

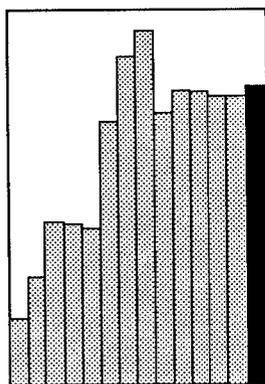
3. PROGRAM ADMINISTRATION & FINANCE

LEGISLATION

House Resolution 2095, a bill introduced by Congressman Rahall (W.Va.) to reauthorize the collection of Abandoned Mine Land reclamation fees, was placed into the House Reconciliation Bill for the FY 1991 budget, and passed. The bill was signed into law by the President on November 5, 1990.

On February 6, 1991, Congressman Rahall introduced H.R. 918, a bill to modify the Mining Law of 1872. Title III of H.R. 918 would amend SMCRA to establish an Abandoned Minerals Mine Reclamation Fund, which would be administered by the Secretary of the Interior through the Director of the Office of Surface Mining. H.R. 1078, a bill to promote the production of coal and other extractive energy resources, was introduced by Congressman Rahall on February 21, 1991. Title I of this bill would amend SMCRA to provide incentives for re-mining. Title VI of H.R. 1078 would establish a Coalfield Assistance, Restoration, and Enhancement (CARE) Fund to be administered by OSM. Senator McConnell (Ky.) introduced S. 528 on February 28, 1991. This bill would amend Title V of SMCRA to assist small surface coal mine operators. An identical bill, H.R. 3385, was introduced by Congressman Hopkins (Ky.) on September 24, 1991. H.R. 3052, introduced by Congressman Murphy (Pa.) on August 25, 1991, would amend SMCRA to provide for the protection of water resources during coal mining. Action on these bills is pending in the 102nd Congress.

BUDGET AND APPROPRIATIONS



OSM Budget 1978-91

The Department of the Interior and Related Agencies Appropriations Act of 1991, Public Law 101-512, appropriated \$109,350,000 from the General Fund for FY 1991 regulatory and enforcement activities, plus \$169,000, an amount equal to the FY 1991 performance bond forfeitures. The Regulation and Technology appropriation included the following provisions:

- Federal civil penalties collected under Section 518 of

SMCRA can be used to reclaim lands mined and abandoned after August 3, 1977. Civil penalties in FY 1991 for use by OSM totaled \$567,961, of which \$179,527 was used for reclamation of these post-August 3, 1977 lands.

- State regulatory program grants were funded at \$47,659,000, a \$5,749,000 increase in FY 1991.

In addition, \$198,958,000 was appropriated from the AML Fund, and up to 20 percent of the funds recovered from the delinquent debts was authorized to be used to continue collection of these debts. In 1991, OSM spent \$970,000 to collect approximately \$6 million in delinquent AML fees and delinquent AML audit bills. The following provisions were included in the AML appropriation:

- Regulation and Technology funds were provided to fund full costs to the States to implement the Applicant/Violator System (AVS).
- States shall not receive funding if they have not agreed to participate in the nationwide AVS.
- Fifty percent of a State's annual AML grant may be denied if the Secretary finds that the State has failed to enforce provisions of the approved State regulatory program.

All of the appropriation's provisions were met.

Table 1 provides a 1978-1991 appropriation history.

DEBT MANAGEMENT

OSM pursues delinquent debtors who owe civil penalties for mine site environmental violations and unpaid AML fees, including unpaid AML fees resulting from compliance audits. OSM's fiscal 1991 collection and the year-end debt are shown in Table 2. Civil penalties include administration charges and late payment penalties not available for use by OSM.

