Overview

It is fairly common for rural areas, like much of West Virginia, to be forgotten by the nation at large. All that changed in the wake of the 2016 elections. Suddenly, Appalachia was in.

Those familiar with West Virginia’s history are aware that such periodic “rediscoveries” of Appalachia are seldom an unmixed blessing. They often contribute to the creation and reinforcement of stereotypes that paint over the complexities and nuances of life in rural West Virginia, creating the image of an Appalachian “Other” far removed from mainstream America.

This report will attempt to go beyond old and new stereotypes of rural West Virginia and examine its complexities, its challenges and grievances as well as its potential to thrive. It will also examine rural West Virginia by comparing economic and demographic data within the urban and rural areas of the state. As policy discussions unfold, it is important to understand the economic dichotomy between urban and rural West Virginia. By illustrating how economic conditions in rural West Virginia differ from the rest of the state, a conversation can begin about the demographic and economic vitality of these areas.
Key Findings

- The share of West Virginia’s population is becoming increasingly urban, with the urban areas of the state seeing nearly all of the state’s job growth in the past quarter century.

- Incomes and wages are higher in urban areas, with rural areas experiencing greater poverty and fewer people working.

- Health care, trade and services make up major sources of jobs in both urban and rural areas of the state, with mining playing an outsized role in rural West Virginia.

- In order to have sustainable and broader economic growth in rural West Virginia, policies that invest in the people and public structures that provide a foundation for economic opportunity and improve quality of life are needed. These can include expanding high-speed internet, addressing the opioid crisis and improving rural health, enacting polices to boost wages and labor force participation, tax reforms that would provide revenue to invest in the state and policies that would reduce racial disparities.

Section 1:
What is Rural Anyway?

There are many ways of defining the word “rural,” but it is clear that large chunks of West Virginia would fit into most of them. In popular culture, rural has been defined as a place that has more people in a parade than watching it.

According to the U.S. Census Bureau, it is defined as any population, housing or territory outside urban areas. It defines urbanized areas as those with 50,000 or more people and urban clusters as areas of at least 2,500 but less than 50,000 people. The Office of Management and Budget defines rural as all places outside of a metro area with a core urban population of 50,000 or more.¹

Such definitions do not often mesh with the lived experience of West Virginians. It is easy to find areas that would pass as rural to most observers only a short drive away from urban cores.

The characteristics of West Virginia’s terrain only enhances the feeling of its rurality. It is classified as the third most forested state, trailing only Maine and New Hampshire, with forests covering 78 percent of the state’s rugged and mountainous 24,038 square miles.² According to the West Virginia Department of Health and Human Resources (DHHR), the state is also ranked as the third most rural by the Census Bureau.³ In the 2010 census, 34 of West Virginia’s 55 counties were considered rural, according to the Office of Rural Health Policy.⁴
Industrialization and Its Paradoxes

While in many places industrialization is linked to urbanization, in the Mountain State, some of the most rural areas in the state have been industrialized due to extractive industries. And some counties that were once urban have reverted to rural.

This is particularly true of coalfield counties. In 1850, for example Logan County had a population of 3,260 people. A century later, its population peaked at 77,391, due to the expansion of the coal industry. As the industry declined, so did the population, which is currently estimated to be around 32,925, lower than its 1920 level.  

The case of McDowell County is even more dramatic. In 1860, on the eve of the Civil War and two years after its creation, the county’s population was around 1,500. In 1950, it peaked at nearly 100,000. In 2017, it was estimated to be 18,456 or about the same level as 1900.

Industrialization is not always linked to major expansions and contractions of population. Doddridge County in north-central West Virginia has historically been a leader in oil and gas production. Today, its population is estimated to be 8,560, near its level in the late 1800s.

Indeed, Wetzel County provides a paradoxical example of major recent industrialization combined with long-term population loss. The county was ground zero of economic activity associated with the resource extraction of the Marcellus Shale, although it has seen little permanent employment or population growth. Its 2017 population is estimated to be 15,437, near its 1890 level.

These trends should not surprise those familiar with “the resource curse” which characterizes colonial economies based on resource extraction, as we have argued at length elsewhere.

Other West Virginia industrialized counties, which developed non-extractive industries, such as Brooke, Cabell, Hancock, Ohio and Wood, are not classified as rural by the Census Bureau.

Left Behind?

Differences and tensions between urban and rural are probably as old as the emergence of cities and have been felt to some degree wherever urbanization has occurred. However, there is evidence that this divide is growing.

A recent survey conducted by the Washington Post and Kaiser Family Foundation found that many rural respondents felt “a strong sense of estrangement from people who live in urban areas. Nearly 7 in 10 rural residents say their values differ from those who live in big cities, including about 4 in 10 who say their values are ‘very different.’”

Princeton sociologist Robert Wuthnow, author of the recent book, “The Left Behind: Decline and Rage in Rural America,” based on hundreds of interviews of rural residents around the nation, argues that many rural residents see themselves as members of moral communities under siege from outside forces.

Noted politico and Trump advisor Steve Bannon has even attributed the Trump presidency to the outrage of middle America over the bailouts of financial elites on Wall Street while much of the country suffered.

