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July 11, 2012

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Ted Boettner: Future Fund sensible solution to 'war on coal'

During a speech on the Senate floor, Sen. Jay Rockefeller showed genuine leadership and courage in telling the truth about the real challenges facing coal in West Virginia.

For far too long, the dialogue on coal's future and its impact in West Virginia has been an arena for simplistic and antagonistic politics. This hostile political environment has polarized our state and has led some miners and working families to wrongly believe that if we could just get rid of EPA regulations then the future of coal would be bright in the Mountain State.

As Rockefeller said, West Virginians deserve better. They deserve to have people in power who are not guided by fear but by evidence and the public good.

The reality is that coal is declining in West Virginia and it has more to do with market competition from natural gas and Western coal — not to mention exhausted coal reserves — than with any future EPA regulations.

According to the latest projections from the U.S. Energy Information Administration, in 10 years West Virginia will produce only 90 million tons of coal compared with 158 million in 2008. The entire decline is expected to be in the southern coalfields, which will likely see production cut by two-thirds — from about 100 million tons to about 38 million tons. Even without any concern over greenhouse gases like carbon dioxide, the numbers hardly change according to the Energy Information Administration.

As coal production and employment declines in Southern West Virginia, displaced miners and the communities in which they live will need opportunities to transition into different fields and industries.

If we are going to build a stronger economy for our children and grandchildren, then policy-makers will need to work together and set their differences aside for the future welfare of our state.

One way that we can ensure that coal and other natural resources like natural gas will always play an important role in our state's economy is to create a permanent mineral trust fund or a Future Fund. Such a fund would help our state turn nonrenewable assets into a source of sustainable wealth. It will allow us to meet future challenges by investing in critical physical and human infrastructure that will diversify and expand our state's economy. It is a positive future for coal and natural gas, and one that we can all agree on and count on.

West Virginia could follow the lead of other energy producing states, such as Alaska, Wyoming, Montana, North Dakota, and New Mexico, which dedicate a portion of their severance tax revenue from minerals toward a permanent fund. That way, the fund grows over time and financially bolsters the state's economy through strategic spending. All together, these states have more than \$50 billion in assets while paying out about \$1 billion each year in returns to their citizens.

The logic behind such a fund is simple. Without a Future Fund, the economic benefit from natural resource extraction will decline along with the natural resources themselves. As West Virginians have witnessed in parts of the southern coalfields, when the natural resources are gone, little is left behind in its wake. This does not have to be our fate.

With coal production declining in the south and shale gas booming in the north, West Virginia has an opportunity not to repeat the past but move forward to help meet the challenges of the future. Creating a Future Fund is part of the answer. A Future Fund would not only help ensure that future generations of West Virginians benefit from our depleting natural resources, but also ensure that

we build a better tomorrow.

However, this will only happen once policy-makers recognize the real challenges facing the future of coal and start working together on real solutions to our state's energy problems. As Sen. Rockefeller said in his speech, if we fail to work together we risk leaving coal miners and their communities in the dust by ignoring the present and denying the future.

Boettner is the executive director of the West Virginia Center on Budget and Policy.

5 Comments

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Posted By: new1

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"Need opportunities to transition into different fields and industries".
Smart people like oh Ted here have been sayin this for a perty long time now, all of-um though are just a little short on just what all these opportunities are. They just call'em opportunities. Good try though Ted!

Posted at: July 12, 2012 5:32:30 am

Posted By: reader

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I wish our state leadership would have done this a generation ago. By now we'd have billions accrued and could be using the interest for economic development like other energy producing states...

Posted at: July 12, 2012 7:25:08 am

Posted By: rsilver

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Who wrote the headline for this op-ed? The headline give the impression that the writer believes that their is a war on coal.

Posted at: July 12, 2012 7:33:08 am

Posted By: string theory

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For far too long, the dialogue on coal's future and its impact in West Virginia has been an arena for simplistic and antagonistic politics.

Recently, in opposing legislation to strike down provisions to protect Americans from Mercury poisoning, Rockefeller stood up and, and with a candid Senate floor speech, did his job as a West Virginia civil servant. But to Charleston Mayor Danny Jones, this was a disgraceful action by Rockefeller. His words: "we've had enough of this guy. We don't need his kind of leadership in West Virginia."

Does it get any more simplistic and antogonistic than this?

Danny Jones is the next contestant to play, "let's sell out to the coal industry and its brain-dead sycophants." Sad, really. Mercury poisoning for West Virginians before mild health regulations regulations for the utilities and coal operators. Go back to the bar, buddy.

Posted at: July 12, 2012 11:34:17 am

Posted By: susankelley13

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I, too, wish this had been done a generation ago, but it is not too late. I left WV in the 80s for career reasons, but still have many relatives there. Action like Boettner proposes is the smart thing to do. West Virginia has been treated like a third world country for far too long. I remember Mr. Boettner's late father well, and I imagine he would love to see what his son has written here.

Posted at: July 12, 2012 1:04:59 pm