

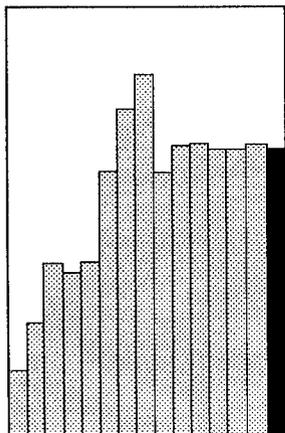
3. PROGRAM ADMINISTRATION & FINANCE

LEGISLATION

On October 24, 1992, the President signed into law the Energy Policy Act of 1992 (Public Law 102-486). The following provisions affect the implementation of SMCRA:

- Section 2503 - amends SMCRA to provide incentives to remine and reclaim abandoned mine sites.
- Section 2504 - requires the repair of, or compensation for, damages resulting from subsidence; requires OSM to use state definitions of "valid existing rights" (VER) for a period of one year, thereby delaying OSM's implementation of a "takings" test for VER decisions; restricts OSM's authority to conduct studies or research and demonstration projects; requires OSM, upon request, to enter into cooperative agreements with Abandoned Mine Land program states to control and extinguish coal outcrop fires.
- Section 2513 - provides assistance to small coal operators.
- Section 2514 - requires OSM to provide Title V grants to Indian tribes.
- Section 2515 - amends SMCRA to extend the collection of the abandoned mine reclamation fee through the year 2004.
- Section 19143(b), or Title XIX - amends SMCRA to extend the collection of the abandoned mine reclamation fee through the year 2004. Beginning in Fiscal Year 1995, the Secretary of the Interior is directed to transfer from the AML fund to the United Mine Workers Combined Benefit Fund any interest, less than \$70 million, estimated to be earned by and paid to the AML fund during the fiscal year.

BUDGET AND APPROPRIATIONS



OSM Budget 1978-92

The Department of the Interior and Related Agencies Appropriations Act of 1992, Public Law 102-154, appropriated \$109,700,140 from the General Fund for 1992 regulatory and enforcement activities, plus \$759,793, an amount equal to 1992 performance bond forfeitures. The regulation and technology appropriation included the following provisions:

- Federal civil penalties collected under Section 518 of SMCRA can be used to reclaim lands abandoned after August 3, 1977. Civil penalties collected in 1992 for use by OSM totaled \$475,162, all of which was used for reclamation of such post-August 3, 1977, lands. In addition, \$706,333 of prior-year collections were awarded for post-August 3, 1977, reclamation in 1992.
 - State regulatory program grants were funded at \$48,481,000, an increase of \$822,000 in 1992.
 - Regulation and Technology funds were provided to fund the full cost to the states for implementing the Applicant Violator System.
- In addition, \$187,803,000 was appropriated from the AML fund, and up to 20 percent of the funds recovered from the delinquent debts was authorized for continuing collection of these debts. In 1992, OSM spent \$1,162,000 to collect approximately \$6.3 million in delinquent AML fees and delinquent AML audit bills. The following provisions were included in the AML appropriation:
- State reclamation grants were funded at \$135,274,000, a reduction of \$13,940,000 from 1991.
 - No state was permitted to receive more than 20 percent of the total funds available for emergency reclamation projects.
 - Federal emergency program expenditures were limited to \$15,000,000.
 - Fifty percent of a state's annual AML grant can be denied if the Secretary of the Interior finds the state has failed to enforce provisions of the approved state regulatory program.

All of the appropriation's provisions were met.

Table 1 provides a 1978-1992 appropriation history.

DEBT MANAGEMENT

OSM pursues delinquent debtors who owe civil penalties for mine site environmental violations and unpaid AML fees, including unpaid AML fees resulting from compliance audits. OSM's 1992 collection and the year-end debt are shown in Table 2. Civil penalties include administrative charges and late payment penalties not available for use by OSM.

