



Annual Performance Plan FY 2003
Annual Performance Report FY 2001

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Office of Surface Mining
Reclamation and Enforcement

Department of the Interior

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Reclamation and Enforcement
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Washington, DC 20240
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Office of Surface Mining

Annual Performance Plan FY 2003

Annual Performance Report FY 2001



Department of the Interior
Office of Surface Mining Reclamation and Enforcement

The Office of Surface Mining, Reclamation and Enforcement is pleased to present its Fiscal Year 2001 Annual Performance Report and Fiscal Year 2003 Performance Plan, its third consolidated report measuring our progress under the Government Performance and Results Act.

OSM worked closely with States in 2001, distributing \$198.5 million to state programs to reclaim abandoned mineland health and safety hazards and \$55.5 million to state coal mine regulatory programs. OSM also worked to protect the environment by performing more than 37,000 complete mining inspections almost 52,000 partial inspections to insure that coal mines are operated safely and in accordance with environmental laws.

The year 2002 marks the 25th Anniversary of OSM's creation. OSM's original mission was direct enforcement of the Surface Mining Control and Reclamation Act. As State enforcement programs were created, OSM's role evolved from enforcement to oversight. Now, as State programs mature, it becomes OSM's responsibility to increase its capability to provide technical assistance, assure the quality of State programs and provide overall programmatic stability to a diverse and far-flung enforcement network.

This report reveals OSM at the threshold of this new stage in its evolution, building on 25 years of achievement by preparing itself to meet the challenges of the future.

Glenda Owens
Acting Director

Office of Surface Mining Reclamation and Enforcement

Leadership Commitment

The management of the Office of Surface Mining (OSM) supports the goals and objectives of the Government Performance and Results Act (GPRA) and is committed to transforming OSM into a performance-based agency. In accordance with GPRA guidance, this consolidated report has been prepared to show FY 2001 results and FY 2002 and FY 2003 planned goals and management reforms. OSM's senior management responsible for preparing this report and for assuring its integrity and objectivity are:

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Executive Summary

THE OFFICE OF SURFACE MINING (OSM) IS THE LEAD FEDERAL AGENCY FOR CARRYING OUT THE MANDATES OF THE SURFACE MINING CONTROL AND RECLAMATION ACT (SMCRA). OSM'S PRIMARY GOAL IS TO PROTECT SOCIETY AND THE ENVIRONMENT FROM THE ADVERSE EFFECTS OF SURFACE COAL MINING OPERATIONS.

Protection of society focuses on preventing fatalities or injuries by eliminating hazards such as highwalls and dangerous water bodies created by past mining and preventing off-site impacts from current mining activities. Protection of the environment focuses primarily on water pollution caused by either

soil erosion or Acid Mine Drainage (AMD) and the restoration of marred lands. OSM's mission goal of "Environmental Restoration" addresses the vestiges of past mining that occurred prior to the passage of SMCRA in 1977, and the mission goal of "Environmental Protection" addresses current mining since 1977.

SUMMARY OF FY2001 PERFORMANCE

OSM is making overall progress in achieving its two mission goals. In FY 2001, three performance targets were met and one performance target was not met. Not meeting the one annual performance target is not considered to be material (0.1%) or an environmental problem. OSM is confident that its verification efforts provide reasonably reliable data for showing program results.

Mission Goals	Long-Term Goals	FY 2001 Results
Environmental Restoration (Abandoned Mine Lands): To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.	Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres restored).	13,808 acres
	Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).	37 projects
Environmental Protection (Current Coal Mining): To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.	Maintain the percentage of sites free of offsite impacts (FY 05 target of 94 percent).	93.9%
	Increase the number of acres released from Phase III bonds (FY 05 target of 400,000 additional acres released).	81,853 acres

ENVIRONMENTAL RESTORATION (ABANDONED MINE LAND RECLAMATION)

Title IV of the Surface Mining Control and Reclamation Act (SMCRA) – the Abandoned Mine Land Reclamation Program provides for the restoration of lands mined and abandoned or left inadequately restored before August 3, 1977. Implementation is accomplished

through an Emergency Program (for problems having a sudden danger that present a high probability of substantial harm to the health, safety, or general welfare of people before the danger can be abated under normal program operating procedures), and a non-emergency program. States with approved programs carry out these responsibilities.

Congress established, through SMCRA, the Abandoned Mine Land (AML) Fund for the reclamation of mine lands left abandoned prior to 1977. The AML fund authorizes the collection

of fees (35 cents a ton for surface mining and 15 cents a ton for underground mining) from coal operators. Approximately \$275 million is collected annually. These funds are used for environmental restoration.

Environmental restoration is accomplished through the AML Program and addresses health, safety, and environmental problems found on over 1.5 million acres of land disturbed during past mining and over 11,500 miles of streams polluted by these unreclaimed lands. The major component of the AML Program is State and Tribal programs that are funded through grants.

OSM maintains an AML inventory of AML coal problems. These problems are classified into five priorities, with the vast majority of restoration efforts addressing priority 1 (extreme danger to public health, safety, and general welfare) and priority 2 (adverse effects to public health, safety, and general welfare) sites. Priority 3 (environmental hazards) sites are also included in the AML Inventory.

The Federal Program focuses on the emergency program and coordinating special focus initiatives such as the Appalachian Clean Streams Program.

The Appalachian Clean Streams Program component of the AML Program supports local efforts to eliminate environmental and economic impacts of acid mine drainage from abandoned coal mines. The objective is to facilitate the efforts of local groups in cleaning streams polluted by acid mine drainage. Besides lowering Federal costs, this initiative provides the unique feature of allowing different groups of citizens, industry, and government agencies to pool resources and actually work together on the same projects. The public learns first hand how difficult it can be to reclaim these problems with limited resources and government agencies gain fresh ideas from a wide variety of people and companies interested in protecting the environment with limited resources.

Measuring the final results of the environmental restoration effort **B** a safe and clean environment **B** is a difficult task. A single quantifiable standard does not exist to measure

the variety and extent of the problems or the successful reclamation of land and water. OSM uses a calculated projection of the number of acres reclaimed, as an indicator of success. Since 1977, over 180,000 acres of priority 1, 2, and 3 health and safety related coal problems, such as underground fires, subsidence, landslides, open shafts, and unstable man-made cliffs (highwalls), have been reclaimed. Over 560,000 acres of priority 1, 2, and 3 problem sites are currently included in the AML Inventory.

Although it is not a goal or measured result, the environmental restoration effort helps stimulate the coal mining region economies in two ways. First, restoration work provides an immediate economic stimulus, creating 17 jobs for every \$1 million spent. Second, by restoring a quality environment, communities are helped to prepare for new economic development.



This stream is polluted by acid mine drainage. Plant and wildlife within the stream has been destroyed and the river it feeds has been severely impacted.

**ENVIRONMENTAL PROTECTION
(CURRENT COAL MINING)**

Current coal mining operations include over 4.4 million acres in 26 States and on lands of three Indian Tribes. During mining, the potential risk from safety and environmental hazards increases. Fatalities, injuries, and property damage can result from blasting or the failure of large water impoundments. Environmental damages can occur far from the minesite and impact large numbers of people if water runoff containing pollutants is allowed to enter streams and other waterways.

How well we protect the environment, people, and property from the adverse effects of coal mining is measured by the number of incidents that occur outside the boundaries of the permitted areas being mined. These are known as off-site impacts. In FY 2001, 93.9 percent of the mine sites were free of off-site impacts.

The indicator of currently mined land being restored that meets the criteria of contour, topsoil and revegetation success is the number of acres released from Phase III bonds. In FY 2001, 81,853 acres were released from Phase III bonds. This number did not meet the target of 100,000 acres. This is not seen as an environmental problem, but rather an overly optimistic projection based on limited historical baseline data for years that had higher than average bond releases and a lack of reporting by industry for which OSM does not have direct control.

The principal means of providing environmental protection within the framework of SMCRA is through "primacy" States that receive Federal grant funding. Federal programs exist in States that chose not to have State regulatory programs. OSM supports the States with a Technology Development and Transfer Program and a National Technical Training Program. Small coal operators can receive financial assistance for obtaining technical data required to satisfy permitting requirements.

STRATEGIC INITIATIVES

Coal Production Energy Strategy

OSM will continue to protect the environment

while assuring a domestic coal supply essential to the Nation's energy requirements.

Using Effective Partnerships

OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation and regulatory agencies, and through private and grass-roots associations.

Management Reforms

OSM budget proposals have integrated strategic goals and associated measures with its budget structure for the past several fiscal years. OSM has already developed a succession plan to help strategically manage its human resources. Consistent with Administration guidance, OSM updated its Commercial Activity Inventory in FY 2001. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Similarly, because of OSM's expanded Electronic Government initiatives greater opportunity exists for citizen centered access.

OSM, in cooperation with and under the leadership of the Department of the Interior has engaged in the following reform initiatives to help fulfill the President's vision of a government that has a citizen-based focus and is results-oriented.

- \$ Budget and performance integration
- \$ Strategic management of human capital
- \$ Competitive sourcing
- \$ Improved financial performance
- \$ Expanding electronic government

In addition OSM will continue internal reforms that:

- \$ Support the Department of the Interior's management reform initiatives.
- \$ Provide services that add value and are uniquely Federal.
- \$ Establish rules and policies that enable more efficient and effective reclamation.
- \$ Implement OSM's Succession Planning.
- \$ Increase OSM's problem solving capabilities through better technology.

OSM Business Line Descriptions and Activities

BUSINESS LINE	DESCRIPTION	MAJOR ACTIVITIES	MAJOR OUTPUTS AND MEASURES
Environmental Restoration	Primary component for eliminating hazards caused by past mining.	State & Tribal Reclamation Grants, State Emergency Grants, Federal Emergency Program, Clean Streams Program, Outcrop & Underground Fire Control, Civil Penalty Projects, Bond Forfeiture Projects, and Program Operations	Acres reclaimed and number of Clean Streams Program Projects started
Environmental Protection	Primary component for protecting the environment during current mining.	State & Tribal Regulatory Grants, Federal Lands Program, Federal Programs, and Program Operations	Off-site impacts, acres released from Phase III bonds, and acres under permit
Technology Development and Transfer	Activities to enhance the technical skills needed for restoring and protecting the environment.	Technical Training, Technical Assistance, Technical Information Processing System (TIPS), Small Operator Assistance Program Grants, and Applicant Violator System (AVS)	Students trained and customer satisfaction
Financial Management	Provides services to coal operators in ensuring full compliance with the reclamation fee requirements, disburses funds to States and Tribes, and accounts for all AML funds.	Fee Compliance, Revenue Management, and Grants Management	Fees collected, fee compliance rate, customer satisfaction, and process efficiency
Executive Direction & Administration	Provides executive policy direction, administrative support, and fixed costs such as office space for all other Business Lines.	Director's staff offices, administrative support, rent, and telecommunications	Policy guidance, administrative support, human resource and civil rights compliance, and office space

About this Document

The Government Performance and Results Act (GPRA) requires agencies to submit annual performance plans to Congress with their fiscal year budget request, and to prepare an annual performance report at the end of each fiscal year (FY) on how well they met their goals.

OSM has combined in this document the FY 2001 Annual Performance Report (Report) with the FY 2003 Annual Performance Plan (Plan). We believe this consolidated Plan and Report will be more useful to Congress and the appropriations process than submitting multiple documents. This consolidated document covers what we have accomplished in FY 2001; what we plan to accomplish in the current fiscal year, FY 2002; and what we propose to accomplish in FY 2003 with the budget resources we are requesting. In a single presentation, the reader can see trends in our performance targets along with trends in our results.

