



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

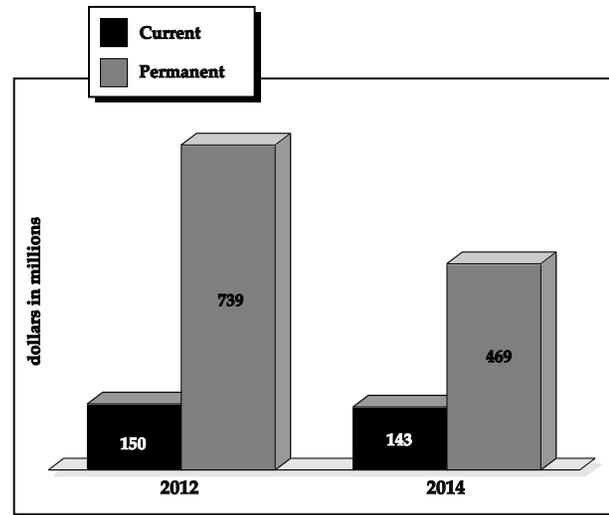
Mission – The mission of the Office of Surface Mining Reclamation and Enforcement is to ensure that through a nationwide regulatory program, coal mining is conducted in a manner that protects communities and the environment during mining, restores the land to beneficial use following mining, and mitigates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

Budget Overview – The 2014 budget request for OSM is \$143.1 million in discretionary appropriations, \$7.1 million below the 2012 enacted level. The OSM estimates that staffing will equal 522 full time equivalents in 2014.

Regulation and Technology – The 2014 budget for Regulation and Technology is \$115.1 million, a decrease of \$7.8 million below the 2012 level. The request includes \$12.6 million, an increase of \$4.0 million above 2012, to improve implementation of existing laws and support States and Tribes. State and tribal regulatory grants are funded at \$57.7 million in 2014, a decrease of \$10.9 million below 2012. States are encouraged to recover more of their regulatory costs from the coal industry through user fees. In addition, the budget proposes to recover the cost of reviewing, administering, and enforcing permits for surface coal mining and reclamation in Federal programs and on Indian Lands where OSM is the regulatory authority. The OSM expects to collect \$2.4 million in permit fees in 2014. The budget includes \$1.2 million for applied science to conduct studies that would advance technologies and practices specific to coal mined sites for more comprehensive ecosystem restoration, including reforestation and reclamation using native vegetation and plant habitat.

Abandoned Mine Reclamation Fund – The total discretionary funding requested for this account is \$28.0 million, an increase of \$614,000 above 2012. The Surface Mining Control and Reclamation Act established the Abandoned Mine Reclamation Fund to receive the Abandoned Mine Land fees and finance reclamation of coal AML sites. The increase includes \$400,000 for applied science studies pertaining to abandoned mines.

OSM Funding



Legislative Proposals – In 2014, OSM will distribute an estimated \$468.5 million in permanent appropriations. This includes \$273.5 million to non-certified States and Tribes in reclamation grants and \$195.0 million in payments to the United Mine Workers of America retiree health plans. The Administration proposes to focus reclamation grant funds on the highest priority AML sites. The budget proposes to end permanent payments to States and Tribes that have finished restoring their abandoned coal mines, saving the taxpayer \$32.0 million in 2014 and \$327.0 million 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.

The budget proposes to return coal fees to the level prior to 2006, when an amendment to the Surface Mining Control and Reclamation Act reduced the fees. The proposal to return the fees to their historic levels will generate an additional \$53.0 million in 2014 that will be used to reclaim priority abandoned mine sites and reduce some of the \$3.9 billion in remaining dangerous AML sites nationwide.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT FACTS

- Created in 1977 when Congress enacted the Surface Mining Control and Reclamation Act.
- Ensures coal mining operations are conducted in an environmentally responsible manner.
- Requires that land is adequately reclaimed and restored to beneficial use during and following the mining process through regulation.
- 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 re-establishing wildlife habitat.

The budget also includes a legislative proposal to 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 based on the volume of material displaced after January 1, 2014. The fee will be collected by OSM. The receipts will be distributed through a set allocation of funds between Federal and

non-Federal lands. Based on need, the Secretary would disperse the non-Federal share to States and Tribes who would select their own priority restoration projects, using national criteria. The proposed hardrock AML fee and reclamation program would operate in parallel to the coal AML reclamation program, as two parts of a larger proposal to ensure the Nation's most dangerous coal and hardrock AML sites are addressed by the industries that created the problems. This proposal is expected to generate \$1.8 billion over ten years for the reclamation of abandoned mine lands.

