



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

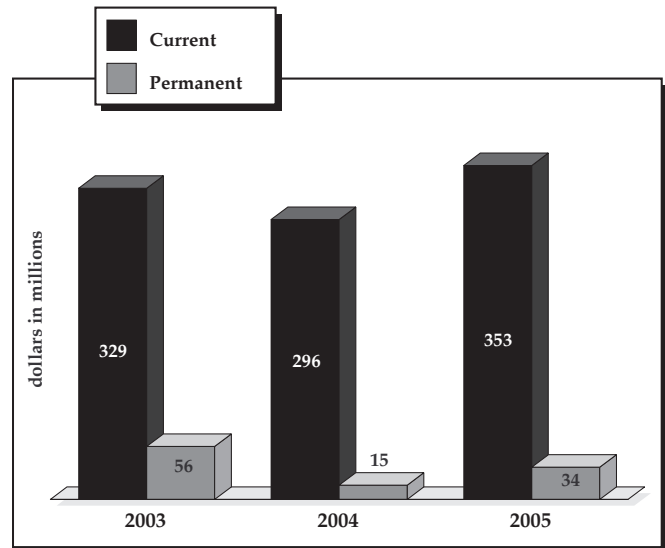
Mission – The Office of Surface Mining Reclamation and Enforcement was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. The OSM’s primary objectives are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, ensure that the land is restored to beneficial use following mining, and mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

Program Overview – The OSM carries out its mandates by providing grants to primacy States and Tribes to carry out their own regulatory and reclamation programs consistent with OSM standards. The OSM also administers regulatory and reclamation programs on Federal and tribal lands and in non-primacy States. The OSM works closely with States and Tribes to implement its results-oriented regulatory oversight system and provides technical information and tools to help States and tribal partners to develop sufficient knowledge, expertise, and capability to meet their responsibilities under SMCRA.

In the last few years, OSM has focused on innovative approaches to implementing SMCRA and has shifted its approach to State programs from direct oversight and review to measuring on-the-ground results and performance. To maximize reclamation from available funding, OSM implemented creative approaches and incentives to encourage reclamation of abandoned mine sites. Efforts to address acid mine drainage in the Appalachian coal region, encourage re-mining, and enhance abandoned mine lands reclamation have been successful in enabling OSM to leverage and stretch its resources to reclaim lands and waters that otherwise might never be restored. The reclamation projects funded in 2005 will increase the number of health and safety hazards mitigated. Continued Clean Streams grant funding will allow OSM to transfer responsibility to States and Tribes for restoration and improvement of water quality of streams affected by acid mine drainage.

Management Excellence – The OSM continues to follow the President’s management agenda for improving man-

OSM Funding



agement and performance of the Federal government, practicing the Secretary’s vision for citizen-centered management excellence. The OSM programs have worked extensively to step down from the goals in Interior’s new unified strategic plan. The OSM has developed an activity-based cost management system that allows managers to more specifically identify costs of outputs, and is continuing its workforce analysis to determine the human capital competencies required to achieve performance improvements. The OSM has also continued to expand its e-government capabilities. The budget proposal supports the Department’s new strategic plan specifically in relation to the goals for serving communities by protecting the lives and property of the citizens living in proximity to the coal fields; it also protects our Nation’s resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices.

As part of the 2005 budget formulation process, OSM’s regulation of surface coal mining activities was evaluated using the Program Assessment Rating Tool developed by OMB. The principal findings indicated that the purpose of the regulatory program is clear, as articulated in

SMCRA, and that States and Tribes are annually assessing the program through meetings and conferences held throughout the year.

Budget Overview – The 2005 request for OSM is \$352.8 million, a net increase of \$56.8 million above the 2004 enacted budget, and includes funds to support the Administration’s proposal to reauthorize the Abandoned Mine Lands program.

AML Reauthorization – Section 402(a) of SMCRA establishes a per tonnage fee for mined coal. These fees are placed in the Abandoned Mine Reclamation Fund, and are used to finance reclamation of abandoned mine lands in the United States. Interest accrues on the unused portion of the collected fees and becomes part of the Fund to be used for reclamation. A portion of the interest is transferred to the United Mine Workers of America Combined Benefit Fund in order to help finance health benefits.

The authority to collect the mine reclamation fee expires on September 30, 2004. Approximately \$3 billion worth of listed health and safety goal problems still remain, along with \$3.6 billion worth of identified high-priority coal problems affecting the general welfare of individuals living in coalfield areas. To protect lives and improve public safety, the Administration is proposing legislation to reduce and extend the coal fee and to modify SMCRA to direct dollars to the most serious problems.

