



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Mission – The mission of the Office of Surface Mining Reclamation and Enforcement is to ensure 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.

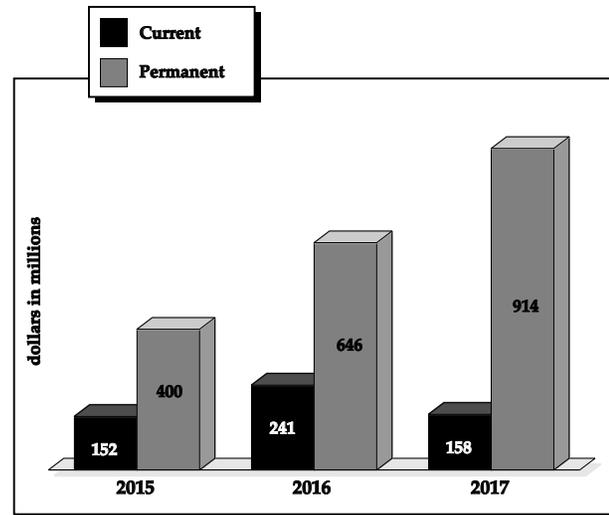
Budget Overview – The 2017 budget request for OSMRE is \$157.9 million in current appropriations, \$82.6 million below the 2016 enacted level. The OSMRE estimates staffing will equal 515 full time equivalents in 2017, an increase of 27 FTE from the 2016 level.

Regulation and Technology – The 2017 budget for Regulation and Technology is \$127.6 million, an increase of \$4.3 million above the 2016 level. The request includes \$10.5 million, an increase of \$1.8 million above the 2016 level, to improve implementation of existing laws and support State and tribal programs. The budget includes \$65.5 million for State and tribal regulatory grants, a decrease of \$3.1 million below the 2016 level. This request fully funds estimated State requirements based on the return each year of an estimated three million dollars in previously appropriated regulatory grant funds by States. Funds from prior years are available to address any shortages which might occur in 2017.

As in prior years, 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 OSMRE is the regulatory authority and encourages States to further pursue cost-recovery options. The OSMRE expects to recover \$1.9 million of the costs for services provided in 2017.

The budget includes program increases of \$2.5 million to advance the Bureau's GeoMine Project and \$1.2 million for applied science to conduct studies to advance technologies and practices specific to coal mined sites for more comprehensive ecosystem restoration including reforestation and reclamation using native vegetation and plant habitat. To expand the use of reforestation techniques

OSMRE Funding



in coal mine reclamation and provide opportunities for youth and community engagement, the request includes a program increase of \$1.0 million. Additional program increases include \$2.3 million to support Technical Assistance, \$1.0 million for National Environment Policy Act compliance document preparation and review, \$350,000 for support of legal reviews of coal mining issues by the Office of the Solicitor, and \$205,000 to improve financial information monitoring.

Abandoned Mine Reclamation Fund – The 2017 budget for the Abandoned Mine Reclamation Fund is \$30.4 million, a decrease of \$86.9 million below the 2016 level. The 2016 enacted level included a \$90.0 million increase for grants to three States for the reclamation of abandoned mine lands in conjunction with economic and community development activities. The 2017 budget proposes a broader effort to support reclamation and economic and community development as part of the Administration's POWER+ Plan. The budget includes a \$1.5 million program increase for technical assistance to States, Tribes, and communities to address AML technological advances and issues for AML site reclamation. The budget also includes program increases of \$525,000 for

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 land is adequately reclaimed and restored to beneficial use during and following the mining process through regulation.
- Institutes nationwide programs to protect 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.

applied science studies pertaining to abandoned mines, \$799,000 to enhance and expedite current OSMRE efforts in digitizing underground mine maps, and \$287,000 for support within the Office of the Solicitor.

Legislative Proposals – The 2017 budget proposes to distribute an estimated \$914.4 million in permanent appropriations. This includes \$374.3 million to non-certified States and Tribes in reclamation grants and \$540.1 million in payments to the United Mine Workers of America retiree health and pension plans. The Administration proposes legislation under its POWER+ Plan to revitalize communities impacted by abandoned coal mines, reform current funding of abandoned coal mine land clean up, and provide for coal miners, retirees, and their families. The Administration also proposes to increase funding for hardrock abandoned mine land cleanup.