**TABLE 2
DEBT MANAGEMENT**

Category	Amount Collected	Balance Owed
Civil Penalties	\$581,697*	\$35,844,234
AML Fees	4,373,539	37,171,067
AML Audited Fees	4,705,599	15,793,725
Totals	\$9,660,835	\$88,809,026
Debt not delinquent		[2,570,000]
Total Delinquent		\$86,239,026

*Includes interest and penalties

TABLE 1
OSM APPROPRIATION HISTORY
1978-1991*
(Dollars in Thousands)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Regulation & Technology														
State Regulatory Grants	\$4,600	\$18,900	\$21,680	\$35,000	\$24,452	\$32,150	\$38,100	\$36,734	\$35,387	\$45,110	\$40,359	\$41,910	\$41,910	\$47,659
Regulatory Program Operations									17,704	19,221	20,078	20,310	20,450	22,576
Tech. Services, Training & Research									12,642	13,681	13,670	13,470	13,026	13,559
Kentucky Settlement Agreement											3,685	4,425	3,772	904
Assessments and Collections									6,938	7,929	10,502	8,981	9,100	13,078
Program Operations & Inspections						10,493	13,776	23,729						
State & Federal Programs	3,300	4,007	14,352	22,492	15,246									
Inspection & Enforcement	7,520	13,360	16,622	15,717	12,193									
Technical Support	3,260	6,872	7,033	6,841	6,644	10,903	12,551	12,890						
Applied Research	2,500													
Mineral Institutes	5,700	5,800	10,000	9,629										
SOAP		5,000	15,000											
General Administration						7,332	6,266	6,994	6,103	14,062	13,831	11,989	12,970	13,067
Executive Direction									[1,359]	[1,664]	[1,677]	[1,761]	[1,589]	[1,659]
Administrative Support									[3,425]	[6,297]	[6,856]	[5,649]	[6,487]	[5,908]
General Services									[3,319]	[6,101]	[5,209]	[4,589]	[4,894]	[5,500]
Subtotal	30,880	53,939	84,687	89,679	58,515	60,878	70,695	80,347	80,774	100,003	102,125	101,095	101,228	110,843
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	149,214
Fund Management	4,784	8,680	9,124	9,987	6,794	5,131	6,498	6,599						
Fee Compliance									2,680	3,482	5,588	5,681	5,720	6,088
Reclamation Program Operations	15,875	21,835	39,376	29,364	41,680	23,064	26,452	39,371	26,715	24,592	13,652	19,005	22,264	25,238
AML-Technical Support	998	808	1,237	1,652	1,584	991	1,221	1,955						
RAMP	5,000	10,128	10,106	10,280	18,339	6,155	10,582	9,800	9,019	9,400	15,000	12,000	12,000	11,933
SOAP	10,000	10,000	10,000	5,000			(11,499)	(2,000)	2,949				2,000	1,492
General Administration						4,210	4,874	4,376	4,473	5,646	5,470	4,814	5,008	4,993
Executive Direction									[794]	[825]	[890]	[866]	[873]	[919]
Administrative Support									[1,912]	[1,992]	[2,311]	[1,692]	[1,711]	[1,509]
General Services									[1,767]	[2,829]	[2,279]	[2,256]	[2,424]	[2,565]
Subtotal	36,657	61,451	94,843	82,483	115,333	213,079	271,228	296,941	197,277	203,720	199,360	193,160	192,772	198,958
Total	\$67,537	\$115,390	\$179,530	\$172,162	\$173,848	\$273,957	\$341,923	\$377,288	\$278,051	\$303,723	\$301,505	\$294,255	\$294,000	\$309,801

*Does not include Bond Forfeiture and Civil Penalty collections

Delinquent debt information is retained in OSM's Applicant/Violator System to prevent violators from receiving new mining permits. Of the \$88.81 million fiscal year-end 1991 debt balance, \$55.18 million (62 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on the unpaid balance.

NET WORTH REPORTS

OSM uses private contractors to determine the net worth of individuals and businesses with unpaid obligations. Net worth reports are requested to determine the ability of businesses and individuals to pay for the cost of reclaiming old mining sites or to pay their delinquent obligations, or both. During 1991, OSM requested net worth reports on approximately 400 companies and individuals.

LEGAL ACTION AGAINST DEBTORS

OSM is currently processing \$7.5 million of delinquent debt. When OSM exhausts its own avenues of debt collection, delinquent debts are referred to the Department of the Interior's Solicitor for legal action or bankruptcy proceedings, as appropriate. Of the total debt owed at the end of fiscal year 1991, \$78 million has been referred to the Interior Department Solicitor. Of this amount, \$35 million is in bankruptcy proceedings and \$43 million has been referred for collection action.

