



Financial management

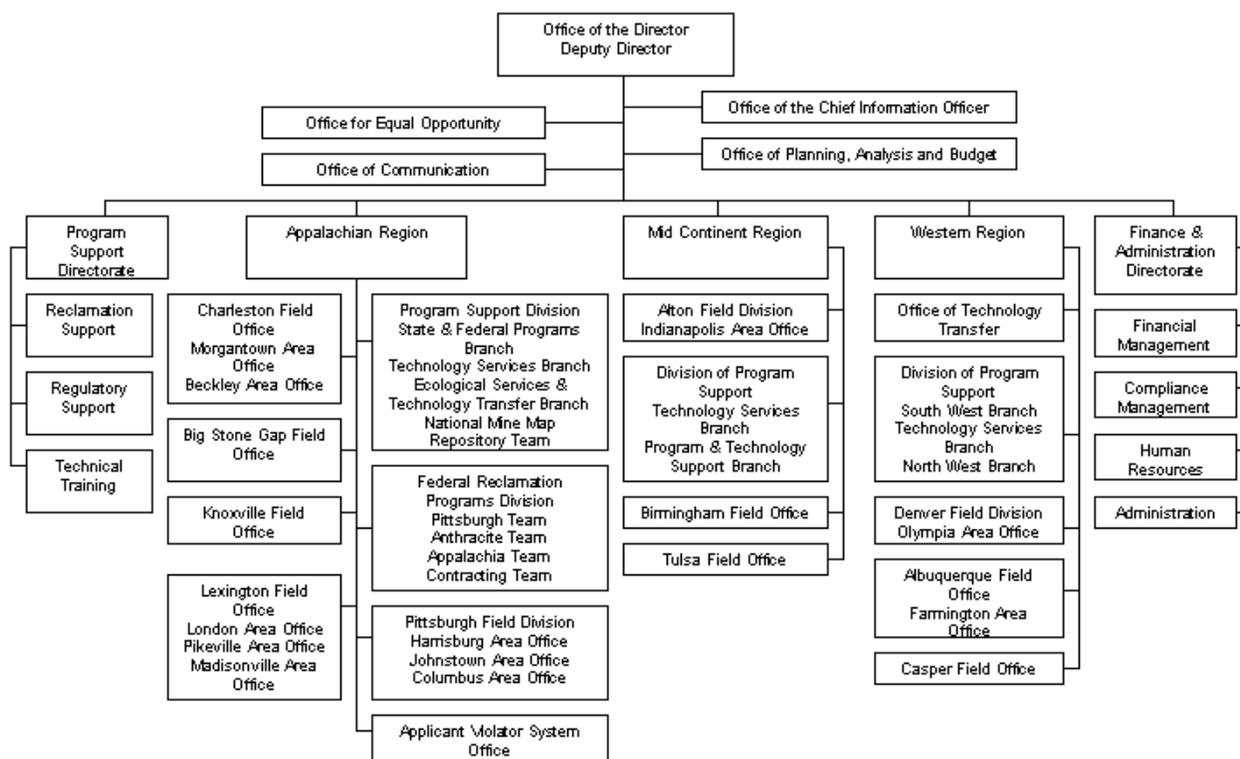
Budget, Management, and operations of the Office of Surface Mining

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

Organization

The Office of Surface Mining is field-oriented, with headquarters in Washington, D.C. Three regional coordinating centers (Pittsburgh, Pennsylvania; Alton, Illinois; and Denver, Colorado) provide technical assistance to the field offices, states, and tribes. Eight field offices (Albuquerque, New Mexico; Big Stone Gap, Virginia;

Figure 6
Office of Surface Mining Organization¹



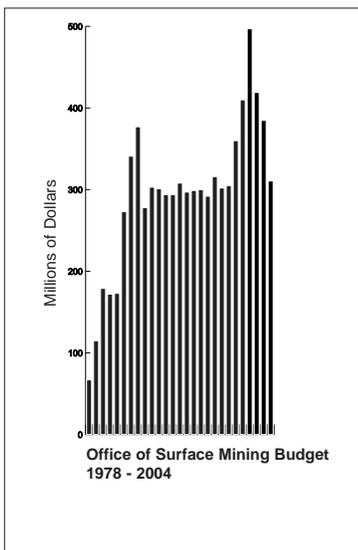
1. As of September 30 2004

Photo to left: The site of this abandoned mine land reclamation was the Ocean Underground Mine, which began operation about 1870. During World War I, approximately 90 percent of all steamship coal used by U.S. warships came from this mine. But, when mining was completed in the 1940's the unreclaimed site was abandoned leaving entrances to the mine open, refuse piles, and a large group of buildings. After reclamation all abandoned mine hazards were eliminated and the site is once again an asset to the nearby Maryland community. This view of the recently finished work shows the stream located on its original channel and free of sedimentation. Since 1977 more than 500 miles of clogged streams have been reclaimed.

and administration

Birmingham, Alabama; Casper, Wyoming; Charleston, West Virginia; Knoxville, Tennessee; Lexington, Kentucky; and Tulsa, Oklahoma), and 11 area offices (Beckley, West Virginia; Columbus, Ohio; Farmington, New Mexico; Harrisburg, Pennsylvania; Indianapolis, Indiana; Johnstown, Pennsylvania; London, Kentucky; Madisonville, Kentucky; Morgantown, West Virginia; Olympia, Washington; and Pikeville, Kentucky) located where coal mining is most active, are responsible for on-the-ground regulation and oversight (see figure 6). The Office of Surface Mining also maintains a financial management office in Denver, Colorado; an Anthracite Office in Wilkes-Barre, Pennsylvania; Appalachia Abandoned Mine Land Office in Ashland, Kentucky; and Oversight and Inspection Offices in Columbus, Ohio and Olympia, Washington.

