

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 nearly \$1 billion in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Since 1979 OSM has provided about \$3 billion in grants to the States and Tribes to clean up mine sites abandoned before SMCRA's 1977 enactment. More than 180,000 acres of abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2003 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$283.6 million in current authority, \$70 million in permanent authority, and 637 FTEs. However, included in this amount is \$4.2 million to reflect a Government-wide legislative proposal to shift the full cost of the Government's pension system and employee health benefits program for current employees to their employing agencies. Agencies currently pay a portion of these costs, with the balance funded in central, mandatory accounts. Full funding of these programs in agency accounts will more nearly show the true costs of Federal programs, allowing managers to make decisions based on better cost information. Thus, OSM's FY 2003 request net of this reform proposal is \$279.4 million, a decrease of \$27.1 million below the FY 2002 enacted level of \$306.5 million.

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 high priority reclamation 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.

This budget proposal also supports the President's Government-wide management reform agenda by:

- integrating budget and performance measures;
- improving strategic management of human capital;
- increasing competitive sourcing;
- improving financial performance; and
- expanding electronic government.

Implementing SMCRA – New Approaches Using Effective Partnerships

OSM recognizes the importance of working with the States and Indian Tribes, industry and coal field citizens in implementing SMCRA. This budget proposal supports the Secretary's emphasis on using effective partnerships through communication, consultation, and cooperation with these constituent groups to achieve OSM's environmental protection and environmental restoration goals.

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 assist in the removal of existing health and safety hazards and restoration of areas to productive use. Additionally, OSM has developed funding and operational mechanisms, such as the Appalachian Clean Streams Initiative and the Enhanced Reclamation Initiative as discussed below, to achieve additional reclamation at less cost in a cooperative manner.

OSM will continue its focus on developing new approaches in implementing SMCRA. These initiatives include an emphasis on the Appalachian Clean Streams Initiative to facilitate and enhance State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. 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 initiative, 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 either completed, under construction, or in design, with construction to commence soon.

OSM implemented the new Watershed Cooperative Agreement Program as part of the Clean Streams Initiative. 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 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

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.

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.

Government-wide Management Reforms

As previously noted, this budget proposal supports the Administration's Government-wide management reforms. OSM's budget proposals have integrated strategic goals and associated measures with its budget structure for the past several fiscal years. OSM has already developed a succession plan to help strategically manage its human resources. Consistent with Administration guidance, OSM updated its Commercial Activity Inventory in FY 2001. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Because of OSM's expanded Electronic Government initiatives, greater opportunities exist for citizens to access OSM provided information.

A discussion of OSM's efforts in implementing the Government-wide reforms follows:

1) Budget and Performance Integration

This budget request continues to describe its needs through strategic goals and associated performance measures. In FY 1997, OSM undertook this effort by working with the Appropriation Subcommittees to restructure its appropriation to reflect the intent of the Government Performance and Results Act. OSM's current budget structure reflects its major functions (business lines) needed to implement SMCRA.

OSM then developed a Strategic Plan to carry out its mission, vision, and goals, and developed budget resource requests according to its Business Lines. The primary Business Lines are Environmental Protection and Environmental Restoration. They are supported by three additional Business Lines – Technology Development and Transfer, Financial Management, and Executive Direction and Administration.

In developing the President's Budget, OSM addressed the strategic outcomes and annual performance goals, how it measures and evaluates progress toward those goals, and the resources needed to achieve the annual performance goals.

OSM developed a cost accounting system allowing managers to identify costs of performance outcomes and measures. OSM will be working with the Bureau of Land Management and the Minerals Management Service on a related activity based costing project in FY 2002 for possible implementation in FY 2003.

A further discussion of this initiative is contained in the section on OSM implementation of the Government Performance and Results Act. Additionally, 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.

2) Strategic Management of Human Capital

OSM faces new challenges regarding human capital and has developed a succession plan to address them. Additionally, in FY 2002, OSM began an extensive work force planning initiative to address the talent drain expected in the next three to five years due to expected retirements and

attrition. Complemented by OSM's succession plan, the work force planning initiative places OSM in even a better position to target the required skills in the geographic area where they are needed while still working toward diversity goals.

