



FINANCIAL MANAGEMENT AND ADMINISTRATION

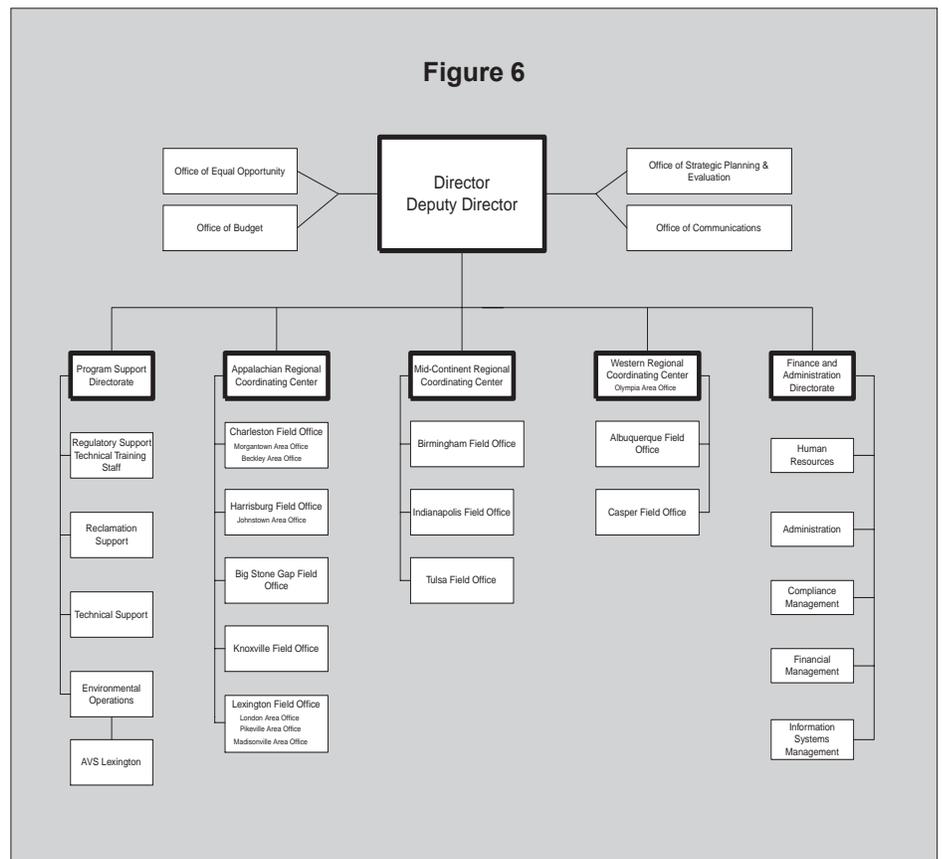
A REPORT ON THE BUDGET, MANAGEMENT, AND OPERATIONS OF THE OFFICE OF SURFACE MINING

Since 1977, protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been required by the Surface Mining Law. Making sure those requirements are met is the responsibility of the Office of Surface Mining. Functionally, the agency is organized around the two principal requirements of the Surface Mining Law: reclaiming abandoned mines and regulating active coal mining.

Organization

The Office of Surface Mining is field-oriented, with headquarters in Washington, D.C. Three regional coordinating centers, in Pittsburgh, Pennsylvania, Alton, Illinois, and Denver, Colorado, provide technical assistance to the field offices, states, and tribes. Ten field offices, states, and tribes. Ten field offices, and seven area offices located where coal mining is most active, are responsible for the on-the-ground regulation and oversight (see figure 6). The Office of Surface Mining also maintains a financial management office in Denver, Colorado, and an audit investigation office in Lexington, Kentucky.

On reclaimed surface mines, topsoil is essential for reestablishing native vegetation and crop, forage, and timber production. The removal and replacement of all topsoil is required by the Surface Mining Law unless it is demonstrated that selected subsoil or spoil is better suited for growing plants. At this reclaimed Ohio mine site (left) the topsoil replacement was greater than the 12-inch requirement and high-yielding crops have been continuously grown on the reclaimed land.

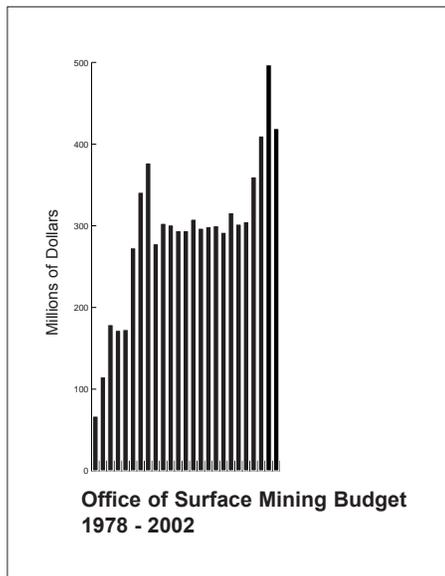


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Prior to 1977, when the Surface Mining Law was passed, it was common practice to remove the topsoil and overburden in one operation. This resulted in loss of valuable topsoil that was essential to reestablishing productive agricultural land uses. The reclaimed land where this corn crop is growing has consistently been above required yields and is producing better crops than the surrounding unmined area.

