

Jobs Count

The aim of **Jobs Count** is to provide a monthly update of the state of working West Virginia.

www.jobscount.org

west virginia
Center on
Budget & Policy

August 2011 Update

Economy Remains Stagnant as State Adds Only 500 Jobs in August

West Virginia's total nonfarm employment rose by 500 in August, as the job market remained flat across the economy. Revised numbers from the Bureau of Labor Statistics showed that West Virginia lost 500 jobs in July, which means there has been no net job growth since June (**Figure 1**). West Virginia remains 8,100 jobs below its pre-recession level, while the state's unemployment rate is still twice the pre-recession rate at 8.1 percent (**Table 1**).

Construction Lone Bright Spot

The construction industry showed the strongest growth in August, adding 600 jobs, an increase of 1.8 percent from the previous month. It also was the only sector in West Virginia to see growth greater than one percent in August.

The construction industry has outperformed the rest of the state's economy in 2011, with employment growing by 10 percent since January. The next highest growth occurred in the professional and business services sector, which has grown 2.2 percent in 2011. Total nonfarm employment has only increased by 0.6 percent since January.

Recovery Has Lost Momentum

Despite total nonfarm employment increasing by 4,500 jobs in West Virginia since January, job growth has been losing momentum. In the first part of 2011, the state was adding jobs each month, with total nonfarm employment growing at an average monthly rate of 0.3 percent from January to April. The average monthly rate since then has slowed to 0.1 percent (**Figure 2**).

Only the construction and professional and business services sectors have seen job growth gain momentum since May. Some sectors, like mining and logging and government have had their average monthly rate of growth fall below zero these past few months, despite positive growth in the beginning of the year.

Table 1

Jobs Remain Flat Across Economy

	December 2007	August 2011	Change	Percent Change
Unemployment	4.1%	8.1%	4.0%	
Total jobs	760,300	752,200	-8,100	-1.1%
Manufacturing	57,900	49,400	-8,500	-14.7%
Construction	38,200	33,100	-5,100	-13.4%
Mining/Logging	28,800	30,900	2,100	7.3%

Source: Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted. *Unemployment figures from BLS, Local Area Unemployment Statistics.*

Figure 1

No Net Job Growth Since June

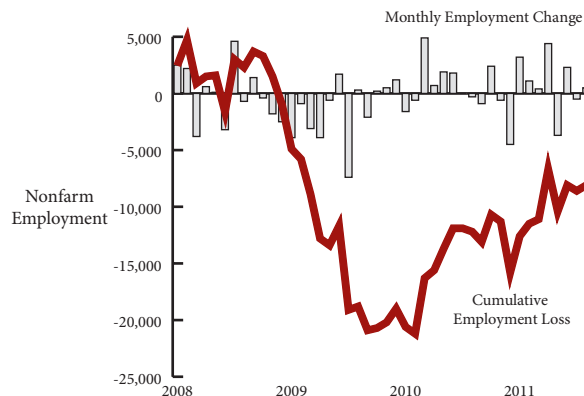
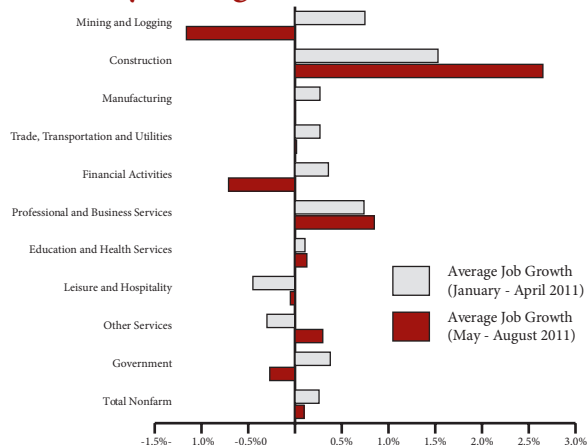


Figure 2

Recovery Losing Steam



Source for Figures 1 and 2: Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted.