The Annual Performance Plan for FY 2003 and the Annual Performance Report for FY 2001 is divided into three sections:

Section 1 - Introduction and Overview states our agency's mission; addresses links to Departmental goals, the budget, and our Strategic Plan; and contains a FY 2003 Goals-At-a Glance Table that provides a summary of our goals, performance targets, and budget allocations.

Section 2 - GPRA Program Activities and Goals includes subsections on each of OSM's two mission goals (program activity). Each of the two subsections include a description of the mission goal, proposed legislation if appropriate, the FY 2003 annual goals, FY 2003 funding changes, a budget table identifying the sources of funding supporting the mission goal, goal performance and statistics tables, annual goal descriptions, annual goals performance report, and a discussion of data quality.

Section 3 - Additional GPRA Information addresses customer service, crosscutting issues, management issues, internal evaluations, and other topics required by GPRA.

Appendix I - FY 2001 At-a-Glance provides a two page summary of FY 2001 performance by goal.

Appendix II - FY 2002 At-a-Glance provides a two page summary of FY 2002 targets by goal.

About Our Performance Goals, Measures and Targets. The performance goals, measures and FY2003 targets presented in this combined FY 2003 Annual Performance Plan (APP) and FY 2001 Annual Performance Report (APR) are based on the Office of Surface Mining Strategic Plan for FY 2000 – FY 2005. At the time this APP/APR was published (February 2002) the Department of the Interior (DOI) was in the process of revising its strategic plan. The primary impact of the revised DOI Strategic Plan will be on APP's developed for FY 2004 and beyond. However, we will review the performance goals, measures and targets presented in the Strategic Plan. As a result of that review, we may find it necessary or appropriate to modify portions of our FY 2002 or FY 2003 APP's. Any APP changes will be documented according to the provisions of the Office of Management and Budget Circular A-11.

Section I

Introduction and Overview

1.1 Introduction

The Office of Surface Mining Reclamation and Enforcement (OSM) was established with the signing of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), Public Law 95-87, August 3, 1977. OSM's two mission goals, Environmental Restoration and Environmental Protection, are very similar in that they focus on protecting society and the environment from the adverse effects of coal mining. Safety concerns include fatalities or injuries caused by blasting activities, failure of unstable land, or failure of water impoundments. Health and environmental problems include water pollution caused by runoff containing excessive sediment, toxic metals, and acid. The difference between the two goals is that Environmental Restoration addresses problems caused by mining occurring before the enactment of SMCRA and Environmental Protection addresses current mining since 1977.

OSM's mandates are carried out primarily through grants and cooperative agreements with States and Indian Tribes (transfers to the States account for 70 percent of the OSM budget) that implement regulatory and reclamation programs in accordance with standards in SMCRA and its implementing regulations.

OSM Funding - FY 2003	
AML State Grants & Cooperative Agreements	50 %
Regulatory State Grants	20 %
Other Programs	30 %

Currently, 24 States have a primacy, or approved State regulatory programs. Each State program includes key elements such as permitting and bonding requirements, on-the-ground performance standards which mining operations must meet, mine inspection and enforcement requirements, and procedures for designating lands as unsuitable for mining. In primacy States, OSM's mission becomes one of oversight, backup enforcement authority, and programmatic and technical assistance to the States.

In the absence of a State program or a cooperative agreement with a State to regulate mining on Federal lands, OSM serves as the regulatory authority in 12 States. OSM also provides funds to Indian Tribes to develop regulatory programs on Indian lands.

SMCRA provides the means for restoring abandoned coal mines through establishment of the Abandoned Mine Reclamation Fund based on collection of a tonnage-based reclamation fee assessed on current coal production. Legislative authority for collecting the fee expires September 30, 2004. Each year, Congress appropriates monies from the Fund which are used primarily by 23 AML Program States and three Indian Programs for on-the-ground reclamation projects. Through these projects, safety hazards are removed, highwalls eliminated, and causes of water and air pollution are treated or eliminated.

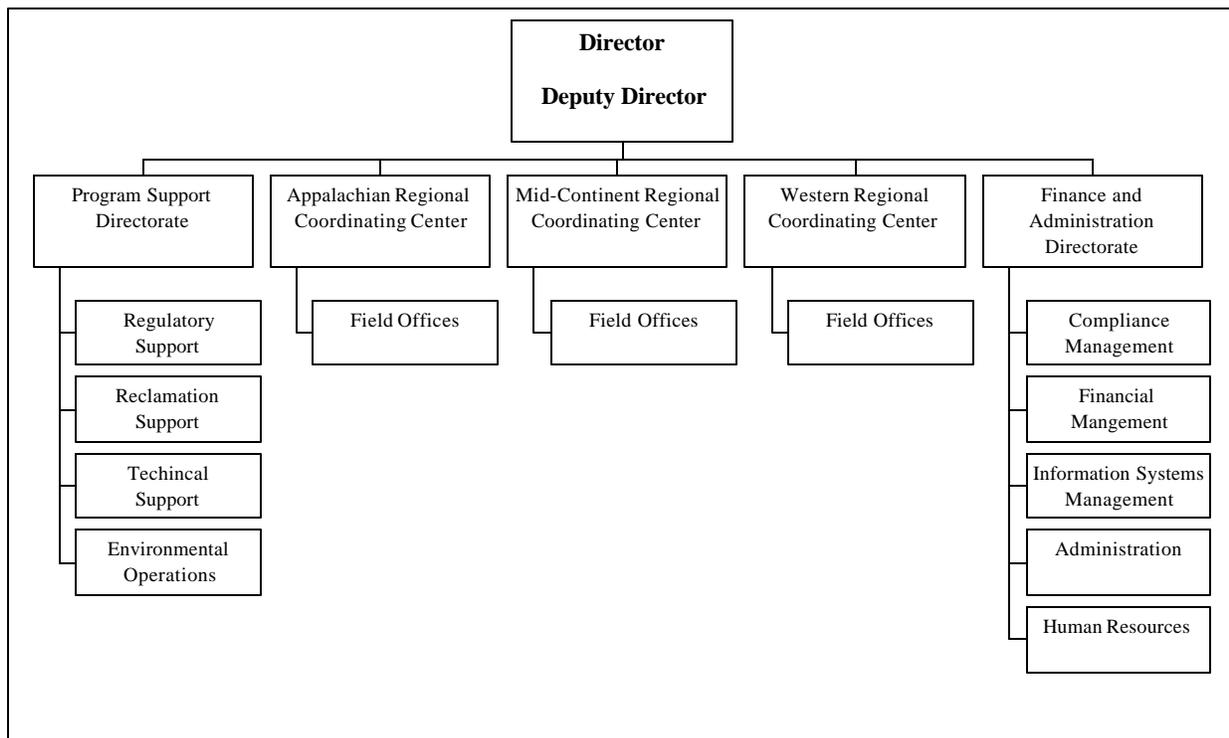
Additionally, monies are used to fund Federal and State AML emergency programs aimed at addressing unanticipated occurrences; for example, subsidence and landslides and the damages these events cause to human life and property. OSM conducts similar activities in non-program States and on Federal and other Indian lands. For States and Indian Tribes having approved AML Programs, OSM provides programmatic and technical assistance to the States and Indian Tribes and conducts oversight activities.

Organizational and Funding Structures

OSM is a field results-oriented organization, with headquarters in Washington, D.C., three regional coordinating centers, ten field offices, and six area offices. All organizational

units support both mission goals and conduct or support the five major business lines (functions) of the agency.

Office of Surface Mining Reclamation and Enforcement



OSM has two budget appropriations, **A**Abandoned Mine Reclamation Fund**@** and **A**Regulation and Technology**@**. The budget is further defined by OSM's five business lines. The business lines of Environmental Restoration and Environmental Protection are supported by the Technical Development and Transfer, Financial Management, and Executive Direction and Administration business lines. (See the GPRA Mission Goal - Budget Activity Tables for a detailed funding list and descriptions.)

million. However, included in this amount is \$4.2 million to reflect a Government-wide legislative proposal to shift the full cost of the Government's pension system and employee health benefits program for current employees to their employing agencies. Thus, OSM's FY2003 request net of this reform proposal is \$279.4 million, a decrease of \$27.1 million below the FY2002 enacted level of \$306.5 million.

The total FY2003 request for OSM is \$283.6

The FY2003 proposal reduces regular

Abandoned Mine Land reclamation grants to States by \$17 million, to \$142.1 million. It also reduces Federal high priority reclamation projects by \$1.3 million. Additionally, the budget makes a one-time reduction of \$11 million in the Abandoned Mine Land Federal Emergency Program and eliminates \$0.5 million for the Pennsylvania acid mine demonstration project. The budget also requests \$1.8 million

for uncontrollable cost increases and takes advantage of savings in travel costs. The proposal provides an increase of \$2 million to support of the State of West Virginia's surface mining regulatory program.

Environmental Restoration

Operational Processes (Program Activities): The majority of OSM's total funding request for this business line is for State and Tribal Funding, which provides AML State and Tribal reclamation grant funding, including watershed cooperative agreements, as well as funding for State and Tribal operated emergency projects.

The Federal Reclamation Program funds both emergency and high-priority reclamation projects in States and Tribes that do not have a coal regulatory program, and also provides for emergency reclamation of AML problems in States with a coal regulatory program but without their own emergency program. OSM's administration costs of these projects are included in this business line.

Evaluation and Oversight of the State and Tribal AML reclamation operations is coordinated by OSM through the State Program Evaluation program activity.

This business line also funds the Program Development and Maintenance program activity, which provides policy direction and ensures State/Tribal programs are amended as needed.

Environmental Protection

Operational Processes (Program Activities): Program activities within this business line ensure that the environment is protected during surface coal mining operations and that coal operators adequately reclaim disturbed land after mining is completed. This business line also provides for OSM's costs to ensure that States' programs are current with all Federal regulatory requirements. The State and Tribal Funding program activity includes grants to States to regulate coal operations on their lands. For States with cooperative agreements, this activity also includes grants to regulate coal operations on Federal lands. Finally, this activity includes grants to Tribes to develop regulatory programs and to assist OSM in the regulation of surface coal mining and reclamation operations on Tribal lands. State Program Evaluation funds OSM's oversight of State programs. The Federal Program funds OSM activities to ensure SMCRA compliance for non-primacy States (States without an approved regulatory program). The Federal Lands program activity funds OSM's activities in preparing Mining Plan Decision Documents for leased Federal coal as well as any regulatory activities on Federal Lands not covered by a cooperative agreement. The Indian Lands program activity funds OSM's regulatory responsibilities on Indian Lands.

Environmental Restoration Encompasses

State and Tribal AML Reclamation Operations

- *Reclamation Grants*
- *Clean Streams Program*
- *Watershed Cooperative Agreements*

Federal and State Reclamation Emergency Programs

- *High Priority Projects*
- *Outcrop and Underground Fire Control*
- *Civil Penalty Reclamation*
- *Bond Forfeitures*

Program Development and Maintenance

State Program Evaluation

Environmental Protection Encompasses

State and Tribal Funding

- *State Grants*
- *State Regulatory Activities*
- *Cooperative Agreement Funding*
- *Tribal Regulatory Development Grants*

Federal Programs & Federal Lands Program

Indian Lands Program

State Program Evaluation

Program Development and Maintenance

Technology Transfer and Development

Operational Process (Program Activities):

The Technical Training, Technical Assistance and Technology Transfer program activities enhance the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to effectively implement SMCRA. Thus, these program activities are an integral part of accomplishing the Environmental Restoration and Environmental Protection business line to achieve their goals and outcomes.