Budget and Appropriations



The Department of the Interior and Related Agencies Appropriations Act of 2002 (Public Law 107-63) appropriated \$102,800,000 from the General Fund for the Office of Surface Mining's regulation and technology activities (\$1,999,000 more than 2001). In addition, \$203,455,000 was made available for obligation from the Abandoned Mine Reclamation Fund (\$11,583,000 less than 2001). Public Law 107-206 reduced \$41,000 and \$18,000 from the Regulation and Technology and

TABLE 13: APPROPRIATIONS¹

	2002	2001
Regulation & Technology		
Environmental Restoration	\$157,400	\$156,654
Environmental Protection	77,743,965	76,458,863
<i>Regulatory Grants</i>	<i>(56,575,000)</i>	<i>(55,574,467)</i>
Technology Dev. & Transfer	12,549,616	11,984,244
Financial Management	445,037	535,819
Executive Dir. & Admin	11,862,982	11,443,053
<i>Executive Direction</i>	<i>(2,346,529)</i>	<i>(2,349,343)</i>
<i>Administrative Support</i>	<i>(3,995,441)</i>	<i>(4,087,234)</i>
<i>General Services</i>	<i>(5,521,012)</i>	<i>(5,006,476)</i>
Subtotal	102,759,000	100,578,633
Abandoned Mine Reclamation Fund		
Environmental Restoration	186,697,000	199,604,000
<i>Reclamation Grants</i>	<i>(159,585,000)</i>	<i>(172,065,000)</i>
Environmental Protection	0	0
Technology Dev. & Transfer	4,118,000	3,774,849
Financial Management	6,070,000	5,414,000
Executive Dir. & Admin	6,552,000	6,245,151
<i>Executive Direction</i>	<i>(1,269,100)</i>	<i>(1,260,710)</i>
<i>Administrative Support</i>	<i>(2,160,900)</i>	<i>(2,193,290)</i>
<i>General Services</i>	<i>(3,122,000)</i>	<i>(2,791,151)</i>
Subtotal	203,437,000	215,038,000
Legislated Office of Surface Mining Budget	306,196,000	315,616,633
Legislated Transfer to United Mine Workers Fund	113,681,198	181,844,948
Total	\$419,877,198	\$497,461,581

1. The appropriation figures for both years include reprogramming, transfers, and rescissions.

the Abandoned Mine Land appropriations respectively for the purpose of a "government-wide" reduction. However, the Abandoned Mine Land reduction was only temporary for 2002; those funds will be available without further appropriation in 2003. And, as authorized, \$113,681,198 of interest (\$68,163,750 less than 2001) was transferred to the United Mine Workers of America Combined Benefit Fund. The 2002 Regulation and Technology appropriation included the following provisions:

- Where the Office of Surface Mining is the regulatory authority, proceeds of performance bonds forfeited under Section 509 of Surface Mining Law can be used to reclaim lands where the mine operator did not meet all the requirements of the Law and the permit. In 2002, two

performance bond forfeitures resulted in revenue collections of \$2,390.

- Federal civil penalties and related interest collected under Section 518 of the Surface Mining Law can be used to reclaim coal mine lands abandoned after August 3, 1977. In 2002, \$34,894 in civil penalties was collected. Of that amount, \$34,311 (base penalty and interest) was deposited into the Civil Penalty Fund for reclamation purposes and \$583 (penalties and administrative charges) was transferred to the U.S. Treasury. During 2002, \$90,858 from this fund was obligated for post-Surface Mining Law reclamation projects.

TABLE 14: COLLECTIONS MANAGEMENT

Category	Amount Collected	Balance Owed
Abandoned Mine Land Fees ¹	\$287,066,346	\$2,851,759
Civil Penalties	\$34,894	\$161,709
Total	\$287,101,240	\$3,013,468

1. Abandoned Mine Land Fees & Audits

■ State regulatory program grants were funded at \$56,575,000 which was \$1,000,000 more than 2001. These grants are used to fund state regulatory program payroll and other operational costs.

The Abandoned Mine Land appropriation included the following provisions:

■ State reclamation grants were funded at \$159,585,000 which was \$12,480,000 less than in 2001.

■ Expenditures up to \$10,000,000 were authorized for supplemental grants to states for the reclamation of abandoned sites with acid mine drainage through the Appalachian Clean Streams Program.

■ Up to \$18,000,000 was authorized for the emergency program associated with section 410 of the Surface Mining Law, of which no more than 25 percent shall be used for emergency reclamation projects in any one state.

■ Federally administered emergency reclamation project expenditures were limited to \$11,000,000, which was the same amount appropriated in 2001.

■ Prior year unobligated funds appropriated for the emergency reclamation program are not subject to the 25 percent limitation per state and may be used without fiscal year limitation for emergency projects.

All appropriations provisions were met.

Financial Management

The Office of Surface Mining financial management includes three principal activities: Fee Compliance, Grants Management, and Revenue Management.

Fee Compliance

Fee Compliance covers the collection, accounting, audit, investment of Abandoned Mine Land Reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee issues.

