



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Mission – The mission of the Office of Surface Mining Reclamation and Enforcement is to ensure that through a nationwide regulatory program, coal mining is conducted in a manner that protects communities and the environment during mining, restores the land to beneficial use following mining, and mitigates the effects of past mining by aggressively pursuing reclamation of abandoned mine lands.

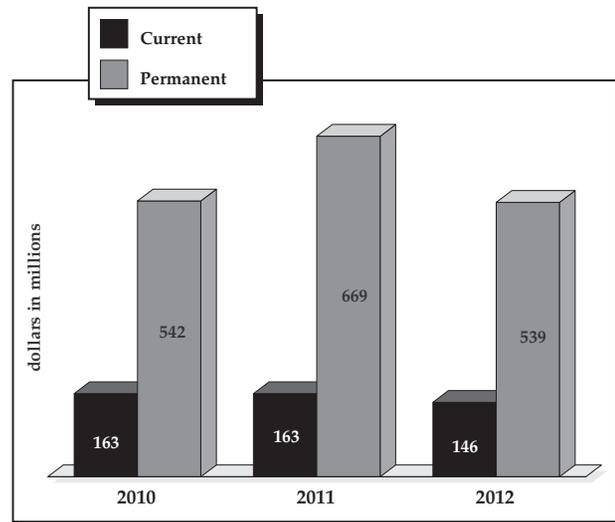
Budget Overview – The 2012 budget request for OSM is \$145.9 million in discretionary appropriations, \$17.0 million below the 2010 Enacted/2011 CR level.

Regulation and Technology – The 2012 budget for Regulation and Technology is \$118.5 million, a decrease of \$8.8 million below the 2010 Enacted/2011 CR level. The request includes \$12.4 million, an increase of \$3.8 million above the 2010 Enacted/2011 CR, to enhance Federal oversight of State regulatory programs. State and tribal regulatory grants are funded at \$60.3 million in 2012, a decrease of \$11.0 million below 2010 Enacted/2011 CR. States are encouraged to recover more of their regulatory costs from the coal industry through user fees. The budget also proposes to reclassify permit fees currently collected by OSM as discretionary offsetting collections, to be retained by the bureau; OSM expects to collect \$40,000 in permit fees in 2012.

Abandoned Mine Reclamation Fund – The total discretionary funding requested for this account is \$27.4 million, a decrease of \$8.1 million below the 2010 Enacted/2011 CR level. Because of the increased mandatory funding provided by the 2006 Surface Mining Control and Reclamation Act amendments, States and Tribes have assumed responsibility for AML emergencies and no longer need additional discretionary funding. Therefore, the 2012 budget eliminates discretionary grants to States for AML emergencies and reduces funding for federally-managed AML emergencies, high-priority projects, and associated staff by \$6.9 million.

Legislative Proposals - In 2012, OSM will distribute \$539.1 million in permanent appropriations. This includes \$313.8 million to States and Tribes in reclamation grants and

OSM Funding



\$225.3 million in payments to three United Mine Workers of America retiree health plans. The Administration proposes to focus reclamation grant funds on the highest priority AML sites, while reducing the deficit. The budget proposes to terminate mandatory payments to States and Tribes that have finished restoring their abandoned coal mines, saving the taxpayer \$184.2 million in 2012 and approximately \$1.2 billion over the next ten years. These payments currently can be used for any purpose and therefore may not contribute to the goal of addressing abandoned mine hazards. This proposal is modified from previous budget proposals and will competitively allocate the remaining reclamation funding and provide funding for AML emergency situations and the administration of AML programs. Instead of using production-based formulas, OSM will establish an advisory council to review and rank reclamation projects proposed by States, Tribes, and other parties and recommend the distribution of funds to the highest priority sites. This proposal will ensure the Nation's most dangerous abandoned coal mines are addressed before the AML fee expires in 2021.

The budget assumes a legislative proposal to reform hardrock mining on both public and private lands by

OFFICE OF SURFACE MINING, RECLAMATION AND ENFORCEMENT FACTS

- Created in 1977 when Congress enacted the Surface Mining Control and Reclamation Act.
- Ensures that coal mining operations are conducted in an environmentally responsible manner.
- Regulates that land is adequately reclaimed and restored to beneficial use during and following the mining process.
- Institutes nationwide programs to protect the society and the environment from the adverse effects of surface coal mining operations.
- Trains hundreds of State and tribal professionals in a broad range of reclamation skills such as reestablishing wildlife habitat.

addressing abandoned mine land hazards. The proposal will establish a new fee on hardrock mineral production to fund the reclamation of abandoned hardrock mines across the country. Just as the coal industry is held responsible for the actions of its predecessors, the Administration proposes to hold the hardrock mining industry responsible for abandoned hardrock mines. The legislative proposal will levy an AML fee on uranium and metallic mines on both public and private lands. The proposed AML fee on the production of hardrock minerals will be charged per volume of material displaced after January 1, 2012 and collected by OSM. The receipts will be distributed by the Bureau of Land Management through a competitive grant program to restore the most hazardous hardrock AML sites using an advisory council comprised of representatives of Federal agencies, States, Tribes, and non-governmental organizations.

Fixed Costs – Fixed costs of \$61,000 are funded.