In 2005, OSM will continue its commitment to environmental restoration while protecting the public by reclaiming lands disturbed by pre-SMCRA mining but not yet reclaimed. The 2005 AML request of \$243.9 million is an increase of \$53.3 million above the 2004 enacted level. The funding will support OSM’s abandoned mine land reclamation activities, which include State and tribal reclamation grants and high-priority Federal reclamation efforts, as well as the Administration’s proposal to reauthorize SMCRA.

The reauthorization proposal will provide for \$53.0 million a year, over a period of ten years, for the payment of unappropriated balances in the AML fund that were not appropriated as of September 30, 2004, to States and Tribes that have been certified as having completed the reclamation of their coal mining-related abandoned mine sites. Under this proposal, future coal fees will be allocated to non-certified States and Tribes to abate their highest priority coal problems. Furthermore, the proposal will also address the transfer of interest to the United Mine Workers of America Combined Benefit Fund for the use of unassigned beneficiaries. The 2005 budget request includes \$53.0 million for the first year of payments to the certified States and Tribes.

The budget funds state reclamation grants at \$149.6 million. States and Tribes use these grant funds to address degraded land and water resources as a result of past mining operations. These funds are provided to the States and Tribes through a formula that considers the amount of reclamation fees collected in each State or reservation and the amount of pre-SMCRA coal production that occurred in each State or reservation. The reauthorization proposal will adjust the allocation formula to direct dollars to the most serious problems, with the majority of collections going to States with historically high coal production. The proposal authorizes OSM to collect AML fees for another 14 years. Under the current authorization for AML, it would take on average 47 years to reclaim all of the most dangerous abandoned coal mines. Allocations to States under the new proposal will allow States to eliminate existing health and safety problems within 25 years, removing 142,000 people from risk annually, and will reclaim 8,200 acres of disturbed land annually.

The 2004 request did not include funding for the Federal AML emergency program due to availability of unobligated carryover balances. The OSM has exhausted those carryover balances and is requesting an increase of \$9.4 million to address emergencies in States and for Tribes that do not have approved emergency programs.

The proposed budget continues available funding for the successful Clean Streams program up to \$10.0 million to empower partners in affected communities to address important local acid mine drainage pollution. Acid mine drainage from abandoned coal mines continues to be a major source of water pollution nationwide, and in Appalachia acid mine drainage is the leading cause of aquatic habitat destruction impacting many native species, such as the brook trout. The Clean Streams initiative has been particularly effective in fostering community partnerships and maximizing efficiency in the use of local resources in restoring water resources damaged by acid mine drainage.

The 2005 OSM budget request includes a one-time reduction of \$2.7 million in watershed cooperative agreements. Watershed cooperative agreements are made with private nonprofit agencies, such as small watershed organizations, to undertake local acid mine drainage reclamation projects. There is sufficient carryover to fund this program in 2005. The 2005 budget request also includes a one-time reduction of \$1.1 million for high-priority Federal abandoned mine land projects. The OSM carries out the high-priority project program for States that have not assumed responsibility for carrying out their own reclamation programs. The OSM is able to offer this reduction because there will be sufficient prior year carryover to fund this program in 2005.

Regulation and Technology – The goal of the Regulation and Technology program is to implement Title V of SMCRA by providing oversight and technical support for the regulation of active mining. Total funding requested for the regulatory program is \$108.9 million, an increase of \$3.5 million from the 2004 enacted budget.

Twenty-four States have approved permanent regulatory programs for the regulation of coal mining activities. These primacy States receive Federal-matching grants to fund 50 percent of their administration of State regulatory programs under SMCRA. State regulatory grants will be funded at \$58.0 million in 2005, an increase of \$1.2 million over 2004. This funding increase, which will help States meet their uncontrollable cost increases, will allow the States and Tribes to minimize off-site impacts of current coal mining operations and prevent 93 percent of mine sites from causing offsite impacts to people and the environment. It will also allow for the release 100,000 acres from phase one and two performance bonds. The 2005 budget also includes a decrease of \$173,000 for civil penalty authority to better reflect civil penalty revenues.

Other Program Changes – The request includes a decrease of \$42,000 for savings related to improved fleet management, and a \$332,400 increase to fully fund financial statement audit costs previously funded in part by the OIG. The budget includes an increase of \$33,000 to support implementation of the Administration's high-payoff e-government initiatives to integrate agency operations and information technology investments. These initiatives eliminate redundant systems and improve the government's quality of customer service. The budget also includes an increase of \$398,400 for implementing a Department-wide Enterprise Services Network, a modern, integrated network backbone that will provide the infrastructure to integrate enterprise processes and technologies. The OSM is requesting \$400,000 for the National Technical Training program, \$300,000 for applied science activities, and \$400,000 for the Technical Innovation and Professional Services program.