Delinquent debt information is retained in OSM's Applicant/Violator System to prevent violators from receiving

TABLE 1
OSM APPROPRIATION HISTORY
1978-1992*
(Dollars in Thousands)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Regulation & Technology															
State Regulatory Grants	\$8,600	\$18,900	\$21,680	\$35,000	\$24,432	\$32,150	\$36,100	\$36,734	\$35,367	\$45,110	\$40,359	\$41,910	\$41,910	\$47,659	\$48,481
Regulatory Program Operations								17,704	19,221	20,078	20,310	20,450	22,576	21,513	
Tech. Services, Training & Research								12,642	13,681	13,670	13,470	13,026	13,559	13,472	
Kentucky Settlement Agreement											3,685	4,425	3,772	904	
Assessments and Collections								6,938	7,929	10,502	8,981	9,100	13,078	12,730	
Program Operations & Inspections					10,493	13,776	23,729								
State & Federal Programs	3,300	4,007	14,352	22,492	15,246										
Inspection & Enforcement	7,520	13,360	16,622	15,717	12,193										
Technical Support	3,260	6,872	7,033	6,841	6,644	10,903	12,551	12,890							
Applied Research	2,500														
Mineral Institutes	5,700	5,800	10,000	9,629											
SOAP		5,000	15,000												
General Administration					7,332	6,268	6,994	8,103	14,062	13,831	11,999	12,970	13,067	13,504	
Executive Direction								[1,359]	[1,664]	[1,677]	[1,761]	[1,589]	[1,659]	[1,873]	
Administrative Support								[3,425]	[6,297]	[6,856]	[5,649]	[6,487]	[5,908]	[6,123]	
General Services								[3,319]	[6,101]	[5,298]	[4,599]	[4,894]	[5,500]	[5,508]	
Subtotal	30,880	53,939	84,687	89,679	58,515	60,878	70,695	80,347	80,774	100,003	102,125	101,095	101,228	110,843	109,700
Abandoned Mine Reclamation Fund															
State Reclamation Grants			10,000	26,200	46,936	173,528	233,100	236,840	149,441	160,600	159,660	151,660	145,780	149,214	135,274
Fund Management	4,784	8,680	9,124	9,987	6,794	5,131	6,498	6,599							
Fee Compliance									2,680	3,482	5,588	5,681	5,720	6,088	6,408
Reclamation Program Operations	15,875	21,835	39,376	29,364	41,680	23,064	26,452	39,371	28,715	24,582	13,662	19,005	22,264	25,238	27,154
AML-Technical Support	998	808	1,237	1,652	1,584	991	1,221	1,955							
RAMP	5,000	10,128	10,106	10,280	18,339	6,155	10,582	9,800	9,019	9,400	15,000	12,000	12,000	11,933	11,848
SOAP	10,000	10,000	10,000	5,000			(11,499)	(2,000)	2,949				2,000	1,492	1,851
General Administration					4,210	4,874	4,376	4,473	4,473	5,646	5,470	4,814	5,008	4,993	5,268
Executive Direction								[794]	[825]	[880]	[866]	[873]	[919]	[1,050]	
Administrative Support								[1,912]	[1,992]	[2,311]	[1,692]	[1,711]	[1,509]	[1,549]	
General Services								[1,767]	[2,829]	[2,279]	[2,256]	[2,424]	[2,565]	[2,569]	
Subtotal	36,657	61,451	94,843	82,483	115,333	213,079	271,228	296,941	197,277	203,720	199,380	193,160	192,772	198,958	187,803
Total	\$67,537	\$115,390	\$179,530	\$172,162	\$173,848	\$273,957	\$341,923	\$377,288	\$278,051	\$303,723	\$301,505	\$294,255	\$294,000	\$309,801	\$297,503

*Does not include Bond Forfeiture and Civil Penalty collections

**TABLE 2
DEBT MANAGEMENT**

Category	Amount Collected	Balance Owed
Civil Penalties	\$476,970	\$52,077,030
AML Fees	4,333,236	36,358,130
AML Audited Fees	2,011,325	21,145,366
Totals	\$6,821,531	\$109,580,526
Debt Not Delinquent		8,252,980
Total Delinquent		\$101,327,546

new mining permits. Of the \$109.58 million fiscal year-end 1992 debt balance, \$71.85 million (65 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on the unpaid balance.

NET WORTH REPORTS

OSM uses private contractors to determine the net worth of individuals and businesses with unpaid obligations. Net worth reports are requested to determine the ability of businesses and individuals to pay for the cost of reclaiming old mining sites or to pay their delinquent obligations, or both. During 1992, OSM requested net worth reports on 328 companies and individuals at a cost of approximately \$110,000.

