

3. ADMINISTRATION AND FINANCE

LEGISLATIVE INITIATIVES

The Office of Surface Mining provided legislative drafting services requested by the 100th Congress regarding remining, the AML income tax exemption, the Small Operator's Assistance Program (SOAP), and interest-bearing investment of AML Fund monies. The Administration formally submitted a legislative proposal on wild-cattling.

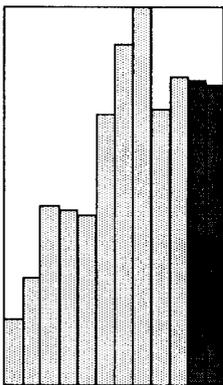
Two bills were drafted in the 100th Congress to make technical corrections on the AML income tax issue in the Tax Reform Act; however, neither bill was passed by the end of the 100th Congress. They were H.R. 4333, sponsored by Congressman Rostenkowski, and S. 2238, introduced by Senator Bentsen.

House Resolution 2719, to amend Titles I, II, IV, and V of SMCRA, and add an additional Title X to encourage remining, was introduced by Congressman Clinger in the 101st Congress on June 22, 1989. H.R. 2791 would amend SMCRA to encourage the remining and reclamation of abandoned mine lands through the concept of a federal/State program. That legislation was introduced by Congressman Boucher on June 29, 1989.

Legislation was introduced in the 101st Congress to amend SMCRA, address reclamation, and provide authority for the Secretary of the Treasury to invest monies deposited in the AML fund in interest-bearing accounts (H.R. 2095, introduced by Congressman Rahall on April 25, 1989).

Amendments to Titles II, V, and VII of SMCRA would make the mining of coal without a permit a criminal offense and permit the seizure of all property used in the mining operation. The proposal, H.R. 1376, was introduced by Congressman Udall on March 13, 1989.

BUDGET AND APPROPRIATIONS



OSM Budget 1978-89

Public Law 100-202, signed by President Reagan on December 22, 1987, appropriated from the Treasury \$102,125,000 for FY 1988 regulatory and enforcement activities, and an amount equal to the 1988 performance bond forfeitures. The bond forfeitures in 1988 were \$273,000.

The appropriation language contained the following provisions:

- Civil penalties collected under Section 518 of SMCRA can be used to reclaim lands mined and abandoned after August 3, 1977. \$733,699 was collected from civil penalties in 1988 and \$704,000 was used for reclamation of the post-August 3, 1977, lands.
- The Secretary must abide by and adhere to the terms of the Settlement Agreement in *NWF v. Miller*, C.A. No. 86-99 (E.D. Ky). OSM did adhere to all terms and provisions.

In addition, \$199,380,000 was appropriated from the AML Fund, and up to 20 percent of the funds recovered from the delinquent debt were authorized to be used to continue collection of these debts. In 1988 the delinquent debt collection was \$4,693,919, and \$470,000 (10 percent) was spent on additional debt collection. The following provisions were included in the AML appropriation:

- Reclamation funding to States pursuant to Section 406(a) may not exceed 15 percent administrative expenses.
- States shall not receive funding if they have not agreed to participate in the nationwide Applicant Violator System (AVS).
- 50 percent of the annual AML grant may be denied if the Secretary finds the State(s) failing to enforce provisions of the approved State regulatory program.
- Expenditures under Section 402(g)(3) shall be prioritized as stated in Section 403.
- 23 full-time positions are to be maintained in the Wilkes-Barre Office.

All of the provisions were met.

Public Law 100-446, signed by the President on September 27, 1988, appropriated from the Treasury \$101,095,000 for FY 1989 regulatory and enforcement activities, and an amount equal to the receipts of 1989 performance bond forfeitures. The bond forfeitures receipts in 1989 were \$285,098.

The appropriation language contained the following provisions:

- Civil penalties collected under Section 518 of SMCRA can be used to reclaim lands mined and abandoned after August 3, 1977. \$775,385 was collected from

civil penalties in 1989, and \$300,584 was used for reclamation of the post-August 3, 1977, lands.

