



# Making Ends Meet:

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*What Should We Do to  
Support West Virginia's  
Working Families?*

*Discussion Guide*

# Welcome to the Forum

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**W**elcome to “Making Ends Meet: What Should We Do to Support Working Families?” These forums grew out of concerns about the many families in West Virginia who are struggling due to lay-offs, low-wage jobs, lack of health insurance, or loss of public benefits. This discussion guide was developed based on extensive interviews with citizens, employers, and government leaders about the problems faced by working families.

**The purpose of the forums is to bring people together to:**

- Better understand the problems that working families face;
- Examine different approaches for addressing these problems;
- Weigh the benefits and trade-offs of each approach;
- Identify common ground, as well as concerns that need further discussion; and
- Explore possible actions, individually and as a group

Forums will be held throughout West Virginia from October through December 2000. A report on the forums will be released at Children’s Day at the Legislature on February 28, 2001.



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## Forum Sponsors

*American Friends Service Committee  
Coalition for West Virginia’s Children  
Family Leadership Project of the WV Association of Family Resource Networks  
West Virginia Center for Civic Life  
West Virginia Community Voices Partnership  
West Virginia Council of Churches  
West Virginia Public Radio  
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# Making Ends Meet

## **West Virginians in a Changing Economy** . . . . . 4

Even in these prosperous times, economic insecurity haunts many of West Virginia’s working families. Good-paying jobs in mining and manufacturing are on the decline. Most new jobs are in the service sector, which provide lower wages and fewer benefits. The traditional safety net for the unemployed has shrunk substantially under new, stricter welfare laws. The net effect is that West Virginia has the lowest median household income in the country, and the highest child poverty rate except for the District of Columbia. The forums will explore three different approaches to helping families make ends meet.

### **Approach 1. *Improve the state’s business climate.*** . . . . . 8

Economic growth makes everyone better off, even if not equally. The best way to promote growth is to make our state an attractive place to do business. This means reducing government-imposed costs and regulations, and increasing incentives for companies to locate or expand here. This will create jobs and generate income for our state’s people.

### **Approach 2: *Promote lifelong learning.*** . . . . . 10

People’s economic security hinges on having the knowledge and skills that the ever-changing job market demands. They also need the kind of broad-based education that enables them to participate in civic and political life. This will help improve both the income and the overall quality of life of West Virginians.

### **Approach 3: *Reduce economic inequalities.*** . . . . . 12

Many families are struggling due to lay-offs, low-wage jobs, and lack of affordable health insurance. The gap between the rich and poor is getting wider all the time. It is the proper role of society to lessen these inequalities and the suffering caused by them. That will help assure social and economic stability for all West Virginians.

## **Which Way Forward for West Virginians?** . . . . . 14

## **References** . . . . . 15

# West Virginians in a Changing Economy

During the past decade West Virginia, like the nation, has enjoyed an era of relative prosperity. The number of jobs has grown, and unemployment has declined to record lows. The state economy is becoming more diversified, offering a buffer against job losses in the mining industry. The sharp drop in the state's population over the past two decades has begun to level off.

But there is a troubling side to this picture as well. Job growth has occurred mainly in the service sector, while jobs in higher paying industries have declined. Although more people are working than ever before, the percentage of people – especially children — living in poverty continues to rise. The traditional safety net for poor families has shrunk substantially under cuts in housing, welfare, and food stamp programs.

## An Expanding Job Base

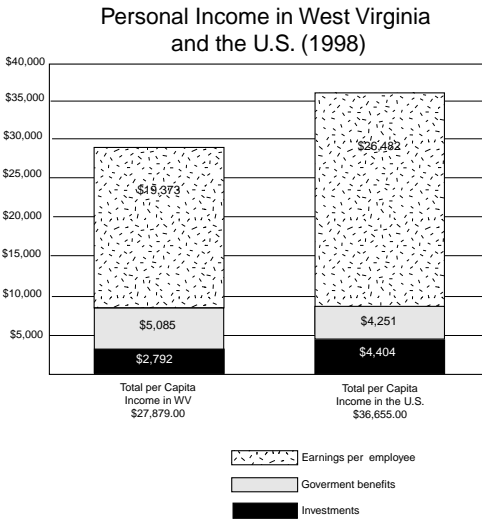
“The West Virginia economy has settled into a groove,” according to the West Virginia Economic Outlook Project at West Virginia University. “Economic growth continues, as it has nearly every year this decade, and the state economy now generates more jobs and income for more residents, with lower unemployment, than it did when the 1990s began.”

