

# West Virginia jobless fund faces insolvency

Naomi Spencer  
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West Virginia's unemployment compensation fund is on the brink of insolvency. The fund, at its lowest level in three years, is projected to run out by February 2011. Like 32 other states that have already run dry, West Virginia may be forced to borrow federal funds to continue paying unemployment benefits.

The fund currently stands at \$99.5 million. Over the month of August, the state paid out \$19 million in benefits and saw more than 7,000 initial claims filed. WorkForce West Virginia, the agency that oversees jobless benefits, projects that at the current rate disbursements will surpass revenues by December.

Unemployment continues to rise. In August, West Virginia registered an 8.9 percent jobless rate, an increase of 0.3 percent over July.

WorkForce West Virginia figures indicate that the unemployment rate increased in 44 of the state's 55 counties in August. In 17 counties, unemployment is higher than 11 percent, including one swath of southwest West Virginia that averaged more than 13 percent. Clay County registered a 15.1 percent unemployment rate, Mason stood at 14 percent, and McDowell County recorded a jobless rate of 13.1 percent.

In the northern-most Hancock County, the jobless rate has climbed to 13.2 percent. The economic decline of the northern panhandle has followed that of the southern coalfields region, shedding thousands of steel production jobs, including hundreds since the onset of the recession in 2008.

Other manufacturing jobs in glass and chemical industries have also shut down in the past two years. In turn, the decline in industry has rippled through the large transportation and hauling industry in the state. Many workers in transportation and related jobs are ineligible for unemployment benefits because they are contract laborers or classified as self-employed.

The increase in the official unemployment rate

signals a significant worsening of the social crisis in the state. Historically, West Virginia has suffered some of the deepest economic distress in the US, with persistent poverty and joblessness across many counties.

However, because of the long-term character of the jobs crisis, such conditions are masked in the official month-to-month figures, which have consistently been lower than the national rate. Fully half of West Virginia residents aged 16 and older are classified as "not in labor force," and tens of thousands of workers have no choice but to subsist on minimum wage, part-time and seasonal jobs.

Social distress is the product of deliberate fiscal policy. West Virginia is one of a handful of states across the US that did not record a deficit in 2009, in large part because a long-term austerity regimen for social programs and infrastructure.

Indeed, as thousands more residents are being driven into poverty and want, the state legislature passed a budget with no spending increases in any services. Wall Street lauded this decision; on July 9, rating agency Moody's Investment Services upgraded the state's bond rating to AA1, praising its "fiscal conservatism and consistent fund balances."

State funding for basic safety net programs such as food stamps and Medicaid has remained level, although the number of applicants has soared. According to new US Census figures, for example, the state Medicaid rolls swelled by 22.9 percent between 2008 and 2009. The Medicare population grew by 7.7 percent.

These numbers correspond to a massive drop-off in the number of working families covered under employer-sponsored health insurance plans. From 2008 to 2009, the percentage of workers in employer-based plans fell by 4.7 percent, and workers purchasing coverage through their employers fell by 21.7 percent. Residents enrolled in private insurance plans also fell by 5.6 percent. Not surprisingly, underfunded and

understaffed public health care programs are straining to serve the population.

A particularly stark manifestation of the social crisis is a spike in copper theft from utility lines in the coalfields region. The wire is sold for a few dollars at scrap yards.

This year alone at least three people have died and hundreds of others have been seriously burned while attempting to take the wiring. On September 16, a man suffered third-degree burns over half his body at an Appalachian Power station in Raleigh County while trying to strip copper. In July, a Boone County man was killed and another severely injured while taking down a line.

Since the beginning of the year, more than 100 miles' worth of copper electric distribution lines has been stolen, according to Appalachian Power. The company has two work crews in a four-county area that are dedicated solely to replacing copper lines. According to the company, wire that is meant to last for 20 to 30 years is now being replaced every couple of weeks in some towns. Hundreds of residents are regularly left without power as a result.



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