Fixed Costs – Fixed costs of \$925,000 are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS

(all dollar amounts in thousands)

Comparison of 2014 Request with 2012 Enacted

| | 2012 Enacted | | 2014 Request | | Change | |
|---|--------------|---------|--------------|---------|--------|--------|
| | FTE | Amount | FTE | Amount | FTE | Amount |
| Current | | | | | | |
| Regulation and Technology | 344 | 122,813 | 363 | 115,055 | +19 | -7,758 |
| Abandoned Mine Reclamation Fund | 159 | 27,399 | 159 | 28,013 | 0 | +614 |
| Subtotal, Current (<i>w/o offsetting collections</i>) | 503 | 150,212 | 522 | 143,068 | +19 | -7,144 |
| Offsetting Collections | 0 | 40 | 0 | 2,400 | 0 | +2,360 |
| Subtotal, Current (<i>w/ offsetting collections</i>) | 503 | 150,252 | 522 | 145,468 | +19 | -4,784 |

Comparison of 2014 Estimate with 2013 Estimate

| | 2013 Estimate | | 2014 Estimate | | Change | |
|--|---------------|---------|---------------|---------|--------|---------|
| | FTE | Amount | FTE | Amount | FTE | Amount |
| Permanent | | | | | | |
| Payments to UMWA Health Plans (AML) | 0 | 54,789 | 0 | 15,000 | 0 | -39,789 |
| Payments to UMWA Health Plans (Treasury Funds) ... | 0 | 140,663 | 0 | 180,000 | 0 | +39,337 |
| Payments to States in Lieu of | | | | | | |
| Coal Fee Receipts (Treasury Funds) | 0 | 129,301 | 0 | 85,300 | 0 | -44,001 |
| Mandatory Grants to States and Tribes (AML) | 0 | 210,145 | 0 | 188,200 | 0 | -21,945 |
| Subtotal, Permanent | 0 | 534,898 | 0 | 468,500 | 0 | -66,398 |

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

| | 2013 Full Year CR | 2012 Enacted | 2014 Request | Change from 2012 |
|--|----------------------|-----------------|-----------------|---------------------|
| Environmental Protection..... | 92,394 | 91,832 | 82,795 | -9,037 |
| Permitting Fees..... | 40 | 40 | 2,400 | +2,360 |
| Offsetting Collections..... | -40 | -40 | -2,400 | -2,360 |
| Technology Development and Transfer... | 14,543 | 14,455 | 15,872 | +1,417 |
| Financial Management..... | 508 | 505 | 513 | +8 |
| Executive Direction/ Administration..... | 16,019 | 15,921 | 15,775 | -146 |
| TOTAL APPROPRIATION <i>(w/o civil penalties)...</i> | 123,464 | 122,713 | 114,955 | -7,758 |
| Civil Penalties..... | 100 | 100 | 100 | 0 |
| TOTAL APPROPRIATION <i>(w/ civil penalties).....</i> | 123,564 | 122,813 | 115,055 | -7,758 |

Detail of Budget Changes

| | 2014 Change from <u>2012 Enacted</u> |
|---|---|
| TOTAL APPROPRIATION | -7,758 |
| Environmental Protection..... | -9,037 |
| Reduce State and Tribal Regulatory Grants | -10,916 |
| Improve Implementation and Support to States/ Tribes | +3,734 |
| Federal Programs | -1,652 |
| Indian Lands | -708 |
| Fixed Costs | +505 |
| Technology Development and Transfer..... | +1,417 |
| Applied Science | +1,199 |
| Fixed Costs | +218 |
| Financial Management..... | +8 |
| Fixed Costs | +8 |
| Executive Direction..... | -146 |
| Fixed Costs | -146 |
| Subtotals for Changes Across Multiple Subactivities | |
| Fixed Costs | [+585] |

APPROPRIATION: Abandoned Mine Reclamation Fund

| | 2013 Full Year CR | 2012 Enacted | 2014 Request | Change from 2012 |
|---|----------------------|-----------------|-----------------|---------------------|
| Environmental Restoration..... | 9,538 | 9,480 | 9,510 | +30 |
| Technology Development and Transfer... | 3,566 | 3,544 | 3,994 | +450 |
| Financial Management..... | 6,435 | 6,396 | 6,490 | +94 |
| Executive Direction and Administration. | 8,028 | 7,979 | 8,019 | +40 |
| TOTAL APPROPRIATION | 27,567 | 27,399 | 28,013 | +614 |

Detail of Budget Changes

| | 2014 Change from <u>2012 Enacted</u> |
|---|---|
| TOTAL APPROPRIATION | +614 |
| Environmental Restoration..... | +30 |
| Project Monitoring | +209 |
| Reduce Watershed Cooperative Agreements..... | -335 |
| Fixed Costs | +156 |
| Technology Development and Transfer..... | +450 |
| Applied Science | +400 |
| Fixed Costs | +50 |
| Financial Management | +94 |
| Fixed Costs | +94 |
| Executive Direction..... | +40 |
| Fixed Costs | +40 |
| Subtotals for Changes Across Multiple Subactivities | |
| Fixed Costs | [+340] |