

West Virginia counties, school districts make drastic cuts as coal industry contracts

By Naomi Spencer
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With fresh cuts coming down from the state and more layoffs in coal, rail, and other sectors of the economy, West Virginia cities, counties and school districts are preparing deep spending reductions.

Although the state includes part of Central Appalachia that has been designated for decades as suffering long-term economic distress, the situation is turning dramatically worse under global market pressures and an offensive by the ruling class on the conditions of the working class.

Since 2011, more than 7,000 coal miners have lost their jobs in the state. For the eighth straight month, West Virginia's unemployment rate has risen and remains the highest in the country at 7.6 percent.

These losses have rippled through the economy and resulted in tens of thousands of job cuts in other industries. Already threadbare municipal budgets have been devastated by the decline in jobs and funding received in the form of coal severance taxes.

Coal severance is allotted to counties based in part on the tonnage of coal extracted and the price it garners on the market. As the global economy staggers and growth in industrialized Asia stagnates, commodity and energy prices have sunk to unprecedented lows. Demand for Appalachian coal, mined in underground pits at greater labor costs than the surface mines of the US Northwest, has fallen drastically.

On October 5, Governor Earl Ray Tomblin announced a 4 percent, \$100 million budget cut, effective immediately. The reduction affects vital state agencies, including Medicaid, unemployment compensation, K-12 education and higher education. Some state programs have undergone cumulative cuts of 20 percent in the past four years. Under the current round of cuts, funding for long-cash-strapped public schools will be cut by \$16 million.

In August, the mining-centered Fayette County cut its budget by 12 percent—\$1.2 million—in anticipation of deeper coal severance tax losses. The county government froze hiring and cut overtime pay for public workers.

Over the past year, the county has lost \$500,000 in severance tax revenues, and officials project another \$450,000 budget shortfall next year due to the drop in coal value by ton and the fall in industrial property and business personal tax payments as companies close down operations. Alpha Natural Resources and Walter Energy, both of which have filed for bankruptcy, have mining operations in the county.

The local *Register-Herald* cited estimates of County Assessor Eddie Young, who said Fayette County expects a \$20 million decrease in appraised coal value, which drives down the severance tax amount. The county is bracing for “a \$60 million decrease in the assessed value for industrial personal property and about a \$10 million decline in business personal property value,” the *Gazette-Mail* reported October 10.

Fayette County schools were seeking an unpopular consolidation of four high schools after voters rejected multiple bond proposals to increase funding. The latest state budget cut will chop \$386,000 out of the county's anticipated school funds. Coming mid-year, schools are compelled to abruptly cut transportation, cafeteria, tutoring, and other critical services.

The population is poor, with a per capita income of \$18,685 and poverty rate of 21.2 percent, according to the latest Census Bureau data. One in three children are in poverty. Unemployment stands at 8.9 percent, and 53.4 percent of the working age population is “not in the labor force.”

Boone County, the epicenter of coal layoffs, has undertaken several rounds of budget cuts and layoffs to

grapple with the loss of \$3 million in severance tax over the past five years.

Boone's schools are also planning consolidation that would close three of the county's 10 elementary schools. According to chief tax deputy Bonita Jarrell, property tax collections for local schools in the first two months of the new fiscal year were \$5.7 million, down from \$10.3 million in the same period a year ago.

As mines close and thousands of workers lose their jobs, many parents are also moving in search of work. Enrollment has declined in Boone County every year for the last five, meaning a drop in state per-pupil funding.

The county's official unemployment rate as of April 2015 was 10 percent, but as with counties across the region, the underemployment rate is likewise high and the labor force participation rate is under 50 percent. One in five residents are in poverty, and per capita income as of 2013 stood at \$21,600.

In Mingo County, coal severance fell by \$400,000 from the \$1.2 million county commissioners budgeted. The county has cut ambulance services, laid off employees, and halted renovation projects on dilapidated facilities.

In the Mingo County seat of Williamson, local government is in an outright crisis. During a packed city council meeting August 27, Mayor Steve Knopp, along with the city attorney and the city clerk, all submitted their resignations. Two members of the city's utility board followed with resignations shortly after.

Williamson is mired in debt to Veolia, a company contracted to manage water and street departments for the city, and the population is strongly opposed to the proposed 50 percent rate increase on water and sewerage bills. The city owes Veolia \$1.2 million, an amount that the utility board says it cannot pay within its current budget situation.

The vacant administrative positions were filled by council appointment September 25 rather than by a special election, which would have cost \$20,000 to conduct.

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