- The Secretary must abide by and adhere to the terms of the Settlement Agreement in *NWF v. Miller*, C.A. No. 86-99 (E.D. Ky). OSM did adhere to all terms and provisions and significant progress was made on the Settlement Agreement. This progress is summarized in Section 4, under the Kentucky Settlement Agreement.

In addition, \$193,160,000 was appropriated from the AML Fund, and up to 20 percent of the funds recovered from the delinquent debt was authorized to be used to continue collection of these debts. In 1989 the delinquent debt collection was \$7,077,426, and \$1,064,300 (15 percent) was spent on additional debt collection. In addition to the same provisions found in the 1988 appropriations, the following were also included in the 1989 AML appropriation:

- State and Tribal personnel attending OSM-sponsored training may be paid travel and per diem expenses by OSM. In 1989 \$129,672 was obligated for State and Tribal personnel's travel expenses while attending training.
- OSM should conduct a thorough accounting and reconciliation of the Abandoned Mine Reclamation Fund for the period 1977-1988. It was directed that "this accounting and reconciliation should determine, by State, the source of all contributions to the Fund and ... denote all fund disbursements by purpose and fiscal year including letter of credit grants to States."

In May 1987, OSM initiated a project to reconcile documentation of AML receipts, expenditures, and funding with the existing automated information systems. The purpose of this project was to ensure that all source documents supported the information contained in the automated systems and to obtain concurrence from coal producing States and Tribes. This project was undertaken in three phases:

Phase I: Grant Expenditure Reconciliation. This phase consisted of a review of grant obligations/deobligations, drawdowns, and expenditures for all grants and cooperative agreements awarded to date. This phase was completed in January 1988.

Phase II: State/Federal Share Allocation. This phase consisted of a calculation of the State share balance from Fiscal Years 78-88 and a recalculation of the FY 89 grant allocations. This phase is complete up to the point of State concurrence.

Phase III: Reconciliation of AML Receipts. This involved a review of receipts to ensure they were attributed to the correct State/Tribe. The total reconciliation will involve approximately \$2.2 billion. This phase is complete and concurrences are being requested from States/Tribes.

Reporting systems and monthly reconciliation have been developed in order to provide States and Tribes with current information regarding their receipts, expenditures, and funding. These improvements, together with system enhancements, will insure continued reconciliation of the Abandoned Mine Reclamation Fund.

All of the provisions in the 1989 appropriations were met.

Table 1 provides a 1978-1989 appropriation history.

ASSESSMENTS AND COLLECTIONS

During 1988, OSM decentralized the civil penalty assessment function to field offices in Knoxville, Tennessee, and Denver, Colorado. This realignment placed the assessment process within the same organizations that are responsible for mine site inspection, and significantly improved the coordination between those two functions.

The backlog of delinquent civil penalty debt was processed during 1988. (OSM reclassified as uncollectible over \$42 million.) Debts which are uncollectible are retained in OSM's Applicant Violator System to prevent violators from receiving new mining permits.

The collection of delinquent AML fees was consolidated in Headquarters during 1988. The AML fee program collection rate is currently over 99 percent. Since inception of OSM, the agency has collected over \$2.4 billion in fees. The unpaid principal for the same period amounted to about \$25 million. During 1988 and 1989, OSM collected about \$11.7 million in delinquent AML fees (including \$3.5 million of audit fees). About 10 percent of the delinquent AML fees are collected as a result of permit blocks flagged by the Applicant Violator System.

For both the civil penalty and AML delinquent debt programs, OSM utilizes private contractors to attempt collection and to determine the net worth of individuals and businesses who do not pay their obligations. The majority of OSM's delinquent debt (65 percent, totaling in excess of \$51 million) has been referred to the Solicitor for legal action. Of the balance remaining, \$17 million (22 percent) is owed by companies that are bankrupt. OSM is currently processing \$11 million of remaining delinquent AML and civil penalty debt. At the end of 1989, about half of the debt was in the collection process with private agencies.