Technology Transfer & Development Encompasses

Technical Assistance, Training & Technology Transfer

Inclusive of

Electronic Permitting (EP)

Technical Information Processing System (TIPS)

Applicant Violator System (AVS)

Small Operator Assistance Program Grants (SOAP)

OSM provides technical training to OSM staff, States and Tribes on a variety of topics. New technologies, changes in regulations, and staff turnover necessitate the need for continued technical training. To solve problems related to the environmental effects of coal mining, OSM provides multi-disciplinary technical assistance and works with industry, States, Tribes and the public on technical issues arising from new regulations. Other technical assistance efforts include the Technical Information Processing System (TIPS), the Applicant Violator System (AVS), Electronic Permitting (EP), and the Small Operator Assistance Program (SOAP). Technology transfer is a major part of OSM's cooperative effort with States and Tribes.

OSM's technology transfer program will continue its support for electronic permitting efforts, sponsoring interactive technical forums and workshops, providing a regional technical services library, and more efficient access to COALEX (a computer-assisted library search service).

Financial Management

Operational Processes (Program Activities):

OSM carries out its program financial management responsibilities through three activities: fee compliance, revenue management, and grants management. This business line does not include administrative accounting for appropriated funds.

Fee compliance covers the collection, accounting, audit, and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.

Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

Financial Management Encompasses

Fee Compliance

- *Collection*
- *Accounting*
- *Audits*
- *Investment of AML fees*
- *Compliance Assistance to Operators*
- *Regulatory and Policy Development on Fee compliance issues*

Revenue Management

- *Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)*

Grants Management

Grants management includes accounting for and reporting on grants awarded to States and Tribes for AML

and regulatory purposes.

Executive Direction

Operational Processes (Program Activities): The funding request for this business line is to support activities of Executive Direction, Administrative Support and General Services. Executive Direction provides executive leadership and policy direction for the Bureau, which includes the immediate office of the Director. Administrative Support provides all of the support services for day-to-day operations, such as Personnel, Procurement and Finance and Accounting. General Service's funds bureau-wide fixed costs such as office space, telephones, US postage, Unemployment Compensation etc., and Department-wide fixed costs assessed to OSM.

<p style="text-align: center;"><i>Executive Direction & Administration</i></p> <p>Director's Office</p> <p>Administrative Operations Support Personnel Procurement Finance and Accounting</p> <p>General Services (Space, Telephone, and other Fixed Costs)</p>
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Strategic Initiatives

OSM, has developed the following strategic initiatives to better accomplish its mission of protecting the environment while assuring a domestic coal supply essential to the Nation's energy requirements.

Coal Production Energy Strategy

The United States possesses one-fourth of the world's coal resources. Because of the abundance of this resource and the fact that over one-half of the electricity generated in the Nation comes from coal-fired utilities, coal must remain a vital part of the Nation's energy policy. OSM recognizes that a number of issues addressing the extraction of coal must be addressed so that the environment is protected during and after mining operations. OSM will work to identify innovations it can implement that will assure domestic coal production while maintaining environmental quality and protecting public health and safety.

OSM will focus its technology development and transfer activities on eliminating, minimizing, or mitigating the impacts of mining and use of fossil fuels, such as the impacts from blasting and the disposal of wastes from coal combustion and processing. In addition, regulatory changes to foster innovation through removal of disincentives may also be necessary.

Enhancing Effective Partnerships OSM will continue to focus on developing new approaches in implementing SMCRA. These initiatives include continuing emphasis on the Clean Streams Program to facilitate and enhance State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. Through this initiative, over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents have

formalized their commitment to work together through a Statement of Mutual Intent. Many of the demonstration projects that have received funding since program inception are now completed, under construction, or in design, with construction to commence soon.

Advancing AML enhancement and re-mining are additional examples of these new approaches and continue to remain OSM priorities. These initiatives foster additional production and reclamation that might otherwise not occur, with reduced cost to the Government. Enhancing AML Reclamation allows more sites to be reclaimed by allowing contractors to offset reclamation costs by removing and selling coal found incidental to reclamation projects. Re-mining allows current operators to mine previously mined sites. Re-mining operators mine the now economical coal left by previous operations, as part of their current operations, and reclaim the entire site as part of their post-mining reclamation responsibilities. These operations may resolve many environmental problems created by past mining.

OSM recognizes the importance of working with the States and Indian Tribes, industry and coal field citizens in implementing SMCRA. To this end, OSM is committed to continue to work together with its partners to better implement the surface mining program. OSM and its partners have been working in concert to develop sound policies and implement procedures which not only enhance the environment for all Americans but also support the coal industry as economical, progressive, and responsible. As an example, OSM and the States revised OSM's approach to oversight from a process review to measuring on-the-ground results.

The Acid Drainage Technology Initiative (ADTI) is a primary example of another effective partnership at work. The ADTI is a partnership-based joint venture, which includes OSM, coal producing States, academia, industry, and other Government agencies and groups. Its purpose is to identify, evaluate, and develop best science practices to predict the likelihood of acid mine drainage discharges prior to mining, and to

identify successful remediation practices for existing sources of acid mine drainage. Two manuals, one focusing on reclamation techniques and the other on prediction, have been issued to date.

Management Reforms

OSM, in cooperation with and under the leadership of the Department of the Interior has engaged in the following reform initiatives to help fulfill the President's vision of a government that has a citizen-based focus and is results-oriented.

- \$ Budget and performance integration
- \$ Strategic management of human capital
- \$ Competitive sourcing
- \$ Improved financial performance
- \$ Expanding electronic government

In addition OSM will continue internal reforms that:

- \$ Support the Department of the Interior's management reform initiatives.
- \$ Provide services that add value and are uniquely Federal.
- \$ Establish rules and policies that enable more efficient and effective reclamation.
- \$ Implement OSM's Succession Planning.
- \$ Increase OSM's problem solving capabilities through better technology.



This mine fire, which has broken to the surface endangers traffic passing by on the highway, is releasing noxious gases into the atmosphere, and endangering surrounding plant and wildlife.

1.2 Mission Statement

OSM's mission is to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Tribes. Our primary objectives are to:

- C ensure that coal mines are operated in a manner that protects citizens and the environment during mining,
- C ensure that the land is restored to beneficial use following mining, and
- C mitigate the effects of past mining by aggressively pursuing reclamation of abandoned mines.

1.3 Linkage to Departmental Goals

OSM's two mission goals are most directly linked to the Department of the Interior's goal to

Protect the Environment and Preserve Our Nation's Natural and Cultural Resources.® For reporting purposes, all of OSM's performance goals and resources are reported under this Departmental goal.

OSM also supports the Department's goal in ***Meeting our Trust Responsibilities to Indian Tribes and our Commitments to Island Communities.***® OSM supports this goal by providing grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to assist them in developing programs for regulating surface coal mining and reclamation operations on Indian lands. The development of these programs includes creating tribal mining regulations and policies; working with OSM in the inspection and enforcement of coal mining activities on Indian lands (including permitting, mine plan review, and bond release); and education in the area of mining and mineral resources.

DOI GOAL - Protect the Environment and Preserve Our Nation's Natural and Cultural Resources

OSM GOALS and INITIATIVES

Mission Goals	Long-Term Goals	Strategic Initiatives
<p>Environmental Restoration - To provide a safer and cleaner environment by reclaiming and restoring land and water degraded by past mining.</p> <p>Environmental Protection - To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.</p>	<p>Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres restored).</p> <p>Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).</p> <p>Maintain the percentage of sites free of off-site impacts (FY05 target of 94 percent).</p> <p>Increase the number of acres released from Phase III bonds (FY05 target of 400,000 additional acres released).</p>	<p>Coal Production Energy Strategy OSM will work to protect the environment while assuring a domestic coal supply essential to the Nation's energy requirements.</p> <p>Using Effective Partnerships OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation and regulatory agencies, and through private and grass-roots associations.</p> <p>Management Reforms OSM, in cooperation with and under the leadership of the Department of the Interior has engaged in the following reform initiatives to help fulfill the President's vision of a government that has a citizen-based focus and is results-oriented.</p> <ul style="list-style-type: none"> \$ Budget and performance integration \$ Strategic management of human capital \$ Competitive sourcing \$ Improved financial performance \$ Expanding electronic government <p>In addition OSM will continue internal reforms that:</p> <ul style="list-style-type: none"> \$ Support the Department of the Interior's management reform initiatives. \$ Provide services that add value and are uniquely Federal. \$ Establish rules and policies that enable more efficient and effective reclamation. \$ Implement OSM's Succession Planning \$ Increase OSM's problem solving capabilities through better technology.

1.4 Linkage to Budget

In accordance with the Office of Management and Budget's (OMB) Circular A-11, section 220.8, the entire costs for the organization, including general and administrative costs are allocated to OSM's two mission goals.

OSM's "Performance Efforts" are operationally linked to the budget. OSM's budget activities are structured around the five business lines of Environmental Restoration, Environmental Protection, Technical Development and Transfer, and Executive Direction and Administrative Support, that show clear lines of support for accomplishing the mission goals. A business-line based accounting system was developed to determine budget activities costs, to determine performance output costs, and to enhance the management decisionmaking process. (See the GPRA Mission Goal - Budget Activity Tables for a detailed funding list.)

1.5 Adjustments to the Strategic Plan

The Department of the Interior is in the process of revising its Strategic Plan and expects it to be completed by mid-March 2002. Subsequently, OSM will revise its Strategic Plan to integrate with the Department's Plan.

1.6 Data Verification and Validation

Program managers tend to manage their programs by tracking outputs. Tracking outputs is a vital and necessary part of running a program. However, to truly evaluate the success of a program, outcomes or results must be measured. The AGPRA community recognizes that results are often hard to identify and even harder to measure. OSM has chosen to focus on the more difficult path of measuring results that are a valid indication of program effectiveness rather than simply reporting outputs. OSM realizes that no data collection and reporting efforts result in a perfect data and choosing the more difficult path of focusing on results opens the door to data verification problems.

Increasing the potential for data problems is OSM's reliance on collecting performance data

from multiple internal operations and from 24 States and four Indian Tribes. Efforts have been made to coordinate and standardize data definitions and collection procedures to strengthen data validity. OSM uses a three prong approach for verifying and validating performance measure data: 1) audits by external staff from such agencies as the Office of the Inspector General or General Accounting Office (GAO); 2) periodic reviews coordinated by the Office of Strategic Planning and Evaluation; and 3) an annual self-assessment by program managers.

The annual self-assessment by managers includes seven items including comparisons to other data sources; data limitations for assessing performance; and actions to compensate for unavailable, low-quality, or erroneous data. This OSM effort is similar to the Department of the Interior's effort to develop a more unified Department-wide approach to data verification. OSM supports the Department's efforts in this area and will incorporate these procedures into the OSM verification and validation process.

OSM is confident that the data presented in this report are reasonably reliable for the intended purpose of showing program results over time. Although committed to improving its data, OSM recognizes that increased efforts to obtain data must be balanced with the resources necessary to obtain that data. In many cases the cost of obtaining better data may be unreasonable compared to the value of the data itself.