No doubt in West Virginia residents of rural communities are subject to multiple stressors beyond cultural ones, such as the opioid epidemic, economic changes, a poor and often decaying infrastructure and an aging as well as declining population.
Economic factors, some systemic and some deliberate, contributed to the stresses on rural communities. Deindustrialization, including the mechanization of mining, has had a ripple effect throughout many rural communities, leading to the decline of other businesses. Assaults on union membership in the coalfields and elsewhere diminished the ability of working people to respond collectively to these challenges. The rise of mega-stores and banks has helped to empty many rural communities and small towns of locally owned businesses and sources of capital. These, in turn, provide “push” factors for out-migration.

In West Virginia, state tax cuts enacted over the last 10 years have removed $425 million per year in revenue. This policy has failed to create new jobs but has made it harder for the state to respond to the needs of rural communities.\(^\text{15}\)

Despite recent growth in state Gross Domestic Product (GDP), poverty levels in West Virginia remain higher than the national level while incomes continue to lag, according to the Census Bureau. In 2017, the national poverty rate was 13.4 percent, compared to 19.1 percent in West Virginia.\(^\text{16}\) The state had the lowest median household income in the nation at $43,649, and nearly one-in-four children lived at or below the federal poverty level.\(^\text{17}\)

According to The Pew Charitable Trusts, West Virginia was one of only two states to lose population in 2017 (the other was Michigan). The state has lost population for five years in a row and deaths now outnumber births. “These demographic trends can lead to strains on social services with a growing high-need/fixed- or low-income population and limited revenues and a declining tax base.”

“Population trends are tied to states’ economic fortunes and government finances, and are therefore useful for understanding both. The states with the fast-growing populations typically have strong labor force growth, which fuels economic growth and helps generate tax revenue to fund increased demands for services. The reverse is usually true for states with shrinking or slow-growing populaces,” according to Pew.\(^\text{18}\)

“Close The Schools and You Close The Community”

Probably the most dramatic example of losses inflicted on rural communities in West Virginia—and one that has contributed to the spiral of decline—is school consolidation, a policy deliberately imposed on a massive scale during the 1990s and early 2000s.

The well-intentioned policy was a major initiative of then Governor Gaston Caperton, who governed from 1989 to early 1997. It was driven by a concern for the quality of education in rural schools which often had limited resources and a decaying physical structure.

The School Building Authority was created in 1989 at Caperton’s urging. This was to be “a board that would distribute state funds to counties to build and modernize schools. It was a quasi-independent agency that could allocate money based on the merit of individual building and renovation proposals and encourage school consolidation,” according to the West Virginia Encyclopedia.\(^\text{19}\)

In 2002, an award winning investigative series by Charleston Gazette reporters Eric Eyre and Scott Finn, found the promises of consolidation largely unfulfilled but the damage all too real. The report, titled “Closing Costs,” found that between 1990 and 2002, over 300 schools were closed and that the state had spent more than $1 billion on consolidation. In addition, longtime SBA director Clacy Williams admitted that consolidation had not saved the state money. Maintenance and transportation costs increased, as did the number of administrators. The report also found little evidence for improved student well-being or academic improvements.\(^\text{20}\)
The unintended consequences of these changes included longer bus rides for thousands of students. Many also felt lost in the new large schools and had less opportunity to participate in student leadership or extracurricular activities. As a parent was quoted in a 2004 report by Challenge West Virginia, “Close the schools and you close the community.”

While the number and location of schools in West Virginia has fluctuated from the beginning with changes in technology, industry and demographics—and though some consolidation would have been inevitable—it would be hard to overestimate the collateral damage and long-term effects of the 1990s consolidation wave. As recent controversies in counties like Nicholas and Fayette demonstrate, consolidation continues to be a contentious issue in the Mountain State.

Growing Up Rural

The thought of childhood in rural American can conjure idyllic images of children growing up in safety surrounded by the beauty of the countryside. While that is certainly part of the picture, the reality is more complicated.

A nationwide study by Save the Children released in 2018 found that poverty rates were higher for children in rural areas, and particularly in the most rural areas. It also tends to be more persistent.

Rural counties, nationwide, had higher infant mortality rates than non-rural counties. They tended to have higher food-insecurity rates. Children growing up in rural areas were less likely to go to college and faced a higher risk of death due to injury than non-rural children. And, while teen pregnancy rates have declined across the board in recent years, they remained higher in rural counties.

The effects of poverty and other stressors on young children can have lifelong effects. Studies of Adverse Childhood Experiences (ACEs) have shown that childhood experiences such as physical, sexual or emotional abuse; physical or emotional neglect; loss of a parent; parental substance abuse; mental illness; and/or the incarceration of a household member are associated with many negative health, educational, behavioral and economic outcomes.

“Poverty is a strong reinforcing factor in the accumulation of adverse childhood experiences (ACEs) and subsequent toxic stress correlated with unfavorable health outcomes in adulthood. Being poor is associated with so many childhood adversities that it may be considered an ACE in itself, more pervasive and persistent than all others,” according to the North Carolina Medical Journal.

A relatively simple survey can quantify these experiences and arrive at an “ACEs score.” The greater the number of ACEs, or the higher the ACEs score experienced by a child, the higher the child is at risk for negative consequences across a lifetime. Poverty can both increase the risk of ACEs in childhood and be a lingering effect in adulthood.

