BUDGET JUSTIFICATIONS
and Annual Performance Plan
Fiscal Year 2002

U.S. Department of the Interior
Office of Surface Mining Reclamation and Enforcement

NOTICE: These budget justification are prepared for the Interior and Related Agencies Appropriations Subcommittees. Approval or release of this justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.

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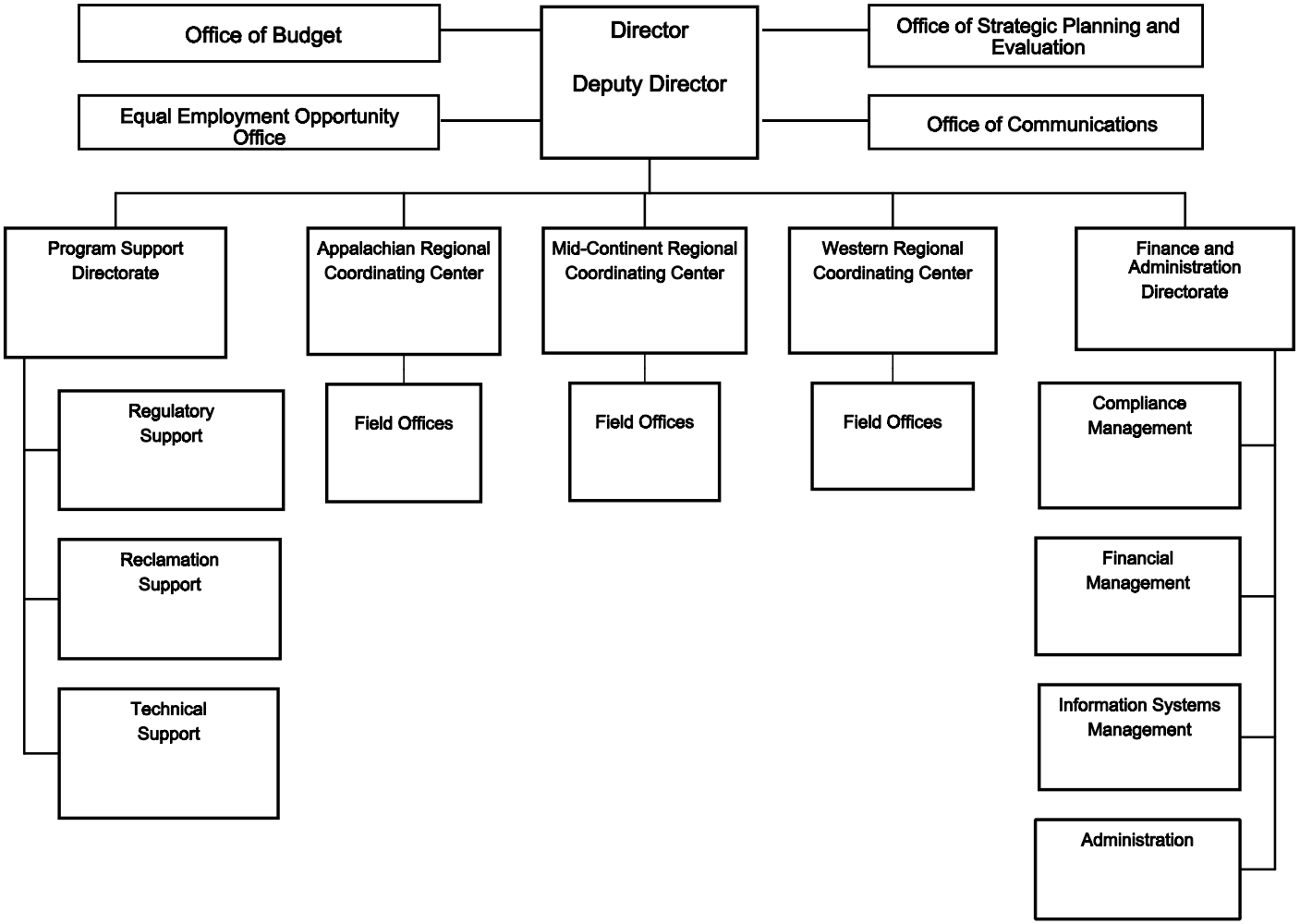
OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT



GENERAL STATEMENT

The Office of Surface Mining Reclamation and Enforcement (OSM) was established with the passage of the Surface Mining Control and Reclamation Act (SMCRA) of 1977, Public Law 95-87, August 3, 1977.

SMCRA was enacted to ensure that coal mine surface activities are operated in a manner that protects citizens and the environment during mining, to assure 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. SMCRA provides the means for restoring abandoned coal mines through collection of a tonnage-based reclamation fee assessed on current coal production.

OSM's mission goals are to : (1) Provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining, and (2) Protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.

Currently, 24 States have regulatory programs in place and OSM continues to work with Indian Tribes to enable them to assume primacy. Twenty-three States and three Tribes administer approved abandoned mine land reclamation programs. The primacy States are successfully implementing their approved regulatory and reclamation programs. OSM's role has evolved to establishing policy direction and guidance, providing grants to primacy States and Tribes, conducting oversight activities in accordance with SMCRA, and administering and operating programs on Federal and Tribal lands and in States that have not assumed primacy.

Since 1977 OSM has provided more than $900 million in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Since 1979 OSM has provided over $2.9 billion in grants to the States and Tribes to clean up mine sites abandoned before SMCRA's 1977 enactment. More than 140,000 acres of abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2002 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. This proposal identifies certain operational efficiencies resulting in savings that permit funding of other program priorities.

The FY 2002 President's Budget requests $268.9 million in current authority, $92 million in permanent authority, and 637 FTEs. Almost three quarters of OSM's current funding request will be passed to the States and Indian Tribes in the form of regulatory, reclamation, or Small Operators Assistance Program grants or will be used for emergency and high priority projects. OSM will use the balance of the request to provide technical assistance to the States, conduct its oversight responsibilities, implement a Federal Reclamation Program, and carry out its fiscal responsibilities for collecting revenues and awarding grants. OSM implements these programs through three regional

and ten field offices.

OSM continues to emphasize the importance of protecting the environment during and after coal mining operations. OSM oversees SMCRA's implementation in 24 primacy States through an oversight process where OSM assists the States in the administration, implementation and maintenance of their approved regulatory programs. Under this approach, performance agreements are worked out by consensus with each State, with the development of State-specific evaluation plans tailored to the unique conditions of each State's program.

OSM, in cooperation with 23 States and three Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices and abandoned. The grant funds provided help them to remove existing health and safety hazards and restore the areas to productive use. Additionally, OSM has developed funding and operational mechanisms, such as the Clean Streams Program and the Enhanced Reclamation Initiative as discussed below, to achieve additional reclamation at less cost in a cooperative manner.

Implementing SMCRA – New Approaches Using Effective Partnerships

OSM will continue its focus on developing new approaches in implementing SMCRA. These initiatives include an emphasis on State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens including the Clean Streams Program. Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. Through this Program, over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents have formalized their commitment to work together through a Statement of Mutual Intent.

Many of the demonstration projects that have received funding since program inception are now completed, under construction, or in design, with construction to commence soon.

Similarly, OSM implemented the new Watershed Cooperative Agreement Program as part of the Clean Streams Program. This program allows OSM to award AML funds from the federal share directly to private not-for-profit agencies to undertake local acid mine drainage projects.

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

by past mining, and reduce the Federal requirement costs for reclamation.

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

The Acid Drainage Technology Initiative (ADTI) is a primary example of another effective partnership at work. The ADTI is a partnership-based joint venture, which includes OSM, coal producing States, academia, industry, and other Government agencies and groups. Its purpose is to identify, evaluate, and develop "best science" practices to predict the likelihood of acid mine drainage discharges prior to mining, and to identify successful remediation practices for existing sources of acid mine drainage. Two manuals, one focusing on reclamation techniques and the other on prediction, have been issued to date.

OSM will continue its efforts to establish partnerships to improve and increase outreach efforts that allow full participation from its stakeholders in addressing common problems. These initiatives will assist OSM in forging a bond and partnership with its stakeholders that will endure well into the 21st century.

To better serve its partners and the public, OSM continues to improve its abandoned mine site databases by working with other agencies to include all abandoned mine sites, both coal and non-coal, in a unified inventory. OSM expanded its electronic permitting program to reduce paperwork and save time and money for both the States and industry. OSM's website contains comprehensive information on regulatory and reclamation matters and even accepts requests from citizens for Freedom of Information Act requests.

As mining and engineering information technology continues to grow rapidly, OSM continues to lead by providing and enhancing the most up-to-date information, technical training, technical assistance, and technology transfer. OSM believes these programs greatly help the States and Tribes operate their respective regulatory and reclamation programs in fulfilling SMCRA's requirements

OSM Initiatives to Effectively Manage Resources:

OSM has enhanced integration of the Chief Financial Officer's Act with Government Performance and Results Act (GPRA). The linkage between planning, the budget process, performance and the actual available resources has facilitated overall management efficiencies. For FY 2000, OSM again received a clean opinion on its financial statements from the Inspector General, confirming OSM's sound internal controls and accurate accountability for all transactions.

OSM is using technology to improve efficiency and to benefit the coal industry. For example, OSM worked with the coal industry to build and test a successful method for operators to electronically file their quarterly Coal Reclamation Fee Reports. In FY 2002, OSM seeks to expand the system's use and improve its efficiency.

To achieve systems security, OSM has improved safeguards such as implementing a security directive to reduce the risk of threats from both outside and internal sources, conducting risk assessments for automated systems, providing security training, and installing security hardware and software.

Additionally, OSM is implementing reforms that will result in a citizen-based focus that is results oriented. OSM is a strong proponent of E-Government. In addition to encouraging mine operators to report electronically, OSM will also emphasize the electronic format where appropriate. Efforts to delayer management levels will be pursued. OSM has committed to using performance-based work statements in its service contracts to the maximum extent practicable. Finally, OSM is addressing issues in Office of Management and Budget Circular A-76 concerning inherently government functions and commercial activities. The Annual Performance Plan appended to the Budget Justification addresses these issues in more detail.

OSM continues its effort to increase its workforce diversity by participating in a targeted recruitment program in cooperation with other Departmental Personnel and Equal Employment Opportunity offices. To maximize resources, OSM and other Interior bureaus have each taken the lead on a portion of the program initiative. OSM is coordinating recruitment efforts. Efficiencies achieved through automating the human resources process have resulted in reducing recruitment and staffing time by twenty-five percent and increased the diversity of its application pool. Quick Hire, a web-based recruitment and application package, is an example of such efficiencies, as is OSM's software classification package.

Government Performance and Results Act:

Core GPRA requirements are to improve planning, eliminate duplicative processes, and involve stakeholders. OSM deals with both State and Federal agencies, is responsible for both Federal and private lands, reclaiming and protecting diverse sites, and enhancing technology transfer among many constituents. Although a small bureau, OSM is positioned to lead such efforts, particularly those related to implementing that part of a comprehensive energy strategy involving coal mining in an economically and environmentally viable manner.

OSM sees its role as a policy leader and coordinator with its partners in carrying out the responsibilities of SMCRA. OSM is an innovator in promoting the effective administration of the Surface Mining Program and maximizing land and water restoration with limited funds.

The FY 2002 President's Budget request describes its needs through strategic goals and associated performance measures. OSM identified its major

functions, or Business Lines. OSM then developed a Strategic Plan to carry out its mission, vision, and goals and developed budget resource requests accordingly. The Business Lines are:

- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- Executive Direction and Administration.

The individual Business Line sections in this document begin with a brief description of the program activities within the Business Line. They then discuss the strategic outcomes and FY 2002 annual performance goals, how OSM will measure and evaluate progress toward the goals, and the resources needed to achieve the annual performance goals. The remaining part of each section describes the resources of the program activities supporting the Business Line goals.

The Annual Performance Plan appended at the end of the Budget Justification provides comprehensive information on OSM's mission and goals and the strategies OSM is using to achieve them. Summary level information is also presented in each Business Line discussion in the Budget Justification.

Budget Highlights:

OSM requests $268,958,000 and 637 FTE to achieve its FY 2002 annual performance goals. An additional $92 million in permanent authority ($70 million for FY 2002, and $22 million for prior year adjustments) is available to provide health benefits through the United Mine Workers of America to coal miners and their dependents as authorized by the Energy Policy Act of 1992 and SMCRA.

The FY 2002 discretionary request represents a $143.3 million decrease from the FY 2001 enacted level. Excluding a FY 2001 one-time payment of $96.8 million to the United Mine Workers Combined Benefit Fund, the reduction is $46.5 million. This budget proposal provides for a:

- $12.5 million reduction for a one-time earmark for funds primarily for the State of Pennsylvania's anthracite region.;

- $35 million reduction for reclamation grants to States; and a

- $0.5 million increase for fee compliance activities.

This request also provides $2.25 million for uncontrollable cost increases. An additional $531,000 in uncontrollable costs will be absorbed through administrative and program efficiencies.

This budget proposes appropriation language changes to allow OSM to remove the funding and 25 percent limitation on the amount of emergency program funding that can be spent in any one State.

The following summary compares the FY 2002 request level to the FY 2001 enacted level.

2000 - 2002 Resource Comparison
(Dollar Amounts in Thousands)

		FY 2000 Actual	FY 2001 Enacted	FY 2002 Request	Difference from FY 2001 Enacted (+/-)
Regulation and Technology	$	105,861/1	100,854	102,175	1,321
	FTE	*415*	*415*	*415*	*0*
Abandoned Mine Recl. Fund	$	195,873	214,565	166,783	-144,569
UMWACBF *one-time payments*		68,000	96,787		
	FTE	*221*	*222*	*222*	*0*
TOTAL, OSM	$	369,734	412,206	268,958	-143,248
	FTE	*636*	*637*	*637*	*0*

Note: Includes actual and estimated civil penalty collections in addition to appropriated amounts.
FY 2001 figures include effects of the rescission.
/1 Includes FY 2000 emergency supplemental of $9.8 million for West Virginia.

Description and Summary of Program Changes in FY 2002 Budget

The total request for OSM's current appropriations is $268,958,000 for FY 2002. Funding is requested from two appropriations as summarized below.

Regulation and Technology

This appropriation finances the regulatory functions of SMCRA as administered by the States and OSM. Federal activities related to the administration and monitoring of State regulatory programs and OSM's technical training, assistance, and transfer activities related to environmental protection are also financed by this appropriation. The total request is $102,175,000 (including an estimated $275,000 in civil penalty collections); a net increase of $1.3 million over the FY 2001 enacted level. The budget proposes:

- An increase of $0.100 million for the external audit of OSM's financial statement,
- A decrease of $0.245 million for program efficiencies, and
- Uncontrollable increases of $1.466 million, with absorbed uncontrollables of $344,000.

Abandoned Mine Reclamation Fund

This appropriation supports the reclamation program functions carried out by the States and OSM. The Fund is derived from a fee levied on coal production sales, use and transfers. The bulk of the appropriation finances grants to States to implement reclamation programs. The Fund also supports Federal activities related to the administration and monitoring of State programs, as well as OSM's technical training, assistance, and transfer activities related to environmental reclamation including the Small Operator Assistance Program. Excluding the decrease for the one-time earmark of $96.8 million for the United Mine Workers' Combined Benefit Fund, the total request is $166,783,000 a decrease of $47.8 million from the FY 2001 enacted level. The budget proposes:

- A decrease of $12.572 million resulting from the termination of FY 2001 one time funding specifically earmarked for the State of Pennsylvania;
- A decrease of $35 million for State and Tribal reclamation grants;
- A decrease of $1.3 million for Federal high priority reclamation projects; and
- A technical adjustment of $0.5 million from reclamation program administrative operations to technology transfer and development administration;

- A decrease of $0.293 million for program efficiencies;
- An increase of $0.099 million for external audit activities,
- An increase of $0.5 million for fee compliance activities, and
- An increase of $0.784 million for uncontrollable cost increases.

Proposed Appropriation Language Changes:

Regulation and Technology

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [$100,801,000]/\ $101,900,000
Provided, That the Secretary of Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2001] /\ 2002
for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining reclamation and Enforcement sponsored training. (Department of the Interior and Related Agencies Appropriations Act, [2001])

Abandoned Mine Reclamation Fund

For necessary expenses to carry out the provisions of title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [$202,438,000]/_____ $166,783,000
to be derived from the receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to $10,000,000
to be derived from the Federal Expenses share of the Fund, shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines, and for associated activities through the Appalachian Clean Streams Initiative; Provided, That grants to minimum program States will be $1,600,000 per State in fiscal year [2001]^: 2002
[Provided further, That funds herein provided up to $18,000,000 by Section 410 of Public Law 95-87, as amended, of which no more than 25 per centum shall be used for emergency reclamation projects in any one State and funds for federally-administered emergency reclamation projects under this proviso shall not exceed $11,000,000] Provided further, That prior year unobligated funds appropriated for the emergency reclamation program shall not be subject to the 25 per centum limitation per State and may be used without fiscal year limitation for emergency projects; Provided further, That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 per centum from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: Provided further, That funds made available under title IV of Public Law 95-87 may be used, for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or

mine drainage from abandoned mines: Provided further, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act: Provided further, That the State of Maryland may set aside the greater of $1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1231 et seq.), if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater that 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects. (Department of the Interior and Related Agencies Appropriation Act, [2001.])

Justification of Language Changes

Regulation and Technology:

No legislative changes are proposed for this account.

Abandoned Mine Reclamation Fund:

Changes proposed appropriations amount available for emergencies and proposes removal of the twenty-five percent cap on emergency spending per State.

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Summary of FY 2001 Appropriations and FY 2002 Budget Changes
By Appropriation and Business Line

Regulation & Technology	FY 2001 Enacted	FY 2002 Proposed	Change
Environmental Restoration	431	435	4
Environmental Protection	76,274	76,741	467
Tech Dev Transfer	11,820	12,151	331
Financial Management	536	477	(59)
Executive Direction	11,793	12,371	578
Total Appropriation	100,854	102,175	1,321

Abandoned Mine Reclamation Fund	FY 2001 Enacted	FY 2002 Proposed	Change
Environmental Restoration	199,270	149,926	-49,344
Environmental Protection	0	0	0
Tech Dev Transfer	3,591	4,136	545
Financial Management	5,402	6,070	668
Executive Direction	6,302	6,651	349
Total Appropriation	214,565	166,783	-47,782

* Figures are in thousands of dollars.

DEPARTMENT OF THE INTERIOR Table 1 - Summary of Requirements (in thousands of dollars)

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
SUMMARY OF UNCONTROLLABLE AND RELATED CHANGES:								
Adjustment for Pay Raise - Jan 01		[292] /1				[159]		
Adjustment for Pay Raise - Jan 02		866				464		
Adjustment for CSRS/FERS		222				118		
Adjustment for Worker's Compensation		-64				-34		
Adjustment for Unemployment Compensation		-139				-75		
Adjustment for GSA space rent rate		335				180		
Adjustment for one extra pay day		111				59		
Adjustment for Employer Share of Fed Health Benefit Plans		[52]				[28]		
Adjustment for Working Capital Fund		135				72		
		1,466		1,466		784		784
TOTAL Adjustment for Uncontrollables								
/1 Adjustment for Pay Raise - FY 01 is non-add.								
TOTAL REQUIREMENTS (2002 BUDGET REQUEST)			415	102,175			222	166,783

Comparison by Business Lines		REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		
		2000 Actuals	2001 Enacted	Uncontrl's & Related Changes	Program Change	2002 Request	2000 Actuals	2001 Enacted	Uncontrl's & Related Changes	Program Changes	2002 Request	2001 Enacted	2002 Request	Inc(+ or Dec(-) From 2001
Environmental Restoration	$$	424	431	4	0	435	181,019	199,270	321	-49,665	149,926	199,701	150,361	-49,340
	FTE	1	1	0	0	1	111	111	0	0	111	112	112	0
Environmental Protection	$$	72,049	76,274	641	-174	76,741	0	0	0	0	0	76,274	76,741	467
	FTE	225	225	0	0	225	0	0	0	0	0	225	225	0
Technology Dev. Development and Transfer	$$	11,491	11,820	331	0	12,151	3,536	3,591	45	500	4,136	15,411	16,287	876
	FTE	117	117	0	0	117	15	16	0	0	16	133	133	0
Financial Management	$$	521	536	12	-71	477	5,205	5,402	168	500	6,070	5,938	6,547	609
	FTE	4	4	0	0	4	58	58	0	0	58	62	62	0
Executive Dir. & Administration	$$	11,375	11,793	478	100	12,371	6,113	6,302	250	99	6,651	18,095	19,022	927
	FTE	68	68	0	0	68	37	37	0	0	37	105	105	0
TOTAL	$$	95,860	100,854	1,466	-145	102,175	195,873	214,565	784	-48,566	166,783	315,419	268,958	-46,461
	FTE	415	415	0	0	415	221	222	0	0	222	637	637	0

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

Uncontrollable Cost Changes

(in thousands of dollars)

Appropriation: Regulation and Technology

Additional Cost in 2002 of January Pay Raises

	2001 2002 Estimate/Change
2001 Pay Raises	$1,364/[+$292]

	2001 2002 Estimate/Change
2002 Pay Raises	$0/+$866

These adjustments are for an additional amount needed in 2002 to fund the remaining 3-month portion of the estimated cost of the, on average, 3.7 percent pay increases effective in January 2001 and the additional costs of funding an estimated 3.6 percent January 2002 pay raise for GS-series employees and the associated pay rate changes made in other pay series. Adjusting for such reforms as delayering organizations, contracting out work more appropriately done in the private sector,

reexamining position grades, management streamlining, and program FTE streamlining will be used to offset a portion of the added costs.

	2001 Estimate	2002 Change
CSRS/FERS Retirement Costs	$427	+$222

The adjustment is for changes in estimated retirement costs paid by the bureau. It results from changes in the relative proportion of FERS employees in the work force.

	2001 Estimate	2002 Change
Workers' Compensation Payments	$224	$-$64

The adjustment is actual changes from 2001 in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2002 are for the 12 months ending June 2000 and will reimburse the Department of Labor Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

	2001 Estimate	2002 Change
Unemployment Compensation payments	$160	-$139

This adjustment is for changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund,

pursuant to Public Law 96-499.

	2001 2002 Estimate/Change
Rental Payments to GSA	$2,915/+$335

The adjustment is for changes in the costs payable to General Services Administration resulting from changes in rates for office and non-office space as estimated by GSA.

	2001 2002 Estimate/Change
Departmental working capital fund changes	$718/+$135

This change reflects expected changes in the charges for Department services and other services through the working capital fund.

	2001 2002 Estimate/Change
One Additional Pay Day	$0/+$111

This adjustment reflects the fact that there is one more pay day in FY 2002 than in FY 2001.

	2001 2002 Estimate/Change
Employer Share of Federal Health Benefit Plans	$0/[52]

The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. This cost is being absorbed.

Total:	Regulation and Technology	$5,808/+$1,466

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

Uncontrollable Cost Changes

(in thousands of dollars)

Appropriation: Abandoned Mine Reclamation Fund

Additional Cost in 2002 of January Pay Raises

	2001 2002 Estimate/Change
2001 Pay Raises	$713[+$159]

This cost is a non-add.

	2001 2002 Estimate/Change
2002 Pay Raises	$0/+$464

These adjustments are for an additional amount needed in 2002 to fund the remaining 3-month portion of the estimated cost of the, on average, 3.7 percent pay increases effective in January 2001 and the additional costs of funding an estimated 3.6 percent January 2002 pay raise for GS-series employees and the associated pay rate changes made in other pay series. Adjusting for such reforms as delayering organizations, contracting out work more appropriately done in the private sector, reexamining position grades, management streamlining, and program FTE streamlining will be used to offset a portion of the added costs.

2001 2002

Estimate/Change

CSRS/FERS Retirement Costs.....$252/+$118

This adjustment is for changes in estimated retirement costs paid by the bureau. It results from changes in the relative proportion of FERS employees in the work force.

2001 2002

Estimate/Change

Workers' Compensation Payments.....$121/-$34

The adjustment is actual changes from 2001 in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2002 are for the 12 months ending June 2000 and will reimburse the Department of Labor Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

2001 2002

Estimate/Change

Unemployment Compensation Payments.....$86/-$75

This adjustment is for changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.

2001 2002

Estimate/Change

Rental Payments to GSA.....$1,570/+$180

This adjustment is for changes in the costs payable to General Services Administration resulting

from changes in rates for office and non-office space as estimated by GSA.

	2001 2002 Estimate/Change
Departmental working capital fund changes	$387/$72

The change reflects expected changes in the charges for Department services and other services through the working capital fund.

	2001 2002 Estimate/Change
One Additional Pay Day	$0/+$59

	2001 2002 Estimate/Change
Employer Share of Federal Health Benefit Plans	$0/[28]

The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. This cost is being absorbed.

Total: Abandoned Mine Reclamation Fund	$3,129/+$784

BUSINESS LINE: *ENVIRONMENTAL RESTORATION*

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY01
Regulation & Technology **	$$$	431	4	0	435	4
	FTE	1	0	0	1	0
Abandoned Mine Land	$$$	199,270	321	(49,665)	149,926	(49,344)
	FTE	111	0	0	111	0
TOTAL	$$$	199,701	325	(49,665)	150,361	(49,340)
	FTE	112	0	0	112	0

*** Civil Penalty Collections ($275,000) are included in total with no change estimated in FY 2002.*

ENVIRONMENTAL RESTORATION ENCOMPASSES

State and Tribal AML Reclamation Operations
Federal and State Reclamation Emergency programs
High Priority Projects
Watershed Cooperative Agreements
State Program Evaluation Programs

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

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

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

This business line also funds the Program Development and Maintenance program activity, which

provides policy direction and ensures State/Tribal programs are amended as needed.

