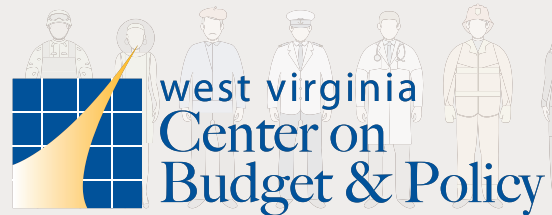




# 2017 STATE OF Working West Virginia

## Understanding Low-Wage Work in West Virginia

A look at the people, industries,  
places, and policies affected by  
low-wage work in West Virginia.



American Friends  
Service Committee

By: Sean O'Leary and Rick Wilson

# Overview

Poverty is a persistent problem in West Virginia. Tens of thousands of West Virginians who work hard live in poverty because their jobs do not pay a living wage.

This is the 10th annual State of Working West Virginia. Each year, we have examined employment conditions in the Mountain State, from the decline of job quality in recent years, to long-term economic trends dating back to the early days of statehood.

In this edition, we focus on low-wage work, including the demographics of those who do the work; the industries that employ them; geographic factors; the role of public programs supporting workers in low-wage jobs; and policy recommendations to improve economic well-being.

Low-wage jobs are not confined to teenagers entering the workforce, summer jobs for students, or those who work to supplement other family income. These are the people who do some of the most important work in our communities, such as caring for children and the elderly. In many cases, the wages paid by their employers are so low that they rely on public programs simply to keep working.

A living wage, for low-wage workers, would strengthen West Virginia's economy, boost demand for the goods and services provided by local businesses, and help to increase the state's chronically low workforce participation rate.



## Key Findings

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- Twenty-three percent of the state's workforce is employed in low-wage jobs.
- Forty-four percent of West Virginia's workers with less than a high school diploma earn low wages, while the low-wage proportion for workers with a high school degree or some college is at 28 percent.
- Compared to the rest of the economy, employment in low-wage industries is growing very rapidly, by 14.5 percent since 2001. In comparison, employment in non-low wage industries has declined by 2.8 percent, and overall employment has only grown by 0.1 percent.
- Overall, real average wages in West Virginia have grown by 9.7 percent since 2001, and 11.8 percent in non-low wage industries. In contrast, average wages in the state's low-wage industries have only grown by 7.4 percent.
- More than one-quarter of workers in low-wage jobs in West Virginia (25.3 percent) are living in poverty, compared to just two percent of non-low wage workers.
- Fifty-five percent of children live in a household with a low-wage worker.
- Over half – 57.6 percent – of low-wage workers in West Virginia earn at or below the minimum wage.
- A majority – 75.8 percent – of the state's low-wage workers (123,970 workers) would benefit directly from an increase in the state's minimum wage.
- The vast majority - 77 percent – of the state's low-wage workers live in a county where housing is unaffordable for them.
- No longer a stepping stone, low-wage jobs are becoming life-long employment, while industries that provide low-wage jobs have become the state's dominant source of job growth.
- A living wage for low-wage workers would strengthen West Virginia's economy, boost demand for goods and services provided by local businesses, and help increase the state's chronically low workforce participation rate.

# Low Wage:

## Defining Low-Wage Work

There is no official definition or consensus on what wage a worker must earn to be considered low wage. Researchers studying workers in low-wage jobs have used a number of different definitions.<sup>1</sup>

This report uses 150 percent of the federal poverty level for a family of two in 2016 to define the cut off for a low wage. This measure equals \$11.59 per hour, or \$24,108 per year. Using the federal poverty level allows for comparisons over time and across geographic areas. With this definition, trends for low-wage work in West Virginia can be identified.

# Demographics:

## Low-Wage Work Among West Virginians

### People

Twenty-three percent of West Virginia's working population earns a low wage, according to the 150 percent of federal poverty standard established for this report. However, workers in low-wage jobs differ in many ways from a typical worker in West Virginia. Workers in low-wage jobs in West Virginia are more likely to be female, younger, and less educated than non-low wage workers. Minorities are more likely to earn a low wage at work than whites, yet whites make up most of the workers in low-wage jobs. This section examines in detail who is most impacted by low-wage work.

### Sex

In 2015, there were approximately 164,000 workers in West Virginia in low-wage jobs, just under one-fourth of the workforce. Over half (56 percent) of these workers were women, which means one-in-four West Virginia women work in low-wage jobs. In contrast, almost one-in-five (19 percent) men in West Virginia work in low-wage jobs.



3



**27.3%** of West Virginia women  
work in low-wage jobs  
MEANING THAT  
**1 in 4 women in WV**  
work in low-wage jobs

4



**19.0%** of West Virginia men  
work in low-wage jobs  
MEANING THAT  
**1 in 5 men in WV**  
work in low-wage jobs

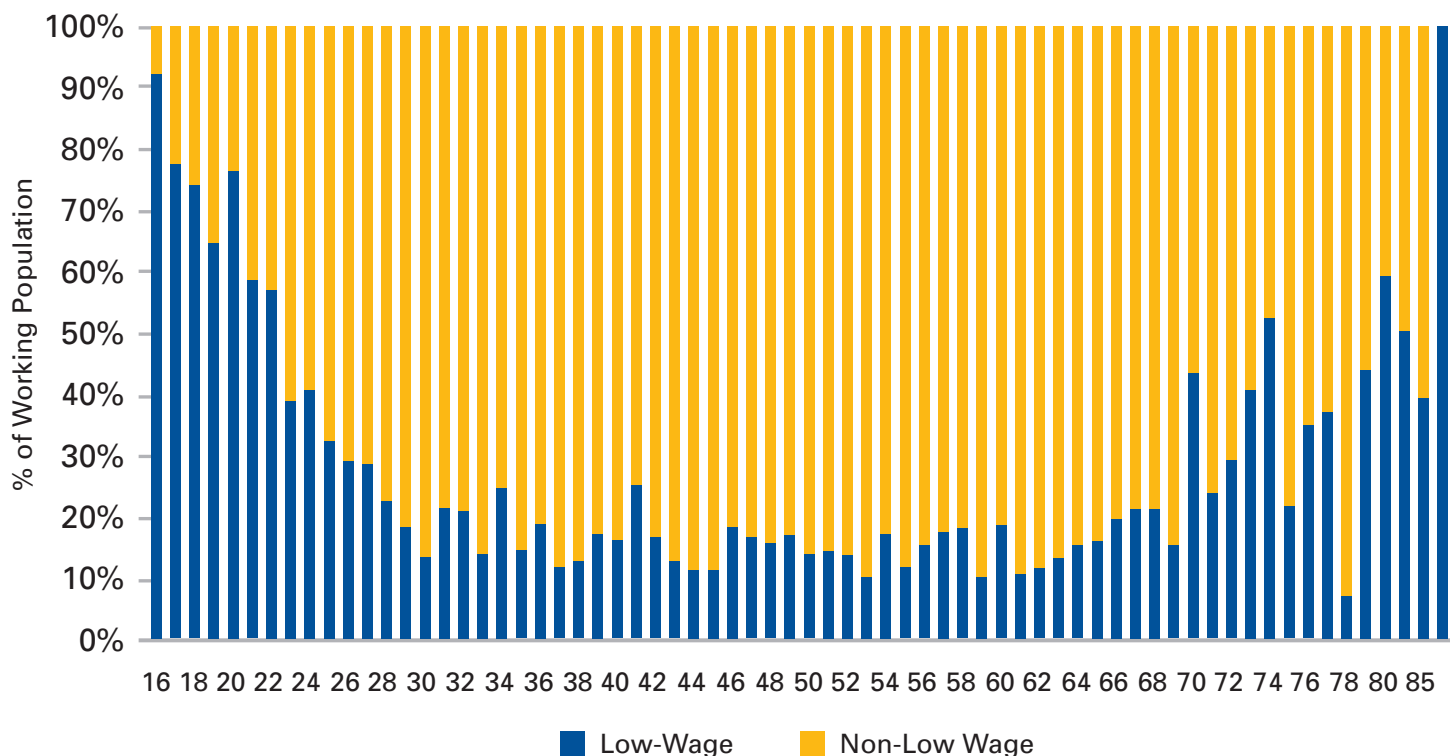
Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

## Age

Young workers (16-24 years old) are much more likely to earn a low wage than prime working-age adults (25-54 years). The proportion of workers in low-wage jobs increases after age 65. Nearly one-third of workers in low-wage jobs are youth, however, just under one-half (47.5 percent) of workers in low-wage jobs are 35 years and older.

# 5

## Workers of All Ages Work in Low-Wage Jobs. Proportion of Low-Wage Status by Age



Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

## Race

West Virginia has a large racial disparity when it comes to workers in low-wage jobs. White workers account for 93 percent of workers in low-wage jobs in West Virginia, but there are disparities in the distribution of low-wage work within racial groups. Twenty-three percent of white workers in West Virginia earn a low wage at their job, while 31 percent of black workers earn low wages.

