

Immediate Release

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Why Does the State Suffer from Chronically Low Labor Force Participation? State of Working West Virginia 2015

(Charleston, WV) For decades, West Virginia has struggled with the nation's lowest levels of labor force participation. A new report released today by the West Virginia Center on Budget and Policy, "State of Working West Virginia 2015: Answers and Solutions to West Virginia's Low Labor Force Participation" examines what a low labor force participation level means, why so many West Virginia's workers are not in the workforce, who they are, and what can be done to get them back on the job.

"West Virginia's low level of labor force participation is largely due to its relatively older, unhealthy, and uneducated population," explained Sean O'Leary, Senior Fiscal Analyst with the West Virginia Center on Budget and Policy and one of the report's authors. "While the state has consistently had the lowest level of labor force participation in the country, this report uncovers some areas where the state is doing well that we can learn from. For example, the state's college graduates have an above-average labor force participation rate, while rates are also high for workers with families."

West Virginia's low level of labor force participation is one of the state's greatest economic challenges. Improving the state's participation rate greatly depends on improving the state's economy by creating more opportunity for its workers. Policies that help workers stay on the job, and stay healthy, will not only improve the state's labor force participation rate but also its economy.

"To boost labor force participation and economic growth, policymakers need to give families the tools they need to join and stay in the workforce," said Ted Boettner, Executive Director of the West Virginia Center on Budget and Policy and coauthor of the report. "This includes enacting a refundable state EITC that will increase hours worked, expanding child care access to more low-income working mothers, and increasing our investment in higher education and workforce training."

Some Key Findings

- Labor force participation in West Virginia, and in the nation, rose substantially over the latter half of the 20th century, but has declined since 2000.
- Labor force participation in West Virginia lags the nation across all age groups. Labor force participation among prime-age workers (ages 25-54) in West Virginia is also the lowest among the 50 states, indicating that the fact that West Virginia has an older population cannot solely explain the state's labor force participation deficit.
- A statistical analysis shows that the factors that play the most important role in explaining why West Virginia has a lower labor force participation rate than the U.S. average are that the state's population is older, has completed less formal education and is in relatively poor health.
- Policies that could improve West Virginia's low levels of labor force participation include enacting a state earned income tax credit, enhancing childcare access, and increasing access to higher education.

The full report is available at www.wvpolicy.org.