

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 primacy 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 about \$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) 2004 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$281.2 million in current authority, \$55 million in permanent authority, and 630 FTEs. This represents an increase of \$1.8 million over the FY 2003 President's Budget.

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 Operator 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 the 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 is closely integrated with and is supportive of the Department's draft Strategic Plan. It serves communities by protecting the lives and property of the citizens living in

proximity to the coal fields; it also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by helping to provide affordable energy while assuring the coal is extracted in an environmentally responsible manner. The budget proposal funds activities that support these mission goal areas through OSM's environmental protection and environmental restoration goals and programs.

This budget proposal supports the Secretary's 4C's – Communication, Consultation, and Cooperation in service of Conservation by working closely with the States and Tribes in administering their regulatory and reclamation programs. It also supports the Secretary's plan for Citizen-Centered Governance and 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.

Fee Extension

OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004, the end of FY 2004. Therefore, prior to reauthorization during formulation of the FY 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to inform budget, management, and policy recommendations. The process generated extensive information on program effectiveness and accountability, including the need for additional performance measures.

The principal PART findings for the AML program are:

- the program is well managed and implemented with considerable coordination among program stakeholders,
- the increased use of AML funding by states for other uses is slowing the reclamation in states with large numbers of AML sites, and
- OSM needs to develop long term measures that are more outcome oriented and develop an efficiency measure.

The Administration has decided to support extension of the fee authority. In addition to extending the coal fee, the Administration will propose to allow more receipts to be targeted to abandoned mine reclamation, thus increasing the pace of the overall reclamation program.

Implementing SMCRA – New Approaches Using Effective Partnerships

In implementing its mission responsibilities, OSM supports the Secretary's 4C's by working closely with the States and Tribes in administering their regulatory and reclamation programs. OSM also recognizes the importance of working with industry and coal field citizens in implementing SMCRA. This budget proposal supports the Secretary's emphasis on using

effective partnerships by communicating, consulting, and cooperating with these constituent groups to achieve SMCRA's objectives.

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 the 23 States and three Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices. 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 Clean Streams Initiative and the AML Enhancement Initiative discussed below, to achieve additional reclamation at less cost in a cooperative manner.

Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. The Clean Streams Initiative will 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. 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 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 re-mining are other examples of approaches that continue to remain OSM priorities. These initiatives foster additional production and reclamation that might otherwise not occur, with reduced cost to the Government. With the AML Enhancement Initiative, more sites are reclaimed by allowing contractors to offset reclamation costs through the removal and sale of coal found incidental to reclamation projects. Re-mining allows current operators to 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 an 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. 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. This proposal also incorporates the Department's draft Strategic Plan into the budget document. 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 and has exceeded required competitive sourcing targets. 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 proposal supports the Department's draft Strategic Plan. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields. It also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by enhancing the benefits that the public receives by helping to provide affordable energy while assuring the coal is extracted in an environmentally sensitive manner.

OSM has linked performance measures to budget formulation. This budget request describes program needs through draft strategic goals and associated performance measures. It fully integrates the Department's mission areas at the budget activity level.

In FY 1997, OSM began 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.

The FY 2004 budget request is aligned with the new goal structure in the Department's draft Strategic Plan. In FY 2002, the Department developed a new outcome-oriented plan document. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department. The Strategic Plan document release for public comment will coincide with the publication of the FY 2004 budget.

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 has also developed an activity based cost accounting system for FY 2003 that allows managers to more specifically identify the costs of work processes, activities and outputs. OSM currently accounts for costs at multiple levels, both at the Government Performance and Results Act (GPRA) segment level and individual managerial activity level. OSM measures the costs of both the activity's cost and effectiveness such as the cost to reclaim an acre of abandoned mine land, and lower level management costs, such as the cost of issuing a grant.

2) Strategic Management of Human Capital

OSM has documented key processes, responsibilities, restrictions, and standards of performance for human capital management programs. OSM has worked closely with other bureaus to share best practices which then become common practices, such as sharing of duty and factor level statements. OSM surveyed management officials to determine existing competency requirements in critical workforce occupations.