When unpaid Abandoned Mine Land reclamation fees are identified, or civil penalties are assessed for mine site violations, the Office of Surface Mining takes appropriate collection actions. Delinquent debt information is retained in the Applicant/Violator System. When necessary, and after all agency debt collection avenues have been exhausted, delinquent accounts are referred to the Department of Treasury for additional collection efforts, or to the Interior Department's Solicitor's Office for appropriate legal action or bankruptcy proceedings.

When the permit for this mine site near Hazard, Kentucky, was obtained in 1981, the land was heavily impacted by pre-1977 abandoned mine problems. Landslides were common, rain on exposed high-sulfur coal pits produced acid drainage, and unsightly exposed highwalls were a safety hazard. The flat terrain that resulted from a mountaintop removal operation was prized in this mountainous area, and in 1983 the reclaimed site was selected for the new Eastern Kentucky Regional Airport. A terminal building and a 3,500-foot runway, constructed by the mining company, have made the airport an outstanding example of a unique and practical post mining land use.



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Prior to passage of the Surface Mining Law coal mining often left a barren, unreclaimed landscape that contributed to environmental and safety problems for many years. This scene, typical of the Midwest countryside was recently an active mine site. Immediately after mining, the land was returned to active farming and today it is difficult to distinguish from the surrounding unmined areas. In 2002, this is typical coal mine reclamation under the Surface Mining Law and sites like this can be found in the coal fields throughout the country.

The current amount owed by coal companies is \$3,013,468. The Office of Surface Mining has referred \$916,187 of this amount to the Office of the Solicitor for legal action, \$132,649 to the Treasury Department for collection, and the remaining \$1,964,632 is going through the appeal process, payment plans, or initial debt collection procedures. Table 14 summarizes collections management. Although the Office of Surface Mining is working to eliminate this financial noncompliance, some amount will probably always occur as a result of company errors and financial difficulties.

Office of Surface Mining program costs in 2002 were approximately 2 percent of the collections.

Grants Management

Grants management includes the accounting, disbursement, and reporting on grants awarded to states and tribes for Abandoned Mine Land and regulatory grants. In June 1998, the Chief Financial Officers Council agreed to standardize the use of grant payment systems across the federal government by offering two automated systems. The Office of Surface Mining chose the Automated Standard Application for Payments and will begin implementation in October 2002.

Revenue Management

Revenue management involves managing a variety of non-fee revenues and receivables that come from Office of

Surface Mining's operations. These include the accounting and collection of revenue for civil penalties issued for mining violations, bond forfeitures by federally permitted mining companies, and fees for mine permit reviews and blaster certification training. During 2002, \$34,894 was collected in civil penalties. The collection rate on civil penalty debts issued in 2002 was 12 percent for dollars and 40 percent for numbers of debts. On December 31, 2001, the General Accounting Office issued a report of its review of the Office of Surface Mining's management and collection processes for civil penalty debt. The report confirmed that the primary reason for low collection rates and significant write-offs is the poor financial condition of the debtors, such as bankrupt companies. Companies that are in good financial condition fix their violations and incur relatively small penalties. Companies that are in poor financial condition do not fix their violations and incur large dollar civil penalties.

Administrative Accounting

The Office of Surface Mining also performs accounting functions needed by program offices to implement the Surface Mining Law. This includes paying bills, accounting for expenditures, issuing financial management reports, assuring that expenditures are within allocations, collecting administrative debts, and maintaining the computer systems that support these functions.

Audited Financial Statements

Since 1990, the Office of Surface Mining has prepared an annual financial statement, as required by the Chief Financial Officers Act of 1990 (Public Law 101-576). In 2002, KPMG LLP audited the financial statements included in this Financial Accountability Report and gave the Office of Surface Mining its 12th consecutive "clean" audit opinion. This means that Office of Surface Mining financial results are fairly stated and conform with generally accepted accounting principles for federal agencies.

Cost accounting

The Office of Surface Mining continued to enhance its cost accounting in 2002, by providing: fiscal year comparative data for each program, graphical representation of costs for all programs, supporting data depicting direct charges, overhead and allocation, and summary level program activities to facilitate cost comparison between offices and regions. In 2003, the activity/output dictionary will be further enhanced and activities and outputs will be redefined to enable more effective management of the programs.

Electronic Funds Transfer

The Office of Surface Mining continued to emphasize compliance with the Electronic Funds Transfer provisions of the Debt Collection Improvement Act of 1996. The Office of Surface Mining transmitted 98.4 percent of vendor payments and 99.98 percent of miscellaneous payments electronically in 2002, for a total of 99.99 percent of all dollars paid.

Integrated Charge Card

During 2002 use of the Integrated Charge Card included 28,812 transactions and \$4,644,184 spent, 19 percent of all vendor dollars disbursed.

Budget Formulation Module

An automated budget formulation module was added to the Management Accounting and Performance System in 2002. Information for personnel costs; i.e. current salaries, benefits, step increases, are automatically entered into the budget module from the Federal Personnel Payroll System. Estimates for travel, equipment, and supplies are entered and individual office budgets are aggregated into a total Office of Surface Mining budget.

Electronic Improvements

The Office of Surface Mining is expanding and developing new electronic products that improve the service to a wide group of constituents. These new products are more efficient and improve reporting and payment requirements.



Because surface mines are usually located in remote locations, the potential for residential postmining land uses is limited. However, at a mine in Colstrip, Montana, the company reclaimed land near the town's center to facilitate home construction. Today, this reclaimed land contains a large number of the community's single-family houses (above).

