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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 225,000 acres of abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2006 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$356.5 million in current authority, \$57 million in permanent authority, and 580 FTEs. This represents an increase of \$59.976 million over the FY 2005 enacted budget, adjusted by two budget rescissions.

The budget supports the Administration's vision for reauthorizing the AML program. It provides \$147.5 million in AML grants to non-certified States and Tribes and another \$58.0 million in AML grants to certified States and Tribes. The proposed budget will increase the percentage of appropriated AML funds for reclamation of high priority abandoned coal mine sites and provide for the repayment of State shares to certified States and Tribes.

Office of Surface Mining Reclamation and Enforcement

Almost three quarters of OSM's current funding request will be passed to the States and Indian Tribes in the form of regulatory or reclamation grants. 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 19 field and area offices.

This budget proposal is closely integrated with and is supportive of the Department's 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 capital asset planning and control;
- improving strategic management of human capital;
- improving financial performance; and
- expanding electronic government.

AML Reauthorization

OSM's authority to collect the abandoned mine reclamation fee expires on June 30, 2005. The Administration proposes reauthorization of OSM's AML fee collection authority, and reform of the AML program that would expedite the elimination of high priority health and safety abandoned coal mines as well as provide for the expedited payment of unappropriated balances to certified States and Tribes.

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 3 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 Program 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 Program facilitates and enhances State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. Through this program, OSM has partnered with over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents to formalize 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 Program. This program allows OSM to award AML funds from the Federal share directly to private not-for-profit agencies to undertake local acid mine drainage projects.

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 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. 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

a) Strategic Plan

This budget proposal supports the Department's 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.

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The FY 2006 budget request is aligned with the goal structure in the Department's Strategic Plan, which is outcome-oriented. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department.

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 refined its activity based cost accounting system for FY 2005 so that managers may 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.

b) Program Assessment Rating Tool (PART)

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. The PART is a series of questions designed to provide a consistent approach to rating programs throughout the Federal government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Surface Mining conducted PART reviews of its Abandoned Mine Land Grants Program (FY 2004), Regulation of Surface Coal Mining Activities (FY 2005), and most recently, Federal Regulatory and Abandoned Mine Land Program (FY 2006). With the completion of the FY 2006 PART, all of OSM's major programs have been reviewed under the PART process.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The recommendations and OSM's progress to date are noted below:

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;

OSM worked diligently with the Department of the Interior and Office of Management and Budget (OMB) officials in drafting legislative changes to the AML program. Legislation had been presented in both the House (H.R. 3778) and Senate (S.2049 & S.2086). In part, the legislative changes seek to extend the authorization of fee collection authority while balancing the interests of all coal states and focusing on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible.

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- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work; and

This provision was part of the above mentioned legislative proposal to amend SMCRA. In addition, Congress extended the fee until June 30, 2005, in its FY 2005 appropriation language.

- Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and collected data from States and Tribes for those measures in FY 2004. The measures are:

- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

Baseline data has not yet been established so the current targets for the above measures are considered preliminary.

For the FY 2005 PART review, OSM reviewed the regulation of surface coal mining activities. The principal findings from that review are:

- The purpose of the regulatory program is clear, as articulated in SMCRA.
- An independent auditor has not reviewed the regulatory program. However, States and Indian Tribes assess the program annually through meetings and conferences held throughout the year.
- Measurable outcome-based performance goals are needed to effectively and efficiently guide management of the program.

In response to Recommendations 1 and 2, OSM has held several meetings with State representatives to develop new measures. OSM is the regulatory authority for Indian lands and will work with the Indian Tribes in developing the performance measures. In August 2003, a steering committee comprised of OSM and State staff developed initial draft measures. These

measures were presented to States at the November 2003 Interstate Mining Compact Commission meeting. In May 2004, the Steering Committee held its last meeting to refine draft measures. OSM is considering the Steering Committee's recommended measures in its development of final measures.

For the FY 2006 budget process, OSM's Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. Preliminary results indicate that the program is needed and well run. Performance measures for the regulatory program need further development as previously indicated in the FY 2005 PART. OSM continues to work on the development of more meaningful measures in this area. In addition, the PART recommended that FY 2006 funding be targeted to increase the technical capacity of OSM staff and inspectors. This budget request is consistent with that recommendation and provides for funding increases in OSM's National Technical Training Program and Technical and Innovation and Professional Services programs.

c) Cost and Performance

OSM will continue its efforts to make ABC an integral part of normal operations, and support the goal of linking budgets and performance. The FY 2006 budget request highlights areas that demonstrate program performance with funding. The reclamation program areas of High Priority Projects and Watershed Cooperative Agreements show a distinct correlation between funding and program results. The National Technical Training Program and Technical Innovation and Professional Services (TIPS) programs are other activities where needs, costs and performance can be clearly demonstrated. The TIPS program conducted a study comparing costs and performance of conducting vegetation assessments for bond release by traditional methods versus using new mobile computing technologies. The net result in one State showed that the new mobile computing technologies used 85 percent less time and resources than the traditional method to complete the task.

