

TESTIMONY

Hearing of the U.S. House Subcommittee on Energy and Mineral Resources

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Chairman, Ranking Member, and distinguished Members of the Subcommittee, thank you for the opportunity to talk with you today.

My name is Brandon Dennison. I am the founder and CEO of Coalfield Development Corporation. As a non-profit, Coalfield serves as an umbrella for a family of social enterprises in southern West Virginia. Coalfield is working to rebuild the Appalachian economy from the ground up, trying to show what a healthier and more diversified economy can look like in a place long, long dominated by the coal industry.

The transition from coal is happening. And it has to happen. For economic, environmental, and social reasons, our communities must make this transition. But while there's lots of talk about "greening our economy" and "transitioning off coal," there's much less understanding about how hard this really is. Today, I want to provide concrete examples of what a just transition can and should look like.

I. The View From Appalachia

Wilburn is an on-the-job trainee, a crew member with Coalfield Development. Wilburn worked for 17 years as a coal miner in Mingo County, WV. Like so many other coal miners, Wilburn was laid off in 2015 and had to be placed on public assistance.

Coalfield was able to put Wilburn back to work on a sustainable agriculture project, which converted a former mountaintop removal mine into an active farm. Today, local farmers sell fresh and healthy food products from this site throughout West Virginia. Wilburn and his fellow crew members work by our 33-6-3 model each week: 33 hours of paid work, 6 hours of higher education, and 3 hours of life-skills development.

At the end of their 2.5 year contract, crew members transition from being unemployed and in need of public assistance, to trained workers with an Associate's Degree. Many have even developed business plans for new startups. This model has been proven to work. It's been used to start new businesses in the bio-based manufacturing, solar, construction, arts and culture, and retail sectors. Coalfield



Development has helped start over 50 new businesses and created 190 new jobs. We've re-trained over 800 formerly unemployed people.

The farm where Wilburn worked sits next to an active mountaintop removal mine. As we fed hogs and chickens each morning, equipment the size of buildings moved massive amounts of dirt (called over-burden) off of high, steep ledges, as dust clouds ballooned up into the sky. One morning as he worked, without meaning to be profound, Wilburn watched as this over-burden tumbled down. He then looked over at new crops growing up on our site and said, "I reckon that there is the past, and this here is the future."

II. The Decline of Coal

I'm here today as a young man born and raised in West Virginia. My wife and I are raising our two-year-old son in West Virginia, and we're expecting another boy in a matter of weeks. Coalfield Development was born out of much love *by* West Virginians *for* West Virginians. And my view from the ground—deep in coal country—is this: Coal is not coming back.

The coal industry will never be the dominant industry in Appalachia that it was for generations. This fact creates deep pain for those of us living in Appalachia, especially for our miners. The transition away from coal is creating an *economic* crisis, causing high unemployment and low labor participation. It's creating a *social* crisis, leading to an addiction epidemic. And it's creating an environmental crisis, as closed coal mines leave scarred and polluted landscapes in their wake.

We know the coal industry is shrinking, and institutions from the government's own Energy Information Administration to Standard and Poors—and more—all agree:

1. ***The U.S. coal-mining industry is in a permanent structural decline.*** The industry is facing a new market order, and it can't compete with less expensive and more flexible rival fuel sources. For these reasons, it won't likely regain its once-predominant market position. This shift in markets is occurring because the economics of coal-fired generation no longer make the same sense they once did. A decade and a half ago, coal provided more than 50 percent of all fuel for U.S. power generation. Today that share is less than 30 percent. Renewables have taken a bite out of coal's traditional hold on power markets. In an outlook published just last month¹, the Energy Information Administration sees 24 gigawatts of new, renewable generation capacity coming online this year, 46% from wind, 18% from solar, the rest from natural gas—and none from coal.
2. ***Initiatives to reverse coal's decline are unlikely to succeed.*** The structural changes in the U.S. domestic coal market have caused the industry to scramble to regain its footing by promoting expansion of exports and by embracing the potential of "clean

¹ <https://platform.mi.spglobal.com/web/client?auth=inherit#news/article?id=49528076&keyproductlinktype=2>

coal,” or carbon capture and sequestration (CCS) projects. Neither the export nor the CCS initiatives have a very good chance of succeeding. In addition, hoped-for regulatory relief in the guise of federal policy reversals has been realized only theoretically. While the Trump administration has moved to ease emissions restrictions on power plants and environmental rules on mining, neither activity has slowed the decline of coal. There are still far fewer coal-mining jobs today than there used to be—the overall trend is toward fewer and fewer—and coal-fired power generation is less competitive than it was two years ago.