1.7 FY 2003 Annual Performance Plan AAt-A-Glance®

DOI GOAL	OSM MISSION GOALS	LONG-TERM GOALS	FY 2003 ANNUAL GOALS
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources	Environmental Restoration - To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.	Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres restored). Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).	The AML Program will reclaim 6,900 acres. The Office of Surface Mining will provide funding for 28 new cooperative Acid Mine Drainage Projects under the Clean Streams Program.
	Environmental Protection - To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.	Maintain the percentage of sites free of off-site impacts (FY05 target of 94 percent). Increase the number of acres released from Phase III bonds (FY05 target of 400,000 additional acres released).	The Surface Mining Program will maintain the percentage of sites that are free of off-site impacts at 94%. The Surface Mining Program will release 75,000 acres from Phase III Performance Bonds.

Section II

Organization of Section II

SECTION II includes subsections on each of OSM's two mission goals (program activities). Each of the two subsections include a description of the mission goal, proposed legislation if appropriate, the FY 2003 annual goals, FY 2003 funding changes, a budget table identifying the sources of funding supporting the mission goal, goal performance and statistics tables, annual goal descriptions, FY 2001 Annual Performance Report, and a discussion of data quality.

Mission Goals

2.1 Environmental Restoration Mission Goal (AML Reclamation)

Description

The Environmental Restoration Mission Goal addresses threats to the public health, safety, and general welfare caused by past mining practices. The total magnitude of the problem is difficult to assess, but OSM has developed a national inventory that contains information on over 13,700 problem areas associated with abandoned mine lands. A problem area is a geographical area, such as a watershed, that contains one or more problems. The more serious problem areas are classified as priority 1 (extreme danger to public health and safety), priority 2 (adverse affects to public health, safety, and general welfare problems), or priority 3 (environmental hazards). Other problem areas are classified as either priority 4 (public facilities such as utilities or roads) or priority 5 (publicly owned land adversely affected by coal mining practices).

Since 1977, over 180,000 acres of priority 1, 2, and 3 health and safety related coal problems have been reclaimed. Over 560,000 acres of priority 1, 2, and 3 problem sites are currently included in the AML Inventory.

Problems areas are addressed through the AML Program. The AML Program includes the following:

- C Twenty-three State and three Tribal reclamation programs, which are funded through Federal grants, undertake the majority of reclamation projects.

AML Priorities

Expenditures from the AML Fund on lands and water eligible for reclamation are reflected by the following priorities:

- (1) the protection of public health, safety, general welfare, and property from extreme danger of adverse effects of coal mining practices;
- (2) the protection of public health, safety and general welfare from adverse effects of coal mining practices;
- (3) the restoration of land and water resources and the environment previously degraded by adverse effects of coal mining practices including measures for the conservation and development of soil, water, woodland, fish and wildlife, recreation resources and agricultural productivity;
- (4) research and demonstration projects relating to the development of surface mining reclamation and water quality control program methods and techniques;
- (5) the protection, repair, replacement, construction, or enhancement of public facilities such as utilities, roads, recreation, and conservation facilities adversely affected by coal mining practices.

AML Acres Reclaimed

Measuring the final results of the environmental restoration effort **B** a safe and clean environment **B** is a difficult task. A single quantifiable standard does not exist to measure the variety and extent of the problems or the successful reclamation of land and water. OSM uses a calculated projection of the number of acres reclaimed as an indicator of success. Reclamation problems in the Inventory can involve 30 different types of hazards having five different units of measurement: miles, acres, feet, counts, and gallons per minute.

- C State and Federal emergency programs address unforeseen problems that require immediate action to safeguard people and property. Emergencies are generally the result of either subsidence, the caving in of old underground mines which impacts surface structures or leaves dangerous depressions, or landslides.
- C Federal non-emergency programs address problems in States without an approved reclamation program.
- C The Clean Streams Program focuses on efforts to clean-up Acid Mine Drainage (AMD) through partnerships with local grass-roots organizations and other interested parties.
- C Civil Penalties, Bond Forfeitures, and Outcrop and Underground Fire Control Projects address restoration projects often not eligible for AML funding. Civil penalty and bond forfeiture projects address post-1977 abandoned mine sites

where operators failed to adequately reclaim the land. Coal outcrop fires are a long-term threat to public safety and property. (These post-SMCRA restoration efforts are funded through the Regulation and Technology Appropriation).

- C Technology Development and Transfer programs that support the States, Tribes, Federal agencies, the coal industry, and citizens by providing technical information and tools for carrying out the requirements of SMCRA.
- C The National Technical Training Program, a cooperative effort with States and Tribes, that provides instruction on such subjects as acid mine drainage, blasting, hydrology, and revegetation.
- C Financial Management includes the Fee Compliance Program and Grants Financial Management.

Cleans Streams Program

Acid mine drainage (AMD) is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. OSM's emphasis on the Clean Streams Program combined with increasing watershed stewardship at the community level, and more sophisticated and cost-effective treatment technology, has promoted increased water restoration projects. OSM has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals on these projects. To further these type projects, in 1999, OSM implemented the Watershed Cooperative Agreement Program. The program allows OSM to award money directly to private not-for-profit agencies, such as small watershed organizations, to undertake local AMD reclamation projects. This program is intended to provide "finishing" money; that is, the final amount necessary to complement the contributions of other supporting partners so that actual construction can proceed.

As part of the Appalachian Clean Streams Program in 2001, \$2.7 million was included in the budget to fund watershed

projects with local not-for-profit organizations that undertake acid mine drainage reclamation projects. An additional \$14.7 million was contributed by outside sources. The maximum award for each cooperative agreement was \$100,000. Following is the status of the Appalachian Clean Streams watershed project funding.

01.01 In FY 2003, the Surface Mining Program will reclaim 6,900 acres.

FY 2003 Goals

APPLICATION STATUS			
Sponsoring organization	Funding	Application status	Project description
New Agreements			
Trout Unlimited	\$ 100,000	Awarded	2 mile Run Surface Project -Pennsylvania
Trout Unlimited	100,000	Awarded	Robbins Hollow Project -Pennsylvania
Headwaters Charitable Trust	52,400	Awarded	Blue Valley Phase II - Pennsylvania
Southern Alleghenies Conservancy	100,000	Awarded	Metro Discharge - Pennsylvania
Southern Alleghenies Conservancy	100,000	Awarded	Wells Creek - Pennsylvania
Southern Alleghenies Conservancy	100,000	Awarded	Boswell AMD Project - Pennsylvania
Lower West Fork Association	41,885	Awarded	Nixon's Run - West Virginia
Friends of the Cheat	80,000	Awarded	Sovern Mine Drainage - West Virginia
Four Rivers RC&D	79,300	Awarded	Old Ben Scout Reservation AMD - Indiana
Alabama Rivers Alliance	100,000	Awarded	Hurricane Creek AMD Project - Alabama
Western Maryland RC&D	100,000	Awarded	Crellin Limestone Project - Maryland
Western Maryland RC&D	100,000	Awarded	McDonald AMD Remediation Project - Maryland
Western Maryland RC&D	100,000	Awarded	Lonnaconing AMC - Maryland
Amendments to Previous Agreements			
Blacklick Creek Watershed Association	20,000	Awarded	Webster Mine Drainage - Pennsylvania
Shamokin Creek restoration Alliance	3,000	Awarded	Carbon Run Site 48 - Pennsylvania
Blacklick Creek Watershed Association	4,000	Awarded	Vintondale - Pennsylvania
Penns Corner Conservancy	20,000	Awarded	Brinkerton Site - Pennsylvania
Penns Corner Conservancy	20,000	Awarded	Grigsby Project - Maryland
Penns Corner Conservancy	20,000	Awarded	Hamilton Site - Pennsylvania
Eastern Pennsylvania Coalition	20,000	Awarded	Oneida No. 1 - Pennsylvania
Freshwater Institute	50,000	Awarded	Mill Run Project - Maryland
Western Maryland RC&D	20,000	Awarded	Teets Acid Mine Drainage Project - Maryland

01.02 In FY 2003, the Office of Surface

(\$000's)
Environmental Restoration Mission Goal

Budget Activity/Subactivity (subactivity linked to goal)	FY 2001 Actual			FY 2002 Actual			FY 2003 President's Budget		
	Budget Activity	Restoration Goal	%	Budget Activity	Restoration Goal	%	Budget Activity	Restoration Goal	%
Env. Restoration - AML (Recl. Grants, State Emerg. Prog. Grants, ACSI, State Prog. Eval., Fed. Emerg. Proj., Fed. HP Proj., Prog.Ops., Prog. Dev. & Maintenance, AML Inv., and Grants Mgt.)	199,270	199,270	100	186,697	186,697	100	156,987	156,987	100
Technology Dev. & Transfer - AML (Tech. Ass., Map Rep., Recl. Sup. Activities, TIPS, Training, Tech. Trans.)	3,591	2,094	58	4,136	2,639	64	4,164	2,667	65
Financial Management - AML (Fee Compl., Revenue Mgt., and Grants Mgt.)	5,402	5,402	100	6,070	6,070	100	6,179	6,179	100
Executive Dir. & Admin - AML (Director's Staff Offices, Admin. Sup., and fixed costs for rent, telecom.)	6,302	6,302	100	6,652	6,652	100	6,705	6,705	100
AML Appropriation Subtotal	214,565	213,068	99	203,455	202,058	99	174,035	172,538	99
Environmental Restoration - R&T (Outcrop Fire Control, CP Recl., and Bond Forf.)	431	431	100	435	435	100	437	437	100
Environmental Protection - R&T (State Grants, State Reg. Activities, CA Funding, Tribal Reg. Dev., Prog. Grants, State Prog. Eval., Fed. Prog., Fed.I Lands Prog., Prog. Dev. & Maint. and Grants Mgt.)	76,274	0	0	77,741	0	0	79,159	0	0
Tech. Dev. and Transfer - R&T (Tech. Asst., TIPS, Tech. Training, Ex. Practices, AVS, and Tech. Transfer)	11,820	0	0	12,151	0	0	12,593	0	0
Fin. Mgt. - R&T (Rev. Mgt. & Grants Mgt.)	536	0	0	477	0	0	485	0	0
Executive Direction & Admin. (Director's Staff, Admin. Sup., and fixed costs for rent, telecom.)	11,793	0	0	12,271	0	0	12,693	0	0
R&T Appropriation Subtotal	100,854	431	0.4	103,075	435	.4	105,367	437	0.4
TOTAL	315,419	213,499	68	306,630	202,493	66	279,402	172,975	62

Environmental Restoration Performance Tables

Mission Goal: Environmental Restoration						
Mission Goal Budget History (\$000)	FY 1998 Enacted	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003 President
	NA	184,296	194,798	214,565	203,455	174,035
Long-Term Goals:						
Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres reclaimed).						
Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).						
Annual Performance Measure: In FY 2003						
01.01 The AML Program will reclaim 6,900 acres. <u>1/</u>						
01.02 The Office of Surface Mining will provide funding for 28 new cooperative Acid Mine Drainage Projects under the Clean Streams Program.						
	FY 1998 Actual	FY1999 Actual	FY 2000 Actual	FY 2001 actual	FY 2002 Plan	FY 2003 Proposed
01.01	7,201 acres	10,949 acres <u>2/</u>	12,176 acres <u>3/</u>	13,808 acres <u>4/</u>	8,200 acres	6,900 acres
01.02	9 projects	29 projects	35 projects	37 projects <u>5/</u>	46 projects <u>5/</u>	28 projects <u>5/</u>

1/ Includes priority 1,2, and 3 problems for pre-SMCRA grant programs, coal interim sites, coal insolvent sites and acid mine drainage.