“Individuals with four or more ACEs were found to be substantially more likely to have serious health concerns. ACE scores have also been shown to correlate with poor academic performance, dropping out of high school, self-mutilation, persistent post-traumatic stress disorder, drug and alcohol abuse, increased risk for abuse in subsequent relationships, difficulty in forming meaningful and trusting relationships, cognitive deficits, depression, dissociative symptoms and suicide,” according to the West Virginia ACES Coalition.

It is likely that the number of West Virginia children who experience ACEs is increasing in the wake of the opioid crisis, as is the number of ACEs experienced by individual children.
Fortunately, the evidence suggests ACEs are not destiny. Their effects can be mitigated by protective factors such as parental resilience, social connections, knowledge of parenting and child development, concrete support in times of need and the social and emotional competence of children.\textsuperscript{25}

West Virginia ranked 40th in overall child well-being, 47th in economic well-being, 39th in education, 35th in health and 35th in family and community well-being, according to the 2018 Kids Count Data Book.\textsuperscript{26}

Several indicators reflected some improvement over 2016, the strongest being in education and health. Improvements were shown in a modest reduction in child poverty; a decrease in the number of children whose parents lack secure employment; children living in a household with a high housing cost burden; teens in school and not working; fourth-grade reading proficiency; eighth-grade math proficiency; high school graduation on time; child health insurance coverage; children living in families in which a head of household lack a high school diploma; and teen births.

On the other hand, indicators were worse in the number of three and four year olds not in school, low-birth weight babies, children in single-parent families and children living in high-poverty areas.\textsuperscript{27}

All told, there are many disturbing trends in child well-being, but there is also good news.

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**Rural Health**

Assessing the health of rural West Virginia is a huge and complex subject, but trends can be identified in the following topic areas:

**BAD NUMBERS**

Given the many challenges facing rural West Virginia, it is no surprise that the state’s health statistics are problematic. In 2017, the Appalachian Regional Commission and the Robert Wood Johnson Foundation provided an alarming summary of the data.

In comparison to the national mortality rate, West Virginia’s:

* is 19 percent higher for heart disease;
* 17 percent higher for cancer;
* 70 percent higher for injury deaths;
* 19 percent higher for stroke deaths;
* 110 percent higher for poisoning;
* 27 percent higher for suicide; and
* 53 percent higher for diabetes deaths.

In terms of years of potential life lost due to these factors, West Virginia was 47 percent higher than the national rate.

In comparison with the national morbidity rate, West Virginians were significantly more likely to report feeling physically and/or mentally unhealthy and had higher risk rates for diabetes and obesity. State residents were also more likely than the national average to smoke and be physically inactive.\textsuperscript{28}
DISABILITY ISSUES

Given these trends, it is also not surprising that West Virginia has long had low rates of workforce participation and high rates of disability, a trend compounded by the prevalence of jobs with high rates of disability-causing injuries such as mining, logging and truck driving. In 2016, 74,665 West Virginians received Supplemental Security Income (SSI). Of these, 72,284 were in the “Blind and Disabled” category and 54,751 were aged 18-64, according to the Social Security Administration (SSA). The number of working-age state residents receiving Social Security Disability Insurance, a safety net for those who have paid into the Social Security System, was 97,467 in 2016.

“Disabled beneficiaries aged 18–64 in current-payment status accounted for 4.7 percent of the population aged 18–64 in the United States. In three states, they represented less than three percent of the state population. The states with the highest rates of disabled beneficiaries—7 percent or more—were Alabama, Arkansas, Kentucky, Maine, Mississippi, and West Virginia.” In general, disability rates in rural areas are nearly twice as high as in urban areas nationwide, according to the SSA.

The state’s low rates of educational attainment are a complicating factor when it comes to employment for people with disabilities. In general, people with lower levels of educational attainment have a higher rate of disability. Of those with disabilities, those with higher levels of educational attainment are more likely to be employed. In 2015, 84 percent of people with disabilities with a bachelor’s degree or higher were employed, compared with 62 percent for those with less than a high school diploma and 73 percent for high school graduates.

OPIOID EPIDEMIC

Between the late 1990s and the present, Appalachia and much of middle America was hit by a one-two opioid punch from which it has not begun to recover. A revolution in pharmaceuticals and pain treatment led to the production and aggressive distribution of synthetic opioids widely claimed to be non-addictive for most patients.

Partly due to its high proportion of residents dealing with injuries, chronic illnesses and disabilities, rural West Virginia was flooded with opioid prescription medicines like Oxy-Contin. As Pulitzer Prize-winning journalist Eric Eyre reported in the Charleston Gazette-Mail, between 2007 and 2012, drug companies pumped 780 million hydrocodone and oxycodone pills into the state—and 1,728 West Virginians died of overdoses. Eyre noted that, “The unfettered shipments amount to 433 pain pills for every man, woman and child in West Virginia.”

Just when the supply of prescription opioids began to lessen, the slack was taken up by relatively low-cost heroin. The epidemic was on. Between 2001 and 2015, 6,001 West Virginians died from opioid overdoses. The rate increased in 2016 and 2017.