Budget and Appropriations



The Department of the Interior and Related Agencies Appropriations Act of 2004 (Public Law 108-108) appropriated \$106,424,000 from the General Fund for the Office of Surface Mining’s regulation and technology activities (\$1,332,000 more than 2003). Also, \$192,969,000 was made available for obligation from the Abandoned Mine Reclamation Fund (\$1,224,000 more than 2003). That same public law reduced \$687,499 and \$1,246,580 from the Regulation and Technology and the Abandoned Mine Land

appropriations respectively for the purpose of a “government-wide” reduction. And, as authorized by Public Law 108-108, \$14,966,929 of interest was transferred to the United Mine Workers of America Combined Benefit Fund (see Table 13). Public Law 108-199 imposed an additional “government-wide” reduction of \$623,845 in the Regulation and Technology appropriation and \$1,131,162 in the Abandoned Mine Reclamation Fund.

The 2004 Regulation and Technology appropriation included:

- Where the Office of Surface Mining is the regulatory authority, proceeds of performance bonds forfeited under Section 509 of Surface Mining Law can be used to reclaim lands where the mine operator did not meet all the requirements of the Law and the permit. There were no revenue collections from bond forfeitures in 2004.



Extensive mining in the Middle Fork Duck Creek Watershed near Caldwell, Ohio left over a thousand acres of abandoned mine problems, including widespread erosion and sedimentation of the Middle Fork and its tributaries. Flooding caused by sediment-laden streams frequently inundated large sections of State Route 564, creating a safety hazard for drivers. Reclamation of this area incorporated a watershed approach. It included 10 projects undertaken by both the Rural Abandoned Mine Program and the Ohio Abandoned Mine Reclamation Program. Because sedimentation was the primary problem, the reclamation focused on reducing the source, erosion of the abandoned landscape. In this case, areas of concentrated flow were stabilized with rock-lined waterways, wetlands were developed to stabilize grades, and barren spoil was revegetated. Results of the reclamation are significant. Soil loss has been reduced by 76,380 tons a year, flooding has been eliminated, and revegetation has provided a flourishing wild life habitat. This highly successful partnership has resulted in the restoration of the Middle Fork Duck Creek Watershed. On September 30, 2004, there were more than 13,000 acres of lands impacted by mine related clogged streams that needed reclamation in Ohio.

Table 13: Appropriations¹

	2004	2003
Regulation & Technology		
Environmental Restoration	\$160,992	\$160,947
Environmental Protection	22,028,299	21,443,704
Regulatory Grants	56,865,567	57,200,763
Technology Dev. & Transfer	12,386,908	12,511,146
Financial Management	484,950	481,847
Executive Dir. & Admin		
Executive Direction	2,404,032	2,401,289
Administrations Support	4,093,352	4,249,200
General Services	6,688,556	5,960,006
Subtotal:	105,112,656	104,408,902
Abandoned Mine Reclamation Fund		
Environmental Restoration	16,345,085	16,501,042
Reclamation Grants	158,606,290	158,547,698
Environmental Protection	0	0
Technology Dev. & Transfer	2,653,891	2,649,665
Financial Management	6,182,865	6,138,836
Executive Dir. & Admin		
Executive Direction	1,296,950	1,304,465
Administrations Support	2,208,320	2,173,778
General Services	3,297,857	3,183,174
Subtotal:	190,591,258	190,498,658
Legislated Office of Surface Mining Budget	295,703,914	294,907,560
Legislated Transfer to United Mine Workers Fund	14,966,929	89,858,283
Total	\$310,670,843	\$384,765,843

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

■ Federal civil penalties and related interest collected under Section 518 of Surface Mining Law can be used to reclaim coal mine lands abandoned after August 3, 1977. In 2004, \$77,621 in civil penalties was collected. Of that amount, \$74,201 (base penalty and interest) was deposited into the Civil Penalty Fund for reclamation purposes, while \$3,420 (penalties and administrative charges) was transferred to Treasury. During 2004, \$255,000 from this fund was obligated for post-Surface Mining Law reclamation projects.

■ State regulatory program grants were funded at \$56,865,567 which was \$335,196 less than 2003 due to government-wide reductions. These grants are used to fund state regulatory program payroll and other operational costs.

The Abandoned Mine Land appropriation included:

■ State reclamation grants were funded at \$158,606,290, which was \$58,592 more than the amount appropriated in 2003.

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

■ Grants to minimum program states were funded at \$1,500,000.



Abandoned surface and underground coal mines can pose very dangerous conditions to the unsuspecting visitor. The open underground mine portal (far left) is partially collapsed and; however, there was evidence of people crawling into the opening -- a very dangerous, or possible life threatening situation that is typical of many abandoned underground mine openings. Abandoned surface mines may not appear dangerous to the public, yet still contain hazardous conditions. The 75-foot high abandoned highwall at this Ohio mine site (near left) is constantly sluffing and anyone walking near the top of the highwall would be in danger of causing the top section of the high highwall to collapse without warning. On September 30, 2004, there were more than 30,000 feet of dangerous highwalls that needed reclamation in Ohio.

Financial Management

The Office of Surface Mining financial management includes three principal activities: fee compliance, grants management, and revenue management.

Fee Compliance

Fee compliance includes the collection, accounting, audit, and investment of abandoned mine land reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee issues. During 2004, direct program costs were only about two percent of collections.

The current balance owed by coal companies is \$1,600,478. Of this amount, the Office of Surface Mining assigned \$719,119 to the Office of the Solicitor for legal action and referred \$330,667 to the Department of the Treasury because the Office of Surface Mining had exhausted all debt collection avenues. The remaining \$550,692 is going through the appeal process, payment plans, or initial debt collection procedures. Table 14 summarizes collections management. Although the Office of Surface Mining is working to eliminate noncompliance, some level of noncompliance will probably always occur as a result of company errors and financial difficulties.