Table 1
OSM Appropriation History
1978-1989
(Dollars in Thousands)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Regulation & Technology												
State Regulatory Grants	\$8,600	\$18,900	\$21,680	\$35,000	\$24,432	\$32,150	\$38,100	\$36,734	\$35,387	\$45,110	\$40,359	\$41,910
Regulatory Program Operations												
Tech. Services, Training & Research												
Kentucky Settlement Agreement												
Assessments and Collections						10,493	13,776	23,729	6,938	7,929	10,502	8,981
Program Operations & Inspections												
State & Federal Programs	3,300	4,007	14,352	22,492	15,246							
Inspection & Enforcement	7,520	13,360	16,622	15,717	12,193							
Technical Support	3,260	6,872	7,033	6,841	6,644	10,903	12,551	12,890				
Applied Research	2,500											
Mineral Institutes	5,700	5,800	10,000	9,629								
SOAP		5,000	15,000									
General Administration						7,332	6,268	6,994	8,103	14,062	13,831	11,999
Executive Direction									[1,359]	[1,664]	[1,677]	[1,761]
Administrative Support									[3,425]	[6,297]	[6,856]	[5,649]
General Services									[3,319]	[6,101]	[5,209]	[4,589]
Subtotal	30,880	53,939	84,687	89,679	58,515	60,878	70,695	80,347	80,774	100,003	102,125	101,095
Abandoned Mine Reclamation Fund												
State Reclamation Grants		10,000	25,000	26,200	46,936	173,528	233,100	236,840	149,441	160,600	159,660	151,660
Fund Management	4,784	8,680	9,124	9,987	6,794	5,131	6,498	6,599				
Fee Compliance									2,680	3,482	5,588	5,681
Reclamation Program Operations	15,875	21,835	39,376	29,364	41,680	23,064	26,452	39,371	28,715	24,592	13,662	19,005
AML - Technical Support	998	808	1,237	1,652	1,584	991	1,221	1,955				
RAMP	5,000	10,128	10,106	10,280	18,339	6,155	10,582	9,800	9,019	9,400	15,000	12,000
SOAP	10,000	10,000	10,000	5,000			(11,499)	(2,000)	2,949			
General Administration						4,210	4,874	4,376	4,473	5,646	5,470	4,814
Executive Direction									[794]	[825]	[880]	[866]
Administrative Support									[1,912]	[1,992]	[2,311]	[1,692]
General Services									[1,767]	[2,829]	[2,279]	[2,256]
Subtotal	36,647	61,451	94,843	82,485	115,333	213,079	271,228	296,941	197,277	203,720	199,380	193,160
Total	\$67,527	\$115,390	\$179,530	\$177,964	\$173,848	\$273,957	\$341,923	\$377,288	\$278,051	\$303,723	\$301,505	\$294,255

COLLECTION INFORMATION SYSTEM

Improvement to the collection information system in early 1988 provided OSM with a highly flexible, rapid data retrieval capability. The improvements enabled OSM to automate the production of Treasury reports for accounts receivable (Schedule 9) as well as to report the status of every civil penalty case, including the age of cases within each processing stage. The modifications to the system resulted in substantial reductions in the cost of producing necessary financial reports.

NET WORTH REPORTS

Net worth reports are requested to determine the ability of businesses and individuals to pay money owed to OSM for unpaid civil penalties and AML fees, as well as their ability to pay for the cost of reclaiming old mining sites. During 1988-89, OSM obtained net worth reports on approximately 2,000 companies and individuals.

LEGAL ACTION AGAINST DEBTORS

When OSM exhausts its avenues of debt collection, delinquent debts are referred to the Solicitor's office for legal action. The agency refers only the cases for which evidence of sufficient assets exists. During 1988-89, OSM referred about 1,100 civil penalty cases worth nearly \$22 million and 635 AML cases worth \$6.5 million.

FEE BILLING AND COLLECTION SYSTEM (FEEBACS)

OSM is developing a new AML Fee Billing and Collection System prototype. If approved, the FEEBACS prototype will be developed into a full production system that will replace the AML Fee Collection system, in use since 1978.

To date, OSM has consulted with the system users to develop the necessary functional and data requirements for the new system. FEEBACS will be designed around Oracle, a relational data base management system. Besides offering many new features, such as the ability to "link" multiple mining operations under their respective parent corporations, FEEBACS will also allow other OSM systems to access resident AML data.