# 6

racial and ethnic  
make up of  
**LOW-WAGE  
WORK**

Total Low-Wage  
Workforce

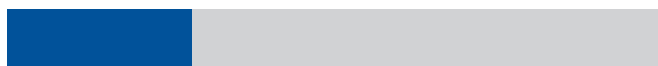
- 93% White
- 5% Black
- 2% Other



Total White Workforce: 23% Low Wage



Total Black Workforce: 31% Low Wage



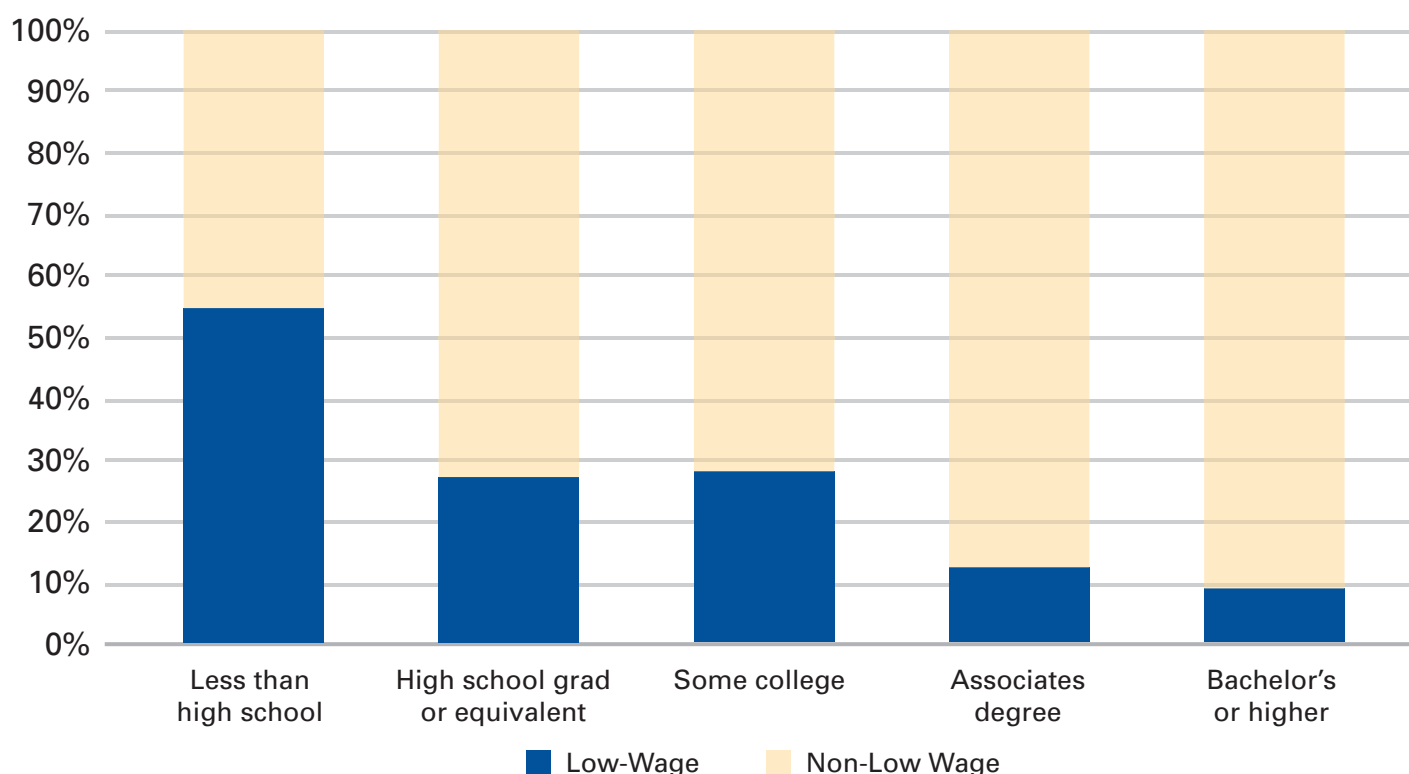
Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

## Education

There are also significant disparities among workers in low-wage jobs across educational attainment levels, with the share of workers earning low wages declining with higher levels of education. Forty-four percent of West Virginia's workers with less than a high school diploma earn low wages, while the low-wage proportion for workers with a high school degree or some college is 28 percent. The share of workers earning low wages drops sharply for those with a college degree, at 12 percent for those with an associate's degree, and under 10 percent for those with a bachelor's degree or higher.

7

Workers with Limited Education Much More Likely to be in Low-Wage Jobs.  
Proportion of Low-Wage Status by Educational Attainment



Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

## Poverty

Workers in low-wage jobs are much more likely to be living in poverty than non-low wage workers and the state as a whole. More than one-quarter of workers in low-wage jobs in West Virginia (25.3 percent) are living in poverty, compared to just two percent of non-low wage workers. The overall poverty rate in West Virginia for 2016 was 17.9 percent, while nationally, the poverty rate was 14.7 percent.

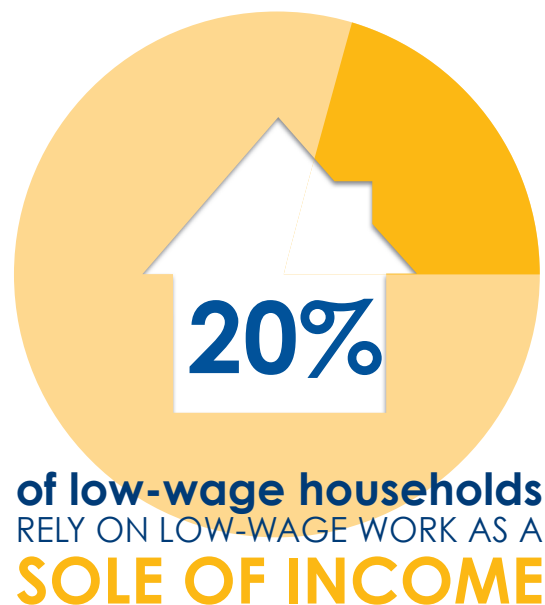
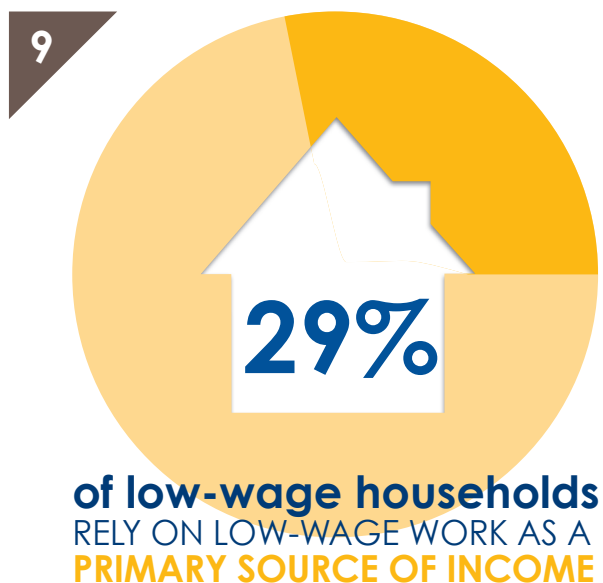


## Households

Nearly one-in-five West Virginia households have at least one low-wage worker. For many low-wage work is the primary source of income, while for others, it serves low-wage work serves as a source of secondary or supplementary income.



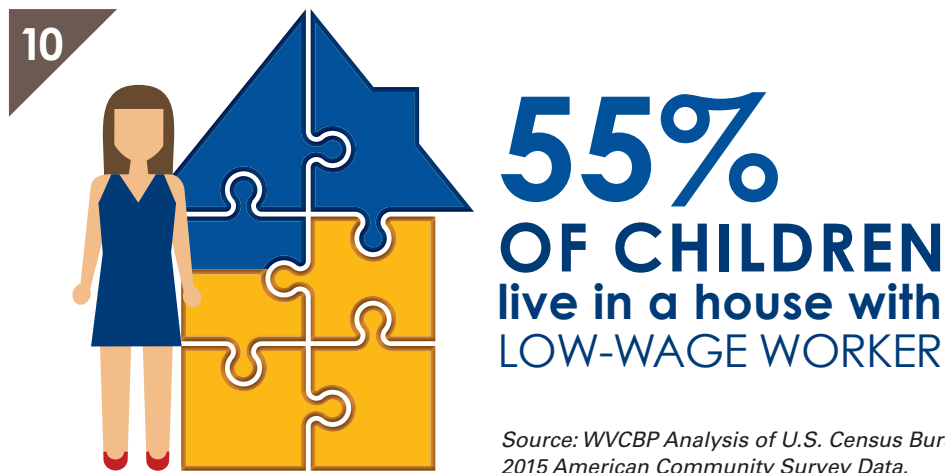
More than 17 percent, or 126,000 households, in West Virginia have at least one low-wage worker. Nearly one-third (29 percent) relies on income from low-wage work as the primary source of income. In addition, in 10 percent of households a low-wage worker provides the sole source of income.



Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

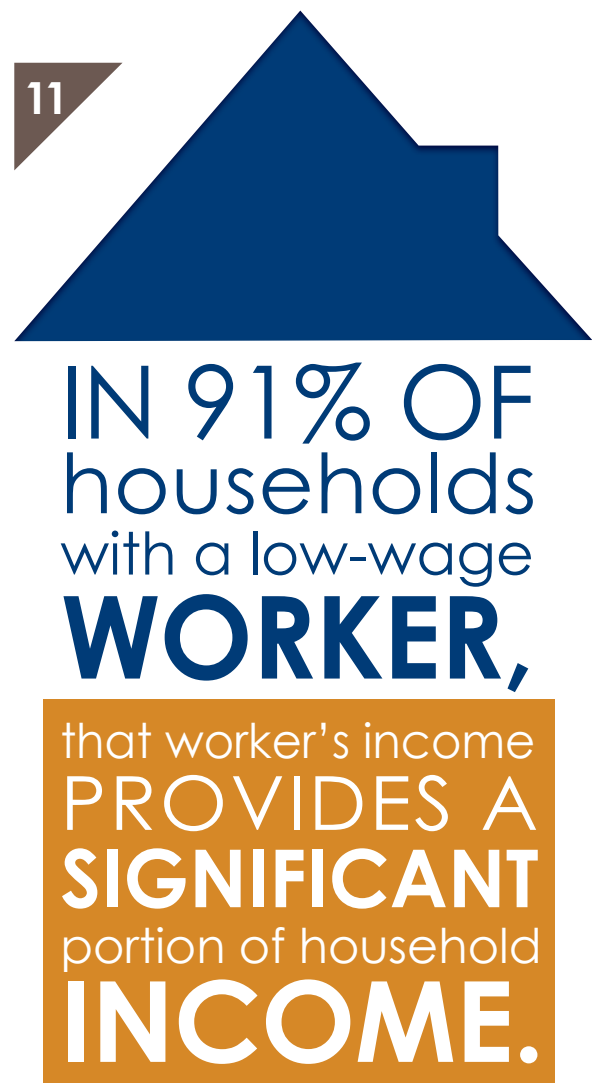


The majority of children in West Virginia live in a household with a low-wage worker. 209,000 of the state's 379,000 children live in a low-wage household.