2/ The accomplishments reported by the States and Tribes for FY 1999 included more than one fiscal year. OSM's calculated estimate for FY1999 actual is 7,400 acres. FY 2000 - FY 2002 planned results uses 7,400 acres as the baseline for the number of acres for which reclamation is initiated. Actual project completion may occur one to three years after funding.

3/ The accomplishments reported by the States and Tribes for FY 2000 included more than one fiscal year. OSM's calculated estimate for FY 2000 actual is 8,100 acres. FY 2000 - FY 2002 planned results uses 7,400 acres as the baseline for the number of acres for which reclamation is initiated. Actual project completion may occur one to three years after funding.

4/ The FY 2001 planned target was revised from 9,100 acres to reflect the factors indicated in footnotes 2 and 3.

5/ The FY 2001-FY 2003 planned target were revised based on four years of data rather than just 1997 and 1998. The more recent data shows that the projects being funded are larger than initially anticipated reducing resources available for a higher number of projects to be indicated during the year. Although the number of projects initiated may be less, this does not automatically mean that less environmental restoration will occur as the size of the projects are larger than initially projected.

In addition to the annual performance measures for environmental restoration, OSM tracks other workload and performance statistics that are used to monitor program performance. The following table shows an additional fourteen workload and performance statistics.

Environmental Restoration Mission Goal Workload and Performance Statistics				
	FY 98 Actual	FY 99 Actual	FY 00 Actual	FY 01 Actual
Environmental Restoration Business Line				
Number of emergency hazards abated	406	308	339	311
Number of persons directly impacted by emergency abatements (based on the number of persons impacted by federal emergency projects)	22,000	27,000	16,000	12,000
Percent of instances where OSM awards AML grants within 60 days	90%	93%	100%	96%
Technical Development and Transfer Business Line Performance Statistics				
Customer satisfaction rate in the quality of OSM's technical training (based on surveys covering both mission goals)	88.6%	91.4%	94%	94.6%
Customer service rate in the quality of OSM's tech. assistance activities (based on surveys covering both mission goals)		97.6%	93.3%	99.6%
Customer satisfaction rate for technical training in the use of the Technical Information Processing System (TIPS) (based on surveys covering both mission goals)	85%	88%	89.7%	88%
Customer satisfaction rate in the quality of OSM's technical transfer activities (based on surveys covering both mission goals)		93.2%	98.5%	96.8%
Students trained by OSM (applies to both mission goals)	819	997	902	908
Customer satisfaction rate in the quality and timeliness of Applicant Violator System (AVS) services (based on surveys covering both mission goals)		96.1%	97%	97%
Financial Management Business Line Performance Statistics				
Fee collection rate as measured by percent of fees due that are collected (indicates success in generating funds for reclamation-total collections shown in \$millions).	99.78% (\$273M)	99.82% (\$276.6M)	99.83% (\$274.4M)	99.78%
Initial fee compliance rate as measured by percent of permits reporting and paying on time (shows compliance before OSM follow-up compliance actions).			91.8%	92.28%
Debt processing rate within the first 180 days (applies to both mission goals)	99.3%	97%	100%	N/A
Percent of instances where OSM processes requests for grant payments within one day (applies to both mission goals)	95%	99.7%	100%	100%
Customer service rate for accuracy, timeliness, and overall satisfaction of grants financial management (applies to both mission goals)	90%	95%	100%	90%

Annual Goals Description

The Environmental Restoration Mission Goal addresses the enhancement of public health, safety, and general welfare by correcting problems caused by past mining. It is difficult to fully show annual progress in achieving the Environmental Restoration Goal. OSM has chosen two annual performance measures supported by 14 workload and performance statistics to indicate annual progress. As OSM gains more experience and receives feedback on our annual performance reporting, performance measures may be revised or added.

Annual Performance Measure 01.01, the number of acres reclaimed annually, gives the primary perspective of what is being accomplished and what remains to be done. OSM has identified over 560,000 acres of priority 1, 2, and 3 coal-related health and safety problems such as underground fires, subsidence, highwalls, landslides, open shafts, and polluted water. The total magnitude of the problem, which is found nationwide, is unknown. What we know is that the costs to reclaim known problems far exceed the resources of the AML Program. What is important to the public is that the AML Program address these problems as quickly as possible so that we can all live in a safer and cleaner environment. The AML Program has reclaimed approximately 142,000 acres of coal-related problems to date. At the FY 2000 target rate of 8,100 acres, it will take over 50 years to reclaim the remaining 418,000 acres of currently known unreclaimed priority 1, 2, and 3 coal-related problems.

Annual Performance Measure 01.02, the number of new cooperative Acid Mine Projects under the Clean Streams Program, focuses on a small, but important and highly visible component of the AML program. This measure gives an indication of non-AML Program staff who are directly involved in reclamation activities. Increasing numbers of projects indicate more support and involvement of the public in reclamation activities. The Clean Streams Program is unique in that it enables joint Federal, State, and public effort on a small scale to do the

same type of reclamation activities that the Federal and State AML Programs undertake on a larger scale. While reducing Federal costs, it also enables the public to understand the problems encountered during reclamation; but more importantly, it provides opportunities to a wide spectrum of individuals to share innovations and successful approaches to reclamation. Since the Clean Streams Program currently amounts to less than five percent of the funding for the Restoration Goal, not meeting the target for new projects each year will not have a major negative effect on the long-term goal of restoring AML problems. However, if in the future this initiative brings in substantial additional non-AML Fund resources, it has the potential of having a major positive effect on addressing AML problems.

FY 2001 Annual Performance Report:

FY 2001 Annual Performance Goals (Measures):			
		Met	Not Met
01.01	The Surface Mining Program will reclaim 8,600 acres.	13,808	
01.02	The Office of Surface Mining will provide funding for 35 new cooperative Acid Mine Drainage Projects under the Clean Streams Program.	37	
Total		2	
<p>The baseline data for both measures are limited, but both give an indication of positive trends in achieving a safer and cleaner environment. While striving to make improvements, OSM will also consider revising the targets to better reflect program constraints and external factors. For example, the number of new projects is constrained by funding. New projects were larger than anticipated, therefore, reducing the number that would be undertaken. However, the net environmental benefits and public participation may be as great as if a larger number of smaller projects had been undertaken.</p>			

**AML Reclamation Accomplishments
Historical Data Through September 30, 2001
Priority 1, 2, and 3 Problems**

<i>Problem Type</i>	<i>Units</i>	<i>Number of Units</i>	<i>GPRA Acres</i>	<i>Cost of Completed Reclamation</i>	<i>Remaining Reclamation Costs</i>
Bench	Acres	710	710	\$3,236,513	\$12,215,286
Clogged Streams	Miles	362	1,810	\$38,695,569	\$50,540,797
Clogged Stream Lands	Acres	18,441	18,441	\$176,579,464	\$202,618,877
Dangerous Highwalls	Feet	1,950,183	27,955	\$236,564,365	\$665,715,069
Dangerous Impoundments	Count	543	3,469	\$17,890,570	\$17,884,786
Industrial/Residential Waste	Acres	626	626	\$3,219,381	\$10,762,609
Dangerous Piles & Embankments	Acres	10,162	10,116	\$167,465,094	\$268,175,704
Dangerous Slides	Acres	2,849	2,877	\$110,124,852	\$89,653,273
Equipment/Facilities	Count	573	61	\$5,509,420	\$4,574,800
Gases: Hazardous Explosive	Count	31	31	\$408,408	\$2,775,001
Gobs (Coal waste piles)	Acres	5,506	5,508	\$66,340,269	\$66,119,480
Highwalls	Feet	145,376	2,077	\$10,331,814	\$1,146,412,617
Hazardous Equipment & Facilities	Count	2,720	277	\$18,431,202	\$27,453,666
Haul Road	Acres	306	306	\$2,572,000	\$5,114,862
Hazardous Water Body	Count	553	2,2,908	\$29,119,124	\$55,435,845
Industrial/Residential Waste	Acres	626	626	\$3,219,381	\$10,762,609
Mine Opening	Count	402	40	\$854,902	\$7,011,041
Other	-----	751,645	201	\$7,253,776	\$22,744,922
Polluted Water: Agricultural & Industrial	Count	162	808	\$35,865,039	\$103,424,106
Polluted Water: Human Consumption	Count	13,298	66,486	\$76,104,528	\$3,762,275,498
Portals	Count	8,279	849	\$33,134,273	\$21,669,874
Pits	Acres	1,798	1,798	\$9,549,399	\$42,723,285
Subsidence	Acres	5,503	5,502	\$230,949,437	\$493,978,057
Spoil Area	Acres	22,154	22,154	\$58,989,158	\$287,549,101
Surface Burning	Acres	1,097	1,097	\$28,929,302	\$19,517,004
Slurry	Acres	1,954	1,954	\$17,458,568	\$8,274,120
Slump	Acres	86	86	\$839,386	\$98,376,266
Underground Mine Fire	Acres	1,315	1,315	\$75,818,592	\$866,973,790
Vertical Opening	Count	3,789	424	\$23,816,646	\$33,097,303
Water Problems	Gal/Min	1,295,342	2,970	\$5,282,624	\$93,085,742
Total			183,045	\$1,492,031,654	\$8,486,954,243

Note: GPRA Acres are non-acre measures (feet of highwalls or number of portals that are converted by formula to acres. GPRA acres are used to measure program performance).

Source: Abandoned Mine Land Inventory System (AMLIS).

Data Quality

01.01 AML Acres Reclaimed Annually

Base Line:	FY 1998's 7,201 acres is the baseline for this measure.
Data Validation	OSM has concluded that the number of acres reclaimed is a valid indicator to show how the AML program is restoring the environment.
Data Verification	OSM uses the following three-pronged approach for verifying and validating performance measure data: 1) a self-assessment by program managers conducted annually for all performance measures; 2) periodic reviews coordinated by the Office of Strategic Planning and Evaluation; 3) audits by external staff from such organizations as the Office of the Inspector General or GAO. AMLIS data is reviewed before it is entered into the system and is automatically reviewed through a variety of internal controls. During program evaluation activities, OSM spot checks documentation related to State/Tribal site priority settings to ensure that the on-the-ground conditions are being classified properly in the inventory. The OIG audited the process and no problems were identified.
Data Source:	Data collected from internal OSM operations and externally from 23 State and 3 Tribal programs through an automated system - Abandoned Mine Land Inventory System (AMLIS). All hazard measurement units are converted to acres based on standardized conversion factors.
Data Limitations:	OSM is confident that the data for these performance measure are reasonably reliable for the intended purpose of showing program results over time. Having multiple sources of data increases the potential for problems.
Planned Improvements:	Adding a data field to indicate the year projects are completed. Currently annual accomplishments are the difference between the cumulative totals at the end of each reporting year and the previous year's total.

