

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

October 2012 Update

Jobs Market Shows Signs of Life in October

West Virginia's jobs market showed signs of stabilizing in October, as the state added 200 jobs, after losing nearly 3,000 jobs a month for the past three months. Total nonfarm employment stood at 747,600, 12,700 jobs below the state's pre-recession level (**Figure 1**). The state's unemployment rate fell slightly to 7.5 percent, the measure's first decline in five months (**Table 1**).

Stability in Most Employment Sectors

Most employment sectors saw only small gains or losses in October, stopping the recent trend of large losses across the economy. The mining and logging sector had the best month, adding 700 jobs, an increase of 2.5 percent. The leisure and hospitality sector also performed well, adding 1,400 jobs, an increase of 1.9 percent.

Small gains were also achieved in the financial activities, education and health services, and trade, transportation, and utilities sectors, which added 100, 300, and 200 jobs respectively, all increases below 0.4 percent. The other services sector neither gained nor lost jobs in October.

Government and Construction Losses Balance Out Gains

The gains made in other sectors were largely offset by losses in the government and construction sectors. Public employment fell by 1,300 jobs or 0.9 percent in October, while construction jobs fell by 700, a decrease of two percent.

The manufacturing sector also lost 100 jobs, while the professional and business services sector lost 400 jobs.

State Diverged From U.S. in 2012

Job growth in West Virginia largely outpaced job growth nationwide for most of 2011, but that trend reversed in 2012. While nationally, total nonfarm employment has steadily grown in 2012, job growth has nosedived in West Virginia (**Figure 2**). Job growth nationwide has not translated into more jobs for West Virginia in the past year.

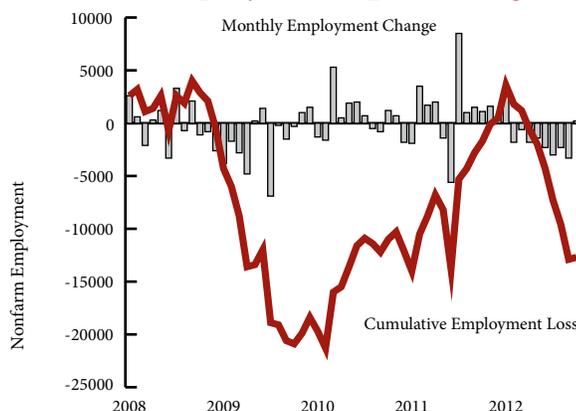
TABLE 1

Unemployment Dips in October

	December 2007	October 2012	Change	Percent Change
Unemployment	4.1%	7.5%	3.4%	
Total Jobs	760,300	747,600	-12,700	-1.67%
Manufacturing	57,800	46,900	-10,900	-18.86%
Construction	38,100	35,100	-3,000	-7.87%
Mining/Logging	28,800	29,200	400	1.38%

FIGURE 1

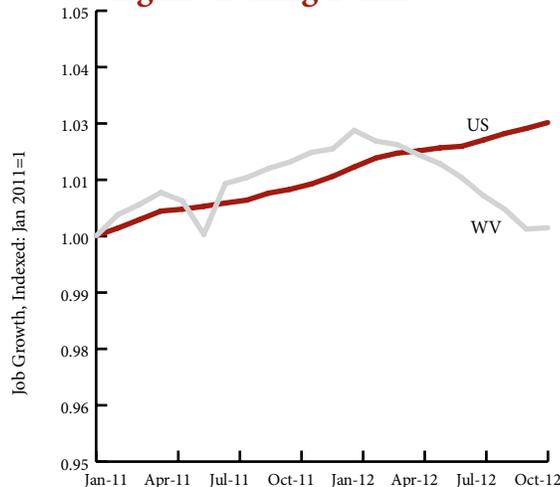
Nonfarm Employment Up After Big Losses



Source for Table 1 and Figure 1: Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted.

FIGURE 2

West Virginia Falling Behind U.S.



Source: WVCBP Analysis of Bureau of Labor Statistics, Current Employment Statistics Data.

A Closer Look

Fiscal Cliff Could Cost U.S. 3.4 Million Jobs

A combination of expiring tax cuts and automatic spending cuts are set to take effect at the beginning of 2013. While these policy changes, collectively known as the “fiscal cliff,” would sharply reduce the federal deficit, they would also have major negative impact on jobs and the economy.

