

ADMINISTRATION AND FINANCE

MANAGING THE OFFICE

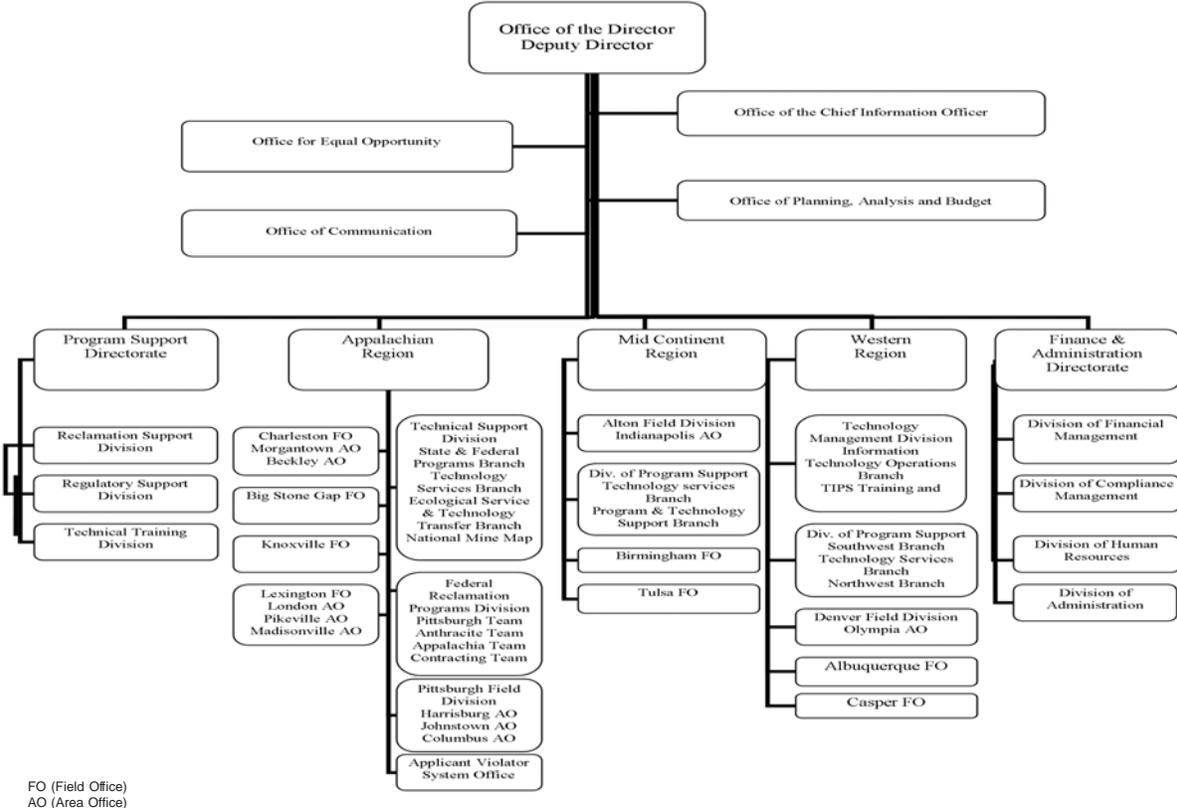
Since 1977, protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been required by the Surface Mining Law. Making sure those requirements are met is the responsibility of the Office of Surface Mining. Functionally, the agency is organized around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

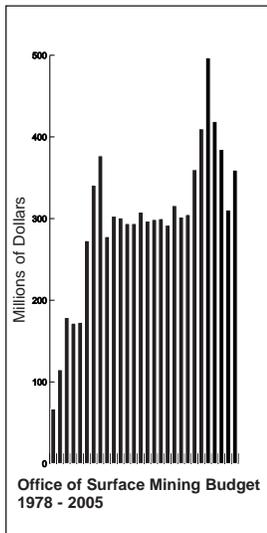
Figure 6
Office of Surface Mining Organization¹



maintains a financial management office in Denver, Colorado; an Anthracite Office in Wilkes-Barre, Pennsylvania; and Appalachia Abandoned Mine Land Office in Ashland, Kentucky.

In 2005, the Western Region formed a new Technology Management Division that will expanded responsibilities of the national Technical Innovation and Professional Services program. This new organization contains an Information Technology Operations Branch, and Training and Technology Branch that includes a National Training Coordinator. The Mid-Continent Region reorganized the Program Support Division to include two new branches, Technical Services Branch and Program and Technology Support Branch that expand the technical assistance services in that geographic area.