At this Cutler, Illinois reclamation site almost nine miles of streams were restored after being temporarily diverted during the mining (left). In association with the stream restoration approximately 350,000 trees were planted to provide a diverse wetland, flood plain, and upland wildlife habitat.

■ Electronic-filing of quarterly Coal Reclamation Fee Reports (OSM-1 Forms). Beginning in April 2001 coal companies were provided with the option of reporting coal production statistics using the Internet. The E-filing system streamlines reporting, lowers costs, and reduces dependency on paper-based

processes. Currently approximately 15 percent of the companies file on-line, reporting 60 percent of the total reclamation fees.

■ Treasury Department's Pay.gov. Coal companies can now also pay their quarterly coal reclamation fees using the Internet. In April 2002, the Office of Surface Mining, the U.S. Department of Treasury, and three coal companies successfully conducted a pilot program to accept on-line reclamation fee payments of \$7.2 million and in June 2002, all companies began making internet

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payments. For the quarter ending June 30, 2002, 59 companies used Pay.gov to make payments of \$13.2 million.

■ **Single Source Coal Reporting.** During 2002, the Office of Surface Mining continued efforts for a redesign of Applicant/Violator System software. Based on customer feedback, it became apparent that the priority in the redesign should be a user-friendly, web-based, one-stop resource center for mining information. To meet this need, the Office of Surface Mining initiated MINE.gov, a future Internet portal to provide customers one-stop access to coal related data (i.e., Office of Surface Mining, other federal agencies, and state

computer systems). The Office of Surface Mining has established a partnership with other federal and state agencies, the coal industry, and citizens for MINE.gov development, guidance, and oversight.

The first step in MINE.gov is development of a pilot project that will allow industry to report tonnage and other production information on a single electronic form. Currently coal producers are required to report the amount of coal mined to several federal and state agencies on separate forms. With the leadership of the Interstate Mining Compact Commission, a working group was formed to gather all information required by the different agencies. The group's goal was

Wildlife may not usually come to mind when people think of the landscape that results from surface coal mining reclamation. However, wildlife habitat is actually one of the more common postmining land uses. Many mining operations use reclamation techniques to reestablish or even improve wildlife habitats. For example, in the prairie landscape of North Dakota, wetlands provide a critical waterfowl habitat and add diversity that is important for other wildlife. This mine operator carefully designed wetland areas at this site to maximize habitat with undulating wetland edges, diverse vegetation, and creation of both shallow and deep water zones.



Mining requires the use of explosives to break up rock layers in the overburden, or sometimes the coal itself. To prevent damage to nearby dwellings and other structures, blasting must be carefully planned and carried out by qualified blasters. The audible and ground vibratory effects of blasting on residences in the vicinity of active mines are carefully monitored by mining companies. Here the mine operator used a seismograph and recorder to ensure that blasting effects from its mine in Walker County, Alabama were within permissible levels.

to determine the feasibility of eliminating the multiple reporting requirement with a single data collection tool.

Under the President's Business Compliance One-Stop Initiative, led by the Small Business Administration, a demonstration project may be completed as early as October 2002. Several coal companies have agreed to assist the effort by participating when filing reports for the fourth quarter of 2002.

Information Technology

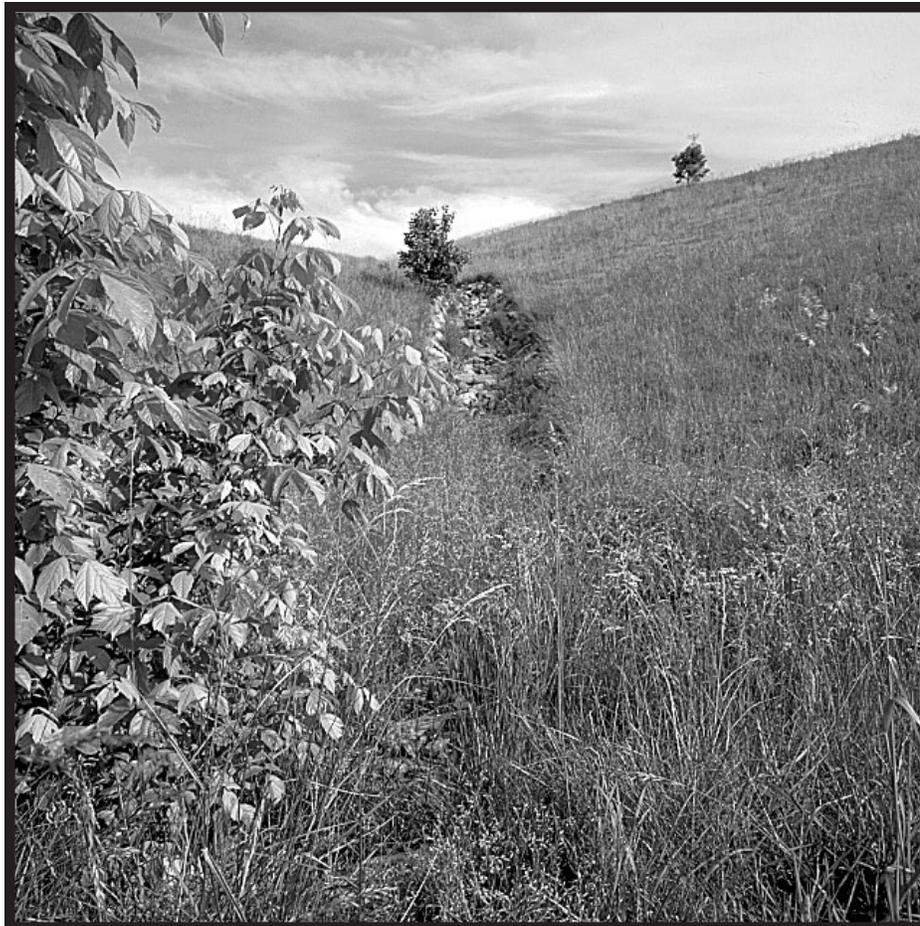
Information Technology in the Office of Surface Mining is used to improve efficiency and support program managers in carrying out the agency's mission. The Office of Surface Mining has greatly increased the security of its telecommunications network, which includes both the Wide and Local Area Networks.