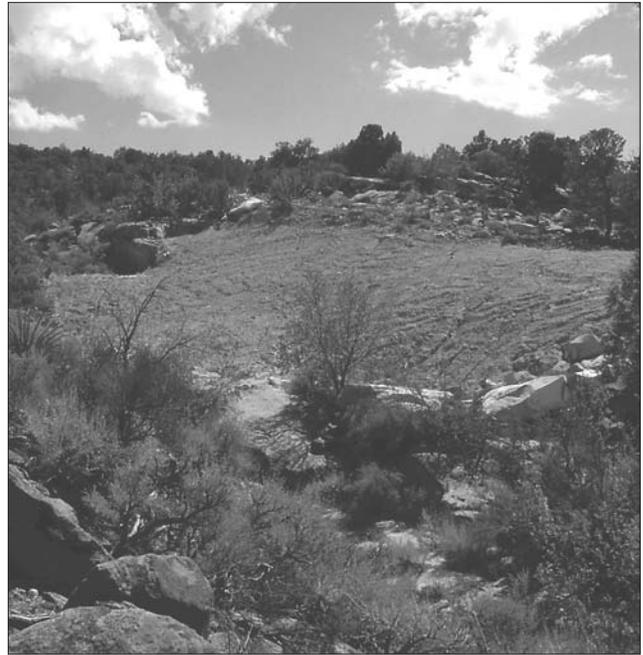
Table 14: Collections Management

Category	Amount Collected	Balance Owed
AML Fees ¹	\$287,023,400	\$1,187,900
Civil Penalties	\$77,621	\$412,578
Administrative	0	0
Total	\$287,101,021	\$1,600,478

1. Abandoned Mine Land Fees & Audits

Grants Management

Grants management includes the accounting, disbursement, and reporting on grants awarded to states and tribes Abandoned Mine Land programs. All states and tribes have remote access to the Office of Surface Mining or U.S. Treasury systems to request payments. They receive those payments the next business day. Grant recipients can also access in-line reports maintained by the Office of Surface Mining so they can track their grant activity. During 2004, the Office of Surface Mining provided \$259,998,158 of grants to the states and Indian tribes.



Mining companies discovered uranium in the Carrizo Mountain/Monument Valley areas in 1942 and when the demand for uranium dropped in the 1960s, the mines were shut down without any reclamation. This unregulated mining left many dangerous adits, inclines, vertical shafts, highwalls, open pits, radioactive mine waste piles, polluted and radioactive water in open pits, drill-holes with undetonated explosives, and environmental degradation caused by gamma radiation and leachates from waste piles carrying heavy and radioactive metals. These hazards were located close to residences and posed extreme dangers to the local Navajo people and their livestock. During reclamation mine portals were closed with polyurethane foam plugs and covered with two-three feet of earth backfill blended with the surrounding landscape. Radiological cleanup worked well and when the reclamation was completed site conditions were comparable to background radiation levels. This abandoned mine land project eliminated very dangerous health and safety problems and the Navajo Abandoned Mine Land Program staff gained valuable reclamation experience which was used in later projects

Revenue management involves managing a variety of non-fee revenues and receivables that come from the Office of Surface Mining's operations. These include the accounting and collection of revenue from civil penalties issued for mining violations, bond forfeitures by federally permitted mining companies, and fees for mine permit application reviews and blaster certification training. During 2004, \$77,621 was collected in civil penalties.

Financial and Business Management System

During 2004, the Interior Department made the decision to replace its existing finance and accounting systems with the Financial and Business Management System. This is a commercial off-the-shelf system that will create a functionality-driven enterprise resource planning solution that supports the administrative management of the Department of the Interior. The Financial and Business Management System will require a high degree of structure, standardization, and configuration in the Office of Surface Mining and other Interior Department bureaus and offices. The system

will implement standard business processes and data elements across the Department in the following areas:

- Budget formulation
- Core financials
- Acquisition
- Personal property and fleet management
- Financial assistance (grants and cooperative agreements)
- Real property
- Enterprise management information

To accomplish standard business processes and configuration for the Department, 14 teams (i.e., Acquisition, Property, General Ledger, Budget Formulation, etc.) representing all bureaus were formed early in 2004. A series of team workshops have been ongoing since February 2004. The outcome of this effort has been a draft Financial and Business Management System blueprint. Beginning in July 2004, the focus has been on resolving cross-functional and implementation issues. This project has significant implications for the Office of Surface Mining in the short term because it is one of three Interior Department bureaus that will implement the system on October 1, 2005. In addition, the Office of Surface Mining is expected to implement the financial assistance (eGrants) portion of the system on February 28, 2005.

Since the first week in July 2004, work has continued on the resolution of cross-functional issues for the Office of Surface Mining, the Minerals Management Service, and the Bureau of Land Management, with implementation scheduled for October 2005. Running parallel to the development of the core Financial and Business Management System are blueprinting efforts for the Financial Assistance (eGrants), and E-travel parts that are on a slightly different schedule.

The Office of Surface Mining worked on issues concerning data conversion and on cleansing data already resident in ABACIS¹⁴ and other ancillary systems. Some progress has been made in the integration of various disciplines; however, there is a significant amount of work still to be done to tie everything together.

From the change management perspective, the Office of Surface Mining has begun to work on the roles (functions/system access) people will have in the Financial and Business Management System and on the development of training material for financial assistance (grants) and the core system. Office of Surface Mining staff have also traveled to regional and Headquarters offices to work with managers on the system status and how implementation will affect

Office of Surface Mining employees.