Budget and Appropriations



The Department of the Interior and Related Agencies Appropriations Act of 2005 (Public Law 108-447) appropriated \$109,805,000 from the General Fund for the Office of Surface

Mining's regulation and technology activities (\$3,387,000 more than 2004). Also, \$190,863,000 was made available for obligation from the abandoned Mine Reclamation Fund (\$2,106,000 more than 2004). That same public law reduced \$1,526,699 and \$2,751,481 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 108-447, \$66,533,254 of interest was

Table 13
Appropriations¹

	2005	2004
Regulation & Technology		
Environmental Restoration	158,763	160,992
Environmental Protection	22,983,351	22,028,299
Regulatory Grants	56,837,056	56,865,567
Technology Dev. & Transfer	13,299,632	12,386,908
Financial Management	485,165	484,950
Executive Dir. & Admin		
Executive Direction	2,454,422	2,404,032
Administrations Support	4,257,026	4,093,352
General Services	7,793,223	6,688,556
Subtotal:	108,268,638	105,112,656
Abandoned Mine Reclamation		
Environmental Restoration	21,796,086	16,345,085
Reclamation Grants	147,522,671	158,606,290
Environmental Protection		-
Technology Dev. & Transfer	3,021,433	2,653,891
Financial Management	8,444,158	6,182,865
Executive Dir. & Admin		
Executive Direction	1,311,523	1,296,950
Administrations Support	2,207,895	2,208,320
General Services	3,902,059	3,297,857
Subtotal:	188,205,825	190,591,258
Office of Surface Mining Budget	296,474,463	295,703,914
Transfer to United Mine Workers Fund	66,533,254	14,966,929
Total	363,007,717	310,670,843

1. The appropriation figures include reprogramming and rescissions for 2004 and rescissions for 2005.

transferred to the United Mine Workers of America Combined Benefit Fund (see Table 13).

The 2005 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 2005.

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 2005, \$96,930 in civil penalties was collected. Of that amount, \$88,143 (base penalty and interest) was deposited into the Civil Penalty Fund for reclamation purposes, while \$8,787 (penalties and administrative charges) was transferred to Treasury. During 2005, \$98,610.75 from this fund was obligated for post-Surface Mining Law reclamation projects.

State regulatory program grants were funded at \$56,837,056 which was \$26,319 less than 2004. 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 \$147,522,671, which was \$11,083,619 less than the amount appropriated in 2004.

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.

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, investment of abandoned mine land reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee issues. During 2005, direct program costs were only about two percent of collections.

The current balance owed by coal companies is \$952,209. Of this amount, the Office of Surface Mining assigned \$280,463 to the Office of the Solicitor for legal action and referred \$58,434 to the Department of Treasury, as required by the Debt Collection Improvement Act. The remaining debt of \$613,312 is either in the appeal process, under

payment plans, or going through initial debt collection procedures. Table 14 summarizes collections results. Although the Office of Surface Mining is working to eliminate it, some level of non-compliance will probably always occur as a result of company errors and financial difficulties.

Grants Management

Grants management includes the accounting, disbursement, and reporting on grants awarded to states and tribes for abandoned mine land and regulatory grants. 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 on-line reports maintained by the Office of Surface Mining so they can track their grant activity. During 2005, the Office of Surface Mining provided \$244,431,641 of grants to states and tribes.

Revenue Management

Revenue management involves managing a variety of non-fee revenues and receivables that come from Office of Surface Mining's operations. These include the accounting and collection of revenue for civil penalties issued for mining violations, bond forfeitures by federally permitted mining companies, and fees for mine permit reviews and blaster certification training. During 2005 \$ 96,930 was collected in civil penalties. The percentage of civil penalty dollars collected is low due to the financial condition of the companies that incur civil penalties. Companies that are

in good financial condition fix their violations and incur relatively small penalties. Companies that are in poor financial condition do not fix their violations and incur large dollar civil penalties

Coal Fee Collection Management System

During 2005 the Office of Surface Mining received funding for replacement of its fee, audit and civil penalty accounting and collection systems. This new system will replace the three existing systems with one contemporary system that is less costly and easy to maintain. The new system will also allow the Office of Surface Mining to implement process improvements that will generate operating efficiencies. The project is in the acquisition phase and proposals for developing the new system are being evaluated.