During 1995 and 1996, OSM underwent a reorganization and a reduction in force of one-third of its workforce. The reorganization decentralized many functions, reduced management levels, and delegated decision-making to the field level. This put responsibility for day-to-day decisions close to the active mining operations and abandoned mine land reclamation projects.

OSM also shifted its focus more toward providing technical assistance to the States and Tribes rather than oversight. OSM expects to continue to provide technical assistance by assisting States and Tribes in overseeing surface mining regulation and reclamation activities. Based on OSM's continued shift toward providing scientific and technical assistance, there will be a greater need for individuals possessing the requisite engineering and scientific skills.

Based on information collected from the succession planning survey and position reviews conducted by the Human Resources Office, the most important and vital skills OSM needs are: physical sciences and engineering, including hydrology, biology, civil engineering, and environmental sciences.

OSM has taken steps to implement the plan. Currently, an OSM vacancy review board determines if a vacant position needs to be filled and at what level.

OSM has automated portions of its recruitment efforts and is currently online with colleges and professional organizations. In order to help recruit for vacancies. In addition, it is in contact with many historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges. These efforts have increased the number of diverse candidates for OSM's vacancies.

OSM is also filling many of its vacancies at the entry level to take advantage of the training that experienced employees can provide. By doing this, the transfer of knowledge and skills can occur without the loss of historical knowledge and experience. OSM continues to participate in the SCEP, STEP and the Department's summer Diversity Intern Program to assist in filling entry-level positions. In some cases, OSM intends to use dual incumbency to capture the knowledge of experienced employees who indicated they will be retiring.

OSM is also re-emphasizing to managers the need for training and upward mobility appointments. OSM will establish formal training programs through upward mobility and will provide training and career development opportunities for professionals who wish to improve their skills or develop new ones. OSM will also consider instituting a competitive program of specialized managerial training.

Impediments to these efforts relate primarily to OSM's remote locations. OSM has difficulty attracting candidates to certain geographic locations and has had a number of selected individuals decline. To address this issue OSM will contact local community leaders to help welcome prospective employees and demonstrate the positives of their community.

OSM will continue to implement its succession plan to integrate the types of resources needed to meet its future workload.

3) Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM updated its Commercial Activity Inventory in FY 2001. OMB established goals for competitive sourcing of commercial activity FTEs of five percent in FY 2002 and an additional ten percent in FY 2003. OMB used the inventory of commercial activities as the baselines for these goals. For OSM, the goals equate to two FTEs in FY 2002 and five FTEs in FY 2003, which must be competitively sourced either through OMB Circular A-76 competitive process or by direct conversion to contract.

All of OSM's commercial activity FTE's are in the "ten or fewer" category and are geographically and organizationally dispersed. Therefore, these FTE are eligible for direct conversion to contract and, in most cases, will not undergo the extensive A-76 cost/benefit analysis. These FTE are primarily in the information technology area and various types of administrative support services.

OSM is currently contracting for some mailroom, data entry, debt collection and information technology functions. Additionally, OSM's workforce planning strategy includes further review of agency activities that may be eligible for contracting.

4) Improved Financial Performance

OSM received its tenth unqualified financial statement opinion from the Inspector General for FY 2000. OSM was the only bureau in the Department to receive a "clean opinion" in all three areas: financial statements, reports on internal controls, and compliance with laws and regulations. OSM will continue to strive for this goal.

OSM's Division of Compliance Management was one of only two recipients recently presented the Performance, Incentives, and Leadership Linked to Achieve Results (PILLAR) Award. This Government-wide award was presented to the unit for effective management in employing practices that align employee performance with organizational strategic goals, as well as results-oriented and customer-focused performance.

Additionally, OSM has been sought out by other Departmental bureaus to provide technical assistance in the financial management area.

5) Expanding Electronic Government

OSM's electronic government initiatives include:

OSM Home Page – This web site contains a large variety of information that is used extensively by the public and OSM customers. This has resulted in efficiencies in OSM staff utilization and

associated cost avoidances.

OSM Programmatic Assistance – OSM has encouraged electronic permitting to simplify the transfer of permitting information with the States, industry and the citizen stakeholders during the permitting process. Similarly, OSM has developed the Technical Information Processing System to support the States and Tribes in their regulatory and reclamation efforts through access with the Internet and OSM’s Wide Area Network.

