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Report: WV Expects Sluggish Economic Recovery

December 21, 2009

CHARLESTON, WV - A new summary of West Virginia's employment picture predicts the national economic crisis will cause more lingering pain in the state, even as it eases in other parts of the country. The *West Virginia Center on Budget and Policy* report, *The State of Working West Virginia*, says the state is just beginning to see the full impact of what it calls The Great Recession.

Ted Boettner, the Center's executive director, says West Virginia's unemployment is not bad compared to the rest of the country, but the downturn is now being felt in industries with well-paid, blue color jobs.

"When the economy really began to collapse after Lehman Brothers, it sent a shock wave, and decreased the demand for our products. We've seen a little bit of an uptick in health and education services, but everything else has been negative. Manufacturing and construction have been the worst."

Judging from how other recessions have played out, Boettner says, companies doing business in West Virginia will remain cautious in their hiring practices for a long time.

"Although the economy is showing signs of improvement, jobs will be slow to return. It took West Virginia 13 years to fully recover from the 1981 recession."

Conservatives have criticized government stimulus programs for adding to the federal deficit, but Boettner says one of the best things the state can do to offset job losses is take advantage of the funds. He recommends modernizing the unemployment compensation system to cover more workers, and says the state should also try to make its tax system more fair.

"Low and middle-income workers currently pay a much larger portion of their income in taxes than do high-income earners."

Partly because West Virginia's economy is affected later than in other states, he predicts an unemployment rate of eight or nine percent here that may linger for more than a year.

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The State of Working West Virginia report, to be released today, is available at www.wvpolicy.org.

Dan Heyman, Public News Service - WV

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