LEGAL ACTION AGAINST DEBTORS

OSM is currently processing \$7.7 million of delinquent debt. When OSM exhausts its own avenues of debt collection, delinquent debts are referred to the Department of the Interior's Solicitor for appropriate legal action or bankruptcy proceedings. Of the total debt owed at the end of 1992, \$80.5 million has been referred to the Interior Department Solicitor. Of this amount, \$40.2 million is in bankruptcy proceedings and the remainder has been referred for collection action. An additional \$13 million of delinquent debt has been referred to the Department of Justice for appropriate legal action.

FEE COMPLIANCE AUDIT

OSM maintains regional and area audit offices in 13 cities throughout the nation's coal-producing regions. As the audit program has evolved, it has assumed an expanding role in the overall enforcement of SMCRA. While maintaining the basic audit program necessary to ensure compliance with reclamation fee requirements, the audit has also (1) performed special financial reviews, (2) expanded its scope of work to encompass ownership and control data for the Applicant/Violator System, and (3) assisted the Office of the Solicitor, Field Office Directors, and State Regulatory Authorities in specific enforcement efforts.

In 1992, OSM conducted 407 audits and audit-related projects and identified \$7.3 million in under-reported or non-reported AML fees. In addition to effecting structured audits of coal operators, OSM's audit staff has developed technical and programmatic policy; developed and implemented audit procedures and standards; developed and tested its Quality Assurance Review Program; developed an automated audit prioritization system; developed and implemented an Audit Appeals Program; and researched and coordinated the development of rules and regulations that impact the fee compliance program.

NEW DEBT MANAGEMENT INITIATIVES

The Division of Debt Management has a new Directorate Administration Reporting and Tracking System (DARTS) which is operational on a 100-user Novell network. Developed under the DataEase proprietary database management system by largely in-house resources, DARTS automates the process of assigning debt cases to collection specialists, and monitors the progress of those cases as they are worked. The system captures details concerning how the cases are being worked by means of an electronic "journal" that is updated by the collection specialists. There is no overnight processing; changes made are instantly reflected in DARTS. Besides tracking debt cases, DARTS produces the coding sheets used to update the AML and CMIS data systems.

FINANCIAL MANAGEMENT

Pursuant to authority granted by Congress in 1990 (P.L. 101-233), OSM began investing Abandoned Mine Land funds in 1992. OSM's investments are limited by law to special market-based Treasury bills, notes, and bonds. Total investment earnings received for 1992 was \$39.3 million. An additional \$1.2 million was earned in 1992 but will not be received until 1993. Average interest on investment during the year was 4.08 percent. At the end of the fiscal year, OSM had more than \$1 billion invested in Treasury securities.

AUDITED FINANCIAL STATEMENTS

In response to provisions of the Chief Financial Officers Act of 1990 (P.L. 101-576), OSM submitted its 1991 financial statements for audit by the Office of the Inspector General (IG). The auditor was expected to issue an unqualified opinion in December 1992. The 1991 financial statements mark the second set of bureau financial statements audited by the IG. The IG is expected to find that the statements are in conformity with generally accepted accounting principles for federal agencies (OIG Report No. E-IN-OSM-004-92, December 1992). This opinion covers the agency's financial position and budget reconciliation for the year ended September 30, 1991.

TECHNICAL INFORMATION PROCESSING SYSTEM (TIPS)

The Technical Information Processing System (TIPS) is a national computer system designed for use by the state regulatory authorities (SRA) and OSM to provide the automated technical and scientific analysis required for fulfilling OSM's regulatory responsibilities under SMCRA. TIPS has been installed in all coal-producing states and provides technical analytical capabilities to the states and OSM for the review of mining permit applications, abandoned mine land reclamation, and environmental assessments.

TIPS is fully operational and in 1992 OSM provided TIPS support in the following areas:

- Implementation of satellite global positioning and surveying for the states of Oklahoma, Montana, Tennessee, Wyoming, New Mexico, Missouri, and Colorado.
- Analysis of a proposed nuclear processing waste disposal site, in cooperation with the Environmental Protection Agency.
- Installation of a computer training facility capable of handling 15 students at a time.
- Creation of a large library of ground water modeling software, and update of all western state TIPS workstations.

APPLICANT/VIOLATOR SYSTEM (AVS)

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773) prohibit the issuance of permits to applicants with previous uncorrected violations and to applicants related to violators through ownership and control. AVS, a computer data base, was developed to assist OSM and the state regulatory authorities to ensure compliance with these requirements. AVS identifies association between permit applicants or their affiliates and uncorrected violations of SMCRA. This information is used by OSM and states to help determine whether a permit should be issued or denied.