FEE COMPLIANCE AUDIT

OSM maintains regional and area audit offices in 12 cities throughout the coal-producing regions of the United States. Through audits and related activities conducted by these offices, OSM provides reasonable assurance that coal operators are complying with AML fee requirements by properly reporting the quantity of coal that is produced and subsequently sold, used, or transferred, and on which AML fees are owed to the government. In 1991, OSM conducted 413 audits and audit-related projects and identified \$7.5 million in under-reported or nonreported AML fees. OSM collected \$4.7 million in audit-related debt during the year. During 1991 OSM continued to enhance the ADP capabilities of its audit program. The acquisition of portable laptop computers and the development of a pilot automated planning system have improved the efficiency of OSM's audit program.

NEW DEBT MANAGEMENT INITIATIVES

During 1991, OSM's Debt Management Division initiated two projects which will result in significant savings and increased efficiency and effectiveness:

1. A computerized document imaging system to maintain all active delinquent debt case files. The initiative has already resulted in a space reduction of over 600 square

- feet and a reduction in debt collection contractor resources. OSM estimates that, after completion, the project will save \$150,000 per year in overhead and staff resource costs. Also, the automated storage/retrieval of delinquent case files provides significantly increased security and management control and helps prevent lost and misplaced files.

2. A consolidated, computerized debt-tracking system will enable collection specialists to track all debt on a single system (versus the present process involving three independent systems) and increase the automation level in responding to inquiries and computing interest and payoff amounts.

FINANCIAL MANAGEMENT

In November 1990, OSM implemented a new grant advance system called Draw Down Express (DDX), which allows grantees to access OSM's accounting system (ABACIS) to request funds. This new system has provided grantees with several advantages, including immediate verification of information entered on the request. DDX detects almost all relevant typographical errors and prevents payments in excess of awards.

Another module, the Grants Information Financial Tracking System (GIFTS), gives grantees read-only access to all of their grant files. This includes data on awards amounts, advances paid, and cost reports received from the grantee by OSM. The information can be presented anywhere from summary level to complete detail, including data organized by construction project. These new systems have greatly improved the relationship between OSM and the financial personnel in the States and tribes.

AUDITED FINANCIAL STATEMENTS

In response to provisions of the Chief Financial Officers Act of 1990 (Public Law 101-576), OSM voluntarily submitted its FY 1990 financial statements for audit by the Office of the Inspector General (IG). The auditor's opinion was issued in September 1991, with property management being the only qualification. Otherwise, the IG rendered the opinion that the statements present fairly, in all material respects, the agency's financial position as of September 30, 1990, the results of its operations, and the changes in its financial position and reconciliation to the budget for the year ended September 30, 1990, in conformity with generally accepted accounting principles for Federal agencies (GAO Report No. 91-I-1272, and 91-I-1273, September 1991).

TECHNICAL INFORMATION PROCESSING SYSTEM (TIPS)

The Technical Information Processing System (TIPS) is a national computer system designed for use by the State

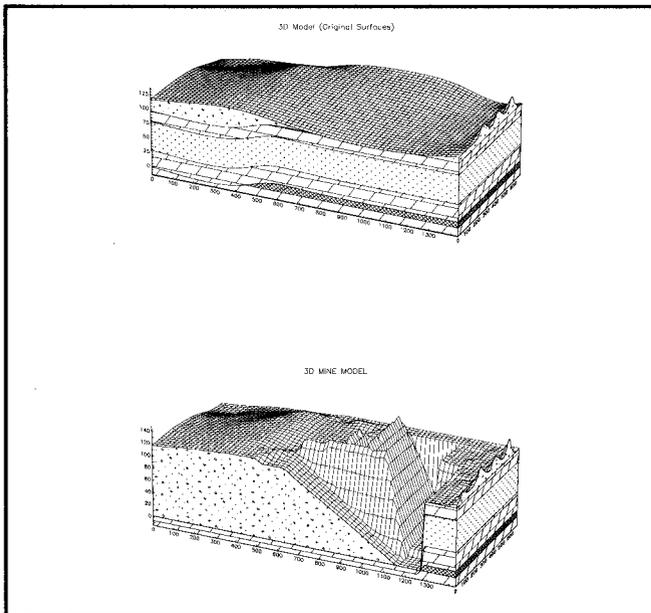


Figure 1. Three-dimensional TIPS graphic visualization of pre-mining land surface (above) and the same area during mining (below).