The budget proposes legislation to make available to States and Tribes, \$1.0 billion over five years of unappropriated AML funds to expedite cleanup and redevelopment of abandoned mine sites and associated polluted waters in a manner that facilitates sustainable revitalization in coalfield communities. This proposal would add \$200.0 million annually to OSMRE's permanent appropriation to apply to unreclaimed AML sites in 2017 and includes costs to administer the program.

The budget proposes to end permanent appropriated payments to States and Tribes that have finished restoring their abandoned coal mines, eliminating payments of \$61.0 million in 2017 and saving the taxpayer \$520.0 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. Additionally, the budget proposes to restore coal fees to the 1977 levels which were in effect until an amendment to the Surface Mining Control and Reclamation Act in 2006 reduced the fees. The proposal to return the fees to historic levels will generate an additional \$49.0 million

in 2017 that will be distributed in 2018 to reclaim priority abandoned mine sites and address over \$6 billion in remaining high priority AML sites nationwide.

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, 2017. The fee will be collected by OSMRE, and the receipts will be distributed through a set allocation of funds between Federal and non-Federal lands. Based on need, the Secretary will disperse the non-Federal share to States and Tribes who will select their own priority restoration projects, using national criteria. The proposed hardrock AML fee and reclamation program will 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 10 years for the reclamation of abandoned mine lands.

Finally, the budget proposes legislative reforms to strengthen the health care and pension plans that provide for the health and retirement security of coal miners and their families. The budget proposes to revise the formula for general fund payments to the 1993 UMWA Health Benefits Plan. The new formula will consider all beneficiaries enrolled in the plan as of enactment, as well as those retirees whose health benefits were denied or reduced as the result of a bituminous coal industry bankruptcy proceeding commenced in 2012. Additionally, the proposal will transfer funds through the Pension Benefit Guaranty

Corporation to the trustees of the 1974 UMWA Pension Plan to ensure the plan's long-term solvency. The 1974 Plan, which covers more than 100,000 mineworkers, is significantly underfunded and approaching insolvency.

Fixed Costs - Fixed costs decrease by \$251,000.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2017 Request with 2016 Enacted

| | 2016 Enacted | | 2017 Request | | Change | |
|--|--------------|----------------|--------------|------------------|------------|-----------------|
| | FTE | Amount | FTE | Amount | FTE | Amount |
| Current | | | | | | |
| Regulation and Technology | 345 | 123,253 | 366 | 127,550 | +21 | +4,297 |
| Abandoned Mine Reclamation Fund | 143 | 117,303 | 149 | 30,375 | +6 | -86,928 |
| Subtotal, Current (<i>w/o cp and oc</i>) | 488 | 240,556 | 515 | 157,925 | +27 | -82,631 |
| Civil Penalties | 0 | 100 | 0 | 100 | 0 | 0 |
| Offsetting Collections | 0 | 40 | 0 | 1,900 | 0 | +1,860 |
| Subtotal, Current (<i>w/ cp and oc</i>) | 488 | 240,696 | 515 | 159,925 | +27 | -80,771 |
| Permanent | | | | | | |
| Payments to UMWA Health Plans (AML)..... | 0 | 29,109 | 0 | 50,124 | 0 | +21,015 |
| Payments to UMWA Health Plans (Treasury Funds) | 0 | 150,412 | 0 | 114,565 | 0 | -35,847 |
| Payments to UMWA Health Plans (Treasury Funds) Proposed..... | 0 | 0 | 0 | 375,435 | 0 | +375,435 |
| Payments to States in Lieu of Coal Fee Receipts (Treasury Funds)..... | 0 | 303,373 | 0 | 0 | 0 | -303,373 |
| Mandatory Grants to States and Tribes (AML) | 0 | 163,150 | 0 | 174,300 | 0 | +11,150 |
| Reclaim and Redevelop AML Sites Proposal..... | 0 | 0 | 0 | 200,000 | 0 | +200,000 |
| Subtotal, Permanent..... | 0 | 646,044 | 0 | 914,424 | 0 | +268,380 |
| TOTAL, OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (<i>w/o cp and oc</i>)..... | 488 | 886,600 | 515 | 1,072,349 | +27 | +185,749 |
| TOTAL, OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT (<i>w/ cp and oc</i>) | 488 | 886,740 | 515 | 1,074,349 | +27 | +187,609 |