This abandoned Indiana mine site improved safety and reduced environmentally degrading conditions by backfilling or removing 4,400 feet of dangerous highwalls, reduced the potential for acid mine drainage, eliminated 30 million gallons of acid water in multiple impoundments, disposed of derelict mining equipment, and reduced erosion by regrading and revegetating 250 acres of acidic spoil. When planning the project it was determined that the use of coal combustion by-products would be beneficial in enhancing the quality of the water discharged from the site. Use of the coal combustion by-products eliminated the need to disturb adjoining areas for borrow and provided a test for using this reclamation technique on future abandoned mine land projects. To document the effectiveness of these reclamation techniques, the Indiana Geological Survey was retained to monitor ground and surface water quality both before and after construction. A comparison of data collected indicates that total acidic outfall from the site during the critical period of April through October (the season when acid mine drainage is typically most concentrated) has had a fivefold reduction. Hydrologic monitoring indicate that the preexisting contaminant plume within the refuse is being effectively isolated from vertical recharge by the coal combustion by-products. And, this large abandoned mine land area is now a showcase of outstanding reclamation. On September 30, 2004, there were more than 7,000 feet of dangerous abandoned highwalls that needed reclamation in Indiana.

14. Advance Budget/Accounting Control Information System, the Office of Surface Mining's accounting system.

Administrative Accounting

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

Audited Financial Statements

Since 1990, the Office of Surface Mining has prepared an annual financial statement, as required by the Chief Financial Officers Act of 1990 (Public Law 101-576). In 2004, KPMG LLP audited the financial statements included in this report and gave the Office of Surface Mining its 14th consecutive "clean" audit opinion. This means that Office of Surface Mining financial results are fairly stated and conform to generally accepted accounting principles for federal agencies.

Cost Accounting

The Office of Surface Mining continued to enhance its cost accounting in 2004 by providing fiscal year comparative data for each program, graphical representation of costs for all programs, supporting data depicting direct charges, overhead and allocation, and summary level program activities to facilitate cost comparison between offices and regions.

Electronic Funds Transfer

The Office of Surface Mining continued to emphasize compliance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996. The Office of Surface Mining transmitted 99.95 percent of vendor payments and 100 percent of miscellaneous payments electronically in 2004, for a total of 100 percent of all dollars paid.

Integrated Charge Card

During 2004, use of the Integrated Charge Card included 10,752 transactions and \$ 3,450,991 was spent, covering 15 percent of all vendor dollars disbursed.

E-Government Initiatives

The Office of Surface Mining is working on expanding electronic government, one of the President's five Management Agenda goals for improving federal management and delivering results that matter to the American people. Initiatives in this area include:

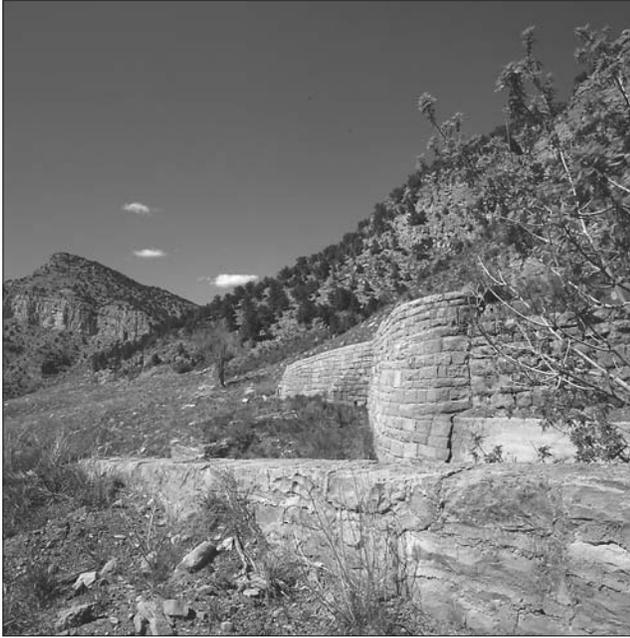
- **Electronic-filing of quarterly Coal Reclamation Fee Reports (OSM-1 Forms).** Electronic filing can be accomplished using a website where coal companies file their quarterly Coal Reclamation Fee Reports (OSM-1 Forms). The E-filing system streamlines reporting, lowers costs, and reduces the dependency on paper-based processes. Currently approximately 33 percent of the companies file on-line, reporting 71 percent of the total reclamation fees owed.

- **Treasury Department's Pay.gov.** Coal companies can also pay the quarterly coal reclamation fees to the Office of Surface Mining using the Internet. Companies schedule their payments using the Office of Surface Mining's E-filing system and Treasury's Pay.gov system. During 2004, 120 companies used Pay.gov to make payments of \$89 million or 31 percent of the reclamation fees collected.

- **Single Source Coal Reporting.** The Office of Surface Mining modified its E-filing website to allow companies to report excise taxes to the Internal Revenue Service and safety and production data to the Mine Health and Safety Administration and the Commonwealth of Pennsylvania while filing quarterly Coal Reclamation Fee Reports with the Office of Surface Mining. The



Abandoned underground, surface, and auger mines near Flat Gap, Virginia had left unreclaimed mine lands that were polluting the North Fork Watershed with acid mine drainage. A pH of 2.0 was measured at the headwaters of the North Fork. Fish kills had been reported downstream in Pound Reservoir. To prevent further formation of acid drainage, exposed shale material was treated with lime and placed in a valley fill containing a large limestone drain. The extremely acidic outslope was excavated and hauled up the slope to prevent future contact with water. The final graded areas were limed, then "ProMac," a bacteria-inhibiting agent that retards acid formation, was applied, and the area seeded. Today, the site is revegetated. Soil erosion has been limited, and the site is no longer draining acid into the watershed. The unqualified success of the project is demonstrated by the improved water quality and the restored sport fishery downstream.