MISSION GOAL #1: TO RECLAIM AND RESTORE AS MUCH LAND AND WATER AS POSSIBLE THAT IS DEGRADED BY PAST MINING TO PROVIDE THE AMERICAN PUBLIC WITH CLEANER AND SAFER LAND AND WATER

Environmental Restoration emphasizes the enhancement of public health, safety, and general welfare by reclaiming mined lands abandoned before the passage of the Surface Mining Control and Reclamation Act (SMCRA), including certain interim program and insolvent surety coal sites abandoned after August 3, 1977. OSM provides funds to States and Tribes for administering their approved AML programs. OSM also evaluates State and Tribal AML programs, abates emergency and high-priority coal mining-related hazards through the Federal Reclamation Program (where OSM has reclamation responsibility), and fosters partnerships for the Clean Streams Program aimed at addressing acid mine drainage/water pollution problems.

Strategic Outcome: A cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.

Indicator/Measure(s)**:** *Strategic goals and measures for 2002 include the number of acres reclaimed by the State and OSM AML Program. Those goals and activities are accomplished through the Abandoned Mine Land (AML) Program and include the cooperative efforts of the Office of Surface Mining, State, and Tribal Reclamation offices. The following measures are used by OSM as an indicator of annual performance.*

Table 2: Strategic Measures and FY 2002 Measures	2000 Actual	2001 Enacted	2002 Estimate	Annual Perf. Goals
By 2005, the AML Program will reclaim an additional 40,000 acres1/ of pre-SMCRA priority 1,2 & 3 problems, coal interim sites, coal insolvent surety sites.				
C In FY 2002, the AML Program will reclaim 7,000 acres.	8,100 acres 2/	8,600 acres	7,000 acres	
By 2005, OSM will initiate an additional 230 projects.				
C In FY 2002, OSM will provide funding for 40 new cooperative Acid Mine Drainage projects under the Clean Streams Program.	35 projects	35 projects	40 projects	
By 2005, OSM will provide reclamation grants and award funds within 60 days of receipt of a complete application 100% of the time.				
C In FY 2002, OSM will provide AML grants and award funds within 60 days 100% of the time.	100%	100%	100%	
By 2005, the AML Program will abate emergency hazards through OSM and State emergency reclamation programs.				
C In FY 2002, the AML Program will abate 400 emergency hazards.	339 hazards	400 hazards	400 hazards	

1/ A statistical conversion has been applied to the Priority 1,2, and 3 reclamation projects which are measured in various units such as miles, acres, counts, etc. in an attempt to make comparisons and summarizations possible in acres.

2/ *The FY 2000 accomplishment for acres reclaimed is a calculated estimate. The accomplishments reported to OSM by States and Tribes for FY 2000 (12,176 acres) included more than one fiscal year. Also, all estimates generally reflect the full number of projects funded by the increase; actual project completion occurs one to three years after initiation.*

Data Verification and Validation for Measures: Most of the data for measuring reclamation accomplishments will come from the Abandoned Mine Land Inventory System (AMLIS). The remainder will come from separate tracking systems utilized for the Appalachian Clean Streams projects.

The AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. It was completely reengineered in 1994-95 giving OSM, the States and Tribes a much higher degree of confidence in the data. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as either unfunded, funded or completed. Problems are designated "funded" when construction contracts have been awarded to reclaim them. Completed problems are those hazards where all reclamation work is complete. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

Actions Required to Achieve Annual Goals: In FY 2002, OSM will continue to increase its outreach efforts on AML enhancement and to potential government and non-government cooperators in reclamation projects.

Resources, Skills, and Technology Needed: OSM and the AML program States and Tribes will continue to need a diverse and multi disciplinary cadre of scientific and engineering skills. These human resources establish reclamation project design and construction criteria either directly or in conjunction with contractors. Program analysts, grant specialists, and other support personnel are needed to implement the State/Tribal grants program and to conduct program evaluations. Computer systems personnel and contractors are needed to maintain the Abandoned Mine Land Inventory System. OSM maintains the system and network by which the States and Tribes manage their data.

The FY 2002 President's Budget requests $124.1 million for State and Tribal funding for AML reclamation and emergency program; $2.5 million for State Program Evaluation; $20.1 million for the Federal Reclamation Program of which $14.7 million is for projects; and $3.2 million for Program Development and Maintenance. The budget proposes program decreases of $49.6 million from the FY 2001 enacted level as follows:

- $35 million for State and Tribal regular AML grants;
- $12.572 million (approximately) for a one time FY 2001 grant earmarked for the State of Pennsylvania;
- $1.3 million for Federal high priority project funding;
- $500,000 reduction that is transferred to Technology Development and Transfer

activities as a technical adjustment; and

- $293,000 reduction for administrative program efficiencies related to decreased reclamation activity.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of the types of efforts used to evaluate programs, address emergency and high-priority issues and manage those projects, and provide reclamation support services to communities affected by coal mining issues.

Table 3 - Justification of Program and Performance

Environmental Restoration

Summary Increases/Decreases for FY 2002

(Dollars in Thousands)

Program Activity			Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
			2001	2002	2001	2002	2001	2002	
State and Tribal Funding		$$$	0	0	171,686	124,114	171,686	124,114	(47,572)
		FTE	0	0	0	0	0	0	0
State Program Evaluation		$$$	0	0	2,395	2,467	2,395	2,467	72
		FTE	0	0	25	25	25	25	0
Federal Reclamation Program	Projects: *Emergency*	$$$	275	275	16,067	14,767	16,342	15,042	(1,300)
	High-Priority				*10,946*	*10,946*			
					5,121	*3,821*			
	Operations	$$$	156	160	5,201	5,363	5,357	5,523	166
		FTE	1	1	56	56	57	57	0
Program Dev/Maint		$$$	0	0	3,921	3,215	3,921	3,215	(706)
		FTE	0	0	30	30	30	30	0
TOTAL		$$$	431	435	199,270	149,926	199,701	150,361	(49,340)
		FTE	1	1	111	111	112	112	0

** Civil Penalty Collections ($275,000) are included in total with no change estimated in FY 2002

ONGOING PROGRAM

1. State and Tribal Funding

SMCRA established the Abandoned Mine Reclamation Fund (AML Fund) to finance the restoration of land mined and abandoned prior to August 1977. Coal mining had disturbed more than one million acres of land, resulting in significant health and safety problems for coalfield citizens and the public in general. An adequate AML Fund is essential to ensure that these problems are abated by providing the financial resources for State, Tribal, and Federal reclamation efforts. Although substantial progress has been made, more than $2.5 billion of priority 1 and 2 problems that threaten public health and safety and $3.6 billion of priority 2 general welfare problems remain unreclaimed, and over $1.6 billion of unreclaimed priority 3 problems have been identified by States and Tribes.

The AML Fund receives revenues through the collection of coal production fees (the lesser of 35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 cents/ton of lignite; or ten percent of the value of the coal at the mine) which are paid by operators of active mines . Payment of required fees is ensured by the fee compliance activities of the Financial Management business line.

SMCRA establishes that 50 percent of the fees collected be allocated to the State/Tribe from which they were collected for use in the State/Tribal reclamation program on eligible coal and non-coal abandoned sites. If a State/Tribe has certified that all coal-related problems have been addressed, its 50% share can be used to reclaim any eligible non-coal-related problem. This 50% share may also be used for the construction of public facilities related to the coal or minerals industry in States/Tribes impacted by such mining.

In accordance with SMCRA, the remaining 50 percent is divided into three shares:

1) the Rural Abandoned Mine Program (RAMP) Share, administered by the U.S. Department of Agriculture (USDA), is 10% of the fees collected plus 20% of the interest earned on the investment of the unspent portion of the AML Fund. To date, appropriations for RAMP have been $196 million. No funds have been requested for RAMP in FYs 1996 - 2001, and none are included in the Administration's FY 2002 budget.

2) the Federal Expenses Share is 20% of the fees collected plus 40% of the interest earned on the investment of the unspent portion of the AML Fund. This Share is used to fund emergency and high-priority coal projects in States and Tribes without approved AML programs under the Federal Reclamation Program; to fund the supplemental amount to minimum program States; to fund the approved State Emergency Programs; to fund the Small Operator Assistance Program (SOAP); and to fund Federal expenses to collect the AML fee and administer the AML program. The Clean

Streams Program is funded from this share in FY 2001, and proposed to continue with funding from this share in FY 2002.

3) the Historical Coal Share is 20% of the fees collected plus 40% of the interest earned on the investment of the unspent portion of the AML Fund. This Share is used for grants to eligible States and Tribes for high priority coal projects. It is distributed through a formula based on the amount of coal historically produced in the State or from the Indian lands prior to the August 3, 1977, passage of SMCRA.

These three Shares collectively are referred to as the Federal Share.

The interest earned on the investment of the unspent portion of the AML Fund, while divided into the three Shares as explained above, primarily is devoted to making payments to the United Mine Workers of America Combined Benefit Fund. The Combined Benefit Fund is used to defray costs for the health care benefits of eligible former coal mining employees and their beneficiaries. OSM makes an annual mandatory transfer payment of interest earned on the AML Fund to the Trustees of the Combined Benefit Fund, within the requirements of the Energy Policy Act of 1992 and SMCRA.

a. Reclamation Program Grants

OSM provides grants to States and Tribes that have approved reclamation programs. States and Tribes use the grants to address hazards and problems such as underground fires, subsidence, landslides, open shafts, unstable or burning refuse piles, acid mine drainage, and dangerous, unstable highwalls. Reclamation grants to States and Tribes comprise the majority of this program activities resources.

Under the Act, each State must have an approved SMCRA regulatory (Title V) program and a reclamation (Title IV) program before it is eligible to receive reclamation grant funding. Tribes are allowed access to AML funds derived from reclamation fees if they have an approved reclamation program. Currently, three Tribes (Crow, Hopi, and Navajo) have approved programs and receive AML grant distributions. Twenty-three States and three Tribes will continue to receive reclamation grant funding in FY 2002. In FY 2002, $124.1 million is requested for grants. The State of Mississippi is developing a reclamation program and is expected to request reclamation grants in FY 2002.

Each year, the States and Tribes select reclamation projects from their inventories of eligible projects. Grants normally have a three-year life cycle to allow for project planning and design, contract development and award, actual construction activities, and contract close-out. The AML grants also cover States' and Tribes' administrative costs related to reclamation program management.

OSM no longer requires advance approval of each AML project before it awards a grant. After OSM

approves a grant, but before construction begins, OSM provides an authorization for a specific project to proceed. After OSM approves a grant, it establishes a letter of credit for a State or Indian tribe. This incurs a Federal obligation and makes the funds available for the State or Tribe. When a State needs funds to pay expenses, the letter of credit is drawn down. OSM oversees the reclamation projects and expenditure of grant monies.

OSM provides reclamation funds to States which have AML problems but which no longer have sufficient active mining to generate significant amounts of AML reclamation funds. The following eight States qualified for the minimum program funding level in FY 2001: Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, and Oklahoma. These are expected to qualify again in FY 2002.

In the 1990 amendments to SMCRA, an authorized allocation level of at least $2 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites. The minimum program amount includes the State Share, the Historical Coal Share and an additional supplemental amount (charged to the Federal Expenses Share). From FY 1995 through FY 2000, the Congressionally-authorized funding level for such States/Tribes had been limited to $1.5 million per State/Tribe. In FY 2001, the authorized funding level was increased to $1.6 per entity. In FY 2001, there were eight States that, based on the overall grant appropriation level and the distribution formula, would have been underfunded, that is, would not have received the $1.6 million minimum level. These States were: Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, and Oklahoma. They are expected to qualify again in FY 2002 for an adjustment to the funding distribution to bring them up to the Congressionally-authorized funding level.

b. Clean Streams Program

In FY 2002, OSM proposes to maintain funding for the Clean Streams Program by making available a total of $10 million for the program; $6.9 million to fund State Reclamation Grants, $2.75 million for high priority Watershed Agreements, $0.200 million for the Acid Drainage Technology Initiative (ADTI) and $0.150 for program management, maintenance and assistance. The requested level would enable OSM to support State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD) in the Appalachian coal region.

OSM's emphasis on Cleans Streams Program projects as a national priority, combined with increasing watershed stewardship at the community level, and more sophisticated and cost-effective treatment technology, has promoted a general increase in State project activity related to, or incorporating, AMD treatment. With additional opportunities to field-test and observe passive AMD treatment systems, the efficacy, sophistication, and cost effectiveness of treatment technology has increased considerably in just a few years.

AMD is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. AMD problems are occurring in other regions as well. OSM's effort to control and eliminate AMD in streams and rivers supports the Department of the Interior's commitment to clean water and strengthening local communities. Because of the extent and high reclamation cost of the pollution, this problem cannot be eliminated by any single government agency or group. As a result, the Clean Streams Program was designed to facilitate development of partnerships in the Appalachian coal region. Through this effort, OSM has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals.

Through FY 2000, approximately $18 million in grant funds have been provided to eligible States for 69 projects. Projects were identified by the States and additional sources of funding were secured, wherever possible. Through FY 2000, commitments from other sources have generated approximately $17 million in project funds and services. In addition, many in-kind services, without a specific determined monetary value, have been provided by partnering entities.

Beginning in FY 1999, OSM decided, in consultation with the States, to distribute Clean Streams Program grant funding in the Appalachian coal region using a base amount of $125,000 to each of the eligible States, with the remainder distributed based on historical coal production. As inventory data on the extent of acid mine drainage in each State is not available, historical coal production is perhaps the most equitable basis for distributing available funding.

Many of the demonstration projects that received Clean Streams funding since inception through FY 2000 are now completed, under construction, or in design, with construction to commence soon. OSM's emphasis on the Clean Streams Program has also helped promote a general increase in State project activity related to, or incorporating, AMD treatment. The following are some examples of how the funds are being used:

- The Glotfelty Acid Mine Drainage Treatment Project was completed by the Maryland Bureau of Mines (BOM) during the summer of 1999, using OSM's Clean Streams Program and EPA's 104(b)(3) grant money. The Project is located in the Cherry Creek watershed in Garrett County, Maryland. The Cherry Creek watershed supports healthy peat bog floral and faunal populations as well as wetlands and streams seriously impacted by abandoned mine drainage. Construction consisted of a series of alkaline producing systems separated by metal oxidation ponds and treatment wetlands, and final discharge was into the natural wetlands along Cherry Creek. To promote increased precipitation of the iron, a windmill-powered air pump was installed at the oxidation pond to quickly and thoroughly aerate the discharge. The operation of the windmill has resulted in a better discharge from the oxidation pond, reducing system flushing and maintenance of the entire system. Post-construction water sampling has documented that the treatment system discharges to Cherry Creek resulted in net alkaline with a pH of at least 6.0, iron concentrations

between 3 and 6 mg/l, and aluminum less than 0.1 mg/l. The improved discharge of net alkaline, low metal water has allowed one mile of Cherry Creek and several acres of wetlands to begin recovery from decades of acid mine drainage impacts. Total cost of the project was $81,618, with $36,318 coming from the clean streams funding.

- In 1999, Indiana began the neutralization of the 52-acre acidic Augusta Lake. This lake is within the boundaries of an Indiana fish and wildlife area and drains two miles via a "dead" Mill Creek into the Patoka River, a source of fresh water for the Town of Winslow. In the ensuing year, nearly $23,000 in Appalachian Clean Streams funds have been spent, with a reciprocating $180,000 of donations/in-kind contributions. While the project will continue into 2001, the acid load of the standing water has already been reduced by 80%. Also, game fish have been reported in the lower reaches of Mill Creek, something not seen since the 1950's.

- From fiscal year 1997 - 2000, West Virginia has received $3.6 million for Clean Streams projects. The West Virginia Department of Environmental Protection (DEP) has earmarked these funds for acid mine drainage remediation at ten abandoned coal mine sites. As of the end of fiscal year 2000, DEP has expended over $2 million of the total award amount and completed construction on five of the ten projects (Browns Creek, Grass Run, Bull Run, Fickey Run and Piney Swamp). Measures to improve water quality at the five completed projects involved construction of wetlands, open limestone channels and successive alkalinity producing systems. Additionally, land reclamation accounted for a significant portion of any water quality improvement as several of the sites involved covering and vegetating exposed toxic refuse material. Three additional projects are under construction -- Chief Logan, Johnson Knob, and Abram Creek/Emmoryville. Designs have been completed for the two remaining sites – Sovern Run and Kanes Creek South. Construction bids were accepted for the Kanes Creek South project in November 2000, with construction beginning in the Spring of 2001.

- Missouri is conducting a project in partnership with local landowners in the Cedar Creek drainage in central Missouri. The project uses OSM Clean Streams funds and EPA 319 grant funds to assist local landowners with elimination of AMD from Cedar Creek. During FY 2000, three monitoring wells were installed to determine the source of AMD and to develop a reclamation solution. Native warm season grasses were planted on 31 acres of barren spoil that were previously releasing acid sediment into the stream channel. In FY 2001, construction work began to install a passive treatment system for AMD and to revegetate an additional 60 acres of acid generating spoils that are causing some of the stream pollution. Work will continue into FY 2002 on this high profile watershed in the heart of Missouri.

- The success of the Clean Streams program, and its focus on involving others, has led to other partnering opportunities that will result in additional funding for AML projects. Hurricane Creek received funding from the City of Tuscaloosa, Alabama. While searching for potential financial partners for Clean Streams Program projects, OSM contacted the City of Tuscaloosa. The attorney

for the city explained that he was in the process of negotiating a settlement/consent decree with the Alabama Department of Environmental Management (ADEM) over water violations which the City had incurred. The City agreed to consider applying some of their fines toward abandoned mine land reclamation under the Supplemental Environmental Project (SEP) program, fostered by EPA. OSM set up a meeting and a partnership developed which will funnel almost $250,000 in fines to two AML projects that are sponsored by the Alabama Rivers Alliance, a local watershed group. ADEM will seek additional opportunities to pair AML reclamation (both coal and noncoal) with entities that have incurred water violation fines. Encouraging on-the-ground reclamation in lieu of fines is a significant achievement. OSM, in concert with EPA-Region IV, is in the process of setting up a SEP bank to pair AML projects with entities that have fines levied against them.

OSM implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Program in FY 1999. The program allows OSM to award funding, in the form of cooperative agreements, directly to private not-for-profit agencies, such as small watershed organizations, to undertake local AMD reclamation projects. This program is intended to provide the final amount necessary to complement the contributions of other supporting partners and proceed to actual construction.

In FY 1999 OSM received 16 applications and awarded 11 cooperative agreements. The awards ranged from $22,000 to $80,000, totaling $750,000.

Funding for the watershed program was increased from $750,000 to $1,750,000 in FY 2000. OSM received 29 applications totaling $1.73 million and awarded 19 cooperative agreements for projects in six States during the fiscal year (the remaining cooperatives agreements have either been awarded or are in various stages of review/approval). In FY 2001, an additional $1 million was added to the Watershed Cooperative Agreement Program. For FY 2002, OSM proposes to maintain this total of $2.75 million.

The following represent examples of some of the projects funded under the program:

- WPI, Inc., in Blacksburg, Virginia, received funding to address AMD seeps in Montgomery County, Virginia. AMD flows from the Merrimac Mine area into Lick Creek, which ultimately drains into the New River, an American Heritage River. WPI is partnering with the Commonwealth of Virginia and Virginia Tech. The goal of this project is to eliminate acid mine drainage into Lick Creek using a passive treatment system consisting of a series of man-made wetlands and possibly an anoxic drain. The cooperative agreement funding of $80,000 will supplement other funding and in-kind partners, for a total project cost of $185,000.

- The Cumberland Mountain Resource Conservation and Development, of Jamestown, Tennessee, received funding to treat two sites to alleviate acid mine drainage discharges and stabilize abandoned mined lands in the watershed off the east branch of Bear Creek in Scott County, Tennessee and flowing into the Big South Fork located in McCreary County, Kentucky. The impact

of Bear Creek waters on the South Fork of the Cumberland River is so massive that the River is affected for 12 miles downstream of the confluence. Treatment options that may be used, dependent on the final designs, include anoxic drains, wetland cell systems, successive alkaline producing systems, rock drain systems, and vegetative plantings. The cooperative agreement funding of $40,000 will supplement three other funding and in-kind partners, for a total project cost of $360,000.

- The Shamokin Creek Restoration Alliance, of Mt. Carmel, Pennsylvania, received funding to address an acid mine drainage problem by installing a passive system consisting of three settlement ponds. The primary goal is to aerate the water and allow for metal oxidation and precipitation. The specific site is known as Site #48, a tributary leading to Carbon Run and the fourth largest loading of iron in the Carbon Run Watershed.. The cooperative agreement funding of $25,000 will supplement four other funding and in-kind partners, for a total project cost of $69,000.

- The Four Rivers Resource Conservation and Development Area, Inc., Peterburg, Indiana, received funding to address the flows from a sub-watershed of the South Fork of the Patoka River that have a pH of 3 or below and contribute high concentrations of metals to the main stream of the Patoka. The purpose is to neutralize the acidity and metal impacts on the water quality of the streams. The project involves the development of accesses and installation of concentrated alkaline recharge pools to treat the acid water flows in the sub-watersheds. The cooperative agreement funding of $72,280 will supplement seven other funding and in-kind partners, for a total project cost in excess of $500,000.

For FY 2002, OSM will continue to use up to $150,000 of the overall Clean Streams funding to support activities such as: 1) assisting OSM Field Offices and States as they encourage formation of new, or more effective, watershed organizations in areas with AMD from abandoned coal mining; 2) supporting States, other Federal agencies, watershed organizations, and associated groups in partnering; 3) leveraging human and fiscal resources for stream restoration projects; and 4) implementing the Watershed Intern Program. Concerning the latter, in FY 2000, OSM, with additional funding from EPA, placed 23 summer interns with local watershed organizations in 9 States.

c. State Emergency Programs Grants

Under provisions of SMCRA, OSM provides funds to States to abate emergencies. These are AML problems which occur suddenly and present a high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately.

States that operate their own emergency programs fund the emergency projects from their AML grants. The following thirteen States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Virginia, and West Virginia.

OSM carries out emergency project responsibilities for the Tribes, for States without approved reclamation programs, and for States which have not requested the authority to administer their own emergency programs.

In FY 2002, OSM will continue to encourage States to assume responsibility for emergency AML reclamation projects. States have developed considerable expertise in performing reclamation. More effective reclamation can occur when States perform the emergency abatement and then immediately follow-up by completing the reclamation project through their regular AML programs.

OSM's FY 2002 request for both the Federal and State emergency programs continues at the FY 2001 level of $18 million. OSM's appropriation language limits expenditures of current year funds in any one state to 25 percent of this total, or $4.5 million. In the past three years West Virginia, Pennsylvania, and Kentucky have all reached this limit, usually as a result of atypical rainfall and/or snow melt. This has resulted in the need to use funds that were carried over from previous years. To assure the timely response to emergency conditions, it is imperative that OSM continue to be able to supplement current year funds with carryover funds from previous years.

2. State Program Evaluation

SMCRA requires OSM to monitor the progress and quality of each State and Tribal program to ensure that their reclamation programs function effectively.

OSM analyzes documents submitted by States and Tribes (e.g. grants, amendments, reports), and conducts on-site evaluations of selected reclamation projects. OSM also provides the States and Tribes with expert technical assistance on reclamation projects. OSM, States, and Tribes hold conferences and forums to discuss reclamation issues, technology, and solutions to reclamation problems.

OSM, in consultation with States and Tribes, developed a review system that provides for enhancement and performance evaluation of programs, rather than oversight. This system, which is based on principles of excellence, recognizes that evaluation involves an ongoing relationship between OSM and the State or Tribal agencies -- who have the autonomy to run their programs. OSM is responsible for assisting in program enhancement while monitoring compliance with SMCRA.

This evaluation system does not require that each program be reviewed each year in each of the six areas covered under the principles of excellence. Instead, the system allows each State or Tribe to develop, with the appropriate Field Office, a programmatic agreement which addresses the areas to be reviewed and establishes applicable performance measures. Since much of the enhancement and performance evaluation is trend analysis and because the interaction between the programs and OSM is continual, the

programmatic agreements can be for periods longer than one year. However, OSM reviews them each year to determine the progress being made.

These agreements first address the overriding goal of the AML program, which is reclamation. They recognize that if the State or Tribe is permanently reclaiming abandoned mine sites by abating hazards, reducing or mitigating adverse effects of past mining, and restoring adversely affected lands and water to beneficial use, then it is conducting an overall successful program.

OSM encourages States and Tribes to maintain ongoing programs for post-project monitoring to assure that completed reclamation projects receive adequate maintenance until reclaimed lands are stable, and to ensure the effectiveness of reclamation designs. OSM evaluations of post-construction monitoring require minimal field work due to implementation of these types of State monitoring plans.

3. Federal Reclamation Program

This program activity funds the following components:

- emergency projects;
- high-priority projects;
- outcrop and underground fire control projects; and
- program operations (OSM administration of projects).

This program activity also funds OSM's administration of projects funded by Federal civil penalties collected from operators and projects funded from bonds forfeited by operators of federally-permitted sites.

a. Federal Emergency Projects

OSM manages emergency abatement projects in States and on Tribal lands where the State or Tribe has no approved regulatory program and is therefore ineligible for an AML program, or because the State or Tribe has determined it does not want to have an emergency reclamation program. Many coal-producing States, including two with high numbers of emergency projects, Pennsylvania and Kentucky, do not have an approved emergency program. Typically, OSM administers over half of all emergency abatement work performed annually.