The collateral damage caused by this on-going epidemic would be hard to overstate. It has contributed to the massive growth of the foster care population. By May 2018, there were around 6,500 children in foster care—and only 1,350 foster families. In 2015, there were 4,956 kids in foster care. According to the DHHR, there has been a 34 percent increase in Child Protective Services (CPS) cases over the last three years, with drugs being involved in 83 percent of these.

This epidemic creates the potential for a vicious cycle. If individuals with high ACEs scores are more likely to become addicted, the children impacted by this epidemic will have higher ACEs scores.

However, as with ACEs, history does not have to be destiny. In addition to prevention and treatment for substance use disorder, the same protective factors that provide a buffer against ACEs can also help communities and individuals dealing with this crisis.
SOCIAL DETERMINANTS OF HEALTH.
Health outcomes are not simply a matter of clinical conditions. Research shows that social factors such as relative social status, poverty, income levels, educational attainment, relationships, the natural and built environment and the community in which one lives has a huge impact on health and longevity.42

Studies by British epidemiologist Michael Marmot suggests that the key ingredients to longevity and health are a sense of control over one’s life and the ability to fully participate in society. These diminish as we move down the ladder. It is inequality in these that plays a big part in producing the social gradient in health. The wider the divide, the sharper are the effects, according to Marmot.43

In “The Spirit Level: Why More Equal Societies Almost Always Do Better”, epidemiologists Richard G. Wilkinson and Kate E. Pickett expand on these themes. Using international data, they found that high degrees of inequality have negative effects, not just on mental and physical health, but also on things like substance abuse and addiction, education, incarceration, obesity, social mobility, violence, social trust, teen pregnancies and child well-being.44

Fortunately, as powerful as social forces are, they are created by people and can be changed by them.

Bright Spots
Not all the news from and about rural West Virginia is bad. In fact, the state is a national leader in several positive areas and could provide a positive model for other rural states.

Medicaid expansion, announced by then West Virginia Governor Earl Ray Tomblin in 2013, led to a dramatic increase in health coverage for low-income working West Virginians. Between 2013 and 2015 alone, the number of uninsured dropped from 255,000 to 108,000 people.45 The additional federal funding has provided a boost to rural hospitals and primary care centers and has opened the door of medically assisted treatment for opioid addiction to thousands of West Virginians.

The state is also a leader in covering children, thanks largely to traditional Medicaid and the Children’s Health Insurance Program. The uninsured rate for West Virginia children is 2.1 percent,46 compared to five percent nationally, according to the Georgetown Center for Children and Families.47

For several years, West Virginia has been a national leader in school breakfast participation.48 The state passed innovative legislation aimed at increasing participation in 2013 with the Feed to Achieve Act. For each of the last six years, more county school boards have expanded free breakfast and lunches to all students via the Community Eligibility Provision of the Healthy Hunger Free Kids Act.49 West Virginia was also a pioneer in establishing universal pre-kindergarten education in all 55 counties50 and has a strong network of home-visiting family support and early childhood education programs.

Non-governmental organizations and grassroots groups are also working for positive change at the community and policy level. A few examples include Try This West Virginia, which is promoting healthy lifestyles and supporting community projects around the state and Our Children Our Future, which has won numerous policy victories aimed at reducing child poverty since its start in 2013.

Groups such as the West Virginia Food and Farm Coalition and the West Virginia Farmers Market Association are working to expand the state’s agricultural economy and access to local foods. The West Virginia Community Development HUB works to revitalize communities, while Create West Virginia is advocating for broadband expansion and economic innovation. The Coalfield Development Corporation is providing paid job training and post-secondary education for disadvantaged workers in several southern counties.
The opioid crisis has prompted faith organizations such as the West Virginia Council of Churches and the Partnership of African American Churches to combat addiction and support recovery. The ACEs Coalition and related groups are promoting greater awareness of trauma, prevention and protective factors that reduce the harm it does.

Groups such as the CARE Coalition (Call to Action for Racial Equality), Hope Community Development, and the NAACP, and community efforts such as Race Matters, are working to educate the public about systemic racism.

There are many more inspiring examples. Given strong civic engagement, community involvement and sound public policies, a better future is possible.
What is Rural West Virginia

Each year, the State of Working West Virginia provides an update on the various economic and demographic data in West Virginia. Often the focus of the data is to compare West Virginia’s economy to the nation’s or track how the state’s economy has changed over time. This section of the report takes a slightly different approach, by comparing the economic and demographic data within the urban and rural areas of West Virginia. As the data show, there is a clear economic dichotomy between urban and rural West Virginia. By illustrating how economic conditions in rural West Virginia differ from the rest of the state, we can begin to explore ways to improve the economies of these areas.

It is important to understand that there is no one agreed upon definition of what makes an area “rural.” Everyone has their own idea and definition of rural based on their own perceptions, one person’s small town is another person’s city center.

This report defines rural areas in West Virginia using the Office of Management and Budget (OMB) metro and nonmetro classification. OMB defines metro areas by considering population density, administrative boundaries, commuting patterns, trade patterns and media markets. For this report, rural areas are defined as those areas that are not part of a metro area.

