

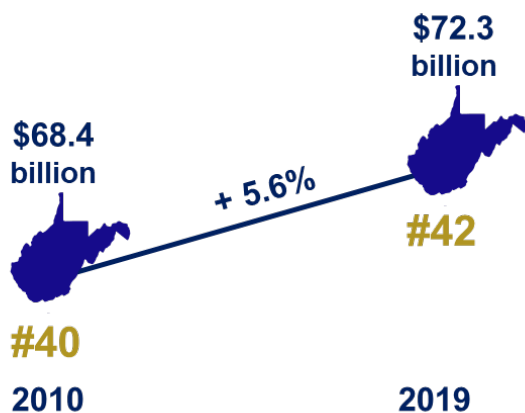
Fact Sheet – Economics

As West Virginia's largest investment, transportation is a significant contributor of the state economy and drives employment which empowers manufacturing, trade, and industry. Economics and economic trends influence long-range transportation planning because economic development and transportation investment are interdependent. **Transportation provides access, and without access, the economy freezes.**

Where are We Today?

What Moves West Virginia's Economy?

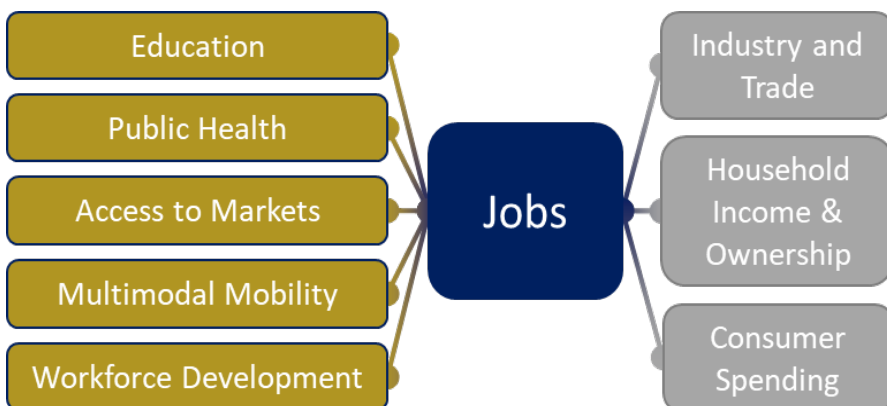
Despite growth over 5% during the past ten years, West Virginia's was the 42nd largest state economy based on GDP. In 2010, West Virginia was the 40th largest state economy (New Hampshire and Idaho have since passed).



\$72B cannot increase without building industry and trade, which depends on ample employment opportunities. Employers need educated healthy workers with the right training and ability to access job sites. Without any of these pieces, poverty increases as household income falls. Residents want to see roads and transit service improved to reach their jobs, more job opportunities created, efforts spent to retain employees, industry and trade expanded, and energy diversified. Investing in these pieces together will drive West Virginia's economy to 2045.

Roadway and Transit Improvements

Transportation is West Virginia's largest investment, employer, and employment engine; industries rely on safe road access to manufacturers and markets; citizens rely on roadway and transit access to education and workforce development; and families rely on access to health services. Everyone uses West Virginia's highway and transit networks to meet these daily travel needs, collectively supporting job creation which has economic impacts.



The state owns most roadways, but traffic fatalities statewide exceed the US average and are three times more likely on rural roads than urban streets. As of 2019, of the over 7,200 bridges maintained by WVDOT, 21 percent are rated in poor condition based on data submitted to FHWA through the National Bridge Inventory. State investment in roads and bridges is a top priority because maintaining and improving transportation infrastructure statewide increases safety and efficiency which helps the economy continue to move and maintains and helps grow employment.



Refer to the Transportation and the Economics Research Paper for more analysis and information.

TRENDS, DRIVERS, AND OPPORTUNITIES



Job Creation and Retention

West Virginians are focused on creating and protecting jobs. With just over half of residents employed (the fewest in the US), job growth also lags the nation and drives the educated workforce out. Many West Virginians are employed as nurses, cashiers, cooks, grade school teachers, or as drivers and/or sales workers. Employers are increasingly considering transit access as a key attribute to making a site location decision.

Workforce development is remaining a primary effort across every industry especially in rural areas to combat higher unemployment. Even though healthcare and grade schools are big state employers, West Virginia continues to suffer from poor public health and weak public education; investment for training is needed across both to increase employment and improve public health as well as education.



