged by 153 percent compared to the same period in 2021 or 452,764 visitors from January to March 2022, which more than doubled the 273,518 for the same period in 2021,” said Ms. O’Neal, who explained that tourism indicators suggest that growth will continue in 2022.

Members of the Committee on Finance, chaired by Senator Kurt Vialet, were also told that trends in construction building permit values also indicate future building construction activity in the territory. “Building permit values were higher year-over-year for private residential, commercial, and government buildings. In 2021, the value of issued building permits totaled almost \$457.3 million, surpassing 2020 values of \$234.7 million—a 94.4 percent increase,” Ms. O’Neal said during her opening statement.

Ms. O’Neal also told lawmakers that the volume of issued permits in 2021 suggests construction activity will continue to be strong, supported mainly in the near term by the residential sector, which was \$206.2 million of the construction value and showed a 26.6 percent increase over 2020 values of \$162.9 million. Government construction permit values were \$188.2 million in 2021, increasing by 444.5 percent from \$34.5 million in 2020.