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New Report Looks at Impact of the Great Recession on West Virginia Workers and Families

After dodging the early months of the national recession, West Virginia workers experienced its full force during 2009, according to a new report by the West Virginia Center on Budget and Policy. The number of unemployed state residents more than doubled. More than 25,000 jobs were lost, many of them good-paying jobs as manufacturers downsized or closed their doors. The number of poor people climbed, and the poverty rate for children may reach one in three.

“The impact on working families has been staggering,” said Ted Boettner, the Center’s director and co-author of *The State of Working West Virginia: The Great Recession 2009*. “Low-wage workers were hit the hardest because most of them didn’t qualify for unemployment benefits and had little cushion to fall back on.”

Although economists have declared the recession to be over, the jobs crisis is not. After contracting for a year and a half, the national economy grew in the quarter that ended in September. It remains a “jobless recovery,” however, because the growth has not been sufficient to revive hiring. Experts predict that it will be later next year before employment begins to rebound.

“This recession has been a true test of public programs that aid the unemployed,” said Paul Miller, a policy analyst at the Center and co-author of the report. “The positive effects of the American Recovery and Reinvestment Act have been remarkable. The Recovery Act has boosted unemployment benefits, food stamps and other critical programs that help families deal with the sudden loss of income.”

In addition to detailed statistics on jobs, wages and public program utilization, the report outlines a number of policy opportunities aimed at furthering economic recovery in West Virginia, including:

- **Taking full advantage of federal Recovery Act funds to fill the state’s budget shortfall** in fiscal years 2010 and 2011. Sufficient federal funds remain to eliminate the projected budget gap if the state chooses to appropriate them. The alternative – cutting state spending – would impede economic growth and drive up unemployment.
- **Strengthening programs that help families make ends meet**, like unemployment insurance, job training, food stamps and health care. For example, an additional \$22 million in federal funds is available to West Virginia to modernize its unemployment insurance program and extend benefits to people currently excluded, pending adoption of these improvements by the Legislature.
- **Supporting policies that spread taxes fairly across income groups.** Low- and middle-income workers currently pay a much larger portion of their paychecks in taxes than do high-income earners. A state earned income tax credit, modeled after the federal credit, would help lessen the inequity across income groups.
- **Addressing racial disparities.** African Americans in the state and nation continue to earn lower incomes and experience higher rates of poverty and unemployment. In order to address these and other racial disparities, West Virginia could create a cabinet-level Office of Minority Affairs.

“The current economic situation may be best described as ‘back from the brink, but not out of the woods’,” said Rick Wilson, director of the West Virginia Economic Justice Project of the American Friends Service Committee and co-author of the report. “We have a lot of rebuilding to do, but also an opportunity to create a more diverse economy and more broadly shared prosperity.”

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The West Virginia Center on Budget and Policy is a policy research organization that is nonpartisan, nonprofit, and statewide. It focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families. The report, *The State of Working West Virginia: The Great Recession of 2009*, is available at www.wvpolicy.org.

The American Friends Service Committee, West Virginia Economic Justice Project, works statewide on issues affecting low-income and working families. More information is available at www.afsc.org/charleston.