Moving forward at warp speed: Abandoned mine reclamation over the coming years

Before passage of the Surface Mining Control and Reclamation Act of 1977, thousands of coal mines had already been abandoned across the country, leaving a legacy of degraded land and polluted water. While numerous abandoned mine lands (AMLs) have been reclaimed since then, billions of dollars of reclamation work remains to be done. These AMLs are found across much of West Virginia, as well as eastern Ohio and southwestern Virginia.

A lot of work remains to be done to reclaim abandoned mine lands in West Virginia, Ohio, and Virginia

According to the official federal database, it will cost another $11.3 billion to reclaim AMLs across the United States, including $1.76 billion in West Virginia, $510 million in Ohio, and $430 million in Virginia.

But these remaining costs significantly underestimate the scope of the problem, for several reasons. Many costs were estimated years ago and do not account for inflation since the estimates were made. Cost estimates for numerous AMLs are simply omitted from the database. Also, the cost of building and maintaining water treatment systems—many of which will need to treat water in perpetuity—is also not accounted for in these estimates.

One recent report estimates that $20.9 billion of reclamation work remains to be done at AMLs—almost twice the amount in the federal database (Dixon, 2021).
The federal government has proposed a massive investment in abandoned mine land reclamation. Although the bill has not yet passed, Congress is considering authorizing an appropriation of an amount roughly equal to the remaining reclamation costs in the federal database. As currently written, funding will be allocated based on the amount of coal mined before 1977. States and tribes will have 15 years—until 2036—to spend this money. (U.S. Congress, 2021)

While this investment would be very large, it is unlikely to be enough to finish the job. This is because, as mentioned above, the official government estimates are underestimates, and also because inflation over the next 15 years is likely to result in less work getting done in the future for the same dollar amount.

This bill represents a massive investment in coal country workers. New reclamation jobs and associated economic activities will be focused in areas with large numbers of AMLs. As illustrated above, many of these counties have high levels of unemployment. Many of these counties have also suffered a decline in coal-related jobs as production has fallen and coal mines have gone bankrupt.

In West Virginia, this bill will result in approximately 1,730 jobs that continue for 15 years, while in Ohio and Virginia it will result in approximately 670 and 300 jobs, respectively. The economic output in these three states associated with this investment to reclaim abandoned mine lands totals almost $7 billion over 15 years.

This investment will create jobs and economic activity in and around counties suffering from high unemployment.

### Economic benefits of investing in abandoned mine land reclamation

<table>
<thead>
<tr>
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<th>Economic output (billion $)</th>
<th>Jobs</th>
<th>Labor income (million $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Virginia</td>
<td>$4.3</td>
<td>1,730</td>
<td>$1,450</td>
</tr>
<tr>
<td>Ohio</td>
<td>$1.8</td>
<td>670</td>
<td>$610</td>
</tr>
<tr>
<td>Virginia</td>
<td>$0.79</td>
<td>300</td>
<td>$270</td>
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</tbody>
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Source: IMPLAN analysis performed for this memo. Note: Total economic output and labor income are for the entire 15-year period. Jobs are created at the start of the period and continue for 15 years.
As illustrated above, this new investment will dramatically increase the amount of money distributed for abandoned mine reclamation; annual distributions to West Virginia, Ohio, and Virginia will increase by about 8-10 times. State agencies that manage these funds will need to staff up in order to spend these funds promptly and efficiently.

In addition to this fixed, 15-year investment in AML reclamation, the bill also reauthorizes the Abandoned Mine Reclamation Fee for 13 years at 80% of its current per-ton level. The amounts estimated to be distributed to states in this memo are therefore conservative estimates, because they do not include distributions from fee collections.

If distributions of fees to states proceeded at approximately 80% of 2021 distributions, then West Virginia would receive an additional $15 million per year, Ohio would receive an additional $4 million per year, and Virginia would receive an additional $2 million per year. These investments would create even more jobs and economic output, but they would also underscore the importance of planning and staffing up at state agencies to be prepared to disburse these funds.

References