A Closer Look

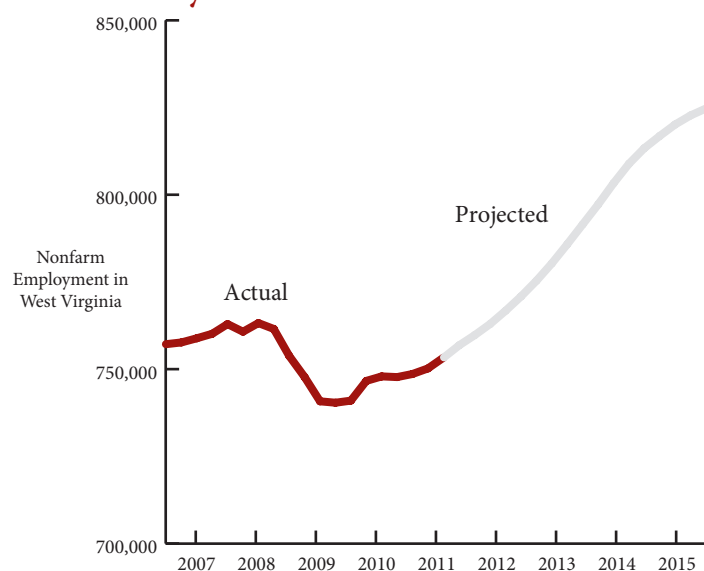
Job Growth and Unemployment Projections

In the months before the recession, West Virginia had approximately 760,000 nonfarm jobs, and its unemployment rate hovered around four percent. The state began shedding jobs in early 2009, and the unemployment rate quickly jumped to more than eight percent. During the depths of the recession, West Virginia had lost nearly 20,000 jobs, with the unemployment rate almost reaching 10 percent.

During the past year, job growth in West Virginia has been slow, and only recently has the unemployment rate dipped below nine percent. However, projections from Moody's Analytics should give the state some hope for better days ahead.

Moody's projects that job growth in West Virginia should begin to gain momentum in the next year. Nonfarm employment is projected to return to pre-recession levels of more than 760,000 jobs by the second quarter of 2012 and should approach 825,000 by the end of 2015 (Figure 3).

Figure 3
West Virginia Job Growth Expected To Rise in 2012 and Beyond

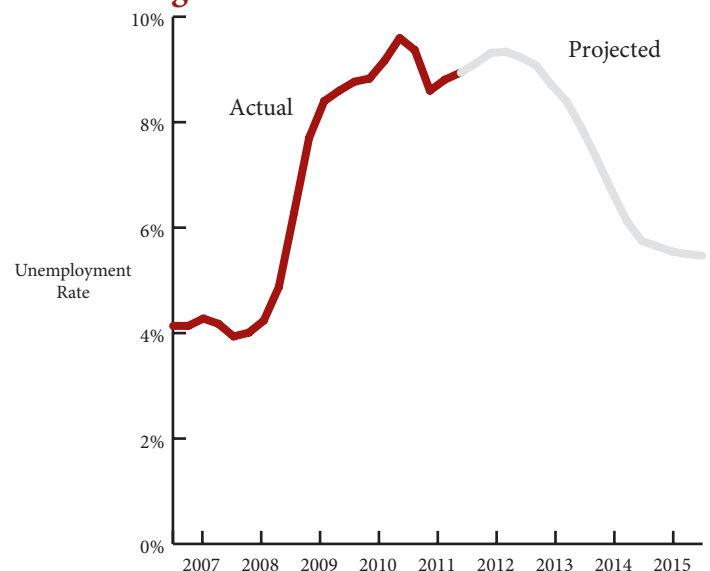


Source: Moody's Analytics, August 2011 Forecast.

Despite the projected gains in employment, the unemployment rate in West Virginia is predicted to remain elevated during the next several years. Job growth in 2012 is not projected to outpace population growth, and the unemployment rate is expected to rise above nine percent again. Starting in 2013, job growth is projected to be large enough to lower the state's unemployment rate. Moody's projections show the unemployment rate falling below six percent by the end of 2014. However, more than seven years after the recession began, the unemployment rate is projected to be nearly two percentage points higher than its pre-recession levels (Figure 4).

With unemployment levels remaining high in states across the country, even a small economic setback could send the United States into a renewed recession. Policy makers at the state and federal level should take bold action to accelerate job creation and end the unemployment crisis that is hampering the economy.

Figure 4
Despite Job Growth, Unemployment Likely To Remain Higher than Pre-Recession Levels



Source: Moody's Analytics, August 2011 Forecast.

The West Virginia Center on Budget and Policy is a nonprofit, nonpartisan research organization. Our aim is to support public policies that contribute to a shared prosperity for all West Virginians. We study critical issues, share what we learn with the public and policymakers, and work with diverse groups on sound solutions to economic and social problems.