Since 1989, the West Virginia economy has added an average of 11,000 jobs per year. The state unemployment rate fell from 8.6 percent in 1989 to 6.6 percent in 1999. Today, the number of unemployed West Virginians is around 54,000. The forecast is for the unemployment rate to stabilize at about 5.5 percent.

But our rising tide has not lifted all boats. The West Virginia Bureau for Employment Programs estimates that African Americans have an unemployment rate double the state unemployment rate, and that at least 50% of African-American teenagers are unemployed. Rural residents and people with disabilities also experience higher than average unemployment. And although more women have entered the workforce, they are over-represented in low-wage jobs.

The nature - as well as the number - of jobs has changed significantly with the loss of mining and manufacturing jobs and the growth of lower-paying jobs in the service sector. The service sector alone accounted for almost three-quarters of all net job gains during the past decade. This sector, which includes health care, telemarketing, and social services, is expected to remain the fastest growing industry during the next ten years.

*Source: West Virginia University, Bureau of Business and Economic Research West Virginia Economic Outlook Long-Term Forecast 2000-2010*



Source: West Virginia University, Bureau of Business and Economic Research West Virginia Economic Outlook 2000

## A Growing Income Gap

West Virginians are less likely to be employed, earn less money when they are employed, and receive less income from investments than other Americans. The result is that West Virginia has the second lowest per capita income in the country, higher only than Mississippi.

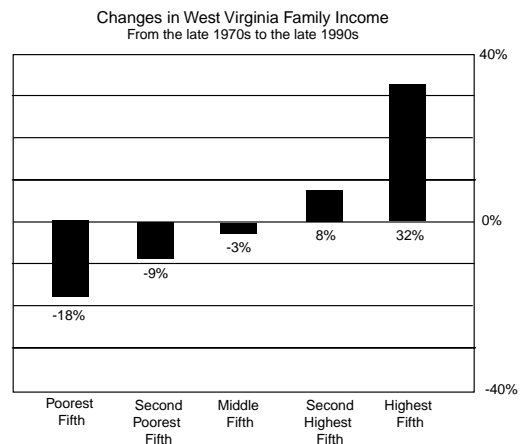
“However, it is not the state’s rank that is important,” says George Hammond, director of the WV Economic Outlook Project. “It is the gap between the state and nation that tells us how we are faring.”

West Virginia workers earn 24 percent less than their counterparts nationally. West Virginia’s per capita personal income (which is the sum per state resident of earnings, investment income, and government benefits) is 27 percent below the national average.

The personal income gap has widened each year since 1994. It would be even bigger if not for the higher-than-average income that West Virginians receive from government benefit programs such as Social Security, Medicare, Medicaid, and welfare payments.

West Virginia’s poverty rate is the fourth highest in the country. One in five West Virginians lives at or below the federal poverty level, or about \$17,000 per year for a family of four. Among children, the rate is even higher, with 30 percent living in poverty.

Both poor and middle-income families have lost ground economically during the past 20 years. The bottom three-fifths of families are worse off now than they were in the late 1970s, while the top two-fifths have experienced moderate to substantial gains.



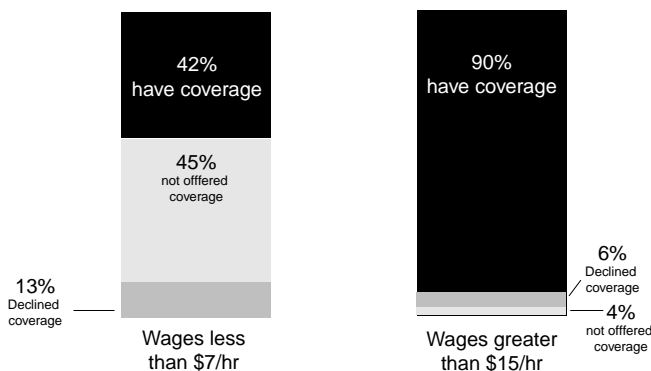
Source: Economic Policy Institute/Center on Budget and Policy Priorities

## Declining Health Coverage

Forty-four million Americans, or 18 percent of the population under age 65, are without health insurance. In West Virginia, almost 20 percent of the state’s nonelderly residents, or 286,000 people, are uninsured. In West Virginia and across the nation, the number of uninsured people is rising.