3. ***More plants and mines will close as the economics of coal-fired power generation no longer make sense.*** According to research from the Institute for Energy Economics and Financial Analysis, a leading energy markets think tank, at least 36.7GW of coal-fired capacity stand to be retired from 2018 through 2024—117 units in total—and that is a highly conservative estimate². Announced retirements will cut coal-fired capacity by at least 15 percent through 2024, a figure that very likely understates the trend. Fully two-thirds of 2018’s retirements were only announced in 2017, a clear indication that utilities have shortened their lead time on closures.
4. ***A resurgence in coal mining is unlikely.*** Further restructuring of the coal mining industry appears inevitable in the face of a shrinking customer base, fleet overcapacity, and intense competition—mainly from natural gas and renewables. The structural decline of the coal industry will drive more coal-fired power plants out of business. A resurgence in coal production—regionally or nationally—is unlikely. Domestic demand for coal will continue to drop, export strategies will not save producers, carbon capture and storage schemes meant to sustain the industry are not viable, and regulatory relief will continue to prove ineffective. Without a robust customer base of the type it has historically had, the U.S. coal industry will continue to contract and consolidate. As demand for coal continues to shrink, so too will production.

III. An Action Agenda for Congress

But hidden in the pain and fear is opportunity and renewal. Like Wilburn converting a former surface mine into a sustainable farm, we can find the solutions to our problems within these very problems themselves. The national attention on Appalachia—and the plight of former coal workers and the economic hurt of coal communities—presents an opportunity. Congress should immediately act to:

1. ***Create a national just transition task force.*** A smart, just, and fair transition away from coal will be difficult, and the transition will affect the entire country, in places where coal mining and coal plants are closing. While Appalachia has been first and hardest hit, other regions aren’t far behind. We could and should learn from other countries, like Canada and Germany, and create a national just transition task force, which could comprehensively assess this energy and economic transition, and work with leading public and private sector partners to

² <http://ieefa.org/ieefa-report-u-s-likely-to-end-2018-with-record-decline-in-coal-fired-capacity/>

identify relevant regional solutions. This effort should put grassroots organizations and for-profit innovators in leadership positions.

2. Create a national program to support coal communities in transition. In 2015, President Obama introduced his POWER + program, a portion of which made economic and workforce development grants available to help support coal communities in transition. POWER focused on economic development and diversification; the effort wasn't just about creating new jobs, but it focused on diversifying and strengthening local economies, so they could more resilient. While pieces of this original program still exist, total funding allocations are small. Congress could immediately put resources to work, and build off of the excellent work of the Appalachian Regional Commission, which has awarded more than \$120M since 2015 to innovative strategies, like Coalfield, that have the potential to scale and be replicated.

The Appalachian Regional Commission is a particularly effective federal agency and represents the kind of “place-based” policies that can have an out-sized impact.³ Regional entities such as Appalachian Regional Commission are more in touch with the on-the-ground complexities and nuances in ways national agencies just can't be.

POWER funding created opportunities that allowed people to stay—being Appalachian is our culture and our identity. We just have to make sure that jobs exist for the miners and affected community members that have been trained. That's why Coalfield Development has worked closely with a solar company, Solar Holler, which has recently hired 8 of the workers we've trained. These programs work if the private sector (and other potential job creators) are engaged from the beginning.

In places like West Virginia, we put all our eggs in to one basket—ironically made of coal. When the bottom fell out, we were stuck in black slurry. Now, many ask, “What's the next big thing? What can replace coal?” But I believe this is the wrong question. Relying too heavily on one industry is how we ended up with some of the highest poverty rates in the country. **The right solution isn't to find one new industry, but to support entrepreneurs and new businesses in a diversified number of financially, environmentally, and socially sustainable fields.** At Coalfield Development, we're pioneering what these diversified sectors can look like. Federal investment in solutions and communities like ours can help us scale create solutions to our economic challenges.

