

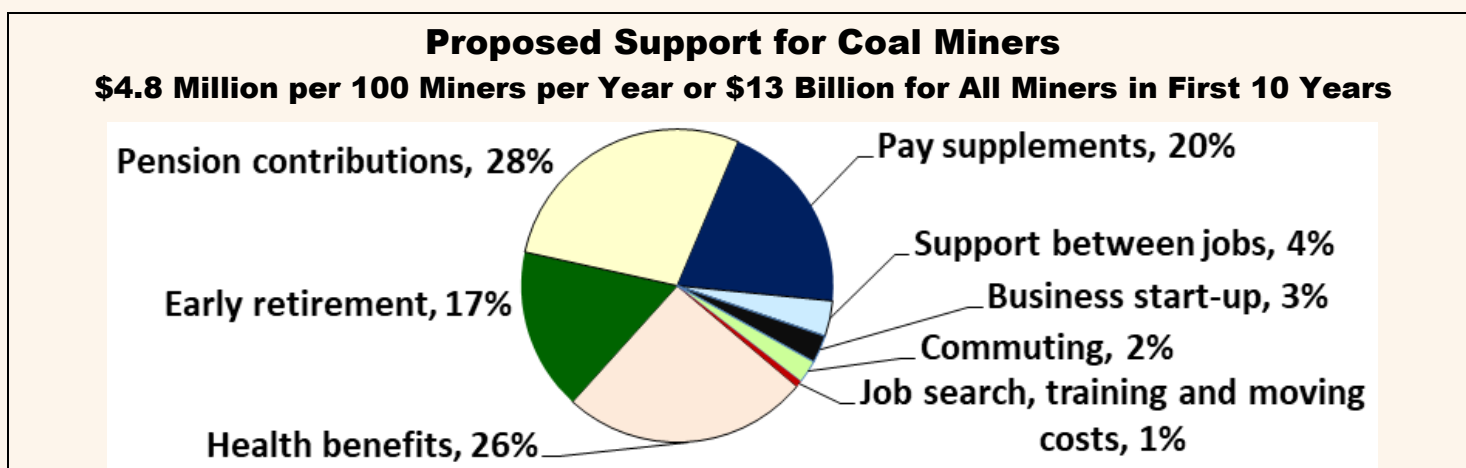
A New Day for the Coalfields

NewDay4.com Draft by concerned West Virginia and Indiana residents 12/16/2020 Coal@yrr.info

Coal workers need help when their jobs disappear, due to automation, cheap natural gas, or carbon prices.

The graph illustrates the support required. This proposal would support new jobs, as well as paying for health care, retirement, and new business ventures. For each 100 miners who lose their jobs, a good 10-year transition program would cost \$4.8 million per year. Table 1 has details, and it shows total cost to help 50,000 miners for a decade will be \$13 billion for miners and \$13 billion for coal communities.

Oil and gas workers and power plant workers and their communities could get similar help, depending on what Congress decides.



For gradual job losses the money can come from anywhere. For a complete plan the money can come from shifting tax breaks or a small share of energy legislation. Our proposal needs \$26 billion over 10 years, which is comparable to the \$28 billion in tax breaks for fossil fuels ([table 13-1](#)), and less than 1.3% of the \$2 trillion to \$4 trillion revenue over 10 years from various energy [proposals](#). The proposal will pay for coal country's transition needs for a decade. We compare other Congressional proposals at NewDay4.com (that site also has this paper and partial language for a law). None of the other proposals comes close to offering this level of support for coal workers and communities.

Need for Action:

1. 82% of **utility executives** say their coal use will decrease over the next decade, even without new rules, including 58% who say it will decrease significantly. None of the executives expects coal to increase (State of the Electric Utility 2020 Survey Report, p.66)¹ UMWA calls the situation "more challenging every day."²
2. Coal use fell 18% in 2019, to the lowest level since 1975³ and some of the biggest coal plants closed.⁴
3. Even voters outside coal country want miners protected from devastating unemployment.
4. A few thousand jobs in metallurgical coal (for steel-making) will remain.⁵ **5,000** US jobs mining coal for electricity disappeared in 2020, leaving 45,000.⁶ **40,000 more will disappear** over 10 years. Cost estimates cover 50,000 lost jobs, to cover the possibility of help for recently lost jobs. Many are in isolated areas, without many other employment opportunities. 20% are union jobs.⁷ The jobs pay \$54,000-62,000 for line workers, \$76,000 for line supervisors, higher than most jobs without a college degree (National Mining Association, as of May 2020).⁸
5. Some communities transition successfully.⁹ Our proposal includes money for local nonprofits, business development offices,¹⁰ and replacing lost taxes. Coal pays 5% of the state budget in West Virginia and 8% in Wyoming,¹¹ and in some counties coal pays even more than that, including **schools and public services**. This proposal will **replace those taxes**, phasing out over 20 years to allow a transition.
6. Several proposals for carbon fees pay dividends to households. These reimburse households for higher energy costs, but not for lost jobs.