Nationally, three-quarters of the uninsured live in families that have one or more full-time workers. Low-wage workers are half as likely as high-wage workers to have employer-based coverage, and are less able to afford their uncovered medical bills. Young adults and minorities are at greater risk of being uninsured because they are more likely to hold low-wage jobs.

### Employee Health Coverage in the U.S.



Source: Kaiser Commission on Medicaid and the Uninsured

Two-thirds of people without health insurance say that they cannot afford to buy it. Workers who do get insurance through their employers paid, on the average, more than three times as much for employee health coverage in the United States.

The number of Americans covered by Medicaid has been declining as a result of an improved economy, as well as changes in welfare policy. Currently, about 270,000 West Virginians are covered by Medicaid, on average each month, or 10 percent fewer than in 1997.

### A Shrinking Safety Net

Changes in federal and state welfare laws, coupled with the growth in employment, have dramatically reduced the number of people who receive government assistance. The number of West Virginia households receiving cash assistance dropped to 11,794 as of July 2000. This is a decrease of 72 percent since 1993, compared to the national average decrease of 50%.

A 1999 West Virginia University study examined what happened to people who left welfare during 1998. The researchers concluded that while large numbers of people left welfare that year, few left poverty. They found that:

- 83% of the people lived in households with annual incomes of less than \$10,000, and 48% were in households earning less than \$5,000.
- About half (53%) had paid employment and, of those, less than two-thirds had full-time work (although nearly all of those who worked part-time wanted to work full-time); and
- The median wage of those working was \$5.90/hour, and most jobs offered no or few benefits.

People who left welfare and were not working reported the following barriers to employment: disability (39%); labor market conditions (38%); child care (26%); transportation (26%); education and experience (25%).

A series of interviews coordinated by the American Friends Service Committee produced similar findings. *The Listening Project* talked with 160 past and present welfare recipients about their quality of life. Most were working, but few earned enough to meet their families' basic needs. Many reported feeling scorned by welfare workers, school personnel, and the general public because they are poor.

The new welfare laws limit cash assistance to a total of five years during one's lifetime. Some West Virginia families will reach that limit as soon as January, 2002. A three-person family receives a maximum cash benefit of \$453/month, which is 38% of the federal poverty level.

### Educational Attainment of Adults

Highest Degree Earned	In WV	In the US
High School Degree	76%	83%
Some College	50%	65%
College	16%	24%

Source: *Education Week*

### National Assessment of Education Progress

8th Graders Proficient in:	In WV	In the US
Reading	27%	31%
Writing	18%	24%
Math	14%	23%
Science	21%	27%

Source: *Southern Regional Education Board*

## Underachieving in Education

During the past decade, West Virginia has made substantial investments in public education. The state has put computers in every classroom, built or renovated hundreds of schools, and raised teacher salaries. *Education Week* gave West Virginia an “A” for the amount of resources it appropriates for education.

Many West Virginia students, however, are still struggling to make the grade. The most recent scores from the National Assessment of Educational Progress (NAEP) tests show West Virginia’s eighth-graders are lagging behind the nation in all four subject areas covered by

the test.

Fewer West Virginians have finished high school, gone to college, and received a college degree than are other Americans. The state ranks 50<sup>th</sup> in the percentage of people with high school degrees, 50<sup>th</sup> in four-year college degrees, and 48<sup>th</sup> in two-year associate degrees.

## Families In the Squeeze

What should we do to improve the economic security of West Virginia families? This discussion guide outlines several approaches:

**Approach 1:** Improve the state’s business climate.

**Approach 2:** Promote life-long learning.

**Approach 3:** Reduce economic inequalities.

The guide describes the different perspectives underlying each approach and actions that could be taken. Although the approaches are not mutually exclusive, they suggest different possibilities and priorities for what we should do to help West Virginians make ends meet.

As we discuss each approach, think about these questions:

- *What are the positive aspects of this approach?*
- *What are the drawbacks?*
- *What would be the likely consequences?*
- *What trade-offs would have to be made?*

There are no easy answers to these questions. That’s why we need to talk with each other, to share our ideas, and to deliberate about what we should do to help working families make ends meet.



# Approach 1

## *Improve the State's Business Climate*

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**E**conomic growth and prosperity make everyone better off, even if not equally. Approach 1 says that the best way to promote growth is to make our state an attractive place to do business. This means reducing government-imposed costs and regulations, and increasing incentives for companies to locate or expand here.