3. Pass federal legislation that improves the conditions of former coal workers and distressed Appalachian communities. The most important efforts focus on helping miners suffering from black lung disease, promoting reclamation by stimulating economic development, and connecting rural and urban areas by improving broadband access.

³ <https://www.brookings.edu/bpea-articles/saving-the-heartland-place-based-policies-in-21st-century-america/>

Black Lung

There is another issue related to addressing the legacy cost of coal mining as we work through this economic transition. Rates of black lung disease have hit a 25 year high. in Appalachian coal mining states.⁴ One in five veteran working coal miners in Central Appalachia now has this fatal and incurable disease. **Since 2000, the rate of black lung disease has doubled across the United States.** The Black Lung Disability Trust Fund pays for benefits to coal miners disabled by black lung and their surviving spouses in cases where the miners' employer has gone bankrupt or not been found responsible. But because of congressional inaction, this Trust Fund is in jeopardy. The Trust Fund is supported by a small excise tax paid on coal sold domestically, at a rate that was unchanged for more than three decades. But Congress failed to extend the tax rate before the end of 2018, and it has now been cut by more than half. This will create a long-term financial crisis for the Black Lung Disability Trust Fund unless it's corrected. A May 2018 Government Accountability Office report projected that, if the tax rate were to be slashed, the Trust Fund's revenue would be unable to cover beneficiary payments and administrative costs as soon as 2020 and Trust Fund debt would balloon to over \$15 billion by 2050.⁵ I urge members of this committee to work toward extending the black lung excise tax immediately.

The RECLAIM Act

We must restore the lands degraded and polluted by the coal mining industry. As we've found at Coalfield, there's economic opportunity in reclamation. The RECLAIM Act, which would open up \$1B for reclamation, has the potential to create thousands of new jobs, and stimulate millions more in local economic development activity across the country. According to the Department of the Interior's Office of Surface Mining Reclamation and Enforcement, the RECLAIM Act could create 4,600 direct jobs in areas hard hit by losses in the coal industry. Reclamation of abandoned mine lands generate thousands of other jobs in agriculture, recreation, tourism, renewable energy, and retail. The RECLAIM Act doesn't use a cent of taxpayer money. It imposes no new fees or taxes.

Miners can be put back to work restoring the land they love. As Wilburn's fellow crew member, himself a former surface miner, remarked one day: "I just blow the mountains up, and now I'm putting them back together." And importantly, these sites, if properly restored, can help mitigate climate change by capturing carbon and connecting diverse ecosystems. Indeed, over 1200 miles of streambeds have been permanently destroyed by mountaintop removal mining in Appalachia alone. More than 1 million acres of mountaintop have been blown up. Enough mountaintop has been removed in West Virginia alone to bury all of Manhattan.⁶

The RECLAIM Act uses existing funds to create jobs and clean up dangerous mines. The RECLAIM Act was originally introduced in February 2016, then again introduced last Congress

⁴ <https://www.npr.org/2018/07/19/630470150/black-lung-rate-hits-25-year-high-in-appalachian-coal-mining-states>

⁵ <https://www.gao.gov/products/GAO-18-351>

⁶ <https://pubs.acs.org/doi/abs/10.1021/acs.est.5b04532>

as HR 1731 and reported out of the House Natural Resources Committee in October 2017. Still, largely because of industry opposition, it has not progressed despite its bipartisan support in both chambers. The AML Fund has an explicit purpose to clean up dangerous and polluting mines that were left behind by coal operators over 40 years ago and continue to burden surrounding communities. The RECLAIM Act simply releases these funds so that long overdue cleanup can happen now.

I'd like to extend my thanks to the House Natural Resources Committee for passing the bipartisan RECLAIM Act in the 115th Congress. Chairman Lowenthal, I know you were a co-sponsor of that legislation, as were a number of other members of this subcommittee. RECLAIM would also catalyze longer term economic growth in coal communities by helping to lay a foundation for the building new industries in parts of the country that badly need a broader economic base.