Although OSM initiated cost accounting some time ago, FY 2004 marked the second year in which managers were provided more detailed information on costs and outputs. Cost reports are generated monthly, quarterly, and annually. With that data in hand, managers have the information needed to review costs and performance of their functions and programs.

As the availability of information has evolved, so too has its application. For example, OSM initially relied on the ABC data in developing a five-year work force plan. Matching activity costs and expected workload facilitated decisions on future allocation of resources. Managers of the Technical Innovation and Professional Services and the National Technical Training Programs analyzed cost data and customer demand in deciding current and future resource needs to train State, Tribal and federal personnel. In a similar vein, OSM has measured the abandoned mine reclamation fee collection rate, and the cost required to achieve it. By using the data to help identify areas for work process improvements, program staffing was reduced for this function and costs contained. OSM is also using cost accounting data to evaluate its administrative

charges for collecting delinquent debt. The experience being gained in these areas provides a basis for broadening the use of ABC and deriving program performance levels.

At the Department level, OSM is committed to ensuring the work activities are consistent with and can be linked to those of the bureau. OSM will also participate in the Department's cost system planning and development so that information needs at all management levels are met.

2. Capital Asset Planning and Control

OSM has instituted a joint business/information technology process, as described in OSM's Capital Planning and Investment Control (CPIC) Guide, to ensure IT investments are aligned with the President's Management Initiatives, DOI and OSM strategic goals and plans; enterprise architecture; meet public expectations; and provide the best value to the taxpayers. OSM prepares capital asset plans on six mission critical systems annually. OSM has continued to place emphasis on the requirement to capture 100 percent of its information technology (IT) spending on the Exhibit 53 and has seen vast improvement in this area.

In addition, OSM has completed a number of the requirements to reach Stage 2 of the GAO Information Technology Investment Management (ITIM) framework including creating an IT investment process, establishing IT review boards, establishing a structured process for selection of new IT projects that ensures investments are linked to DOI/OSM mission goals and business needs. In FY 2005 and 2006, OSM will continue to move toward full compliance in Stage 2 and Stage 3.

3. Strategic Management of Human Capital

OSM faces challenges in managing the attrition in its talent pool that is expected to occur in the next few years.

OSM developed a workforce plan that analyzes, identifies, and determines the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan and the product clarifies the requirements of our mission-specific program areas and our needs for their support through information technology and finance. The plan establishes milestones and objectives for redirection and a total review of OSM's human capital. The plan provides us with data necessary to evaluate where and what competencies are needed and the related costs of gaining these competencies to support mission accomplishment. As a result, OSM developed a plan to request Voluntary Separation Incentive Payments (VSIP) authority and Voluntary Early Retirement Authority (VERA), which was approved by OPM and is being implemented in FY 2005.

Each manager must continue to review his or her work force operation and competency mix to assure effective and efficient operation. Training will be conducted to fill gaps within existing training budgets. OSM staff will also attend job fairs and recruitment forums as necessary through their existing travel budgets. Management will continue to use pay flexibilities

including recruitment bonuses, retention allowances and student loan repayments which based on past practice are projected to cost OSM \$150,000 in FY 2006. This will include solutions for recruitment of diverse candidates, restructuring of positions, combining competencies, and the placement of employees where competencies can be effectively and efficiently utilized. All of the above efforts will assist OSM and its workforce planning efforts to become a more efficient and citizen centered organization.

In addition, in order to fully implement the Equal Employment Opportunity Commission new MD-715, changes must be made in our current Federal Personnel Pay System. MD-715 requires additional collection and retrieval data in order to complete pertinent reports to EEOC and the Department. Although this will be an overall Departmental initiative, each bureau will continue to assist in the cost of these necessary changes. Much of this will be done during FY 2005, but it will continue into FY 2006. Also, a bureau-wide tracking system will be necessary for employee training.

OSM cascaded Government Performance and Results Act (GPRA) goals and measures into performance plans, and in FY 2005 established a five-level performance appraisal system for all employees to allow for distinctions in the levels of performance.

4. Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM developed a competitive sourcing plan that identified the functions and activities to be studied during FY 2002 and FY 2003. In FY 2002, OSM converted three positions of the 55 FTE identified as being commercial in nature. Both the Competitive Sourcing Team and Executive Council members were trained in a transitional conversion over time process under the Javits Wagner O'Day (JWOD) preferred acquisition program. In FY 2003, under the JWOD program, 25 FTE's comprising OSM's IT Headquarters and financial management IT functions were studied. In FY 2004, OSM determined it would be more efficient and cost effective to institute an organizational restructuring rather than contract out some functions. Through this restructuring, five FTE were eliminated through early-out/buy-out authority. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature.

5. Financial Performance

OSM has received an unqualified or "clean" financial opinion for 14 consecutive years since 1991. In FY 2004, this required meeting shortened Departmental and Government-wide financial statement reporting deadlines. OSM also achieved and maintained an overall "green light" score for the first year of the financial management scorecard and received an overall "10" for best practices in this area.

OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements. This reporting

capability also increased efficiency of financial processing by improving the travel and purchase card processes resulting in payment of invoices the day following receipt and vendors were paid on time 99.5 percent of the time during FY 2004. OSM also maintained electronic transfer payments for 99.9 percent of the total dollar amounts paid.

During FY 2005, OSM is expected to convert from its existing administrative systems to the new Departmental Finance and Business Management System. This new system will incorporate nine administrative areas (core financial, budget, travel, charge card, financial assistance, acquisitions, real property, personal property, and management reporting) into a single system. OSM will be one of the first bureaus to make the conversion and as such is spending significant resources to make this conversion a success. We have already assigned two FTEs to this effort and many people have dedicated time on a part-time basis. We expect this effort to peak during FY 2005, but continue to have ramifications throughout FY 2006.

6. Expanding Electronic Government

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

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 its 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. The system allows companies to make payment on-line, through a seamless interface with Treasury's Pay.Gov system and provides receipt acknowledgement when payments are received. 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. About 41% of the total active permits, i.e. 1,098, were reported using E-filing last quarter.

Coal Data Sharing and Consolidated Data Collection - OSM is working with the Interstate Mining Compact Commission, the Mine Safety and Health Administration, the Internal Revenue Service, the Commonwealth of Pennsylvania, and the Small Business Administration to establish an electronic single source coal reporting form. The Single Source Coal Reporting e-Form was test piloted as part of the Small Business Administration's Business Gateway, a Presidential Quicksilver Initiative. This initiative offers the potential to reduce the industry's reporting burden. It can also improve the government's efficiency in collecting, aggregating, and storing the information collected.

Federal Financial Assistance – Grants - OSM will continue its involvement with Grants.gov, the government-wide electronic grant announcement and application system. All OSM grant programs are posted in the "Find" section of the system, which announces grant opportunities. OSM regulatory grants were the only Interior grant program available in the launch of the

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"Apply" section in FY 2004. OSM grantees and staff are providing feedback to HHS on our experiences and suggestions as applications are submitted and downloaded through the system.

OSM will be among the initial group of Interior bureaus to go on-line with the electronic grants function of FBMS, scheduled for implementation by March 2005. The new system will still allow paper applications, but expects most applications to be electronic, with 2 options for applying through the FBMS system itself or through an interface with Grants.gov. It will also allow grantees to report on grants electronically, and automate the entire grants process. The system's data sharing between grants, core accounting, budget, and management information is expected to provide significant improvements in the speed and ease of grants processing and reporting within OSM.

Acquisition - Currently, OSM is required to use the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM's financial system, which electronically updates financial information at the time procurement information is captured for required reporting at the Departmental and Federal levels. As previously noted, OSM is expected to convert from our existing administrative systems to the new Departmental Finance and Business Management System. Acquisition will be included in the conversion to this new system.

OSM also plans to use the National Institutes 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, and industry vendors will benefit by a faster, easier and less costly awards process.

Freedom of Information Act (FOIA) - Electronic FOIA Tracking System (EFTS)

OSM contributes and participates in the Department-wide initiative to comply with the President's government-wide initiative in expanding electronic government by providing for the sharing of information between the various bureaus and offices within the Department of Interior. The FOIA tracking system, EFTS, provides a centralized internal automation system to process FOIA requests, appeals and litigation, thus reducing overall bureau and Departmental costs for this program while creating a single point of access for FOIA personnel to track FOIA/Privacy Act (PA) requests from receipt to completion. The EFTS, a web-based system, is the first centralized system to manage FOIA requests electronically Department-wide. The EFTS also provides valuable information to bureau and DOI FOIA Coordinators, identifies duplicative requests throughout the bureau and department, ensures consistency in responses, reduces the time in processing requests, and facilitates reporting and reviews. Use of this system also allows FOIA personnel to track billing costs and ensure Government expenditures for the program are accounted for and recouped consistent with the law. The EFTS's design allows for additional modules/enhancements that will be user friendly both to the Department FOIA personnel and the public, providing for further expansion of the Electronic FOIA and public accessibility. OSM will fund future modules for the EFTS, which will integrate public accessibility with the FOIA program through electronic means and further comply with the President's initiatives regarding E-GOV and E-FOIA. Ultimately, the customer is the beneficiary of this investment.

Enterprise Service Network

The Enterprise Service Network is a DOI initiative designed to centralize Wide Area Networking Activities, Electronic Messaging, and Active Directory Services. The Department of Interior has a facility located in Reston that will serve as the central point for this effort.

The Wide Area Network Activities will include the reduction of “Points of Presence” or connections to the Internet and Contractor support for existing WAN services. In the long run, this will save DOI WAN costs when the activities of all Bureaus are consolidated.

A centralized Electronic Messaging for all of DOI is also expected to be implemented at the Reston Facility. This messaging effort will provide common message software for all of DOI, provide contractor help desk support, and reduce overall cost of operations.