regulatory authorities and OSM to provide the automated technical and scientific analysis required for fulfilling its regulatory responsibilities under SMCRA. TIPS has been installed in all coal-producing States and provides advanced technical analytical capabilities to the States and OSM for the review of mining permit applications, abandoned mine land activities, and environmental assessments.

TIPS is fully operational and is used extensively by the States and OSM for both AML and regulatory applications. In 1991, OSM proceeded with the replacement of the minicomputer at the TIPS National Computer Center at OSM's Western Support Center in Denver Colorado. The new super minicomputer has significantly enhanced the technical analysis capabilities of TIPS users, while at the same time reducing the time required to perform the work. In-depth training on the new super minicomputer occurred in 1991, primarily on the use of the Geologic Surface Model (GSM). The GSM software is critical to the application of highly sophisticated technologies to complex mining applications, including assessment of overburden toxicity and volumetrics associated with quantifying adequacy of bond amounts. TIPS workstation-based software is also used to train new State regulatory authority employees and to keep the States and OSM abreast of state-of-the-art technical advancements in these programs as well as new TIPS applications.

A major achievement was the completion of a cumulative hydrologic impact assessment (CHIA) water quality data base management system for Wyoming. This data base management system was developed with extensive input from other States so that the final system shell would have national applicability for CHIA.

In addition:

- OSM continued to provide TIPS outreach to States, to other federal agencies, and to professional societies.
- OSM continued to maintain and update TIPS workstation software.
- OSM published a TIPS technical news letter that was used as a training tool, a forum for TIPS users, and as a way to keep users informed about new applications on TIPS.

SMCRA MODERNIZATION PLAN

During 1991, progress on the SMCRA Modernization Plan (SMP) continued moving OSM closer to the bureau-wide objectives of achieving increased accuracy, credibility, and timeliness of mission support information, while improving long-term cost containment of automated information delivery mechanisms. Critical building blocks of the modernization plan that progressed during this period were in the areas of: strategic planning; systems support standardization policy; local-area-networking; wide-area-networking; and mini-computer technology evaluation and upgrades.

OSM took progressive steps toward accomplishing the SMP by defining the many support systems' strategy changes to the Department of the Interior in the OSM (FY 1991-1995) Information Resources Management Strategic Plan. The Information Resource Management plan submitted early in the year identified each program support system's defined role change within the ambitious overall modernization blueprint.

OSM Directive INF-11 was updated early in FY 1991. This directive defines the OSM ADP system standardization policies, procedures, and standards that are important to full achievement of SMP benefits. This document contains specific SMP blueprints for OSM ADP system managers, designers, and developers to use as a reference and for guidance on the methods and tools to use to assure that compatible support system modules work together when the individual system modifications are completed.

A critical component of the SMP was added this year with the procurement of a standard set of local-area network technology for implementation and use at each OSM Field Office. This modern LAN hardware and software will facilitate use of compatible, up-to-date technology to improve OSM's effectiveness in enforcing SMCRA. The standard LAN platforms will provide a common base upon which multi-user program support applications will be implemented for OSM-wide access; modernized OSM central host computer systems will be accessed through

future long-distance network LAN gateways; and OSM Field Office administration and communication will benefit through shared use of modern software (electronic mail, word processing, etc.) and hardware (laser printing, electricity and file backup systems, etc.).

Progress was made on another key component of the overall SMCRA modernization plan through decisions reached for the OSM FTS2000 Wide-Area Network. The OSM wide-area network will interconnect the OSM standard local-area network gateway with other Field Office LANs, centrally located OSM program support host computers, and the State regulatory authorities through a modern long-distance data network. This geographically distributed OSM data network will comply with new federal regulations requiring telecommunications standardization and will be implemented using modern digital transmission methods and corresponding hardware and software components.