OSM faces challenges in managing the talent drain that is expected to occur within the next three or four years. In FY 2000 OSM received the final report from an outside contractor providing the Succession Planning Framework analysis resulting from the succession planning survey. Data from that survey was used as the baseline to identify skills and competencies for critical occupations. Managers can identify those competencies needed for the future; compare them against the current workforce; identify competency gaps and surpluses; and develop a comprehensive plan to accomplish the agency's workforce goals.

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

primarily physical sciences and engineering, including hydrology, biology, civil engineering, and environmental sciences.

OSM is now embarking on a workforce analysis to determine the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan will clarify the requirements of the mission-specific program areas and the needed support through information technology and finance. The plan establishes milestones and objectives for a total review of OSM's human capital. The results of the plan will provide the data necessary to evaluate the necessary competencies and the related costs of gaining those competencies to support mission accomplishment.

Future recruitment efforts to fill vacancies will be focused to address the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how the agency is organized and the proper use of all resources, both human and fiscal.

To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including student loan repayments and retention and relocation allowances. In addition, OSM makes use of honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.

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.

3) Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM updated its Commercial Activity Inventory in FY 2002 and developed a competitive sourcing plan that identifies the functions and activities for study in FY 2003. 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. Fifty-five commercial activity FTE's were identified in the FY 2002 inventory. These FTE's are primarily in the information technology area and various types of administrative support services.

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 management and cognizant officials were trained in a transitional conversion over time process under the Javits Wagner O'Day preferred acquisition program. OSM studied certain FTE's comprising information technology and finance employees under the program for a transitional conversion process over a multi-year period so that positions can be converted to

contract as they become vacant. This will permit OSM to exceed its future competitive sourcing goals.

4) Improved Financial Performance

OSM received its twelfth unqualified financial statement opinion on its FY 2002 financial statements. The FY 2000, FY 2001 and FY 2002 audits included an unqualified audit opinion on Reports of Internal Controls and Compliance with laws and regulations.

OSM has already initiated an activity based cost accounting system and has a management information system that provides timely budgetary, financial and cost accounting information to managers on a daily basis.

OSM is making improvements in its financial management processes and systems to meet accelerated dates and more frequent reporting requirements for future financial statements. Most of OSM's performance information is compiled manually on an annual basis. OSM is looking at ways to automate the data collection process and collect the data more often.

OSM continues to emphasize compliance with the Electronic Funds Transfer (EFT) provisions of the Debt Collection Improvement Act of 1996. In FY 2002, OSM transmitted 98.4% of vendor payments and 99.9% of miscellaneous payments electronically for a total of 99.9% of all dollars paid.

5) Expanding Electronic Government

OSM continues to make progress in each of four E-government areas: Government to Citizen, Government to Business, Government to Government, and Internal Efficiency and Effectiveness.

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.

Reclamation Fee Reporting – OSM continues to expand its pilot program giving coal operators the opportunity to use a web-based application to electronically file their OSM-1, Coal Reclamation Fee Report. The web-site pre-fills recurring information which minimizes reporting time, automatically calculates coal moisture deductions and fees due, and provides receipt acknowledgement. Companies can print a record of data filed, access data on-line through a secured site, and have on-line access to the payer handbook.

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 Innovations and Professional Services System to support the States and Tribes in their regulatory and reclamation efforts through access with the Internet and OSM's Wide Area Network.

Coal Data Sharing and Consolidated Data Collection – OSM, the Internal Revenue Service (IRS), the Energy Information Administration (EIA), and the Mine Safety and Health Administration (MSHA) collect information from coal producers on a regular basis. Although gathered for distinctly different purposes and under different statutes, a considerable amount of the data appears similar. OSM is working with EIA and MSHA to determine if the organizations involved can share information to more effectively carry out their respective missions. OSM is also working with the Interstate Mining Compact Commission and the State of Pennsylvania to evaluate the feasibility of consolidating data collection from coal companies to reduce the industry's reporting burden.