Active Directory is also included in the Microsoft Enterprise License contract. By moving to the common software, savings will be achieved in out years through reduced personnel cost and reduced license costs.

Taken together, over the long-view of its investment, this DOI initiative is planned to increase network security, lower costs, and increase DOI-user productivity through increases in network availability, functionality, bandwidth, and around the clock technical support.

IT Security (including Security C&A)

OSM’s Information Technology (IT) Security Plan ensures the safety of IT information and computer technology hardware and software resources. OSM monitors employee compliance with its information technology security training program. The annually mandated training program raises the level of IT security awareness among all employees, and enhances OSM’s ability to monitor and verify compliance with the DOI IT Security Plan. OSM also manages virus filtering and traffic monitoring systems. These systems significantly enhance efforts to manage security for both new and existing systems by ensuring timely installation of software patches and fixes and strengthen incident handling responses. OSM will continue to work with the Department’s Office of the Chief Information Officer (OCIO) to ensure that its networks and systems are secure.

OSM has several recent achievements in IT security. OSM has Certified and Accredited (C&A) its local area networks in Headquarters and its Denver Finance Office; its wide area network; and four major applications. In FY 2004, OSM completed C&A for three remaining General Support Systems located in the three regional enclaves.

Internal E-government initiatives include the following:

- Inspection and Enforcement Database - Electronic Filing of OSM Inspection Reports and Enforcement Actions.

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- Development of Mobile Computing Technology for permitting, inspection, and AML design.

OSM is also participating in various efforts with the Department to achieve efficiencies under E-government Quicksilver Projects. This includes participation in:

- E-Travel - government-wide web-based service to consolidate travel functions, provide improved services to government employees, and minimize costs.
- E-Authentication - secure, easy-to-use, consistent method of proving identity to the government minimizes the burden on businesses, the public, and government.
- E-Training - simplified process to learn about training opportunities with one-stop access to e-products and services.
- Business Gateway - assist businesses to find, understand, and comply with applicable laws and regulations by improving access to information, providing on-line tools, and accessible and easy-to-use forms. One specific way that OSM is working in this area is in its partnership with the Interstate Mining Compact Commission, the Mine Safety and Health Administration, the Internal Revenue Service, and Pennsylvania to determine the feasibility to establish an electronic single source coal reporting form. A study conducted by the partner agencies concluded it would be cost-effective to develop a consolidated single source coal reporting system. The Single Source Coal Reporting e-Form was test piloted as part of the Small Business Administration's Business Compliance One-Stop. From a volunteer group of 20 coal companies, 80 percent reported time savings. OSM will continue its work with the partner agencies and the Small Business Gateway initiative.
- Integrated Acquisition Environment - facilitate the cost-effective acquisition of goods and services, while eliminating inefficiencies in the current acquisition process.

Asset Management

OSM is in the process of completing a fleet management plan, in coordination with the Department, to provide more effective and efficient use of owned and/or leased vehicles. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, and energy-saving practices. These changes will continue in FY 2006.

In addition, OSM will be conducting a management review of its space. The review will include improving space management through co-location, consolidation improved space allocations efficient building support services, and other strategies. By strategically analyzing and planning space management needs and opportunities, OSM, working with the Department, will be able to consider workforce changes such as telecommuting, information technology solutions, and other factors in making future arrangements for facilities.

Performance Summary:

OSM strives 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.

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

- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- 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 table is an overview of the Surface Mining goals and targeted measures for FY 2006.

Data Validation and Verification

OSM is confident that the data presented in this report are reliable for use as a decision-making tool and showing program performance over time. Data validation and verification is accomplished through a three prong approach using: 1) audits by external staff from the Office of the Inspector or the Administration's Program Assessment Rating Tool; 2) periodic reviews coordinated by OSM's Office of Planning, Analysis, and Budget; and 3) an annual self-assessment by program managers.

The annual self-assessment by program managers complies with the Department of the Interior's Data Validation and Verification Guidance. The assessment covers the major area of data validation and five areas within data verification. The five areas dealing with data verification

Office of Surface Mining Reclamation and Enforcement

are: standards and procedures; data entry and transfer; data security and integrity; data quality and limitations; and oversight and certification. This assessment will be valuable in testing for potential weaknesses or gaps, and will elevate data validation and verification systems to ensure an acceptable functional level.

OSM collects information through various information systems primarily from multiple internal operations and from the 24 States and 4 Indian Tribes participating in OSM programs. Abandoned Mine Land Program information is generally collected through the Abandoned Mine Land Inventory System (AMLIS). AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Data collection methods are conducted in accordance with an agency policy directive, which was developed in cooperation with the States.

Regulatory Program data collection methods are also conducted in accordance with an agency policy directive, which was developed in cooperation with the States. The data is collected from OSM field offices through an internet-based system.

Customer service information for the Technology Development and Transfer programs are based on customer survey forms approved by OMB and class training records.

OSM recognizes that data must serve their intended purposes and stand up to independent, objective external inspection, as well as to internal control reviews and audits. A recent Departmental Office of the Inspector General evaluation report on State operated coal regulatory programs recommended that both staff and management levels be involved with data accuracy and reliability. OSM will be addressing this recommendation in the near future. OSM is committed to demonstrating that data meets the guidelines established.

