



## Research

# Examining The Economic Costs of the Administration's Coal Moratorium

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### Summary

- A moratorium has been placed on new coal leases for federal lands. This moratorium will result in job loss and economic decline as well as the devastation of a once fruitful industry.
- Since President Obama took office, over 180,000 miners have lost their jobs, this equates to over \$9.7 billion in lost wages.
- [The coal industry contributes nearly \\$65.7 billion to national GDP](#). Over 10 years, the U.S. will see a loss of over \$650 billion due to harmful policies and regulations.
- Over the last 15 years' federal coal leases have added over \$541 billion to the U.S. economy.

### Striking out

Coal is America's leading source of electricity and a vital part of our energy mix. Despite this fact, Interior Secretary Sally Jewell recently announced a [moratorium](#) on any new leases for coal that come from federal lands. Currently coal on federal lands accounts for roughly [40 percent of U.S coal production](#), with total production coming in at [1.1 billion tons](#) last year.

This moratorium will have severe consequences for both the coal industry and the U.S. economy, including lost jobs, lost economic growth, and lost revenue. It will also have a direct impact on electricity consumers as a forced switch to renewables and natural gas will raise rates.

According to the [Department of Interior](#), they "will also institute a pause on issuing new coal leases while the review is underway." Current leases, which brought in \$1.3 billion last year, are exempt from the moratorium. According to the [Bureau of Land Management's](#) (BLM) latest statistics, there were 308 federal coal leases in 2014 which totaled over 475,000 acres. This number is down 181 leases and over 355,000 acres since 1990. The decline in federal leases illustrates coal's slow decline over the last 25 years.



The average value of federal lands is estimated to be [\\$4,100 per acre](#), which puts the value of current federal land used for coal leases at over \$19 billion dollars. Using the same value, over the last 15 years' federal coal leases have added over \$541 billion to the U.S. economy. This new moratorium will cost the U.S. millions, if not billions of dollars and will cause the unemployment number for the coal industry to rise.

The moratorium, which is part of a review process of the existing coal leasing policy, will include a

“comprehensive” assessment of the existing Federal Coal Program; this will be comprised of public sessions to assess the scope of work and is expected to take up to three years.

## **Feeling the Freeze**

On the heels of the administration’s moratorium, [Arch Coal](#), the nation’s second largest coal mining company, filed for bankruptcy in order to shed some of its debt – estimated to be around \$5.4 billion. Other companies who have filed for Chapter 11 bankruptcy even before this latest announcement include [Alpha Natural Resources](#) and [Patriot Coal](#). Aside from bankruptcy, a report produced last year by the [American Action Forum](#) found that regulators have added more than \$10 billion in burdens on this industry since 2011, with the promise of at least \$10 billion more in the immediate future.

## **Jobs Impact**

According to a [Wall Street Journal report](#), between 2008 and 2012, more than 50,000 coal jobs were lost due to anti-coal policies that forced the closure of coal plants. Average coal miner wages according to [Payscale](#) are \$21.63 per hour which comes out to roughly \$54,000 per year. This amounts to over \$2.6 billion in lost wages in President Obama’s first term alone.

According to [Mining.com](#), 2015 was the worst year for U.S. mining jobs since 1986. [The Bureau of Labor and Statistics \(BLS\)](#) indicates that mining and logging employment decreased by 8,000 just in December. This was the industry’s twelfth consecutive month of employment decline.

According to the [Bureau of Labor and Statistics 2016 Employment Situation Summary](#), employment in mining continued to decline in January, down 7000 jobs since reaching a peak in September 2014. Since 2014, employment in the industry has fallen by 146,000 jobs or 17 percent.

In total, since Obama took office, well over 180,000 miners have lost their jobs; resulting in over \$9.7 billion in lost wages, and that number is only growing.

Another hit to jobs comes in the form of the [Clean Power Plan](#), which was released by the Obama Administration this past August. According to a [previous study by the American Action Forum](#), the final plan – which is also supported by Secretary Clinton – will shutter 66 power plants and eliminate 125,800 jobs in the coal industry. Using the same \$54,000 average salary, that amounts to an additional \$6.8 billion in lost future wages.

## **Conclusion**

This administration is instituting policy that prevents the coal industry from succeeding and hurts workers and wages. To date, 180,000 miners have lost and \$9.7 billion in lost wages. If it continues, the legacy of this president will be economic decline and unemployment.