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 records. 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.

MINE.gov – MINE.gov is an Internet tool that will allow citizens and business to access environmental laws, regulations and related information that affects them. It will enable citizens, mining companies and government agencies to input and share mining-related data and to process electronically many government mandated actions that now require paper submittals. MINE.gov is a component of Business Compliance One Stop – one of the multi-agency, multi-state Quicksilver electronic government initiatives in the President's Management Agenda.

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. 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 four 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.

OSM's budget proposal supports the Department in three mission goal areas: Resource Protection, Resource Use and Serving Communities. The budget proposal provides funding requirements and associated performance measurements in accordance with the plan. A funding table is provided which portrays the budget request consistent with these mission areas.

The Department's mission goals were revised in FY 2002 to focus more on results to be achieved by program activities. The goals are included in the FY 2004 – 2008 draft Strategic Plan document and will be released for public comment with the transmission of the President's Budget to Congress. The plan document was prepared with extensive input from both external and internal stakeholders. Although significant changes are not anticipated, there may be wording changes in the goals and measures based upon comments received.

Additionally, this budget request describes its needs through strategic goals and associated performance measures through the traditional budget structure. OSM's Business Lines are:

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

This budget has integrated OSM's performance goals and measures in support of its Business lines and the Department's goals. Each of the following chapters, arranged by Business Line, contains the detailed relationship of OSM's funds, goals, and performance to the Department of the Interior mission goals. The following chart is a quick glance at the OSM goals and targeted measures for FY 2004.

Office of Surface Mining 2004 “Performance-At-A-Glance”

OSM Business Line	OSM Goal	OSM Measure	Metric
Environmental Restoration	Improve mine-scarred land and water resources	Number of mine-scarred land acres improved for beneficial use	6,900
		Number of miles of streams improved	150
		Number of acres of non-stream (impounded) surface water improved	150
	Eliminate health and safety hazards related to past mining	Number of hazards eliminated by type	Establish Baseline
		Number of actual units eliminated by hazard type	Establish Baseline
		Number of people no longer at risk for eliminated hazards	10,000
		Percent of declared emergencies abated within six months	92%
		Number of people directly affected	9,500
		Number of fatalities and injuries on DOI managed or influenced lands and waters - AML	0
		Improve the use of financial resources dedicated to protecting the public from the adverse effects of past mining	Number of active partnering and leveraging agreements, and the amount of increased funds thereby derived
	Percent of funds obligated nationally by States and Tribes	90%	
Environmental Protection	Maintain the percentage of sites free of off-site impacts	Percentage of sites free of off-site-impacts	94%
	Increase the number of acres released fro Phase I, II, and III	Number of acres released from Phase III performance bonds	70,000
		Number of acres released from Phase I & II performance bonds	100,000
	Minimize amount of hazardous material outside of the permit area	Percent of sites free of off-site impacts (people and structures)	94%
		Number of fatalities and injuries on DOI managed or influenced lands and waters – Active Mining	0
Technology Development and Transfer	Maintain a high customer satisfaction rate for scientific and technical products and assistance	Percent satisfaction with scientific and technical products and assistance	92%
	Maintain a high customer satisfaction rate for technology development and transfer, technical assistance and training program	Percent satisfaction with technology development and transfer, technical assistance and training program	92%
Financial Management	Produce financial statements free of material weaknesses regarding fee compliance, revenue, and grants financial services	Unqualified financial statement opinion from the Inspector General (material weaknesses on financial statements)	0
	Maintain a 99% free collection and compliance rate	Percent of fees due that are collected	99%
		Percent of fee reports filed on time	94%
		Percent of permits filed electronically	40%

Budget Highlights:

OSM requests \$281,168,000 and 630 FTE to achieve its FY 2004 annual performance goals. An additional \$55 million will be provided in permanent authority for supporting 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 2004 discretionary request represents a \$1.8 million increase over the FY 2003 President's Budget level of \$279.4 million. OSM proposes a \$0.6 million increase to address information technology security requirements. The budget contains a programmatic decrease of \$0.4 million to reflect savings due to efficiencies in the information technology area.