The Federal Emergency Projects component provides immediate relief from abandoned mine hazards that threaten public health and safety on Federal and Indian lands in non-emergency States. Emergencies are

generally the result of two different types of events. One is subsidence, the caving in of old underground mines and shafts which impact man-made structures on the surface. These events are life-threatening when they occur in areas where there is frequent human activity, such as in parks, playgrounds, and residential areas. These types of emergencies are most common in the Anthracite region of northeastern Pennsylvania.

The second type of event is landslides. These are usually the result of unstable mine spoil placed on steep hillsides. This occurs generally in the steep slope areas of Appalachia, and especially in eastern Kentucky. Landslides also impact man-made structures and may block streams which, in turn, can cause flooding either above or below the blocked stream. Since landslides are very costly to abate, OSM improved the abatement process for these types of emergencies.

In FY 2000, OSM abated 200 of the 353 emergencies, while the States abated the remainder. OSM abated emergencies, which included 130 in Pennsylvania, 58 in Kentucky, three each in Iowa and Colorado, two each in Maryland and Tennessee, and one each in California and Washington. Kentucky emergencies required the most money, over $3.6 million, abating relatively high-cost landslides. About $2.7 million was spent in Pennsylvania as most of the emergencies occurring in Pennsylvania were relatively low-cost subsidence events.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 24 hours. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation. In FY 2000, of the 247 potential emergencies referred, 200 were determined to be emergencies. Of the remainder, 29 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 18 were still under investigation at the close of the fiscal year.

b. Federal High-Priority Projects

OSM manages projects in States and on Tribal lands where the State/Tribe has no approved regulatory program and is, therefore, ineligible for an AML program.

During 2000, OSM initiated nine non-emergency projects in California, Georgia, Michigan, Tennessee, and Washington. This ensured continuation of the systematic reclamation efforts underway in Michigan and Washington, and the completion of almost all inventoried projects in Georgia. Tennessee, with an unfunded inventory of over $16 million, remains the largest consumer of OSM's high-priority funds.

c. Outcrop and Underground Fire Control Projects

Pursuant to Public Law 83-738, as amended by Public Law 102-486 (Energy Policy Act of 1992), funds

are provided to control or extinguish outcrop and underground fires. Funds for this purpose are used from the Regulation and Technology appropriation for coal fire control or extinguishment. These projects are not eligible for funding under the AML program. Coal outcrops are ignited by forest/brush fires, lightning, and campfires and occur mostly in the western States. The purpose of these projects is to prevent injury and loss of life, protect public health, conserve natural resources, and protect public and private property. This program was originally authorized under the former Bureau of Mines and subsequently transferred to OSM.

d. Program Operations

OSM performs all the work related to emergency reclamation occurrences on Federal and Tribal lands and in States without an emergency program. This begins with the initial investigation of the site in order to make two threshold determinations: (1) does an emergency condition exist? and (2) is the condition related to abandoned coal mining? Time is of the essence; in some instances, abatement activities begin within hours of OSM's initial investigation.

Once the determination is made that the site is eligible for funding as an emergency project, the Federal Reclamation Program staff obtains approval for project funding and develops the abatement plan. This includes:

- compliance of the National Environmental Policy Act (NEPA) and the Historic Preservation Act;
- obtaining the right of entry for access;
- developing engineering plans and specifications needed for abatement;
- preparing and mailing bid packages to potential construction contractors;
- conducting pre-bid and pre-construction conferences;
- awarding contracts;
- coordinating, managing and inspecting all aspects of the ongoing construction; and
- reviewing, approving and paying invoices.

e. Civil Penalty Reclamation Projects

Federal civil penalties collected under Section 518 of SMCRA are authorized for use in reclaiming lands mined and abandoned after passage of SMRCA on August 3, 1977. These funds are derived from civil monetary penalties from OSM-issued citations nationwide and are also available to help reclamation of

bond forfeiture sites. These funds are divided among projects proposed by both State and Federal regulatory authorities and used for project costs only.

During the past few years, the amount of civil penalty funds collected have steadily declined to less than $50,000 a year. In recent years, OSM funded only emergency cleanup and in FY 2000, did not fund any civil penalty reclamation projects. The remaining unobligated funds of about $250,000 will be carried over for use in 2001 reclamation projects. Once the carryover is used, the funds available will be insufficient for all but the lowest cost emergency projects.

f. Bond Forfeitures

These funds are receipts from forfeited performance bonds and which can only be used to reclaim lands where the bond was forfeited where OSM was the regulatory authority. States have their own programs. Forfeited funds are site-specific and cannot be used to reclaim other sites. Using the forfeited funds, OSM issues and administers contracts for reclamation in accordance with the mining plan developed during the permit process. OSM is mandated under SMCRA to reclaim sites that have been abandoned and forfeited in Federal Program States. Bond forfeiture is an important component of OSM's mission to restore lands abused by mining.

Approximately 62 acres were reclaimed in Tennessee at a cost of $296,500 in FY 2000. OSM anticipates reclaiming approximately 87 acres at an approximate cost of $1.2 million in FY 2001 and approximately 69 acres at an approximate cost of $1.1 million in FY 2002.

4. Program Development and Maintenance

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing needs of the programs and to keep abreast of changes to the law.

OSM also assists States and Tribes to build on successes and enhances primacy by implementing the re-engineered grants process, by ensuring National Environmental Policy Act compliance, and by conducting program-focused enhancement and performance evaluation. OSM encourages States to assume responsibility for their reclamation and emergency reclamation programs, and supports implementation of their AML programs through technical and program assistance as needed.

OSM emphasizes State/Tribal and Federal partnership in the AML program. OSM works directly with

the States and Tribes, through State and Tribal associations and with other Federal agencies to coordinate and enhance reclamation. Such relationships foster coordination essential to land reclamation. New policy and changes to existing policy are circulated to the States and Tribes for input prior to being finalized enabling OSM to make programmatic decisions in a collegial manner. Examples of activities are: (1) working with States/Tribes to develop and implement non-traditional ways to accomplish reclamation, such as the AML Enhancement Rule ; (2) participating with EPA in conducting an Acid Mine Drainage workshop for States and local watershed organizations; (3) holding meetings/workshops with the State/Tribal grantees to provide training for new employees to keep them abreast of policies and procedures and to solicit their input on issues in the grants program; and (4) working with the National Association of Abandoned Mine Land Programs (NAAMLP) to decide winners of the annual AML Reclamation Awards.

As the need arises, OSM works with the States on revisions to their approved Abandoned Mine Plan. These changes are approved through the Reclamation Plan amendment process.

During FY 2000, the State Reclamation Plan amendment activity was as follows:

Table 4 - State Reclamation Plan Activity FY 99 - FY 00				
Number of Amendments				
Amendment Type	**Pending Oct.1,1999**	**Received FY 2000**	**Completed FY 2000**	**Pending Sept.30, 2000**
Informal	0	1	0	1
Formal	4	0	4	0
Total	4	1	4	1

During FY2000, OSM provided assistance to Louisiana by reviewing its AML Reclamation Plan and suggesting revisions that the State can make in order to undertake non-coal reclamation, to improve the effectiveness of the State procedures and to comply with required amendments resulting from the 1990 and 1992 revisions to SMCRA.

a. AML Inventory

OSM manages the National AML Inventory which serves as a planning and evaluation tool for the States, Tribes, and OSM. The States and Tribes also use the inventory to assist them in planning, to make funding decisions and to report program accomplishments.

The inventory is maintained on a computer system known as the Abandoned Mine Land Inventory System (AMLIS). AMLIS is the system OSM uses to record and report AML Program accomplishments under GPRA. The public can access AMLIS via the Internet. AMLIS currently is being converted to a web-based system to allow even easier access by the public.

In FY 2000, AMLIS was modified to maintain the Bureau of Land Management's AML inventory. Also, OSM has worked with the National Park Service and the Forest Service in the Department of Agriculture to consolidate all AML Inventories in AMLIS. OSM is working with States to use AMLIS to make maps available via the Internet showing the locations of old underground coal mines.

b. Grants Management

OSM has decentralized its grants management activity, with a small policy staff at headquarters. The day-to-day grants and program management is performed in regional/field offices, and the accounting and reporting occurs under the Financial Management business line activity. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input by participating on ad hoc teams and by reviewing and commenting on proposed changes in the program. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of Federal funds, innovative program monitoring, and less paperwork-intensive reporting and close-out of grants. In addition, OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures.

c. AML Enhancement Initiative

OSM issued final rules on February 12, 1999 that allow more AML eligible sites to be reclaimed without significant additional cost to the government.

Under this rule, reclamation at a particular AML site can be provided by private contractors in exchange for the incidental coal found at the site. The removal of coal must be a necessary part of the reclamation project. The cost to the AML program would, accordingly, be reduced by the value of the coal removed from the site. OSM expects to achieve environmental restoration at many sites that now contribute to AMD or create other environmental problems that likely would never be mined and reclaimed by industry under Title V. Removal of coal at many of these abandoned sites will permanently eliminate the environmental problems and their sources.

The rule includes a number of important safeguards to ensure that remining under the AML program will not be used as a loophole for coal operators to avoid regulation. One control will disqualify sites where it is economical and feasible to recover coal under Title V provisions. A second is that all administrative and financial procedures and the environmental safeguards of existing AML programs will apply to

projects covered under the scope of the proposal.

The States and Indian tribes have the option of adopting the provisions of this rule in their reclamation programs. Several States have availed themselves of this opportunity. Pennsylvania has amended its program and has already identified approximately 25 areas to be eventually reclaimed under this concept. OSM has already issued authorization to proceed on six of these. Ohio published its final rule in November, 1999, and Virginia published its rule in January, 2000. OSM approved Alabama's regulatory program amendment in June, 2000, and Maryland's proposed rule is now in the review process.

On April 4, 1999, the Kentucky Resources Council (KRC) challenged the rule in the Federal District Court for the District of Columbia. On September 1, 2000 the court ruled in favor of the Department of the Interior. On October 2, 2000, KRC filed a motion to reconsider the court's decision. OSM submitted its opposition to the motion on October 27, 2000.

Justification of Program Changes:

Environmental Restoration	FY 2002 Budget Request	Program Changes (+/-)
$(000)	150,361	–49,665
FTE	112	0

Relationship to Performance Goals: The funds for this business line support the long-term goal of a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining. In FY 2002, the AML reclamation grant program will reclaim 7,000 acres of degraded land and water.

Program Changes: In FY 2002, OSM proposes a total decrease of $47.6 million for regular (i.e., non-emergency, non-Clean Streams) grants to States and Indian tribes. This decrease includes the reduction of $12.6 million for a one time FY 2001 grant earmarked for the State of Pennsylvania and a $35 million reduction to State reclamation grants.

Program efficiency savings will result in a $293,000 reduction as related to decreased reclamation activity.

A decrease of $1.3 million also is proposed in funding for Federal high priority projects. The remaining balance, at this time, is believed adequate to fund Federal high priority projects in FY 2002.

To accomodate changes in administrative requirements, $0.5 million will be transferred to Technology Development and Transfer activities from environmental restoration. This transfer will support an activity - technology transfer - that enables operators, States, and the public to better meet their FY 2002 resource needs.

BUSINESS LINE: *ENVIRONMENTAL PROTECTION*

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY01
Regulation & Technology	$$$	76,274	641	(174)	76,741	467
	FTE	225	0	0	225	0
Abandoned Mine Land	$$$	0	0	0	0	0
	FTE	0	0	0	0	0
TOTAL	$$$	76,274	641	(174)	76,741	467
	FTE	225	0	0	225	0

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

GOAL #2: IMPROVE OSM'S REGULATORY PROGRAM FOR PROTECTING THE ENVIRONMENT, PEOPLE AND PROPERTY DURING CURRENT MINING OPERATIONS AND SUBSEQUENT RECLAMATION THROUGH COOPERATIVE RESULTS - ORIENTED OVERSIGHT AND EVALUATION OF STATES' PROGRAMS, AND IN CARRYING OUT OSM'S REGULATORY RESPONSIBILITIES - IN ORDER TO SAFEGUARD PEOPLE AND THE ENVIRONMENT.

Strategic Outcome: The protection of the environment and public from off-site impacts resulting from current surface coal mining operations and successful reclamation of lands affected by surface coal mining operations.

Indicator Measure(s): *The protection of the environment and public from off-site impacts resulting from surface coal mining operations and successful reclamation on lands affected by surface coal mining operations. These goals are accomplished through the cooperative efforts of the Office of Surface Mining and State regulatory offices. The following measures are used by OSM as an indicator of annual performance.*

Table 5: Strategic Measures and FY 2002 Measures	**2000 Actual**	**2001 Enacted**	**2002 Estimate**	**Annual Perf Goals**
By 2005, the Surface Mining Program (SMP) will protect the environment better as indicated by the percentage of mine sites that are free of off-site impacts.				
C In FY 2002, SMP will free 94% of sites from off-site impacts.	94.1%	94%	94%	2.2
By 2005, the SMP will protect the environment better as indicated by the number of acres released from Phase I & II performance Bonds.				
C In FY 2002, the SMP will increase the acres released from Performance Bonding Phases I & II to 112,000.	101,803 acres	105,000 acres	112,000 acres	2.3
By 2005, the SMP will better protect the environment as indicated by the number of acres released from Phase III Performance Bonds.				
C In FY 2002, the SMP will increase the acres released from Phase III Performance Bonds to 75,000.	63,071 acres	70,000 acres	75,000 acres	2.4
By 2005, OSM will award regulatory grants funds within 60 days of receipt of a complete application in accordance with its customer service standards.				
C In FY 2002, OSM will provide 96% of regulatory grants and award funds within 60 days.	96%	96%	96%	2.1

Data Verification and Validation for Measures: The overall goal of the regulatory program is to minimize off-site impacts, including problems that may affect persons or property beyond the permit area. Examples of off-site impacts include hydrological problems that affect a nearby property owner's water

supply, damage to property from blasting on the mine site, creation of off-site landslides or other instabilities, occurrence of off-site sedimentation, Acid Mine Drainage (AMD) and mining off of the permit area. All off-site impacts observed are evaluated in terms of severity and included in State program and other evaluation reports. The indicator and measure will be the number of incidents involving off-site impacts that are investigated, documented and verified. Progress under this goal will be measured by comparisons over time of the number and severity of off-site impacts.

The overall status of reclamation of mined lands will be determined by reporting the number of acres that receive Phase I and II bond release, and the number of acres of mined land with Phase III bond release. Data collected will be derived from agency program systems and the performance agreement elements negotiated with the States. Data collection methods are established in accordance with an agency policy directive, which was developed in cooperation with the States.

Actions Required to Achieve Annual Goals: OSM continues its outreach to address concerns related to mountaintop removal operations, acid mine drainage, and impoundments, to evaluate its rules, to advance remining efforts and to ensure that contemporaneous reclamation is occurring.

Resources, Skills, and Technology Needed: Program analysts, grant specialists and other support personnel are needed to implement the State regulatory grants program and to conduct program evaluations. OSM and the primacy States will continue to need a diverse and multi-disciplinary cadre of personnel skilled in scientific and engineering areas to review mine permits, determine whether performance bond coverage and amounts are sufficient to ensure reclamation, conduct mine site inspections and implement enforcement actions when necessary. Computer systems personnel are needed to help maintain various data systems, such as the National Mine Site Evaluation and Inspection Reporting System, which contains data from OSM's oversight and regulatory program inspections.

The FY 2002 President's Budget requests $55.6 million to fund twenty-four State regulatory programs at the maximum 50 percent Federal match level. Additionally, this amount will provide full funding for fourteen Federal lands cooperative agreements with States and full funding of four Tribal regulatory program development grants.

In FY 2002, the budget request includes $7.9 million to continue its State program oversight activities; $5.2 million to fund regulatory programs in non-primacy States like Arizona, Tennessee and Washington. Also included in the FY 2002 budget request is $1.4 million for OSM to regulate Federal Lands. OSM also requests $2.3 million for regulatory programs on Indian Lands and $4.4 million for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

The following section details, by program activity, the funding and FTE resources required to meet the

annual performance measures. It also includes examples of cooperative work between OSM, States and Tribes to regulate coal mining activities.

Table 6 - Justification of Program and Performance

Environmental Protection

Summary Increases/Decreases for FY 2002

(Dollars in Thousands)

Program Activity		Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
		2001	2002	2001	2002	2001	2002	
State and Tribal Funding	$$$	55,575	55,575	0	0	55,575	55,575	0
	FTE	0	0	0	0	0	0	0
State Program Evaluation	$$$	7,617	7,851	0	0	7,617	7,851	234
	FTE	84	84	0	0	84	84	0
Federal Programs	$$$	5,004	5,157	0	0	5,004	5,157	153
	FTE	53	53	0	0	53	53	0
Federal Lands	$$$	1,394	1,437	0	0	1,394	1,437	43
	FTE	15	15	0	0	15	15	0
Indian Lands	$$$	2,234	2,294	0	0	2,234	2,294	60
	FTE	21	21	0	0	21	21	0
Program Dev/Maint	$$$	4,450	4,427	0	0	4,450	4,427	-23
	FTE	52	52	0	0	52	52	0
TOTAL	$$$	76,274	76,741	0	0	76,274	76,741	467
	FTE	225	225	0	0	225	225	0

ONGOING PROGRAM

1. State and Tribal Funding

a. State Grants

Twenty-four States have approved permanent regulatory programs (primacy) for the regulation of coal mining activities. Primacy States have the most direct and critical responsibilities for conducting regulatory operations. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of Federal funds to primacy States in the form of Administration and Enforcement (A&E) Grants results in the highest benefit and the lowest cost to the Federal Government. If any State relinquished primacy, OSM would have to hire sufficient numbers and types of Federal employees to implement the program. The cost to the Federal Government would be significantly higher.

b. State Regulatory Activities

Activities of State regulatory authorities include: permit review and issuance, (with reliance on the Applicant Violator System (AVS) to ensure that permits will not be issued to operators with outstanding violations); inspection and enforcement; designation of lands unsuitable for mining; and administration of bonding and bond release programs for reclamation of lands after mining. In addition, special activities are conducted by individual States to address specific needs. These activities may include expanding permitting programs, computerizing systems to improve review of pending permits and drafting regulations that respond to changes in Federal rules.

All active and inactive sites, facilities and areas in support of coal mining and reclamation within a State are inspected by the State regulatory authority (SRA) for compliance with all program requirements. SMCRA requires all active inspectable units under the permanent program to have four complete and eight partial inspections per year. Four complete inspections are required annually for all inactive units.

c. Cooperative Agreement Funding

States which have cooperative agreements with OSM review and issue permits and conduct the required inspections of regulated facilities on Federal lands. Cooperative agreements provide for uniform enforcement of State program requirements at all facilities within the State and reduce both direct Federal program costs and Federal staff requirements. SMCRA section 705(c) sets the amount that a State may receive through a cooperative agreement as up to 100 percent of the amount that the Federal Government would have to spend to do the same work.

Currently, the following fourteen States have entered into cooperative agreements with OSM to administer most surface coal mining requirements on Federal lands: Alabama, Colorado, Illinois, Indiana, Kentucky, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming.

d. Tribal Regulatory Development Program Grants

As allowed by the Energy Policy Act of 1992 and Section 710(i) of SMCRA, OSM has provided grants to the Crow, Hopi, Navajo and Northern Cheyenne tribes to assist them in developing regulations and programs for regulating surface coal mining and reclamation operations on Indian lands. The grant amounts are based on each Tribe's anticipated workload to develop Tribal regulations and SMCRA program policies, to assist OSM with surface coal mine inspections and enforcement (including permitting activities, mine plan review and bond release) and to sponsor employment training and education in the area of mining and mineral resources. These grants fund 100 percent of the Tribal primacy development activities.

Table 7 - Fiscal Year 2002 State & Tribal Regulatory Funding Estimates (Federal dollars only)

The figures below are based on the adjusted FY 2001 grant allocations. These amounts represent 50% of the costs to regulate surface coal mining on non-federal lands (the Federal share) and 100% of the costs on Federal lands . Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.

State/Tribe	Non-Federal Lands	Federal Lands	Total
Alabama	$973,942	$13,895	$987,837
Alaska	$178,665	-0-	$178,665
Arkansas	$146,588	-0-	$146,588
Colorado	$479,664	$1,366,788	$1,846,452
Illinois	$2,401,530	$100,631	$2,502,161
Indiana	$2,021,317	-0- (TBA)	$2,021,317
Iowa	$150,336	-0-	$150,336
Kansas	$137,040	-0-	$137,040
Kentucky	$12,429,716	$395,863	$12,825,579
Louisiana	$189,484	-0-	$189,484
Maryland	$486,693	-0-	$486,693
Mississippi	$115,965	-0-	$115,965
Missouri	$445,378	-0-	$445,378
Montana	$225,027	$736,680	$961,707
New Mexico	$270,171	$386,381	$656,552
North Dakota	$218,263	$280,624	$498,887
Ohio	$1,600,123	-0- (TBA)	$1,600,123
Oklahoma	$697,321	$390,615	$1,087,936
Pennsylvania	$11,753,521	-0-	$11,753,521
Texas	$1,497,816	-0-	$1,497,816
Utah	$233,741	$1,330,526	$1,564,267
Virginia	$3,357,609	$3,917	$3,361,526
W. Virginia	$7,897,051	-0-	$7,897,151
Wyoming	$206,191	$1,746,620	$1,952,811
Crow Tribe	-0-	$81,989	$81,989
Hopi Tribe	-0-	$167,460	$167,460
Navajo Nation	-0-	$433,263	$433,263
N. Cheyenne	-0-	$26,496	$26,496
Totals	$48,113,152	$7,461,748	$55,574,900

2. State Program Evaluation

a. Oversight Strategy

OSM's current oversight strategy focuses on whether the public protection requirements and environmental protection standards of SMCRA are being met with primary focus on end results and the on-the-ground success of States in meeting SMCRA's environmental protection goals. These include prompt and effective reclamation of coal mine land and public participation in the regulatory program.

OSM and the States have experienced a more positive attitude and spirit of cooperation with the current strategy. In FY 2000, OSM used information obtained from outreach to make minor changes to its oversight policies. The revised policies, which were implemented in FY 2000 and continue through FY 2001, clarify OSM's responsibilities and objectives in conducting oversight.

b. OSM-State Performance Agreements

OSM's oversight directive outlines the performance agreement as a framework for OSM and the State to agree on a plan to conduct oversight activities. Joint efforts to prepare workable performance agreements also maintain and improve the relationship between OSM and the State fostering shared responsibilities and a more open discussion of difficult issues.

Inspections are identified in performance agreements and are planned and conducted to collect data relative to the oversight directive and the annual evaluation report. Many reviews are designed to investigate some previously-identified areas of concern. Inspections often are the means to collect the data. Joint inspections provide the opportunity for OSM's field offices to work cooperatively with the States and industry to resolve problems.

c. *Public Participation*

OSM's oversight directive provides great flexibility to conduct oversight activities in a manner consistent with the needs of individual State programs. Central to identifying potential needs and oversight topics are the views of the public. Periodic meetings are held by our Field Offices to identify public concerns regarding coal mining regulatory programs.

d. Oversight Inspections

SMCRA requires the Secretary to conduct mine inspections to evaluate the administration of State programs. Inspections are conducted on a range of sites from those actively producing coal to forfeited

bond sites awaiting reclamation. OSM's policy is to allow its regional and field managers discretion and flexibility to stratify and selectively target their inspections to focus on those topics and activities that present the best opportunity for environmental improvement or the best means of evaluating the impact of program implementation on society and the environment. For example, inspections may focus on high-priority problems such as acid mine drainage, impoundments and other problem areas, as well as current coal mining operations and abandoned mine sites awaiting reclamation. This policy provides the most effective use of available resources.

Consistent with the intent of SMCRA that States take the lead in regulatory programs, the vast majority of inspections were performed by the States: about 95,000 in 2000. In contrast, OSM conducted just over 2,100 inspections in primacy States.

The projected FY 2002 oversight inspection workload includes an estimated 2,500 program evaluation inspections. The actual number will be adjusted depending on the program areas, the presence or absence of problems, input from the public, and the terms of the performance agreements in each State.

e. Ten Day Notices

The primary emphasis of inspections is to identify and resolve problems and to evaluate whether SMCRA's environmental protection and reclamation goals are being achieved. When an inspection reveals violations of State programs (other than imminent danger of significant environmental harm or danger to the public which requires immediate issuance of a cessation order), a Ten-Day Notice (TDN) is issued to the State. All such notices require written responses from the State regarding the actions taken to resolve the alleged violations or a statement of good cause for not taking such action. A Federal inspection, which may include a field inspection, is conducted following a TDN where the State does not act or show good cause for not doing so. If the inspection shows that a violation exists, and the State fails to take appropriate action, a Federal enforcement action may be taken. While OSM does not second-guess States on judgment calls, the agency's ability to take enforcement actions to address isolated State program violations is far less drastic, disruptive, and costly than a Federal takeover.

The inspection component also includes the process for addressing citizen requests for Federal inspection. Citizen requests received by OSM in primacy States are referred directly to the state regulatory authority using the TDN process, unless there is evidence that imminent danger of significant environmental harm or immediate danger to the public exists. In such cases, OSM will immediately conduct a Federal inspection. The State official and citizen requestor will be notified prior to the inspection and given the opportunity to accompany the inspector when a Federal inspection is conducted.

In FY 2000, OSM issued 171 TDNs to States. In almost every case, the State took appropriate action to cause the violation to be corrected.