Office of Surface Mining Reclamation and Enforcement

Office of Surface Mining Program Performance Measures

Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources								
Measures:	FY 2003 Actual	FY 2004 Plan	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/ 3/ 4/ (SP) (PART)</u>	6,539	6,900	6,965	8,200	6,900	8,200	1,300 +19%	8,200
Number of stream-miles for which degradation from past surface coal mining has been improved <u>1/ 2/ 4/ (SP) (PPM)</u>	UNK	150	33	175	35	35	0	35
Number of surface acres of water for which degradation from coal mining has been improved. <u>1/ 2/ 4/ (SP) (PPM)</u>	UNK	150	36	175	35	35	0	35
Number of partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>	UNK	56	74	56	56	56	0	56
The amount of increased funds derived from active partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>	UNK	70,000	8.179 million	70,000	70,000	70,000	0	70,000
Percent of AML grant funds obligated nationally by States and Tribes. <u>1/ 2/ (PPM)</u>	UNK	90%	96%	90%	90%	90%	0	90%
Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value								
Percent of active sites that are free of off-site impacts. <u>1/ (SP) (PART)</u>	92.3%	93%	93%*	93%	93%	93%	0	93%
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. <u>1/ 2/ (SP) (PART)</u>	48,528	70,000	49,054*	70,000	70,000	70,000	0	70,000
Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.								
Number of people with reduced exposure potential to safety risks from abandoned mine lands. <u>1/ 2/ 5/ (SP) (PART)</u>	UNK	10,000	160,257	11,000	11,000	11,000	0	11,000
Percentage of declared emergencies abated within six months. <u>1/ 2/ (PPM)</u>	UNK	92%	98%	95%	95%	95%	0	95%
Number of people directly affected (Emerg. abated). <u>1/ 2/ (PPM)</u>	UNK	8,250	11,400	8,250	8,250	8,250	0	8,250
<p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Baseline data was not available when determining projections. Projections to be revised to reflect actual data. <u>3/</u> For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. <u>4/</u> Reduction in target for FY 2005 Revised Plan reflects funding request not enacted. <u>5/</u> Information calculated from projects reported completed in AMLIS matched with the number of people residing within one mile radius of project calculated from census tract data.</p> <p>* Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year.</p> <p>SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure; UNK = data unavailable</p>								

Office of Surface Mining Reclamation and Enforcement

Budget Highlights:

OSM requests \$ 356,549,000 and 580 FTEs to achieve its FY 2006 annual performance goals. An additional \$57 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 2006 discretionary request represents a \$59.976 million increase over the FY 2005 enacted level of \$296.573 million. OSM proposes a \$58 million increase in State reclamation grants to certified States and Tribes. The budget requests \$0.405 million for Federal Program activities. It provides a \$1.092 million increase for watershed cooperative agreements and \$1.0 million for Federal high priority projects, both of which were funded with carryover in FY 2005, which will be about exhausted by FY 2006. This budget proposal also seeks to enhance the technology transfer activities afforded the States and Indian Tribes. It seeks increases of \$0.5 million for the National Technical Training Program, \$1.0 million for the Technical Innovation and Professional Services Program, and \$1.0 million for applied sciences. Additionally, the proposal requests increases of \$0.079 million for enterprise IT investments.

The budget proposes certain reductions to help offset these increases. OSM will absorb a \$2.6 million reduction in information technology due to a one-time increase in FY 2005 of \$2.3 million for the redesign of the fee collection and billing system (FEEBACS), and \$0.3 for other IT efficiencies. OSM is not requesting funding for Small Operator Assistance program (SOAP) grants, which is a reduction of \$1.478 million. OSM also proposes a reduction of \$0.986 million to reduce the funding provided by Congress in the FY 2005 appropriation for a twenty-four month coal study. OSM also expects savings of \$95,000 in space management and \$ 20,000 in fleet management.

This request also provides \$2.08 million for uncontrollable cost increases.

Program/Project Support of Bureau, Department, and Government-wide Costs

Funding under the Executive Direction and Administration section of OSM's budget request is identified for Executive Direction, Administrative Support and General Services. The total funding for this business line in the FY 2006 request is \$22.8 million.

The Executive Direction activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. It includes the Director's Office staff and all Staff Offices located in Washington, D. C. The Administration activity includes all the administrative functions necessary to support program activities. It includes four organization areas: Administration, Human Resources, Administrative Financial Management, and Information Technology. The General Services activity includes essential fixed costs to support OSM's program missions such as rent, telecommunications, the DOI working capital fund, and service contracts. OSM does not compute separate overhead charges, deductions, reserves or holdbacks to fund these activities; rather, they are identified as a business line within the budget presentation. Further information on specific elements of each activity can be found in the Executive Direction and Administration program justification.