This request also provides \$1.6 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.

The following summary compares the FY 2004 request level to the FY 2003 President's Budget.

**2002 - 2004 Resource Comparison
(Dollar Amounts in Thousands)**

		FY 2002 Actual	FY 2003 Pres. Bud.	FY 2004 Request	Difference from FY 2003 Pres. Bud. (+/-)
Regulation and Technology	\$	102,793	105,367	106,699	+1,332
	<i>FTE</i>	<i>415</i>	<i>410</i>	<i>410</i>	<i>0</i>
Abandoned Mine Recl. Fund	\$	203,455	174,035	174,469	+434
	<i>FTE</i>	<i>222</i>	<i>220</i>	<i>220</i>	<i>0</i>
TOTAL	\$	306,248	279,402	281,168	+1,766
	<i>FTE</i>	<i>637</i>	<i>630</i>	<i>630</i>	<i>0</i>

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

Description and Summary of Program Changes in FY 2004 Budget

The total request for OSM's current appropriations is \$281,168,000 for FY 2004. 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 request is \$106,699,000 (including an estimated \$275,000 in civil penalty collections); a net increase of \$1.332 million over the FY 2003 President's Budget. The budget proposes:

- A decrease of \$0.269 million to reflect savings realized from efficiencies in the information technology area,
- an increase of \$0.374 million to address information technology security requirements, and
- uncontrollable increases of \$1.227 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 request is \$174,469,000, an increase of \$0.434 million over the FY 2003 President's Budget. The budget proposes:

- A decrease of \$0.141 million to reflect savings realized from efficiencies in the information technology area,
- An increase of \$0.201 million to address information technology security requirements, and
- Uncontrollable cost increases of \$0.374 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; [\$108,098,000]^ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2003]^ 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.

\$106,424,000
2004

Note: A regular FY 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution.

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, [\$175,494,000] 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 [2003]; [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:

\$174,469,000

2004

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

Note: A regular FY 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution.

Justification of Language Changes

Regulation and Technology:

No changes are requested.

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. The language is unnecessary since the Federal emergency program will be financed by available prior year balances.

**Summary of FY 2003 Appropriations and FY 2004 Budget Changes
By Appropriation and Business Line**

Regulation & Technology	FY 2003 Pres. Bud.	FY 2004 Proposed	Change
Environmental Restoration	437	438	1
Environmental Protection	79,159	79,463	304
Tech Dev Transfer	12,593	12,749	156
Financial Management	485	491	6
Executive Direction	12,693	13,558	865
Total Appropriation	105,367	106,699	1,332

Abandoned Mine Reclamation Fund	FY 2003 Pres. Bud.	FY 2004 Proposed	Change
Environmental Restoration	156,987	157,137	150
Environmental Protection	0	0	0
Tech Dev Transfer	4,164	4,184	20
Financial Management	6,179	6,260	81
Executive Direction	6,705	6,888	183
Total Appropriation	174,035	174,469	434

Office of Surface Mining Reclamation and Enforcement

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

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
	FTE	\$\$	FTE	\$\$	FTE	\$\$	FTE	\$\$
FY 2003 PRESIDENT'S BUDGET			410	105,367			220	174,035
UNCONTROLLABLE & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 03		278				147		
Adjustment for Pay Raise - Jan 04		356				189		
Adjustment for Worker's Compensation		-29				-16		
Adjustment for Unemployment Compensation		12				7		
Adjustment for GSA space rent rate		577				29		
Adjustment for Emplr Share of Fed Hlth Benft Plans		117				63		
Adjustment for One Additional Pay Day		77				41		
Adjustment for Working Capital Fund		-161				-86		
TOTAL Adjustment for Uncontrollables		1,227				374		
				1,227				374
Program Changes				105				60
Total Requirements (2004 request)			410	106,699			220	174,469

		REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		
Comparison by Business Lines		2002 Actual	2003 Pres Bud	Uncontrl & Related Changes	Program Change	2004 Request	2002 Actual	2003 Pres Bud	Uncontrl & Related Changes	Program Changes	2004 Request	2003 Estimate	2004 Request	Inc/ Dec (-/+) From 2003
Environmental Restoration	\$\$	191	437	2	-1	438	186,697	156,987	221	-71	157,137	157,424	157,575	151
	FTE	1	1	0	0	1	111	109	0	0	109	110	110	0
Environmental Protection	\$\$	77,730	79,159	449	-145	79,463	0	0	0	0	79,159	79,463	79,463	304
	FTE	225	222	0	0	222	0	0	0	0	222	222	222	0
Technology Dev. & Transfer	\$\$	12,151	12,593	232	-76	12,749	4,118	4,164	31	-11	4,184	16,757	16,933	176
	FTE	117	116	0	0	116	16	16	0	0	16	132	132	0
Financial Management	\$\$	477	485	9	-3	491	6,070	6,179	116	-35	6,260	6,664	6,751	87
	FTE	4	4	0	0	4	58	58	0	0	58	62	62	0
Executive Dir. & Admin.	\$\$	12,244	12,693	535	330	13,558	6,552	6,705	67	177	6,888	19,398	20,446	1,048
	FTE	68	67	0	0	67	37	37	0	0	37	104	104	0
TOTAL	\$\$	102,793	105,367	1,227	105	106,699	203,437	174,035	374	60	174,469	279,402	281,168	1,766
	FTE	415	410	0	0	410	222	220	0	0	220	630	630	0

DEPARTMENT OF THE INTERIOR
Office of Surface Mining Reclamation and Enforcement
Uncontrollable Cost Changes
(in thousands of dollars)

Appropriation: Regulation and Technology

Additional Operational Costs from 2003 and 2004 of January Pay Raises

	2003	2004
	<u>Estimate/Change</u>	
2003 Pay Raises	\$1,752	+\$278
Amount of pay raise absorbed.....		[\$326]

	2003	2004
	<u>Estimate/Change</u>	
2004 Pay Raises	\$0	+\$356
Amount of pay raise absorbed.....		[\$418]

These adjustments are for an additional amount needed in 2004 to fund the additional costs of funding an estimated 3.1 percent increases effective in January 2003 and the additional costs of funding an estimated 2.0 percent of the January 2004 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2003	2004
	<u>Estimate/Change</u>	
Workers' Compensation Payments	\$222	/\$-29

The adjustment is actual changes through June 2002, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 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.

	2003	2004
	<u>Estimate/Change</u>	
Unemployment Compensation payments.....	\$7	+\$12

This adjustment is for estimated 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.

Office of Surface Mining Reclamation and Enforcement

		<u>2003</u>	<u>2004</u>
		<u>Estimate/Change</u>	
Rental Payments to GSA.....	\$3,347/+		\$577

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.

		<u>2003</u>	<u>2004</u>
		<u>Estimate/Change</u>	
Departmental Working Capital Fund Changes.....	\$865/-		\$161

The amount requested reflects expected changes in the charges for Department services and other services through the working capital fund. It includes a reduction in National Business Center and other WCF-supported functions due to 2004 reductions in IT costs. These charges are displayed and explained in the Budget Justification for Department Management.

		<u>2003</u>	<u>2004</u>
		<u>Estimate/Change</u>	
Employer Share of Federal Health Benefit Plans	\$40/+		\$117

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

		<u>2003</u>	<u>2004</u>
		<u>Estimate/Change</u>	
One Additional Pay Day.....	\$0/+		77
Amount of pay raise absorbed.....			[+\$90]

This adjustment reflects the added costs resulting from the fact that there is one more payday in FY 2004 than in FY 2003.