AML Pilot Program

The flexibility and innovation aspired to by RECLAIM has been tried out through the AML Pilot program, launched in 2015. This program chose six states in which AML funds were allowed to be used on projects having a “nexus” between mine-cleanup and economic development. For example, in West Virginia we've been able to kick-start an aquaponics facility, solar installations, and quality housing development on former minelands.

Coalfield Development recently worked with partners throughout Central Appalachia to identify and develop twenty development projects in communities plagued by abandoned mine lands.⁷ Projects would cost over \$38 million; however, if these projects were funded, total economic output from project spending would be valued at nearly \$84 million. These projects would provide over \$22 million in wages to employees, support nearly 543 full- and part-time jobs across the region, and improve regional GDP (value-added) by over \$44 million. Further, most projects plan for direct/onsite employment after construction/development. See the Reclaiming Appalachia report for more info.

These proposals (as well as projects that have already been funded) demonstrate the potential for jobs and broader community benefits through innovative mine reclamation. Importantly, restoring these lands can contribute significantly to reductions in greenhouse gases. The Nature Conservancy reports:

A study by The Nature Conservancy and others showed that “natural climate solutions”—such as growing taller trees, improving soil health, protecting grasslands and restoring coastal wetlands—can amount to 37 percent of the removal of carbon dioxide from the atmosphere needed in the next few decades.

In West Virginia, the third most forested state in the US, there is massive potential to contribute to these natural climate solutions. And the Central Appalachians is one of the most critical landscapes in the country for this important work.

⁷ http://appvoices.org/resources/AML-RAC/AML_RAC_report_Many_Voices_Many_Solutions-11-13-18-lo-res.pdf

In 2012, The Nature Conservancy completed a study of all the forests on the East Coast, identifying the areas predicted to withstand the growing impacts of climate change and help ensure nature's survival. Among the most resilient landscapes were highland forests in West Virginia.⁸

While AML Pilot and other federal programs have been helpful, there is a need for improvement in execution. In many places, implementation of the program should increase public awareness and outreach, increase transparency in application criteria, review, and decision making, and increase emphasis on projects including a mine reclamation component. It's important that federal dollars not be allowed to go to politician's pet projects, but rather engage community members and advance truly worthy projects that actually have that key "nexus" mentioned above.

National Rural Broadband

Finally, we must connect our communities. Integral to stimulating economic development, particularly in rural places, is access to broadband. While the F.C.C and Rural Utilities Service provide broadband subsidies, and private sector companies like Microsoft are rolling out programs, a coordinated, national broadband plan could go a long way in helping creating new opportunities in economically distressed areas like Appalachia.

A group in West Virginia called Generation West Virginia has launched an important new program called NewForce. NewForce is a tuition-free, in-person, team-based intensive tech training program in Huntington, West Virginia.⁹ It was created by employers, community colleges, and nonprofits to ensure West Virginians have the right tech skills for companies who are ready to hire in the Mountain State. Through the intensive six-month curriculum, NewForce students work together, receive mentorship, and graduate with in-demand software development skills and direct connections to jobs. The program finishes with a Job Interview Day where the program's employer partners interview NewForce graduates for open positions. But a robust broadband infrastructure is needed for this to really take off. A coordinated, national broadband initiative targeted at rural areas could jump start economic development. Congress can make that happen.

IV. The Need for A New Way of Doing Economic Development

You must understand just how deep and real the pain and hardship is that has been caused by the coal industry's decline. Usually, when discussing economic transitions, policy-makers announce: "Well, we can just retrain those people." The reality is this is so much easier said than done. There are hundreds of laid-off miners who got certified in new trades, but it doesn't matter because there are not many businesses outside the coal industry and therefore not many jobs to be entered with that new certification. Some ask, "why can't those people

⁸<https://www.nature.org/en-us/about-us/where-we-work/united-states/west-virginia/stories-in-west-virginia/natural-climate-solutions-in-west-virginia/>

⁹ <https://globenewswire.com/news-release/2018/10/16/1622190/0/en/Generation-West-Virginia-Mountwest-Jobcase-Partners-Launch-Training-Program-to-Build-Tech-Talent-Pipeline.html>

just move away?” Well, for one that questions totally ignores that value of community and culture and identity. But that question also ignores the economic realities of “land-poor” homeowners and the unaffordability of relocating to high-cost urban areas.