This year the AVS Office improved its communication and cooperation with other offices within OSM. This resulted in the production of cleaner data, improved reporting, and a reduction in both the number of outdated AML mailings and the number of AVS recommendations overturned.

In May 1992, the AVS Office received one of nine national awards from the President's Council on Management Excellence. This recognition was for management improvement in the areas of administrative procedures,

customer orientation and data management and for its cooperation with other OSM offices and federal agencies.

Since 1991, in order to avoid an AVS Office permit "deny" recommendation, companies paid over \$1,424,572 in AML fees and federal civil penalties which would not have been paid otherwise. Some companies also signed settlement agreements to resolve uncorrected violations by performing reclamation work and providing lists of their contract operators.

OSM signed Memoranda of Understanding with 23 state regulatory authorities which will govern regulatory authority review of permit applications and maintenance of accurate and current data in AVS. To reduce the operation and maintenance costs of AVS, OSM assumed various computer processing control functions previously performed entirely by the AVS contractors. The daily batch backup costs were reduced by 65 percent, providing a \$200,000 annual savings. Computer processing costs at the U.S. Geological Survey (USGS) experienced an average monthly cost reduction of \$40,000. The removal of outdated AVS data from the USGS computer resulted in an additional \$30,000 annual savings.

In working to improve the usefulness of the system, the AVS Office developed and implemented a number of specific enhancements to AVS, including the following:

- Multiple coal mine operators may be evaluated during the application evaluation process;
- Entity evaluations are tracked on the system;
- Data entry and update procedures were simplified;
- Ownership and control information provided by the Mine Safety and Health Administration was included on the system;
- State cessation order violations were added to the system for use by regulatory authorities for permit evaluation purposes;
- The Application/Permit Maintenance program was modified to allow SRA's to update current and former operators; and
- As part of their oversight function, OSM Field Offices can now update the AVS application evaluation data.

OSM published in the *Federal Register* a proposed rule designed to establish new regulations requiring regulatory authorities to use AVS and other information sources to identify ownership and control links between permit applicants and violators. Additionally, the proposed rules would (1) establish methods, procedures, and standards

for challenging ownership and control information shown in AVS and prior to entry of such information into AVS; (2) provide a means, under certain circumstances, for challengers of ownership or control links to secure temporary relief from permit blocking while their challenges are pending; (3) clarify OSM's oversight authority to review the compliance of regulatory authorities with proposed rules; and (4) impose certain follow-up duties upon a regulatory authority once a permitting decision has been made. If finalized, this rule will serve to enhance the validity and usefulness of AVS.

AVS is being used effectively to ensure that individuals and companies associated with outstanding SMCRA violations, or with outstanding penalties or fees, are not being issued new permits. Since 1990, over 14,089 applications have been reviewed by the AVS; 11,156 applications received a recommendation of "issue," 1,550 applications received a recommendation of "deny," and 1,383 applications received a recommendation of "conditional." During 1992, the AVS reliability rating increased by over 10 percent from the previous year to over 96 percent and it continues to experience a significant increase in usage, especially by all OSM field offices, fee audit offices, solicitor offices, the Tennessee Valley Authority (TVA), state regulatory authorities, and the U.S. Department of Labor, Mine Safety and Health Administration.

SMCRA MODERNIZATION PLAN (SMP)

The SMCRA Modernization Plan begun in 1990 is a long-term blueprint for upgrading the automated data processing capability at OSM. Progress on the plan continued in 1992, which strengthened the objectives of increasing accuracy, credibility, and timeliness of mission support information at OSM concurrently with cost containments of the automated information delivery process. Important steps achieved during this period were in the areas of continued strategic planning, technology upgrades, and system upgrades.

Other major areas of accomplishments in 1992:

- The Information Resources Management Strategic Plan was updated to contain major automated data processing technology initiatives that were adopted by OSM management during 1992.
- Procurement of mini-computer hardware and operating system software to operate the Applicant/Violator System more cost-effectively; procurement of new micro-computers to replace all obsolete workstations on the agency's local-area networks; procurement of compact-disk-based storage systems to provide on-line technical reference materials; and procurement of electronic imaging systems to eliminate the large filing and storage requirements for official documents.

- Automated data processing upgrade accomplishments, including AVS and Abandoned Mine Land systems began operation on the new agency mini-computers; the inspection and enforcement tracking system containing oversight data was standardized and made operational on field office local-area networks; and core software was standardized.

