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# State's job mix stirs up challenges

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The Herald-Dispatch

Although West Virginia seems defined by its coal mining industry, a closer look at employment numbers makes it clear that the lion's share of the state's jobs today are service-oriented.

Nineteen percent of the state's workers have government jobs. Another 19 percent work in what the state categorizes as trade, transportation or utilities, and the third largest category is called education and health care, which employs 15 percent of the state's workers.

In fact, health and education jobs are vital in putting food on the table in Cabell County homes. St. Mary's Medical Center, Cabell Huntington Hospital and Marshall University are the three top employers in the county, and health and education services were the largest sector of jobs in the county in 2007, with 10,860 workers. It was followed by trade, transportation or utilities, and government.

The information is based on a breakdown of jobs from the second quarter of 2007, found at the WorkForce West Virginia Web site (<http://www.wvbep.org/bep>). It shows that statewide, manufacturing falls sixth in the percentage of West Virginia workers it employs. A category called natural resources and mining, which includes everything from mild production and forestry to underground coal mining, falls to eighth in the state, among a list of 11 categories.

For the state's economy, the predominance of jobs outside of mining and manufacturing poses a challenge, experts say, because many of the service-oriented jobs pay far less.

"We have an economy that's increasingly a consumer-type of economy," said Steve Roberts, president of the West Virginia Chamber of Commerce. "Lots of people work at retail stores, restaurants or are selling cars or clothing. But most of our counties have less to spend than the average American. That's why we have such a lackadaisical economy in West Virginia. We have too few people making too little money."

While many health-care and government jobs are good ones, the state needs to continue to diversify, experts say. The decline in high-paying manufacturing jobs could be addressed by growth in financial, professional and business jobs, some said. Those jobs pay well, and until households bring in more money, they won't be able to pump their income back into the state economy.

The grouping of employment at the WorkForce West Virginia Web site is a result of the North American Industrial Classification System, said George Hammond, associate director of the Bureau of Business and Economic Research at West Virginia University's College of Business and



Lori Wolfe/The Herald-Dispatch  
Kevin Ray of Huntington gets his teeth cleaned by Janet Davis, registered dental hygienist, at Dr. Judith Woodruff's dental office on Hal Greer Blvd. in Huntington.  
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Economics. "It's basically designed to group firms together based on the similarity of their production processes," he said.

The impact of both manufacturing and natural resources and mining jobs is more significant when measured by total wages paid to employees in those fields, ranking fourth and sixth, respectively.

The fact remains, though, that the state has about twice as many people working in hospitals (more than 36,000) than it does in coal mining (about 18,400). Government jobs are the most common and pull in the most in total wages, with nearly 22,600 in West Virginia working for the federal government alone, not counting state and local government jobs.

### Mining industry evolves, manufacturing struggles

Part of the decreases in goods-producing industries, such as manufacturing and mining, is because they're contracting out more jobs these days, Hammond said. Companies that would formerly hire workers to do their accounting or janitorial services are now contracting those services to other companies, and so those jobs fall under a different industrial classification. Same jobs, different category, he said.

"If you look at (coal mining) in terms of employment, its share of employment has decreased over the years, but you get a different picture if you look at gross state product," Hammond, of WVU, said. "What we're really describing is a change in productivity. We've seen huge increases in productivity in mining over the years."

Based on information from WVU's Bureau of Business and Economic Research, coal is still significant in West Virginia, compared with other states. The natural resources and mining sector employed about 4 percent of the workforce in West Virginia in 2007, compared with the national average of half a percent.

It leads the country in per capita sales for coal mining, said Kent Sowards, director of Data and Survey Services at Marshall University's Center for Business and Economic Research.

"The importance of energy sector jobs, including coal and natural gas, is that they provide about 25 percent of our state's entire economy," said Roberts, of the state Chamber of Commerce. "When our energy markets are doing well, as they are now, we have a noticeable uptick in West Virginia."

Coal mining jobs and manufacturing jobs are among the best-paying jobs in the state, but "Where we've been experiencing trouble in our economy is in the area of manufacturing jobs," Roberts said. "In the manufacturing jobs, we're continuing to lose jobs, while the states around us are remaining stable or increasing manufacturing."

Hammond, of WVU, cited losses in the chemical, steel and glass product sectors.

"Those sectors are getting hammered by international competition and by rising raw materials prices. It's been a factor nationwide, but it appears to be a bit more of an issue in West Virginia than nationally."

Over the long run, business taxes and environmental standards have been issues with the overall business climate in West Virginia, Hammond said.

The Regional Economic Information System has been tracking jobs for decades, Sowards of Marshall said, and its data indicates that West Virginia manufacturing jobs have dropped from 130,000 in 1970 to 84,000 in 2000. After that, their classification changed, making a complete comparison difficult.

"Technologically, and this goes for mining as well, as we've improved processes and machinery, the need for human labor has decreased," Sowards said. "You can imagine (how many workers would be needed) with pick axes in the mines, compared to a continuous wall-miner today. It's a pretty monstrous machine, if you see it in action."

### Service sectors growing

Meanwhile, there have been fairly strong gains in education and health services, Hammond said.

Americans are spending more money on health care, he said, because "There are only so many toasters and TVs we can fit into our houses. Intangible goods become an increasingly important way we spend our money."

Many of those jobs are good-paying ones, he said.

"We've also seen strong growth in leisure and hospitality jobs," he said. That includes hotels, motels, restaurants and bars. Also in that group is the gaming sector of state economy -- the mom-and-pop establishments that have sprouted up around the state, and gaming resorts, which have jobs that pay fairly well, Hammond said.

One area where West Virginia is gradually growing is professional and business services, Hammond said.

"The state is gradually generating job gains in some of the higher tech sectors of the economy," he said. "That's still a small sector of the state economy, but that is growing and developing, and it generates high-paying jobs, or has the potential to."

According to occupational projections by WorkForce West Virginia, some of the things they're seeing occupational growth in are home health aides, computer software engineers and network system data communications analysts, Sowards said.

What West Virginia needs to do is grow jobs in financial services and insurance more quickly, because while those fields are growing, the state is behind the pace of other states, Roberts said.

"One of the challenges we have in West Virginia is that our per capita income is so low," he said. "It's fascinating to me that Kanawha County is the only county in the state where the per capita personal income meets the national average. ... We have a few counties where the per capita income is actually half."

Lincoln and McDowell counties are among the lowest, he said. In Cabell County, per capita income is 20 percent less than the national average, which means it's about 20 percent less than

Kanawha County, Roberts said.

"It's really very dramatic," Roberts said. "You have to consider that Kanawha county has lots of jobs in banking and insurance, lots of jobs in manufacturing -- and those are the higher paying jobs."

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