On December 5, 2001, the entire Department of the Interior, including the Office of Surface Mining, was ordered to disconnect from the Internet due to security issues involving Individual Indian Trust Data. The Office of Surface Mining immediately began to improve the security of its electronic systems and was allowed

to reconnect to the Internet on January 22, 2002.

The Office of Surface Mining has continued to improve the security of automated systems to reduce security threats and to improve the integrity of automated information and better protect agency assets. Some of these improvements include the installation of a new Firewall and Intrusion Detection System, moving to a common Enterprise Software Environment, and the reconfiguration of its systems security to be compliant with new government perimeter security requirements. The Office of Surface Mining is continuing to review and make modifications to its existing security procedures in order to provide increased protection to its automated systems.

The thick vegetation and rock-lined waterways on this Eastern Kentucky reclaimed mine site have eliminated erosion and sedimentation. This is a very dramatic difference from the picture in Appalachia before the Surface Mining Law.



Human Resources Management

During 2002, the QuickHire Automated Recruitment, Rating and Ranking System (SMART), continued to be a significant tool for the Division of Human Resources. In 30 months of use the Office of Surface Mining has attracted over 10,000 applicants to its jobs. Using this system and a contract with Career Builder/Headhunter more diverse candidates are being attracted. Currently, more than 40 percent are minority candidates and over 50 percent are women.

The Office of Surface Mining continues to extend outreach to the minority community to gain a more diverse applicant pool and greater interest in working for the Office of Surface Mining. Staff attended various minority based conferences and colleges and met with members of the minority community and minority business. Efforts were continued with the Interior Department to encourage a unified approach to attract more candidates and save the individual bureaus travel costs. This effort will be continued in 2003 in support of the Office of Surface Mining succession planning and commitment to a diverse work force.

As part of the Succession Planning process that was started two years ago, staff contributed to a number of Interior Department projects and documents dealing with Human Capital and Workforce Planning. As a result of Fair Act requirements, the Office of Surface Mining contracted for private sector employees to do processing work. And, during 2002, two specialist positions were eliminated. Staff continued to analyze and create the data necessary to automate the classification process using the QuickClassification. In 2002, human resources staff reviewed and updated position descriptions, developed the necessary factors and relationships to create position descriptions for the Information Technology, Auditor, Miscellaneous Clerical, Human Resources, Reclamation Specialist, and Applicant Violator Systems Inspections Series. Currently under review and development are the Engineering Series: Mining, Civil, and General. Through Quickhire, on-line official personnel folders, the use of EmployeeExpress, and TSP.gov, the human resources program is closer and more responsive to its customers, both Office of Surface Mining employees and outside applicants. The Quick-Classification program should provide a clear picture of duties and responsibilities that are being performed, then using managers input, projections of future

duties can be made. As the QuickClassification program evolves and matures, it will be linked to the QuickHire recruitment program thus directly tying the needs of the office with the competencies of the applicants.

Retirement calculations and counseling sessions continued as the workforce gathered information for planning purposes. Retirements in 2002 were more than double the number in 2001 (19 and 9 respectively). During 2002, Federal Employees Retirement System seminars along with Social Security presentations were given in Pittsburgh and Harrisburg, Pennsylvania. Seminars on Diabetes and Tax Preparation were presented in Washington, D.C.

Coal mining at this Ohio site was a temporary use of the land. In the first step of the mining operation one foot of topsoil and two feet of subsoil were removed and stored separately. During reclamation the soil was restored, seeded with alfalfa, red clover, timothy, and orchard grass and today is used for hay production. This mine reclamation resulted in above average crop yields and very rapid return to the long-term agricultural land use.



Monitoring Potential Conflicts of Interest

Sections 201(f) and 517(g) of the Surface Mining Law prohibits any federal or state employee "performing any function or duty under this Act" from having "direct or indirect financial interests in underground or surface coal mining operations." The Office of Surface Mining monitors compliance to prevent conflicts with an employee's official duties. In 2001⁹, 630 Office of Surface Mining, 697 other federal, and 2,381 state employees filed financial disclosure statements. Four violations were identified and resolved by the head of the state regulatory authority. In addition, 423 Office of Surface Mining employees received annual ethics training.