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 2005, KPMG LLP audited the financial statements (see www.osmre.gov/annualreports/annualreport05.htm) and gave the Office of Surface Mining its 15th 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.

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 99.8 percent of vendor payments and 99.78 percent of miscellaneous payments electronically in 2005, for a total of 99.9 percent of all dollars paid.

Table 14 Collections Management		
Category	Amount Collected	Balance Owed
Abandoned Mine Land Fees ¹	\$293,604,230	\$715,107
Civil Penalties	96,930	237,102
Administrative	0	0
Total	\$293,701,160	\$952,209

1. Includes both fees and audits.

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Integrated Charge Card

During 2005 use of the Integrated Charge Card included 10,824 transactions and \$3,521,566 spent, covering 16 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 39 percent of the companies file on-line, reporting 83 percent of the total reclamation fees.

Treasury Department's Pay.gov. Coal companies can pay the quarterly coal reclamation fees to Office of Surface Mining using the Internet. Companies schedule their payments using the E-filing system and Treasury's Pay.gov system. During 2005, 135 companies used Pay.gov to make payments of \$95 million or 33 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 system consoli-

In the past, reclaimed coal mine in East Texas frequently consisted of pasture land planted with coastal Bermuda grass. Today, native vegetation improves the wildlife habitat and provides a richly diverse plant community. At this reclaimed mine site thousands of tree and shrub seedlings were planted. Today, the quality of the diverse wildlife habitat is recognized worldwide.

dates reporting to multiple agencies and reduces redundant reporting. Currently, the Single Source Coal Reporting option is available only through a pilot program. In 2005, the partner agencies developed a strategy for implementing the new system and received \$275,000 in funding from the Small Business Administration under the Business Gateway Initiative. Implementation for the Single Source Coal Reporting System is expected in 2006.

Information Technology

The Office of Surface Mining continues to strengthen its information technology management processes to improve its support capabilities. During 2005, the Chief Information Officer addressed major information management concerns, initiated key information management process improvements, and addressed Departmental initiatives relating to the infrastructure. Primary 2005 activities and accomplishments include:

- Information security program improvements
- Improvements in capital planning and enterprise architecture processes
- Continued migration to Department-centric infrastructure
- Integration of information management functions
- Strengthening of Freedom of Information Act Initiatives
- Draft Privacy Act Initiatives to enhance employee awareness of Privacy concerns
- Approved Change Notice to the INF-1 Directive: Office of Surface Mining Records Disposition Schedule; incorporating disposition instructions for Indian Records

Refinement of the Office of Surface Mining security program was a key initiative during the year. Security policy and procedures were drafted for approval. All Office of Surface Mining information systems and the information technology infrastructure underwent certification, based on



current system security documentation. Penetration testing was conducted to verify the security of the systems and all were rated green.

Office of Surface Mining management processes for capital planning and enterprise architecture were reviewed and refined during the year. All of the Office of Surface Mining's major investments received passing scores from the Department and significant improvements were applied to 2007 business cases. The Interior Department's Information Technology/Information Management guide was utilized as a basis for bringing the Office of Surface Mining capital planning process maturity to Level 3.

Emphasis was placed on training, both in the capital planning process and in project management. Capital planning training classes and workshops were held, including a four day project management class. Five Office of Surface Mining Information Technology project managers achieved Project Management Professional certification during 2005. All major projects/investments are operating within 10 percent of cost, schedule, and performance goals.

The Office of Surface Mining is in the process of building an enterprise architecture management foundation and is currently in Level 2 of the Government Accounting Office's Enterprise Architecture Management Maturity Framework. A Chief Architect has been appointed. Initial priority was placed on populating the enterprise architecture data repository of the major investments reported on the Exhibit 53

Wooded draws are a natural feature of the North Dakota landscape that provide critical habitat for wildlife. Traditionally mining operations mined through these draws and then reclaimed them. Although this has met with success, this mining company took a new look at working with these unique natural features -- they left the wooded draws alone. Instead of mining through them, they mined around them. Preserving the wooded draws eliminated the years necessary to reestablish mature vegetation and this reclaimed mine is already integrated into the landscape.

to the Office of Management and Budget to establish the "as-is" baseline architecture. Enterprise architecture has been integrated with the capital planning process. This integration will be reviewed and refined during 2006.