Table 8 provides FY 2000 data on the number of State and OSM oversight inspections conducted in Primacy States.

Table 8 - FY 2000 Primacy State and OSM Inspections

	STATE			*OSM*
	PARTIAL	**COMPLETE**	**TOTAL**	**TOTAL**
Alabama	352	3,174	3,526	109
Alaska	45	21	66	3
Arkansas	118	66	184	9
Colorado	408	217	625	23
Illinois	3,218	1,147	4,365	94
Indiana	2,115	1,008	3,123	106
Iowa	224	112	336	28
Kansas	106	55	161	20
Kentucky	15,818	10,118	25,936	470
Louisiana	16	8	24	2
Maryland	523	316	839	24
Mississippi	4	8	12	3
Missouri	223	120	343	38
Montana	91	79	170	15
New Mexico	120	60	180	0
North Dakota	574	158	732	11
Ohio	2,315	1,702	4,017	196
Oklahoma	566	363	929	19
Pennsylvania	12,178	8,172	20,350	473
Texas	210	128	338	17
Utah	200	115	315	6
Virginia	3,841	3,237	7,078	211
West Virginia	11,503	9,211	20,714	217
Wyoming	371	157	528	14
Total	55,139	39,752	94,891	2,108

3. Federal Programs

This program activity regulates coal mining activities in non-primacy States (those with a Federally-administered regulatory program). Within this program activity, OSM implements a full regulatory program. Significant components of this program activity include review of a considerable number of permit applications (including preparation of any necessary NEPA compliance documents), determining performance bond amounts, inspection and enforcement (including civil penalty assessment and collection), release of performance bonds, reclamation of bond forfeiture sites and processing petitions to designate lands as unsuitable for mining.

The permit review process in federally-administered programs consists of review of the permit application package for administrative completeness, technical review, preparation of findings and supporting documentation, and environmental analysis. Review times varies depending on the complexity of a permit application, the size of the mine, and the response times from applicants in submitting additional information required to process the permit application.

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include Arizona, Georgia, and Washington, with the bulk of that activity in Washington. Programs also are in place for California, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, and South Dakota. The following bullets highlight key characteristics of two of the largest Federal programs, Tennessee and Washington:

- Tennessee: In Tennessee there are 144 active minesites, 27 inactive sites, and 179 abandoned sites.

  OSM has discussed the possible return of primacy to Tennessee with State officials on numerous occasions over the years. The primary barrier is cost. Given the relatively low level of coal production, Tennessee believes that operation of an effective regulatory program would be too expensive. The Tennessee coal industry determined that a tax of $0.30 per ton of coal mined (assuming an annual production of 3.5 million tons) would be necessary to generate the revenues needed to provide the matching funds required for Federal regulatory program grants to primacy States.

- Washington: The Centralia Mine in Washington produces about five million tons of coal annually and will affect some 8,100 acres of land within a 14,200-acre permit area during the 41-year life of the mine.

Table 9 provides inspection and enforcement data for Federal program States during 2000.

Table 9 - FY 2000 Federal Program States Inspection / Violation Data

STATE	INSPECTIONS			NOV's		FTA CO's	
	COMPLETE	PARTIAL	TOTAL	ACTIONS	VIOLATIONS	ACTIONS	VIOLATIONS
Georgia	6	1	7	0	0	0	0
Tennessee	999	1,030	2,029	38	39	0	0
Washington	8	17	25	1	1	0	0
TOTALS	1,013	1,047	2,054	39	40	0	0

4. Federal Lands Program

This program activity includes direct OSM regulatory activities on Federal lands in States without cooperative agreements, implementation of cooperative agreements with primacy States to regulate coal mining on Federal lands within their borders, preparation of Mining Plan Decision Documents under the Mineral Leasing Act and processing valid existing rights claims that involve certain Federal Lands. As part of this program activity, OSM consults and coordinates with State Historic Preservation Offices, the U.S. Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), U.S. Forest Service (USFS) and National Park Service (NPS). The processing of Mining Plan Decision Documents constitutes the largest part of the workload under this program activity.

Table 10 provides Projected Mining Plan Decision Document workload data.

Table 10 - Projected Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year		
Mining Plans and Modifications		
Activity	FY 2001	FY 2002
In progress prior FY	5	6
Anticipated current FY	13	12
Total FY Workload	18	18
Completed in FY	12	11
Balance, end of FY	6	7

This program activity also provides support to BLM and USFS in leasing activities that involve Federal coal resources. OSM participation in NEPA compliance analyses prepared at the leasing stage ensures the consideration of OSM permitting or mine plan approval concerns. This cooperative effort saves mining companies valuable time in the leasing and mine plan approval process; it also may result in improved resource recovery. In addition, satisfactory evaluation of the environmental impacts of coal mining in the proposed lease area at the time of leasing can reduce the likelihood of a need for a subsequent Environmental Assesment (EA) or Environmental Impact Statement (EIS) for mining plan approval under SMCRA.

5. Indian Lands Program

OSM is responsible for coal mining and reclamation activities on Indian lands. The Indian lands program includes permit application review, determination of performance bond amounts, inspection and enforcement, bond release, and maintaining a staff to coordinate with the individual Tribes and other Federal agencies, as necessary.

The Crow, Hopi, Ute Mountain Ute Tribes and Navajo Nation have coal mining activities on their lands. The Black Mesa/Kayenta mining complex involves Navajo coal beneath Navajo surface, and coal jointly owned by the Navajo Nation and the Hopi Tribe, most of which is beneath Navajo surface. There is one

mine in Montana, mining coal owned by the Crow Tribe, and one in Colorado with two permits on lands owned by the Ute Mountain Ute Tribe. Both the Crow and Northern Cheyenne Tribes are evaluating coal properties for future development. The Indian lands mines are among the Nation's largest in the country, with a total of about 100,000 acres under permit.

OSM coordinates closely with Indian Tribes. The Federal trust responsibility is a legal obligation under which the United States has charged itself with moral obligations of the highest responsibility and trust toward Indian Tribes. OSM ensures that the lands and trust resources of Federally-recognized Tribes and their members are identified, conserved and protected. In fulfilling these responsibilities, OSM operates within a government-to-government relationship with Indian Tribes. To aid in meeting trust responsibilities, OSM, BIA, BLM and MMS sponsor a continuing Indian Trust and Obligation training program.

Table 11 - FY 2000 Indian Lands Inspection Data

TRIBE	INSPECTIONS			NOV's	
	COMPLETE	PARTIAL	TOTAL	ACTIONS	VIOLATIONS
Crow Tribe	4	8	12	0	0
Hopi Tribe	3	0	3	0	0
Navajo Nation	60	70	130	7	8
Ute Tribe	8	7	15	1	1
TOTALS	75	85	160	8	9

Table 12 - Projected Permit and Permit Revision Workload where OSM is the Regulatory Authority, by Fiscal Year

Activity	Federal Programs (Non-Primacy States)		Indian Lands	
	FY 2001	FY 2002	FY 2001	FY 2002
In progress previous FY	46	32	73	68
Anticipated current FY	83	98	75	75
Total FY work-load	129	130	148	143
Completed in FY	97	99	80	75
Balance, end of FY	32	31	68	68

6. Program Development and Maintenance

Work elements under this program activity are primarily policy actions, such as rulemaking, grants management and special studies.

a. *Rulemaking*

OSM issues rules and associated information collection clearance packages required by the Office of Management and Budget. Functions under this program activity include: coordinating clearance and publication of rules and preparing environmental assessments, environmental impact statements, records of compliance, and economic analyses for all rules prepared by OSM. OSM also maintains the administrative record for rules and coordinates with the Office of the Federal Register.

Rulemaking Associated with State Programs: OSM assists States to develop, administer, implement and maintain their approved regulatory programs. Decisions affecting State programs

are Federal rulemaking actions. OSM evaluates State-initiated changes (statutory, regulatory, or changes in the program's provisions, scope, or objectives), as well as OSM modifications, that are a result of legal interpretations or required changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the *Federal Register*, holds public meetings, maintains the administrative record, approves or disapproves proposed State program amendments, and publishes the decisions as final rules in the *Federal Register*. During FY 2000, OSM published 27 proposed rules and 39 final rules.

States are required to amend their programs as a result of changes to SMCRA and Federal regulations. Under the authority of section 521(b) of SMCRA, OSM recommends withdrawal, in whole or in part, of an approved State program if it finds a State is failing to enforce the approved program after conducting hearings, establishing remedial actions, monitoring compliance, evaluating performance, and implementing the rulemakings associated with such withdrawal. OSM also responds to requests under section 521(b) to evaluate a State program.

This activity represents a significant workload for OSM staff. During FY 2000, the State Amendment activity was less formally identified as follows:

Table 13 - State Amendment Activity FY 99- FY 00

Number of Amendments				
Amendment Type	**Pending Oct.1,1999**	**Received FY 2000**	**Completed FY 2000**	**Pending Sep. 30, 2000**
Informal	9	11	11	9
Formal	30	29	33	26
Total	39	40	44	35

OSM Rulemaking Initiatives: Before development of a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. Key rulemaking initiatives for which we anticipate activity in FY 2002 are described below.

- *Mountaintop Mining/Valley Fills*: As part of a settlement agreement arising from litigation in West Virginia, OSM is participating in the preparation of an environmental impact statement (EIS) to assess the impacts of various regulatory alternatives concerning mountaintop mining and the associated placement of excess spoil in valley fills and streams. Should OSM decide to pursue rulemaking on this topic, that activity would begin

after completion of the EIS.

- *Subsidence:* On April 27, 1999, the U.S. Court of Appeals for the Federal Circuit remanded certain provisions of OSM's regulations concerning subsidence control plans and the requirement to repair or compensate for subsidence-related material damage to certain structures. After suspending those provisions on December 22, 1999, OSM anticipates rulemaking during FY 2002 to address this topic and other issues relating to subsidence from underground mining. That rulemaking effort would extend into FY 2003.

- *Contemporaneous Reclamation:* We anticipate initiating rulemaking in FY 2002 to clarify the statutory requirement that coal mine operators conduct mining and reclamation activities in a contemporaneous manner.

- *Remining:* During FY 2001 and FY 2002, OSM will continue to explore rulemaking options to facilitate the removal and reclamation of abandoned coal mine refuse piles, as directed by the Energy Policy Act of 1992.

- *Other Regulatory Initiatives*: OSM will continue to work with States, other Federal agencies, and public stakeholders to identify areas requiring regulatory changes. There are several areas of possible rulemaking in FY 2001 and FY 2002. For instance, in the area of (1) financial liability for long-term pollution discharges (e.g., acid mine drainage); (2) emergency action plan in response to the National Dam Safety Act passed in 1996 and an internal review of the Department of the Interior's Dam Safety Program.

b. Grants Management

OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures. In addition, Grantees provide input to the Grants Management Program by participating on *ad hoc* teams and by reviewing and commenting on proposed changes in the program. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of Federal funds, innovative program monitoring and less paperwork-intensive reporting and close-out of grants.

c. *Special Projects*

Special projects include interpretation of SMCRA, reports to Congress, legislative analyses, and assistance in responses to litigation. OSM conducts studies and analyses in response to Departmental initiatives and coordinates with other Bureaus and Federal agencies, including the Fish and Wildlife Service (Endangered Species Act), Advisory Council on Historic Preservation (National Historic

Preservation Act), and EPA (Clean Water Act), whose activities affect the surface coal mining regulatory program.

e. *Tribal Primacy Initiative*

In FY 2001, OSM will continue to work with Tribes to enhance their ability to assume primacy under SMCRA. OSM will work closely with the Tribes to:

1. Ensure that the proposed legislation meets their needs.

2. Develop a legislative package that would allow Tribes to enhance their ability to assume primacy under SMCRA.

3. Develop Tribal regulations and expertise.

4. Promote Tribal assistance in current regulation of Indian lands mines.

Justification of Program Changes:

Environmental Protection	FY 2002 Budget Request	Program Changes (+/-)
$(000)	76,741	-174
FTE	225	0

Program Changes:

Program efficiency savings will result in a $174,000 reduction as a result of less inspection activity required in the State of Oklahoma.

BUSINESS LINE: *TECHNOLOGY DEVELOPMENT AND TRANSFER*

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY 2001
Regulation & Technology	$$$	11,820	331	0	12,151	331
	FTE	117	0	0	117	0
Abandoned Mine Land	$$$	3,591	45	500	4,136	545
	FTE	16	0	0	16	0
TOTAL	$$$	15,411	376	500	16,287	876
	FTE *	133	0	0	133	0

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

THIS BUSINESS LINE SUPPORTS BOTH MISSION GOALS OF RESTORATION AND PROTECTION BY IMPROVING SERVICE TO OSM CUSTOMERS, PARTNERS AND STAKEHOLDERS, THROUGH OPEN COMMUNICATIONS, TECHNICAL TRAINING OPPORTUNITIES, TECHNICAL ASSISTANCE, AND THE TRANSFER OF TECHNOLOGY IN ORDER TO HAVE BETTER INFORMATION AND SKILLS TO MAKE DECISIONS

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

cooperative effort with States and Tribes.

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

Strategic Outcome: Knowledgeable Federal, State, and Tribal regulatory and reclamation staff to effectively implement SMCRA, supported by the technical training and assistance provided by OSM specialists.

***Indicator Measures*:** Performance will be measured through the number of staff technically trained (including knowledge and skills taught and applied), the utilization of automated technologies (such as TIPS), and the quality and timeliness of technical assistance provided by OSM, determined via evaluations and customer service surveys.

Table 14: Strategic Measures and FY 2002 Measures	2000 Actual	2001 Enacted	2002 Estimate
By 2005, OSM will attain a 90% customer satisfaction (or service) rate (quality, timeliness, and quantity) for efforts within this business goal.			
In FY 2002, OSM will:			
C Attain a 90% customer satisfaction rate in the quality of our technical training.	94%	90%	90%
C Attain a 90% customer service rate in the quality of our technical assistance activities.	93.3%	90%	90%
C Attain a 90% customer satisfaction rate for technical training in the use of Technical Information Processing System (TIPS).	89.7%	90%	90%
C Attain a 90% customer satisfaction rate in the quality of our technology transfer activities.			
C Train 900 students.	98.5%	90%	90%
C Attain a 90% customer satisfaction rate in the quality and timeliness of Applicant Violator System (AVS) provided services.	902 97%	900 90%	900 90%

Note: FY 2002 goals are lower than FY 2000 actual performance. FY 2000 data collection was a one-year snapshot. Therefore percentages have been adjusted to better reflect data that are representative of long-term actual customer service. We plan to maintain or improve on FY 2000 performance, but will wait to update performance goals until we have at least three years of customer service data.

Data Verification and Validation for Measures: Technical training measures are based on customer surveys already in place and readily available course attendance records. Measures of general technical assistance, technology transfer and AVS success will be based on customer surveys approved by OMB and in use in since early FY 1999.

The measures of this business line are varied, based on the diversity of activities involved in achieving this goal. The satisfaction of those customers with the quality and relevance of the technical assistance provided will be indicated by customer surveys and questionnaires. Other measures will include the number of times TIPS is used.

Actions Required to Achieve Annual Goals: In FY 2002, OSM plans to continue its efforts in this

business line. For example, as responses are received from the customer surveys, the activities within the business lines will be evaluated to identify any needed improvements or changes. Also, TIPS, the Mine Map Repository, and AVS will increase access to users by providing material on the Internet.

Resources, Skills, and Technology Needed: A goal for FY 2002 is to continue ensuring that States, Tribes, and OSM have the best available technical data and information needed to make good science-based decisions regarding mining plans, reclamation project design, permit reviews, and acid mine drainage remediation and prevention. To successfully implement the surface mining regulatory and reclamation programs, OSM, as well as the States and Tribes, must maintain multi-disciplinary staffs that are fully competent in addressing a wide variety of technical issues that impact these programs.

The FY 2002 President's Budget requests $10.9 million for Technical Assistance(including the Applicant Violator System, of which $1.5 million is for the Small Operators Assistance Program; $2.2 million for Technical Training; and $3.1 million for Technology Transfer efforts to meet the annual goals set forth above.

Included in the FY 2002 President's budget request for Technical Transfer is $200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academia, and industry as part of the Clean Streams Program. The objectives of the ADTI are to compile, assess, and document the "best-science" technology solutions to acid mine drainage (AMD) reclamation problems as well as to refine the most effective methods for accurate AMD prediction.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of the types of technical training, assistance efforts, and transfer activities provided by this business line.

Table 15 - Justification of Program and Performance

Technology Development and Transfer

Summary Increases/Decreases for FY 2002

(Dollars in Thousands)

Program Activity		Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
		2001	2002	2001	2002	2001	2002	
Technical Assistance	$$$	8,382	8,611	2,334	2,345	10,716	10,956	240
	FTE	80	80	4	4	84	84	0
Training	$$$	1,898	1,951	223	234	2,121	2,185	64
	FTE	18	18	4	4	22	22	0
Technology Transfer	$$$	1,540	1,589	1,034	1,557	2,574	3,146	572
	FTE	19	19	8	8	27	27	0
TOTAL	$$$	11,820	12,151	3,591	4,136	15,411	16,287	876
	FTE	117	117	16	16	133	133	0

ONGOING PROGRAM

The following program activities support OSM's goal to strengthen the capabilities of the States, Tribes, and OSM staff to implement SMCRA effectively through quality technical and scientific information, expertise, and training.

OSM's stakeholders (States, Tribes, industry) continue to express support for Technology Development and Transfer (TDT) efforts and encourage OSM to provide the types of technical support needed to effectively and efficiently meet SMCRA, the National Environmental Policy Act, and other environmental and safety laws. Cost-effective compliance will help industry remain competitive with other energy sources. Helping industry achieve up-front compliance will reduce the need for additional regulatory resources. The TDT program area described in the following pages represents those activities where OSM staff provide direct technical support ongoing efforts in other business lines.

1. Technical Assistance

This program activity provides assistance to State regulatory and reclamation staff, and to the OSM staff who review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure like TIPS, AVS, and technical training programs. Technical activities such as permit review, citizen complaint evaluation, and cumulative hydrologic impact assessment takes place where OSM is the regulatory authority.

Technical work also occurs in AML project design and monitoring where OSM is responsible for AML emergency and priority projects. However, these types of endeavors are integral parts of the Environmental Protection and Restoration business lines. They are not included in the TDT program activity.

OSM intends to attain an 90 percent customer service rate for its technical assistance efforts in FY 2002. Customer surveys are used to document the responsiveness of OSM's technical assistance to its customers in a timely and professional manner. By meeting the technical assistance needs, OSM can help effectively achieve OSM's Environmental Restoration and Environmental Protection mission goals.

a. Technical Policy Assistance

OSM specialists provide technical assistance to State and OSM regulatory and reclamation policy staff. The areas of assistance include rulemaking; citizen complaint investigations regarding the mining-relatedness of offsite impacts; guideline development; State program amendments; State mining permit

evaluation; AML problem evaluation; blasting policy; prime farmland reclamation standards; coal combustion by-product disposal; reclamation bonding; threatened and endangered species; lands unsuitability determinations; participation as technical experts on interagency committees; Acid Mine Drainage (AMD) prevention and remediation; bond release and sufficiency; mountaintop mining and valley fills; permit findings; remining; subsidence caused by underground mining; and assistance in fostering Tribal primacy by helping Tribes develop technical capabilities.

Projected activities for FY 2002 include:

- *Mountaintop mining and valley fills*: In steep-slope areas of Appalachia, surface coal mining operations often remove the upper portion of a mountain and deposit large volumes of overburden in engineered fills in adjacent valleys. The conditions favoring these type of operations are most common in central Appalachia, especially southern West Virginia and eastern Kentucky. In recent years, concerns have been raised regarding the impacts of these fills, especially those that cover significant segments of intermittent or perennial streams.

  Under a settlement agreement arising from litigation concerning mountaintop mining and valley fills in West Virginia, OSM and other Federal and State agencies are planning to: (1) release a draft Environment Impact Statement (EIS) in FY 2002 with special emphasis on impacts on streams and fish and wildlife; (2) establish a coordinated process for obtaining authorization for surface coal mining operations in wetlands under section 404 of the Clean Water Act; and (3) OSM also plans to assist West Virginia in reviewing permit applications.

  During FY 2000 and FY 2001, OSM committed over 40 technical staff to these two efforts, including technical studies assessing future mining potential; evaluating the impact of mining restrictions on coal recoverability, economics, and environmental impacts; analyzing offsite impacts of mine dust and blasting fumes; valley fill hydrology; and documenting stream conditions downstream from mountaintop mining.

- *Impoundment Leaks into Underground Mine Workings*: During the coal preparation process waste rock is separated from the coal. The larger, coarse fragments of coal waste (typically shale) are used to construct an embankment or dam, which impounds the fine coal waste fraction in a slurry (i.e., mixed with water). Other types of coal mining-related impoundments are built for acid mine drainage treatment, sediment control, fly ash disposal, or coal preparation process water. In heavily mined areas, many of these impoundments must be constructed over active or abandoned underground coal mine workings.

  Since 1994, there have been six reported unplanned discharges into underground mine workings from overlying impoundments. Four of these breakthroughs had discharges to the surface. The latest breakthrough occurred in early FY 2001 (October 2000), in Martin County, Kentucky when

more than 250 million gallons of coal waste slurry and black water entered underground mines through subsidence cracks, exiting two mine portals in two different watersheds. The slurry moved downstream until the tributaries joined, entering the Tug Fork River, and continued flowing through the Big Sandy River until assimilated by the Ohio River. Water users all along the path of the slurry were forced into alternative sources. A monumental environmental cleanup effort continues.

During FY 2001, OSM has joined with the Appalachian States and other Federal agencies (EPA and MSHA) to:

- Evaluate why this slurry leak occurred;
- Evaluate all other mining-related impoundments over underground mines to assure against future incidents;
- Scope and implement a study by the National Academy of Sciences (NAS) to address technical issues related to impoundments above underground mines; and
- Determine whether existing regulations and engineering practices may need revision to ensure adequate protection of public health, safety, and the environment.

Upon completion of these studies, in FY 2002, OSM, working with the States and MSHA, will consider whether existing regulations and engineering practices may need revision to ensure protection of public health, safety, and the environment.

- *Blasting*: The use of explosives is an integral part of most surface coal mining. Overburden must be broken, often through the use of explosives, before it can be removed to expose the coal for mining. Citizens living near a mine sometimes express concern about the vibrations, noise, and flyrock resulting from blasting. SMCRA and OSM's regulations contain requirements limiting the energy of blasts to protect the public and property from damage caused by blasting.

Many States, including Pennsylvania, Ohio, Alabama, Missouri, Oklahoma, and Kentucky frequently ask for OSM help in evaluating blasting damage complaints, reviewing blasting plans, or setting vibration limits to ensure the prevention of damage to property. OSM helps the States measure damage potential through field studies and set protective limits on unique structures such

as historic buildings, mobile homes, hospitals, water towers, and log homes.

During FY 2001 and FY 2002, OSM plans to evaluate data specific to unique structures (e.g. hogans) to determine amplification factors and damage potential from ground vibration and airblast. This information also will generate data that will be used to evaluate the effect of ground vibrations from large cast blasting operations water wells less than 100 feet deep.

- *Designating Areas Unsuitable for Surface Coal Mining*: Section 522 of SMCRA (Designating Areas Unsuitable for Surface Coal Mining) establishes a process by which the public may petition the regulatory authority to limit or prohibit all or certain types of surface coal mining operations on non-Federal lands to protect certain features or environmental values. OSM receives and processes these petitions for all lands for which it is the regulatory authority. The decision-making process includes preparation of an environmental impact statement and a takings implication assessment.

  OSM also is responsible for making valid existing rights determinations under section 522(e) for all Federal lands and all lands for which OSM is the regulatory authority. Section 522 (e) prohibits or limits surface coal mining operatins within certain areas, subject to valid existing rights.

  Both unsuitability determinations and valid existing rights determinations require substantial technical and programmatic resources. They also involve litigation support if a takings claim is subsequently filed against the Federal Government.

- *Subsidence*: OSM technical staff have been involved with States in implementing the 1995 subsidence rules and investigating subsidence damage complaints. We anticipate that this involvement will continue during FY 2002. We also expect to inititate rulemaking in response to the 1999 remand of certain provisions of our subsidence rules.

- *Acid Mine Drainage (AMD)*: Surface and underground coal mining activities expose iron sulfide minerals in rock to weathering. The interaction of these rocks\minerals with air and water can result in acid mine drainage, the number one water quality problem in Appalachia and to a lesser, but still serious, extent in other coal and hard rock mining regions. OSM technical staff resources are focused on advancing and applying the best science to remediate AMD from abandoned pre-SMCRA mines and to prevent active mines from contributing additional new sources of AMD. OSM contracted an actuarial study to develop a reliable formula for determining and projecting AMD treatment costs that was completed in FY 2000 and distributed to State authorities. An inventory of AMD discharges at active and forfeited mine sites also was completed during FY 2000. The inventory, along with projected treatment costs, will be updated annually by OSM and

the States. Technical assistance efforts, particularly in West Virginia and Pennsylvania, will continue in FY 2001 and FY 2002, together with an effort to clarify bonding requirements for postmining and pollution discharges.

- *Invasive Species:* Executive Order (EO) 13112 of February 3, 1999, Invasive Species, directs Federal agencies whose actions may affect the status of invasive species to identify those actions and to the extent practicable and permitted by law, take actions to address the problem (consistent with their authorities and budgetary resources); and not authorize, fund or carry out actions that the agency believes are likely to cause or promote the introduction or spread of invasive species.