In some households, a low-wage worker may live with others earning higher incomes. For example, a household's low-wage worker could be a teenager working at an after-school job while living at home with a parent who has a higher income. Income from low-wage work however makes up a significant portion – over 20 percent - of income in 91 percent of households with a low-wage worker.

Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.



# Industry:

## Low-Wage Industries in West Virginia

In order to better understand the state of workers in low-wage jobs in West Virginia, it is important to know the industries that are creating and maintaining their low-wage jobs. This section identifies today's low-wage industries in West Virginia, and examines their trends in employment and in wages over the past 20 years.<sup>i</sup>

Both wage and employment trends have major implications for West Virginia's economy. Trends show that employment growth in the state is concentrated in low-wage industries, with little growth outside of those industries, pointing toward an increasing low-wage workforce in the future. The wage trends show some industries transitioning to low wage, but more importantly show an overall trend of stagnating wages. The complete picture of West Virginia's economy shows growth in low-wage industries, while non-low wage industries decline, and wages stagnate for both.

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### Low-Wage Industries in West Virginia

Using the low-wage threshold of \$11.59 per hour and a minimum employment level of 2,000 workers, there are 15 low-wage industries in West Virginia. Grocery stores, food services, and department stores, are what one might expect to see on a list of low-wage industries. Others, like personal care services, and child day care services, are not the first to come to mind when thinking of typical low-wage industries. Average weekly wages in these industries range from \$250 to \$327 per week, the equivalent of \$6.26 to \$10.95 per hour, assuming a 40-hour work week.<sup>ii</sup>

## Low-Wage Industries in West Virginia (2016)

4-Digit NAICS	Industry	Annual Average Establishments	Annual Average Employment	Share of WV Workers	Average Weekly Wage	Estimated Average Hourly
4481	Clothing Store	326	3,247	0.5%	\$250	\$6.26
7224	Beverage Industry	310	2,158	0.3%	\$255	\$6.37
8140	Private Households	1,902	2,774	0.4%	\$268	\$6.69
8134	Civic & Social Organizations	249	2,015	0.3%	\$280	\$6.99
7220	Food Service & Beverage Industry	3,308	54,559	7.9%	\$289	\$7.22
7139	Other Amusement & Recreation Industries	277	3,455	0.5%	\$316	\$7.90
7132	Gambling Industries	562	2,859	0.4%	\$324	\$8.11
6244	Child Day Care Services	392	3,883	0.6%	\$327	\$8.16
4511	Sporting Goods, Hobby & Musical Instrument Stores	236	2,625	0.4%	\$335.90	\$8.40
6241	Individual & Family Services	466	11,460	1.7%	\$359.54	\$8.99
4471	Gasoline Stations	1,076	9,962	1.5%	\$366.90	\$9.17
4521	Department Stores	89	6,891	1.0%	\$370.38	\$9.26
8121	Personal Care Services	386	2,098	0.3%	\$372.92	\$9.32
4451	Grocery Stores	448	11,615	1.7%	\$404.49	\$10.11
4529	Other General Merchandise Stores	489	14,030	2.0%	\$438.16	\$10.95

<sup>i</sup> In this section, industry refers to the category that describes businesses. Every place of business is given a NAICS industry code by the U.S. Census Bureau. The employment and wage statistics described in this section refer to every person who works at a place of business that classified, for example, as a restaurant, assisted living facility, school, etc.

<sup>ii</sup> Estimated hourly wages were calculated by dividing the average weekly wage by 40 hours. Since the average weekly wage can include part-time workers who work fewer than 40 hours per week, some of the estimated hourly wages can be below the state minimum wage of \$8.75 per hour.

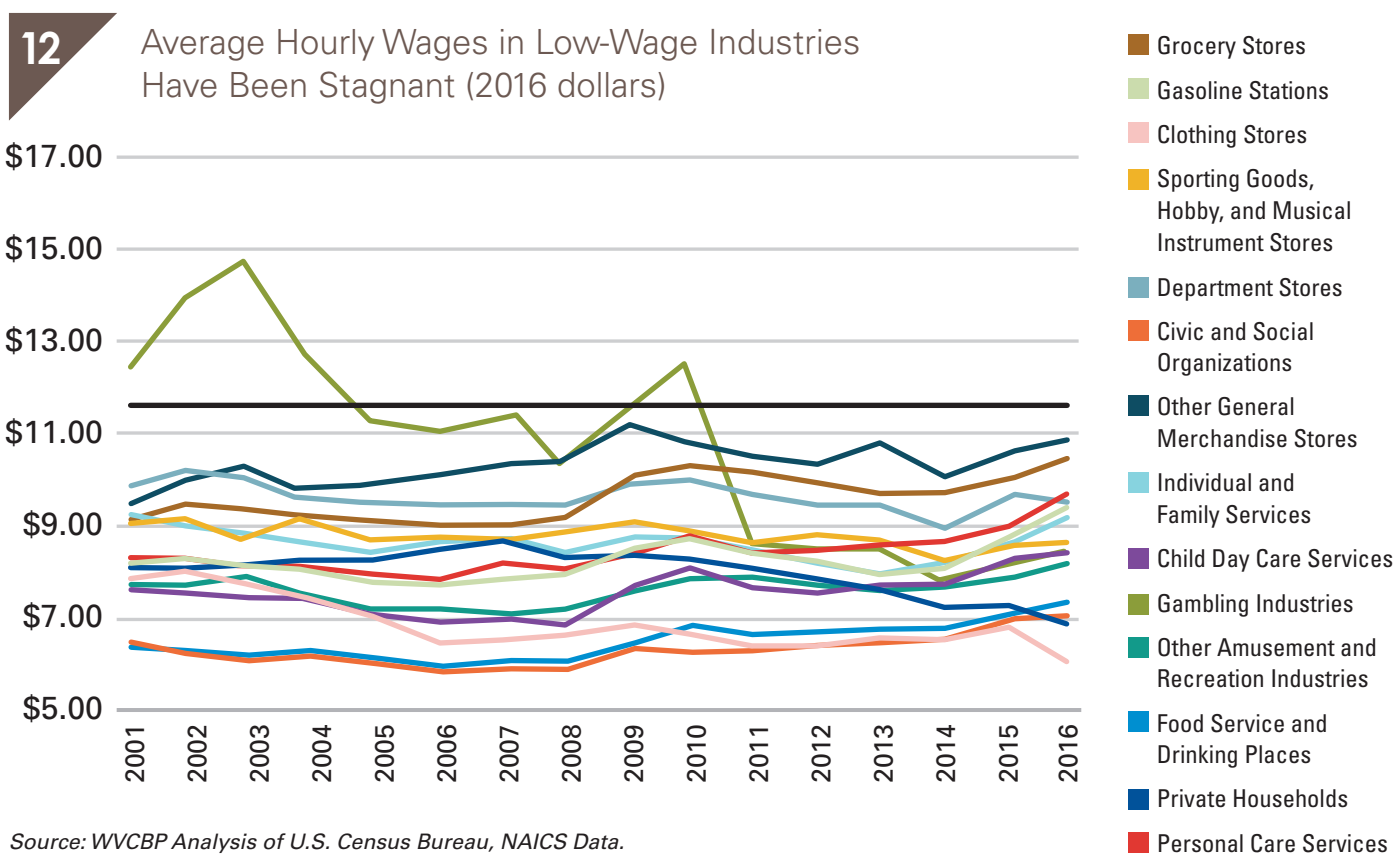
## Highest-Wage Industries in West Virginia

In comparison, West Virginia industries with the highest wages pay \$1,528 to \$2,651 per week, with at least 2,000 employees, the equivalent of \$38.20 to \$66.28 per hour. These industries include coal mining, freight transportation, chemical manufacturing, drug merchant wholesalers, pipeline transportation of natural gas, and securities and commodity contracts brokerage.

## Low-Wage Industry Wage Trends

The average real wages (adjusting for inflation) for most of West Virginia's low-wage industries have recovered from declines that occurred during the 2008 recession, but overall have remained flat over the past 15 years. Only one industry, gambling, fell into the low-wage category since 2001. Inflation-adjusted wages in the gambling industry fell from a peak of \$14.81 per hour in 2003 to below the low-wage threshold in 2011 and have continued to decline since.

No low-wage industry had average annual wage growth above one percent since 2001. The industry with the highest growth was general merchandise stores, with average annual growth of 0.97 percent since 2001. However, average wages in this and all other industries, with the exception of gambling, have not risen above the low-wage threshold in the past 15 years.