The metro areas in West Virginia include the Beckley, WV; Charleston, WV; Huntington-Ashland, WV-KY-OH; Morgantown, WV; Parkersburg-Vienna, WV; Weinton-Steubenville, WV-OH; and Wheeling, WV-OH. Below is a map of the rural counties in West Virginia that are not part of an OMB metro area.
Map 1

West Virginia’s Rural Counties

[Map showing the counties of West Virginia marked with a symbol for rural counties.]
Rural West Virginia Is Shrinking

Over the past decade, West Virginia has been one of the few states to lose population. And that population loss has largely occurred in the state’s rural areas. Between the 2000 and 2010 decennial Census, West Virginia’s metro areas saw an increase in population of nearly 50,000 people, a five percent increase. In contrast, the state’s nonmetro areas experienced a population loss of roughly 4,600 people, a 0.6 percent decline (Figure 1).

Figure 1

Rural Areas in West Virginia are Losing Population

With declining population in rural areas and increases in more urban areas, the state’s population has become more concentrated in its metro areas. The share of the state’s population in rural or nonmetro area in 2010 was 46 percent. A decade and a half later, the share in a rural area had fallen to 38 percent (Figure 2).

Figure 2

Share of West Virginians Living in a Rural Area is Shrinking
Who is Rural West Virginia?

As whole, West Virginia has an older, less diverse population than most other states. This is also more true for the state’s rural population, which is slightly older with a smaller minority population than the urban areas of the state. About 35 percent of the population living in rural West Virginia is over the age of 55, compared to 32 percent in the state’s metro areas. The shares of population below 25, and in the prime-working age (25 to 54 years old), are also similar in both the nonmetro and metro areas of the state (Figure 3).

Figure 3
Rural West Virginia is Slightly Older
Share of Population by Age Group in Metro and Nonmetro Areas, 2014-2016

![Age Group Graph](image)

Source: EPI analysis of American Community Survey data

Rural and urban West Virginia also share similar racial and ethnic demographics. Both are over 90 percent white, with only small minority populations (Figure 4).

Figure 4
Both Rural and Urban West Virginia Lack Racial Diversity
Share of Population by Race/Ethnicity in Metro and Nonmetro Areas, 2014-2016

![Race/Ethnicity Graph](image)

Source: EPI analysis of American Community Survey data
While rural and urban West Virginia are similar when it comes to age and race, there are larger differences when it comes to education attainment. West Virginia’s rural population has much lower levels of educational attainment, with more people with a high school degree or less, and fewer people with a college degree. In rural West Virginia, 16.5 percent of people older than 24 have at least a bachelor’s degree, compared to 22.3 percent in the state’s urban areas. (Figure 5).

**Figure 5**
Lower Levels of Educational Attainment in Rural West Virginia

![Bar chart showing educational attainment in rural and urban West Virginia](source: EPI analysis of American Community Survey data)

Lower Incomes, Higher Poverty

West Virginia has historically been one of the poorest states in the country, a fact that is even more true for the state’s rural areas. Median household income, which measures the income of the typical household – or the household in the middle of the income distribution – and serves as a good indicator for how the middle class is faring, is substantially lower in rural West Virginia than in the state’s urban areas.

The median household income in rural West Virginia of $39,741 is $5,880 lower than median household income in the state’s urban areas, and $3,600 lower than the state average (Figure 6).
Figure 6  
Incomes Lower in Rural West Virginia  
Median Household Income, 2014-2016

<table>
<thead>
<tr>
<th></th>
<th>State Average</th>
<th>Metro</th>
<th>Nonmetro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Income</td>
<td>$43,341</td>
<td>$45,621</td>
<td>$39,741</td>
</tr>
</tbody>
</table>

Source: EPI analysis of American Community Survey data

With low-income levels, it is unsurprising that thousands of West Virginians are struggling to make ends meet. In 2016, the state’s poverty rate was 17.9 percent, the fifth-highest in the country, with more than 319,000 West Virginians living in poverty. In rural West Virginia, poverty is even more prevalent. The poverty rate for rural West Virginia is just under 20 percent, two percentage points higher than the urban poverty rate (Figure 7).

Figure 7  
Poverty More Prevalent in Rural West Virginia  
Total Poverty Rate, 2014-2016

<table>
<thead>
<tr>
<th></th>
<th>State Average</th>
<th>Metro</th>
<th>Nonmetro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Rate</td>
<td>18.5%</td>
<td>17.8%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Source: EPI analysis of American Community Survey data
The Rural Economy

West Virginia has seen relatively weak job growth in recent years, with the state yet to gain back the jobs lost during the recession. West Virginia has about 9,000 fewer jobs today than it did in 2007, and its labor force has shrunk by about 34,000 workers.52

While job growth has been largely stagnant in the state’s urban areas in the 10 years since the recession, the state’s rural areas have experienced a sharp decline in jobs. Between 2007 and 2016, rural West Virginia lost more than 21,000 jobs, a loss of over eight percent (Figure 8). The weak recovery statewide has not been felt in rural West Virginia.

Figure 8
Sharp Job Loss in Rural West Virginia
Overall Employment, West Virginia Nonmetro Areas, 2007-2016

But even before the recession, job growth in rural West Virginia lagged far behind the urban areas of the state. Between 1990 and 2007, total employment in urban West Virginia increased by nearly 23 percent, while only increasing by less than nine percent in rural West Virginia. And with the losses since 2007, rural West Virginia had fewer jobs in 2016 than in 1990. In other words, all of the job growth in West Virginia over the past quarter century has occurred in the state’s urban areas (Figure 9).
Variations in the composition of industry employment play an important role in the differences in the urban and rural economies in West Virginia. Overall, West Virginia’s industrial mix reflects a largely service-based economy, with retail trade and professional services making up roughly half of West Virginia jobs in both the urban and rural areas of the state.