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

| | 2015 Actual | 2016 Enacted | 2017 Request | Change |
|---|-------------|--------------|--------------|--------|
| Environmental Protection..... | 91,832 | 91,832 | 90,138 | -1,694 |
| Permitting Fees..... | 40 | 40 | 1,900 | +1,860 |
| Offsetting Collections..... | -5 | -40 | -1,900 | -1,860 |
| Technology Development and Transfer... | 14,455 | 15,205 | 21,485 | +6,280 |
| Financial Management..... | 505 | 505 | 713 | +208 |
| Executive Direction/ Administration..... | 15,921 | 15,711 | 15,214 | -497 |
| TOTAL APPROPRIATION (w/o civil penalties).. | 122,748 | 123,253 | 127,550 | +4,297 |
| Civil Penalties..... | 1,916 | 100 | 100 | 0 |
| TOTAL APPROPRIATION (w/ civil penalties)..... | 124,664 | 123,353 | 127,650 | +4,297 |

Detail of Budget Changes

| | 2017 Change from <u>2016 Enacted</u> |
|---|---|
| TOTAL APPROPRIATION | +4,297 |
| Environmental Protection..... | -1,694 |
| Reduce State and Tribal Regulatory Grants | -3,129 |
| Improve Implementation and Support to States and Tribes | +1,766 |
| Federal Programs, Decrease Covered by Offsetting Collections | -1,302 |
| Indian Lands, Decrease Covered by Offsetting Collections | -558 |
| Support NEPA Compliance Documentation..... | +1,000 |
| Solicitor Support..... | +350 |
| Fixed Costs | +179 |
| Technology Development and Transfer..... | +6,280 |
| Increase Technical Assistance | +2,250 |
| Increase Applied Science Projects | +1,199 |
| Expand GeoMine Project..... | +2,500 |
| Expand Reforestation Initiative..... | +1,000 |
| Eliminate Development Costs for Electronic Permitting | -750 |
| Fixed Costs | +81 |
| Financial Management | +208 |
| Program Monitoring | +205 |
| Fixed Costs | +3 |
| Executive Direction..... | -497 |
| Fixed Costs | -497 |
| Subtotals for Changes Across Multiple Subactivities | |
| Fixed Costs | [-234] |

APPROPRIATION: Abandoned Mine Reclamation Fund

| | 2015 Actual | 2016 Enacted | 2017 Request | Change |
|--|-------------|--------------|--------------|---------|
| Environmental Restoration..... | 9,480 | 99,480 | 9,825 | -89,655 |
| Technology Development and Transfer... | 3,544 | 3,544 | 6,367 | +2,823 |
| Financial Management..... | 6,396 | 6,396 | 6,440 | +44 |
| Executive Direction and Administration.. | 7,979 | 7,883 | 7,743 | -140 |
| TOTAL APPROPRIATION | 27,399 | 117,303 | 30,375 | -86,928 |

Detail of Budget Changes2017 Change from
2016 Enacted

| | |
|---|---------|
| TOTAL APPROPRIATION | -86,928 |
| Environmental Restoration..... | -89,655 |
| Eliminate AML Economic Development Grants | -90,000 |
| Solicitor Support..... | +287 |
| Fixed Costs | +58 |
| Technology Development and Transfer..... | +2,823 |
| Increase Technical Assistance | +1,478 |
| Increase Applied Science Projects | +525 |
| Enhance Mine Map Repository | +799 |
| Fixed Costs | +21 |
| Financial Management | +44 |
| Fixed Costs | +44 |
| Executive Direction..... | -140 |
| Fixed Costs | -140 |
| Subtotals for Changes Across Multiple Subactivities | |
| Fixed Costs | [-17] |