From the late 1800s until 1992 the Sunnyside Coal mine in Utah removed metallurgical quality coal seams averaging nine feet thick. The mine has a rich history as one of the longest continuously producing coal mines in the United States. By 1917, the mine had over 800 coking ovens and by 1919, the Sunnyside coke plant was the largest single beehive oven operation in the United States. During reclamation a total of 48 abandoned portals were backfilled. Those that were flanked with historic Italian-cut sandstone retaining walls were closed and the walls preserved. Today, with reclamation complete, these structures are an historical feature and a reminder of the Italian miners of the early 1900s who build houses, walls, and other structures using rock from the surrounding canyons.

system consolidates reporting to multiple agencies and reduces redundant reporting. Currently, the Single Source Coal Reporting option is available only through the pilot program. During 2004, requirements for a comprehensive filing system were developed under the Small Business Administration's Business Gateway Initiative. The partner agencies are developing a strategy for implementing the new system in 2005.

Information Technology

The Office of Surface Mining relies heavily on information technology to improve its mission delivery. During 2004, responsibilities were realigned to provide a more efficient organizational structure and to assure compliance with security regulations across all Interior Department information technology systems and telecommunications network infrastructure. This organizational restructuring placed the following functions within the purview of the Office of the Chief Information Officer:

- Technology Management, Capital Planning Investment Control;
- Security management, to control access and security compliance;

- Information management, addressing information quality and records management;
- Telecommunications management, network security and wireless communications;
- Inventory management, tracking and accounting for all information resources;
- Information technology strategic planning, monitoring information technology project performance;
- Information technology career/skills management, developing professional information technology standards and training.

Also during 2004, all Office of Surface Mining major information technology application systems and general support systems completed certification and accreditation security reviews. Certification and accreditation security status is achieved through independent review, verification, and documentation of system improvements that are in place to reduce security threats. This signifies the improved integrity levels of the automated information systems in protecting information and information assets.

In addition, during the year, the Office of Surface Mining increased network perimeter security and extended usage of Virtual Private Network technology. Security scans are performed both internally and externally on a monthly basis to identify and thwart any newly emerging security threats. Updated information technology security policies and procedures have also been issued to improve Office of Surface Mining information technology user environment. The Office of Surface Mining's general support systems have been improved through implementation of common centralized software used Department-wide. This enables system cost reductions by utilization of enterprise-wide software licensing agreements and leveraging special pricing agreements negotiated for systems hardware throughout the Department of the Interior.

Human Resources Management

Automated Recruitment

During 2004, the automated recruitment, rating and ranking system, SMART, continued to be a significant tool for the Office of Surface Mining. Since the Office of Surface Mining began using the system, the jobs advertised on-line have attracted over 12,000 applicants. Forty percent of those applicants were minority candidates and more than 50 percent were women, providing management with a diverse pool of

qualified candidates. The Director's freeze on hiring was fully lifted with the development of work-force plans, thus creating an increase in recruitment.

The final consolidated Office of Surface Mining work-force plan was submitted to the Department in October 2003. This was followed quickly by a voluntary separation incentive program and voluntary early retirement authority request, as tools to assist in meeting the work-force plan goals. During 2004, the Office of Surface Mining has used the strategies outlined in the work-force plans and related them to specific positions that will either be restructured or eliminated.

The Office of Surface Mining implemented its competitive sourcing plan with information systems located in Washington, D.C. and Denver, Colorado. Implementation began in January 2004 and was completed April 30, 2004. Thirty percent of the positions that were studied were involved in this implementation. Over fifty percent of the employees involved in the implementation chose either resignation or retirement with the voluntary separation incentive program.

During 2004, the Office of Surface Mining began implementing Quicktime, a web-based, employee-driven time and attendance system. This involved a steep learning curve for employees and will require continued follow-up and assistance as each employee becomes responsible for his/her own time keeping.

The Office of Surface Mining will soon be phasing out the two-level performance appraisal system and replacing it with a new Department-wide five-level appraisal system. The new system has been developed to meet the Office of Personal Management performance system criteria. This change will enhance the supervisor's role in performance evaluation and pay management.

During 2004, retirement calculations and counseling sessions continued, with 116 employees eligible for immediate retirement. Approximately 70 percent of those persons are employed outside Washington, D.C. Also, 245 employees are currently eligible for early retirement and will be eligible for immediate retirement within the next few years. Almost 80 percent of the second group is employed outside Washington, D.C. Many employees requested multiple retirement calculations and associated actions, such as military

payback, deposit, and redeposit time, in order to prepare for and make decisions about retirement.

Labor-Management

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

Monitoring Potential Conflicts of Interest

Sections 201 (f) and 517 (g) of the Surface Mining Law prohibits any federal or state employee "performing any function or duty under this Act" from having "direct or indirect financial interests in underground or surface coal mining operations." The Office of Surface Mining monitors compliance to prevent conflicts with an employee's official duties. In 2003¹⁵ 573 Office of Surface Mining employees, 672 other federal employees, and 1,826 state employees filed financial disclosure statements. One violation was identified and resolved by the head of a state regulatory authority. In addition, 582 Office of Surface Mining employees received annual ethics training.

Equal Opportunity

Due to retirements and other factors, the Office of Surface Mining's work-force declined from 576 to 557 during 2004. Hispanic women were the only minority group to increase. The Office of Surface Mining made significant gains in improving diversity through internal actions. In 2004, there were 23 promotions with women receiving 14 (60.9 percent) and minorities receiving 10 (43.5 percent).¹⁶

The Office of Surface Mining has forged valuable coalitions and partnerships with minority higher education schools and organizations as part of its commitment to executive orders supporting historically black colleges and universities, tribal colleges and universities, and Hispanic serving institutions. The Office of Surface Mining was a cosponsor of the Hispanic Association of Colleges and Universities, the National

15. Data for 2003 are reported here because 2004 federal statistics will not be available until January 2005 and state statistics until May 2005.

16. Women are counted twice in order to provide information on both groups (women and minorities).

Society of Black Engineers, the National Hispanic Sustainable Environmental Energy Conference, Bethune-Cookman College, Xavier's Youth Motivational Task Force, American Indians In Science and Engineering, and Howard University's Geographic Informational Systems Faculty Summer Workshop. Howard University's Geographic Informational Systems Summer Faculty Workshop provides college and university faculty members from other historical black colleges and universities basic training needed to utilize geographic information systems technology for teaching, analyses, and research.