Table 1 – Estimated Costs of Support, and Workers Using Each Benefit

Needs for Workers and Communities	Average First Year Cost, per Miner who Uses This Service	Avg. Years Provided, during 10 Years after Job Loss	Percent of Laid-off Miners Using Service	Ten-Year Cost, per Laid-off Miner, on Average	Notes (details at NewDay4.com/n.xls)
1. Health benefits ^{C,F,I,P,T}	\$11,000	10	100%	\$110,000	UMWA plan or gold or silver family plans ¹²
2. Early retirement ^{A,C,F,P,I}	\$24,000	10	30%	\$72,000	Pension after 30 yrs mining ¹³
3. Job search cost & advice ^{A,C,I,P,W}	\$2,000	1	70%	\$1,400	
4. Training ^{A,C,I,P,T,W}	\$3,000	1	30%	\$900	
5. Relocation expenses ^{A,C,I,P,W}	\$5,000	1	10%	\$500	1980s studies found this important ¹⁴
6. Replacing lost income between jobs ^{A,C,I,P,T}	\$45,000	0.5	70%	\$15,750	Up to a year at 75% of pay (average \$60,000). Any more time needed: at same pay as early retirement
7. Pay Supplement if they take another job ^{C,I,P,T}	\$22,500	10	70%	\$85,625	1 st year at 75% of pay gap (average \$30,000). Drops 7.5 points per year ^Z
8. Business start-up incubator and seed money ^B	\$22,500	10	10%	\$12,375	Set equal to Pay Supplement, same phase-out ^Z
9. Travel expenses if a worker needs to travel far, but not move ^C	\$3,400	10	30%	\$10,200	Cost of 100 miles per day at IRS rate of 17 cents/mile ¹⁵
10. Replace pension contributions from past employer, to keep accruing pension	\$12,000	10	100%	\$120,000	\$6/hr, same as past employer contributions ¹⁶
11. Total Cost per Laid-off Miner , includes 10% for administration ¹⁷				\$480,000	100 miners: \$48,000,000 over 10 years, or \$4.8 million/year
12. Payments to state and local government to replace lost taxes ^{C,P} includes 5% for administration	\$57,600	10	100%	\$470,000	State & local tax revenue from coal, generated per miner, average of WV and WY, 2008, ¹⁸ phase-out over 20 years. Total is for first 10 years. Needs newer estimate. ^Z
13. Economic development grants, including half to local government, ^P half to nonprofit partners				\$2,000	Nonprofits must work on community-based support for development & environmental justice
14. Total Cost of support, miners and communities, per job lost				\$952,000	
15. National cost of first 10 years, if 5,000 more miners laid off each year (estimate for 10 yrs; budget estimates usually cover 10 yrs)				\$26 billion	\$13 billion for miners, \$13 billion for state and local governments (Compares to \$28 billion in tax expenditures for fossil fuels (table 13-1). Less than 1.3% of \$2-\$4 trillion revenue over 10 years from various energy proposals)

The following programs are precedents:

^A Alberta provides this type of help to ex-coal miners for shorter periods than we propose alberta.ca/support-for-coal-workers.aspx

^B Wyoming has an example of support for business start-up, Kickstart Wyoming 2018 SF118 openstates.org/wy/bills/2018/SF118/

^C Canada's Task Force recommends this type of help for coal miners and power plant workers canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition/final-report/section-10.html

^F France provided this type of help when it closed its coal mines independent.co.uk/news/world/europe/france-ends-coal-mining-with-tears-but-not-a-single-protest-535529.html

^I Initiative 1631 in Washington, 2018, had this, with 100% wage replacement for 5 years sos.wa.gov/assets/elections/initiatives/finaltext_1482.pdf

^P Colorado Just Transition Plan cdle.colorado.gov/sites/cdle/files/2020-09/draft_colorado_just_transition_plan_08.03.2020.pdf

^T Trade Adjustment Assistance program (TAA, [19USC 12-II-2](#)) provides this type of help, at lower levels and shorter periods than we propose, when jobs disappear because of foreign trade doleta.gov/tradeact/benefits/2015-amendment-benefits.cfm

^W Workforce Innovation & Opportunity Act (WIOA, [29USC 3174 and 3225](#)) provides this type of help, at lower levels and shorter periods than we propose, when any big employer closes (doleta.gov/layoff/workers.cfm).