The different industry composition of rural parts of the state compared to urban West Virginia helps explain some of the divergence in employment growth between cities and the countryside. Overall, urban West Virginia has a disproportionately larger share of the state’s health care, finance/insurance/real estate and retail trade employment. Those industries, in particular health care, have seen stronger growth.

In contrast, rural West Virginia is much more reliant on the extraction industry as a source of jobs. In rural West Virginia, 3.3 percent of the jobs are in the coal mining sector, with another 2.3 percent in natural gas extraction. In comparison, mining jobs as a whole make up just 2.5 percent of total employment in the state’s urban areas. As previous editions of “The State of Working West Virginia” have explored, a reliance on mining as a source of employment has historically led to an underperforming economy, as the booms and busts of the mining industry has not lead to stable growth and economic diversity.53

Public investment plays a significant and direct role in a number of the major employers in both cities and rural areas — such as through funding public schools and universities, making payments to hospitals and providing public safety. The top overall employers in rural and urban West Virginia are listed in the table below.
Job losses in recent years in the mining industry have hurt the state, and rural West Virginia in particular. West Virginia is down 14,000 mining jobs since 2011, and had 12,200 fewer mining jobs in 2017 than it did in 1990 (Figure 10).
Rural West Virginia’s reliance on the construction sector has also explained its divergence in employment growth. Between 2012 and 2016, West Virginia lost 5,300 construction jobs, a loss of 15 percent. Since then the state has gained those lost jobs due to gains in natural gas pipeline construction. Despite the recent gains, the construction industry is still down 6,300 jobs from its pre-recession peak.54

Stagnant Wages for Rural West Virginia

Along with a lack of job growth, rural West Virginia has experienced very little wage growth over the past quarter century. Wage growth in rural and urban West Virginia has followed nearly an identical pattern as job growth. Wages grew much slower in rural West Virginia than in urban West Virginia throughout the 1990s and early 2000s, and has been stagnant since the recession. Since 1990, average wages in rural West Virginia have increased by only 6.1 percent, compared to 13.6 percent in urban West Virginia (Figure 11).
The relative strength of West Virginia’s urban and rural economies also shows up in wages. Whereas the median wage in metro West Virginia is $23.07 per hour, it is only $21.04 per hour in nonmetro West Virginia. A big pay penalty exists for those living in nonmetro areas who have more education. Median wages for West Virginians with a high school degree are only five percent less in rural areas than in urban areas, but are 17 percent less for those with an advanced degree (Table 2).

Table 2
Wage Gap Between Urban and Rural West Virginia
Median Hourly Wages of Full-time, Year-round Workers, by Educational Attainment, 2014-2016

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Metro</th>
<th>Nonmetro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$18.76</td>
<td>$16.87</td>
</tr>
<tr>
<td>Less than high school</td>
<td>$14.46</td>
<td>$12.68</td>
</tr>
<tr>
<td>High school</td>
<td>$15.41</td>
<td>$14.70</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>$16.86</td>
<td>$15.22</td>
</tr>
<tr>
<td>Associate degree</td>
<td>$19.50</td>
<td>$18.29</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>$22.30</td>
<td>$21.95</td>
</tr>
<tr>
<td>Advanced degree</td>
<td>$29.16</td>
<td>$24.12</td>
</tr>
</tbody>
</table>

Source: EPI analysis of American Community Survey data
Employment and Unemployment

West Virginia’s unemployment rate has been steadily, slowly, declining from its peak of 10 percent in early 2010, reaching 5.4 percent in 2018. Unemployment remained higher in the state’s rural areas during the recovery, averaging 8.5 percent from 2014 to 2016, compared to 6.5 percent in the state’s urban areas.

Perhaps one of the best labor force measures is the employment to population ratio (EPOP), which simply looks at the share of people who have a job. EPOP provides a broader picture than the unemployment rate, which only counts people as unemployed who have looked for work in the last four weeks. In an extended weak economy like West Virginia has experienced, EPOP importantly takes into account so-called discouraged workers — or people who are not currently searching for employment, but most all of whom have been employed at some time in the past.

Urban West Virginia has a substantially stronger EPOP than rural West Virginia, among all age groups, again underlying the relative weakness of the state’s rural economy. The EPOP for urban West Virginia is 5.6 percentage points higher than in rural West Virginia. Among prime-age workers (ages 25 to 54) the gap is 5.9 percentage points (Table 3).