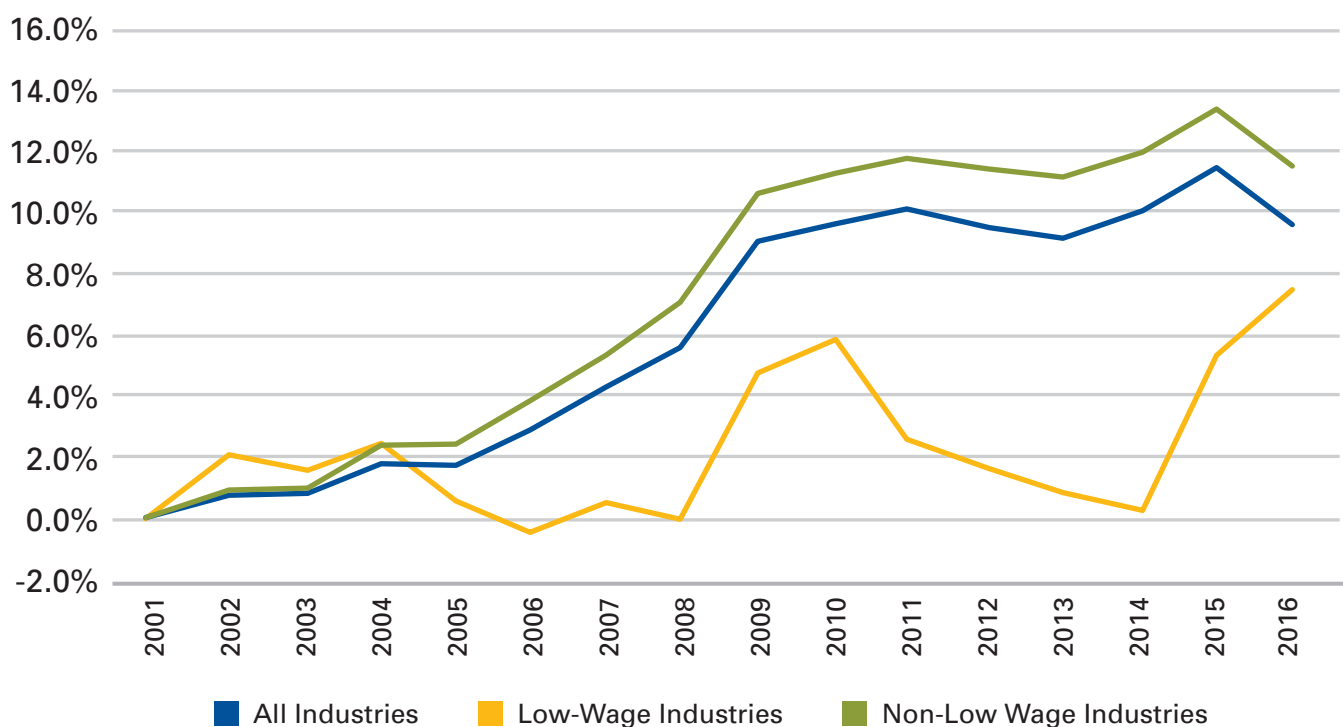


Wages in West Virginia's low-wage industries are growing much slower than those in the rest of the economy. Overall, real average wages in West Virginia have grown by 9.7 percent since 2001, and 11.8 percent in non-low wage industries. In contrast, average wages in the state's low-wage industries have only grown by 7.4 percent.

Average wages in West Virginia's low-wage industries rose sharply in 2015, after several years of decline. This is likely due to the state's increase in its minimum wage, from \$7.25 per hour to \$8.00 per hour in 2015, and \$8.75 per hour in 2016.

13

### Real Wage Growth in Low-Wage Industries Lags Behind Non-Low Wage Industry Growth (2016 dollars)



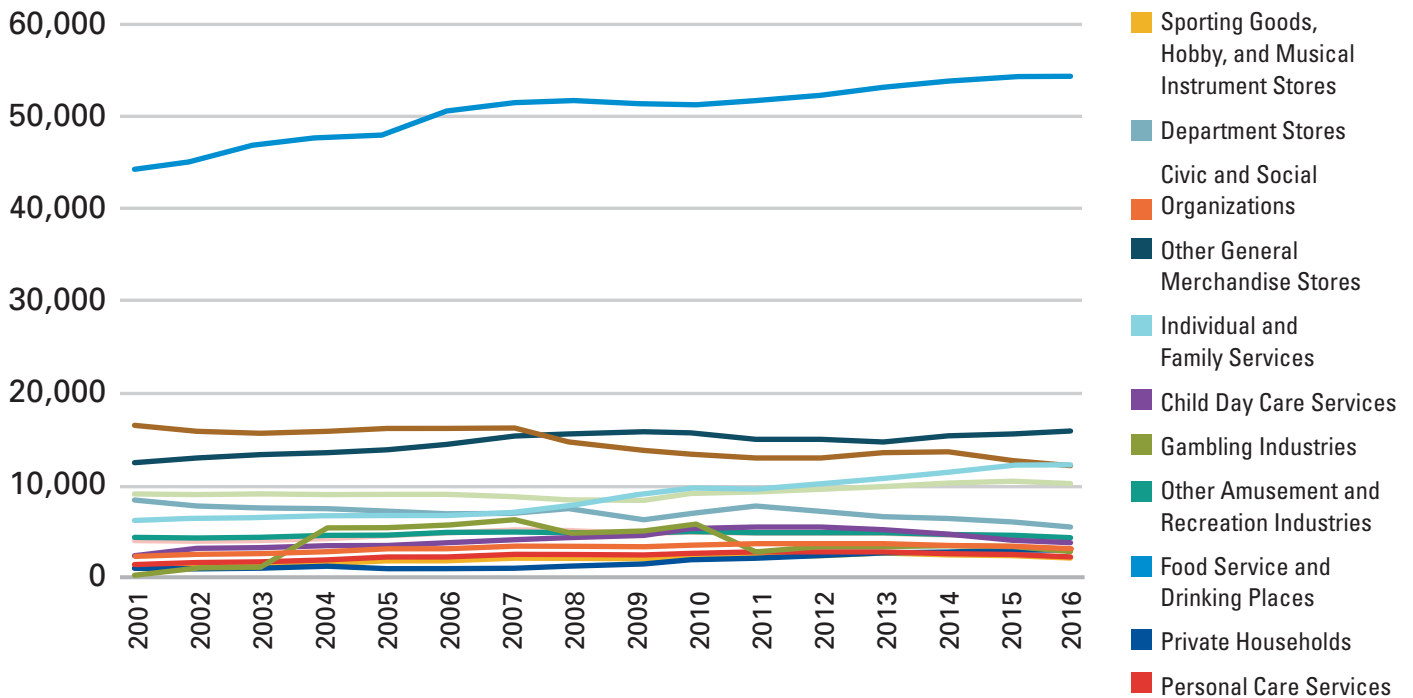
Source: WVCBP Analysis of U.S. Census Bureau, NAICS Data.

## Low-Wage Industry Employment Trends

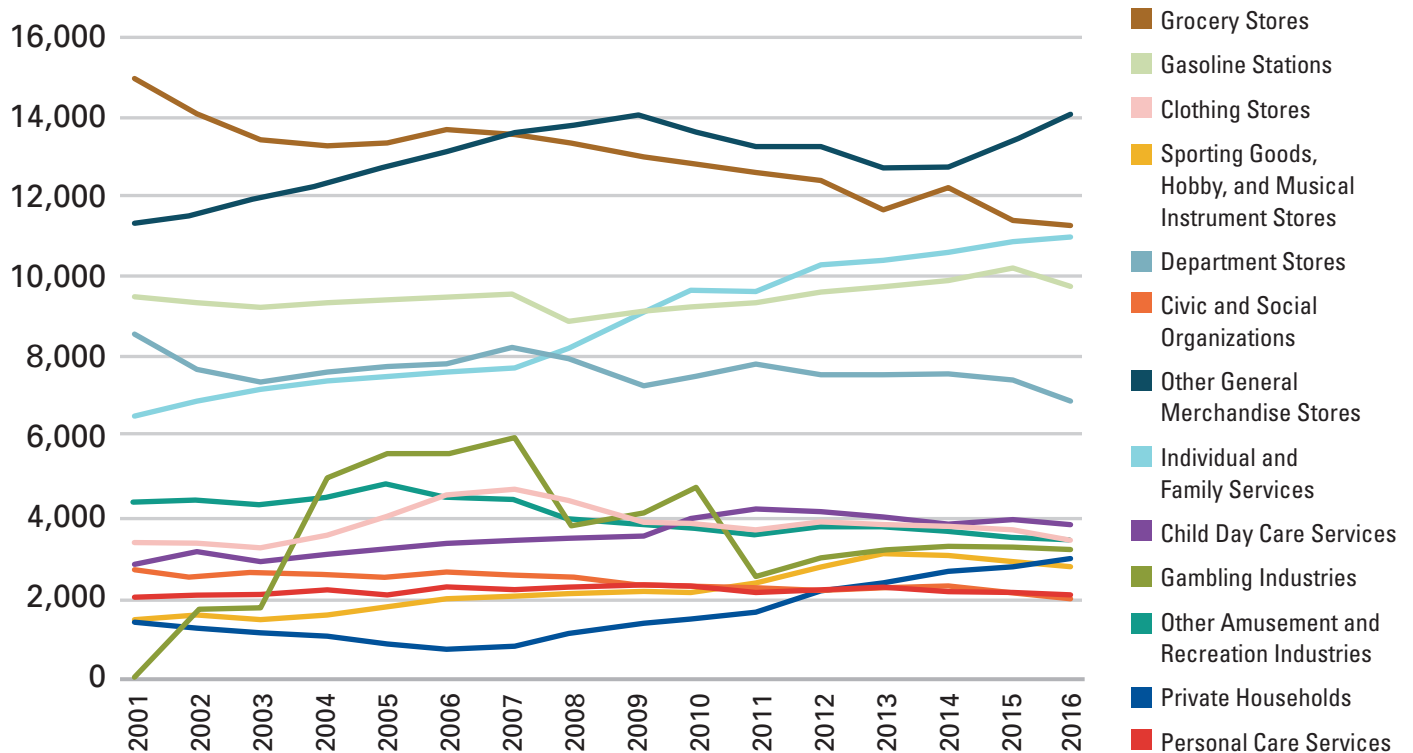
Over the past 15 years, the food service and beverage industry has been both the largest and one of the fastest-growing industries among West Virginia's low-wage industries, accounting for over 54,000 jobs in 2016, nearly four times as many as the next largest industry. Nearly all low-wage industries have either grown or remained relatively flat over the past 15 years. The exception is the grocery stores industry, which saw employment decline by 22 percent since 2001. Individual and family services has seen employment increase by 77 percent since 2001.

