

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

January 2012 Update

Biggest Month of Jobs Gain Since 2008

West Virginia experienced its largest single month jobs gain in January in over three years. Total non-farm employment increased by 3,100, reaching 763,900 (**Figure 1**), its highest peak since late 2008. West Virginia now has more jobs than it did at the official start of the recession in December 2007. The unemployment rate also sank, falling from 7.8 percent to 7.4 percent over the last month (**Table 1**).

Government Bounces Back

Growth in state and local government was responsible for most of the jobs gain in January, with payrolls increasing by 5,900 or 4.7 percent since December 2011. This could be a hiring spree of temporary workers January. The state also got a boost in leisure and hospitality employment that rose by 1,500 or two percent in January. Mining and logging and professional and business services each gained 500 jobs in January, while construction gained 200 jobs.

Manufacturing, however, lost 700 jobs - falling to a record low of only 48,700 in January. This is roughly 9,000 jobs below the pre-recession level. Education and health services, which have gained 9,100 jobs since the beginning of the recession, lost 700 jobs in January.

Employment Still Down

While West Virginia had more jobs in January than it did at the beginning of the recession in December 2007, it still has not seen enough job growth to return the unemployment rate to pre-recession levels. In December 2007, the state's unemployment was 4.1 percent compared to 7.4 percent today. The number of state residents employed is also down. Since the beginning of the recession, there are about 33,000 fewer residents employed (**Figure 2**). This is partly the result of a declining labor force, which has shrunk by 6,600 since December 2007.

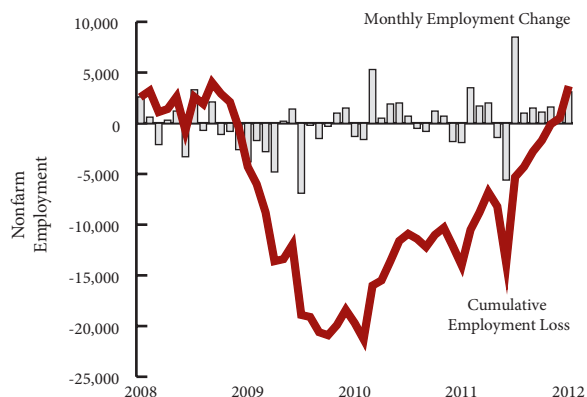
TABLE 1

Unemployment Decreases, Total Jobs Increase Slightly

	December 2007	January 2012	Change	Percent Change
Unemployment	4.1%	7.4%	3.3%	
Total jobs	760,300	763,900	3,600	0.47%
Manufacturing	57,800	48,700	-9,100	-15.74%
Construction	38,100	34,300	-3,800	-9.97%
Mining/Logging	28,800	35,000	6,200	21.53%

FIGURE 1

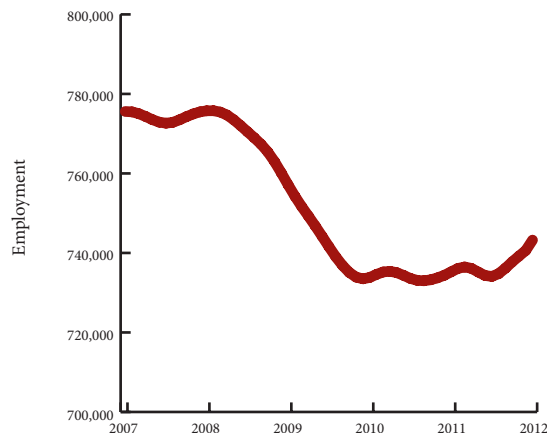
Job Growth Continues Its Upward Trend



Source for Table 1 and Figure 1: Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted. *Unemployment figures* from BLS, Local Area Unemployment Statistics.

FIGURE 2

Employment Numbers Remain Well Below Pre-Recession Levels



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Series ID LASST54000005.

A Closer Look

Young Workers, Ages 16 to 24

Young workers ages 16 to 24 make up only 13.6 percent of West Virginia's labor force, but comprise 34 percent of unemployed workers in the state. Teens and young adults also have unemployment rates far above the state average. In 2011, the unemployment rate for young West Virginia workers was 20.3 percent compared to 8.1 percent for the state as a whole. Nationally, the unemployment rate for young workers was three percentage points lower at 17.3 percent.

Another disturbing trend among those aged 16 to 24 is the rate of labor force participation. Today, fewer young workers in West Virginia are participating in the workforce than at any point in the last 33 years (Figure 3). At just 31 percent in 2011, the teen (ages 16-19) labor force participation rate is far below its peak of 47 percent in 2001 and is lower than at any time since 1978.

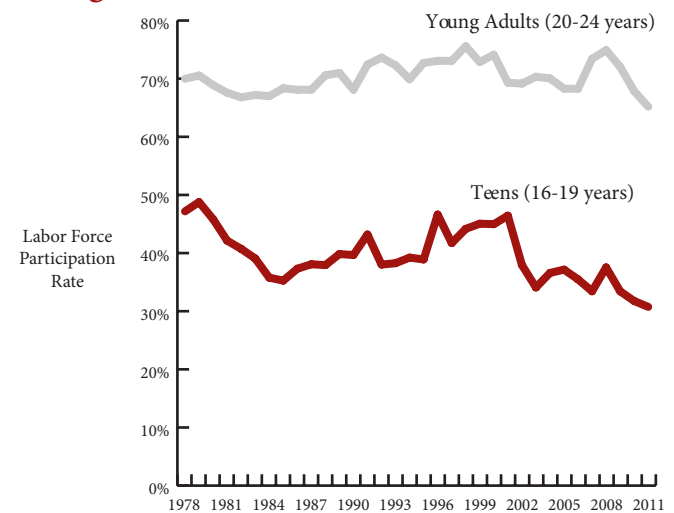
Young adult workers (ages 20 to 24) have also experienced a steep decline in their labor force participation rate. In 2011, approximately 65 percent of young adults were in the labor force compared to 75 percent just three years ago. This was the lowest participation rate for this age group since 1978.

Nationally, the labor force participation rate for teens was 34 percent and 71 percent for young adults.

Younger workers have always faced higher unemployment and lower labor force participation rates than prime-age workers (ages 25-54). This is primarily because young workers tend to be disproportionately employed in temporary positions, have less experience, and are often the "last one hired, the first one fired." During recessions, young workers are most often employed in "cyclically-sensitive" industries like retail trade and tourism, which makes them more vulnerable than other age groups to high unemployment and dropping out of the workforce.¹

FIGURE 3

Young Labor Force Shrinks to 33-Year Low



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, "Preliminary 2011 Data on Employment Status by State and Demographic Group," downloaded from <http://www.bls.gov/lau/ptable14full2011.pdf>.

If the decline in labor force participation among young adults could be explained by an increase in college enrollment, that would be a silver lining in the story. However, the college-going rate among West Virginia's recent high school graduates stagnated during the recession, rising only slightly from 50.1 percent in 2008 to 50.3 percent in 2010.²

The dramatic drop in labor force participation and high rates of unemployment among young workers should be a major policy concern for lawmakers. West Virginia should pursue targeted policies to help these workers find employment and regain their footing in the labor market.

¹ U.S. Congress Joint Economic Committee, "Understanding the Economy: Unemployment Among Young Workers" (May 2010), downloaded from http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=adaef80b-d1f3-479c-97e7-727f4c0d9ce6.

² West Virginia Higher Education Policy Commission, "West Virginia Report Card 2011," downloaded from https://www.wvhepc.org/downloads/LOCEA/Report_Card_2011.pdf.

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