  Educational materials are being developed for placement on OSM's home page and information on invasive species issues is being developed for inclusion in the course, Soils and Revegetation, which is taught as part of OSM's Technical Training Program. States will be surveyed to determine their efforts to prevent the introduction and spread of invasive species through mining and reclamation of coal.

b. Site-Specific Technical Assistance

OSM specialists assist in the technical aspects of compliance monitoring (including inspection and enforcement assistance), experimental practice reviews, reclamation cost estimate calculation, bond release application reviews, bond approval reviews, bond forfeiture reclamation designs, lands unsuitability determinations, surveying, revegetation, geologic sampling, AML designs, subsidence and AMD abatement, and any technical assistance on citizen complaints and ten-day notices. Below are examples of the types of assistance provided to States and Tribes.

- *Bond Approval and Administration*: To assure that bonds for permits on lands for which OSM has and shares regulatory authority responsibilities are sufficient to reclaim forfeited sites, OSM calculates bond amounts using science-based, reclamation cost estimates. OSM also evaluates whether all legal and financial requirements are met. OSM provides technical assistance and training on bonding activities, and a technical review of any issues identified in a State program's bonding activities.

  In FY 2000, technical specialists that comprise an OSM-wide bonding team completed revision of the 1987 OSM Handbook for Calculation of Reclamation Bond Amounts. To ensure complete and accurate cost estimates, the handbook was expanded to include calculations for subsidence damage repair; water supply replacement; long-term treatment of unanticipated water pollution;

and adjusting for inflation. The handbook also was revised to update costs for indirect contingency allowances and profit and overhead. Calculating costs for revegetation was expanded. OSM staff use this handbook for operations on Indian Lands and in Federal Program States such as Tennessee and Washington. In addition, States, Tribes, industry and other Federal agencies use the handbook as a guide. The principles in the handbook are used as the basis for an OSM technical training course on reclamation cost estimating.

On-line dissemination of reclamation bonding information is used by OSM to provide technical assistance to State and Federal employees on bonding, and to provide updates on a list of surety companies authorized by the U.S. Treasury Department to write Federal bonds.

During FY 2000, OSM received 80 requests for technical assistance on reclamation bonding from States, Tribes, other Federal Agencies, and the coal mining industry. Approximately 85 requests are expected in FY 2001 and again in FY 2002. Technical assistance was provided on procedures for ensuring legal execution of bonding instruments; explanations about bonding mechanisms, regulations and legal forms; procedures for revising existing bonds; procedures for replacing surety bonds, qualifying applicants for self-bonding; financial statement review; and estimating reclamation costs.

In FY 2000, OSM completed special on-site bonding training for Colorado and Missouri on reclamation bonding. The training included bond review procedures, legal forms, bonding regulations, security and tracking. In addition to the State's coal mining program, staff from the minerals mining program, environmental, and land management programs requested and received this training as well. OSM anticipates receiving several requests for on-site bonding training in FY 2001 and the same for 2002.

In FY 2001, and continuing into FY 2002, OSM will conduct outreach to the minerals and environmental programs in various States to identify and respond to requests for bonding technical assistance that can be provided in conjunction with bonding assistance to the coal mining programs or provided separately in response to special needs.

- *Hydrologic Balance Issues from Underground Mining*: Over a century of extensive underground coal mining in Pennsylvania and West Virginia have left miles of interconnected, flooded workings called mine pools . The water level in these mine pools may rise and overflow into streams or could potentially create a mine "blowout," which may result in rapid and sometimes catastrophic discharges of large amounts of stored mine water–often acidic in nature.

For instance, the Fairmont Mine Pool covers more than 27,000 acres comprised of several pre- and post-SMCRA mines. These mines, which have filled with acidic water, threaten to discharge into the Monongahela River. EPA Region III, OSM, and West Virginia are cooperating on a study to delineate the extent of these pools, identify discharge points, and, ultimately develop strategies to prevent degradation of streams from potential discharges. During FY 1998, OSM installed a monitoring network of boreholes to assess the fluctuating pool levels and allow modeling of the hydrology of the pool. In FY 2001, OSM plans to extend the monitoring network northward to other mined-out areas and join forces with the USGS in increasing study efforts beyond the West Virginia assessment. This study will assist Pennsylvania, West Virginia, other States, OSM, and EPA to evaluate possible regulatory solutions to protect the hydrologic balance from future "Fairmont Pools."

- *West Virginia Technical Assistance Work Plan:* During FY 2000, OSM received $9.8 million in supplemental funding to ensure that the State of West Virginia received adequate funds to carry out its regulatory responsibilities under SMCRA. Of this amount $6.2 million was for OSM to enter into a cooperative agreement with the West Virginia Division of Environmental Protection to enhance program capabilities. The remaining amount was provided to address the West Virginia Office's staffing deficiencies.

  Late in FY 2000, OSM entered into a Technical Assistance Work Plan with the West Virginia Division of Environmental Protection (WVDEP) to improve consistency and regulatory compliance within the State's permitting program. The plan provided that permit application and review templates, associated guidance, and training programs would be developed to address 18 permitting areas where it was mutually agreed that improvements could be achieved. Development of the templates and guidance for the identified areas is anticipated in late FY 2001 and continue into FY 2002. OSM has lead responsibility for development of the templates and guidance and WVDEP has lead responsibility for development and presentation of the training efforts.

c. Mine Map Repository

OSM maintains a mine map repository authorized under the former Bureau of Mines and subsequently transferred to OSM. This repository, located in OSM's Appalachian Regional Coordinating Center in Pittsburgh, Pennsylvania, maintains the only national inventory of maps of abandoned coal and non-coal mines throughout the United States. Mapping information is used to fulfill customer requests for unique information that can range from rare maps for small uncommon projects to a national collection for assisting in large interstate projects. OSM customers include State regulatory and reclamation staff, local government agencies, developers, engineering and mining companies, architects, universities, law firms, environmental consultants, pollution control boards, realtors, law-enforcement agencies, historical societies, and homeowners.

The repository is automating its operational process. The new technology will enable OSM customers to retrieve mine maps and related information more efficiently via the Internet. Future enhancements are planned through partnering with the United States Geologic Survey (USGS). Operating revenues will increase due to a new and revised fee schedule for business clients.

d. Small Operator Assistance Program (SOAP)

Section 507(c) of SMCRA provides that up to $10 million may be appropriated each year from AML fees to assist eligible small operators by paying certain costs associated with obtaining hydrologic, geologic, and other environmental information needed to prepare coal mining permit applications. Public and private laboratories under contract to regulatory authorities collect the data and provide the environmental analyses. Mine operators with annual coal production of less than 300,000 tons per year are eligible for assistance under SOAP.

States with approved regulatory programs are responsible for administering SOAP. They receive grants from OSM to pay qualified laboratories to provide the technical services authorized under the program. OSM is responsible for SOAP programs in non-primacy States, such as Georgia, Tennessee, and Washington. In FY 2000, six State SOAP programs (Alabama, Kentucky, Maryland, Ohio, Pennsylvania and West Virginia) assisted 107 operators. In Pennsylvania, each dollar spent on SOAP assistance in the year ending June 30, 2000, generated $5.85 in AML related benefits: $2.33 in AML fees paid, and $3.52 in reclamation completed at no cost to AML.

Administration and monitoring of SOAP grants by OSM staff is funded under the Environmental Protection business line. The FY 2002 request for SOAP is $1.5 million.

e. Permitting:

West Virginia Permitting Assistance: During FY 2002, OSM will continue to work with West Virginia permitting staff to review mountaintop mining permits involving valley fills and coordinate permit application review with other Federal agencies, as provided in the settlement agreement of Bragg v. Robinson. OSM will also continue to work with West Virginia to develop technical and programmatic guidance documents for use in the permitting process.

Western Region Coal Mine GIS: OSM staff continue to develop a Geographic Inventory of western coal mines where OSM is the regulatory authority. This inventory includes data such as disturbance, soils, grading, seeding, bonding, slopes, location of hydrologic structures, and postmining topography. Actual

data acquisition is accomplished by a variety of methods including the Global Positioning System (GPS), satellite imagery and digital photographs. Data also comes from new GPS tools used by inspectors. A user will be able to view a wide variety of maps that cover all aspects of the mining and reclamation process. This effort will continue in FY 2002.

f. Technical Information Processing System (TIPS)

The Technical Information Processing System (TIPS), is comprised of off-the-shelf computer hardware and software supported by OSM in partnership with the States and Tribes. The system consists of Windows-based computers at State, Tribal, and OSM offices with access to TIPS license servers via the Internet and OSM's Wide Area Network.

The TIPS suite of core software aids the technical decision-making associated with conducting reviews of permits, performing cumulative hydrologic impact assessments, quantifying potential effects of coal mining, preventing acid mine drainage, quantifying subsidence impacts, measuring revegetation success, and assisting in the design of abandoned mine land reclamation projects. It also provides a scientific basis for environmental assessments and environmental impact statements. TIPS is a key element in the implementation of the OSM Electronic Permitting Initiative and GIS Initiatives on Federal and Tribal lands and in the States.

TIPS maintains fully electronic training centers in its three regional offices in Denver, CO; Pittsburgh, PA; and Alton, IL. Training of State, Tribal, and OSM personnel in the practical application of TIPS is an integral part of the system operation. The TIPS Steering Committee, which is made up of representatives from State coal organizations and OSM offices, meets regularly to assist OSM in determining the direction of TIPS and how it can best meet their needs.

TIPS has been fully operational since 1989 and is being used extensively by States and OSM offices, as well as the industry. The States continue to expand the use of TIPS on Title V permitting and inspection issues and for the design of Title IV reclamation projects. With the expanding use of the TIPS tools, the States are generating higher quality permit reviews in shorter times and are able to produce quality Title IV reclamation designs much quicker.

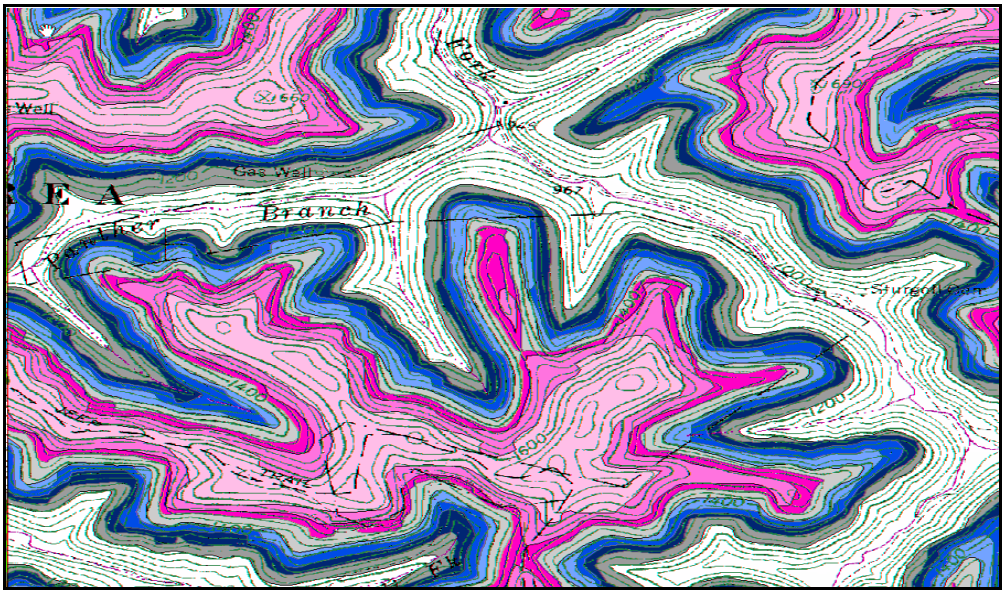
In FY 2001, TIPS completed an initiative to distribute scientific and engineering software directly to customer's desktop workstations, thereby making TIPS tools available to more users. A new effort was begun in FY 2001 to answer the needs of TIPS customers in the area of remote sensing and image processing and analysis. Remote sensing tools allow SMCRA authorities to evaluate the effects of mining and reclamation with airborne and satellite images. Such information triggers a timely application

of remedial measures resulting in faster and more effective reclamation. Remote sensing will also help SMCRA authorities monitor the progress of mining and reclamation, identify potential environmental hazards and offsite impacts.

TIPS Website: The TIPS website (*www.tips.osmre.gov*) provides information about TIPS, including current TIPS training classes, descriptions of TIPS software, access to digital data files for public domain TIPS software, lists of TIPS specialists, standardized AML emergency design drawings, and digital topographic maps for coal-producing areas within the United States.

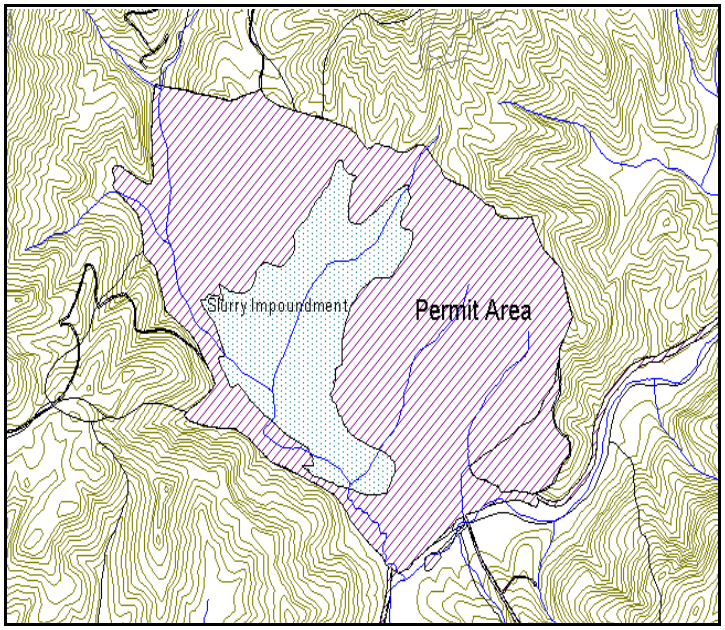
g. Reclamation Support Activities:

Future Mountaintop Mining Sites: During FY 2000, OSM obtained geologic information on coal seams from the West Virginia Geologic and Economic Survey, Kentucky Geologic Survey, and Virginia Polytechnic Institute and State University. During FY 2001, OSM is developing GIS mapping of feasible surface mining areas in southwest Virginia, central and southern West Virginia, and eastern Kentucky. The TIPS GIS tools allow removal of past mining areas from the geologic extent of coal beds. Then, applying three-dimensional analysis, the coal and overburden volumes are calculated and compared. Economic extraction is determined based on standard mining engineering-derived stripping ratios.



Coal seam model generated to predict stripping ratios for potential mountaintop removal mining

Tennessee GIS: Tools provided by TIPS are used for the continuing development of the Geographic Information System (GIS). The system contains digital data sets used by Field Office specialists to support technical decision making regarding the potential impacts of surface coal mining operations within the State of Tennessee and by Field Office Inspection personnel to support GPS field data collection efforts during mining inspections. OSM makes this data available to its external customers including other federal agencies, States and Tribes, colleges and universities, the mining industry, and the general public. Since its establishment, the GIS has responded to 119 external requests for GIS data and has distributed approximately 2,717 data sets. The GIS has also contributed to the analysis of the Mountaintop Mining EIS, OSM's Impoundment/Underground Mining Study, the AMD National Inventory, and Lands Unsuitable for Mining Petitions. OSM's GIS will continue its programmatic support of these and future similar issues during FY 2002.



Map data from the Tennessee GIS showing the location of a slurry impoundment within the Permit Area.

Enhanced Contemporaneous Evaluation of Reclamation: As part of an effort to more effectively evaluate reclamation as it occurs at each mine, inspectors from OSM with assistance from technical specialists have begun using GPS units to locate the boundaries and input data for the areas as they are reclaimed. The field data (slopes, topsoil depths, etc) are subsequently downloaded into a GIS being developed for each mine. This process will enable the OSM, States and industry professional and technical staff to keep track of the status of reclamation on each acre of mined land as it occurs.

Pittsburgh Coal Seam Model: Recently, OSM completed modeling the Pittsburgh coal seam for the northern two-thirds of the Appalachian bituminous coal basin. Using TIPS software and workstations, the project included mine mapping and prediction of acid-drainage problems. The data also will be used in predicting mine pool discharges and 3-dimensional hydrologic modeling of pool elevations as part of the Monongahela River Mine Pool project.

Washington AML Program: The Federal AML program in Washington employs Global Positioning Satellite (GPS) equipment to accurately locate abandoned mine shafts and record field data such as shaft dimensions, depth, and condition. The use of this data is two-fold: (1) the database and maps provide a

valuable AML project management tool, and (2) the database will ultimately be provided to municipalities for use in planning and zoning. TIPS GPS and GIS training is provided to support this effort.

h. Applicant/Violator System (AVS)

The primary purpose of the Applicant Violator System (AVS) is to provide State and Federal regulatory authorities with a centrally maintained national database containing information related to ownership and control of surface coal mining operations and outstanding violations incurred by those operations. Regulatory authorities check the AVS to evaluate an applicant's mining and violation history along with their eligibility to receive new permits. OSM receives approximately 4,000 requests each year for reports for use in the review of pending permit applications. OSM and the States also use the AVS to determine the eligibility of potential recipients of AML reclamation contracts.

In addition, the Bureau of Land Management, the Mine Safety and Health Administration, the Internal Revenue Service, the National Labor Relations Board, and the Small Business Administration use the AVS for assorted purposes. The Tennessee Valley Authority uses the AVS to avoid purchasing coal from persons with outstanding violations of SMCRA. The coal industry, citizen groups, and the general public routinely use the system to verify corporate information and the status of violations.

OSM conducts or assists State regulatory authorities and other Federal and State agencies in conducting ownership and control investigations, negotiating and tracking settlement agreements, responding to coal operators' rebuttals of agency decisions on ownership and control, and resolving conflicts concerning information in the AVS. These efforts will continue during FY 2001 and FY 2002.

2. Technical Training

a. National Technical Training Program

OSM established the National Technical Training Program in 1985, recognizing the need for an ongoing educational program to increase the technical competence and professionalism of Federal, State, and Tribal personnel. The program delivers training related to permit approval, bond release, reclamation, and enforcement. The training received updates technical expertise and fosters consistent application of standards. Participants trained represent each of the disciplines involved in implementation of SMCRA, which include engineering, hydrology, blasting, agronomy, and botany. The program ensures such

training is available as to enable SMCRA staff to maintain the ability to gather and present information as an expert with the most recent data available. In addition, periodic training is needed to disseminate the latest technological and other changes in regulatory and associated reclamation activities.

Without a comprehensive technical training program, significant problems would likely develop in regulatory and reclamation program implementation. To help avoid these controllable consequences, OSM recognizes the need to provide training to States, Tribes, and OSM personnel. All aspects of the training program, from needs identification through course development and presentation, are a cooperative effort of State, Tribal, and OSM offices. Each year, OSM surveys all State, Tribal, and OSM offices to determine their technical training needs.

A session of *SMCRA in the 21st Century* recently was held for OSM, State and Tribal authorities. This course showcases model State and Federal performance evaluation systems and enhances a common understanding between States, Tribes and OSM of better ways to agree on and meet our common goals for regulatory and reclamation programs.

A new course on permit findings was added to course offerings in FY 2001. This class enhances the skills of permitting staff, and will assist in the expeditious processing of valid permits and a consequent reduction in potential litigation.

In FY 2000 and FY 2001, several special course sessions were tailored to meet the specific needs of States and Tribes in managing AML programs, and in serving as an expert witness. In FY 2001,

a new course on subsidence will be offered to assist with implementation of the Energy Policy Act requirements. And, an orientation course for OSM staff is being developed to provide an overview of OSM's mission and structure. States have requested that pertinent parts of this course also be made available for their staff.

In FY 2000, the training program offered 47 sessions of 27 courses for 902 participants of which 50 percent of the instructors were from OSM, 44 percent from States, 5 percent from Solicitor's offices, and 1 percent from other sources, and exceeded its target customer satisfaction rate of 89 percent by 5 percent.

In FY 2001 and FY 2002, OSM intends to meet its 90 percent customer satisfaction rate for its national training efforts and provide training to approximately 900 students. Future plans for the training program for FY 2001 and FY 2002 include completing development of a new *Historical and Archeological Resources* course to provide up to date information on recently revised Section 106 of the National Historic Preservation Act. Also, the *Spoil Handling and Disposal* course will be revised and updated to reflect the final Federal Court ruling/settlement agreement and its ramifications on excess spoil disposal

and mountain top mining in steep slope areas/States. Until the ruling is final, the course has been informally updated. The program, in response to State, Tribal and OSM requests will continue to offer custom tailored training to meet special situations.

b. TIPS Software Application Training

TIPS established a software application training program specific to the use of the software in Title IV and V applications, including permitting analysis, AML reclamation design, construction and monitoring. TIPS software training is a cooperative State-Federal effort: 20 of the 53 current TIPS instructors are from State programs.

In FY 2000, 325 technical professionals from the States, Tribes, OSM, and industry were trained in 31 classes under the TIPS computer applications training program. Fifteen of these classes were held at OSM's regional computer training facilities. Sixteen of these classes were conducted at customer sites. The table below shows the various courses conducted at customer sites in FY 2000. These classes are specially designed to address mining specific applications, as requested by TIPS users and the TIPS steering committee, and therefore are uniquely different from courses available from the vendors.

TIPS Customer Courses Conducted in FY2000

Courses
Global Positioning Systems (GPS)
Geographic Information Systems (GIS)
Computer-Aided Reclamation Design
Statgraphics
earthVision

For FY 2001 and 2002, the TIPS training program plans on scheduling 25 classes to be held at regional training centers each year, with at least fifteen classes conducted at trainee sites per year.

In FY 2000 , the TIPS training program exceeded its target customer satisfaction rate of 87 percent by 2.7 percent. In FY 2001 and FY 2002, OSM intends to meet its 88 and 90 percent customer satisfaction rate, respectively, for its TIPS national training efforts and to provide training for approximately 425 students in each year.

TIPS is currently developing a number of courses in hydrology, computer-aided design, and engineering applications. These courses will be delivered in FY2002 and will provide training on the new Windows NT-based applications recently added to the TIPS core software. TIPS staff will investigate alternative approaches of using the Internet as a medium in providing supplemental education to TIPS customers. Technologies that will be explored include streaming video and web-enhanced conferencing.

c. Regional/Site Specific Training

OSM has regional training centers, which offer classes on area-specific topics and provide facilities for the national training program to minimize travel expenses. In FY 2001 and FY 2002, examples of such training may include:

- *Tribal Training*: OSM offers training to tribal staff in formal OSM training classes (NTTP and TIPS) as well as through courses offered by State universities and attendance at OSM forums and workshops. This effort is carried out under provisions of the Energy Policy Act of 1992, which includes:

  (1) courses relating to SMCRA to assist the Tribes (Navajo, Hopi, Crow and Northern Cheyenne) in their development of regulations and programs for assuming the regulation of surface coal mining and reclamation operations on Indian lands.

  (2) courses to enable the Tribes to assist OSM in the inspection and enforcement of surface mining activities on Indian lands, including, but not limited to, permitting, mine plan review, and bond release.

- *Advanced Applied Statistics Training:* In FY 2000, four advanced statistical workshops were conducted for State and OSM staff on the application of statistics to the review and analysis of permit application and bond release application data: Topics included Regression Analysis, Statistical Sampling for Baseline Studies (two sessions), and Statistics for Evaluating Water Resource Data. The four workshops provided advanced statistical analysis technology to a total of 48 attendees.

  In FY 2002, statistical expertise will become more important as final bond release applications are considered by OSM and the States. Courses focused in this area are an effort by OSM and certain States to build familiarity with advanced statistical techniques among the mining regulatory community to enable it to better cope with bond release proposals, especially those

developed under the direction of professional statistics consultants working for industry. OSM will continue to provide, on-demand, advanced applied statistics courses dealing with soils, vegetation, and hydrology issues in the arid and semi-arid western States.

- *Electronic Permitting Workshops:* In FY 2000, four electronic permitting workshops were conducted for western State, OSM, and industry staff providing an opportunity for the 93 attendees to interact with others in the field of GIS and electronic permitting.

- *AML Inventory Training* :During 2000,OSM conducted two AML Inventory courses to train State and OSM personnel in inventory methods, priority selection and the use of the enhanced AMLIS computer system. State Program support and training on Inventory issues will continue during 2001.

3. Technology Transfer

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. In FY 1999, OSM began using customer surveys to measure the success of its Technology Transfer activities. OSM plans to attain an 90 percent service rate in FY 2002.

a. Technology Development

OSM seeks to meet the needs of State, Tribes, and all OSM staff, as well as the public and the coal industry by solving problems related to reclamation projects, and regulatory implementation through cooperative research efforts with other bureaus. OSM does not fund research of its own. OSM's research needs are coordinated with the regulatory and research programs of USGS and other Federal agencies having responsibility for or supporting environmental protection.

OSM participates on the Department of the Interior's Base Mapping Needs Committee to coordinate OSM's mapping needs with other Interior bureaus. The Base Mapping Needs Committee ranks and funds mapping requests based on multi-party needs.

OSM works with the academic community and private research organizations to identify potential areas of cooperation. The National Mine Land Reclamation Center (NMLRC), located at West Virginia University, receives funding from several Federal and State agencies including OSM and industry organizations to research solutions to environmental problems associated with coal mining.

An industry/government (State and Federal) academic task force developed joint action plans to define "best science" practices that are expected to solve AMD problems, and to work toward implementation of those practices throughout the coalfields. Cooperative efforts involving many agencies, groups, and individuals are implementing the Acid Mine Drainage Technology Initiative (ADTI). NMLRC acts as the coordinator.