The right question isn’t, “How do we retrain those people?” The right question is, “How we strengthen these places which have given our country so much and have so much more to give?” There are smart and much-needed government investments that we’ll need to answer this question, but we aren’t asking for handouts. Ultimately, we need market-driven solutions that are financially sustainable. We haven’t lost sight of this, and it’s why creating new businesses is central to our strategy.

A question that drives me crazy is, “Why do those people vote against their own interests?” By “own interests” the questioner usually means government programs. Well, we don’t want to have to depend on government programs to feed our families. We are proud to have powered this country’s development for generations, and we want to keep doing so.

The problem has never been our work ethic. The problem is that we put all our eggs in to one basket made of coal, and when the bottom of that basket fell out we found ourselves stuck. Now, many ask, “what’s the next big thing? What can replace coal?” This is the wrong question. Relying on one industry too heavily is how we got some of the highest poverty rates in the country. So, the solution is not to find one new industry, but to support entrepreneurs and new businesses in a diversified array of sustainable fields. By sustainable, I mean financially sustainable, environmentally sustainable, and social sustainable. At Coalfield Development, we’re pioneering what these diversified sectors can look like. We and our partner organizations are not asking for charity. We’re pitching an investment opportunity.

Poverty in our region is complex. Even when coal was booming, we were still one of the poorest regions in North America.¹⁰ Such socio-economic challenges are wrapped up in issues of power, equity, and fairness. For example, huge swaths of West Virginia land is owned by corporate land holding companies.¹¹ It’s very difficult for fresh investment and redevelopment to occur when this is the case. Strategies for our region can’t just be about one industry at one point in time. Strategies for our region have to be about justice and opportunity.

Simply using government dollars to “retrain” people is not enough. There has to be a broader place-based strategy which simultaneously creates new businesses and provides the wrap-around support needed by workers to overcome poverty.

In developing such programs, much flexibility will be needed for local innovation to flourish. By local I do not mean state governments, I mean place-based, grassroots organizations. Program income requirements should be loosened. More general operating funds should be granted to organizations trying to survive in extremely distressed economic environments. Public/private partnerships should be encouraged, not discouraged. In many ways, this work is more like

¹⁰For a thorough analysis poverty in Appalachia and the federal government’s role in it, read *Uneven Ground: Appalachia Since 1945* by Ronald D. Eller (2008) University of Kentucky Press

¹¹https://www.wvgazette.com/news/special_reports/w-va-still-owned-by-absentee-companies-report-says/article_f3dd4a64-19a1-59b7-bc6d-ee2b49d6bd9b.html

early phase, basic research and development. This is economic research and development to test what is possible and what isn't in these complex places. Put more directly, those of us on the ground trying to improve conditions for our place need to be allowed to be as innovative and entrepreneurial as is necessary for real opportunity to flourish.

V. Summary

While I'm here to say that coal is not coming back, I'm also here to say that doesn't mean Appalachia has no future. In fact, the void left by coal's collapse has made room for new sprouts of entrepreneurship and innovation. While the short-term prognosis is a painful transition off coal, if we can approach this transition smartly and fairly, the long term outlook is really bright.

Appalachia has important assets the rest of the country needs: large swaths of forests that are carbon sinks, a dedicated and creative workforce, a unique and distinctive culture, and a good quality of life within driving distance of a significant portion of the country's population. We can realize our bright future, albeit with a little help and outside investment. But our leaders hold us back from realizing our bright future when they promise coal will return. This only dampens the latent entrepreneurial spirit that lies dormant among our hills and hollers. But that spirit is there.

Wilburn is one of thousands of former miners whose life was rocked by the shut down of his mine. But at age 45 he's about to become a college graduate. He's helping us start a sustainable business called Refresh Appalachia, which is selling fresh, healthy produce throughout the region. Wilburn has transformed a moment of crisis in his life into a transformational opportunity.

Now you have the opportunity to do the same.

Please don't ignore the economic hurt in Appalachia—or in any other coal communities across the country. To ignore us would only mean deepening the fissures that are breaking our country apart.

I hope you'll consider Wilburn, as you consider my suggestions. Thank you for your time.