Administrative Cost Savings and Management Efficiencies – The 2012 budget request includes reductions that reflect the Accountable Government Initiative to curb non-essential administrative spending in support of the President’s commitment on fiscal discipline and spending restraint. In accordance with this initiative, OSM’s budget includes \$573,000 in savings in 2012 against actual 2010 expenditures in the following activities: \$100,000 travel and transportation of persons and \$473,000 supplies and materials. Actions to address the Accountable Government Initiative and reduce these expenses build upon management efficiency efforts proposed in 2011 totaling \$688,000 in travel and relocation, information technology, and strategic sourcing and \$49,000 in bureau-specific efficiencies.

SUMMARY OF BUREAU APPROPRIATIONS

(all dollar amounts in thousands)

Comparison of 2012 Request with 2010 Enacted/2011 CR

	2010 Enacted/ 2011 CR		2012 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Regulation and Technology	344	127,280	369	118,469	+25	-8,811
Abandoned Mine Reclamation Fund	177	35,588	159	27,443	-18	-8,145
Subtotal, Appropriations	521	162,868	528	145,912	+7	-16,956
Permanent Appropriations						
Payments to UMWA Health Plans (AML)	0	57,246	0	64,062	0	+6,816
Payments to UMWA Health Plans (Treasury Funds)	0	216,064	0	161,191	0	-54,873
Payments to States in Lieu of						
Coal Fee Receipts (Treasury Funds)	0	245,500	0	85,400	0	-160,100
Mandatory Grants to States and Tribes (AML)	0	150,133	0	228,400	0	+78,267
Subtotal, Permanent Appropriations	0	668,943	0	539,053	0	-129,890
TOTAL, OFFICE OF SURFACE MINING	521	831,811	528	684,965	+7	-146,846

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

	2010 Actual	2010 Enacted/ 2011 CR	2012 Request	Net Change
Environmental Restoration*	362	260	100	-160
Environmental Protection	94,771	94,771	87,438	-7,333
Technology Development and Transfer...	15,663	15,663	14,478	-1,185
Financial Management	516	516	506	-10
Executive Direction/ Administration	16,070	16,070	15,947	-123
TOTAL APPROPRIATION	127,382	127,280	118,469	-8,811

* In 2010 actual civil penalty collections were \$201,612. An estimated civil penalty collections of \$100,000 is included in 2011 and 2012.

Detail of Budget Changes

	2012 Change from <u>2010 Enacted/2011 CR</u>	2012 Change from <u>2010 Enacted/2011 CR</u>
TOTAL APPROPRIATION	-8,811	
Environmental Restoration		
Eliminate Coal Outcrop Fires	-160	
Environmental Protection	-7,333	
Reduce State and Tribal Regulatory Grants	-10,991	
Expand/ Enhance Regulatory Oversight and Stream Protection	+3,932	
Fixed Costs	-20	
2011 Interior-wide and Bureau Management Efficiencies	-101	
2012 Administrative Cost Savings	-153	
Technology Development and Transfer	-1,185	
Reduce Technical Studies Program	-834	
Fixed Costs	-3	
2011 Interior-wide and Bureau Management Efficiencies	-223	
2012 Administrative Cost Savings	-125	
Financial Management		-10
2011 Interior-wide and Bureau Management Efficiencies		-2
2012 Administrative Cost Savings		-8
Executive Direction and Administration		-123
Space Increase Associated with Regulatory Oversight Increases		+54
Fixed Costs		+72
2011 Interior-wide and Bureau Management Efficiencies		-156
2012 Administrative Cost Savings		-93
Subtotals for Changes Across Multiple Subactivities		
Fixed Costs		+49
2011 Interior-wide and Bureau Management Efficiencies		-482
2012 Administrative Cost Savings		-379

APPROPRIATION: Abandoned Mine Reclamation Fund

	2010 Actual	2010 Enacted/ 2011 CR	2012 Request	Net Change
Environmental Restoration.....	16,364	16,364	9,495	-6,869
Technology Development and Transfer...	4,032	4,032	3,550	-482
Financial Management	6,961	6,961	6,406	-555
Executive Direction/ Administration	8,231	8,231	7,992	-239
TOTAL APPROPRIATION	35,588	35,588	27,443	-8,145

Detail of Budget Changes

	2012 Change from <u>2010 Enacted/2011 CR</u>	2012 Change from <u>2010 Enacted/2011 CR</u>
TOTAL APPROPRIATION	-8,145	
Environmental Restoration.....	-6,869	Financial Management
Reduce State and Tribal Emergency Grants.....	-1,500	Reduce Audit Activities - Export Coal.....
Reduce Federal Emergency Projects.....	-2,000	Fixed Costs.....
Reduce Federal High-Priority Projects	-972	2011 Interior-wide and Bureau
Reduce Federal Reclamation Project Prog. Staff....	-2,256	Management Efficiencies
Fixed Costs	+7	2012 Administrative Cost Savings.....
2011 Interior-wide and Bureau		
Management Efficiencies	-63	Executive Direction and Administration.....
2012 Administrative Cost Savings.....	-85	Space Decrease Associated with
Technology Development and Transfer.....	-482	Reclamation Staff Reductions.....
Reduce Technical Studies Program	-366	Fixed Costs
2011 Interior-wide and Bureau		2011 Interior-wide and Bureau
Management Efficiencies	-80	Management Efficiencies
2012 Administrative Cost Savings.....	-36	2012 Administrative Cost Savings.....
		Subtotals for Changes Across Multiple Subactivities
		Fixed Costs.....
		2011 Interior-wide and Bureau
		Management Efficiencies
		2012 Administrative Cost Savings.....