The cost of doing business in West Virginia is a deterrent to growth, says the State Chamber of Commerce. Many feel that West Virginia's business taxes and workers' compensation costs are too high and not competitive with other states.

Businesses are also concerned about the state's legal climate. A survey conducted by the State Chamber found that most West Virginia businesses fear lawsuits, believe it is difficult to get a fair ruling, and feel our current legal system threatens job creation.

Excessive regulations are another obstacle to economic development. Companies are subject to a multitude of state and federal rules. Procedures for obtaining licenses and permits are cumbersome and often cause costly delays.

The skills of the local workforce present additional challenges to business. Recent surveys suggest that education and training programs need to be more responsive to the needs of employers. More than half of the employers surveyed by the State Chamber said that recent graduates were not prepared to meet the employers' expectations of employees. A survey completed by the West Virginia Roundtable found that 78% of employers reported shortages of workers in manufacturing, engineering, health care, and sales.

In addition to recruiting large corporations to the state, many feel that we should also do more to support small businesses, such as providing venture capital, sound business advice, and access to the latest technology. Local businesses have a personal stake in our quality of life and offer communities a stable, long-term source of jobs and economic growth.

Approach 1 says we should reduce the hurdles and increase the rewards for doing business in West Virginia. This will entice new businesses to locate here and encourage existing businesses to grow, thereby creating jobs and generating income for the state's people.



# What should be done? \_\_\_\_\_

## **Regarding jobs:**

- State government should reduce the regulations and costs associated with doing business in West Virginia in order to create a more favorable business climate.
- Private investors and government agencies should expand financial incentives and infrastructure improvements (such as roads, water and sewer) to encourage businesses to locate or to expand in West Virginia.
- Consumers should buy local goods and services to support the businesses in their communities.

## **Regarding education:**

- Public and higher education should focus on the skills needed by local employers, and promote entrepreneurial skills to encourage West Virginians to create their own businesses.
- Businesses should support schools by providing information on skills needed in the workforce, and by mentoring students and giving lectures.
- Individuals should take advantage of education and training opportunities that can lead to promotions and career advancements.

## **Regarding safety net programs:**

- Government agencies should eliminate waste and fraud from public assistance programs.
- Public assistance should be restricted to those truly in need, and provided for a limited time in order to prevent dependency.
- Religious and civic organizations should do more to help families in need in their communities.

### How do you feel about this approach?

- What are the positive aspects?
- What are the drawbacks?
- What would be the likely consequences?
- What trade-offs would have to be made?



## Approach 2

### *Promote Lifelong Learning*

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**P**eople's economic security hinges on having the knowledge and skills that the ever-changing job market demands, according to Approach 2. They also need the kind of broad-based education that enables them to participate in civic and political life.

Education experts say that learning begins early. Brain development in the first years of life has lasting effects on people's cognitive, physical, social, and emotional abilities. Studies show that children who attend good preschool programs are more likely to do well in school and in adult life. Yet only one in five West Virginia children attends some type of preschool program.

Despite a variety of efforts to improve public education in West Virginia, our state's students are not performing as well as those in other states. The Rand Corporation analyzed test scores from the National Assessment of Education Progress and ranked West Virginia 47<sup>th</sup> in student achievement when comparing students from similar family backgrounds.

Many good jobs require post-high school education. According to the United States Department of Labor, 18 of the 25 highest paying and fastest growing occupations require at least a bachelor's degree, and the rest require an associate degree or certificate. West Virginians, on average, are not prepared to compete for these jobs. Only 50% of the state's high school graduates enroll in college, compared to the national average of 65%. We rank last in the number of state residents who have four-year college degrees.

Employment should not be the singular goal of education, however. Some teachers and parents are concerned that the increased emphasis by public schools on jobs will deprive children of a broad education that covers a variety of subjects and skills. Education, they say, should prepare people for life, not just work, and should encourage their participation in the civic and political affairs of their communities.

Approach 2 says that people are our most valuable asset and that we should provide the education and training they need and desire to reach their full potential. This will help improve both the income and the quality of life of West Virginians.

# What should be done? \_\_\_\_\_

## Regarding jobs:

- State government should target tax breaks and other incentives to those employers who create jobs that offer opportunities for individual growth and advancement.
- Civic organizations should recognize and honor businesses that are employee-friendly and contribute to the well-being of the community.
- Consumers should frequent those businesses that have a good track record in employee relations.