^ZFor items which phase out, the first year payment is shown, and the 10-year total includes the effect of the phase-out.

Administration will be handled by existing Workforce Boards, which already manage worker programs throughout the country.¹⁹ This proposal helps 50,000 workers in coal mining. Similar help can go to **oil and gas workers** and **power plant workers**²⁰ and their communities, depending on what Congress decides. To the extent **carbon capture** works, cutbacks will be less severe, and transition costs will be lower. **Coal exports** will not rise enough to help,²¹ since exports will drop as many countries adopt carbon rules.

Background

1. The small amount of money needed can be authorized in its own bill, since jobs are already disappearing, or it can be part of energy legislation. Partial wording of a law is at [NewDay4.com](https://www.newday4.com).
2. Many **countries** are at various stages of phasing out.²² **France** phased out coal mines in 2004 and paid for *health care* and *early retirement* for miners.²³ **Ontario** phased out coal generation in 2014,²⁴ but it has no coal mines.²⁵ **Germany** phased out hard coal mines in 2018, and plans to end lignite mining and coal-fired electricity by 2038, with €40 billion for mining states, and unknown amounts for workers through 2043.²⁶ The **European Union** will give grants for *re-training, help with job search, new and expanded businesses*, in regions with many fossil fuel jobs.²⁷
3. **Canada's** federal "Task Force on a Just Transition for Canadian Coal Power Workers and Communities" recommended on March 11, 2019:²⁸
 - a. Bridge payments to retirement
 - b. Up to 2 years of private health plan coverage (all Canadians have public coverage anyway).
 - c. Support while looking for work at 75% of earnings for 2 years
 - d. Supplements to raise income from new jobs up to 90% of previous pay for 2 years
 - e. Moving expenses up to US\$7,500 for workers who move
 - f. Mileage payments for commutes over 150 miles each way.
 - g. Training up to US\$16,000 for 2 years; could be taken while still working in coal job
 - h. Advice centers for workers.
 - i. Database of workers' skills, and help certifying transferrable skills learned in the coal mines
 - j. Bridge payments to communities to continue services, plan, and collaborate with other towns
 - k. Local infrastructure projects
 - l. Consultation with all ministries at once to "reduce consultation fatigue"
4. **Alberta** offers help to miners, since it is phasing out coal generation by 2029. Alberta offers:²⁹
 - a. Early retirement over age 53, at 75% of earnings for up to 72 weeks
 - b. Support while looking for work at 75% of earnings for up to 45 weeks
 - c. Moving expenses up to US\$3,750 for workers who move at least 25 miles
 - d. Post-secondary training up to US\$9,000 within 5 years after losing work, plus grants to train workers
 - e. Advice to workers
 - f. Small grants to help communities improve their economic development ability, totaling US\$3,750,000.