The National Mine Land Reclamation Center acts as the Executive Secretariat for the ADTI cooperative effort. In FY 1999, the National Mine Land Reclamation Center issued an AMD technical solutions handbook. In FY 2001, it issued a handbook on AMD prediction methods. Both will be updated periodically as the science related to AMD progresses. During FY 2001 and FY 2002, field validation of technical approaches used to control AMD will be a focus of the ADTI.

b. Electronic Permitting

The goal of Electronic Permitting is to obtain computer-generated permit applications in which all text, baseline data, models, drawings, and maps are in electronic media. The applications can be loaded onto the regulatory agency's local area network for review and specific items can be loaded into the agency's databases. This will simplify the transfer of information with our citizen and industry stakeholders during the permitting process.

Electronic permitting provides State, Tribal, and OSM permit reviewers with computer-based tools to access electronic documents, maps and data, and to perform necessary environmental analyses. Electronic data and information can be downloaded directly onto computer systems, where users can access the computer databases and analytical software, such as those provided by TIPS, making data manipulation and analyses more efficient and accurate. Electronic permitting saves staff time by reducing many clerical aspects of accessing and transferring hard copy information. Additional benefits include the ability to share computer-based data with managers, field personnel, other agencies, the public and industry.

In FY 2002, OSM plans to continue to (1) coordinate activities with States, Tribes and industry; (2) sponsor interactive forums, training and workshops for States, Tribes and industry; and (3) expand Federal/Industry electronic data exchange initiatives. OSM will support States' electronic permitting initiatives by concentrating on the States' needs in the area of data conversion, acquisition and storage, and interpretation of remote sensing data.

Examples of electronic permitting achievements include the following:

- North Dakota's partnership with its coal industry produced the nation's first fully paperless coal mine permit. The permit is a CD-ROM on file at the Public Service Commission, OSM, and at the County Auditor's Office - the public access site, and contains all the information normally contained in approximately 14 three-inch thick binders, including 130 AutoCAD maps and drawings. In addition, North Dakota is digitizing 15 to 25 year-old maps, submitted in paper format in early permits, to create an electronic library of lignite resource areas prior to mining disturbances.

- New Mexico received its first fully electronic permit application for an underground coal mine and the staff used the established protocol for electronic desktop review and in-house modeling capabilities to issue the permit.

- Alaska reviewed and approved its first fully electronic permit application.

- Colorado has developed an extensive permitting/tracking database that generates electronic reports and correspondence automatically and on demand. The Colorado State Geological Survey supports the permitting efforts with an electronic coal database system, reports, and GIS coverages. The Colorado Integrated Reclamation Cost Estimating System (CIRCES) Program will be completed in FY 2001 allowing permit reviewers to check and calculate reclamation bonds with the help of an automated software system.

- Utah is maintaining and making enhancements to its coal fields water-quality database, continuing its accessibility on the WEB.

- Several Wyoming mining companies are submitting annual reports and major permit revisions electronically on CD-ROMs to the regulatory agency and to court houses of record in the mining communities.

- Montana has delivered permit review capabilities to the desktop, developed a permit information database alongside its extensive geographic information system (GIS) support database, with the Montana Bureau of Mines and Geology providing coal and ground water quality data electronically.

c. *Technology Transfer and Publications*

Technology Transfer is accomplished through a variety of activities. State technical representatives meet frequently with OSM regional staff to share resources whenever practicable to resolve regional technical issues. OSM sponsors or attends interactive technical forums, computer applications workshops, and technical seminars to address mining and reclamation environmental issues. After coordinating the needs of States, Tribes, and industry, OSM plans and presents technical topic forums. The following describe the types of forums:

Mountaintop Mining EIS Workshops: To document the state-of-the-art in reclamation technology and explore impacts of regulatory decisions on mining practices, the Mountaintop Mining EIS Steering Committee sponsored several workshops. The workshops were targeted for specialized audiences based on expertise and experience in various topics and attendance was generally by invitation only. OSM was instrumental in the planning of the workshops, which were organized by the U.S. Department of Energy through an arrangement with U.S. EPA. The Aquatic Ecosystem Restoration workshop explored using the reclamation process to restore aquatic habitats and reshaping mine sites to a more natural-looking configuration. This workshop was held during FY 2000 in Charleston, WV and was attended by more than 125 persons. The Mountaintop Mining Groundwater Hydrology Workshop occurred in July 2000 in Nitro, WV and was attended by more than 30 hydrologists from industry, environmental organizations, government, and academia. The Groundwater Workshop involved discussions of the requirements for baseline data collection, hydrologic consequence analyses, and typical hydrologic impacts related to surface mining.

Bond Release: The third in a series of five Interactive Bond Release Forums on Arid and Semi-Arid Areas was conducted in August 2000. This forum was entitled "Approaching Bond Release: Cumulative Hydrologic Impact Assessment (CHIA) and Hydrology Topics for the Arid and Semi-Arid West. A series of two additional bond release forums are scheduled through FY 2002:

- FY 2001 topic: Approaching Bond Release: Wildlife Habitat Construction for Reclamation and Surface Mining Applications in the Arid, Semi-Arid West

- FY 2002 topic: Approaching Bond Release: Post Mining Land Use (PMLU) for Reclamation and Surface Mining Applications in the Arid, Semi-Arid West

Coal Combustion By-Products: OSM has successfully pioneered numerous technology transfer events and products on this topic with the focus on the use of these materials in reclamation, beginning with its first national technical interactive forum in 1996. During 2000, OSM co-sponsored its second technical interactive forum, improved its technical information Website, participated in interagency negotiations

with the U.S. EPA on future rulemaking and served on related national and international technical steering committees. An additional technical interactive forum is being planned for 2002 and the proceedings of the 2000 forum will be published in 2001. Technology transfer products during 2000 on this topic include:

- The Coal Combustion By-Product Technical Interactive Forum**:** A technical interactive forum on "The Use and Disposal of Coal Combustion By-Products at Coal Mines was held in Morgantown, WV on April 10-13, 2000 (the second national forum conducted by OSM on this topic).

- The Coal Combustion By-Product Technical Information Website**:** The OSM sponsored Coal Combustion By-Products (CCB) Steering Committee developed and maintains a user friendly informational Website (The CCB Information Network).

- Combustion By-Products Recycling Consortium: OSM staff serve on the newly formed National Steering Committee for the Combustion By-Products Recycling Consortium that is attempting to develop technologies for use by the coal utilities and their suppliers that will be useful in solving problems related to the handling of by-products from their clean coal processes. During the 2000 review cycle, the steering committee selected and recommended $1.29 million be awarded by Department of Energy to 17 research projects, including several with direct application to coal mining.

- Technical Program Committee International Ash Utilization Symposium: OSM staff serve on the technical steering committee that plans this biennial event for the Center for Applied Energy Research at the University of Kentucky. The 1999 symposium was held in October of 1999 and OSM staff are currently planning for the October of 2001 symposium.

Reforestation Initiative: OSM began an effort to encourage reforestation practices that would increase the amount of mined land reclaimed as forest. This effort has resulted in technical and policy symposia, a website, speaking at professional organizations, a video, and publications that transfer state-of-the-art science and technology. In September of 2000, the Secretary of the Interior and DOE signed an MOU to promote a market-based approach to reclaiming abandoned mined lands through reforestation. OSM will work with numerous private, tribal, and State interest groups to identify potential reforestation sites and work to facilitate funding partnerships between potential donors. A technical interactive forum on the *"Economics of Reforestation"* is currently being planned for FY 2002.

Reports, Forum, and Workshop Proceedings: OSM publishes and co-sponsors the publications of numerous forum and workshop proceedings and various topical reports. These publications are distributed to interested parties at technology transfer events, upon request, and at various websites

maintained by OSM. The Agency uses the Internet to make available and seek comments to its reports and technology transfer products from as wide a client audience as possible. In FY 2002, OSM will continue to develop, distribute, and communicate these products. Products developed and distributed in FY 2000 included:

- Publication of 2nd CCB Forum Proceedings: "The Use and Disposal of Coal Combustion By-Products at Coal Mines: A Technical Interactive Forum."

- Published Proceedings on Reforestation of Surface Coal Mines: The proceedings for the "Enhancement of Reforestation at Surface Coal Mines: Part II: A Technical Interactive Forum."

- The Old Ben Scout Reservation Natural Resources and Mining Handbook: During 1999 and 2000, the Office of Surface Mining, in cooperation with the Buffalo Trace Council of the Boy Scouts of America, developed natural resource and mining information to help visitors understand the plants, animals, topography, soils, and water features that they find at the Old Ben Scout Reservation (a previously mined area). This cooperation has resulted in turning the trails and mining features of the reservation into an outdoor classroom. Additional requests for resource material are anticipated in FY 2002.

- Technology Transfer CD: An electronic copy of all existing technical interactive forum proceedings has been produced on a CD format for distribution at OSM technology transfer functions. This single CD includes the following technology transfer publications: 1996 Coal Combustion By-Products Associated with Coal Mining-Interactive Forum; 1998 Prime Farmland Interactive Forum; 1998 Prime Farmland Reclamation Workshop; 1998 Mid-Continent Regional Coal Symposium; 1999 OSM Mid-Continent Region Electronic Enhancement Workshop; 1999 Enhancement of Reforestation at Surface Coal Mines: A Technical Interactive Forum; and the 2000 Old Ben Scout Reservation Natural Resource and Mining Information Handbook.

OSM Technical Library: OSM maintains a technical library in its Western Regional Coordinating Center located in Denver, Colorado that houses reference materials and a collection of scientific and technical materials. The library projects that it will receive approximately 300 requests in FY 2000 and again in FY 2001 and FY 2002. As well as providing technical information and services to State Regulatory Agencies and other OSM customers on a variety of mining-related topics, the technical library shares its collection through interlibrary loan with libraries around the world.

d. Experimental Practices Program

Section 711 of SMCRA allows variances from Sections 515 and 516 performance standards as alternative or experimental mining and reclamation practices to encourage advances in mining technology or to allow innovative industrial, commercial, residential, or public (including recreational) post-mining land uses. However, the experimental practices must at least be as environmentally protective as the performance standards promulgated under Sections 515 and 516 of SMCRA. The experimental practice also must not reduce the protection afforded public health and safety below that provided by the applicable performance standards. Approval and monitoring of a permit containing an experimental practice requires a close working relationship between the operator, the regulatory authority, and OSM.

Since the inception of the program, 33 experimental practices have been approved. Fourteen were determined to be successful and three unsuccessful; eleven are currently underway; one was terminated due to regulation change, and four have been completed but final reports not yet received.

OSM anticipates that ten new experimental practices may be submitted by Virginia, Kentucky, West Virginia, Ohio and Utah in FY 2001. It is likely that the interest in experimental practices will continue, at the same level in FY 2002.

e. Educational Outreach

To make the public, students, and foreign visitors aware of OSM's responsibilities and of its environmental stewardship mission, OSM staff provide educational outreach to the science teachers' associations, science classes, educational fairs, Earth Day events, career days, foreign visitors, grassroots organizations, and professional associations and societies. This outreach includes demonstrating surface mining reclamation using an open-pit mine model with reclamation equipment and activities in place and providing educational posters and materials involved in permitting, monitoring and reclaiming a mine site. Additional outreach is provided through publication and distribution of forum proceedings, the Boy Scout Mining Information Handbook, and the integration of the *Handbook of Western Reclamation Techniques* into university curriculum.

Justification of Program Changes:

Technology Development and Transfer	FY 2002 Budget Request	Program Changes (+/-)
$(000)	16,287	500
FTE	133	0

Program Changes:

An increase of $500,000 is proposed by a transfer of funds from Environmental Restoration activities to readjust administrative funding to appropriate levels between the two business lines. This transfer will allow funds to be obligated in an activity - technology transfer - that enables operators, States, and the public to better meet their FY 2002 resource needs.

BUSINESS LINE: *FINANCIAL MANAGEMENT*

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY 2001
Regulation & Technology	$$$	536	12	-71	477	-59
	FTE	4	0	0	4	0
Abandoned Mine Land	$$$	5,402	168	500	6,070	668
	FTE	58	0	0	58	0
TOTAL	$$$	5,938	180	429	6,547	609
	FTE	62	0	0	62	0

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

THIS BUSINESS LINE SUPPORTS BOTH MISSION GOALS OF ENVIRONMENTAL RESTORATION AND PROTECTION THROUGH A MORE EFFECTIVE AND EFFICIENT MANAGEMENT OF HUMAN AND FISCAL RESOURCES TO FACILITATE RECLAMATION OF ABANDONED MINE LANDS, AND TO PROTECT THE ENVIRONMENT, PEOPLE AND PROPERTY, DURING AND AFTER MINING

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

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

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

Strategic Outcome: Accurate and timely accounting for program financial transactions, maximization of revenue for the restoration and protection of the environment, and prompt financial services to States, Tribes, and industry.

Indicator Measure(s): Performance will be measured by the Office of Inspector General financial statement audit opinion for fee compliance, revenue management, grants financial services, and the fee compliance rate for operators reporting coal tonnage.

Table 16: Strategic Goals and FY 2002 Measures	2000 Actual	2001 Enacted	2002 Estimate
Through 2005, OSM will maintain a 99 percent AML reclamation fee collection rate on fees due during the year. OSM will also attain a 93 percent on-time reporting and payment compliance rate by coal operators. While some non-payments and non-reporting will probably always be present due to such factors as errors and financial difficulties, OSM will work to minimize these problems and measure the level collections and on-time reporting.			
C OSM will maintain a 99% fee collection rate as measured by the percent of fees due that are collected (indicates success in generating funds for reclamation - total collections shown in $ millions).	99.83% ($274.4M)	99%	99%
C OSM will attain a 93 percent initial compliance rate as measured by the percentage of permits that report and pay on time.			
Through 2005, OSM's annual financial statements will be free of any material weaknesses regarding fee compliance, revenue, and grants financial services as determined by the Office of the Inspector General.	91.8%	92.5%	93%
C In FY 2002, OSM will have no material weaknesses in any of OSM's annual financial statements as determined by the Office of the Inspector General.			
Through 2005, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received.	0	0	0
C In FY 2002, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received.			
Through 2005, OSM will conduct customer surveys to determine accuracy, timeliness and overall satisfaction of grants financial management.	100%	99%	99%
C In FY 2002, OSM will attain a 90% customer service rating for overall satisfaction in grants financial management.			

Data Verification and Validation for Measures: OSM has various internal controls and system capabilities to assure accurate and timely reporting of data. Additionally, the data and measures for this business line are subject to audit annually by the Department of the Interior's Office of the Inspector General.

Actions Required to Achieve Annual Goals: In FY 2001 and 2002, OSM will use technology to increase compliance and improve processing of collections. This includes using the internet and electronic file transfer to receive quarterly coal production reports and to provide information to companies, and using collection contractors. OSM will continue to use new and streamlined collection services as they become available and will work with customers and stakeholders to ensure fair and consistent policies.

An additional objective will be to provide a more efficient funds transfer mechanism to the States and Tribes, providing on-line, real-time management information. Most of OSM's payments are transfers of grant funds to States and Tribes. OSM has over 181 grants and cooperative agreements with the States and Tribes, accounting for over $239 million.

Resources, Skills, and Technology Needed: To support program activities and to ensure that operators continue to support the surface mining program by paying appropriate fees, OSM plans to maintain a highly trained cadre of fee compliance auditors, program accountants, and financial systems personnel. Training will continue so that financial management personnel maintain a high level of skill and technical expertise.

OSM must maintain and enhance the program financial data systems during FY 2002 to ensure that an effective, efficient, and accurate financial and accounting operation remains in effect. The most significant of these systems is the Fee Billing and Collection System (FEEBACS). The system is at the end of its effective life-cycle and must be re-designed. OSM will conduct a study in FY 2001 to determine the most effective design and development approach for the new system.

In FY 2002, the President's Budget requests $6.0 million for the Fee Compliance Program activity; $388,000 for the Revenue Management program activity; and $171,000 for the Grants Financial Management program activity to meet the annual goals discussed above. Because OSM was able to use Fee Compliance funding carried over from prior years, it was possible to reduce the fiscal year 2000 and 2001 appropriations for that program.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance goals. It also includes examples of the types of technical training, assistance efforts, and services provided by this business line.

Table 17 - Justification of Program Performance

Financial Management

Summary Increases/Decreases for FY 2002

(Dollars in Thousands)

Program Activity		*Regulation & Technology*		*Abandoned Mine Lands*		*Total*		*Inc/Dec*
		2001	*2002*	*2001*	*2002*	*2001*	*2002*	
Fee Compliance	*$$$*	*0*	*0*	*5,323*	*5,988*	*5,323*	*5,988*	*665*
	FTE	*0*	*0*	*57*	*57*	*57*	*57*	*0*
Revenue Management	*$$$*	*450*	*388*	*0*	*0*	*450*	*388*	*-62*
	FTE	*3*	*3*	*0*	*0*	*3*	*3*	*0*
Grants Financial Management	*$$$*	*86*	*89*	*79*	*82*	*165*	*171*	*6*
	FTE	*1*	*1*	*1*	*1*	*2*	*2*	*0*
TOTAL	*$$$*	*536*	*477*	*5,402*	*6,070*	*5,938*	*6,547*	*609*
	FTE	*4*	*4*	*58*	*58*	*62*	*62*	*0*

ONGOING PROGRAM

1. Fee Compliance

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2000, the program achieved a 99 percent collection rate resulting in $274 million in total collections. The program also achieved a 91.8 percent compliance rate for operators filing their tonnage reports on time. After working closely with the industry, most of the reports were filed. However, OSM's goal is to increase the initial on-time reporting level to reduce the follow-up effort that is required. In terms of efficiency, the total direct program cost was less than two percent of the amount collected. The most recent Office of Inspector General's report on the program also concluded it was operated efficiently, effectively, and in accordance with the authorizing legislation and regulations. ["Survey Report: Fee Compliance Program, Office of Surface Mining Reclamation and Enforcement (no. E-IN-osm-002-97)]. The emphasis on efficiency has enabled OSM to reduce program staffing to the level necessary to maintain the revenue stream.

Since the inception of the AML Fund through FY 2000, OSM has collected $5.3 billion. The Abandoned Mine Land Reclamation Act of 1990 required OSM to invest the unappropriated balance of the Fund in U.S. Treasury issued public debt securities after October 1, 1991. This has generated interest of over $566.4 million through FY 2000, of which $486.4 million has been transferred to the United Mine Workers Combined Benefit Fund, as of March 1, 2001, as required by law. The responsibility for making daily investments, and accounting for and reporting of the resulting earnings, has required a growing amount of OSM resources. Table 18 details the actual and projected annual collections and earnings of the AML Fund.

The Fee Compliance Program is comprised of two highly integrated components which are the AML fee collection and fee audit programs. Together they provide a wide range of services to a variety of internal and external customers.

a. AML Fee Collection

The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2000, OSM collected more than $273 million of $274 million in new fees due that year. That translates into a 99.6 percent collection rate. Although the collection rate was the same as in FY 1999, the amount collected was $2.2 million (0.8 percent) lower due to reduced coal production.

To assist in managing AML Fee collections, OSM utilizes the Fee Billing Accounting and Collection System (FEEBACS). This computerized system provides subsidiary accounts receivable and management information needed to manage the fee compliance program. FEEBACS is integrated with the Applicant Violator System to track new permits from initial permitting through fee reporting. AML fee payments are tracked by permit number of producing coal companies for each quarter of the year. In addition, the system issues quarterly OSM-1 Coal Reclamation Fee Reports (OSM-1s) for industry coal sale reporting and fee computation. The OSM-1 package includes all data available on potentially producing permits to simplify the reporting requirements by industry. The forms are pre-printed and mailed to the companies to facilitate tonnage reporting and fee payment. FEEBACS also tracks quarterly payments received, identifies delinquent debtors and non-responding companies, and produces bills for delinquent accounts and letters to non-respondents. The FEEBACS system is a critical part of the Fee Compliance program.

Payment of AML fees is due thirty days after the end of each calendar quarter. Companies either mail their OSM-1 forms and payments to a lockbox operated by a commercial bank or they pay fees by electronic fund transfer from their local bank to Treasury. Reports covering over 3,600 permits are processed each quarter. Unless paid timely, the amount due is subject to penalties, interest, and administrative costs in accordance with the Debt Collection Improvement Act of 1996.

OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. The system was tested by companies in December 2000 and the comments were very positive. OSM plans to expand the use of the system in April and July 2001. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported.

During 2001, OSM will also conduct a cost-benefit and feasibility study of the options available to replace the FEEBACS system. Because of its age, the system is difficult and costly to maintain. If key personnel were to leave, OSM would not be able to operate the system. The system needs to be re-designed in a contemporary and widely-used programming language. A re-design would result in an improved system that could reduce current operating costs.

During FY 2002, OSM plans to achieve or exceed the following performance measures:

- Collect over 99% of the reclamation fees due; and
- 93% of permits will report and pay on time.

b. AML Fee Audit

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the audit program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments.

The audit staff is strategically located in field offices in most of the coal-producing areas, which is instrumental in providing direct service to coal operators. To ensure quality, all work is carried out in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The continuing professional education and training of OSM's auditing staff is emphasized in accordance with those standards.

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors conducted more than 200 on-site reviews of coal companies' records in FY 2000. Beyond the deterrent effect, this provides an opportunity to assist industry on accounting and reporting matters. For example, when instances of non-compliance are identified, the auditors explain each issue and how similar occurrences can be avoided in the future.

Auditors also provide several other services necessary to achieve a high level of compliance, including the following:

- *Examining all permit transactions provided by regulatory authorities.* The audit staff reviews all newly issued coal mining permits and transactions (transfers and amendments) which can affect the parties responsible for paying fees. By continuing these efforts, the program has greater assurance that all producing permits are identified in a timely manner, and operators are informed of their reporting and payment responsibilities.

- *Examining mining permits and other operator-reported data.* Discrepancies are communicated to the accounting and collection team to assure quality control. The 1990 SMCRA amendments added several items, which operators are required to report, such as the shipping points and customers. The auditors are required to verify this data as well as the tonnage for completeness and accuracy.

- *Providing an audit appeal process to resolve disputed audit findings.* OSM instituted this process to provide an administrative means to resolve disagreements on additional fees owed. It has provided a mechanism to avoid costly litigation, and is regarded by all as good customer service.

- *Identifying refunds for operators who have overpaid fees and providing guidance on the assessment and calculation of fees.* OSM's mandate is to ensure tonnage is accurately reported. Over reporting of tonnage may be found in audits, and this effort also serves as a "check" when issuing refunds to operators which apply for refunds on their own.

- *Developing necessary revisions to the fee requirements.* Periodically, the need arises to adapt the governing regulations and policies to changes in the industry. The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees.

- *Providing tonnage and audit information to States, Tribes, and other Federal agencies.* The regulatory authorities routinely seek audit assistance and information, which OSM is legally obligated to provide. The auditors also provide audit and related services to other OSM units in the overall implementation of SMCRA.

- *Verifying claims for fee exemption under the provisions in the regulations.* There are several categories of coal removal not subject to fees. These claims must be examined to ensure only those truly entitled to the exemption are not required to pay. A record review is necessary because of the various requirements that must be met.

- *Coordinating efforts to assist operators on fee-related matters.* The operators have a working relationship with OSM auditors, the first line of OSM presence which many operators meet on a recurring basis. Calls are regularly received by the audit field offices for assistance, most commonly in filing tonnage reports and calculating fees. To provide operators the information they need to comply, these inquiries are initially handled by the auditor first contacted. It is OSM's intent to continue working with operators in a cooperative manner to address issues relating to all aspects of the coal industry.

Another important benefit of the audit program is that all audit results are routinely provided to the Internal Revenue Service, which is responsible for administering Federal coal excise taxes. Revenue from that tax is designated for the Black Lung Disability Trust Fund. OSM audit results have significantly helped in identifying companies which have underpaid excise taxes.

In FY 2002 and beyond, OSM will continue to ensure the fee compliance program is adapted as needed to changes in the industry, and undertake other initiatives to allow the program to remain efficient and effective. These activities will include:

- *Focusing on audit frequency.* Coal companies have requested more frequent audits to reduce their recordkeeping burden. This also helps to minimize any interest and penalty charges that may accrue as a result of errors in reporting.

- *Conducting outreach sessions with industry and other stakeholders.* This activity helps ensure operators have the information needed to comply, and maximizes communications and coordination for keeping the program successful.

- *Enhancing the audit system.* OSM's automated audit system has been recognized as highly innovative and efficient by the OIG, a Federal Executive Board, and other government agencies. The system, along with reengineering of work processes, has enabled OSM to maintain a high level of audit productivity and, hence, compliance, with fewer personnel. Audit staffing has been reduced through attrition by more than 30 percent over the last several years.