Requirements analyses and benefit-cost studies indicate that FEEBACS will far surpass the capabilities of the existing AML system, with a net benefit of approximately \$5,000,000 over the five-year system life.

TECHNICAL INFORMATION PROCESSING SYSTEM (TIPS)

The Technical Information Processing System (TIPS) is a computer system which was jointly developed by OSM and the States. The system provides regulatory authori-

ties with analytical tools to aid the technical decision-making processes related to SMCRA. Using commercially available off-the-shelf software, TIPS performs a number of automated operations in the areas of engineering, hydrological, and scientific analysis required in mine permitting, abandoned mine land projects, designation of lands unsuitable for mining, and other applications. Prior to the development of TIPS, calculations were prepared using manual methods that were often inconsistent and cumbersome as well as time-consuming.

In 1988, OSM began formal implementation of TIPS through a variety of actions. In January 1988, the host minicomputer was installed in Denver, Colorado. Installation of the minicomputer allows processing of analytical computer models quickly and efficiently. Telecommunications planning was completed, enabling workstations to be linked to the host minicomputer in Denver. Training materials for all users were developed and distributed to coincide with the installation of the workstations in the State regulatory authorities. Prototype testing of the software to be installed on each workstation was completed using three State regulatory offices (Pennsylvania, Illinois, and Montana) and four OSM offices (two in Pennsylvania plus Knoxville, Tennessee, and Denver, Colorado). Upon completion of the prototype testing, 14 State regulatory authorities, in addition to the three prototype State regulatory authorities previously equipped, received workstations by the end of 1988. These States were Alabama, Colorado, Indiana, Kentucky, Maryland, New Mexico, North Dakota, Ohio, Oklahoma, Texas, Utah, Virginia, West Virginia, and Wyoming. Installation included testing of each workstation at each site, a demonstration of the capabilities of TIPS to State managers, and intensive training of State regulatory staff on the software installed on each workstation. In 1989, OSM installed additional workstations in Alaska, Iowa, Missouri, and Kansas.

COAL DATA MANAGEMENT INFORMATION SYSTEM (CDMIS)

OSM's long-term information systems goal for CDMIS is to have an integrated computerized system that provides OSM field installations and State regulatory authorities with access to a central data base which will support all phases of SMCRA enforcement as well as Title IV reclamation programs.

Originally, OSM developed numerous independent single-purpose computer systems, each individually designed to meet an identified, specific need. Consequently, these systems had no data standardization, integration, or interface capabilities.

CDMIS is designed to alleviate these problems. It will provide the framework for standardizing and integrating

provide the framework for standardizing and integrating data in all current OSM information systems.

CDMIS development and implementation will be phased in over several years. In 1988 the initiation phase of the Life Cycle Management plan was begun. It entailed reviewing prior contractor deliverables and developing the Mission Analysis and Concept Analysis. In 1989 the system concept development was completed. CDMIS design will be implemented by decentralizing computing power to all organizational entities involved in the enforcement of SMCRA. Each entity will have a micro-based computer to run CDMIS and other local functions. OSM will create a central data base for national use and will define standards for the data base. On a regular basis (e.g., daily), selected data in the local computers will be uploaded to the central computer and made available to authorized users for cross-entity inquiries.

APPLICANT VIOLATOR SYSTEM (AVS)

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773, 778, and 843) prohibits the issuance of permits to applicants with previous violations that have not been corrected, and to applicants related to violators through ownership and control. The Applicant Violator System was developed to assist OSM and the State regulatory authorities in implementing these requirements. Operation of the system identifies possible associations between permit applicants or their affiliates and uncorrected violations of SMCRA. This information is then provided to State and federal permitting authorities who determine whether a permit should be issued or denied. The system also enables OSM to meet its obligation under a 1985 court order. As part of the settlement agreement between OSM and several public interest groups, the U.S. District Court for the District of Columbia required OSM to computerize the system for identifying owners/controllers and violators.