Sources

- ¹ Survey by *Utility Dive*, PA Consulting, <https://www.utilitydive.com/news/state-of-the-electric-utility-2020/572374/>. Economic studies confirm the decline: VCE-EI 2019. Gimon et al. "The Coal Cost Crossover: Economic Viability of Existing Coal Compared to New Local Wind and Solar Resources" *Vibrant Clean Energy and Energy Innovation*, 25 March 2019 [energyinnovation.org/wp-content/uploads/2019/03/Coal-Cost-Crossover_Energy-Innovation_VCE.pdf](https://www.energyinnovation.org/wp-content/uploads/2019/03/Coal-Cost-Crossover_Energy-Innovation_VCE.pdf)
- ² REMI 2014. Nystrom, Scott, and Patrick Luckow. "The Economic, Climate, Fiscal, Power, and Demographic Impact of a National Fee-and-Dividend Carbon Tax ." *REMI and Synapse Study*, by *Regional Economic Model Institute*, 9 June 2014, citizensclimatelobby.org/remi-report/
- ³ UMWA President Roberts was quoted in *United Mine Workers Journal* Sep-Oct 2020 pp. 3-4, "Coal has increasingly seen production levels and prices in a freefall because of environmental pressure and other factors beyond its control. ... The situation for coal miners, their families and communities continues to look more challenging every day."
- ⁴ theatlantic.com/science/archive/2020/01/americas-coal-consumption-entered-free-fall-2019/604543/
- ⁵ scientificamerican.com/article/and-now-the-really-big-coal-plants-begin-to-close/
- ⁶ "The electric power sector... accounting for 93% of total U.S. coal consumption between 2007 and 2018" 12/4/18 EIA press release: [eia.gov/todayinenergy/detail.php?id=37692](https://www.eia.gov/todayinenergy/detail.php?id=37692) There were 52,000 coal mining jobs in 12/2019: fred.stlouisfed.org/series/CEU1021210001 93% of 52,000 workers, is 48,000 workers, so at least that many jobs are at risk, and we use very roughly 50,000 jobs as an estimate of future coal job losses
- ⁷ fred.stlouisfed.org/series/CEU1021210001
- ⁸ [eia.gov/coal/annual/xls/table20.xls](https://www.eia.gov/coal/annual/xls/table20.xls)
- ⁹ *National Mining Association (NMA)*, "Annual Salary at U.S Coal Mines by Job Title... Data as of May 2020", https://nma.org/wp-content/uploads/2019/06/coal_mining_wages_by_job_title_-2019_BLS.pdf
- ¹⁰ coloradosun.com/2020/11/01/craig-coal-plant-closing-economy-improving/ and herald-dispatch.com/business/coalfield-development-celebrates-decade-of-impact/article_81986a2e-31dd-5b86-8807-cd6cf17d0fbc.html and roanoke.com/opinion/editorial/editorial-coal-country-takes-a-key-step-toward-going-green/article_5aa4457e-2dc3-11eb-b0f7-671bb3b585e3.html and [pri.org/stories/2020-02-03/after-coal-new-book-and-documentary-chronicle-stories-survival-appalachia-and](https://www.pri.org/stories/2020-02-03/after-coal-new-book-and-documentary-chronicle-stories-survival-appalachia-and)