Table 18 - Actual and Estimated Deposits to the AML Fund
AML Production Fees, Investment Earnings, and Associated Fees
(Production in millions of tons)
(Dollars in millions)

	2000 actuals	**2001 projection**		**2002 projection**		**2003 projection**		**2004 projection**	
*Production: **		*DOE*	*OSM*	*DOE*	*OSM*	*DOE*	*OSM*	*DOE*	*OSM*
Underground	*377*	*432*	*400*	*460*	*428*	*483*	*451*	*509*	*477*
Surface	*609*	*609*	*601*	*620*	*612*	*623*	*615*	*630*	*622*
Lignite	*85*	*89*	*86*	*80*	*79*	*71*	*70*	*61*	*62*
*AML Fees***	*$274.3*	*$275.5*		*$283.1*		*$286.6*		*$292.2*	
Investment	*$94.4*	*$102.1*		*$83.4*		*$84.4*		*$86.9*	
Total	*$368.7*	*$377.6*		*$366.5*		*$371.0*		*$379.1*	

**DOE Production is based on the Department of Energy (DOE) "Annual Energy Outlook 2000, OSM Case". OSM tonnage uses the last reported production (Fiscal Year 2000) and then increases or decreases our tonnage based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

*** AML Fees are calculated based on the OSM tonnage estimates multiplied by the applicable fee rate: $.15, $.35, $.10 for underground, surface, and lignite. This calculation is then adjusted for moisture content, ad valorem, reduced coal prices and fees, administrative fees and uncollectible fee estimates.*

Table 19 - Summary Status of Abandoned Mine Reclamation Fund
(Dollars in Thousands)

Fiscal Year	*Receipts & Interest Income*			*Appropriations*			*Cumulative Unappropriated Fund Balance*
	Amount	*Interest Earned*	*Cumulative*	*Amount*	*Transfer to UMWA*	*Cumulative*	
1978	*105,444*		*105,444*	*36,647*		*36,647*	*68,797*
1979	*184,433*		*289,877*	*61,451*		*98,098*	*191,779*
1980	*199,000*		*488,877*	*94,843*		*192,941*	*295,936*
1981	*192,657*		*681,534*	*82,485*		*275,426*	*406,108*
1982	*222,644*		*904,178*	*115,333*		*390,759*	*513,419*
1983	*197,196*		*1,101,374*	*213,079*		*603,838*	*497,536*
1984	*216,554*		*1,317,928*	*271,228*		*875,066*	*442,862*
1985	*226,426*		*1,544,354*	*296,941*		*1,172,007*	*372,347*
1986	*219,162*		*1,763,516*	*197,277*		*1,369,284*	*394,232*
1987	*215,304*		*1,978,820*	*203,720*		*1,573,004*	*405,816*
1988	*229,890*		*2,208,710*	*199,380 /1*		*1,772,384*	*436,326*
1989	*235,493*		*2,444,203*	*193,160*		*1,965,544*	*478,659*
1990	*243,519*		*2,687,722*	*192,772*		*2,158,316*	*529,407*
1991	*243,761*		*2,931,483*	*198,955*		*2,357,271*	*574,209*
1992	*241,954*	*39,328*	*3,212,765*	*187,803*		*2,545,074*	*667,690*
1993	*238,153*	*30,633*	*3,481,552*	*187,930*		*2,733,054*	*748,498*
1994	*244,296*	*40,090*	*3,765,937*	*190,107 /2*		*2,923,111*	*842,826*
1995	*255,416*	*61,730*	*4,083,083*	*182,386*		*3,105,497*	*977,586*
1996	*256,451*	*69,383*	*4,408,917*	*173,887*	*47,184*	*3,326,568*	*1,082,349*
1997	*266,783*	*81,006*	*4,756,706*	*177,085*	*31,374*	*3,535,027*	*1,221,679*
1998	*273,039*	*67,031*	*5,096,776*	*177,623 /3*	*32,562*	*3,745,212*	*1,351,564*
1999	*276,674*	*82,831*	*5,456,281*	*185,392*	*81,766*	*4,012,370*	*1,443,911*
2000	*274,297*	*94,370*	*5,824,948*	*195,873*	*108,959/4*	*4,317,202*	*1,507,746*
2001	*275,523*	*93,224*	*6,193,695*	*215,038*	*184,536/5*	*4,714,104*	*1,479,591*
2002	*283,090*	*80,821*	*6,557,606*	*220,000*	*92,000*	*4,959,604*	*1,598,002*

/1 Total does not include $7M transferred into the fund by supplemental authority, which does not effect the Unappropriated Balance.
/2 Total does not include $7.2M transferred into the fund by supplemental authority, which does not effect the Unappropriated Balance.
/3 Total does not include 3.2M transferred into the fund by supplemental authority, which does not effect the Unappropriated Balance.
/4 Total includes one-time $68M emergency appropriation, as well as the annual appropriation of $41m.
/5 Total includes annual amount of $102.9M, as well as $81.6M of the one-time $96.7M mandated under PL 106-291.

The FY 2001-2002 receipt figures and interest earnings are projections . Beginning in FY 1992, SMCRA was amended to allow the AML Fund to be invested. The Energy Policy Act of 1992 provided that funds from the interest earned could be transferred to the United Mine Workers of America Combined Benefit Fund.

2. Revenue Management

The Revenue Management activity involves managing a variety of non-fee revenues and receivables that come from the agency's operations. These include the following:

- Federal civil penalties issued for mining violations. The total outstanding balance of open civil penalty cases was $1,276,424 at the beginning of FY 2000, including interest and late charges. New civil penalties recorded in FY 2000 totaled $180,370.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

To maximize the collection rate on civil penalties, OSM uses all of the debt collection tools available. These tools include demand letters, personal contact with the debtor, use of payment plans, referral to private collection agencies or the Department of Treasury, litigation through the Solicitor's Office, and referral to the Department of Treasury for payment offset. Additionally, delinquent civil penalties are reported to the Applicant Violator System so that violators and debtors do not obtain permits to mine coal until the outstanding debt and violations have been resolved. These are the same tools used in the AML Fee collection program. However, because the majority of the companies that incur AML Fees are viable, the collection rate for AML Fees is higher than the collection rate for civil penalties.

During 2001-2002 OSM plans to continue to refer civil penalty debt that is more than 180 days delinquent to the Department of Treasury for collection, in accordance with the Debt Collection Improvement Act of 1996. OSM has a memorandum of understanding with the Department of Treasury whereby they will provide collection services on debts over 180 days delinquent. OSM has referred 100% of qualifying civil penalty debts to Treasury.

Bond forfeitures on federally-permitted lands are used to reclaim mine sites when a company fails to perform reclamation. It is a positive indicator that bond forfeitures have declined over the past three years. Fees for mine permit reviews and blaster certification have remained relatively constant.

3. Grants Financial Management

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under the Environmental Restoration and Environmental Protection business lines. Grants represent the majority of OSM's budget and fund the protection and restoration of land, water, and structures. The grants financial management activity includes the disbursement, accounting, reporting and recovery of grant funds. It also includes the computer systems used to support these functions.

After grants are issued, the grant disbursement system allows States and Tribes to request funds and receive payment within one day. The grants tracking system allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the Grants Information Financial Tracking System (GIFTS) to establish a grant account balance. As States and Tribes need funds, they submit a draw-down request for funds through OSM's on-line Draw-Down Express system. The Draw-Down Express System automatically checks GIFTS to assure that funds are available. If funds are available, the system approves payment and a payment is issued. GIFTS is updated as payments are made. As States and Tribes spend the grant funds they have received, they submit cost reports which are entered into the system. GIFTS gives OSM grant specialists and States and Tribes on-line reports which show the status of grant funds.

During FY 2001 and 2002, OSM plans to migrate its Grant Payment System to a Government Grant Payment System replacing its' Draw-Down Express System. This is required of all government agencies who made grant payments. OSM will continue to work with the States and Tribes to make sure that their grants management needs are met. During FY 2002, OSM plans to meet or exceed the following measures:

- 99 percent of grant payment requests will be processed within one day; and
- 95 percent of States and Tribes will rate our services as satisfactory or better.

Justification of Program Changes:

Financial Management	FY 2002 Budget Request	Program Changes (+/-)
$(000)	6,547	429
FTE	62	0

Program Changes:

Program efficiency savings will result in a $71,000 reduction as related to less collection activity for non-fee revenues and receivables.

A $500,000 increase is proposed to fully fund the fee compliance program to ensure that all reclamation fees due are properly collected, accounted for, and audited.

BUSINESS LINE: *EXECUTIVE DIRECTION AND ADMINISTRATION*

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY 2001
Regulation & Technology	$$$	11,793	478	100	12,371	578
	FTE	68	0	0	68	0
Abandoned Mine Land	$$$	6,302	250	99	6,651	349
	FTE	37	0	0	37	0
TOTAL	$$$	18,095	728	199	19,022	927
	FTE	105	0	0	105	0

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

TO SUPPORT MISSION GOALS: WE WILL ENHANCE THE HUMAN RESOURCES PROGRAM THROUGH A DIVERSE, HIGHLY QUALIFIED, WELL-TRAINED, MOTIVATED, AND INFORMED WORKFORCE THAT SUPPORTS THE MISSION OF OSM.

Except for the Human Resources goal below, OSM did not incorporate goals and measures for this business line in its annual plan. The human resources goal supports the Department's diversity initiatives and human resources plan. Additional goals and measures have been developed for other administrative activities and are used internally.

Strategic Outcome: Attain a broader representation of the overall population within the Office of Surface Mining workforce.

***Indicator/Measure(s)*:** *Baseline indicators were gathered and analyzed during FY 1999, for use during OSM's Five-Year Strategic Plan Report - FY 2000 through FY 2005.*

Table 20: Strategic Measures and FY 2002 Measures
Through 2005, OSM will enhance the human resource program through a diverse, highly qualified, well trained, motivated and informed workforce that supports the mission of OSM. C *OSM will make reasonable progress towards a diversified workforce using statistical analysis of OSM's diversity profiles compared to the Civilian Labor Force and an analysis of OSM's new hires.* C *OSM will make reasonable progress towards the elimination of complaints dealing with accommodation and accessibility for persons with disabilities.*

Data Verification and Validation for Measures: Data will be verified through the OSM/DOI personnel system and standard comparison reports which are produced by the Federal Personnel/Payroll System (FPPS).

Actions Required to Achieve Annual Goals: OSM has developed appropriate measures for the goal of increased diversity within the OSM workforce. During FY 2002, OSM will continue to work to meet its goal based upon analysis of the baseline data collected in previous years.

Resources, Skills, and Technology Needed: OSM and the States and Tribes will continue to need a diverse and multi-disciplinary cadre of personnel to accomplish the mission and goals of SMCRA. In addition, these personnel will guide OSM through technical and policy decisions to ensure that coal mining activities, including post-mining reclamation, are carried out in such a manner that the safety and health of coalfield citizens is protected and the environment is not degraded.

FY 2002 Budget Request The FY 2002 President's Budget requests $19.022 million for Executive Direction and Administration activities. Of this total, $3.7 million will be used to provide executive direction and effective policy guidance for the overall program and liaison efforts with States, Tribes, coalfield citizens, Congress, and other Federal agencies. Administrative support and services for OSM will require $6.5 million and basic bureau-wide fixed overhead costs in general services will cost $8.8 million.

The following section details, by program activity, the funding and FTE resources required to fulfill the mission and goals of this business line.

Table 21 - Justification of Program and Performance
Executive Direction & Administration
Summary Increases/Decreases for FY 2002
(Dollars in Thousands)

Program Activity		Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
		2001	2002	2001	2002	2001	2002	
Executive Direction	$$$	2,353	2,417	1,261	1,293	3,614	3,710	96
	FTE	22	22	11	11	33	33	0
Administrative Support	$$$	4,101	4,248	2,161	2,236	6,262	6,484	222
	FTE	46	46	26	26	72	72	0
General Services	$$$	5,339	5,706	2,880	3,122	8,219	8,828	609
	FTE	0	0	0	0	0	0	0
TOTAL	$$$	11,793	12,371	6,302	6,651	18,095	19,022	927
	FTE	68	68	37	37	105	105	0

ONGOING PROGRAM

1. Executive Direction

This activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for the Office of Surface Mining Reclamation and Enforcement.

The Executive Direction activity includes the salaries and operating expenses for the office of the Director and immediate staff offices which include Equal Opportunity, Communications, Strategic Planning and Evaluation, and the Budget Office.

a. Office of the Director

The Director is the Chief Executive of the Office of Surface Mining (OSM). The Director provides the leadership and direction of OSM activities within the limits delegated under SMCRA. The Director's primary objectives are to aggressively pursue the reclamation of abandoned mine lands (AML) and to prevent environmental problems in the coalfields by working through the State agencies. OSM makes every effort to obtain full public involvement in the design and development of agency policy. An extensive outreach approach, carried out two years ago, stimulated a more cohesive partnership that has led to better understanding and cooperation among OSM's stakeholders.

In FY 2002 OSM will continue outreach efforts begun in FY 1998 which promote public participation in policy making. The arena for such participation includes public meetings on proposed rulemaking and conferences which promote discussion and exchange of information on the current state of the coal industry and OSM's evolving role. OSM will continue to take positive steps to contact States, Tribes, citizens, and industry and encourage their participation.

In addition to guiding policy decisions, the Director provides direct supervision to the following staff offices; Office of Equal Opportunity, Office of Communication, Office of Strategic Planning and Evaluation, and the Budget Office.

b. Office for Equal Opportunity (OEO)

This Office is responsible to the Director for promoting equal employment opportunities for all OSM employees. This office:

- provides technical guidance and assistance to field Equal Opportunity managers as well as to OSM employees.
- supervises designated collateral duty Equal Opportunity Counselors.
- processes discrimination complaints and informal disputes.
- develops and implements Affirmative Employment and Diversity plans in order to enhance diversity throughout the Bureau.
- ensures that all programs and activities are fully accessible for the disabled.
- maintains a Civil Rights Compliance program for federally-assisted and conducted programs.

In addition, OEO is responsible for the Special Emphasis programs for the Bureau. Under these programs, the Office has guided OSM in the development of memoranda of understanding, partnerships, and cooperative agreements with Historically Black Colleges and Universities, Hispanic Association of Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities. In part, these initiatives are in response to Executive Orders of the President to work more closely with minority colleges and universities in an effort to enhance recruitment and stimulate curriculum related to OSM's mission. These initiatives will foster the implementation of DOI's and OSM's five-year strategic plan to improve diversity in the workforce.

c. Office of Communications (OC)

This office plans, coordinates, produces, and distributes the following under the direction of the Director:

- publications,
- audiovisuals,
- fact sheets,
- reports,
- photos,

- exhibits, and
- news releases.

These items contain information about OSM programs, policies, and Congressional activities, the public, the coal industry, citizen groups, and the media. OC responds to requests for information from the news media and the public. OC also maintains a Correspondence Tracking System to manage official correspondence. The Office provides direction for internal communications and functions as the principal point of contact for arranging media interviews and briefings with key officials.

d. Office of Strategic Planning and Evaluation (OSPE)

OSPE, under the supervision of the Office of the Director, coordinates the development and maintenance of the bureau's strategic and annual plans. OSPE also coordinates a performance measurement system as required by the Government Performance and Results Act (GPRA). OSPE ensures that the Strategic Plan for the Bureau is consistent with GPRA requirements and is responsible for implementation of Executive Orders and Presidential Memorandum on Customer Service Standards. OSPE is responsible for evaluating program effectiveness which is an integral part of OSM's planning process and has established a system to test management controls and provide assurances that the bureau is in compliance with the Federal Managers' Financial Integrity Act. OSPE also serves as the Bureau's liaison with the Office of the Inspector General (OIG), the General Accounting Office (GAO), and the Department in response to audit reports and coordinates OSM's responses and tracks all audit findings throughout the process of resolution and implementation.

e. Budget Office

The Budget Office is responsible to the Director of OSM for the development and management of all bureau-wide budget activities including the administrative control of funds from all sources, and for compliance with the provisions of the Anti-Deficiency and Chief Financial Officer's Act. This office provides central policy coordination and uniform procedures for budget formulation, presentation, and execution, which includes preparation of budget requests for Departmental, OMB and Congressional approval. The Budget Office leads preparation for hearings with the

Appropriation Subcommittees, coordinates budget hearings with the Authorizing Subcommittees, and prepares responses to Congressional committee questions for the hearings record, edits hearing transcripts, and provides budget effect and capability statements and other documents responding to various Congressional actions on the President's Budget request for OSM. Following enactment of an annual appropriation, this office coordinates the preparation of internal operating budgets for each office and issues allotments and allocations to program managers, leads periodic program and financial reviews and tracks and reports on budget execution.

2. Administrative Support

This program activity includes the administrative functions necessary to support the programs for OSM. The specific functions are included in three organizational areas; Administration, Information System Management, and Administrative Financial Management:

a. Administration

The administration function includes the Office of Administration and the Office of Personnel. The Office of Administration also manages the bureau-wide fixed cost accounts in General Services.

1. The Office of Administration is responsible for development and implementation of Bureau-wide administrative policy and procedures. Regional and Field Offices are responsible for carrying out policy provisions and procedures. The support activities carried out by this headquarters unit include policy direction and/or services in the following areas:

- acquisition,
- property management,
- vehicle fleet management,
- space management,
- telecommunications,
- safety management,
- occupational health,
- physical security,
- bureau-wide printing,

- records management,
- Freedom of Information Act, and
- Privacy Act.

The Office of Administration also provides administrative support to headquarters offices. These support activities include office moves, provision of general supplies, property management, mail room functions, security and safety management, and telecommunications.

The Office of Administration will continue efforts to increase customer satisfaction by improving administrative program support and services to all employees. Focus will be placed on 1) implementing the National Archives and Records Administration's requirements for the maintenance and retention of OSM electronic records, 2) completing the enhancements of the property and vehicle management system, and 3) working with focus groups to improve customer service.

2. The Office of Personnel develops and implements policies, standards and systems for the effective use of people to accomplish the overall mission of OSM. Specifically, the human resources program helps managers get the right people to do the job; gives managers advice and assistance; and provides processing and record keeping on benefits, employee performance, awards, financial disclosure holdings, disciplinary actions, and retirement. This office, through automated systems such as the Federal Personnel and Payroll System (FPPS), Employee Express, and direct on-line access to personnel history files, brings human resources information and services directly to the manager, employee and applicant.

The Office of Personnel continues to implement an automated human resources system to help streamline and make the personnel process more effective. To improve quality of life standards, the office offers seminars for employees on a variety of work/life issues.

Special ongoing initiatives coordinated through the human resources program are highlighted below:

- *Targeted Recruitment:* Personnel, in conjunction and cooperation with OSM's Office of Equal Opportunity, continues to expand recruitment of the number of women, minorities, and persons with disabilities identified in under represented occupations.

- *Automation of Personnel Records* : OSM implemented a digital Official Personnel Folder system to eliminate all paper documents. This secured, read-only system, offers many flexibilities not attainable under a paper system. This system has enhanced OSM's capability to centralize personnel operations, so that documents can be transmitted quickly by e-mail or telefax to managers or employees as needed. Other inherent benefits include reduced storage and more efficient project management. Employees can also access their ethics and performance/award records.

- *Automated On-line Recruitment*: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently.

b. Information Systems Management

The Information Systems Management (ISM) activity provides agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems. ISM has redesigned OSM's telecommunications network infrastructure and is migrating the network in FY 2001. When this migration is complete, OSM anticipates a more secured network with increased speed at a lower cost. ISM is coordinating the development of a bureau-wide information technology budget.

ISM also is responsible for the administration of the agency's Information Technology (IT) Security Plan. The security plan ensures the safety of OSM's IT information and computer technology hardware and software resources.

c. Administrative Financial Management

The Financial Management activity provides OSM's program offices with accounting and fiscal services for appropriated and unappropriated funds to implement SMCRA. These services include paying bills, accounting for receipts and expenditures, issuing financial and management reports, assuring that expenditures are within the allocations, collecting administrative debts, and maintaining the computer systems that support these functions.

Accomplishments in this area include an unqualified audit opinion, enhancements of the Management and Performance Accounting System (MAPS) to provide on-line performance data to program managers, and an enhanced managerial cost accounting program to provide performance cost information. This activity also increased efficiency of financial processing by improving the travel and purchase card processes. This has resulted in payment of invoices the day following receipt and has increased rebates to the Department. Vendors were paid on time 99.8 percent of the time during FY 2000. OSM also increased electronic transfer payments to 95.1 percent of all payments and 99.9 percent of the dollar amounts paid.

3. General Services

This is a funding activity which includes essential fixed costs to support OSM's program missions. No personnel or operational activities are funded by this component.

General Service fixed costs are displayed by category in the following table:

Table 22 - Summary Table of Fixed Costs

Line Items	FY 2001	FY 2002	Change
Rent	4,485,000	5,000,000	515,000
Telecommunications	700,726	652,579	-48,147
Postage	100,000	100,000	0
Gasoline	148,000	152,440	4,440
DOI Working Capital Fund	1,105,300	1,312,000	206,700
DOI Reimbursable Services	190,441	265,900	75,459
Unemployment Compensation	246,400	32,200	-214,200
Worker's Compensation	345,749	247,750	-97,999
Bureau Wide Printing	350,000	375,000	25,000
Aircraft Services	30,861	34,962	4,101
Service Contracts	348,000	378,000	30,000
GSA Work Orders	168,523	277,169	108,646
Total	8,219,000	8,828,000	609,000

Justification of Program Changes:

Ex Direction & Administration	FY 2002 Budget Request	Program Changes (+/-)
$(000)	19,022	199
FTE	105	0

Program Changes:

An increase of $199,000 is proposed to fully fund the annual independent audit of OSM's financial statements.

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Regulation and Technology
Program and Financing
(dollars in millions)

14-1801-0-1-302	2000 Actual	2001 Enacted	2002 Estimate
Obligations by program activity:			
00.02 Environmental Protection	72	88	77
00.03 Technology Development & Transfer	12	12	12
00.04 Financial Management	1	1	1
00.05 Executive Direction & Administration	11	12	12
09.01 Reimbursable Program	1	0	0
10.00 Total Obligations	96	113	102
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year: Uninvested balance	1	11	1
22.00 New budget authority (gross)	108	103	102
23.90 Total budgetary resources available for obligation	109	114	103
23.95 New obligations	-97	-113	-102
24.40 Unobligated balance available, end of year: Uninvested balance	11	1	1
New budget authority (gross), detail			
Current:			
40.00 Appropriation (general fund)	106	101	102
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	2	1
68.90 Spending authority from offsetting collections: Offsetting collections (total discretionary)	2	2	1
70.00 total new budget authority (gross)	108	103	103

14-1801-0-1-302	2000 Actual	2001 Enacted	2002 Estimate
Change in unpaid obligations			
72.40 Unpaid obligations; start of year: obligated balance, start of year	29	27	41
72.99 Obligated balance, end of year	29	27	41
73.10 Total new obligations	97	113	102
73.20 Total outlays (gross)	-99	-99	-110
73.40 Adjustments in expired accounts			
74.40 Unpaid obligations, end of year: Obligated balance, end of year	27	41	33
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	70	69	70
86.93 Outlays from discretionary balances	29	30	40
87.00 Total outlays (gross)	99	99	110
Offsets			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	2	2	1
Net budget authority and outlays			
89.00 Budget authority	106	101	101
90.00 Outlays	97	97	108

Office of Surface Mining Reclamation and Enforcement
Abandoned Mine Reclamation Fund
Program and Financing
(dollars in millions)

14-5015-0-1-302	2000 Actual	2001 Enacted	2002 Estimate
Obligations by program activity:			
00.01 Environmental Restoration	213	210	171
00.02 Technology Development & Transfer	4	7	8
00.03 Financial Management	6	7	7
00.04 Executive Direction & Administration	7	6	6
00.06 Transfer to UMWA/Combined Benefits	109	200	92
10.00 Total Obligations	339	430	284
Budgetary resources available for obligation			
21.40 Unobligated balance available, start of year:	55	56	60
22.00 New budget authority (gross)	305	414	259
22.10 Resources available from recoveries	36	20	15
23.90 Total budgetary resources available for obligation	396	490	334
23.95 Total new obligations	-339	-430	-284
24.40 Unobligated balance available, end of year	56	60	50
New budget authority (gross), detail			
Discretionary:			
40.20 Appropriation (special fund, definite)	264	312	167
40.76 Reduction pursuant to P.L. 106-113			
40.77 Reduction pursuant to P.L. 106-554		-1	
43.00 Appropriation (total discretionary)	264	311	167
Mandatory:			
60.25 Appropriation (special fund, indefinite)	41	103	92
70.00 Total new budget authority (gross)	305	414	259

14-5015-0-1-302	2000 Actual	2001 Enacted	2002 Estimate
Change in unpaid obligations			
Unpaid obligations, start of year:			
72.40 Obligated balance, start of year	240	251	283
72.99 Total unpaid obligations, start of year	240	251	283
73.10 Total new obligations	0	430	284
73.20 Total outlays (gross)	-293	-378	-225
73.45 Recoveries of prior year obligations	-36	-20	-15
Unpaid obligations, end of year:			
74.40 Obligated balance end of year	251	264	327
74.95 Uncollected cust payments from Fed sources, End of Year			
74.99 Total unpaid obligations, end of year	251	264	327
Outlays (gross), detail			
86.90 Outlays from new discretionary authority	121	156	46
86.93 Outlays from discretionary balances	131	118	87
86.97 Outlays from new permanent authority	41	103	92
87.00 Total outlays	293	377	225
Net budget authority and outlays			
89.00 Budget authority	305	414	259
90.00 Outlays	293	377	225
92.01 Total investments, start of year: par value	1,765	1,847	1,825
92.02 Total investments, end of year: par value	1,847	1,825	1,964

Summary of Requirements by Object Class
Abandoned Mine Reclamation Fund
(dollars in millions)

