

Immediate Release

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Report Highlights Economic Recovery and Transition in the Mountain State State’s Energy Economy Shifts North

[Charleston, WV] –While West Virginia’s economic recovery from the Great Recession has been assisted by strong growth in the state’s natural gas and oil industries and the expansion in health coverage from Medicaid, wages are stagnant, unemployment remains elevated, and the state has fewer good-paying jobs than before the recession. The state has also undergone a dramatic shift in its natural resource extraction economy, with coal mining and natural gas production and employment shifting from the southern part of the state to northern West Virginia. These are just some of the findings in the “State of Working West Virginia 2014: Economic Recovery and Transition in the Mountain State,” an annual report by the West Virginia Center on Budget and Policy and the American Friends Service Committee.

While West Virginia has largely gained back the number of jobs it lost during the recession, the state has more low-wage jobs, and fewer mid-wage and high-wage jobs now than it did before the recession. While workers are more productive, their wages have remained stagnant and have not grown along with GDP and productivity. This has contributed to income inequality, with the share of income held by the top 1% reaching historic highs.

“At first glance, it may appear that West Virginia's economy has nearly fully recovered from the recession. But there are more low-paying jobs and fewer high-paying jobs than before, and fewer West Virginians working in them. And while the state's Gross Domestic Product has grown, that growth isn't creating new jobs and higher wages like it did in the past. Instead, the recent gains of the economy were reaped by a small share of the wealthiest West Virginians, with most of the state not sharing in the prosperity,” explained Sean O’Leary, Fiscal Policy Analyst with the West Virginia Center on Budget and Policy and one of the report’s authors.

Another finding in the report is that the state is facing both an energy boom in north-central West Virginia and a coal bust in the south. Between 2008 and 2013, state coal production declined by 28 percent and almost 5,000 coal mining jobs have been lost. The leading coal-producing county is now Marshall, not Boone. Meanwhile, the north-central part of the state has seen an increase in coal and natural gas and oil jobs over the past five years.

“Instead of focusing on who and what is to blame for the decline of coal in southern West Virginia, concrete action is needed to plan a new economic future for the southern coalfields,” stated Ted Boettner, Executive Director of the West Virginia Center on Budget and Policy and coauthor of the report. “While it won't be easy, there are directions we can take with proven results that will help provide a soft landing as coal begins to play a diminishing part of our state's economy.”

The report provides recommendations for policymakers. For example, in order to address impacts of harmful tax cuts enacted since 2006, estimated to cost the state an estimated \$425 million in fiscal year 2015, state leaders could increase the tobacco tax, one of the lowest in the nation and unchanged since 2003.

Another recommendation, which would help southern coalfield communities facing economic transition, is to update the Abandoned Mine Lands program so that miners could be put to work restoring damaged areas.

Further progress is needed to help the state's working families. Suggestions are passing legislation that allows workers to earn paid sick leave; creating a program for voluntary retirement accounts for workers not offered pensions from their employers; enacting a state earned income tax credit; and indexing the state minimum wage to the rate of inflation.

"One thing that is also clear is that legislative and policy decisions make a huge difference in the life of working people, both positively and negatively," according to Rick Wilson, Executive Director of the American Friends Service Committee and report coauthor. "For example, the decision by Governor Tomblin to expand Medicaid brought needed health care to nearly 150,000 hard-working West Virginians, most of whom previously lacked coverage. On the other hand, decisions to slash corporate taxes didn't seem to have had a huge positive impact on the economy but may have helped make higher education less affordable for working families."

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The full report is available at www.wvpolicy.org. The West Virginia Center on Budget and Policy (www.wvpolicy.org) is a public policy research organization that is nonpartisan, nonprofit, and statewide. The Center focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families.