Labor Management Partnership

The Office of Surface Mining maintains two labor-management agreements with the National Federation of Federal Employees -- Washington, D.C. headquarters Local 1993 and Albuquerque, New Mexico Field Office Local 2148. There are three other exclusive recognitions: the Casper Wyoming Field Office, Lexington Kentucky Field Office, and the Division of Compliance Management-Region II in Lexington, Kentucky.

Equal Opportunity

On June 4, 2002, the Office of Surface Mining issued a new Affirmative Employment Program Plan for Minorities and Women. This plan allows the Bureau to take proactive steps to promote Equal Employment Opportunity and to examine and respond to potential barriers and problems before they develop into discrimination complaints. The plan consists of a comprehensive program

9. Data for 2001 are reported here because 2002 federal statistics will not be available until January 2003 and state statistics until May 2003.

When handling prime farmland soils special handling methods are needed to meet productivity standards. At this mine, excavators and trucks are used to remove all soil. The spoil is regraded and the subsoil and topsoil replaced. This method makes use of low compaction machinery and minimal equipment is driven on the land (below). The dozer spreading topsoil at this site is a heavy piece of equipment; however, its wide track distributes this weight over a large area and produces very little soil compaction. The results of this special care can be seen when the crop yields are continually higher than the non-mined standard.



analysis of the eight affirmative employment program elements (organization & resources, workforce analysis, discrimination complaints, recruitment and hiring, employee development, promotions, separations, and program evaluation), problem and barrier identification, and objectives and action items.

Although the Office of Surface Mining experienced a decline in its total workforce during 2002, there were a few small gains in the representation of women and Hispanics. The Office of Surface Mining hired 22 new employees, which included 13 women and seven minorities. Additionally, two of the new minorities hired were Hispanic -- the most under-represented group. One woman at the Senior Executive pay level was hired. These hiring gains can be attributed to targeted recruitment by senior management, equal opportunity, and human resources staffs. During this period of limited hiring improving the representation of minorities and women through internal actions became more significant. Of the 83 promotions in 2002, women received 39 and minorities received 19.

The large number of persons leaving the Office of Surface Mining has affected the overall representation of minorities and women. Although there were 22 new hires, there was a loss of 31 employees in fiscal 2002. As a result, an exit interview form is being used to assess employees' reasons for leaving.

Alternative Dispute Resolution continues to be a major focus. During 2002, more than 100 employees were trained in Alternative Dispute Resolution techniques and conflict resolution. In addition, it is significant to note that some employees are participating in these techniques during the formal stage of the complaints process. In the past, most requests came during the informal stage of the complaint. This is a positive change, and it will continue to be encouraged and supported. During 2002, eight complaints of discrimination were filed by four individuals.

Although, this represents an increase of three complaints over the previous year; a review of discrimination complaints filed over the past five years shows a continuous decrease in the number of formal complaints. The continuous decrease can be attributed to training in the area of conflict resolution, successful resolutions during the informal stage of the complaints process, and the efforts by managers to resolve disputes during the earliest stages of the process. At the end of 2002, 31 percent of the complaints were resolved through Alternative Dispute Resolution and the total case load reduced by 71 percent.



As overburden and coal are removed highwalls are formed. Highwalls can be more than 100 feet high and extend thousands of feet. One of the most widespread and dramatically visual problems prior to the Surface Mining Law was highwalls that were left exposed when a mining operation was completed. This regraded and mulched slope at a mining operation in Pike County, Kentucky (above) has been blended with the surrounding terrain and is typical of reclamation under the Surface Mining Law.

The return of a wide variety of wildlife to a reclaimed mine site can be a good indicator of its success. At this reclaimed Iowa mine site green tree frogs were found on the reclaimed land.





PERFORMANCE GOALS AND RESULTS

A SUMMARY OF GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) PROGRESS

The Office of Surface Mining's mission is to carry out the requirements of the Surface Mining Law in cooperation with states and tribes. Our primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining, assures that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

In accordance with the Government Performance and Results Act of 1993 and associated Office of Management and Budget guidance, the Office of Surface Mining prepared an annual performance plan for 2002. The Surface Mining plan focuses on on-the-ground program accomplishments to be achieved in each of our core mission goal areas.

In addition, the Office of Surface Mining sought improved management efficiencies through implementation of the President's Management Agenda and Secretary Norton's Citizen-Centered Governance Plan. These initiatives compliment the Government Performance and Results Act and focus on program performance by improvement in five key management areas: Strategic Management of Human Capital, Competitive Sourcing, Electronic Government, Financial Management, and Budget and Performance Integration. The link between the budget resources and program performance was strengthened with a revision of the Agency's cost management system to capture the full cost of programs.

Secretary Norton's Citizen-Centered Governance Plan implements the President's agenda within the Department of the Interior based upon the Secretary's vision of how the Department is to conduct business using the four Cs -- Communication, Cooperation, and Consultation in the service of Conservation. In carrying out the mandates of the Surface Mining Law, the Office of Surface Mining continues to seek input from state and tribal partners, stakeholders, industry, citizens, and citizen groups. The development of the current suite of goals and measures was completed after extensive consultations with these partners and stakeholders in the mid-1990s. In the summer of 2002, meetings were held with states and tribes to again look at Office of Surface Mining's performance goals and measures.