14

## WV Employment in Low-Wage Industries WITH FOOD SERVICE AND DRINKING PLACES

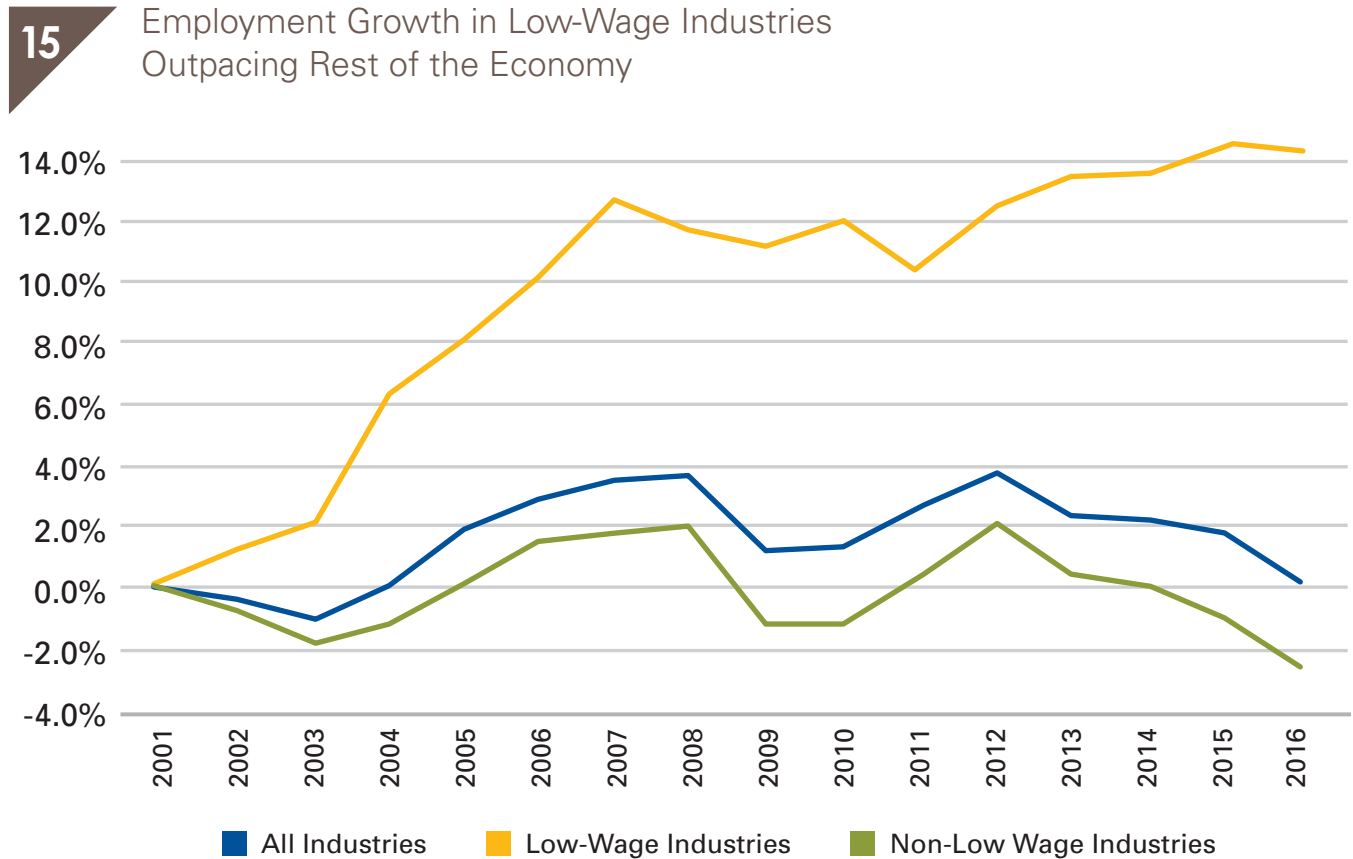


## WV Employment in Low-Wage Industries WITHOUT FOOD SERVICE AND DRINKING PLACES



Source: WVCBP Analysis of U.S. Census Bureau, NAICS Data.

Compared to the rest of the state's economy, employment in low-wage industries is growing very rapidly, by 14.5 percent since 2001. In comparison, employment in non-low wage industries has declined by 2.8 percent, and overall employment has only grown by 0.1 percent.



Source: WVCBP Analysis of U.S. Census Bureau, NAICS Data.

