

U.S. Department of the Interior
Office of Surface Mining
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FY 2004 OSM BUDGET REFLECTS
ADMINISTRATION COMMITMENT TO
ENERGY, ENVIRONMENT, COMMUNITIES

Funding for the Office of Surface Mining, Reclamation and Enforcement would remain relatively stable under the budget request for fiscal year 2004 submitted today by President Bush.

The Interior Department's budget request for OSM for fiscal year 2004 allocates \$281.2 million for state and federal programs to protect the environment during coal mining, assure prompt reclamation after mining, and clean up abandoned mine lands. This is comparable with the amount budgeted for 2003.

"The budget submitted by President Bush and Secretary Norton protects funding for the States, Tribes and citizen watershed groups to continue their important reclamation work," said Jeff Jarrett, director of OSM. "This demonstrates a firm commitment to insuring our nation's energy future, protecting our environment and forging strong partnerships with our communities."

Since enactment of the Surface Mining Control and Reclamation Act (SMCRA) in 1977, OSM has provided nearly \$1 billion in grants to States and Indian Tribes to fund the regulation of active coal mines. OSM has also provided more than \$3 billion in grants to States and Tribes to clean up mine sites that were abandoned before passage of SMCRA. More than 180,000 acres of abandoned coal mine sites have been reclaimed under OSM's AML program.

OSM's FY 2004 budget request includes: \$106.7 million for the Regulation & Technology account, and \$174.5 million for the AML account. The request will also enable OSM to continue directly administering Federal regulatory and reclamation programs in States that do not operate their own surface mining programs, and on Federal lands and Indian lands.

Another component of the OSM budget is a continuing obligation under the Energy Policy Act of 1992 to transfer interest from the Abandoned Mine Land Fund to the United Mine Workers of America Combined Benefits Fund to defray health care costs for retired miners and their dependents whose companies have gone bankrupt or are no longer in business. OSM's mandatory transfer to the fund for FY 2004 is estimated at \$55 million.

Regulatory program grants to States are budgeted at \$57.6 million in the FY 2004 request. OSM matches dollar for dollar the funds States use to operate programs for issuing coal mine permits, inspecting surface coal mines, enforcing environmental standards, and assuring reclamation of surface coal mines.

State and tribal AML reclamation grants, including Clean Streams grants to assist in the clean up of streams in the Appalachian Coal Region are budgeted at \$142.1 million in the FY 2004 request. Funding support for Clean

Streams grants continues at the FY2002 level of \$10 million. The 2004 AML program will result in the reclamation of 6,900 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality.

State reclamation grants for the AML program will continue to provide sufficient funding for States to start new reclamation projects and complete ongoing ones. OSM pays 100 percent of State and Tribal costs for reclaiming lands that were abandoned unreclaimed or inadequately reclaimed before the enactment of SMCRA in 1977.

The AML program is funded by production fees of 35 cents per ton of surface mined coal, 15 cents per ton of coal mined underground, and 10 cents per ton of lignite. These fees are placed in the Abandoned Mine Land Fund and are used to finance reclamation of abandoned mine lands.

The authority to collect fees is scheduled to expire on Sept 30, 2004. Abandoned mine land problems are expected to exist in certain states after all the fees are collected under the current law.

The Administration plans to prepare an extension to the coal fee authority and will explore options for targeting fees to ensure the most significant problems are fixed.

The Office of Surface Mining continues to make progress in the President's management agenda for improving management and performance of the federal government, practicing the Secretary's vision for citizen-centered management excellence. The 2004 budget for OSM supports the Department's new strategic plan goal for serving communities by protecting lives and property of the citizens living in proximity to the coal fields and protects our nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. The OSM programs have worked extensively to integrate the budget with the performance goals in the Department's new unified strategic plan.

The abandoned mine reclamation grants program was assessed during formulation of the 2004 budget using the Administration's Program Assessment Rating Tool. Overall, the review found that the program is well managed and well coordinated with program stakeholders. OSM has begun to work on improvements recommended as a result of the assessment, including developing performance measures that better demonstrate program results.