In 2002, United States coal production was over one billion tons and more than half was used by electric utilities to generate power. In one year at this Missouri power plant (left), 2.5 million tons of coal were used to generate over 5 billion kilowatt hours of electricity. This is enough electricity to supply about a million consumers for one year.

PERFORMANCE GOALS AND RESULTS

Figure 7

Mission

Our mission is to carry out the requirements of the Surface Mining Law in cooperation with states and tribes. Our primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining and assures that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

Vision

- In regulating active coal mining, we will maintain compliance at high levels and ensure that all mines are properly operated and promptly reclaimed to the standards established under the Law. We will emphasize prevention and ensure that long-term environmental problems do not occur. We will ensure that the pre-mining productivity of the land is restored.
- In reclaiming abandoned mine lands, we will aggressively pursue reclamation with a primary emphasis on correcting the most serious problems related to public health, safety, and the general welfare. We will ensure maximum public benefit through the prompt and fair distribution of public funds.
- In cooperating with state regulatory authorities, the primary enforcers of the Surface Mining Law, and with tribes, we will promote a shared commitment to the goals of the Law. We will develop a comprehensive understanding of the fairness, effectiveness, and efficiency of the Surface Mining Law programs. We will provide constructive program reviews, oversight monitoring, and technical assistance that focus on results. We will act independently to protect the public interest in situations of imminent harm or when a state does not implement an approved regulatory program.
- In dealing with those who are affected by mining and reclamation, we will ensure the protection of citizens from abusive mining practices, be responsive to their concerns, and allow them full access to information needed to evaluate the effect of mining on their health, safety, general welfare, and property.
- In our relations with the coal industry, we will have clear, fair, and consistently applied policies and will respect the importance of coal production as a source of our Nation's energy supply.
- In all communications, we will maintain open, courteous, constructive, and timely dialogue and will use information to understand and improve our programs and those of our state and tribal partners.
- In demonstrating leadership in mining and reclamation, we will promote the development of the highest quality technical information and research and will seek the transfer of technology to those who would benefit.
- In meeting our responsibilities, we will be a diverse, competent, innovative, and highly-trained work force. We will serve with integrity, and demonstrate technical, legal, administrative, and professional excellence at all times. We will constantly strive to create a more responsive, efficient, and effective process for achieving the objectives of the Surface Mining Law.

Although the core mission has not changed in the 25 years since the passage of the Surface Mining Law, the coal industry itself has evolved and changed. New mining methods are being used to extract coal creating different environmental problems; a large amount of the coal production has shifted to the west; and the industry has become consolidated with large mining corporations instead of the small 'mom and pop' coal operations that were so common in the 1960's and 70's. In addition, the day-to-day on-the-ground accomplishments are primarily due to program performance results achieved by the states and tribes, while the Office of Surface Mining's role has become more oversight and technical assistance.

The objectives of the Surface Mining Law are accomplished through our two mission goal areas; environmental restoration and environmental protection.

Environmental Restoration: Abandoned Mine Land Reclamation

Mission Goal: To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.

The Abandoned Mine Land program eliminates health and safety hazards resulting from coal mine operations prior to 1977. These sites often pose potential harm to people and property. Operators pay a fee per ton of coal produced into the Abandoned Mine Land Special fund. Appropriations from the fund are provided to the states and tribes in the form of grants to cover the cost of reclamation work. The Office of Surface Mining maintains a nationwide inventory of abandoned mine hazardous sites to track progress toward program accomplishment.

In order to report on program accomplishment toward the final desired outcome (i.e. results) -- restore a safe and clean environment in order to protect people and property -- the Office of Surface Mining developed intermediate measures as indicators of program success. The primary measure is the number of 'acres reclaimed'. For

reporting consistency, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. It is estimated that over 1.5 million acres of land have been disturbed and 11,500 miles of streams polluted by coal mining. Since 1977, over 180,000 acres of health and safety coal related problems such as underground fires, subsidence, landslides, open shafts, and highwalls have been reclaimed and over 493 miles of streams have been reclaimed.

Performance Results

In 2002, the Office of Surface Mining, along with the states and tribes, achieved the following results. Acres Reclaimed -- the Office of Surface Mining's goal for 2002 was to reclaim 8,200 acres and 8,019 acres were reclaimed. This is below the 2002 target goal; however, there is a delay in reporting projects completed by the states and it is anticipated that the goal will be attained when all on-the-ground reclamation is reported. In addition, these performance results represent cumulative acres reclaimed. The acres reported reclaimed by states and tribes are usually between two and four years following initial grant funding. Completion of projects varies due to the availability of funds, project size, environmental hazards that exist on the site, and weather conditions.

In 1994, the Appalachian Clean Streams Initiative was begun to address water pollution caused by mining operations. This initiative has evolved into the Appalachian Clean Streams Program that is now a subset of the Abandoned Mine Land program. In the annual appropriations, funding is specifically targeted for water cleanup projects and the measure of performance is the number of newly funded Clean Streams projects. The goal for 2002 was 46 projects and 33 were funded. This is below the target goal because states have started concentrating their efforts on larger projects, thus reducing the overall number of new projects. This trend began several years ago and is reflected in the 2003 and 2004 goal of 28 new projects.