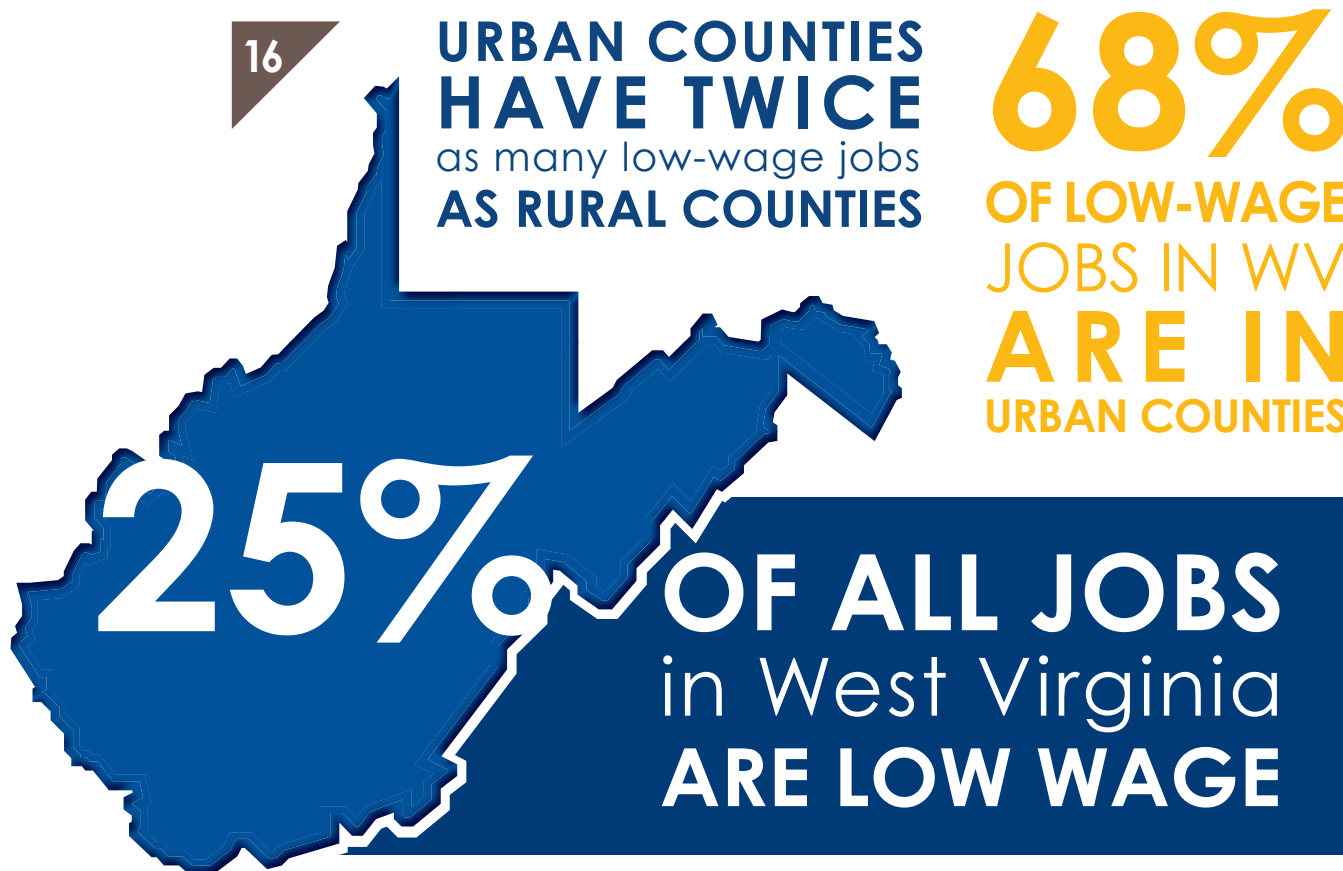


# Geography:

## Low-Wage Work in West Virginia

### Where Are Low-Wage Jobs?

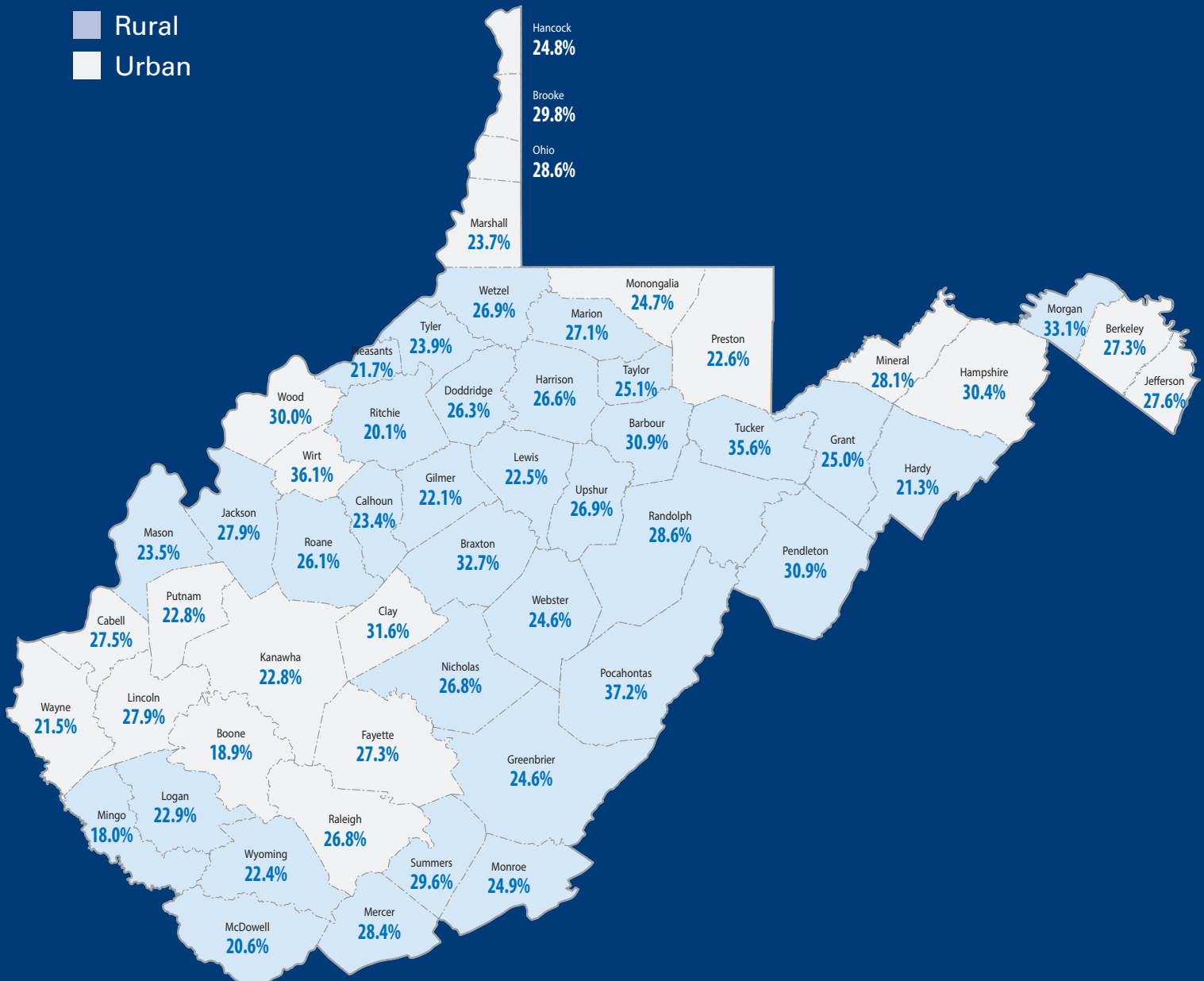
Low-wage jobs are found throughout the state and account for no less than 18 percent of total jobs in every county. In a handful of counties, more than one-in-three jobs is low wage. This section looks at which West Virginia counties are most impacted by low-wage work.<sup>iii</sup>



<sup>iii</sup> The definition of “low wage” used in this section comes from the US Census Bureau definition (based on LODES data) of low wage, which is any job that pays less than \$1,250 a month. This closely matches the federal definition of the poverty line, which is approximately \$15,730 a year for a household of two people (approximately \$1,310 per month). Thus, the total number of low wage jobs for this section is lower than in the rest of the report.

The concentration of low-wage jobs ranges from 18 percent in Mingo County, to over 37 percent in Pocahontas County.

## COUNTY MAP 1: Share of Low-Wage Jobs



Source: WVCBP analysis of U.S. Census Bureau, Longitudinal Employer-Household Dynamics Data.

## Urban vs. Rural

Low-wage jobs make up 26 percent of all jobs in both West Virginia's rural and urban counties. With their larger populations, however, West Virginia's urban counties are home to 68 percent of the state's low-wage jobs.

### RURAL COUNTIES

- |              |              |
|--------------|--------------|
| ■ Barbour    | ■ Monroe     |
| ■ Braxton    | ■ Morgan     |
| ■ Calhoun    | ■ Nicholas   |
| ■ Doddridge  | ■ Pendleton  |
| ■ Gilmer     | ■ Pleasants  |
| ■ Grant      | ■ Pocahontas |
| ■ Greenbrier | ■ Randolph   |
| ■ Hardy      | ■ Ritchie    |
| ■ Harrison   | ■ Roane      |
| ■ Jackson    | ■ Summers    |
| ■ Lewis      | ■ Taylor     |
| ■ Logan      | ■ Tucker     |
| ■ Marion     | ■ Tyler      |
| ■ Mason      | ■ Upshur     |
| ■ McDowell   | ■ Webster    |
| ■ Mercer     | ■ Wetzel     |
| ■ Mingo      | ■ Wyoming    |

### URBAN COUNTIES

- |             |              |
|-------------|--------------|
| ■ Berkeley  | ■ Marshall   |
| ■ Boone     | ■ Mineral    |
| ■ Brooke    | ■ Monongalia |
| ■ Cabell    | ■ Ohio       |
| ■ Clay      | ■ Preston    |
| ■ Fayette   | ■ Putnam     |
| ■ Hampshire | ■ Raleigh    |
| ■ Hancock   | ■ Wayne      |
| ■ Jefferson | ■ Wirt       |
| ■ Kanawha   | ■ Wood       |
| ■ Lincoln   |              |

**68%** of the state's  
low-wage jobs  
come from  
these counties

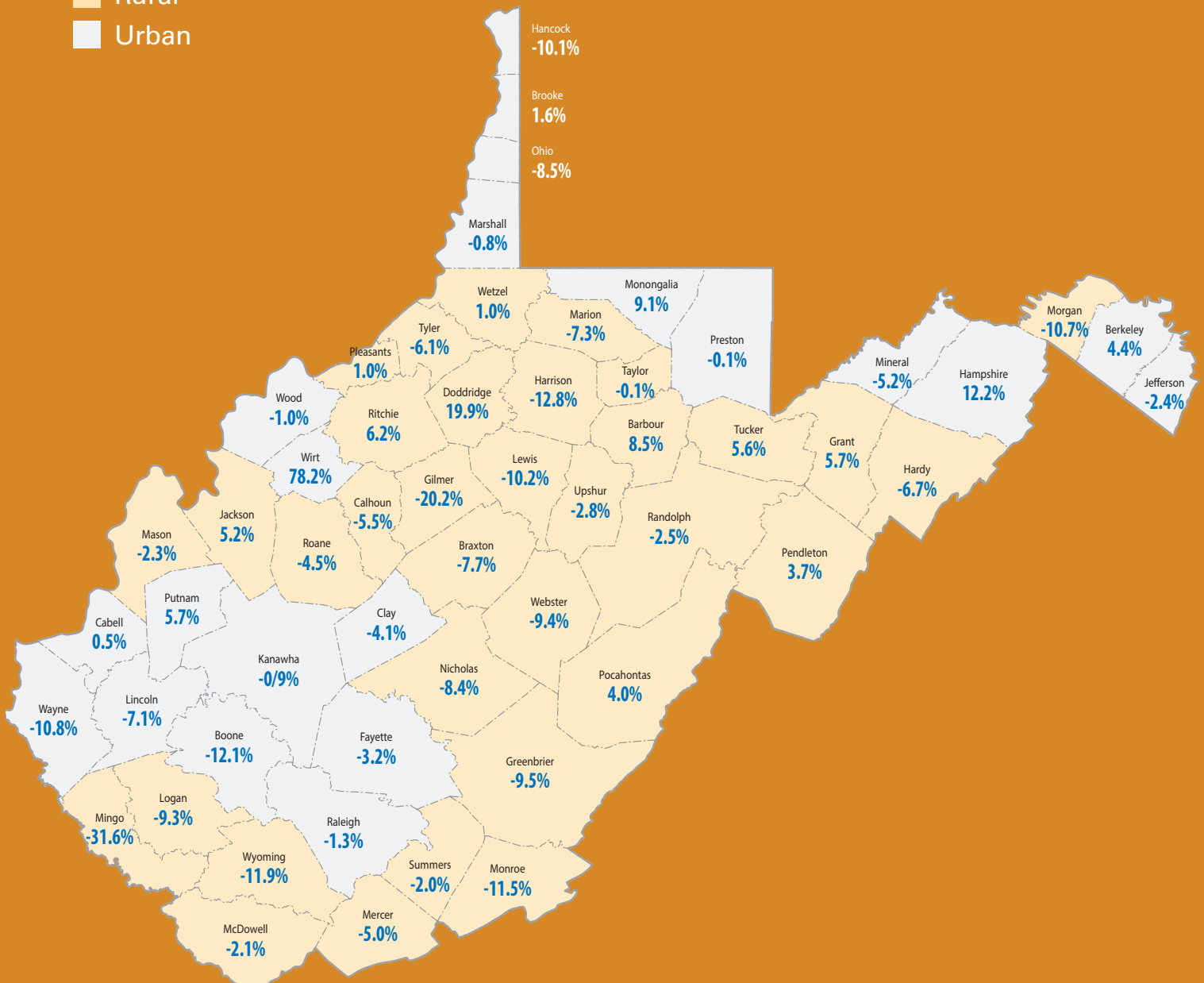
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## County Trends

Using the U.S. Census Bureau definition of low wage, most West Virginia counties saw a decline in low-wage jobs since the end of the recession from 2010 to 2014, with a large variation among the counties. For example, Mingo County saw a 32 percent decline or 1,220 low-wage jobs, while Wirt County saw a 78 percent increase or 79 low-wage jobs.