Alternative dispute resolution continues to play a major role in resolving informal discrimination complaints. During 2004, there were seven counseling activities and of those, four individuals chose mediation to resolve their disputes. Each was able to reach a settlement at the informal stage. With the passing of each year and continued training in alternative dispute resolution, more employees and supervisors are using this method to resolve disputes at the earliest stage possible. During 2004, counselors received a minimum of 24 hours of training in conflict resolution.

The newly enacted Title III of the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (NO FEAR Act) requires agencies to post statistical information on their websites concerning complaints of employment discrimination filed under Title 29, Part 1614 of the Code of Federal Regulations. Information regarding the NO FEAR Act has been distributed to all managers in the Office of Surface Mining and required data for the first three quarters of 2004 were posted and distributed.

During 2004, four discrimination complaints were filed against the Office of Surface Mining by two individuals. The number of complaints increased by two this year.



The northeast corner of Wyoming, famous for the Devil's Tower and the scenic Black Hills, is also the site of the Aladdin Tiptle Historical Interpretive Park. Aladdin was the first coal mine in the region and retaining the historical significance of the site was important. Under a traditional reclamation plan, all dilapidated equipment and buildings would have been removed, and the site would have been covered with soil and vegetation. Instead, with historical conservation in mind, the adit was rebuilt to original conditions, and the historic fan house reconstructed on a steel grate to eliminate the hazards of a collapsing shaft. The tiptle and hoist house were reconstructed to show visitors the workings of an early coal mine. Interpretive stations illustrate and describe the features of the site at various vantage points along a pathway that winds through the park. To day, travelers touring the Black Hills can safely learn about early coal mining in the American West.

In addition, managers were provided a 3-year complaint activities comparison report. This report highlighted complaint filings, closings, issues and bases for complaints that were filed during 2003. The report also provided valuable information on other Equal Employment Opportunity areas, including the NO FEAR Act and complaint prevention measures.

Lastly, the Department of the Interior's Office for Equal Opportunity was restructured and renamed the Office of Civil Rights this year. New leadership has been named. As a result of these changes, the Office of Surface Mining decided to postpone its planned diversity summit until the impact of these changes have taken place. The summit was being planned in order to assist managers in improving diversity and to discuss issues and concerns with a representative group of employees.



Performance goals

A summary of Government Performance and Results Act (GPRA) progress

The Office of Surface Mining's mission is to carry out the requirements of the Surface Mining Law in cooperation with states and tribes (see Figure 7). Our primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining, assures that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

In accordance with the Government Performance and Results Act of 1993 and associated Office of Management and Budget guidance, the Office of Surface Mining prepares an annual performance plan as

part of its "Budget Justifications and Performance Information" document. The Office of Surface Mining's annual performance plan and related performance measures have been revised to align with the Department's "Strategic Plan for Fiscal Years 2003-2008" published on September 30, 2003. The Department's Plan can be found at www.doi.gov/ppp/strat_plan_fy2003_2008.pdf

The primary goal of programs funded through the Office of Surface Mining is to protect society and the environment from the adverse effects of coal mining operations. The reclamation program has addressed safety and environmental hazards found in 27 states

Figure 7

Mission

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

Vision

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

Photo to left: Before reclamation at this Pennsylvania abandoned mine site 10 deaths were reported. The abandoned mine site had many steep-sided water bodies that attracted residents looking for a local swimming hole. Today the dangerous hazards have been eliminated and the site reclaimed into a wildlife habitat that includes rich wetlands. Since 1977 more than 1,000 hazardous water bodies have been reclaimed.

and results

and four Indian tribes on over 560,000 acres adversely impacted from abandoned coal mined lands. Over 3.5 million people are at risk from the most serious hazards. The regulatory program involves current coal mining operations on 4,282,456 million acres in 26 states and four Indian tribes.

The annual performance plan emphasizes on-the-ground program accomplishments primarily by our partners, the states and tribes. The Office of Surface Mining activities focus on technical assistance. In addition, the Office of Surface Mining seeks improved management efficiencies through implementation of the President's Management Agenda and Secretary Norton's Citizen-Centered Governance Plan. These initiatives complement the Government Performance and Results Act and focus on program performance in five key management areas: strategic management of human capital, competitive sourcing, electronic government, financial management, and budget and performance integration.

Secretary Norton's Citizen-Centered Governance Plan implements the President's agenda within the Department of the Interior based upon the Secretary's vision of how the Department is to conduct business using the four Cs: Communication, Cooperation, and Consultation in the service of Conservation. In carrying out the mandates of the Surface Mining Law, the Office of Surface Mining continues to seek input from state and tribal partners, industry, citizens, and citizen groups. The development of the initial suite of goals and measures was completed after extensive consultations with these partners and stakeholders in the mid-1990s. Starting in 2002 with the Abandoned Mine Land Reclamation Program and continuing in 2004 with the regulatory program, the Office of Surface Mining met with the states and tribes to establish new measures which better reflect program performance. This year will be the first time that results will be reported for some of these new measures.

Office of Surface Mining activities support three of the four Departmental mission areas - Resource Protection, Resource Use, and Serving Communities. The reclamation program supports both the Resource Protection and Serving Communities goals. Reclamation activities protect the environment; abating health and safety problems serve communities by protecting people and property. The reclamation technical activities generally support the Protection

goal. Reclamation program administration activities support the Serving Communities goal. The regulatory program supports the Resource Use goal by ensuring that coal extraction operations are conducted in an environmentally responsible manner, and that the land is reclaimed during and following the mining process. Regulatory program administration and technical activities generally support the Resource Use goal.