Total: Regulation and Technology			\$6,233/+	\$1,227
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DEPARTMENT OF THE INTERIOR
Office of Surface Mining Reclamation and Enforcement
Uncontrollable Cost Changes
(in thousands of dollars)

Appropriation: Abandoned Mine Reclamation Fund

Additional Operational Costs from 2003 and 2004 of January Pay Raises

	2003	2004
	<u>Estimate/Change</u>	
2003 Pay Raises	\$919	+ \$147
Amount of pay raise absorbed.....		[+ \$173]

	2003	2004
	<u>Estimate/Change</u>	
2004 Pay Raises	\$0	+ \$189
Amount of pay raise absorbed.....		[+ \$222]

These adjustments are for an additional amount needed in 2004 to fund the additional costs of funding an estimated 3.1 percent increases effective in January 2003 and the additional costs of funding an estimated 2.0 percent of the January 2004 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2003	2004
	<u>Estimate/Change</u>	
Workers' Compensation Payments.....	\$119	- \$16

The adjustment is actual changes through June 2002, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 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.

Office of Surface Mining Reclamation and Enforcement

	2003	2004
	<u>Estimate/Change</u>	
Unemployment Compensation Payments.....		\$3/+\$7

This adjustment is for estimated 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.

	2003	2004
	<u>Estimate/Change</u>	
Rental Payments to GSA.....		\$1,803/+\$29

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.

	2003	2004
	<u>Estimate/Change</u>	
Departmental working capital fund changes.....		\$466/- \$86

The amount requested reflects expected changes in the charges for Department services and other services through the working capital fund. It includes a reduction in National Business Center and other WCF-supported functions due to 2004 reductions in IT costs. These charges are displayed and explained in the Budget Justification for Department Management.

	2003	2004
	<u>Estimate/Change</u>	
Employer Share of Federal Health Benefit Plans		\$23/+\$63

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

	2003	2004
	<u>Estimate/Change</u>	

Office of Surface Mining Reclamation and Enforcement

Budget Crosswalk

The following table illustrates how OSM's 2004 budget request supports the Department's draft Strategic Plan. OSM's Budget resources are distributed by business line across the new Strategic plan goal areas. The new goal structure is organized around four Department-wide mission goals -- *Resource Protection, Resource Use, Recreation, and Serving Communities* -- and twelve underlying outcomes or results to be achieved. OSM's 2004 funding request will provide resources for the improvement of lands and waters degraded by past mining; promote responsible mineral extraction practices; and safeguard communities from adverse impacts from past and current mining.

Office of Surface Mining Reclamation and Enforcement

FISCAL YEAR 2004

Bureau: Office of Surface Mining Reclamation and Enforcement

Budget Allocation Table By Strategic Plan Goal Areas

(dollars in thousands)

DOI Mission Goal Areas:	Resource Protection			Resource Use		Recreation			Serving Communities			Remaining Funds	Total
	Improve health of watersheds, landscapes and Marine Resources	Sustain biological communities	Protect cultural and heritage resources	Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value	Deliver water and power in an environmentally responsible and cost efficient manner	Ensure access to recreation	Ensure quality of recreation	Receive and provide fair value in recreation	Protect lives and property	Advance knowledge through scientific leadership	Fulfill trust responsibilities		
Account Activity													
Regulation and Technology													
Environmental Restoration	438												438
Environmental Protection				53,857					25,606				79,463
Technology Development & Transfer				12,749									12,749
Financial Management Executive Direction & Administration	135			491					4,745				491
				8,678									13,558
Subtotal, R&T	573	-	-	75,775	-	-	-	-	30,351	-	-	-	106,699
Abandoned Mine Reclamation Fund													
Environmental Restoration	48,742								108,395				157,137
Technology Development & Transfer	2,523			1,661									4,184
Financial Management Executive Direction & Administration	6,260								4,408				6,260
	2,411			69									6,888
Subtotal, AML	59,936	-	-	1,730	27	-	-	-	112,803	-	-	-	174,469
OSM TOTAL	60,509	-	-	77,505	-	-	-	-	143,154	-	-	-	281,168

