Mining the Mountains

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Coal jobs could rebound after 2020, report says

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CHARLESTON, W.Va. -- Appalachian coal jobs are expected to decline over the next dozen years, but could rebound and even increase after 2020 as mine production stabilizes at lower levels, according to a new analysis by the West Virginia Center for Budget and Policy.

Sean O'Leary, a policy analyst at the center, examined coal production forecasts, productivity projections and employment data for the analysis, published Thursday on the organization's website.

The report provides a new twist in the ongoing discussion about the future of Southern West Virginia's coal industry, which is facing intense competition from natural gas, a decline in quality reserves, and pressures from new regulations.

O'Leary emphasized that there's no way to know for sure if the projections are right, but that state leaders should be looking closely and preparing for changes in the industry.

"The coal industry in West Virginia, particularly Southern West Virginia, will be dramatically changing, and soon," O'Leary wrote. "That's why it is so important to ask questions like, 'What is the effect on employment?' and prepare for that transition."

The center has, for example, proposed that the state form a "coal-mining transition task force" to help communities look for viable ways to ease the possible impacts and search for economic alternatives. The organization has also been promoting the idea for an increase in coal and natural gas taxes to form a fund dedicated to funding education and infrastructure improvements that would help with an economic transition.

Forecasts from the U.S. Department of Energy show steep declines over the next decade in coal production from Appalachia, especially the Central Appalachian area that includes Southern West Virginia and Eastern Kentucky.

In part, those declines are expected to occur because of a decline in coal-mining productivity driven at least partially by the mining-out of high-quality and easy-to-get reserves. O'Leary's analysis suggests a bright spot from that trend could be that reduced productivity means companies will need more miners to produce the same -- or perhaps even lower -- amounts of coal.

O'Leary calculated one estimate that showed Central Appalachian coal jobs declining from 35,400 in 2010 to a low of 25,190 in 2020, but then rebounding to 45,400 by 2035.

"While employment falls along with production in the first part of the projection, employment starts growing again in the second part, as production stabilizes but productivity continues to fall," O'Leary wrote. "In fact, there may be 10,000 more coal jobs in Central Appalachia in 2035 than there were in 2010, despite production falling by 100 million tons, because of falling productivity."

Under O'Leary's calculations, Southern West Virginia coal employment would drop from a little more than 16,000 in 2010 to 11,400 in 2020, and then increase to 20,500 in 2035. The jobs increase would be more pronounced in Northern West Virginia, with a long-term increase from 5,000 jobs in 2010 to nearly 10,000 in 2035.

O'Leary noted that the type of coal being mined in Central Appalachia is also changing. In 2010, about 27 percent of the region's coal was high-priced steel-making coal. Over the next few years, that share is expected to increase to more than 50 percent, O'Leary wrote.

"This means that even if production costs rise in Central Appalachia due to falling productivity with more miners mining less coal, it may be feasible to mine Central Appalachian coal at a profit, due to the growing prominence of the more valuable premium metallurgical coal," O'Leary wrote.

Already, some of this trend may have been occurring in West Virginia, as the number of working miners increased during the first three years of the Obama administration before a series of layoffs that cost at least 1,300 jobs in the last quarter. West Virginia Coal Association officials have said, for example, that additional scrutiny from regulatory agencies helped fuel an increase in jobs from 2009 to 2011.

"This analysis explains clearly why mining jobs haven't fallen in recent years, even as demand for coal has plummeted," said Matt Wasson, who tracks mining data for the citizen group Appalachian Voices. "Growing and attracting new industries, however, remains crucial for reducing poverty and providing economic stability in mining communities."

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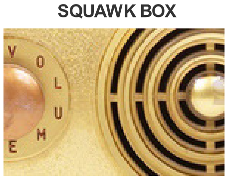			
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