Resource Protection

Strategic Goal: Improve health of watersheds, landscapes, and marine resources that are Department of the Interior managed or influenced in a manner consistent with obligations regarding the allocation and use of water.

The reclamation program supports Resource Protection by influencing federal, State, and tribal activities to improve the health of watersheds and landscapes by correcting problems caused by past mining. Federal grants enable states and tribes to reclaim land and water adversely impacted by past coal mining. Technical assistance, training, and technology development is provided to the states and tribes through the Office of Surface Mining's Technology development and transfer program.

In order to report on program accomplishment toward the final desired outcome, the Office of Surface Mining developed intermediate measures as indicators of program success. Three measures are provided to indicate the amount of reclamation that is occurring annually. The primary indicator is the number of acres reclaimed. For reporting consistency, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. It is estimated that over 1.5 million acres of land have been disturbed and 11,500 miles of streams polluted by coal mining. Since 1977, over 190,000 acres of health and safety coal related problems such as underground fires, subsidence, landslides, open shafts, and highwalls have been reclaimed and 525 miles of stream have been addressed. The number of stream miles improved and the number of surface acres improved provide an indication of water improvement efforts.

A component of the reclamation program is the Appalachian Clean Streams Program, which is designed to facilitate development of partnerships in the form of

cooperative agreements to private not-for-profit organizations to undertake local acid mine drainage reclamation projects. The number of partnering agreements and the amount of increased funds derived from these agreements provide an indication of the support and efficiency for obtaining additional funding for this component of the reclamation program.

Resource Use

Strategic Goal: Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value.

The Surface Mining Law requires that coal mining operations be conducted in an environmentally responsible manner and that the land affected by adequately reclaimed during and following the mining process. State and federal regulatory programs are designed to promote and monitor compliance with these requirements. The technology development and transfer program provides resources for technical assistance, training, and technology development activities to the states and tribes.



The Meadow Creek abandoned mine project, completed by the Tennessee Division of Land Reclamation, was one of first passive treatment acid mine drainage projects in the country. A great deal was learned from completing this design and construction, and the successful technology used for this project has been used on similar acid mine drainage problems in east Tennessee. The project involved treating an artesian discharge from a 24-inch borehole that serviced the abandoned underground coal mine. The water discharge, which deposited iron over five acres, killed all vegetation before it drained into Meadow Creek. Reclamation to eliminate this acid mine drainage problem included flushing 122 tons of limestone into the void through holes drilled into the old underground mine workings. This process immediately buffered the water flowing through the mine. The next step included collecting the water discharge and directing the flow through an anoxic limestone drain. This drain contains 350 tons of limestone and has a 20-year life expectancy. Water leaving the limestone drain is piped to a rock outcrop, or riffler, that aerates the water and increases the amount of iron precipitating out of the water. From the riffler the water enters a polishing pond or settling basin (shown here) before it is finally discharged into Meadow Creek.

As with the reclamation program, intermediate measures of program success have been developed. On-the-ground results are measured by the percentage of coal operations that are free of offsite impacts. During mining, the potential for impacts affecting safety and the environment increases. When safety and environmental impacts happen outside the permitted mining operation, the events are recorded as offsite impacts.

Serving Communities

Strategic Goal: Protect lives, resources and property.

The reclamation program addresses health and safety problems and serves communities by protecting the lives and property of citizens living in the coal fields. Program performance is indicated by the overall number of people with reduced risk from abandoned mine land problems and the number of people being assisted through the emergency reclamation program.

Performance Results

In 2004 the Office of Surface Mining is reporting on eleven performance measures (Figure 8) which either are listed as end outcome performance measures in the Interior Department's Strategic Plan or measures used in the 2004 Program Assessment Rating Tool Review.

New Abandoned Mine Land Performance Measures

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative.

Beginning in July 2003, the Office of Surface Mining and the states and tribes began collecting data for new performance goals, objectives, and measures. These are representative of the success that the Abandoned Mine Reclamation Program has achieved. Proof of that success is demonstrated by four main goals, ranging from eliminating health and safety hazards related to past mining, enhancing the well-being of people in mined areas, improving mine-scarred land and water resources, and improving the use of financial resources dedicated to protecting the public from adverse effects of past mining.

Figure 8

Measure	Target	Results
Mission Area: Resource Protection		
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres)	6,900	6,965
Number of stream-miles for which degradation from past surface coal mining has been improved.	150	11.98 ¹ and ⁴
Number of surface acres of water for which degradation from coal mining has been improved.	150	24.6 ¹ and ⁵
Number of active partnering and leveraging agreements.	56	72 ¹
The amount of increased funds derived from active partnering and leveraging agreements.	\$70,000	\$7,972,602 ¹
Mission Area: Resource Use		
Percent of active sites that are free of offsite impacts.	93	93 ²
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds.	70,000	49,054 ² and ⁶
Mission Area: Serving Communities		
Number of people with reduced exposure potential to safety risks from abandoned mine lands.	10,000	160,257 ³
Percentage of declared emergencies abated within six months (federal and state emergencies).	92	98 ¹ and ⁷
Number of people directly affected (federal and state emergencies).	8,250	11,400 ¹
The percent of Abandoned Mine Land grant funds obligated nationally by states and tribes.	90	96
<p>1. Preliminary data: 2004 is the first year this information is being collected and it is considered preliminary. Data are recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management and agreed to by the participating states. Sixteen states provided data for the time period of July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements. (Tennessee data submitted for the federal fiscal year time period.) Management determined that this reporting time frame is reliable for indicating performance trends and being the basis for management decision making. Data Limitations: Being the first year of data collection - reporting guidance, collection procedures, and data have not been validated and verified. No baseline data are available for assisting in the verification of reported data.</p> <p>2. Estimated data: states provided data for the time period of July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements. Estimates are then made for the fiscal year time frame by deleting the quarter July 1 - September 30, 2003, and adding an estimated quarter for July 1 - September 30, 2004. Totals for Tennessee and Washington are October to September actual numbers and not estimates.</p> <p>3. Information calculated from projects reported completed in the Abandoned Mine Land Inventory System matched with number of people residing within one mile radius of project calculated from census tract data.</p> <p>4. Results based on 19 projects involving 555 land acres with the miles of streams improved ranging from .1 to 2 miles.</p> <p>5. Results based on 13 projects involving 329 land acres with the number of surface acres of water improved ranging from .1 to 5 acres.</p> <p>6. The Office of Surface Mining has decided that the best mechanism for documenting this performance measure is final (phase III) bond release. Data Limitations: restoration of coal-mined land to its premining capability or to conditions capable of supporting higher or better use is being accomplished without coal operators seeking phase III bond release. Operators are not required to request bond release, and many have found that there are economic advantages to not requesting that bond be released, thus, causing an under-reporting of results. Efforts are being made to develop new performance measures to indicate reclamation accomplishments.</p> <p>7. Results based on 187/189 federal administered emergencies and 137/140 state administered emergencies. Data limitations: Some emergency projects had incomplete data and therefore were not used in calculating performance measure results.</p>		