- ¹⁰ headwaterseconomics.org/energy/coal/solutions-for-coal-communities/
- ¹¹ State and local taxes on coal (mostly severance and property tax): WV Center on Budget & Policy, March 1 2012, Ted Boettner and Sean O'Leary, *Major Tax Responsibilities of Coal and Natural Gas Producers in Wyoming and West Virginia*, Numbers are for 2008, so it would be good to update them. <https://wvpolicy.org/wp-content/uploads/2018/5/TaxResponsibilities030212.pdf> We compared to total state budgets in newday4.com/n.xls
- State budgets: [ballotpedia.org/West_Virginia_state_budget_\(2008-2009\)](http://ballotpedia.org/West_Virginia_state_budget_(2008-2009)) and [ballotpedia.org/Wyoming_state_budget_\(2008-2009\)](http://ballotpedia.org/Wyoming_state_budget_(2008-2009))
- ¹² UMWA health insurance for retirees is at <https://www.umwafunds.org/Health-Medical-Benefits> without cost data. \$11,000 may be enough for UMWA coverage; it is more than enough for silver or gold ACA family plans with the lowest deductibles.
- ¹³ UMWA quoted by Greszler 7/24/16 p.2 <https://naturalresources.house.gov/download/4-testimony-rachel-greszler-emr-leg-hrg-072419>
- ¹⁴ Help given in the 1980s was only partly effective. The people who moved did better, but few were willing to move. Training and case management also mattered. Workforce Investment Boards, which would administer NewDay, have evaluations to try to ensure good training and case management. *Process and Implementation Issues in the Design and Conduct of Programs to Aid The Reemployment and Dislocated Workers* ideas.repec.org/p/mpr/mprres/7bad9430b239416baca41592dcf5465c.html#download. *Displaced workers of 1979-83: how well have they fared?* in 1985-*Monthly Labor Review* bls.gov/opub/mlr/1985/06/art1full.pdf
- ¹⁵ IRS allowances per mile: <https://www.irs.gov/tax-professionals/standard-mileage-rates>
- ¹⁶ Cecil Roberts 3/1/16 p.4 <https://www.finance.senate.gov/download/03012016-roberts-sfc-witness-testimony>
- ¹⁷ 10% and 5% for administration are similar to administrative costs in the Workforce Innovation & Opportunity Act (WIOA): 10% of local-level WIOA money, and 5% of state-level WIOA money. law.cornell.edu/cfr/text/20/683.205
- ¹⁸ State and local taxes on coal (mostly severance and property tax): WV Center on Budget & Policy, 2012 <https://wvpolicy.org/wp-content/uploads/2018/5/TaxResponsibilities030212.pdf> Their data for 2008 need to be updated for a current estimate
- Number of coal miners (NAICS code 2121) by state in any year factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t
- There is also a federal program of payments in lieu of taxes for federal lands and base closures, which uses a complex formula. fas.org/sgp/crs/misc/RL31392.pdf
- ¹⁹ Workforce Boards operate under the Workforce Innovation & Opportunity Act (WIOA): servicelocator.org/wibcontacts.
- ²⁰ **Coal power plant jobs are 37,000**, in 2019, based on 233,675 net summer capacity MW (EIA), and 0.16 jobs per MW (derived by a regression using the following variables for each state):
- Net summer MW by state, 2016 and 2019, for coal power plants (and other fossil fuels), eia.gov/electricity/data/eia860m/
 - Jobs** by state, 2016, in all kinds of fossil-fuel-power-plants (NAICS 221112), from factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t
 - Regression to explain total **fossil** power plant **jobs** in each state, based on **coal MW**, and **other fossil MW**
 - 89% R², so good fit: found factor for **coal power jobs per MW 0.16**, and other fossil power jobs per MW 0.04
 - This pattern, of 4 times as many jobs per MW in coal as in other plants, is consistent with less automation in coal plants: spectrum.ieee.org/energywise/energy/fossil-fuels/automation-is-engineering-the-jobs-out-of-power-plants
 - US average of 0.16 jobs per coal MW in 2016 shows slightly improved productivity (despite much older plants) compared to 0.18 jobs per coal MW in 2001 on p.26 of [globalurban.org/The Work that Goes into Renewable Energy.pdf](http://globalurban.org/The_Work_that_Goes_into_Renewable_Energy.pdf)
- ²¹ Exports rising from 1.6 quads (=58 million tons) to 2.11 quads (=76 million tons): eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2018®ion=0-0&cases=ref2018&start=2016&end=2050&f=A&linechart=~ref2018-d121317a.24-1-AEO2018~&ctype=linechart&sourcekey=0
- ²² poweringpastcoal.org/about/Powering_Past_Coal_Alliance_Members and e3g.org/library/search&keywords=coal+phase+out/
- ²³ France closes its coal mines: independent.co.uk/news/world/europe/france-ends-coal-mining-with-tears-but-not-a-single-protest-5355529.html
- ²⁴ Ontario's phase-out of coal: ontario.ca/page/end-coal
- ²⁵ Canadian coal mine locations: careersincoal.ca/mine-map/
- ²⁶ Germany has 20,000 jobs in coal power and lignite mining. dw.com/en/bye-bye-lignite-understanding-germanys-coal-phaseout-exit-from-brown-coal-a-47202202/a-47202202 and cleanenergywire.org/factsheets/germanys-coal-exit-commission
- Germany expects to spend €2 billion/year subsidizing higher electricity costs, and another €2 billion/year on regional help, creating jobs, including moving 5,000 government jobs to the areas most dependent on coal jobs, so a total of €80 billion (\$90 billion) over 20 years: nytimes.com/2019/01/26/world/europe/germany-quit-coal-2038.html
- Amount for workers unknown: <https://www.reuters.com/article/us-climate-change-germany-coal/germany-agrees-40-billion-euro-coal-exit-deal-for-states-companies-idUSKBN1ZF0OS>
- Germany's plan (in German) is: kommission-wsb.de/WSB/Redaktion/DE/Downloads/abschlussbericht-kommission-wachstum-strukturwandel-und-beschaefigung.pdf?__blob=publicationFile&v=4 Section 4.5 says union bargaining will design the workers' transition: "collective agreements must be reached... e.g. to secure qualified employment by placing and compensating for wage losses, training and further education, to cushion financial losses or for early retirement and bridges to the APG, to compensate for pension reductions or for any other early retirement. To this end, sufficient financial resources must be available for the entire coal extraction and power generation sector" (DeepL.com/Translator) The "APG" mentioned pays government money to former workers in coal mines and power plants for up to 5 years (Anpassungsgeld, APG) microsofttranslator.com/bv.aspx?from=&to=en&a=https://de.wikipedia.org/wiki/Anpassungsgeld
- ²⁷ General at https://ec.europa.eu/commission/presscorner/detail/en/ip_20_17 Details in Article 4.2 of https://ec.europa.eu/commission/presscorner/api/files/attachment/860470/Proposal%20for%20a%20regulation%20establishing%20the%20Just%20Transition%20Fund%20and%20annexes_EN.pdf.pdf
- ²⁸ Canadian task force canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition.html Reaction from United Mine Workers representative <https://www.estevanmercury.ca/news/business-energy/local-resident-responds-to-task-force-1.23668365>
- ²⁹ Alberta's program for coal workers: alberta.ca/support-for-coal-workers.aspx