Finally, progress was also made this year in the areas of OSM mini-computer technology evaluations and procurement of modernization upgrades. Mini-computer hardware and database software evaluation led to procurement of modern mini-computers for upgrading and modernizing SMCRA support applications, administrative support systems, and the Technical Information Processing System (TIPS).

APPLICANT/VIOLATOR SYSTEM (AVS)

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773) prohibit the issuance of permits to applicants with previous uncorrected violations and to applicants related to violators through ownership and control. The Applicant/Violator System (AVS), a computer data base, was developed to assist OSM and the State regulatory authorities (SRAs) in complying with these requirements. AVS identifies associations between permit applicants or their affiliates and uncorrected violations of SMCRA. This information is used by OSM and SRAs to determine whether a permit should be issued or denied.

During 1991, the Applicant/Violator System Office placed major emphasis on programs that promote the relevance and usefulness of AVS data to individuals, industry, regulatory agencies, and other OSM offices and federal agencies. For example, training sessions on AVS access and data retrieval procedures were held throughout the country. Consequently, AVS will be used by AML auditors to obtain application/permit and ownership/control information as part of the audit process. Some computer-generated reports were standardized in order to respond better to Freedom of Information Act requests concerning data on companies and individuals; new procedures were initiated to make available to permit applicants print-outs, referred to as "footprints," which graphically illustrate a

company's ownership or control data, thereby affording them the opportunity to view and correct the data; and AVS access was provided to the Tennessee Valley Authority (TVA) allowing it to deny coal purchase contracts from individuals or companies that own or control or are owned or controlled by an entity with uncorrected SMCRA violations.

The AVS Office improved its communication and cooperation with other offices within OSM. This resulted in the production of more accurate data, improved reporting, and a reduction in both the number of outdated AML mailings and the number of AVS recommendations overturned. Approximately 1,300 non-coal-producing AML accounts were deactivated, 300 mine sites were found to be inactive, and 80 permits were found to be in temporary cessation or in "not start" status.

To avoid AVS Office permit "deny" recommendations, companies paid a total of over \$740,000 in Abandoned Mine Land Reclamation fees and federal civil penalties which otherwise would not have been paid. Some companies also signed settlement agreements to resolve uncorrected violations by performing reclamation work and providing lists of their contract operators.

OSM signed Memoranda of Understanding (MOU) with 23 SRAs. These MOUs will govern the SRAs review of permit applications and their maintenance of accurate and current data in AVS.

Complementing the system and data improvements to AVS were actions taken to reduce its operation and maintenance costs. OSM assumed various computer processing control functions previously performed entirely by the AVS contractor. Daily batch backup costs were reduced by 65 percent, providing a \$200,000 annual savings. Computer processing costs at the U.S. Geological Survey (USGS) experienced an average monthly cost reduction of \$40,000. The removal of outdated AVS data from the USGS computer saved an additional \$30,000.

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

- Multiple operators may be evaluated during the application evaluation process;
- Entity evaluations are tracked on the system;
- Data entry and update procedures were improved; and
- Additional ownership and control information was provided via data from the Energy Information Administration and the Mine Safety and Health Administration (MSHA). The addition of State cessation order viola-

tions to the system, for use by regulatory authorities for permit evaluation purposes, is scheduled for January 1992.

OSM published in the *Federal Register* a proposed rule designed to establish new regulations that would require regulatory authorities to use AVS and other information sources to identify ownership and control links between permit applicants and violators. Additionally, the proposed rules would:

- Establish methods, procedures, and standards for challenging ownership and control information, both as shown in AVS and prior to entry of such information into AVS;
- Provide a means, under certain circumstances, for challengers of ownership or control links to secure temporary relief from permit blocking while their challenges are pending;
- Clarify OSM's oversight authority to review the regulatory authorities' compliance with rules; and
- Impose certain follow-up duties upon a regulatory authority once a permitting decision has been made.