01.02 Number of New Cooperative AMD Projects

Base Line:	The five year time frame from 1997 to FY 2001 is the baseline for this measure. Data collected to date are: FY 1997 = 16 projects, FY 1998 = 9 projects, FY 1999 = 29 projects, FY 2000 = 35 projects, and FY 2001 = 37 projects.
Data Validation	OSM has concluded that the number of new cooperative AMD Projects is a valid indicator to show progress in the Clean Stream Initiative.
Date Verification	OSM uses the following three-pronged approach for verifying and validating performance measure data: 1) a self-assessment by program managers conducted annually for all performance measures; 2) periodic reviews coordinated by the Office of Strategic Planning and Evaluation; 3) audits by external staff from such organizations as the Office of the Inspector General or GAO.
Data Source:	Data collected from States and Watershed groups through a manual system.
Data Limitations:	OSM is confident that the data for these performance measure are reasonably reliable for the intended purpose of showing program results over time. Having multiple sources of data increases the potential for problems.
Planned Improvements:	None identified.

2.2 Environmental Protection Mission Goal (Current Coal Mining)

impact determination, and fish and wildlife protection plans.

Description

Regulatory programs under SMCRA ensure that the environment is protected during coal mining and that the land is adequately reclaimed during and following the mining process. During 2001, coal mining activities occurred in 26 States and on lands of three Tribes. Twenty-four States have approval to administer State regulatory programs. OSM administers Federal programs in Washington and Tennessee. OSM also administers the Indian Lands Program for mining on Navajo, Hopi, and Crow Tribal lands. States assist OSM through cooperative agreements to regulate mining on Federal lands. OSM supports State programs with grants and technical assistance. Program components include:

C Financial Management includes Grants Financial Management.

C State and Tribal Regulatory Programs, which are partially funded through Federal grants, are the primary regulators of current mining.

Off-site Impacts

Protecting the environment, people, and property is measured by the number of times incidents occur outside the boundaries of the permitted areas being mined. These are known as off-site impacts and the goal is to not have any incidents occur. It is inevitable that some impacts will occur - 100% compliance is not realistic. The impacts are damaging affects that would occur as a result of blasting, land stability, hydrology, encroachment, etc., and would affect people, land, water, or structures outside the permitted area of mining operations. In addition, analyses are conducted on the three categories of impact (minor, moderate, or major) in relation to the severity of any impacts.

C Federal programs that regulate current mining in States without approved programs and provide oversight assistance in States with approved regulatory programs.

C Technology Development and Transfer programs that support the States, Tribes, Federal agencies, the coal industry, and citizens by providing technical information and tools for carrying out the requirements of SMCRA.

Phase III Bond Release

These are the number of acres that have been fully reclaimed from current mining operations, meet the performance standards, and released as useful and productive restored land. This performance measure is the acreage of land that is released every year by active coal mine operators (and is dependent on the operator filing application for the release). This is done through a series of bond releases. The bonds are required to assure that funds are available for reclamation in case the operator fails to reclaim the mined land. OSM also reports the acreage of Phase I and Phase II bond release in order to show the progression of reclamation toward Phase III in the reporting year.

C The National Technical Training Program, a cooperative effort with States and Tribes, that provides instruction on such subjects as acid mine drainage, blasting, hydrology, and revegetation.

C The Small Operator Assistance Program (SOAP), which provides for State grants to help small mine operators obtain technical data required for permitting, engineering analyses for hydrologic

FY 2003 Goals

- 02.01 In FY2003, the Surface Mining Program will maintain the percentage of sites that are free of off-site impacts at 94 percent.
- 02.02 In FY2003, the Surface Mining Program will release 75,000 acres from Phase III Performance Bonds.

FY 2003 Funding Changes

The goal of protection primarily involves the regulation and technology appropriation which provides oversight and technical support of the regulation of active mining. Total net funding requested for the regulatory program is \$105.4 million.

The 24 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 \$57.6 million. This includes a \$2 million increase to provide continuing support for the State of West Virginia surface mining program. This increase is partially offset by a \$1 million decrease to the remaining grants. In FY2000, OSM received a supplemental appropriation to address long-standing problems with the state’s regulatory program and thereby avoid a Federal takeover. Since funding from the supplemental appropriation should be depleted by the end of FY2002, the FY2003 increase is needed to sustain efforts to resolve these problems.

FY2003 Funding Changes	
Adjustment for pay raise – 02	388,000
Adjustment for pay raise – 03	120,000
Adjustment for CSRS/FERS	229,000
Adjustment for Worker’s Compensation	56,000
Adjustment for Unemployment Compensation	-14,000
Adjustment for GSA space rent rate	97,000
Adjustment for Other	200,000
Adjustment for Enterprise Architecture	22,000
Adjustment for Employer Share of Federal Health Benefit Plans	40,000
Adjustment for Working Capital Fund	154,000
TOTAL	1,292,000

Budget Table

GPRM Mission Goal - Budget Activity Table
(\$000's)
Environmental Protection Mission Goal

Budget Activity/Subactivity (subactivity linked to goal) (\$000)	FY 2001			FY 2002			FY 2003 President's Budget		
	Budget Activity	Protection Goal	%	Budget Activity	Protection Goal	%	Budget Activity	Protection Goal	%
Env. Restoration - AML	199,270	0	0	186,697	0	0	156,987	0	0
Technology Dev. & Transfer - AML (SOAP)	3,591	1,497	42	4,136	1,497	36	4,164	1,497	35
Financial Management – AML	5,402	0	0	6,070	0	0	6,179	0	0
Executive Dir. & Admin – AML	6,302	0	0	6,552	0	0	6,705	0	0
AML Appropriation Subtotal	214,565	1,497	0.7	203,455	1,497	0.7	174,035	1,497	0.9
Environmental Restoration - R&T (Post-SMCRA Restoration includes: Outcrop and Underground Fire Control, Civil Penalty Reclamation, and Bond Forfeitures)	431	0	0	435	0	0	437	0	0
Environmental Protection - R&T (State Grants, State Regulatory Activities, CA Funding, Tribal Reg. Dev., Prog. Grants, State Prog. Eval., Federal Prog., Fed. Lands Prog., Program Dev. & Maint., and Grants Mgt.)	76,274	76,274	100	77,741	77,741	100	79,159	79,159	100
Technical Dev. and Transfer - R&T (Technical Asst., TIPS, Tech. Training, Exp. Practices, AVS, and Tech. Trans.)	11,820	11,820	100	12,151	12,151	100	12,593	12,593	100
Financial Management - R&T	536	536	100	477	477	0	485	485	100
Ex. Dir. & Adm. (Director's Staff, Adm. Sup., and fixed costs for rent, Tele.)	11,793	11,793	100	12,271	12,271	100	12,693	12,693	100
R&T Appropriation Subtotal	100,854	100,423	99	103,075	102,640	99	105,367	104,930	99
TOTAL	315,419	101,920	32	268,958	103,237	38	279,402	106,427	38

Environmental Protection Performance Tables

Mission Goal: Environmental Protection: To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.						
Mission Goal Budget History (\$000)	FY 1998 Enacted	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003 President's
	NA	94,403	96,935	100,854	103,075	105,367
Long-Term Goal:						
Maintain the percentage of sites free of off-site impacts (FY05 target of 94 percent).						
Increase the number of acres released from Phase III bonds (FY05 target of 400,000 additional acres released).						
Annual Performance Measures: In FY 2003						
02.01 The Surface Mining Program will maintain the percentage of sites that are free of off-site impacts to 94%.						
02.02 The Surface Mining Program will release 75,000 acres annually from Phase III Performance Bonds.						
	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Plan	FY 2003 Proposed
02.01	93%	94% ^{1/}	94.1%	93.9%	94%	94%
02.02	85,301 acres	72,749 acres	63,071 acres	81,853 acres	75,000 acres	75,000 acres

^{1/} For some States with a large number of mines, the number and percentage of mines free of off-site impacts are estimates based upon representative samples of mines.

In addition to the major goal measures for environmental protection, OSM has other performance statistics that are used to measure and monitor program performance. The following table shows an additional eleven workload measures and performance statistics.

Environmental Protection Mission Goal Workload and Other Performance Statistics				
	FY 98 Actual	FY 99 Actual	FY 00 Actual	FY 01 Actual
Environmental Protection Business Line Performance Statistics				
The number of acres released from Phase I & II Performance Bonds	144,829 acres	102,820 acres	101,803 acres	180,503 acres
Percent of instances where OSM awards regulatory grants within 60 days	89%	85%	96%	97%
Technical Development and Transfer Business Line Performance Statistics				
Customer satisfaction rate in the quality of OSM's technical training (based on surveys covering both mission goals)	88.6%	91.4%	94%	94.6%
Customer service rate in the quality of OSM's technical assistance activities (based on surveys covering both mission goals)		97.6%	93.3%	99.6%
Customer satisfaction rate for technical training in and in the use of the TIPS (based on surveys covering both mission goals)	85%	88%	89.7%	88%
Customer satisfaction rate in the quality of OSM's technical transfer activities (based on surveys covering both mission goals)		93.2%	98.5%	96.8%
Number of students trained annually by OSM (applies to both mission goals)	819	997	902	908
Customer satisfaction rate in the quality and timeliness of Applicant Violator System (AVS) services (based on surveys covering both mission goals)		96.1%	97%	97%
Financial Management Business Line Performance Statistics				
Percent of instances where OSM processes requests for grant payments within one day (applies to both mission goals)	95%	99.7%	100%	100%
Customer service rate for accuracy, timeliness, and overall satisfaction of grants financial management (applies to both mission goals)	90%	95%	100%	90%
Debt processing rate within the first 180 days (applies to both mission goals)	99.3%	97%	100%	N/A

Annual Goals Description

The Environmental Protection Mission Goal addresses the protection of public health, safety, and general welfare from the adverse affects of current mining since 1977. Current coal mining operations includes over 4.4 million acres in 26 States and on lands of three Indian Tribes. During active mining, the potential risk from safety and environmental hazards increases within the permitted site. However, because of required precautions, long-term effects are minimized. If safeguards are not taken during and after current mining, the Nation could face reclamation costs that far exceed the \$30 billion cost of addressing AML problems. It is difficult to fully show annual progress in achieving the Environmental Protection Goal. OSM has chosen two primary annual performance measures supported by 11 workload and performance statistics to indicate annual progress. As OSM gains more experience and receives feedback on our annual performance reporting, performance measures may be revised or added.

Annual Performance Measure 02.01, Off-site impacts, are negative effects from blasting or water runoff that affect people, land, water, or structures outside the permitted area of mining operations. The severity of the impacts are rated as minor, moderate, or major. It is the ultimate goal of the Surface Mining Program to have 100 percent of mine sites free of off-site impacts.

Annual Performance Measure 02.02, Acres released from Phase III Bonds, indicate that after mining, the permitted mine sites have been returned to a productive state that no longer poses safety or environmental threats. Phase III bond releases are the number of acres that have been fully reclaimed from current mining operations, have met the performance standards, and have been released as useful and productive restored land. This performance measure is the acreage of land that is released every year by active coal mine operators (and is dependent on the operator to file application for the release). This is done through a series of bond releases. The bonds are required to assure that funds are available for reclamation in case the operator fails to reclaim the mined land. OSM is also reporting the acreage of Phase I and Phase II bond releases in order to show the

progression of reclamation toward Phase III in the reporting year.

Taken together, these two measures provide an indication of the safety and environmental status of mine sites both during and after mining.