In 1988 the following AVS accomplishments were achieved:

- Extended AVS access to the 13 OSM Field Offices.
- Installed capability for States to print their local data bases, creating a name and address registry.
- Developed additional online reports, such as, "Exception Report" and "Violation Report."
- Revised the menus for easier access and user-friendliness.

In 1989 the principal accomplishments included:

- Completion of the AVS Phase II Data Analysis Report on March 10, 1989. This report describes the most feasible approach for collecting and assimilating

State mining and clean air and water violations in order to block permits of violators.

- Incorporation of data that provides ownership of a particular Mine Safety & Health Administration (MSHA) identification number for a specified time frame.
- Development of a quarterly report which identifies applicants who are linked to Failure-To-Abate Cessation Orders.
- Implementation of new, more reliable communications software used by State Regulatory Authorities.
- Initiation of a redesign study in February 1989 to review the system's design, structure, data quality, accuracy, and consistency to determine where system modifications or data improvements, or both, can be implemented to provide a more efficient system. Implementation of recommendations stemming from this study is scheduled for January 1990.

MONITORING POTENTIAL CONFLICTS OF INTEREST

Sections 201(f) and 517(g) of SMCRA prohibit any federal or State employee "performing any function or duty under this Act" from having "direct or indirect financial interest in underground or surface coal mining operations." In monitoring these provisions, OSM provides oral and written guidance and assistance to personnel of affected State and federal agencies. Through this process, OSM has increased awareness and understanding of these provisions, and violations have steadily decreased. In calendar year 1988, 8 divestiture orders were issued and 8 remedial actions taken. In 1989, 5 divestiture orders were issued and 5 remedial actions taken. All cases were favorably resolved.

HUMAN RESOURCES PLAN

To enhance productivity and improve morale in the OSM workplace, a Human Resources Workplan was developed in March 1988 to implement the recommendations adopted by a committee of OSM's top management. This workplan, consisting of 68 recommendations, targeted specific completion dates and assigned responsibilities. Some of these accomplishments include: Award ceremonies recognizing outstanding achievements held in Washington, Denver, and Pittsburgh; greater use of the upward mobility program for employees with demonstrated abilities; a pilot program to provide employees with an opportunity to choose alternative work schedules (begun in May 1988 and will run until May 1990); successful orientation sessions for new and summer employees; and the production of a new orientation videotape titled "A Page In Time."

GOVERNMENT ACCOUNTING OFFICE (GAO) AUDITS

During 1988-1989 the GAO initiated 17 audits of OSM functions and completed 14 reports containing recommendations for improvements. OSM has responded to all recommendations contained in the reports and taken corrective action where appropriate. Table 2 lists the audits active during 1988-1989 and their status.

Table 2
Active and Complete GAO Reviews FY 1988-1989

Audit or Review Title	Status
Interior & State Management of Regulatory Grant	Completed, Report GAO/RCED-88-68
Transfer of Admin. of OSM Act of 1977	Completed, Report GAO/RCED-88-161
OSM's Progress: Improvement of Management of the SM Program	Active
OSM's Efforts to Improve Collection Results	Active
Procedures Used by OSM to Update the AML Inventory	Completed, Report GAO/RCED-88-196BR
Laboratory Accreditation Requirements	Completed, Report GAO/RCED-89-102
Interior's Automated Information Systems & Automation Issues	Active
OSM's Reconciliation of the AML Inventory	Active
Cost and Availability of Reclamation Bonds	Completed, Report GAO/PEMD-88-17
OSM's Efforts to Improve its Applicant Violator System	Active
OSM Methodology to Determine the Cost of Purchasing Mineral Rights	Active
Operation of the Applicant Violator System Can Be Improved	Completed, Report GAO/AFM-89-3101
Interior's Response to Abandoned Mine Emergencies	Completed, Report GAO/RCED-89-74
Improvements Needed in OSM's Method of Allocating Obligations	Completed, Report GAO/AFMD-89-89
Inadequate Internal Control Causes Procurement Problems in West Virginia	Completed, Report GAO/RCED-89-194
GAO Transition Issues	Completed, Report GAO/OCG-89-24-TR
OSM Response to Management Review Recommendations	Completed, Report GAO/RCED-89-82-FS
Information on Legal Issues Under the Surface Mining Act	Completed, Report GAO/RCED-89-140FS
Interior is Acting to Improve its Collection of Civil Penalty Fees	Completed, Report GAO/AFMD-89-73
Complete Reconciliation of the AML Fund Needed	Completed, Report GAO/RCED-89-35

ADDITIONAL INFORMATION

U.S. Dept. of the Interior, 1988. *TIPS: Technical Information Processing System*: Office of Surface Mining, Washington, D.C., Flyer.