Within the Executive Direction and Administration business line, OSM includes external administrative costs to include amounts paid to the Department to support Departmental or Government-wide costs. Itemized lists of the budget for activities included in the DOI Working Capital Fund that are centrally billed, fee for service and directly billed are included in the Budget Exhibits.

OSM also has support functions at the regional and field offices that ensure various activities are integrated so the mission is accomplished. The majority of these costs are comprised of the salary and benefits for field office directors, regional directors and their administrative staff. These costs are not identified under Executive Direction and Administration, rather they are included in the program funding requested. OSM provides allocations to its regions based on the overall program activities and does not identify separate funding for support functions. If the Subcommittee is interested in quantifying costs at a regional level, OSM can work with the Subcommittee to provide this information.

Activity Based Costing allows OSM to internally track indirect costs associated with various organizational units and program activities. This is important to determine the full cost of program activities for evaluation purposes. One way in which some indirect costs are associated with program activities is based on FTE consumption. This method is based on the assumption that labor hours correlate to the consumption of these costs using a ratio of FTE per each program activity to total OSM FTEs. Data using this method is made available to managers for program evaluation; however, OSM does not request funding at this level of detail.

Office of Surface Mining Reclamation and Enforcement

The following summary compares the FY 2006 request level to the FY 2005 enacted budget.

**2004 - 2006 Resource Comparison
(Dollar Amounts in Thousands)**

		FY 2004 Actual	FY 2005 Estimate	FY 2006 Request	Difference from FY 2005 (+/-)
Regulation and Technology	\$	105,187	108,368	110,535	+2,167
	<i>FTE</i>	369	375	375	0
Abandoned Mine Recl. Fund	\$	190,591	188,205	246,014	+57,809
	<i>FTE</i>	198	205	205	0
TOTAL	\$	295,778	296,573	356,549	+59,976
	<i>FTE</i>	567	580	580	0

Note: FY 2004 includes actual civil penalty collections (\$ 74,201) and FY 2005 and 2006 include estimated civil penalty collections (\$98,100 and \$100,000).

Description and Summary of Program Changes in FY 2006 Budget

The total request for OSM's current appropriations is \$356,549,000 for FY 2006. 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 \$ 110,535,000 (including an estimated \$100,000 in civil penalty collections); a net increase of \$2.167 million over the FY 2005 enacted budget. The budget proposes:

- An increase of \$0.325 million for the National Technical Training Program,
- An increase of \$0.650 million for applied science activities,
- An increase of \$0.650 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.405 million for Federal Programs
- An increase of \$0.052 million for enterprise information technology investments,
- A decrease of \$0.986 million for the coal study,
- A decrease of \$0.062 million for space management savings,
- A decrease of \$0.013 million for fleet management savings,
- A decrease of \$0.199 million for general information technology efficiencies,
- Uncontrollable increases of \$1.345 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. The request is \$246,014,000, an increase of \$57.809 million over the FY 2005 enacted budget. The budget proposes:

- An increase of \$58 million for AML grants to certified States and Tribes,

Office of Surface Mining Reclamation and Enforcement

- An increase of \$1.092 million for watershed cooperative agreements,
- An increase of \$1.0 million for high priority projects,
- An increase of \$0.175 million for the National Technical Training Program,
- An increase of \$0.350 million for applied science activities,
- An increase of \$0.350 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.027 million for enterprise information technology investments,
- A decrease of \$2.3 million to redesign the fee billing and collection system (FEEBACS) to support fee extension by properly accounting for fees collected,
- A decrease of \$1.478 million for the Small Operator Assistance Program,
- A decrease of \$0.007 million for fleet management savings,
- A decrease of \$0.033 million for space management savings,
- A decrease of \$0.102 million for a general information technology efficiencies,
- Uncontrollable cost increases of \$0.735 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; [\$108,368,000] ^ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2005] ^ 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.

\$110,435,000

2006

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, [~~\$188,205,000~~] to \$188,014,000 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 [2005]:~~ ^ Provided 2006 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:

Administrative Provisions

With funds available for the Technical Innovation and Professional Services program in this Act, the Secretary may transfer title for computer hardware, software and other technical equipment to State and Tribal regulatory and reclamation programs.

Justification of Language Changes

Regulation & Technology	FY 2005 Estimate	FY 2006 Proposed	Change
Environmental Restoration	257	259	+2
Environmental Protection	79,821	79,566	-255
Tech Dev Transfer	13,300	15,126	+1,826
Financial Management	485	488	+3
Executive Direction	14,505	15,096	+591
Total Appropriation	108,368	110,535	+2,167

Regulation and Technology:

No changes.

Abandoned Mine Reclamation Fund:

No changes to Abandoned Mine Reclamation Fund language. However, budget assumes authorization to include payment of State shares to the certified States and Tribes that would require separate appropriation language. Budget contains \$58 million to support these payments.