Reclamation Fee Reporting – SMCRA requires that coal operators report coal tonnage produced and pay reclamation fees quarterly. Each quarter, over 1,700 companies report coal production and reclamation fees on over 3,600 permits to OSM.

OSM has developed a website for companies to report electronically instead of by paper report. The website pre-fills the recurring information to minimize reporting time. The website allows companies to work on the report incrementally and automatically calculates the coal moisture deductions and the fees due. Additionally, the company can print a record of the data filed, access filed data on-line through a secured site, and have online access to the Payer Handbook. The system also provides companies with a receipt acknowledgment when payments are received. OSM will continue to expand the electronic filing process.

Acquisition – Currently, OSM is using the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM’s financial system, which electronically updates financial information on a regular basis for required reporting at the Departmental and Federal levels.

OSM plans to expand its use of IDEAS by implementing IDEAS-EC. The goal is to provide industry vendors an opportunity to gain free electronic access to OSM requests for proposals, invitations for bids, and requests for quotations. Additionally, there are plans for OSM to enhance industry/vendor outreach by distributing IDEAS-EC information at procurement trade fairs, workshops, and conferences for small, disadvantaged, and women-owned small businesses.

OSM also plans to use the National Institute of Health contractor performance system. This system will be a single entry point for OSM contracting officers to search prospective contractors’ performance record. It will also serve industry vendors. This will facilitate contracting officers’ responsibility determinations. Industry vendors will benefit by a faster, easier and less costly awards process.

Recruitment Processing – OSM uses a web-based automated recruitment, rating and ranking system, which allows OSM to advertise, rate and rank job applications, and produce selection certificates on-line. The Surface Mining Automated Recruitment Tool (SMART) has streamlined both the application process and the applicant review and evaluation process. Thus both the applicant and the manager serviced by the Human Resources office are assisted.

The system is online so more applicants see OSM’s announcements and apply because the system is user friendly. OSM has increased the number of applications per job by almost 100

percent per announcement. Over the last 15 months more than 5,000 applicants have registered in SMART. OSM is reaching more diverse candidates as indicated by race and national origin data, which is anonymously captured by the system because the system automatically notifies organizations that represent minority groups. The system is efficient because OSM can easily and accurately determine qualified applicants, and can rate and rank them and provide a certificate of eligibles to management within days instead of weeks. SMART has allowed OSM to cut its typical recruitment process by 25 percent. As the system continues to improve, OSM expects to continue to improve its processes and reduce time. The system is web-based and is found through the OSM, OPM, Headhunter, and Paradigm web sites. For candidates who lack Internet access, OSM encourages the use of libraries, unemployment offices or government offices. When all that is impossible, OSM offers personal help over the phone making sure anyone who wants to apply can apply.

Web-based Abandoned Mine Land Inventory System – OSM is developing a web-based version of the Abandoned Mine Land Inventory System (AMLIS), which allows States, Indian tribes, and OSM to electronically update and maintain data regarding AML reclamation programs and their progress. AML users and the public will have the capability of accessing AMLIS using their standard browser. Thus, linking directly to AMLIS through OSM’s web page will eliminate the need of the current software client.

Information Technology Capital Planning – Currently, OSM prepares capital asset plans on five mission critical systems annually. OSM will continue to review its technology investments and monitor the status and any variance of existing technology projects.

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 serves 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 available funds.

This 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 2003 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 a total of \$283,592,000 and 637 FTE to achieve its FY 2003 annual performance goals. As previously noted, this includes \$4,190,000 to meet the legislative proposal to fund health and retirement costs of current employees, leaving a net request of \$279,402,000. An additional request of \$70 million in permanent authority is requested 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 2003 net discretionary request represents a \$27.1 million decrease from the FY 2002 enacted level. This budget proposal provides for a net increase of \$1 million for State regulatory grants, which consists of \$1 million decrease in aggregate for all State Grants and an increase of \$2 million specifically for West Virginia to enable them to carry on with their current program. However, the overall decrease in the FY 2003 request results primarily from a \$17 million reduction in reclamation grants to States and \$10.9 million for Federal emergency reclamation projects. OSM has sufficient carryover funds available to properly address emergencies. Additionally, the request removes Congressional add-ons provided in the FY 2002 budget. These include \$1.3 million for Federal high priority projects and \$0.5 million earmarked for an acid mine drainage demonstration project in Pennsylvania. The request also includes decreases of \$0.2 million for travel and \$0.1 million for general services efficiencies.