Table 3
Employment Rates Higher in Urban West Virginia
Employment to Population ratio, by age group, 2014-2016

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Metro</th>
<th>Nonmetro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>51.6%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Less than 25</td>
<td>45.0%</td>
<td>41.5%</td>
</tr>
<tr>
<td>25 to 54 (prime age)</td>
<td>70.9%</td>
<td>64.9%</td>
</tr>
<tr>
<td>55+</td>
<td>30.9%</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

Source: EPI analysis of American Community Survey data

Conclusion

West Virginia’s economy has trudged along since the end of the Great Recession, as the nation has enjoyed eight years of one of the longest economic recoveries on record. But while some have declared the state is making an economic comeback, a closer look shows two very different economies in the state. The state’s urban areas, characterized by health care jobs, moderate growth, more educated workers and higher incomes, contrasts sharply with the mining jobs, higher poverty and lack of growth of rural West Virginia. Instead of celebrating minor successes, policymakers must give greater attention to building a stronger economy that works for all West Virginians.
Section 3:
Bringing Shared Prosperity to (Rural) West Virginia

The experience of rural West Virginia over the last several decades has been one of little growth and development with large population loss, no employment and little wage growth, poor health outcomes and an economy that has been largely based on resource extraction that has become more mechanized and capital intensive supporting fewer rural families. The deindustrialization of rural West Virginia has left many rural West Virginia towns abandoned and stranded economically and socially, as unions, factories and mass employment in extractive industries have continued to decline.

In order to have sustainable and broader economic growth in rural West Virginia, policymakers at the state and federal levels will need to diversify the economy by building local wealth and economic ownership, fostering more locally driven development and by investing in people and public structures that provide a foundation for economic opportunity and improve the quality of life.

Expand High-Speed Internet: Access to broadband internet is essential for economic growth, education, health care and quality of life. Despite being a necessity, only 75.2 percent of West Virginians have access to high-speed internet, according to Broadband Now. West Virginia ranked 45th least connected in the nation. A 2018 Federal Communications Commission report found that 17.8 percent or 326,000 West Virginians lacked access to fixed high-speed wireless internet. However, in rural areas of West Virginia, that number was just 30.8 percent, with 11 counties having less than 50 percent of its population with access to high-speed internet.

One central reason for the lack of connectivity in West Virginia is that it is often not economically profitable for an internet provider to invest services in rural areas of the state. State policymakers should expand high-speed internet through a public provision and enhanced competition with rural cooperatives (e.g. People’s Rural Telephone Cooperative in Kentucky) to ensure access in hard to reach communities with last-mile broadband access. Last year, the West Virginia policymakers took some steps in this direction but failed to provide funds needed to make it happen.

Tackle Opioid Crisis and Improve Rural Health: West Virginia leads the nation in opioid drug overdose rates, considered the most at risk state for an HIV or Hepatitis C outbreak from drug use, has the highest incidence of neonatal abstinence syndrome (NAS) and has the second highest rate of opioid prescriptions in the nation. The Center of Disease Control and Prevention have estimated that opioid use (not including heroin or fentanyl), dependence and overdoses have cost the United States $78.5 billion in 2013 or $4.8 billion per overdose. In 2016, West Virginia had 340 people overdose from prescription opioids. Using the above CDC cost figure, the estimated cost in West Virginia could be in the range of $1.6 billion in 2015 or over $29 billion between 2001 and 2015. One recent study that included other factors, such as heroin and fentanyl, estimated that the opioid crisis has cost West Virginia $8.8 billion in 2015.
West Virginia policymakers need to boost investment in the best evidence-based practices that include the “four pillars” approach, which address prevention, treatment, harm reduction and enforcement. For example, medication-based treatment (MAT), psychosocial treatment, needle exchanges, supervised consumption spaces, and Naloxone (opioid overdose antidote) availability would fall under the four pillars. Policymakers could also look to Vermont’s hub and spoke model that centers around MAT at regional treatment centers (Hubs) and physician offices (spokes). Lastly, policymakers need to treat drug addiction as a health issue or illness, not just a criminal justice one, and explore ways to decriminalize drug addiction, which will save the state money in the long-term and lead to a healthier, stronger West Virginia.

Make Work Pay Go Further: Nearly a quarter of jobs in West Virginia are low wage. The prevalence of low-wage employment is especially present in rural areas of the state where low-wage retail giants like Wal-Mart and Dollar General are a major source of employment. Along with low-wage jobs, the lack of post-secondary educational attainment and job training contribute to the state’s large surplus labor and high rural unemployment and low-labor force participation rates.

To boost wages, labor force participation and economic security it is important for workers to be able to earn enough money to stay above water through enacting policies aimed at achieve that end. These policies include:

- **Raising the minimum wage** to $15 an hour by 2025 and doing away with the two-tiered system of the tipped minimum wage would lift pay for over a third of West Virginia’s workers. This would allow working people to better support their families and would stimulate local economies while improving long-term outcomes.

- **Establishing a refundable state Earned Income Tax Credit (EITC)** would lift low-income families out of poverty while boosting long-term earnings and workforce participation. An EITC also improves health and educational outcomes while providing a boost to rural economies.

- **Raising the salary threshold** that workers are eligible for overtime pay would benefit 66,000 West Virginia workers. This rule change would put more money in the pockets of working people, either through overtime pay or increased salaries to meet the new threshold.

- **Expanding access to affordable, quality child care** would boost labor force participation, improve long-term child outcomes, help businesses thrive and improve the quality of life for working families. For far too many parents, the high cost of child care is a financial barrier to joining the workforce – especially those families between 150 and 400 percent of the federal poverty line.

