

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

November 2011 Update

West Virginia Unemployment Rate Falls Below Eight Percent

West Virginia's unemployment rate fell to 7.9 percent in November, putting it below eight percent for the first time in two and a half years (**Table 1**). The state added 1,100 jobs in November, with total nonfarm employment now standing at 755,000 (**Figure 1**). West Virginia added more than 1,000 jobs for the second month in a row — only the third time that has happened in the past three years. The state's jobs count is now 5,300 jobs below its pre-recession level, the smallest gap since the first months of the recession.

Slow and Steady Growth

Changes were minor across the economy again this month, with no sectors experiencing major movement. The leisure and hospitality sector led the way with 800 jobs added, an increase of 1.1 percent, while the trade, transportation, and utilities sector added 300 jobs, only a 0.2 percent bump. Mining and logging, construction, and the other services sectors all saw fewer than 200 jobs added.

While gains this month were small, job losses were even smaller. The manufacturing and financial activities sectors both lost 200 jobs this month, a decline of 0.4 percent and 0.7 percent respectively. The professional and business services and the education and health services sectors both declined 0.2 percent, losing 400 jobs between them.

2011 Looks To Be Stronger Than 2010

From January to November 2011, West Virginia added 10,500 jobs, compared to 7,700 at this point in 2010 (**Figure 2**). The state had five months of positive job growth in 2010, but has already had eight positive months in 2011. While most of 2011's strong performance occurred early in the year, West Virginia's economy seems to have regained some momentum at year's end.

Table 1

Unemployment Drops Slightly

	December 2007	November 2011	Change	Percent Change
Unemployment	4.1%	7.9%	3.8%	
Total jobs	760,300	755,000	-5,300	-0.7%
Manufacturing	57,900	49,300	-8,600	-14.9%
Construction	38,200	33,400	-4,800	-12.6%
Mining/Logging	28,800	32,500	3,700	12.8%

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

Figure 1

1,000+ Jobs Added in November

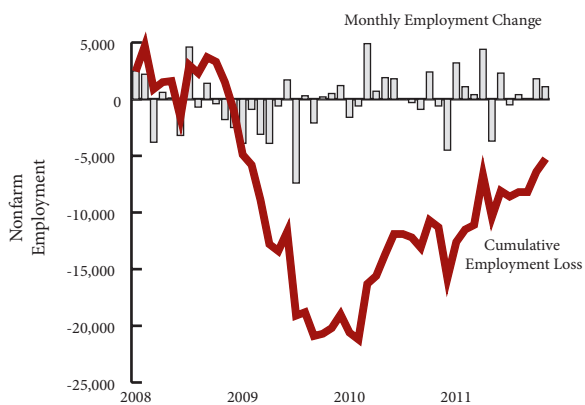
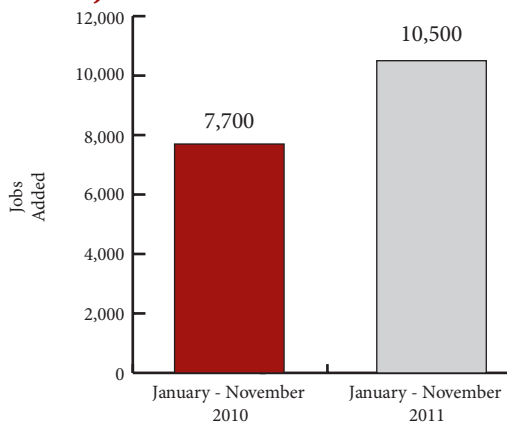


Figure 2

More Jobs Added in 2011 Than in 2010



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

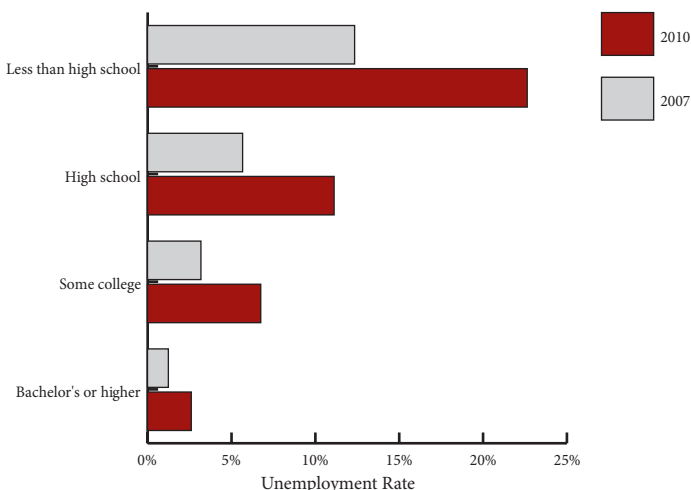
A Closer Look

Workers Available, Jobs Are Not

West Virginia's unemployment rate has remained stubbornly high, even though the recession officially ended more than two and a half years ago. The consistently high unemployment rate has raised the question of whether hiring has failed to pick up because employers are unable to find workers with the right skills. However, evidence suggests that West Virginia's high unemployment rate has been caused by a job shortage, not a mismatch between the workers available and the workers employers need.

In October, an estimated five unemployed workers were available for every job opening in West Virginia.¹ In addition, the state's underemployment rate is 14.2 percent. This includes workers who are unemployed, employed part-time because they cannot find full-time work, and marginally attached workers who are able and want to work but have given up looking. Together, this means that for every job opening in the state, there are an estimated eight workers who want more paid work, suggesting that the recession created a large job shortage that is driving West Virginia's high unemployment.²

Figure 3
Post-Recession Unemployment Rates Double Across All Education Levels



Source: EARN Analysis of CPS data

Another piece of evidence suggesting that a job shortage is causing unemployment rather than a skills mismatch is how workers with different education levels have been affected by the recession. By comparing unemployment rates in West Virginia by education level before the recession in 2007 and in 2010, one can see that workers of all educational attainments saw their unemployment rates essentially double (Figure 3). While unemployment rates for highly-educated workers in West Virginia are much lower than for workers with a high school degree or less, they still have increased substantially since the recession.

The recession caused a severe drop in demand for goods and services, creating a job shortage and sustained rates of high unemployment. There are plenty of willing and able workers with all levels of skill sets, but not enough jobs for them all. Until policymakers take action to spur demand, that is unlikely to change.

¹ Based on the Job Openings and Labor Turnover Survey (JOLTS) there were 4.25 unemployed workers in the United States for every available job opening in October. JOLTS does not have West Virginia specific data. The Conference Board does publish both national and state estimates for the number of unemployed workers per job opening from the Help Wanted Online (HWOL) data series, although the data is not comprehensive. In October there were 3.53 unemployed workers for every job opening nationally and 4.15 unemployed workers for every job opening in West Virginia. Taking the ratio of the national JOLTS estimate of 4.25 to the national HWOL estimate of 3.53 and multiplying by HWOL estimate for West Virginia of 4.1, it is estimated that there are 5.0 unemployed workers in West Virginia for every job opening. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey, October 2011 and The Conference Board Help Wanted Online (HWOL) Data Series, October 2011.

² Taking the ratio of underemployed to unemployed West Virginia workers (14.2 to 8.0) multiplied by the estimated five unemployed workers for every job opening gives an estimate of 8.65 workers who wanted more paid work for each job opening. Bureau of Labor Statistics, Alternative Measures of Labor Underutilization for States, Fourth Quarter of 2010 through Third Quarter of 2011 Averages.

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.