FY 2001 Annual Performance Report:

FY 2001 Annual Performance Goals (Measures):		Target		
		Exceeded	Met	Not Met
02.01	The Surface Mining Program will maintain the percentage of sites that are free of off-site impacts at 94%.			93.9%
02.02	The Surface Mining Program will release 70,000 acres annually from Phase III Performance Bonds.	81,853		
Total		1		1
The baseline data for both measures are limited, but both give an indication of positive trends in achieving a safe and clean environment. While striving to make improvements, OSM will also consider revising the targets to better reflect program constrains and external factors. The target of 94% for off-site impacts was short by only 0.1% at 93.9%.				

Off-site impacts – Protecting the environment, people, and property is measured by the number of incidents that occur outside the boundaries of the permitted areas being mined. These are known as off-site impacts and the goal is to not have any incidents occur. It is inevitable that some impacts will occur; 100 percent compliance is not realistic. In 2001, the Surface Mining Program’s goal was to have 94 percent of the mines free of off-site impacts and we came up short by only one-tenth of a percent at 93.9. Of the 6.1 percent that had off-site incidents, 89 percent were not considered to be of major impact.

Resources Affected	People			Land			Water			Structures		
	Min	Mod	Maj	Min	Mod	Maj	Min	Mod	Maj	Min	Mod	Maj
2001	5%	1%	2%	25%	6%	5%	41%	7%	4%	2%	1%	1%
	1998		1999		2000		2001					
	# of impacts	% of total										
Minor	892	72%	705	73%	482	73%	572	73%				
Moderate	238	20%	196	20%	109	17%	122	16%				
Major	102	8%	71	7%	66	10%	86	11%				
Total	1232		972		655		780					

Data Quality

02.01 Off-Site Impacts

Base Line:	The five year time frame from 1997 to FY 2001 is the baseline for this measure. Data collected to date are: FY 1997 = 92.8%, FY 1998 = 93%, FY 1999 = 94%, FY 2000 = 94%, and FY 2001 = 93.9%
Data Validation:	OSM has concluded that the percentage of off-site impacts are valid indicators for the results of the Surface Mining efforts in protecting the environment.
Data Verification:	OSM uses the following three-pronged approach for verifying and validating performance measure data: 1) a self-assessment by program managers conducted annually for all performance measures; 2) periodic reviews coordinated by the Office of Strategic Planning and Evaluation; 3) audits by external staff from such organizations as the Office of the Inspector General or GAO.
Data Source:	Data collected from internal OSM operations and externally from 24 State and 4 Tribal programs through a manual system. OSM Directive REG-8 establishes procedures for conducting oversight of State regulatory programs and the reporting of data.
Data Limitations:	OSM is confident that the data for these performance measures are reasonably reliable for the intended purpose of showing program results over time. Having multiple sources of data increases the potential for problems. OIG identified minor variations among various data sources.
Planned Improvements:	Reconcile the data and document the reasons for the data variations.

02.02 Number of Acre Released From Phase III Bonds

Base Line:	The five year time frame from 1997 to FY 2001 is the baseline for this measure. Data collected to date are: FY 1997 = 82,000 acres, FY 1998 = 85,300 acres, FY 1999 = 72,749 acres, FY 2000 = 63,071 acres, and FY 2001 = 81,853 acres. Outyear targets are being adjusted to reflect expanded baseline.
Data Validation:	OSM has concluded that the number of acres released annually from Phase III bonding coupled with the percentage of off-site impacts are valid indicators for results of the Surface Mining efforts in protecting the environment.
Data Verification:	OSM uses the following three-pronged approach for verifying and validating performance measure data: 1) a self-assessment by program managers conducted annually for all performance measures; 2) periodic reviews coordinated by the Office of Strategic Planning and Evaluation; 3) audits by external staff from such organizations as the Office of the Inspector General or GAO.
Data Source:	Data collected from internal OSM operations and externally from 24 State and 4 Tribal programs through a manual system. OSM Directive REG-8 establishes procedures for conducting oversight of State regulatory programs and the reporting of data.
Data Limitations:	OSM is confident that the data for these performance measures are reasonably reliable for the intended purpose of showing program results over time. Having multiple sources of data increases the potential for problems. OIG identified minor variations among various data sources.
Planned Improvements:	Reconcile the data and document the reasons for the data variations.

Section III

Additional Annual Performance Plan Requirements

3.1 Customer Service Standards

OSM's customer service statistics for FY 2001 reflect the commitment to provide better service. They are:

- C 96% service rate in awarding AML grants within 60 days.
- C 97% service rate in awarding Regulatory grants within 60 days.
- C 94.6% customer satisfaction rate in the quality of our technical training.
- C 99.6% customer service rate for technical assistance activities.
- C 88% customer satisfaction rate for technical training/assistance of the Technical Information Processing System (TIPS).
- C 96.8% customer satisfaction rate for our technical transfer activities.
- C 97% customer satisfaction rate in the quality and timeliness of Applicant Violator System provided services.
- C 100% customer service rate in the accuracy, timeliness and overall satisfaction of grants financial management.

3.2 Crosscutting Issues

OSM programs are focused on two areas **B** the coal mining industry and environmental protection **B** both of which involve a variety of crosscutting issues with other Federal agencies.

OSM (coal mining environmental and safety issues) and the Mine Safety and Health Administration (MSHA) (coal mining safety and health issues) coordinate activities, primarily those involving blasting and dam construction. In addition, because coal mining sometimes involves waterways, coordination with the Environmental Protection Administration (EPA) and the U.S. Corps of Engineers (Corps) is also required.

OSM's environmental responsibilities focus on reclaiming abandoned mine lands with its primary partners, the States. However, some abandoned mines are found on Federal lands administered by the National Park Service, the Bureau of Land Management, and the U.S. Forest Service. Reclamation activities on these Federal lands are coordinated and technical expertise and resources are shared among the agencies.

3.3 Management Issues

Currently, neither the General Accounting Office (GAO) nor Interior's Office of Inspector General has identified any major performance or management challenges that limit OSM's effectiveness in carrying-out its mission.

3.4 Program Evaluations

In compliance with the Federal Managers Financial Integrity Act (FMFIA), OMB Circular A-123, and Departmental Guidance the OSM completed the necessary reviews to ensure existing management controls provide assurance that information and financial resources are protected from waste, fraud, and abuse. (See page 47 for a list of evaluations for FY 2003.)

3.5 Capital Assets Planning

OSM, in conjunction with the Department, has implemented the capital planning policies required by OMB's Circular A-11 (Part III), OMB's Capital Programming Guide, and the Federal Acquisitions Streamlining Act. OSM reports on its core financial system, the Advanced Budget/Accounting Control and Information System, ABACIS. ABACIS is a Departmental system used by both the Mineral Management Service and OSM. The system was implemented in the 1980's and the Department's total capital costs for FY 2003 is \$1.2 million for maintenance.

To address requirements of the Information Technology Management Reform Act and OMB Circular A-130, OSM tracks four other mission critical systems internally on its Capital Asset Plan that do not meet the Department's threshold, but are critical to OSM's operations and have a life cycle cost of \$100,000 or more. The four internal systems are: Fee Billing Accounting Collection System (FEEBACS), Applicant Violator System (AVS), Abandoned Mine Land Information System (AMLIS) and the Technical Information Processing System (TIPS). FY 2003 costs for these four systems are included in OSM's overall information technology capital investments.

3.6 Use of Non-federal Parties in Preparing this Annual Plan

The staff and management of OSM, with input from representatives from the Surface Mining Program States, prepared this plan in conformance with Section 220.7 of OMB Circular A-11.

3.7 Waivers for Managerial Accountability and Flexibility

This Plan requests no waivers of administrative requirements to provide managerial accountability and flexibility.

3.8 Management Reforms

OSM has engaged, or will engage, in the following reform initiatives to help fulfill the President's vision of a government that has a citizen-based focus and is results-oriented.

3.8.1 Budget and performance integration

The budget request continues to describe its needs through strategic goals and associated performance measures. In FY 1997, OSM undertook this effort by working with the Appropriation Subcommittees to restructure its appropriation to reflect the intent of the Government Performance and Results Act. OSM's new budget structure reflects its major functions (business lines) needed to implement SMCRA.

OSM then developed a Strategic Plan to carry

out its mission, vision, and goals, and developed budget resource requests accordingly. The major Business Lines are Environmental Protection and Environmental Restoration. They are supported by three additional Business Lines – Technology Development and Transfer, Financial Management, and Executive Direction and Administration. OSM has also developed a cost accounting system, which allows managers to identify costs of performance outcomes and outputs.

In developing the President's Budget, OSM addressed the strategic outcomes and annual performance goals, how it measures and evaluates progress toward those goals, and the resources needed to achieve the annual performance goals.

OSM developed a cost accounting system allowing managers to identify costs of performance outcomes and measures. OSM will be working with the Bureau of Land Management and the Minerals Management Service on a related activity based costing project in FY 2002 for implementation in FY 2003.

3.8.2 Strategic management of human capital

OSM faces new challenges regarding human capital and has developed a succession plan to address them. OSM will experience a huge talent drain within the next three to five years due to expected retirements and attrition. Recognizing this, OSM conducted a comprehensive grassroots survey encompassing projected employee retirement dates, the competencies necessary to perform current jobs, the types of training needed now and in the future, and the amount of time spent doing each job. Using this data provided by its workforce, managers can identify those competencies needed for the future; compare them against the current workforce; identify competency gaps and surpluses; and develop a comprehensive plan to accomplish OSM's future workforce needs.

During 1995 and 1996 OSM underwent a reorganization and a reduction in force of one-third of its workforce. The reorganization decentralized many functions, reduced management levels, and delegated decision-making to the field level. This put responsibility

for day-to-day decisions close to the active mining operations and abandoned mine land reclamation projects.

OSM also shifted its focus and workforce more toward providing technical assistance to the States and Tribes rather than oversight. OSM expects to continue to provide technical assistance by assisting States and Tribes in overseeing surface mining regulation and reclamation activities. Based on OSM's continued shift toward providing scientific and technical assistance, there will be a greater need for these types of positions.

Based on information collected from the succession planning survey instrument, position reviews conducted by the Human Resources Office and management needs when recruiting, the most important and vital skills OSM needs are: Physical Sciences and Engineering, including Hydrology, Biology, Civil Engineering, Environmental Sciences.

OSM has taken steps to implement the plan. Currently, an OSM vacancy review board determines if a vacant position needs to be filled and at what level.

OSM is currently online with colleges and professional organizations in order to help recruit for vacancies. In addition, it is in contact with many historically Black, Hispanic, and Native American colleges and universities, along with organizations that provide resumes of persons with disabilities.

OSM is recruiting at the entry level almost exclusively in order to take advantage of the experience of its seasoned work force. As entry level employees join with seasoned staff, training and transfer of knowledge and skills can occur without loss of historical knowledge and experience. OSM continues to participate in the SCEP, STEP and Department's summer Diversity Intern Program to assist in filling entry level positions. In some cases OSM intends to use dual incumbency to capture the knowledge of those experienced employees who have indicated that they will be retiring.

OSM is also re-emphasizing to managers the need for training and upward mobility appointments. OSM will establish formal

training programs through upward mobility and will provide training and career development opportunities for professionals who wish to improve their skills or develop new ones. OSM will also consider instituting a competitive program of specialized managerial training.

Impediments to these efforts relate primarily to OSM's remote locations. OSM has difficulty attracting candidates to certain geographic locations and has had a number of selected individuals decline. To address this issue OSM will contact local community leaders to help welcome prospective employees and demonstrate the positives of their community.