Also during 2005, the Office of Surface Mining participated in Interior Department initiatives intended to streamline the information technology infrastructure. These initiatives improved cost control through centralized management of licensing, department-wide common-use contracts, equipment compatibility, and more economical leveraged pricing.

Information Technology improvements included the migration from Groupwise messaging to Exchange and the use of Microsoft Outlook as a Department-centric messaging. Also, during 2005, enterprise services were initiated for Microsoft Office Management, Symantic Antivirus, and system improvements to the Microsoft Active Directory Services.. In addition,

centralized management of the procurement of replacement computer hardware was initiated. Microsoft Sharepoint (Insight) was implemented for collaborative efforts. Management of the Office of Surface Mining Wide Area Network was migrated to the Department-managed Enterprise Service Network and the system data telecommunications lines were moved from Frame Relay to MCI's Virtual Backbone System.

The Office of Surface Mining continues to support Departmental efforts in improving Freedom of Information Act and Privacy Act processes. Efforts include support of agency-wide employee training cross-cutting Freedom of Information Act, Privacy Act, and records programs. Initiatives by the administration include elevating Privacy programs throughout all aspects of government along with an improvement in records management awareness and disposition processes. The Office of Surface Mining plans to revise the entire Records Disposition Schedule to





incorporate electronic records in accordance with the National Archives Records Administration guidelines.

The major management initiative undertaken near the end of 2005, which will continue through 2006, was the integration of information management processes through establishment of an Integrated Program Management Office. This office will coordinate the development and application of Information Records Management processes for acquisition, capital planning, enterprise architecture, Freedom of Information Act/privacy, records management, and security. These processes will be integrated with other Office of Surface Mining functions such as asset management; budget, E-Gov, human resources, and facilities management.

Human Resources Management

Automated Recruitment

The automated recruitment, rating and ranking system, SMART, continues to be a significant tool by increasing the number of applicants for jobs. In 2005, the jobs advertised on-line attracted 4,000 applications and since the system was implemented, more than 16,000 applicants have been received.

Workforce Plans

During 2005, the Office of Surface Mining updated its Workforce Plans which outline human resource strategies for the period 2005 through 2008. The Plans focus on future human resource needs to achieve mission objectives. In developing Workforce Plans, the Office of Surface Mining looked at trends in the mining industry, changes in industry, demographics where coal was being mined, emerging technologies, and the transition of conducting oversight and enforcement to providing technology

Following reclamation at this southern Indiana coal mine, the landowner is farming his land just as he has since the 1930's. After reclamation to prime farmland standards, the land has maintained its high crop production yields it had before mining.

transfer, technical assistance, and training. Strategies used in the Workforce Plans were designed to establish effective and efficient organizational structures, and every vacancy is assessed and redefined against the Workforce Plans. The goal in this effort is to create a workforce size, composition, competency will better meet current and future demands. The end result will be a restructured workforce that enables the Office of Surface Mining to more effectively fulfill its mission.

Retirements

The Office of Personnel Management and Office of Management and Budget approved the Office of Surface Mining's request for "early-out" and "buy-out" authority. Seventy-four employees were sent offer letters for early-out/buy-out and 24 accepted the offer. Attritions resulting from our early-out/buy-out authority in 2005 have provided the opportunity to bring on-board a new complement of people who possess the skills, competencies, and experience needed to accomplish the mission requirements.

During 2005 retirement calculations and counseling sessions continued, with 119 employees eligible for immediate retirement. Counseling sessions provide employees with invaluable information, which prepares them for and allows them to make informative decisions about retirement.

Automated Time and Attendance System: Quick Time

Office of Surface Mining employees continue to use the automated time and attendance system to submit payroll data. Employees are feeling more confident in using Quick Time and there has been a notable decrease in the number of requests for assistance.

Performance Management

The Office of Surface Mining, along with other Interior Department Bureaus, has completely transitioned from a two-level to a five-level performance appraisal system. Computerized training has been made available to all employees, with managers and supervisory training being mandatory. One of the major changes emphasized in the training is that the performance appraisal period now covers the October 1 through September 30 period. For the convenience of the employees, the Departmental Manual performance management policy, performance appraisal handbook, and the performance appraisal form may be accessed on the Office of Surface Mining intranet.