Elimination of health and safety hazards is best represented by the number of people who are no

longer at risk for those abandoned mine problems that have been eliminated. During the state data collection



The Rush Run Mine Project was in the New River Gorge National River area, near Fayetteville, West Virginia. Nearly a million people visit the New River Gorge each year. To protect them from dangerous abandoned mine openings, the National Park Service and the Office of Surface Mining teamed up to reclaim the most dangerous sites in the park. In addition to the goal of keeping people out of the dangerous mine openings, the Park Service wanted to preserve habitat for the protected species of bat using the abandoned mines. At the same time they wanted to allow visitors to see the timber arches used as roof supports in the old mine openings. The bat gates, being constructed at this large opening, will prevent access by people, yet allow bats to easily fly through the openings into the mine. On September 30, 2004, there were more than 2,000 abandoned open portals that needed reclamation in West Virginia.

year (July 1, 2003 through June 30, 2004), abandoned mine land reclamation projects eliminated hazards for more than 160,257 residents, who live within a mile of those projects. In addition, more than 226,345 periodic visitors to these formerly hazardous areas are no longer in danger or at risk.

Enhancing the well-being of people in mined areas is represented by the number of projects that have resulted in employment or improvements in the lives of those people affected by past mining problems. Based on the amount of funding to reclaim the hazards, it is estimated that

approximately 10,385¹⁷ jobs were created to accomplish the reclamation. In addition, almost 53,000 people have directly benefited from completed public facilities projects and many more could benefit in the future because of the capacity of the facilities created.

Improvements to mine-scarred land and water resources is demonstrated by the number of acres reclaimed and the number of acres improved for beneficial uses, using a uniform land use base, such as forests, wetlands, agriculture, wildlife, recreational, rangeland, riparian, watershed, and commercial/residential development. The number of land acres that were reclaimed last year was 4,204,¹⁸ which benefits more than one land use type.

Improving the use of financial resources dedicated to protecting the public from adverse effects of past mining is evidenced through the amount of funding derived from partnering with other government and non-government organizations with the same goals as the Abandoned Mine Land Reclamation Program. Direct dollars and in-kind contributions from Appalachian Clean Streams Program partner and leveraging partners and have amounted to more than \$7.9 million in 2004.

See Figure 8 for 2004 results of the new abandoned mine land performance measures.

United Mine Workers Combined Benefit Fund Program

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

The annual transfers began in 1996. Funds earned in 1993 through 1995 were earmarked to support transfer of up to \$70 million where the interest collected was not sufficient to meet the needs of the United Mine Workers Combined Benefit Fund Program. This reserve was exhausted in 2003.

Performance Measures

The Office of Surface Mining determined that meaningful performance measures for this transfer are not possible. Once the transfer is made (within five business days of the request by the United Mine Workers of America Combined Benefit Fund), the Office of Surface Mining has no authority over how the transferred money is used.

17. Determined by the Associated General Contractors of America.
18. Only land-based problem types that are measured in acres -- NOT converted Government Performance and Results Act acres.

Figure 9
United Mine Workers Combined Benefit Fund

(in thousands)

Fiscal Year of Interest Collection Earned	Number of Unassigned Beneficiaries	Annualized Rate of Interest	Interest Collected	Transfer Through 2002	2003 Transfer	2003 Special Transfers	2004 Transfer	2004 Special Transfer	Transfer To-Date	Interest Balance
1992	N/A	3.52	\$32,328	\$32,328	\$0	\$0	\$0	\$0	\$32,328	\$0
1993-1995	N/A	3.85	132,453	91,320	0	41,133	0	0	132,453	0
1996	21,544	5.07	69,384	51,583	1,120	0	(3,770)	0	48,933	20,451
1997	22,131	5.03	81,006	59,140	2,512	11,006	(4,752)	0	67,906	13,100
1998	20,497	5.00	67,031	62,649	1,580	0	(4,314)	0	59,915	7,116
1999	20,271	4.48	82,830	67,993	1,776	12,830	(4,620)	0	77,979	4,851
2000	19,499	5.15	94,369	69,030	969	0	(3,415)	0	66,584	27,785
2001	17,815	4.82	103,496	70,000	(48)	9,943	(3,893)	0	76,002	27,494
2002	16,078	1.86	43,278	70,000	0	(26,722)	(1,421)	1,421	43,278	0
2003	14,528	1.22	23,620	0	48,170	(14,412)	(8,717)	(1,421)	23,620	0
2004	17,394	2.76	45,695	0	0	0	49,870	0	49,870	(4,175)
Total			\$775,490	\$574,043	\$56,079	\$33,778	\$14,968	\$0	\$678,868	\$96,622