	FY 2001 Enacted		Uncontrollable and Related Changes		Program Changes		FY 2002 Request	
Object Class	FT	Amount	FTE	Amount	FT	Amount	FT	Amount
11 Personnel								
11.1 Full-Time Permanent	222	14		1			222	15
Total Personnel	222	14		1			222	15
Other Objects								
12.1 Personnel Benefits		3						3
21.0 Travel and trans of		1						1
23.1 Rental Payments to		2						2
25.2 Other Services		54						53
31.0 Equipment		1						1
41.0 Grants, subsidies and		352						206
99.9 Below reporting		3						3
Total Requirements	**222**	**430**	**0**	**1**	**0**	**0**	**222**	**284**

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Abandoned Mine Reclamation Fund
Object Classification
(dollars in millions)

14-5015-0-1-302	FY 2000 Actual	FY 2001 Enacted	FY2002 Estimate
Direct Obligations:			
Personnel Compensation:			
1111 Full-time permanent	14	14	15
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	14	14	15
1121 Personnel Benefits	3	3	3
1210 Travel and Transportation of Persons	1	1	1
1231 Rental Payments to GSA	2	2	2
1232 Rental Payments to Others	*	*	*
1233 Communications, Utilities and Misc. Charges	*	*	*
1252 Other Services	12	54	53
1260 Supplies and Materials	*	*	*
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	303	352	206
9995 Below reporting threshold	3	3	3
9900 Subtotal, Direct Obligations	*339*	*430*	*284*
9999 Total Obligations	*339*	*430*	*284*

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Regulation and Technology
Object Classification
(dollars in millions)

14-1801-0-1-302	FY 2000 Actual	FY 2001 Enacted	FY 2002 Estimate
Direct Obligations:			
Personnel Compensation:			
1111 Full-time permanent	27	28	29
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	27	28	29
1121 Personnel Benefits	5	5	5
1130 Benefits for former Personnel	*	*	*
1210 Travel and Transportation of Persons	1	1	1
1220 Transportation of Things	*	*	*
1231 Rental Payments to GSA	2	3	3
1232 Rental Payments to Others	1	1	1
1233 Communications, Utilities and Misc. Charges	*	*	*
1240 Printing and Reproduction	*	*	*
1251 Advisory and assistance services	*	*	*
1252 Other Services	4	4	4
1257 Oper and maintenance of equipment	1	1	1
1260 Supplies and Materials	1	1	1
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	53	68	56
1420 Insurance Claims	*	*	*
1430 Interest and Dividends	*	*	*
9900 Subtotal, Direct Obligations	*96*	*113*	*102*
Reimbursable Obligations:			
2111 Full-time permanent (Reimbursable)	1		
9999 Total Obligations	**97**	**113**	**102**

Summary of Requirements by Object Class
Regulation and Technology
(dollars in millions)

	FY 2001 Enacted		Uncontrollable and Related Changes		Program Changes		FY 2002 Request	
Object Class	FTE	Amou	FTE	Amou	FTE	Amou	FTE	Amount
11 Personnel Compensation								
11.1 Full-time Permanent	415	28					415	29
11.X All other salaries								
Total Personnel	415	28	0	0			415	29
Other Object Classes								
12.1 Personnel Benefits		5						5
21.0 Travel and transportation		1						1
23.1 Rental Payments to GSA		3						3
23.2 Rental Payments to Others		1						1
23.3 Communications, utilities		1						1
25.2 Other Services		3						3
25.7 Oper and maintenance of		1						1
26.0 Supplies and materials		1						1
31.0 Equipment		1						1
41.0 Grants, subsidies and		68				-11		56
99.9 Below reporting threshold								
Total requirements	415	113	0	0	0	-11	415	102

DEPARTMENT OF THE INTERIOR
Office of Surface Mining Reclamation and Enforcement
Employee Count by Grade

	2000 Actual	2001 Estimate	2002 Estimate
Executive Level V	1	1	1
Executive Subtotal	**1**	**1**	**1**
ES-6	0	0	0
ES-5	4	4	4
ES-4	1	1	2
ES-3	0	1	0
ES-2	0	0	0
ES-1	0	0	0
ES Subtotal	**5**	**6**	**6**
GS/ GM 15	36	34	34
GS/ GM 14	64	64	60
GS/ GM 13	164	167	160
GS/ GM 12	216	206	200
GS/ GM 11	29	40	42
GS/ GM 10	0	0	0
GS/ GM 9	30	21	26
GS/ GM 8	14	15	15
GS/ GM 7	38	40	45
GS/ GM 6	23	23	24
GS/ GM 5	12	8	14
GS/ GM 4	6	9	10
GS/ GM 3	4	5	5
GS/ GM 2	2	3	2
GS/ GM 1	2	1	2
Total Employee Count by Grade at end of fiscal year	**645**	**642**	**645**

30 U.S.C. 1231, 1232, 1233 and 1239 - Provides for the payment of fees and other monies into the Abandoned Mine Reclamation fund (Fund). The Fund consists of amounts deposited, from time to time, derived from reclamation fees, donations, audit recoveries, interest charges, and administrative collection fees.

The funds collected are used for the reclamation and restoration of land and water resources adversely affected by past mining. SMCRA provides for the use of the monies for the purpose of protecting public health and facilities, safety, general welfare, and property from extreme danger and adverse effects of coal mining practices; restoration of land and water resources and the environment previously degraded by adverse effects of coal mining operations. It also provides that monies in the Abandoned Mine Reclamation Fund will be used to cover the administrative expenses of the Federal Government, accomplish abandoned mine reclamation and develop guidelines on the distribution of monies in the Fund.

30 U.S.C. 1257, as amended by Public Laws 101-508 and 102-486 - Provide for the regulatory authority to designate a qualified laboratory to obtain the technical and prepare technical findings required by the operator for the permit application, and for the regulatory authority to assume the cost for such services. Further, the Act provides for the Secretary to provide or assume the cost of training for regulatory program compliance and permit application preparation for eligible small operators.

30 U.S.C. 1252, 1253, 1254, 1271, 1272, 1273, 1295, 1300, 1302 - These sections provide for aid to all primacy States for maintaining approved regulatory programs and evaluation of the States' performance in doing so; monitoring implementation of the grant programs; small operator assistance programs; and for regulatory programs in States without approved programs, on Federal lands and on Indian lands; processing of permit applications and mine plans for Federal lands operations; designating of lands unsuitable for surface mining through technical reviews; scientific/engineering support and technical training for States operating approved permanent programs and federally administered programs; initiation of technical studies; issuance of technical publications; approval of experimental practices to meet the needs of approved State programs and federally-administered programs; preparation of environmental assessments and impact statements for permits and other actions; and training of OSM staff and State staff to enable these agencies to more effectively carry out the provisions of the act.

30 U.S.C. 1260, 1268 - These sections provide for the assessment and collection of penalties levied for violations of the Act, and for the denial of permits to those with unabated violations or unpaid penalties.

Table 4: 1978-2000 ABANDONED MINE LAND RECLAMATION ACCOMPLISHMENTS

Priority 1 and 2 Coal and Non-Coal Problems (Protection of Public Health, Safety and General Welfare) and State Emergency Projects)

	Clogged Streams 1	Clogged Stream Lands 2	Dangerous Highwalls 3	Dangerous Impoundments 4	Dangerous Pile & Embankments 2	Dangerous Slides 2	Dangerous Gases 4	Hazardous Equipment & Facilities 4	Hazardous Water Bodies 4	Industrial/Residential Waste 2	Portals 4	Polluted Water: Agricultural & Industrial 4	Polluted Water: Human Consumption 4	Subsidence 2	Surface Burning 2	Underground Mine Fires 2	Vertical Openings 4
Alaska	0.0	0.0	6,190.0	4.0	5.5	0.0	0.0	63.0	2.0	4.0	14.0	0.0	0.0	0.0	0.0	0.0	20.0
Alabama	2.4	161.5	187,410.0	1.0	1,443.5	20.4	0.0	457.0	60.0	23.3	972.0	1.0	13.0	18.6	67.2	0.0	1,338.1
Arkansas	0.5	0.0	52,826.0	1.0	751.0	0.0	0.0	2.0	58.0	20.0	24.0	0.0	0.0	7.0	4.0	0.0	100.0
California	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.0	0.0	0.0	0.5	0.0	0.0	39.0
CERT Tribes *	0.1	0.0	7,170.0	0.0	474.8	0.0	0.0	6.0	30.0	9.0	73.0	0.0	0.0	34.0	0.0	0.0	18.0
Colorado	0.0	0.0	52,142.0	0.0	18.6	0.0	0.0	1.0	0.0	2.0	1,780.0	3.0	0.0	47.5	35.0	158.5	3,151.0
Crow Tribe	0.0	1.0	2,267.0	1.0	57.9	23.0	0.0	32.0	1.0	0.0	14.0	3.0	0.0	16.0	0.0	0.0	5.0
Georgia	0.0	0.0	6,950.0	3.0	2.5	0.0	0.0	0.0	0.0	0.0	112.0	0.0	1.0	0.1	0.0	0.0	11.0
Hopi Tribe	0.0	0.0	14,302.0	0.0	0.0	0.0	0.0	8.0	0.0	0.0	9.0	0.0	0.0	0.0	0.0	1.7	2.0
Iowa	6.4	577.0	52,490.0	1.0	811.9	0.0	0.0	4.0	22.0	10.0	1.0	12.0	2.0	2.0	0.0	0.0	20.0
Illinois	19.6	1,242.2	21,011.0	7.0	220.2	2.5	19.1	275.0	2.0	71.4	172.0	11.0	1.0	54.1	42.5	0.0	961.3
Indiana	14.1	121.0	116,640.4	6.0	660.3	1.0	3.0	90.0	7.0	22.0	67.0	6.0	8.0	122.0	10.0	0.0	317.0
Kansas	0.8	8.5	115,237.0	1.0	107.5	1.0	0.0	2.0	1.0	24.3	1.0	3.0	0.0	23.5	4.0	0.0	740.0
Kentucky	43.0	8,694.3	22,024.5	99.7	357.7	1,918.6	0.0	197.0	28.0	28.0	1,480.0	6.0	3,910.0	50.0	214.8	82.5	112.0
Maryland	5.0	49.6	44,030.0	1.0	196.6	66.3	0.0	22.0	20.0	32.0	34.0	23.0	6.0	14.5	0.3	0.3	6.0
Michigan	0.0	0.0	950.0	0.0	0.0	0.0	0.0	7.0	2.0	0.0	0.0	0.0	1.0	0.3	8.0	0.0	33.0
Missouri	10.8	1,407.8	65,902.0	6.0	478.9	0.0	0.0	27.0	11.0	70.5	26.0	33.0	15.0	2.6	19.0	2.0	119.0
Montana	7.5	77.2	18,310.0	3.0	168.8	0.9	1.0	214.0	1.0	325.1	1,050.0	17.0	12.0	492.0	301.9	68.8	576.0
Navajo Nation	0.0	0.8	38,986.0	4.0	165.3	7.0	0.0	4.0	0.0	4.7	480.0	4.0	0.0	7.2	3.0	0.0	158.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
North Dakota	0.0	0.0	58,349.0	4.0	303.0	35.0	0.0	14.0	18.0	2.0	13.0	6.0	0.0	1,199.5	1.0	0.0	88.0
New Mexico	0.0	0.5	0.0	0.0	6.5	0.0	0.0	17.0	0.0	0.0	430.0	4.0	1.0	35.3	35.0	32.0	638.0
Ohio	30.5	4,971.4	39,759.0	7.0	96.0	345.8	2.0	39.0	8.0	34.0	206.0	1.0	36.0	60.0	80.5	0.3	159.0
Oklahoma	11.8	0.0	196,894.0	0.0	0.0	0.0	0.0	13.0	166.0	5.5	101.0	3.0	2.0	4.8	0.0	0.0	75.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	0.0	12.0	0.0	0.0	0.1	0.0	0.0	3.0
Pennsylvania	83.5	129.7	598,585.5	44.2	547.4	29.4	0.0	305.0	107.0	17.0	245.6	1.8	29.0	2,394.4	122.2	915.0	459.6
Rhode Island	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0
South Dakota	0.0	0.0	135.0	0.0	0.0	0.0	0.0	4.0	0.0	0.0	5.0	0.0	0.0	0.6	0.0	0.0	1.0
Tennessee	0.0	147.0	20,555.0	0.0	388.0	56.8	0.0	31.0	27.0	12.0	192.0	5.0	5.0	6.0	27.5	0.0	10.0
Texas	0.0	0.0	34,015.0	0.0	1,359.0	0.0	0.0	0.0	12.0	0.0	55.0	0.0	0.0	6.0	0.0	0.0	225.0
Utah	14.1	9.0	3,425.0	1.0	138.0	0.0	19.0	155.0	0.0	2.0	1,975.0	2.0	0.0	184.2	42.8	29.0	735.0
Virginia	68.0	823.5	22,288.5	20.0	252.7	217.1	0.0	210.0	2.0	2.0	920.0	0.0	1,070.0	7.9	30.3	0.0	97.0
Washington	0.0	0.1	0.0	0.0	3.0	0.0	0.0	7.0	0.0	0.0	30.0	0.0	0.0	6.3	15.0	0.0	74.0
West Virginia	42.3	150.3	186,077.0	370.0	3,565.6	455.2	4.3	407.0	5.0	33.8	1,766.0	31.0	1,061.0	235.9	411.9	19.3	122.3
Wyoming	95.3	2,681.0	446,333.0	9.0	435.0	130.0	0.0	178.0	273.0	18.0	387.0	2.0	0.0	673.6	7.0	103.1	387.0
Total	**455.7**	**21,253.4**	**2,431,253.9**	**593.9**	**13,015.2**	**3,310.0**	**48.4**	**2,794.0**	**863.0**	**772.6**	**12,675.6**	**177.8**	**6,173.0**	**5,712.5**	**1,482.9**	**1,412.5**	**10,805.3**

Table 4: 1978-2000 ABANDONE MINE LAND RECLAMATION ACCOMPLISHMENTS, Continued

Priority 3 Coal and Non-Coal Problems (Environmental Restoration)

	Bench 2	Industrial/Residential Waste 2	Equipment/Facility 4	Gobs 2	Highwall 3	Haul Road 2	Mine Openings 4	Pits 2	Spoil Area 2	Slurry 2	Slump 2	Water Problems 5
Alaska	0.0	0.0	0.0	6.5	0.0	0.0	0.0	0.0	47.0	9.0	0.0	0.0
Alabama	22.5	14.2	8.0	213.1	29,075.0	1.5	48.0	0.3	9,173.9	5.1	12.3	380.0
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	0.0	0.0	0.0
CERT Tribes *	0.0	0.0	2.0	4.0	1,500.0	0.0	1.0	7.0	80.0	0.0	0.0	0.0
Colorado	3.0	5.0	7.0	101.5	2,027.5	0.0	18.0	82.9	829.0	0.0	0.0	1.0
Crow Tribe	4.6	0.0	0.0	24.8	2,295.0	12.7	1.0	16.5	26.0	0.1	3.6	0.0
Georgia	8.0	0.0	0.0	2.5	550.0	0.0	0.0	3.0	7.0	0.0	0.0	0.0
Hopi Tribe	0.0	0.0	0.0	24.9	551.0	14.7	0.0	9.7	10.1	0.0	0.0	0.0
Iowa	0.0	1.0	0.0	1.0	800.0	5.0	1.0	18.5	439.5	0.0	0.0	0.0
Illinois	1.0	6.0	138.0	2,367.3	10,010.0	176.5	46.0	565.6	1,871.6	1,107.0	1.4	787.4
Indiana	0.0	74.3	171.0	1,258.7	10,866.0	63.0	18.0	57.3	2,231.9	687.5	2.0	112.3
Kansas	0.0	0.0	1.0	89.0	3,200.0	0.0	0.0	23.4	315.6	10.0	0.0	0.0
Kentucky	624.2	0.0	53.0	231.9	2,000.0	0.4	69.0	4.0	1,030.1	58.0	5.0	0.0
Maryland	7.0	1.0	2.0	56.3	4,535.0	1.5	6.0	22.0	263.0	0.0	0.5	88.0
Michigan	0.0	0.0	1.0	26.5	0.0	0.6	0.0	1.0	10.0	0.0	11.0	0.0
Missouri	0.0	2.9	4.0	142.4	18,169.0	1.4	0.0	88.9	1,324.8	69.0	0.3	86.0
Montana	0.8	75.8	58.0	146.2	1,170.0	0.5	230.0	34.1	871.4	0.0	18.5	2,740.5
Navajo Nation	24.4	1.3	2.0	150.8	280.0	45.7	46.0	47.5	264.5	0.0	0.0	0.0
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Mexico	3.0	0.0	11.0	55.0	0.0	6.0	4.0	2.0	2.0	2.0	0.0	0.0
Ohio	0.0	0.0	3.0	126.3	9,620.0	0.0	19.0	17.0	410.5	0.0	0.0	0.0
Oklahoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	0.0	0.0	21.0	51.7	13,328.0	0.0	19.0	77.9	2,059.3	1.0	25.6	90,308.0
Tennessee	76.0	0.0	15.0	67.0	130.0	8.0	0.0	50.0	325.0	0.0	3.0	360.0
Texas	0.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0	348.0	0.0	0.0	0.0
Utah	4.0	7.0	64.0	255.0	550.0	3.0	0.0	8.0	55.0	1.0	16.0	20.3
Virginia	0.0	1.0	24.0	16.3	13,000.0	1.3	22.0	0.0	3.0	0.0	0.0	120.0
West Virginia	0.0	0.0	0.0	48.0	19,540.0	0.0	4.0	5.0	167.1	0.0	0.0	622.0
Wyoming	0.0	0.0	0.0	52.6	0.0	97.5	0.0	10,563.5	10,798.0	0.0	0.0	0.0
Total	**778.5**	**189.5**	**585.0**	**5,527.3**	**143,196.5**	**439.3**	**553.0**	**11,705.1**	**32,971.3**	**1,949.7**	**99.2**	**95,625.5**

By State and Tribe Funding Data
FY 2000 Obligations for Grants, Cooperative Agreements and Federal Project Spending
(DOLLARS IN THOUSANDS)

STATE	Environmental Restoration				Environmental Protection			Tech. Dev. &Trans		Admin	
	AML Funding			Federal Reclamation		Regulatory		SOAP	Electronic	WAN	
TRIBE				Program		Grants/Agreements			Permitting	&	TOTAL
	Reclamation	Emergency	Clean	High Priority	Emergency	Non-Federal	Federal			Related	
	Projects	Projects	Streams	Projects	Projects	Lands	Lands			Support	
Alabama	3,407	400	260			914					5,895
Alaska	2,377	25				177					2,756
Arkansas	1,500	15				143		70			1,871
California				494	2						496
Colorado	2,270				4	436	1,205				5,556
Georgia				11							11
Illinois	12,571	1,037	622			2,222	105				18,884
Indiana	6,047	336	287			1,969					10,608
Iowa	1,562		164		100	121					2,068
Kansas	1,890	465				107					2,569
Kentucky	16,558		612		3,679	12,771		541			46,932
Louisiana	122					192					506
Maryland	805		156		2	477		35			1,952
Michigan				268							268
Mississippi						110					220
Missouri	1,537	50	163			426					2,602
Montana	3,685	125				212	695				5,624
New Mexico	2,285					255	356				3,507
North Dakota	1,500	100				467					2,534
Ohio	7,830	2,000	430			1,439		97			13,235
Oklahoma	1,500	60	148			665	234				3,506
Pennsylvania	35,468		2,384		2,769	10,603		782			62,609
South Dakota				116							116
Tennessee				1,024	280						1,304
Texas	4,334					1,442					7,218
Utah	2,072					230	1,304				5,140
Virginia	4,536	1,650	274			3,135	8				12,746
Washington					125						125
West Virginia	25,023	3,000	1,424			7,518		152			44,635
Wyoming	26,898					205	1,402				30,112
Crow	1,385					82					1,549
Hopi	200					130					460
Navajo	1,689					373					2,435
N. Cheyenne						26					52
Total	169,051	9,263	6,924	1,913	6,961	46,847	5,309	1,677	0	0	300,101

United Mine Workers of America (UMWA) Combined Benefit Fund

Background:

The Combined Benefit Fund (CBF) is a private employee benefit trust fund that provides health care and death benefits for eligible union coal mine workers who retired on or before July 20, 1992 and their dependents. It was created by the Coal Industry Retiree Health Benefit Act of 1992 (the "Coal Act"), replacing two health benefit plans that were experiencing severe financial difficulties. The UMWA and the bituminous coal industry appoint trustees who operate and manage the CBF. The CBF health insurance plan is a "Medigap" plan. The CBF pays for health care expenses remaining after Medicare and Medicaid reimbursement and pays for prescription drugs.

The Coal Act holds coal operators and related companies responsible for paying monthly premiums for the costs of health benefits related to their retired mine workers and dependents (known as "assigned" beneficiaries). In addition, if the OSM transfer explained below is insufficient, coal operators and related companies are required to pay a monthly premium for the health care costs of retired workers (and dependents) who were employed by coal operators that are no longer in business, have no related successor company, or whose former employer cannot be identified (known as "unassigned" beneficiaries). Also, these companies pay a premium for the death benefits covering all beneficiaries. Under the Coal Act, the Social Security Administration (SSA) is responsible for computing the per beneficiary health premium and for assigning retired mine workers to their former employers or related companies.

There are approximately 60,000 beneficiaries; 40,000 are assigned beneficiaries and 20,000 unassigned. Mostly the beneficiaries are elderly widows and dependents of miners. The average age is 78.

Although the Coal Act obligates operating coal companies to pay the health care premiums for unassigned beneficiaries, the Act provides for a Federal subsidy. Specifically, the Act authorizes a transfer of up to $70 million of the interest earned on the principal balance of the Abandoned Mine Land Reclamation Fund (known as the "AML" Fund) in a fiscal year to the CBF to pay the estimated expenditures of unassigned beneficiary premiums. (OSM assesses a fee on every ton of coal mined to pay for reclamation of abandoned mine sites. OSM deposits the fees into the AML fund). If interest is not sufficient to cover the estimated expenditures, OSM may access a reserve (Reserve) consisting of AML Fund interest earned from FY 1993 – FY 1995.

Once the Reserve is exhausted, OSM may only transfer the actual interest earned for the relevant fiscal year, up to $70 million, even if the estimated amount of CBF expenditures exceeds the amount of interest earned. The transfers from the AML Fund were intended to reduce (and thus far have obviated the need

for) any pro rata payments that the assigned operators would otherwise be required to pay to provide health benefits to unassigned beneficiaries. Through March 1, 2001, OSM has transferred $486.4 million to the CBF for the unassigned beneficiaries.

Current Status:

The financial condition of the CBF has deteriorated since the mid-1990s. Two factors have contributed to this problem and relate to the assigned pool:

2. The cost of providing health care for the assigned beneficiaries has exceeded the revenues generated at an increasing rate. The CBF is not statutorily authorized to set the premium rate. The SSA has that authority but it is limited by statute to raising premiums based only on the medical cost increase of the Consumer Price Index.

3. A lawsuit brought by an association of coal industry employers and several assigned operators challenged the methodology on which SSA had based its premium computations since 1993. The resulting court decision (National Coal Association v. Chater) in July 1995 reduced the premiums charged the coal operators, by about 10 percent. Because of these factors, premium revenue for the assigned beneficiaries is increasingly insufficient to meet their health care expenditures.

In contrast, the unassigned pool has thus far not faced revenue shortfalls because the Coal Act provides for the full recovery of medical and administrative costs incurred for the unassigned beneficiaries.

In an effort to maintain the solvency of the CBF, the FY 2000 Interior Appropriations Act included language directing a one-time emergency transfer of $68 million from the Reserve to cover a shortfall in the CBF premium accounts. As a result of this transfer the Reserve had a balance of $64.5 million as of June 1, 2000.

The FY 2001 Interior Appropriations Act included a one-time emergency transfer of up to $96.7 million from the Reserve as well as interest for FY 1992, to the CBF to cover a net asset deficit. Following the Congressional appropriation, OSM on January 19, 2001, signed an Memorandum of Understanding (MOU) with the United Mine Workers of America - Combined Benefit Fund (UMWACBF) setting forth the details for the transfer of these funds. As of January 24, 2001, OSM transferred $81.6 million of the potential $96.7 million appropriated. If the remaining $15 million of the $96.7 million is transferred, the FY 1992 through FY 1995 interest will be depleted.

Besides the aforementioned statutory authorities and requirements, management and oversight of the CBF are also effected by a Memorandum of Understanding (MOU) that OSM and the CBF adopted in 1996. It includes such matters as the procedures related to the OSM transfer to the CBF and the process by which assigned beneficiaries may be reclassified as unassigned beneficiaries because the assigned operator and

any related companies cease doing business.

The MOU was amended in October 2000 to change how OSM's annual transfer is calculated. Before the October 2000 amendment, under the 1996 MOU, OSM paid the premium for each unassigned beneficiary and was billed later for the difference between premium revenue and the actual health care costs. Under the revised MOU, OSM pays the estimated actual health care costs to unassigned beneficiaries up front. The conference report for FY 2001 Interior Appropriation endorses this approach. The report states, "The managers believe that the interest transfer at the beginning of each fiscal year should be based on the Combined Benefit Fund trustee's estimate of the year's actual expenditures for unassigned beneficiaries which may be adjusted to the actual amount of those expenditures at a later time if the initial transfer provides to be either too high or too low." House Report 106-914, Page 200. The FY 2001 transfer was $102.9 million, which included $35.4 million for prior year adjustments under the 1996 MOU.

The Office of Inspector General has completed an audit of OSM's transfers to the CBF. The results of this audit showed that all of the transfers were made in accordance with the applicable laws and that all health care costs were appropriate. The audit was requested by OSM and the report was issued in January 2001.

OSM does not have a related GPRA goal for this issue.

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