**Summary of FY 2005 Appropriations and FY 2006 Budget Changes
By Appropriation and Business Line**

Abandoned Mine Reclamation Fund	FY 2005 Estimate	FY 2006 Proposed	Change
Environmental Restoration	167,861	228,112	+60,251
Environmental Protection	0	0	0
Tech Dev Transfer	4,479	3,922	-557
Financial Management	8,444	6,234	-2,210
Executive Direction	7,421	7,746	+325
Total Appropriation	188,205	246,014	+57,809

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

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
	FTE	\$\$	FTE	\$\$	FTE	\$\$	FTE	\$\$
FY 2005 ESTIMATE			375	108,368			205	188,205
UNCONTROLLABLE & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 05		254				140		
Adjustment for Pay Raise - Jan 06		520				290		
Adjustment for Worker's Compensation		-38				-21		
Adjustment for Unemployment Compensation		7				3		
Adjustment for GSA space rent rate		571				310		
Adjustment for Empl'r Share of Fed Hlth Benft Plans		205				110		
Adjustment for One Less Pay Day		-130				-73		
Adjustment for Working Capital Fund		-44				-24		
TOTAL Adjustment for Uncontrollables		1,345		1,345		735		735
Program Changes				822				57,074
Total Requirements (2006 request)			375	110,535			205	246,014

Comparison by Business Lines	REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		Inc/ Dec (-/+) From 2005
	2004 Actual	2005 Estimate	Uncontrl & Related Changes	Program Change	2006 Request	2004 Actual	2005 Estimate	Uncontrl & Related Changes	Program Changes	2006 Request	2005 Estimate	2006 Request	
Environmental Restoration	235	257	3	-1	259	173,472	167,861	214	60,037	228,112	168,118	228,371	60,253
	FTE 1	FTE 1	FTE 0	FTE 0	FTE 1	FTE 97	FTE 97	FTE 0	FTE 0	FTE 97	FTE 98	FTE 98	FTE 0
Environmental Protection	78,484	79,821	439	-694	79,566	0	0	0	0	0	79,821	79,566	-255
	FTE 198	FTE 193	FTE 0	FTE 0	FTE 193	FTE 0	FTE 0	FTE 0	FTE 0	FTE 0	FTE 193	FTE 193	FTE 0
Technology Dev. & Transfer	12,592	13,300	258	1,568	15,126	4,133	4,479	54	-611	3,922	17,779	19,048	1,269
	FTE 104	FTE 115	FTE 0	FTE 0	FTE 115	FTE 17	FTE 21	FTE 0	FTE 0	FTE 21	FTE 136	FTE 136	FTE 0
Financial Management	485	485	6	-3	488	6,183	8,444	115	-2,325	6,234	8,929	6,722	-2,207
	FTE 3	FTE 2	FTE 0	FTE 0	FTE 2	FTE 50	FTE 50	FTE 0	FTE 0	FTE 50	FTE 52	FTE 52	FTE 0
Executive Dir. & Admin.	13,391	14,505	639	-48	15,096	6,803	7,421	352	-27	7,746	21,926	22,842	+916
	FTE 63	FTE 64	FTE 0	FTE 0	FTE 64	FTE 34	FTE 37	FTE 0	FTE 0	FTE 37	FTE 101	FTE 101	FTE 0
TOTAL	105,187	108,368	1,345	822	110,535	190,591	188,205	735	57,074	246,014	296,573	356,549	59,976
	FTE 369	FTE 375	FTE 0	FTE 0	FTE 375	FTE 198	FTE 205	FTE 0	FTE 0	FTE 205	FTE 580	FTE 580	FTE 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 2005 and 2006 of January Pay Raises

	<u>2005</u> <u>Budget</u> <u>Change</u>	<u>2005</u> <u>Revised</u> <u>Change</u>	<u>2006</u> <u>Change</u>
2005 Pay Raises	\$502	\$502	+254
			<u>2006</u> <u>Change</u>
2006 Pay Raises			\$0/+520

These adjustments are for an additional amount needed in 2006 to fund the remaining 3-month portion of the estimated 3.5 percent pay increases effective in January 2005 and the additional costs of funding for an estimated 2.3 percent of the January 2006 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	<u>2005</u> <u>Budget</u>	<u>2005</u> <u>Revised</u>	<u>2006</u> <u>Change</u>
Workers Compensation Payments	\$ 224	\$224	-\$38

The adjustment is actual changes through June 2004, 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

	<u>2005</u> <u>Budget</u>	<u>2005</u> <u>Revised</u>	<u>2006</u> <u>Change</u>
Unemployment Compensation payments.....	\$17	\$17	+\$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. The amount absorbed in 2005 is due to changes between the estimate of payments for unemployment compensation between the time the 2005 budget was formulated and the July 2004 estimates. The 2006 uncontrollable changes include a catch-up adjustment for the unbudgeted 2005 costs.