Cost to Reclaim an Acre

In accordance with the Statement of Federal Financial Accounting Standards Number 4 -- Managerial Cost Accounting "outputs produced by responsibility segments should be accumulated and, if practicable, measured in units (and) the full cost should be assigned to outputs...". The Office of Surface Mining has attempted to comply with this standard by computing the cost per acre reclaimed. For 2002, this cost was determined to be \$19,897, measured on a full cost basis. Full costs include operating costs in addition to other costs such as depreciation, bad debts, and future funding expenses.

Environmental Protection: Regulation of Active Coal Mines

Mission Goal: Protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.

The Office of Surface Mining and state regulatory programs enforce performance standards of the Surface Mining Law for current mining. The law addresses protection of people, property, and the environment during current mining and restoring the land at the conclusion of the mining. Prior to 1977, there was no nationwide requirement for operators to restore the land following mineral extraction activities.

As with the Abandoned Mine Land program, intermediate measures of program success have been developed. On-the-ground results are measured by the percentage of coal operations that are free of offsite impacts and by acres released from phase III performance bonds. It is the ultimate goal of the Surface Mining Program to have 100 percent of mine sites free of offsite impacts. As part of each federal and state mine inspection, a determination is made as to whether any negative offsite impacts have occurred or are occurring at the mine site. The goal of the Office of Surface Mining and state partners is to minimize offsite impacts at all mines. The 2002 goal was to have 94 percent of mine sites free of offsite impacts.

Performance Results

To measure the outcomes of this goal -- protecting the environment, people and property during and subsequent to current mining in order to provide safeguards -- the Surface Mining Program identified one output that would indicate attainment of these desired results. The number of offsite impacts that occur -- these are

damaging effects that would occur as a result of blasting, land stability, water pollution or encroachment that would affect people, land, water, or structures outside the permitted area of the mining operations. In 2002, 92.8 percent of the mines were free of offsite impacts. The Office of Surface Mining strives to assure a high percentage of mine sites are free from offsite impacts; but, in 2002, failed to achieve the target by 1.2 percent. Overall on a state-by-state basis the percentage of sites free of offsite impacts remains high.

Program Assessment Rating Tool

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. To achieve this end, the Program Assessment Rating Tool was developed and implemented by the Office of Management and Budget. The Program Assessment Rating Tool is a series of questions designed to provide a consistent approach to rating programs across the federal government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Management and Budget identified approximately 20 percent of federal programs that were rated for 2004 utilizing the Program Assessment Rating Tool. Programs reviewed totaled \$480 billion, or over 24 percent of federal spending, and reflected a diverse mix of discretionary and mandatory programs. For the Office of Surface Mining, the Abandoned Mine Land Grants Program was selected for review under this review process. The Office of Management and Budget, along with the Interior Department and Office of Surface Mining staff conducted the review. Overall, the Program rated a score of 76 percent. The results of the Program Assessment Rating Tool review found the purpose and design, strategic planning, and program management are strengths in the Abandoned Mine Land Grants Program.

PERFORMANCE GOALS AND RESULTS

United Mine Workers Combined Benefit Fund Program

Under Public Law 102-486 the Office of Surface Mining is required to transfer annually a portion of the interest earned from the Abandoned Mine Land Special Fund to the United Mine Workers of America Combined Benefit Fund.

Performance Measures

The Office of Surface Mining determined meaningful performance measures for this transfer are not possible. Once the transfer is made (within five business days of the request by the United Mine Workers of America Combined Benefit Fund), the Office of Surface Mining has no authority over how the transferred money is used. In February 2002, the Office of Surface Mining requested an audit of these funds by the Inspector General's office to ensure that the transferred funds were used in accordance with the provisions of Public Law 102-486, and Public Law 95-87.

SUMMARY OF ANNUAL ABANDONED MINE LAND INTEREST COLLECTIONS AND TRANSFERS TO THE COMBINED BENEFIT FUND (CASH BASIS)

As of September 30, 2002
(in thousands)

Year of Interest Collection	Interest Collection	1996 Transfer	1997 Transfer	1998 Transfer	1999 Transfer	2000 Transfer	2001 Transfer	2002 Transfer	Transfer To-Date	Interest Balance
1992	\$32,328	\$0	\$0	\$0	\$0	\$0	\$32,328	\$0	\$32,328	\$0
1993 - 1995	132,453	0	0	0	0	68,000	46,573	(23,253)	91,320	41,133
1996	69,384	47,184	0	(10,721)	9,554	(2,535)	3,413	4,687	51,582	17,802
1997	81,007		31,374	7,034	15,129	(4,240)	4,254	5,589	59,140	21,867
1998	67,031			36,249	9,495	7,961	3,896	5,049	62,650	4,381
1999	82,830				47,588	(2,708)	18,647	4,466	67,993	14,837
2000	94,369					42,482	5,231	21,317	69,030	25,339
2001	103,496						67,502	2,498	70,000	33,496
2002	43,278							70,000	70,000	(26,722)
Total	\$706,176	\$47,184	\$31,374	\$32,562	\$81,766	\$108,960	\$181,844	\$90,353	\$574,043	\$132,133