The state's unemployment rate was improving up until February 2020 before the pandemic took hold. West Virginia reached their lowest unemployment rate since 2008 (4.7%). While the COVID-19 pandemic caused the unemployment rate to reach 12.9% in May 2020, unemployment is back down to 6.4% as of October 2020.¹ Job creation and retention remains a statewide effort across big employers which will continue to require widespread support.

Household Income and Homeownership

Household income and homeownership depend on steady employment across varied industries. While West Virginia's household income continues to lag, homeownership has not, surpassing the US for the past six years and now by more than 10%. Home value is increasing but still falls below the nation and values in neighboring states. Investing in transportation and employment will increase household income and keep homeownership strong.



Industry and Trade Expansion

Creating and retaining jobs depends on expanding industry and trade as well as supporting existing growth. Consistent domestic as well as international trade partners for nearly the past ten years has stabilized state exports, which continually exceed imports and fortifies the local economy. West Virginia also recently started taxing remote sellers which has helped diversify the state's public funding base. West Virginia's economy benefits from strong tourism and manufacturing with good access to domestic and international markets. Tourism outpaces the nation, growing for the past three years with traveler spending increased another 7% to \$4.55B over 2018. Year-over-year growth has fed jobs in restaurants and food service businesses, consistently one of West Virginia's largest employers.



Mining is still prevalent as coal remains one of West Virginia's largest products, but chemicals, motor vehicles and parts, as well as primary metals all exceed coal manufacturing. Mining coal powers state electricity and employment for geotechnical and mining engineers, but chemical manufacturing is the largest manufacturing sector by dollar value as pharmaceutical and medicine manufacturing experience the most job growth statewide.

Energy Diversification

Balancing coal use alongside diversifying energy sources will make West Virginia's economy more resilient. Nearly all (90%) of the state's electricity comes from coal, and no electricity comes from solar. With only 10% of electricity coming from other renewables (natural gas and wind/hydro power), West Virginia's economy remains heavily at risk from lack of energy diversification, but recent passage of the Solar Bill will help diversify energy sources by influencing more use of renewables and raw materials and shift the economy through changes in statewide supply/demand.²

¹ https://www.bls.gov/eag/eag.wv.htm#eag_wv.f.p

² <https://www.wvpublic.org/news/2020-03-24/passage-of-utility-solar-bill-expands-renewables-in-w-va-for-some>

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WVDOT 2050 LRTP

Where Are We Going?

Economic trends in West Virginia are creating opportunities and challenges for the future of multimodal transportation and its ability to provide access for firms to skilled workers and to manufacturers and markets. Four critical trends impacting transportation's future include:

- **Slower statewide economic growth relative to peers and declining population and workforce in many communities, create challenges for new and expanding employers looking to expand in West Virginia.** This also creates a challenge for funding multimodal transportation – particularly given that transportation mobility and asset preservation needs will continue to increase in West Virginia.
- **Combined demographic and economic trends are shifting logistics patterns across West Virginia.** These shifts, including declines in natural resource extraction, are shifting the use of freight modes more predominantly to trucking. Increasing household reliance for on-demand products increases the potential for warehousing and distribution within West Virginia as well as smaller-scale manufacturing of key products such as pharmaceuticals.
- **COVID-19 continues to change employment and travel patterns.** Increased reliance on remote working, education, and health care will continue to create greater demand on access to reliable high-speed internet across urban and rural areas in West Virginia. This need is particularly critical in more disconnected rural communities, both for small businesses and households.
- **The return of economic activity in important West Virginia industries like tourism and hospitality will need to adapt to new social patterns and preferences in the post-pandemic world.** Continuing to enable high-quality and reliable access to attractions across West Virginia from key markets across the United States will be critical – including from new post-pandemic direct commercial air service and other modes like passenger rail.

WVDOT Future Direction

WVDOT should continue to target transportation investments that help grow and diversify its economy to be more resilient in the face of uncertainty across the coming decades. This includes investments and policies that facilitate piloting and testing of new transportation technologies, like autonomous vehicles, drones, and Hyperloop. Investments must also help improve efficiency and safety of the multimodal transportation system to optimize workers access to jobs and lowering logistics costs.

As the economy changes and technology expands, WVDOT can expand training and opportunities for workforce development to ensure that WVDOT staff and its partners have access to skills and resources to remain economically competitive and stay ahead of technology evolution. This will help WVDOT foster development of the 21st century workforce and share with partner state and regional agencies.