	<u>2005</u> <u>Budget</u>	<u>2005</u> <u>Revised</u>	<u>2006</u> <u>Change</u>
Rental Payments to GSA.....	\$4,470	\$4,470	+\$571

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

	<u>2005</u> <u>Budget</u>	<u>2005</u> <u>Revised</u>	<u>2006</u> <u>Change</u>
Departmental Working Capital Fund Changes.....	\$1,470	\$1,453	-\$44

The change reflects expected changes in the charges for Department services and other services through the centralized billing portion of the working capital fund. These charges are displayed in the Budget Justification for Department Management. In addition to the 2006 uncontrollable change, the 2006 budget includes requested program changes (e.g., ESN). The change between 2005 Budget and 2005 revised is attributable to bureau requested changes in billing methodologies, 2005 requested program increases for e-government payments that will be collected and paid centrally through the WCF, and changes that were approved by the Working Capital Fund Consortium. These changes are reflected in the Departmental Management Justification.

Office of Surface Mining Reclamation and Enforcement

	2005 Budget <u>Change</u>	2005 Revised <u>Change</u>	2006 <u>Change</u>
Employer Share of Federal Health Benefit Plans	\$368	\$0	+\$205

The adjustment is for changes in the Federal Government’s share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

	2005 Budget <u>Change</u>	2005 Revised <u>Change</u>	2006 <u>Change</u>
One Less Pay Day.....			-\$130

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2006 than in FY 2005.

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 2005 and 2006 of January Pay Raises

	2005 Budget <u>Change</u>	2005 Revised <u>Change</u>	2006 <u>Change</u>
2005 Pay Raises	\$163	\$163	\$+140
			<u>2006 Change</u>
2006 Pay Raises			\$0/+\$290

These adjustments are for an additional amount needed in 2006 to fund the remaining 3-month portion of the estimated 3.5 percent pay increases effective in January 2005 and the additional costs of funding for an estimated 2.3 percent of the January 2006 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2005 Budget	2005 Revised	2006 <u>Change</u>
Workers Compensation Payments	\$ 120	\$120	-\$21

The adjustment is actual changes through June 2004, 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

	<u>2005 Budget Change</u>	<u>2005 Revised Change</u>	<u>2006 Change</u>
Unemployment Compensation Payments.....	\$9	\$9	+\$3

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. The amount absorbed in 2005 is due to changes between the estimate of payments for unemployment compensation between the time the 2005 budget was formulated and the July 2004 estimates. The 2006 uncontrollable changes include a catch-up adjustment for the unbudgeted 2005 costs.

	<u>2005 Budget Change</u>	<u>2005 Revised Change</u>	<u>2006 Change</u>
Rental Payments to GSA.....	\$2,129	\$2,129	+\$310

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

	<u>2005 Budget Change</u>	<u>2005 Revised Change</u>	<u>2006 Change</u>
Departmental working capital fund changes.....	\$792	\$783	-\$24

The change reflects expected changes in the charges for Department services and other services through the centralized billing portion of the working capital fund. These charges are displayed in the Budget Justification for Department Management. In addition to the 2006 uncontrollable change, the 2006 budget includes requested program changes (e.g., ESN). The change between 2005 Budget and 2005 revised is attributable to bureau requested changes in billing methodologies, 2005 requested program increases for e-government payments that will be collected and paid centrally through the WCF, and changes that were approved by the Working Capital Fund Consortium. These changes are reflected in the Departmental Management Justification.

Office of Surface Mining Reclamation and Enforcement

	2005 Budget <u>Change</u>	2005 Revised <u>Change</u>	2006 <u>Change</u>
Employer Share of Federal Health Benefit Plans	\$197	\$0	+\$110

The adjustment is for changes in the Federal Government’s share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

	2005 Budget <u>Change</u>	2005 Revised <u>Change</u>	2006 <u>Change</u>
One Less Pay Day			-\$73

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2006 than in FY 2005.

Office of Surface Mining Reclamation and Enforcement

Budget Crosswalk

OSM's Budget resources are distributed by business line across the DOI 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 12 underlying outcomes or results to be achieved. OSM's funding relates to three of those four goals as identified in the summary chart below.

Budget Request by DOI Mission Component
(Dollars in Thousands)

	FY 2005 Estimate	FY 2006 Request	Change
Resource Protection	63,007	82,246	+19,239
Resource Use	110,426	111,143	+717
Recreation	0		
Serving Communities	123,140	163,160	+40,020
Total	296,573	356,549	+59,976

OSM's 2006 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. The table on the following page illustrates how OSM's 2006 budget request supports the Department's Strategic Plan.

Office of Surface Mining Reclamation and Enforcement

FISCAL YEAR 2006

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	
Account Activity	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	Advance quality communities for Tribes and Islands		
Regulation and Technology														
Environmental Restoration	259													259
Environmental Protection				79,566										79,566
Technology Development & Transfer				15,126										15,126
Financial Management				488										488
Executive Direction & Administration	46			15,050										15,096
Subtotal, R&T	305			110,230										110,535
Abandoned Mine Reclamation Fund														
Environmental Restoration	69,600								158,512					228,112
Technology Development & Transfer	3,883			139										4,022
Financial Management	6,134													6,134
Executive Direction & Administration	2,324			774					4,648					7,746
Subtotal, AML	81,941			913					163,160					246,014
OSM TOTAL	82,246			111,143					163,160					356,549