MONITORING POTENTIAL CONFLICTS OF INTEREST

Sections 201(f) and 517(g) of SMCRA prohibit any federal or state employee "performing any function or duty under this Act" from having "direct or indirect financial interest in underground or surface coal mining operations." In monitoring these provisions, OSM provides oral and written guidance and assistance to personnel of affected state and federal agencies, including OSM's own employees. Through this process, OSM has increased awareness and understanding of these provisions, and violations have steadily decreased. In 1992, 1,088 employees filed financial disclosure statements. One Divestiture Order was issued under the conflict of interest provision of SMCRA: the situation was favorably resolved.

As part of OSM oversight with regard to the State Ethics Program, a review was conducted in June 1992 on the Alabama program. The review covered an analysis of the financial disclosure statements on file and an evaluation of the procedural processes in place for the program. In both Titles IV and V, no major problems were identified. OSM has now completed 9 reviews in 24 of the states where primacy was granted under SMCRA.

EQUAL OPPORTUNITY COMPLAINT PROCESSING COSTS

In 1992, complaint-processing costs decreased approximately 50 percent from 1991. It is anticipated that processing costs will continue to decrease as OSM moves toward internal investigation and alternative procedures for resolving disputes.

OSM WORK FORCE PROFILE

1992 ended with a net loss of 13 full-time permanent employees (to 1,025 from 1,038). Headquarters showed a decrease of six; while the Western Support Center showed an increase of eight. The field offices decreased by a total of six, and the Eastern Support Center decreased by nine. This employment reduction was the result of right-sizing OSM to balance work assignments with budget constraints.

CAREER DEVELOPMENT RESOURCES OFFICE

During 1992, in response to many employee requests, the Career Development Resources Office was established. This office provides employees with a means to obtain training, development, and information on growth opportunities to help them achieve their potential and meet the needs of OSM. On request, the office makes available self-improvement and motivational material, identifies OSM employees' training needs and priorities, and arranges for and conducts in-house training. Talented employees have already volunteered to develop and conduct training courses. During the next year training modules will be prepared on personnel management and equal employment opportunity issues.

GENERAL ACCOUNTING OFFICE (GAO) AUDITS

During 1992, GAO completed one audit but did not initiate any new audits. Table 3 lists this audit and its status.

**TABLE 3
1992 GAO REVIEWS**

Audit or Review Title	Status
Protecting/Preserving Wetlands	Completed, GAO/RCED 92-079FS

FIGURE 1 OSM ORGANIZATION

The Office of Surface Mining Reclamation and Enforcement

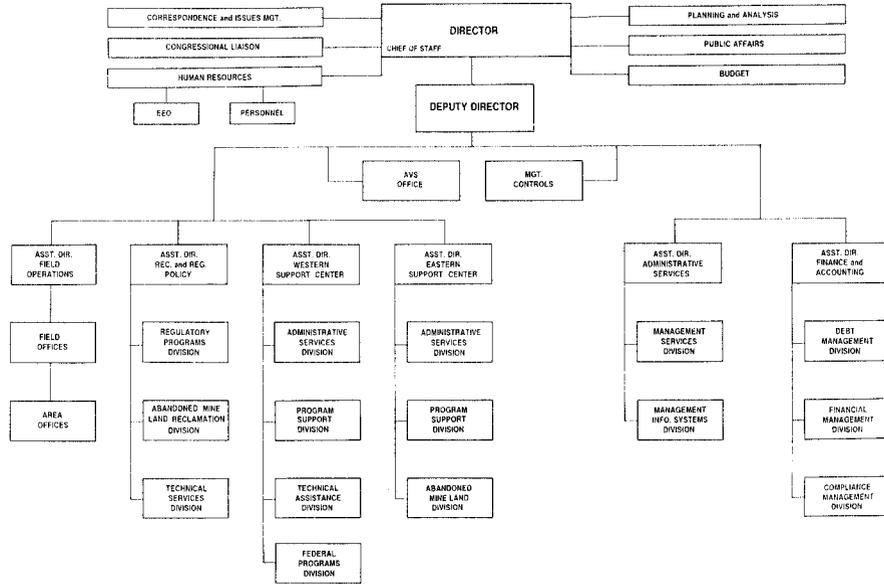


FIGURE 2 OSM OFFICE LOCATIONS