AVS is being used effectively to ensure that individuals and companies associated with overdue violations of the Surface Mining Act, or with overdue penalties or fees, are not issued new permits. The reliability rating for AVS is now over 90 percent, and AVS continues to experience a

significant increase in use, especially by OSM Field Offices, Fee Audit Offices, Solicitor Offices, the TVA, the SRAs, and the U.S. Department of Labor, Mine Safety and Health Administration.

MONITORING POTENTIAL CONFLICTS OF INTEREST

Sections 201(f) and 517(g) of SMCRA prohibit any federal or State employee "performing any function or duty under this Act" from having "direct or indirect financial interest in underground or surface coal mining operations." In monitoring these provisions, OSM provides oral and written guidance and assistance to personnel of affected State and federal agencies, including OSM's own employees. Through this process, OSM has increased awareness and understanding of these provisions, and violations have steadily decreased. No violations were reported in 1991.

GENERAL ACCOUNTING OFFICE (GAO) AUDITS

During 1991, GAO initiated one audit of OSM functions and completed five reports; three completed reports had no findings or recommendations for improvement. OSM has responded to all recommendations contained in the reports and has taken appropriate corrective actions. Table 3 lists the audits active during 1991 and their status.

**TABLE 3
ACTIVE AND COMPLETED GAO REVIEWS 1991**

Audit or Review Title	Status
The Department's Efforts to Implement the Federal Financial System (FFS)	Completed, GAO/AFMD 91-29BR
Greater EPA Leadership Needed to Reduce Non-point Pollution	Completed, GAO/RCED 91-10
Coal Mine Subsidence: Several States May Not Meet Federal Insurance Program Objectives	Completed, GAO/RCED 91-140
Management of the AML Fund	Completed, GAO/RCED 91-192
Abandoned Mine Reclamation: Interior Approved State Shifts To Non-coal Projects Prematurely	Completed, GAO/RCED 91-162
Interior's Automated Information System and Automation Issues	Terminated by GAO
OSM's Reconciliation of the AML Inventory	Oral Briefing (no report issued)
OSM's Methodology to Determine the Cost of Purchasing Mineral Rights	Terminated by GAO
Interior's Information Resources Management Program	Terminated by GAO
Wetland Activities	Active

FIGURE 2 OSM ORGANIZATION

The Office of Surface Mining Reclamation and Enforcement

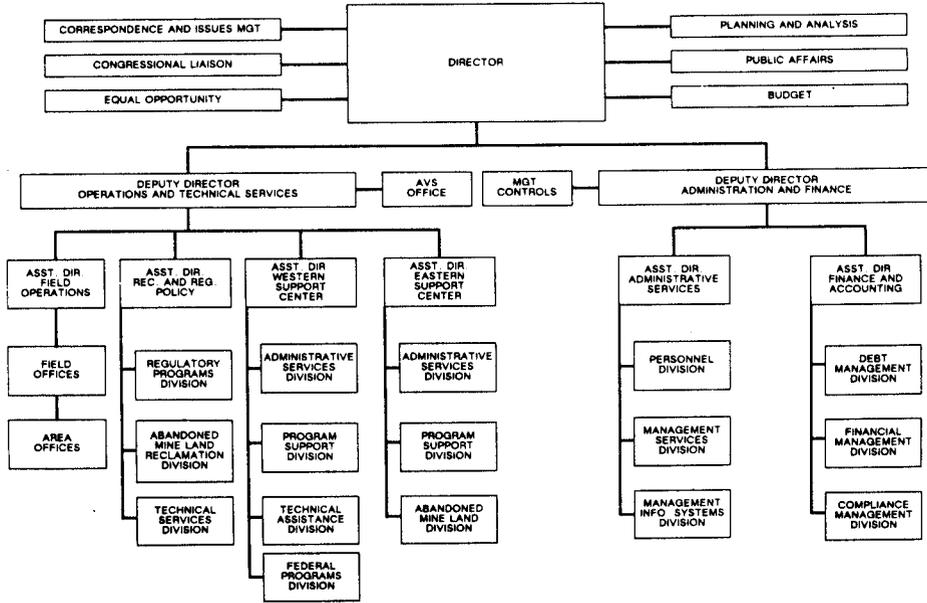


FIGURE 3 OSM OFFICE LOCATIONS