Uncontrollable Costs – Uncontrollable cost increases total \$2.5 million of which \$2.1 million are budgeted and \$372,000 are absorbed.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2005 Request with 2004 Enacted:

	2004 Enacted		2005 Request		Change from 2004	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Regulation and Technology	397	105,384	387	108,905	-10	+3,521
Abandoned Mine Reclamation Fund	213	190,592	208	243,863	-5	+53,271
Subtotal, Appropriations.....	610	295,976	595	352,768	-15	+56,792
Permanents and Trusts						
Abandoned Mine Reclamation Fund Transfer	0	14,967	0	34,000	0	+19,033
Subtotal, Permanents and Trusts	0	14,967	0	34,000	0	+19,033
TOTAL, OFFICE OF SURFACE MINING	610	310,943	595	386,768	-15	+75,825

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

	2003 Actual	2004 Enacted	2005 Request	Change from 2004 Enacted
Environmental Restoration.....	256	432	261	-171
Environmental Protection.....	78,644	78,481	79,953	+1,472
Technology Development & Transfer	12,511	12,593	13,487	+894
Financial Management	482	485	492	+7
Executive Direction & Administration.....	12,610	13,393	14,712	+1,319
TOTAL APPROPRIATION	104,503	105,384	108,905	+3,521

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+1,616]
Environmental Restoration	-171
A \$173 decrease reflects a reduction in Civil Penalty collections. Uncontrollable costs total \$3 of which \$2 are budgeted and \$1 are absorbed.	
Environmental Protection	+1,472
A \$1,150 increase is proposed for State and Tribal funding. A \$19 decrease reflects savings resulting from improved fleet management. Uncontrollable costs total \$468, of which \$341 are budgeted and \$127 are absorbed.	
Technology Development and Transfer	+894
A \$260 increase is proposed for the National Technical Training Program. A \$260 increase is proposed for TIPS. A \$195 increase is proposed for applied sciences. Uncontrollable costs total \$245 of which \$179 are budgeted and \$66 are absorbed.	
Financial Management	+7
Uncontrollable costs total \$10, of which \$7 are budgeted and \$3 are absorbed.	
Executive Direction	+1,319
An increase of \$259 is proposed for the enterprise services network. An increase of \$216 is proposed for the annual financial audit. A \$36 increase is proposed for the Department e-gov quicksilver projects. A \$33 decrease is proposed for technical changes. A \$7 decrease reflects savings resulting from improved fleet management. Uncontrollable costs total \$890, of which \$848 are budgeted and \$42 are absorbed.	

APPROPRIATION: Abandoned Mine Reclamation Fund

	2003 Actual	2004 Enacted	2005 Request	Change from 2004 Enacted
Environmental Restoration.....	173,561	173,467	223,229	+49,762
Technology Development & Transfer	4,137	4,133	4,542	+409
Financial Management	6,139	6,183	8,565	+2,382
Executive Direction & Administration.....	6,661	6,809	7,527	+718
TOTAL APPROPRIATION	190,498	190,592	243,863	+53,271

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+870]
Environmental Restoration	+49,762
<p>An increase of \$53,000 is proposed to pay certified States and Tribes owed balances from the AML fund. A \$9,000 increase will fund federally managed State emergency projects. A \$410 increase will fund emergency projects in non-primacy states. A \$9,000 decrease is proposed for State and Tribal AML grants. A \$1,092 decrease is proposed for federally administered projects. A \$2,710 decrease is proposed for watershed cooperative agreements. An \$8 decrease reflects savings resulting from improved fleet management. Uncontrollable costs total \$228, of which \$162 are budgeted and \$66 are absorbed.</p>	
Technology Development and Transfer	+409
<p>A \$140 increase is proposed for the National Technical Training Program. A \$140 increase is proposed for TIPS. A \$105 increase is proposed for applied sciences. Uncontrollable costs total \$34 of which \$24 are budgeted and \$10 are absorbed.</p>	
Financial Management	+2,382
<p>An increase of \$2,300 is proposed for the Fee Compliance program. A \$5 decrease reflects savings resulting from improved fleet management. Uncontrollable costs total \$122, of which \$87 are budgeted and \$35 are absorbed.</p>	
Executive Direction and Administration	+718
<p>An increase of \$139 is proposed for the enterprise services network. An increase of \$116 is proposed for the annual financial audit. A \$20 increase is proposed for the Department e-gov quicksilver projects. A \$18 decrease is proposed for technical changes. A \$3 decrease reflects savings resulting from improved fleet management. Uncontrollable costs total \$486, of which \$464 are budgeted and \$22 are absorbed.</p>	