Additionally, OSM intends to transfer \$2 million in carryover funds from the Federal AML emergency program to the AML state grant program, resulting in a total state grant level of \$144.1 million.

This request also provides \$1.8 million for uncontrollable cost increases.

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; and
- eliminate the earmarking of funds for the Pennsylvania demonstration project.

The following summary compares the FY 2003 request level to the FY 2002 enacted level.

**2001 - 2003 Resource Comparison
(Dollar Amounts in Thousands)**

		FY 2001 Actual	FY 2002 Enacted	FY 2003 Request	Difference from FY 2002 Enacted (+/-)
Regulation and Technology	\$	100,854	103,075	105,367	+2,292
	<i>FTE</i>	<i>415</i>	<i>415</i>	<i>415</i>	<i>0</i>
Abandoned Mine Recl. Fund	\$	214,565	203,455	174,035	-29,420
	<i>FTE</i>	<i>221</i>	<i>222</i>	<i>222</i>	<i>0</i>
TOTAL, w/o CSRS/FEHB	\$	315,419	306,530	279,402	-27,128
	<i>FTE</i>	<i>636</i>	<i>637</i>	<i>637</i>	<i>0</i>
CSRS/FEHB Legislative Proposal		4,034	4,133	4,190	+57
Total with CSRS/FEHB Legislative Proposal		319,453	310,663	283,592	-27,071

Note: Includes actual and estimated civil penalty collections in addition to appropriated amounts.

FY 2001 figures include effects of a rescission.

**Description and Summary of Program Changes
in FY 2003 Budget**

The total net request for OSM's current appropriations, exclusive of the legislative proposal, is \$279,402,000 for FY 2003. 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 net request is \$105,367,000 (including an estimated \$275,000 in civil penalty collections); a net increase of \$2.3 million over the FY 2002 enacted level. The budget proposes:

- a net increase of \$1 million for State regulatory grants, which consists of an overall decrease of \$1 million in aggregate for all State Grants and an increase of \$2 million specifically for West Virginia to enable them to carry on with their current program; and
- uncontrollable increases of \$1.292 million.

Additionally, the cost of the legislative proposal, if implemented, will be \$2.731 million.

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. The net request is \$174,035,000, a decrease of \$29.4 million from the FY 2002 enacted level. The budget proposes:

- A decrease of \$17 million for regular State and Tribal reclamation grants;
- A decrease of \$0.5 million resulting from the termination of FY 2002 one time funding specifically earmarked for the State of Pennsylvania;
- A decrease of \$1.271 million for Federal high priority reclamation projects;
- A decrease of \$10.946 million for a one time reduction to Federal emergency projects;
- A decrease of \$0.2 million for travel;

- A decrease of \$0.076 million for general services efficiencies, and
- Uncontrollable cost increases of \$0.573 million.

Additionally, the cost of the legislative proposal, if implemented, will be \$1.459 million.

Finally, OSM intends to transfer \$2 million in carryover funds from the Federal AML emergency program to the AML state grant program, resulting in a total state grant level of \$144.1 million.

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, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [\$102,800,000] ^ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2002] ^ for civil penalties \$107,823,000
2003
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, 2002; additional authorizing legislation required.)

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, [\$203,455,000]^ 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 \$1,500,000 per State in fiscal year [2002]^: [Provided further, That funds herein provided up to \$18,000,000 may be used for the emergency program authorized by Section 410 of Public Law 95-87, as amended, of which no more than 25 percent 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 percent 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 percent 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 abatement of acid 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:

\$175,494,000

2003

[Provided further, That, in addition to the amount granted to the Commonwealth of Pennsylvania under sections 402 (g)(1) and 402(g)(5) of the Surface Mining Control and Reclamation Act (Act), an additional \$500,000 will be specifically used for the purpose of conducting a demonstration project in accordance with section 401(c)(6) of the Act to determine the efficacy of improving water quality by removing metals from eligible waters polluted by acid mine drainage:] 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 than 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, 2002; additional authorizing legislation required.)

Justification of Language Changes

Regulation and Technology:

Other than the Government-wide legislative proposal to shift the full cost of the Government's pension system and employee health benefits program for current employees, there are no other legislative changes are proposed for this account.