Labor Management

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

Training and Development

On October 30, 2004, the President signed the Federal Workforce Flexibility Act which enacted changes to the training regulations. The changes require federal agencies to regularly evaluate and modify training programs or plans in order to promote a more strategic approach to agencies' integration of training programs into overall mission accomplishment and provide specific training to develop managers as part of a comprehensive management succession program. The Office of Surface Mining is currently developing a Leadership Education and Development Program comprised of leadership/managerial training, mentoring, and developmental assignments. Participants for the program will be selected by a panel, and upon completion of this intensive long term training program may become eligible for non-

competitive promotion to a vacant managerial position. This program will ensure availability of qualified candidates as employment vacancies occur in our managerial positions.

The Office of Surface Mining, along with other Interior Department Bureaus, is currently undertaking efforts to improve the ability to manage organizational learning. The major initiative underway is the implementation of an enterprise-wide learning management system which allows each bureau to manage and deliver competencies, curriculum, and certification learning to each employee. The learning system will provide a standardized business practice by providing bureau technology tools to access, deliver, and measure human capital training, learning, and development. The learning system supports the President's Management Agenda by enabling bureaus to more efficiently manage the development of their human capital in order to accomplish their mission. The learning system will be deployed in three phases, with the first phase scheduled for October 2005.

Monitoring Potential Conflicts of Interest

Sections 210(f) 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 2004⁹, 596 Office of Surface Mining employees, 907 other federal employees, and 2,013 state employees filed financial disclosure statements. No violations were identified. In addition, 596 Office of Surface Mining employees received annual ethics training.

Equal Opportunity

The Office of Surface Mining's workforce continued to decline during 2005 from 559 to 528 permanent employees. Most of the decline can be

attributed to retirements. It is expected that this trend will continue over the next five or more years. While this increased retirement trend is a challenge, in some ways it has provided new opportunities to improve diversity. For example, the representation of Black men and women, Hispanic men and Asian men all increased during 2005. Additionally, three of the minority hires were at senior levels; two at grade 15 and one at the SES level. The Office of Surface Mining also made significant improvements in diversity through internal actions. During 2005, there were 49 promotions, with women receiving 29 (53.1 percent) and minorities receiving 14 promotions (28.6 percent).

In an attempt to hold managers more accountable, the Director lead his senior management team in a two-day discussion regarding development of the Office of Surface Mining Equal Employment Opportunity plan. This discussion established a process that lead to a more meaningful participation of the senior managers to define, uncover, examine, and remove barriers to equal participation by employees at all levels of the workforce. This was a major step in ensuring that equal employment opportunity and workforce diversity initiatives are part of the Office of Surface Mining's strategic mission.

Another major accomplishment during 2005, was to provide all employees with training in the area of diversity in the workplace, alternate dispute resolution, and a highlight of the Interior Department's recently completed Strategic Plan for Improving Diversity, the No Fear Act, and whistle blowers' protection requirements. This training included interactive discussions that were designed to increase awareness of the business and cultural need for understanding and managing diversity. Two new collateral duty Counselors were recruited during 2005. These counselors replaced the two that resigned and/or retired. As a result of this change, there are one full time and six collateral duty

9. Data for 2004 are reported here because 2005 federal statistics will not be available until January 2006, and state statistics until May 2006.

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counselors. Due to the Departmental Office of Civil Rights and the desire to provide more professionalism and uniformity during counseling, all Office of Surface Mining counselors, along with other bureaus' counselors received 40 hours of required training. The training included areas of conflict resolution, the No Fear Act requirements, interviewing techniques, and report writing.

Lastly, with the commitment to conflict

resolution and the diversity training, there was a decrease in overall workplace disputes. During 2005, there were only five counseling activities, three of which resulted in formal discrimination complaints.

This is the site where it all began. The first permanent program mining permit under the Surface Mining Law was issued in December 1980 by the Montana regulatory authority. The permit authorized mining of a 1,738-acre

site by the Western Energy Company in Colstrip, Montana. This photo, taken in 1986, shows the reclaimed land at that first permitted mine site. It was mined, re-claimed, and returned to grazing land that is being used by a local rancher.

This and the other examples shown in this report represent only a small sample of the successful reclamation that is being achieved under the Surface Mining Law. It is a picture of achievement that all Americans can take pride in, and reassure the residents of coal-producing states that they can enjoy the economic benefits of mining without sacrificing long-term environmental quality and land productivity.