U.S. Dept. of the Interior, 1988. *A Page in Time* -- A video tape describing reclamation progress under SMCRA: Office of Surface Mining, Washington, D.C., VHS video tape.

Figure 1
OSM Field Office Locations

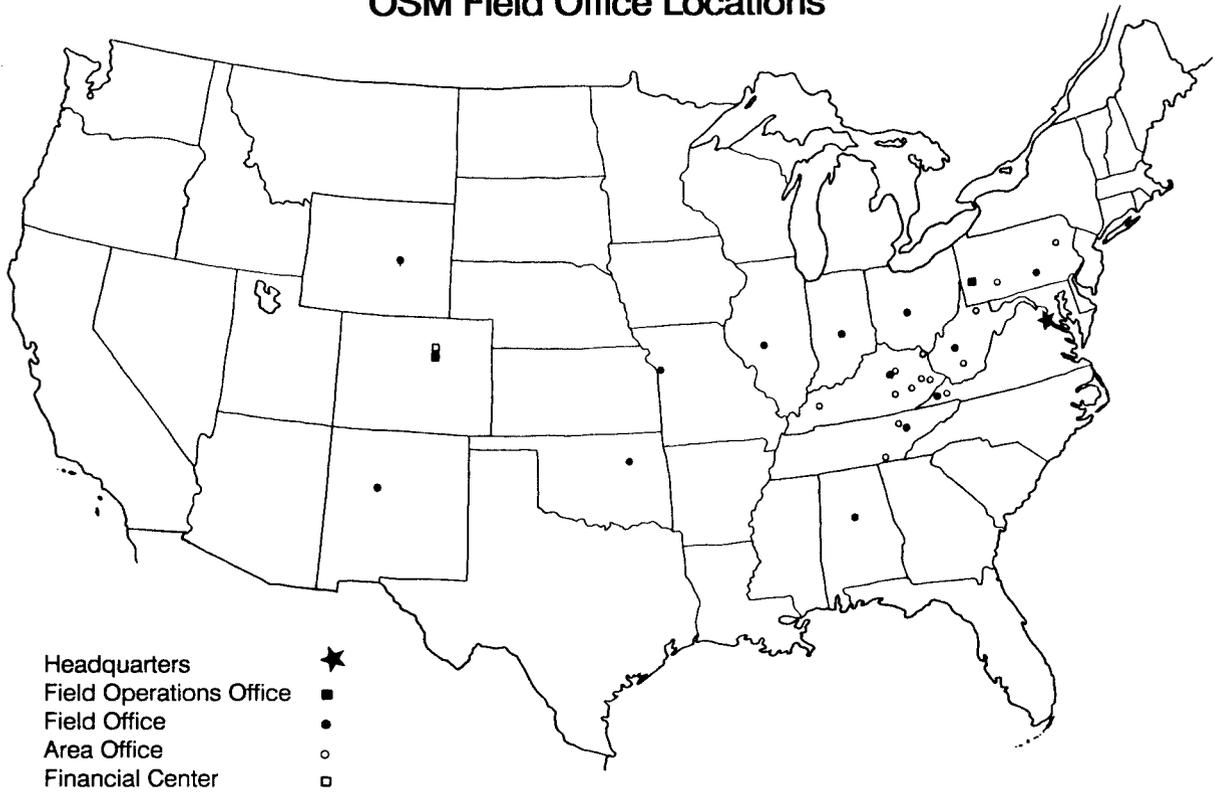


Figure 2
OSM Organization