Abandoned Mine Reclamation Fund:

Includes Government-wide proposal to shift the full cost of the Government's pension system and employee health benefits program for current employees.

Changes proposed appropriations amount available for emergencies and proposes removal of the twenty-five percent cap on emergency spending per State. The language may unduly restrict the capability to respond to emergencies should a particular state suffer a large number of costly incidents.

Deletes earmark for Pennsylvania demonstration project.

**Summary of FY 2002 Appropriations and FY 2003 Budget Changes
By Appropriation and Business Line**

Regulation & Technology	FY 2002 Enacted	FY 2003 Proposed	Change
Environmental Restoration	435	437	2
Environmental Protection	77,741	79,159	1,418
Tech Dev Transfer	12,151	12,593	442
Financial Management	477	485	8
Executive Direction	12,271	12,693	422
Appropriation w/o Leg. Prop.	103,075	105,367	2,292
CSRS/FEHB Cost	2,896	2,731	-165
Total, with Leg. Prop.	105,971	108,098	2,127

Abandoned Mine Reclamation Fund	FY 2002 Enacted	FY 2003 Proposed	Change
Environmental Restoration	186,697	156,987	-29,710
Environmental Protection	0	0	0
Tech Dev Transfer	4,136	4,164	28
Financial Management	6,070	6,179	109
Executive Direction	6,552	6,705	153
Total Appropriation	203,455	174,035	-29,420
CSRS/FEHB Cost	1,237	1,459	222
Total, with Leg. Prop.	204,692	175,494	-29,198

- Figures are in thousands of dollars.

DEPARTMENT OF THE INTERIOR SUMMARY OF REQUIREMENTS (in thousands of dollars)

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
	FTE	\$\$	FTE	\$\$	FTE	\$\$	FTE	\$\$
FY 2002 PRESIDENT'S BUDGET			415	103,075			222	203,455
UNCONTROLLABLE & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 02		388				206		
Adjustment for Pay Raise - Jan 03		120				65		
Adjustment for CSRS/FERS		229				121		
Adjustment for Worker's Compensation		56				30		
Adjustment for Unemployment Compensation		-14				-8		
Adjustment for GSA space rent rate		97				53		
Adjustment for Other		200				0		
Adjustment for Enterprise Architecture		22				0		
Adjustment for Emplr Share of Fed Hlth Benft Plans		40				23		
Adjustment for Working Capital Fund		154				83		
TOTAL Adjustment for Uncontrollables		1,292				573		573
Program Changes								-29,993
Total Requirements (2003 request) w/o CSRS/FEHB			415	105,367			222	174,035
CSRS/FEHB Legislative Proposal								1,459
Total Requirements (2002 request) with CSRS/FEHB			415	108,098			222	175,494

Comparison by Business Lines	REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		Inc/ Dec (-/+) From 2002	
	2001 Actual	2002 Enacted	Uncontrl & Related Changes	Program Change	2003 Request	2001 Actual	2002 Enacted	Uncontrl & Related Changes	Program Changes	2003 Request	2002 Enacted	2003 Request		
Environmental Restoration	431	435	2	0	437	199,270	186,697	207	-29,917	156,987	187,132	157,424	-29,708	
	FTE	1	1	0	0	1	109	111	0	0	111	112	112	0
Environmental Protection	76,274	77,741	418	1,000	79,159	0	0	0	0	0	77,741	79,159	1,418	
	FTE	220	225	0	0	225	0	0	0	0	225	225	0	
Technology Dev. & Transfer	11,820	12,151	442	0	12,593	3,591	4,136	28	0	4,164	16,287	16,757	470	
	FTE	114	117	0	0	117	16	16	0	0	133	133	0	
Financial Management	536	477	8	0	485	5,402	6,070	109	0	6,179	6,547	6,664	117	
	FTE	3	4	0	0	4	57	58	0	0	62	62	0	
Executive Dir. & Admin.	11,793	12,271	422	0	12,693	6,302	6,552	229	-76	6,705	18,823	19,398	575	
	FTE	73	68	0	0	68	34	37	0	0	105	105	0	
TOTAL w/o CSRS/FEHB	100,854	103,075	1,292	1,000	105,367	214,565	203,455	573	-29,993	174,035	306,530	279,402	-27,128	
	FTE	411	415	0	0	415	216	222	0	0	222	637	637	0
CSRS/FEHB Legislative Proposal	2,827	2,896	-165	0	2,731	1,207	1,237	222	0	1,459	4,133	4,190	57	
TOTAL with CSRS//FEHB	103,681	105,971	1,127	1,000	108,098	215,772	204,692	795	-29,993	175,494	306,530	283,592	-22,938	
	FTE	411	415	0	0	415	216	222	0	0	222	637	637	