## COUNTY MAP 2: Change in Low-Wage Jobs (2010-2014)

- Rural
- Urban



Source: WVCBP analysis of U.S. Census Bureau, Longitudinal Employer-Household Dynamics Data.

Most of the decline in low-wage jobs occurred in the state's rural counties, 6.5 percent from 2010 to 2014, or 4,072 jobs. Low-wage job levels were essentially flat in the state's urban counties, declining by only 0.2 percent, or 269 jobs.

## Housing Affordability

The cost of living varies across the state, with one of the largest factors being the cost of housing. Variations in housing costs have a major impact on West Virginia workers in low-wage. In order for housing to be “affordable”, a household should not spend more than 30 percent of its income on housing. In this section, fair-market rent for a two-bedroom residence, as identified by the U.S. Department of Housing and Urban Development for 2016, is compared to income earned by a worker in a low-wage job.

### Where is housing affordable for workers in low-wage jobs?

In half of West Virginia counties, a low-wage worker earning less than \$11.59 per hour, the low-wage threshold used in this report, would be unable to find affordable housing. A Hampshire County low-wage worker would need to earn at least \$17.85 per hour, 54 percent higher than the low-wage threshold, to rent a two-bedroom apartment.

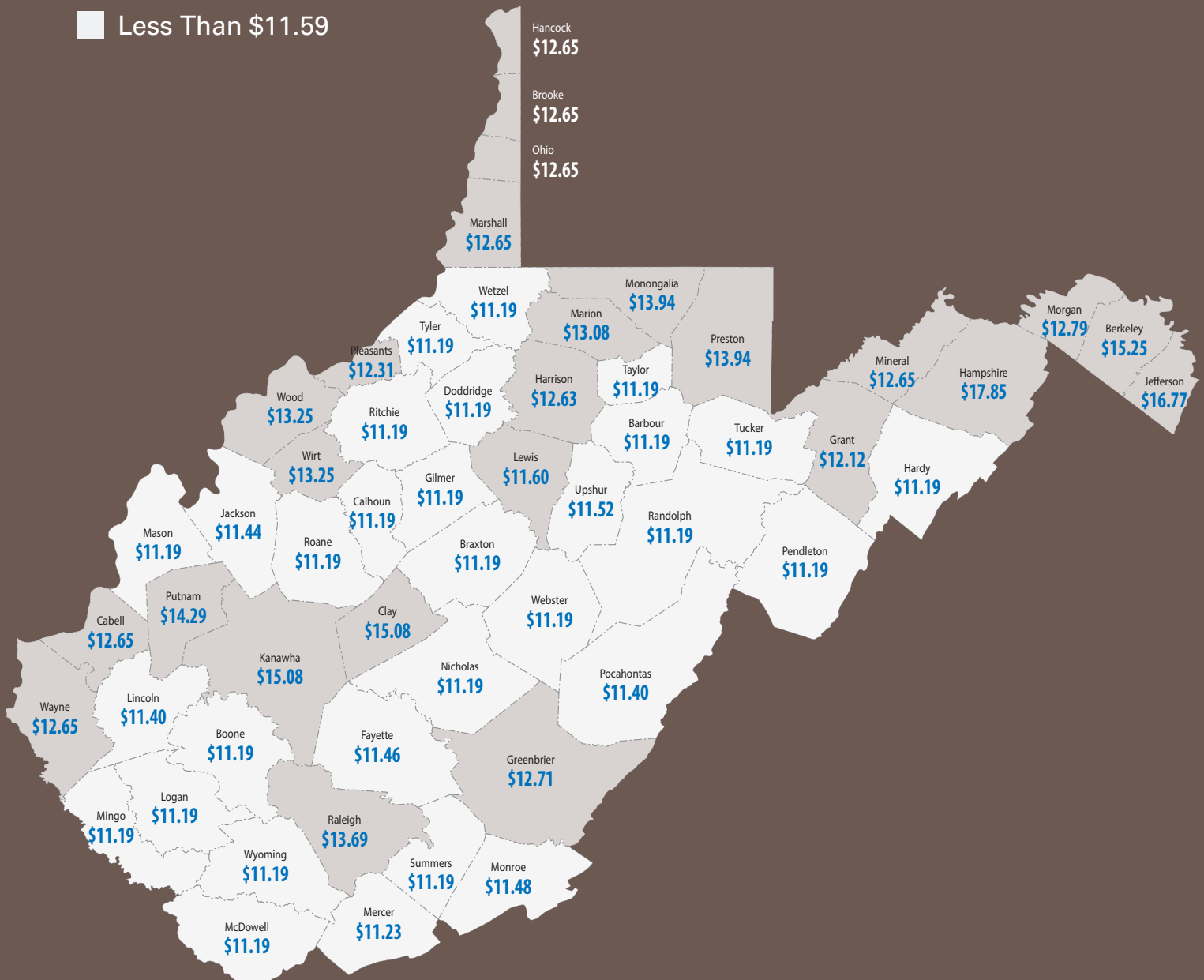
The vast majority - 77 percent - of the state’s workers in low-wage jobs lives in a county where housing would be unaffordable for them.

Housing affordability is a larger problem for workers in low-wage jobs in West Virginia’s urban counties. Eighteen of the 25 counties where housing is unaffordable for workers in low-wage jobs are urban counties.



# Hourly Wage Needed to Afford Average Two-Bedroom Rental

- Greater Than \$11.60
- Less Than \$11.59



Source: WVCBP analysis of U.S. Department of Housing.

# Policy:

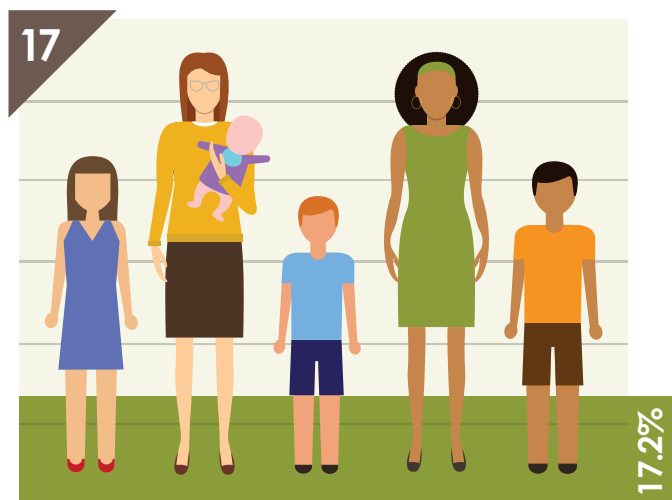
## Low-Wage Policy Changes in West Virginia

Workers in low-wage jobs are particularly vulnerable to policy changes at the state and federal level. Even when working full time, wages for these workers are low enough that they still struggle to make ends meet and may rely on public assistance. Many are minimum-wage earners, only seeing substantial wage increases when laws are changed. With West Virginia facing multiple years of budget crises, and federal health care reform threatening major changes to Medicaid, it is more important than ever to understand the impact of policy on these workers and their families.

### Public Assistance Programs

#### WIC (West Virginia's Women, Infants, and Children)

West Virginia's Women, Infants, and Children (WIC) program provides financial support for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk. The program's eligibility extends to families earning up to 185 percent of the federal poverty line.



**WORKERS IN LOW-WAGE JOBS IN WEST VIRGINIA MAKE UP 17.2%** of the state's working-age WIC recipients.

Source: WVCBP Analysis of U.S. Census Bureau, 2016 Annual Social and Economic Supplement of the Current Population Survey Data.



## SNAP (Supplemental Nutrition Assistance Program)

The Supplemental Nutrition Assistance Program (SNAP), is the largest domestic hunger safety net program, offering nutrition assistance to millions of low-income individuals and families. SNAP eligibility is based on both a monthly gross and net income test, as well as household resource limit. In general, those who are eligible for Supplemental Security Income (SSI), or Temporary Assistance for Needy Families (TANF) benefits are eligible for SNAP.



In West Virginia,  
**16.8%**  
of working-age people  
living in a household  
with a **SNAP** recipient  
are low-wage workers.

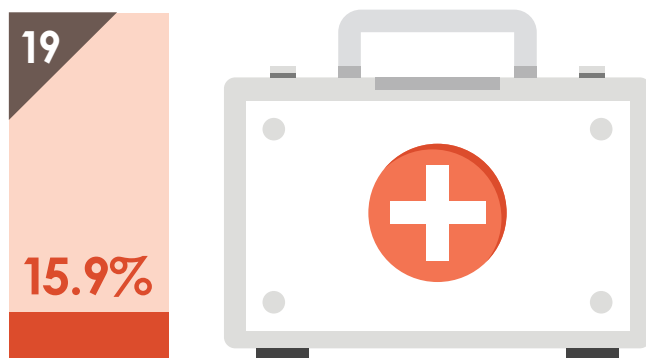


Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

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## Medicaid

Medicaid, the state's single-largest program, provides health and long-term care services, along with CHIP, to over 560,000 West Virginians. Before Medicaid expansion under the Affordable Care Act, eligibility in West Virginia was effectively limited to low-income children, seniors, and the disabled. After expansion in 2014, all families and adults without children earning up to 138 percent of the federal poverty line were eligible. This allowed thousands of workers in low-wage jobs to gain access to health care coverage that was previously unaffordable.