The sharp austerity measures that make up the fiscal cliff have two main sources: the expirations of the Bush tax cuts and the payroll tax cut, and the automatic spending cuts included in last year’s debt ceiling deal. According to the Congressional Budget Office (CBO), these policies will cut the federal deficit by \$503 billion in 2013, but they will also cause GDP to contract by 2.9 percent and cost the nation 3.4 million jobs. **Figure 3** shows the GDP and employment effects of the major provisions of the fiscal cliff.

The fiscal cliff’s most harmful component is the expiration of tax cuts on low- and middle-income families. According to the CBO, allowing the Bush tax cuts for incomes below

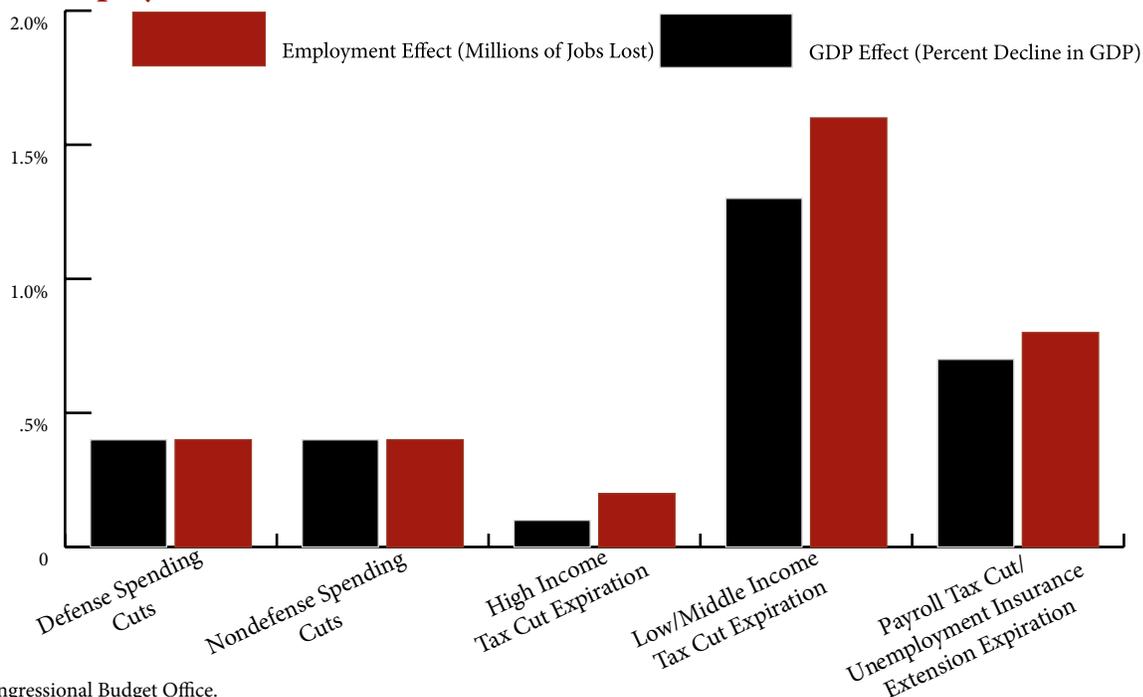
\$250,000 (\$200,000 for individuals) to expire would reduce GDP by 1.3 percent in 2013, and cost 1.6 million jobs.

Allowing the payroll tax cut along with the extension of unemployment benefits to expire would also be very damaging to the economy. Allowing these two policies to expire would cause GDP to contract by 0.7 percent and create employment losses totaling 800,000 jobs.

The automatic cuts to both defense and nondefense spending would each cause GDP to decline by 0.4 percent. Together these spending cuts would also create employment losses totaling 800,000 jobs, or 400,000 jobs each.

The least damaging provision of the fiscal cliff is the expiration of the Bush tax cuts for incomes above \$250,000 (\$200,000 for individuals). The expiration of these tax cuts would reduce GDP by 0.1 percent and cost the nation 200,000 jobs.

FIGURE 3
GDP and Employment Effects of Fiscal Cliff



Source: Congressional Budget Office.

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.