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 2003 of January Pay Raises

	2002	2003
	<u>Estimate/Change</u>	
2002 Pay Raises	\$1,364	+ \$388

	2002	2003
	<u>Estimate/Change</u>	
2003 Pay Raises	\$0	+ \$120

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, 4.6 percent pay increases effective in January 2002 and the additional costs of funding an estimated 2.6 percent January 2003 pay raise for GS-series employees and the associated pay rate changes made in other pay series. Adjusting for such reforms as delayering organizations, competing work that might more appropriately be done in the private sector, reexamining position grades, management streamlining will be used to offset a portion of the added costs.

	2002	2003
	<u>Estimate/Change</u>	
CSRS/FERS Retirement Costs.....	\$649	+ \$229

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.

	2002	2003
	<u>Estimate/Change</u>	
CSRS/FEHB Legislative Proposal Costs.....	\$2,896	- \$165

These costs are associated with the Government-wide legislative proposal to shift to agencies the full cost of the CSRS pension system and the Federal employee health benefits program for current CSRS employees.

2002 2003
Estimate/Change

Workers= Compensation Payments\$166/+\$56

The adjustment is actual changes through June 2001, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2003 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.

2002 2003
Estimate/Change

Unemployment Compensation payments.....\$21/- \$14

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.

2002 2003
Estimate/Change

Rental Payments to GSA.....\$3,250/+\$97

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, as well as the costs of mandatory office relocation.

2002 2003
Estimate/Change

Departmental working capital fund changes.....\$711/+\$154

This change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Department Management.

2002 2003
Estimate/Change

Employer Share of Federal Health Benefit Plans\$0/+\$40

The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for Federal employees.

2002 2003
Estimate/Change

Enterprise Architecture.....\$0/+22

This adjustment will be funded by using savings from delaying development of Corporate Infrastructure/Network Systems.

2002 2003
Estimate/Change

Other.....\$0/+200

This adjustment is associated other pay costs.

Total: Regulation and Technology \$9,057/+\$1,127

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 2003 of January Pay Raises

	2002	2003
	<u>Estimate/Change</u>	
2002 Pay Raises	\$713/	+\$206

	2002	2003
	<u>Estimate/Change</u>	
2003 Pay Raises	\$0/	+\$65

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, 4.6 percent pay increases effective in January 2002 and the additional costs of funding an estimated 2.6 percent January 2003 pay raise for GS-series employees and the associated pay rate changes made in other pay series. Adjusting for such reforms as delayering organizations, competing work that might more appropriately be done in the private sector, reexamining position grades, management streamlining will be used to offset a portion of the added costs.

	2002	2003
	<u>Estimate/Change</u>	
CSRS/FERS Retirement Costs.....	\$370/	+\$121

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.

	2002	2003
	<u>Estimate/Change</u>	
CSRS/FEHB Legislative Proposal Costs.....	\$1,237/	+\$222

These costs are associated with the Government-wide legislative proposal to shift to agencies the full cost of the CSRS pension system and the Federal employee health benefits program for current CSRS employees.

2002 2003
Estimate/Change

Workers= Compensation Payments.....\$89/+\$30

The adjustment is actual changes through June 2001 in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2003 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.

2002 2003
Estimate/Change

Unemployment Compensation Payments.....\$11/- \$8

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.

2002 2003
Estimate/Change

Rental Payments to GSA.....\$1,750/+\$53

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, as well as the costs of mandatory office relocation.

2002 2003
Estimate/Change

Departmental working capital fund changes.....\$383/\$83

The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Department Management.

2002 2003
Estimate/Change

Employer Share of Federal Health Benefit Plans\$0/+\$23

The adjustment is for changes in the Federal government=s share of the cost of health insurance coverage for Federal employees.

Total: Abandoned Mine Reclamation Fund \$4,553/+\$795