Earlier this month, President Obama and his administration released their proposed fiscal budget for 2011, which will "cut roughly $2.3 billion in coal subsidies over the next decade." Halimah Abdullah, Ky. lawmakers blast federal budget's proposed coal subsidy cuts, Lexington Herald-Leader, Feb. 1, 2010, available at http://bluegrasspoliticsbloginky.com/2010/02/01/ky-lawmakers-blast-federal-budgets-proposed-coal-subsidy-cuts/. These cuts, as well as "the repeal of roughly $36 billion in subsidies to the oil and gas industry," stem from last year's G-20 summit, where the Obama administration agreed to "phase out fossil fuel subsidies to help reduce global greenhouse gas emissions by 10 percent." Id. While environmental groups support the President's budget, claiming that it "promotes America's energy independence by reducing our reliance on foreign oil, starting the transition away from dirty fossil fuels, and investing in conservation and clean power like wind and solar," others worry that removing these subsidies could be detrimental to those Kentucky individuals, families, and counties that depend "on coal for their livelihood." Id.
The Obama Administration’s position, evidenced by a White House Office of Management and Budget analysis released earlier this month, is that “coal subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices.” Id.

However, the Commonwealth of Kentucky “has been one of the top three coal producers in the United States for the last 50 years.” In 2006, the Kentucky industry “directly employed 17,669 persons” and had “average electricity costs [of] 5.43 cents/kilowatt-hour, the 4th lowest in the United States.” Kentucky Office of Energy Policy. Expanded Online Kentucky Coal Facts, http://www.coaleducation.org/Ky_Coal_Facts/default.htm (last visited Feb. 20, 2010).

The White House states, “removing these [coal] subsidies would reduce greenhouse gas emissions and generate $2.3 billion of additional revenue over the next 10 years.” Abdulla, supra.


With such a high unemployment rate, are the Obama administration’s proposed budget cuts beneficial or detrimental to the Commonwealth of Kentucky? Any thoughts?