## Regarding education:

- Schools and community-based organizations should offer quality early childhood programs to give children a good start in life.
- Parents should be actively involved in their children's education and model good citizenship by participating in civic and political organizations.
- Schools should offer a broad-based curriculum that promotes civic, political, social, and artistic development.

## Regarding safety net programs:

- Foundations and government agencies should expand financial aid programs to enable more low-income people to go to college.
- Government agencies should fund and coordinate more programs for workers in transition, including those laid off from mining jobs and people moving from welfare to work.
- Schools, government agencies, and employers should work together to help more people with disabilities get and keep jobs.

How do you feel about  
this approach?

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- What are the positive aspects?
- What are the drawbacks?
- What would be the likely consequences ?
- What trade-offs would have to be made?





## Approach 3:

### *Reduce economic inequalities.*

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**M**any families are struggling due to lay-offs, low-wage jobs, and lack of affordable health insurance. The gap between the rich and poor is

getting wider all the time. Approach 3 says it is the proper role of society to lessen these inequalities and the suffering caused by them.

Education is not the road to prosperity for everyone. The vast majority - 70 percent - of jobs in America do not require education beyond high school, according the United States Bureau of Labor Statistics. While the need for advanced education is increasing in certain fields, these affect a minority of jobs overall. Only eight percent of jobs require a bachelor's degree or more.

West Virginians have historically experienced higher rates of unemployment, and economists predict that this trend will continue. Even the relatively low rates of unemployment of five to six percent leave about 50,000 West Virginians without jobs and their related benefits.

The lack of health insurance plagues many West Virginians. The majority of uninsured people live in families where at least one person is working full-time. While considerable progress has been made in covering more children under Medicaid and the Children's Health Insurance Program (CHIP), there are still about a quarter of a million uninsured adults in the state, and that number continues to grow.

Discrimination continues to be a problem for some West Virginians. People that experience employment or housing discrimination because of disability or sexual orientation have no legal recourse under the state's human rights act. Many members of groups that are protected by such laws say they are poorly enforced.

Many are concerned that state tax policies place an undue and unfair burden on the poor. West Virginia's income tax threshold is only \$10,000, one of the lowest in the country. High gasoline and food taxes place additional strains on family budgets.

Approach 3 says that we should reward work by giving people the opportunity to support themselves and their families at a decent standard of living. That will help assure social and economic stability for all West Virginians.

# What should be done? \_\_\_\_\_

## Regarding jobs:

- Business tax credits should be targeted to those employers who create full-time jobs with benefits and living wages.
- State and local governments should create public sector jobs for people who can't find work in the private sector.
- Employers, communities, and government agencies should work together to expand child care, health insurance, and transportation to enable low-income people to work.

## Regarding education:

- High schools should do more to help students assess their vocational options, goals, and opportunities.
- Public and higher education should encourage women to consider nontraditional jobs that pay higher wages.
- Businesses should support their employees' continuing education to enable them to advance to better, higher-paying jobs.

## Regarding safety net programs:

- State government should raise the incomes of low-wage workers by reducing their taxes, enacting a state earned income credit, and raising the minimum wage.
- State government should strengthen and enforce anti-discrimination and affirmative action policies in the workplace, and promote wage equity for women and minorities.
- Public and private organizations should work together to develop a fair and respectful system that supports people who simply cannot work.

### How do you feel about this approach?

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- What are the positive aspects?
- What are the drawbacks?
- What would be the likely consequences?
- What trade-offs would have to be made?



# Which way forward for West Virginians?

In this forum, we have explored three different approaches for improving the economic security of West Virginia families. Though the approaches overlap in some respects, they propose different priorities for action that would bring different benefits and trade-offs.

Forums such as these are based on the belief that we must talk and act together in order to tackle the challenges that affect our communities, state and nation. In closing this forum, we will consider the following questions to help us think about what we might do to help working families make ends meet.

*What did we learn?*

- What new information or insights did you gain as a result of the forum?
- Did your own thinking about the issue change in any way?
- Did your thinking about other people's views change?

*Where do we agree?*

- What actions is the group most willing to support to help families make ends meet, and why?
- What actions is the group least willing to support, and why?
- What trade-offs is the group willing or not willing to make?

*Where do we disagree?*

- What are the areas of disagreement in the group?
- What are the reasons behind our disagreements?

*What might we do?*

- What might you do *personally* as a result of this forum?
- What might we do *together*?



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