OSM will continue to implement its succession plan to integrate the types of resources needed to meet its future workload. determines if a vacant position needs to be filled and at what level.

3.8.3 Competitive sourcing

In accordance with OMB and Departmental guidance, OSM updated its Commercial Activity Inventory in FY 2001. Five commercial activity FTE's were identified in the inventory for study in FY 2003. These FTE are primarily in the Information Technology area and various types of administrative support services. All of OSM's commercial activity FTE's are in the "ten or fewer" category and are geographically and organizationally dispersed.

OSM is currently using private sector staff in its largest organizational locations to augment its internal Information Technology function.

For FY 2002, OMB is requiring Federal agencies to complete competition, either through A-76 cost comparison processes or direct conversion, of not less than five percent of the FTEs listed in their Federal Activities Inventory Reform Act inventory.

Due to the many unknowns mentioned above, no definite near term "expected changes to bureau work" based on contracting out have yet taken shape. OSM needs to further evaluate the impact of contracting out on its human resources needs. Upon completion of that evaluation a knowledge-based determination can be made to consider whether specific FTE's are viable for direct conversion to contracting.

3.8.4 Improved financial performance

OSM makes over 96 percent of its payments by Electronic Funds Transfer (EFT) and 99.6 percent of all monies is paid by EFT. In FY 2003, OSM's core financial application will be converted to the new Departmental financial management system. As part of this conversion, OSM needs to interface its subsidiary applications with the new Departmental system. Once this migration is complete, OSM's collection and investment systems will systematically update the general ledger. This will eliminate the need for a manual process of getting the information from the subsidiary systems into the "core" accounting system. As a result, erroneous entries will be reduced, thereby improving the accuracy and timeliness of information.

OSM received its tenth unqualified financial statement opinion from the Inspector General for FY 2000. OSM was the only bureau in the Department to receive a "clean opinion" in all three areas: financial statements, reports on internal controls, and compliance with laws and regulations. OSM will continue to strive for this goal.

OSM's Division of Compliance Management was one of only two recipients recently presented the Performance, Incentives, and Leadership Linked to Achieve Results (PILLAR) Award. This was presented to the unit for effective management in employing practices that align employee performance with organizational strategic goals, as well as results-oriented and customer-focused performance.

Additionally, OSM has been sought out by other Departmental bureaus to provide technical assistance in the financial management area.

3.8.5 Expanding electronic government

OSM's electronic government initiatives include:

OSM Home Page – This web site contains a large variety of information that is used extensively by the public and OSM customers. This has resulted in efficiencies in OSM staff utilization and associated cost avoidances.

OSM Programmatic Assistance – OSM has

encouraged electronic permitting to simplify the transfer of permitting information with the States, industry and the citizen stakeholders during the permitting process. Similarly, OSM has developed the Technical Information Processing System to support the States and Tribes in their regulatory and reclamation efforts through access with the Internet and OSM's Wide Area Network.

Reclamation Fee Reporting --SMCRA requires that coal operators report coal tonnage produced and pay reclamation fees quarterly. Each quarter, over 1,700 companies report coal production and reclamation fees on over 3,600 permits to OSM.

OSM has developed a website for companies to report electronically instead of by paper report. The website pre-fills the recurring information to minimize reporting time. The website allows companies to work on the report incrementally and automatically calculates the coal moisture deductions and the fees due. Additionally, the company can print a record of the data filed, access filed data on-line through a secured site, and have online access to the Payer Handbook. The system also provides companies with a receipt acknowledgment when payments are received. OSM will continue to expand the electronic filing process.

Acquisition -- Currently, OSM is using the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM's financial system, which electronically updates financial information on a regular basis for required reporting at the Departmental and Federal levels.

OSM plans to expand its use of IDEAS by implementing IDEAS-EC. The goal is to provide industry vendors an opportunity to gain free electronic access to OSM requests for proposals, invitations for bids, and requests for quotations. Additionally, there are plans for OSM to enhance industry/vendor outreach by distributing IDEAS-EC information at procurement trade fairs, workshops, and conferences for small, disadvantaged, and women-owned small businesses.

Recruitment Processing-- In FY 2000, OSM purchased and implemented a web-based

automated recruitment, rating and ranking system, which allows OSM to advertise, rate and rank job applications, and produce selection certificates on-line. The Surface Mining Automated Recruitment Tool (SMART) has streamlined both the application process and the applicant review and evaluation process. Thus both the applicant and the manager serviced by the Human Resources office are assisted.

The system is online so more applicants see OSM's announcements and apply because the system is user friendly. OSM has increased the number of applications per job by almost 100 percent per announcement. Over the last 15 months more than 5,000 applicants have registered in SMART. OSM is reaching more diverse candidates as indicated by race and national origin data, which is anonymously captured by the system because the system automatically notifies organizations that represent minority groups. The system is efficient because OSM can easily and accurately determine qualified applicants, and can rate and rank them and provide a certificate of eligibles to management within days instead of weeks. SMART has allowed OSM to cut its typical recruitment process by 25 percent. As the system continues to improve, OSM expects to continue to improve its processes and reduce time. The system is web-based and is found through the OSM, OPM, Headhunter, and Paradigm web sites. For candidates who lack Internet access, OSM encourages the use of libraries, unemployment offices or government offices. When all that is impossible, OSM offers personal help over the phone making sure anyone who wants to apply can apply.

Web-based Abandoned Mine Land Inventory System -- OSM is developing a web-based version of the Abandoned Mine Land Inventory System (AMLIS), which allows States, Indian tribes, and OSM to electronically update and maintain data regarding AML reclamation programs and their progress. AML users and the public will have the capability of accessing AMLIS using their standard browser. Thus, linking directly to AMLIS through OSM's web page will eliminate the need of the current software client.

Information Technology Capital Planning – Currently, OSM prepares capital asset plans on

five mission critical systems annually. Only one of the five OSM mission critical systems meets the Department's threshold, the other four are tracked internally by OSM. OSM will continue to review its technology investments and monitor the status and any variance of existing technology projects.

In addition OSM will continue internal reforms that:

- 3.8.6 Provide services that add value and are uniquely Federal, supporting the States and Tribes as the primary achievers of SMCRA's goals and objectives.
- 3.8.7 Establish rules and policies that enable more efficient and effective reclamation. Initiatives include the AML Enhancement Rule, National Hydrology/Acid Mine Drainage Plan, Virginia Remining Experimental Practice, revision of the AOC formula, and Mountaintop Mining review.
- 3.8.8 Fully implements succession planning. Over half of OSM's workforce will be eligible to retire during the next ten years. About 20 percent are eligible to retire within five years. That means a transition is going to happen which OSM needs to plan for. This plan will help provide answers to the following questions.
 - \$ Are OSM personnel equipped with the right skills and expertise to perform their job effectively?
 - \$ Are similar offices treating work in the same manner, staffing-wise?
 - \$ Are core competencies identified and being used to assign personnel and evaluate performance?
 - \$ Is there effective use of technologies and personnel?
 - \$ What are training and/or professional development program needs?

If OSM determines that changes in direction are needed, it will be

necessary to decide what types of analyses are needed to project the resource needs both in numbers and types of employees, and where those employees should be located.

Succession Planning is the link between where OSM is now and where it needs to be in the future. Succession Planning will help OSM identify the human resources needed to implement the long range and strategic plan for the future.

- 3.8.9 Enhances problem solving through increased technical knowledge and technology. One of OSM's most visible programs is the National Technical Training Program, a cooperative effort with the States and Tribes that addresses regulatory and reclamation requirements. In 2000, 47 sessions were offered. Course topics include acid forming materials, water sampling, Indian trust responsibilities, evidence handling, and expert witness requirements.

Table: Program Evaluations, Scope, Methodology, Bureau Goals

PROGRAM EVALUATION	SCOPE	METHODOLOGY	GOAL
FY 2003			
State Program Evaluations	Annual review of each State regulatory and State/Tribe Abandoned Mine Land program based upon Performance Agreements.	Inspections, on-site review of program activities, and review of performance data.	ER EP
Personal Property Management	Review of specific program area or activity (tbd) to ensure effective and efficient operations.	Administer questionnaire to Property personnel.	ER EP
Sensitive Automated Information Systems	Review of specific program area or activity (tbd) to ensure effective and efficient operations.	Method of review to be determined.	ER EP
State Program Oversight	Review of specific program area or activity (tbd) to ensure effective and efficient operations.	Method of review to be determined.	ER EP
Travel	Review of specific program area or activity (tbd) to ensure effective and efficient operations.	Method of review to be determined.	ER EP
Bond Release	Review of phase III bond release performance measure.	Method of review to be determined.	EP

ER - Environmental Restoration Goal

EP - Environmental Protection Goal

Appendix 1 - FY 2001 Annual Performance Report At-A-Glance Table

The following two page table summarizes the

GPRA Program Activity / Mission Goal	Long-Term Goal By FY 2005	FY 2001 Annual Goals
<p>Environmental Restoration - To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.</p>	<p>Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres restored).</p> <p>Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).</p>	<p>In FY 2001, the Surface Mining Program will reclaim 8,600 acres.</p> <p>In FY 2001, the Office of Surface Mining will provide funding for 35 new cooperative Acid Mine Drainage Projects under the Clean Streams Program during the fiscal year.</p>
<p>Environmental Protection - To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.</p>	<p>Increase the percentage of sites free of off-site impacts (FY 05 target of 94 percent).</p> <p>Increase the number of acres released from Phase III bonds (FY 05 target of 400,000 additional acres released).</p>	<p>In FY 2001, 94% of minesites will be free of off-sites .</p> <p>In FY 2001, 70,000 acres will be released from Phase III Performance Bonds.</p>

final FY 2001 Annual Performance Report for OSM.

Long-Term by FY 2005	FY 01 Target	FY 01 Actual	Comment
40,000 acres	8,600 acres	13,808 acres	
230 projects	35 projects	37 projects	
94%	94%	93.9%	
400,000 acres	70,000 acres	81,853 acres	

Appendix 2 - FY 2002 Annual Performance Plan (Revised) At-A-Glance Table

The following table shows final FY 2002 goals reflecting the FY 2000-2005 Strategic Plan and the enacted FY 2002 budget.

Mission Goal	Long-Term Goal	FY 2002 Annual Goals	Comments	FY 2002 Enacted
Environmental Restoration - To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.	<p>Increase the number of acres reclaimed (FY 05 target of 40,000 additional acres restored).</p> <p>Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 05 target of 230 additional projects).</p>	<p>The Surface Mining Program will reclaim 8,200 acres during the fiscal year</p> <p>The Office of Surface Mining will provide funding for 46 new cooperative Acid Mine Drainage Projects under the Clean Streams Program during the fiscal year.</p>		
Environmental Protection - To protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.	<p>Increase the percentage of sites free of off-site impacts (FY 05 target of 94 percent).</p> <p>Increase the number of acres released from Phase III bonds (FY 05 target of 400,000 additional acres released).</p>	<p>The Surface Mining Program will maintain the percentage of sites that are free of off-sites impacts to 94% during the fiscal year.</p> <p>The Surface Mining Program will release 75,000 acres from Phase III bonding during the fiscal year.</p>		

Activity Based Costing

In addition, the Office of Surface Mining has been designated, along with the Minerals Management Service, to participate in a pilot project to implement activity based costing throughout each of their bureaus. By the end of fiscal year 2002, OSM will have a fully functioning system in place to do activity based costing.

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