- **Raise the pay of public employees, teachers and school workers.** West Virginia teachers and other public employees are paid lower than most states. While the legislature passed a five percent pay raise for teachers, state employees and school service personnel following a nine-day, statewide teachers’ strike, it is only a first step and more needs to be done to retain and attract a talented public workforce.

- **Boost post-secondary education** by investing more in four-and two-year public colleges and universities. The level of educational attainment has profound implications for the earning potential - as well as health and longevity – of working West Virginians. Despite this, funding for post-secondary education has declined dramatically over the last 10 years. State budget priorities must be reversed to improve the access to, and affordability, of post-secondary education. This could include ensuring that the PROMISE scholarship fully covers tuition and fees, offering tuition-free community colleges and providing more financial assistance to students with college debt.

- **Invest in workforce development and job training** by reinvesting in customized job training, scaling-up programs such as the West Virginia Manufacturing Extension Partnership and increase support that allows people with disabilities to find work. One direct way to increase participation in the workforce is for the state to place people in private- or public-sector jobs who cannot find
them in the regular labor market through a subsidized employment program. For example, in the 1980s Minnesota ran a successful state-funded subsidized employment program called MEED (Minnesota Emergency Employment Development) that provided wage subsides to about 19,000 unemployed workers (two-thirds of which were in the private sector) not receiving unemployment insurance. Other successful state models include Florida Back to Work, Mississippi STEPS and Put Illinois to Work.

- Rollback anti-labor policies, including “right-to-work” and the repeal of prevailing wage. Both of these laws are aimed at putting downward pressure on wages.\textsuperscript{74}

**Invest in Rural West Virginia with Tax Reform:** Over the last decade, West Virginia has cut hundreds of millions in business taxes that have led to deep cuts in higher education as well as other important programs and services. This includes eliminating the business franchise tax and reducing the corporate net income tax rate from nine to 6.5 percent. This, along with other tax reductions from 2005 to 2015, means the state has had less funds to invest in its people and communities. In order to make investments in education, it will require a break with the failed tax and austerity policies of the past. The state has a number of revenue enhancement options, some of which can ensure that the wealth that is being created in rural areas off of the land and workers, goes back, such as:

- Raising the **Corporate Net Income Tax** rate back to nine percent could increase revenue by an estimated $62 million in the next fiscal year, while ensuring that large (mostly out-of-state) corporations pay their fair share.\textsuperscript{75}

- Increasing the **Natural Gas Severance Tax** from five to 7.5 percent could generate over $80 million in additional revenue, some of which could be shared with local governments. The severance tax is highly exportable, and studies have shown that has little to no impact on production.\textsuperscript{76}

- States can now collect **sales taxes from online remote retailers.** This could yield an estimated $50 to $100 million per year in additional revenue, a portion of which would go the municipalities that have adopted a local sales tax on top of the state sales tax.\textsuperscript{77}

- Modernize the state **Excess Acreage Tax.** Since 1905, West Virginia has had a tax on large tracks of land purchased (10,000 acres) by corporations. Unfortunately, it has not been updated to reflect modern times and its application is too small. If West Virginia modernized the tax by, making it an annual tax where the tax rate would increase with increased land ownership (e.g. starting at 50 cents per acre corporations that own between 1,000-2,499 acres and ending with $5 per acre for corporate land owners above 250,000 acres), it could yield an estimated $10.6 million annually.\textsuperscript{78} The revenues could be used at the state level or be distributed back to the county of origin.

**Pass policies aimed at reducing racial disparities:** West Virginia is just one of four states that has a lifetime ban on drug felons from receiving Supplement Nutrition Assistance Program (SNAP).\textsuperscript{79} SNAP enrollment is not only higher in rural areas and small towns in West Virginia, but it an important source of income and food assistance for rural areas of West Virginia.\textsuperscript{80} African Americans in West Virginia are more likely than Whites to be targeted and arrested for drug related crimes, and are therefore more likely to face felony drug convictions. As a result, African Americans are more likely to face the state’s lifetime ban on accessing food assistance through SNAP. On top of opting out of this ban, policymakers should also make it easier for people about to be released from prison to obtain a state ID. Again, because African Americans are disproportionately affected by the criminal justice system, they are more likely to face barriers to work and housing post-release because they lack an official identification like a state ID, birth certificate or social security card. Other paths to reduce racial disparities would include drug decriminalization and broader criminal justice reform, along with targeted investments and hiring and bettering labor standards that are mentioned above.
Policymakers should also be exploring ways to boost the local food economy, improve banking access, preserve viable small towns, enhance renewable energy development and distribution, cooperative models of business ownership, assisting workers from declining industries and preparing for the growth in the health care industry as the state ages, to name just a few. At the federal level, passing the bipartisan Revitalizing the Economy of Coal Communities by Leveraging Local Activities and Investing More Act (RECLAIM), which would use $1 billion from the Abandoned Mine Lands Fund to clean up and repurpose old coal mines to benefit coal communities, would be one step to add millions of dollars to West Virginia’s economy to help rural areas transition. Other policies that would greatly benefit West Virginia are expanding the federal Earned Income Tax Credit and Social Security, passing Medicare for All and exploring the potential of a federal job guarantee and/or Green New Deal.

Until West Virginia policymakers champion policies that support rural West Virginia, the economic, health and well-being divide between rural and urban areas of the state will continue.
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