**IN WEST VIRGINIA,**  
**15.9%**  
OF WORKING-AGE  
**MEDICAID RECIPIENTS**  
are low-wage workers.

Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.

## Minimum Wage

West Virginia's minimum wage is \$8.75 per hour. A minimum-wage worker working full time year-round earns \$18,200, or just 146 percent of the federal poverty line. If that worker is a single parent of one, then that family lives right above the poverty line. Over half - 57.6 percent - of workers in low-wage jobs in West Virginia earn at or below the minimum wage.

Even a modest increase in the minimum wage would benefit tens of thousands of workers in low-wage jobs in the state. Increasing West Virginia's minimum wage to \$10.00 per hour would directly benefit 75.8 percent of the state's workers in low-wage jobs, a total of 123,970 workers.

*Source: WVCBP Analysis of U.S. Census Bureau, 2015 American Community Survey Data.*

20

**57.6%**  
of Workers in Low-Wage  
JOBS IN WEST VIRGINIA  
EARN AT OR BELOW  
MINIMUM WAGE.



**75.8%** of the state's workers (123,970 WORKERS)  
IN LOW-WAGE JOBS WOULD BENEFIT DIRECTLY  
from an increase in **MINIMUM WAGE.**

# The Hidden Costs of Relative Poverty

Generally, people with higher incomes and education levels tend to have more control and be less subject to shocks and setbacks than those with fewer resources. A car that breaks down, for example, is no big deal if one can afford to fix it and rent another, but it can trigger a disastrous chain of events for low-wage workers. The same is true of family illness, job loss, or any number of other factors.

People with more resources are also more able to fully participate in social activities. For the less fortunate, it's often a struggle to provide decent clothing for school-aged children, let alone pay for extracurricular activities that others take for granted.

Jobs and situations that give people low levels of control and impose high demands and low rewards are particularly toxic for health, which is frequently the case for workers in low-wage jobs. Low control at work, which is the case for most workers in low-wage jobs, is associated with higher rates of coronary heart disease and absence due to sickness and mental illness.<sup>2</sup> Outside of the work place, such situations might include living in inadequate housing, unsafe toxic neighborhoods, or violent family situations.

According to Paula Braveman, and Laura Gottlieb, MD, both of whom hold advanced degrees in medicine and public health, “Early-life socioeconomic disadvantage has been repeatedly associated with vulnerability to a range of adolescent and adult diseases, independent of adolescent or adult socioeconomic status/position. Overall, there appear to be both cumulative effects of socioeconomic and related social stressors across the lifespan, manifesting in chronic disease in later adulthood, and heightened effects of experiences occurring at particularly sensitive periods in life (e.g., before age 5).”<sup>3</sup>

The status of workers in low-wage jobs affects not only their mortality and morbidity rates, but also the broader health—not to mention the health-care expenditures—of all West Virginians.

# Policy Recommendations

Low-wage jobs will always be part of the economy, but their role is changing.

In today's economy, increasingly, low-wage jobs are not just entry-level or secondary income, but instead the primary source of income. No longer a stepping stone, low-wage jobs are becoming life-long employment, while industries that offer them have become the state's dominant source of job growth.

**With these changes, it is increasingly important to embrace policies and practices that promote the security, employment, and advancement of workers. These policies include:**

- **Protect Medicaid Funding and Expansion:** Medicaid is a federal-state partnership that provides health care to over 600,000 low-income people in West Virginia. Since the state expanded Medicaid as part of the Affordable Care Act, 170,000 more West Virginians have gained health care coverage, including tens of thousands of workers in low-wage jobs. With the threat of repealing the Affordable Care Act and converting Medicaid to a block grant on the forefront of the health-care debate, it is pivotal that policymakers recognize the importance of Medicaid expansion's role in providing health-care coverage to the state's workforce.
- **Enact a Refundable West Virginia Earned Income Tax Credit:** Twenty-six states and the District of Columbia have enacted Earned Income Tax Credits (EITC) to help working people offset the cost of the various state and local taxes they pay.<sup>4</sup> The EITC is a proven tool to fight poverty, increase labor-force participation, and help workers in low-wage jobs afford necessities. The benefits are lasting, such as improving the health, educational achievement, and earnings of children who are EITC recipients.

■ **Enhance Child-Care Assistance:** Research shows that child-care assistance is crucial to helping low-income families maintain employment, stay off public assistance, and have higher earnings.<sup>5</sup> Without assistance, child care is simply unaffordable for workers in low-wage jobs, forcing them to choose between child care and working. Thirty-six states and the District of Columbia had higher income eligibility limits for child-care assistance than West Virginia. Increasing child-care assistance to eligible families from 150 percent to 200 percent of the federal poverty line could reduce the “cliff effect,” which discourages parents from advancing in their jobs and careers in West Virginia.

■ **Raise and Index the Minimum Wage:** In 2014 West Virginia passed legislation to increase its minimum wage to \$8.75 from the federally mandated \$7.25-an-hour minimum wage. Since the state’s living wage is about \$10 an hour for a single adult and \$20 an hour for a single adult with one child,<sup>6</sup> policymakers should raise the state’s minimum wage to at least \$12 an hour over the next several years. In addition, the minimum wage should be tied or indexed to the rate of inflation so it does not lose value as costs of living increase. Phasing in an hourly minimum wage of \$12 an hour by 2020 would directly and indirectly impact over 200,000 workers in the state and boost wages by \$437 million, according to the Economic Policy Institute.<sup>7</sup> Policymakers should also raise the tipped minimum hourly wage to at least 70 percent of the state minimum wage, which is set at just \$2.62 or 49 cents above the federal minimum tipped minimum wage.

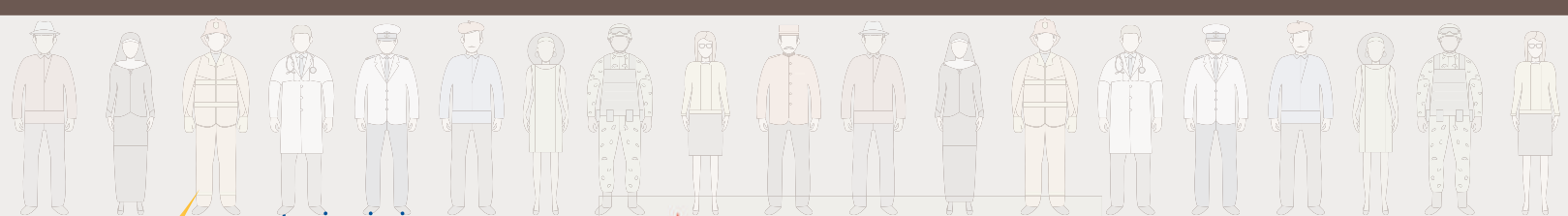
■ **Expand Education.** As noted above, the level of educational attainment has profound implications for the earning potential - as well as health and longevity - of working West Virginians. The state has long been at the bottom in terms of state educational attainment. Despite this, funding for post-secondary education has declined dramatically over the last 10 years. Given the state’s largely self-inflicted budget woes, this problem may worsen. State budget priorities must be reversed to improve the access to, and affordability, of post-secondary education.

■ **Preserve Early Childhood Education.** Intervention in early childhood is the key to long-term success. Evidence suggests there is a critical period in early childhood, roughly equivalent to the first 1,000 days of life, in which to make a difference.<sup>8</sup> Economist and Nobel laureate James Heckman has argued that “since inequality starts at or before birth, it can and should be corrected at or before birth with the resource of early childhood and parental education. Evidence shows that supplementing the family environments of disadvantaged children with educational resources is an effective and cost-efficient way to provide equal opportunity, achievement, and economic success.”<sup>9</sup>

Workers in low-wage jobs constitute a large and important segment of West Virginia’s population. The steps we take to help them improve their economic status is critical to ensuring a better future for all West Virginians.

# Endnotes

- <sup>1</sup> <http://www.urban.org/sites/default/files/publication/32436/901190-Low-Wage-Workers-in-the-United-States-Status-and-Prospect.pdf>
- <sup>2</sup> Ibid., p. 1305
- <sup>3</sup> Paula Braveman, MD, MPH and Laura Gottlieb, MD, MPH, “The Social Determinants of Health: It’s Time to Consider the Causes of the Causes,” National Center for Biotechnology, Public Health Reports, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3863696/>.
- <sup>4</sup> Sean O’Leary, “A Tax Cut That Works for Working Families: A West Virginia Earned Income Tax Credit,” WV Center on Budget and Policy, January 2015. <http://www.wvpolicy.org/a-tax-cut-that-works-for-working-families-a-westvirginia-earned-income-tax-credit/>
- <sup>5</sup> Sean O’Leary and Ted Boettner, “State of Working West Virginia 2016: Answers and Solutions to West Virginia’s Low Labor Force Participation,” WV Center on Budget and Policy, November 9, 2016. <http://www.wvpolicy.org/wp-content/uploads/2015/11/SWWV-2015.pdf>
- <sup>6</sup> Amy K. Glasmeier and Massachusetts Institute of Technology, Living Wage Calculator, <http://livingwage.mit.edu/states/54>
- <sup>7</sup> David Cooper, “Raising the Minimum Wage to \$12 by 2020 Would Lift Wages for 35 Million American Workers,” Economic Policy Institute, July 14, 2015 <http://www.epi.org/publication/raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-million-american-workers/>
- <sup>8</sup> West Virginia Public Broadcasting, “The First 1000 Days: Investing in WV Children When it Counts,” <http://wvpublic.org/1000-days#stream/0>
- <sup>9</sup> James Heckman, “The Economics of Inequality: The Value of Early Childhood Education,” <http://files.eric.ed.gov/fulltext/EJ920516.pdf>.



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