



U.S. Office of Surface Mining

# News Release



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For immediate release

Contact: **Tom Geoghegan**  
(202) 208-2838

## **OSM Budget Calls for Reauthorization of AML Fee Collection Authority, Increases Funding for State and Tribal Regulatory Programs**

(Washington, DC) – The FY 2007 budget proposal for the US Office of Surface Mining is \$298.1 million, an increase of \$4.0 million above the 2006 enacted level.

The largest part of the increase helps states fund implementation of the Surface Mining Control and Reclamation Act (SMCRA), which sets forth minimum uniform requirements for minimizing adverse effects of all coal surface mining including exploration activities and the surface effects of underground coal mining. Total funding requested for the regulatory and technology appropriations is \$112.2 million, an increase of \$3.3 million above FY2006 levels. The FY2007 budget again calls on Congress to reauthorize Abandoned Mine Land (AML) fee collection authority while continuing funding for State and Tribal reclamation grants and the Clean Streams program.

"This increase emphasizes the Administration's and the Department's commitment to protect people and the environment during active mining, return the land to productive use after mining, and reclaim dangerous mine land abandoned prior to the Surface Mining Control and Reclamation Act," said OSM acting director Brent Wahlquist. "The state regulatory grants and the reclamation projects funded in 2007 will enable us to mitigate more health, safety and environmental hazards."

### **State Regulatory Grants**

The Surface Mining Control and Reclamation Act encourages states to assume the primary responsibility for regulating surface coal mining and reclamation on non-Indian lands within their borders through a system of annual grants of up to 50 percent of program administration. For the 24 states with primacy programs, the budget includes a \$2.0 million increase in program and fixed costs for state regulatory grants. This will allow States and Tribes to continue oversight of active mining and ensure that reclamation is both timely and in full compliance with SMCRA. The remaining budget increase of \$1.3 million funds 70 percent of OSM's pay and benefits and 100 percent of other fixed costs within the Regulation and Technology programs.

### **Abandoned Mine Lands Appropriation**

The FY2007 Abandoned Mine Land request of \$185.9 million is an increase of \$688,000. Abandoned Mine Land funding supports activities which include both State and Tribal

reclamation grants and high priority federal reclamation efforts. Grants for States and Tribes to address problems with land and water resources resulting from past mining will be funded at \$145.4 million.

### **Fees on Mined Coal**

10 cents per ton on lignite, 15 cents per ton on underground mined coal and 35 cents per ton on surface mined coal are deposited into the Abandoned Mine Land fund. Accrued interest on unappropriated funds adds to the fund, a portion of which is available for transfer to the United Mine Workers Combined Benefit Fund to defray health care costs for retired miners and their dependents.

OSM's Authority to collect these fees expires June 30, 2006. Both the 2005 and 2006 budgets were accompanied by a legislative proposal to reauthorize the abandoned mine fee that finances the Abandoned Mine Land program. The reauthorization proposal would substantially improve the program by reforming features of the current authorization that divert dollars away from the most serious reclamation needs.

The 2007 budget includes a proposal for an interim extension of OSM's abandoned mine land fee collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate, fiscally responsible and fair, long term resolution to the reauthorization discussion.

### **Clean Streams Funding**

The proposed budget continues available funding for the successful Clean Stream program to empower partners in affected communities to address important local acid mine drainage pollution. Acid mine drainage from abandoned coal mines continues to be a major source of water pollution nationwide, and in Appalachia. Acid mine drainage is the leading cause of aquatic habitat impacting many native species, such as brook trout. The Clean Streams program has been particularly effective in fostering community partnerships and maximizing efficiency in the use of local resources in restoring water resources damaged by acid mine drainage.

In the last few years, while continuing its oversight and review of state programs, OSM has focused on innovative approaches to implementing the Surface Mining Control and Reclamation Act and measurable, on-the-ground results. To maximize reclamation from available funding, OSM has implemented creative approaches and incentives to reclamation of mine sites. OSM's funding of Abandoned Mine Land projects in FY2007 will continue the protection of people living, working and recreating in the coal fields from the threat imposed by high priority health and safety coal related sites.

OSM FY07 Budget Highlights.



# OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

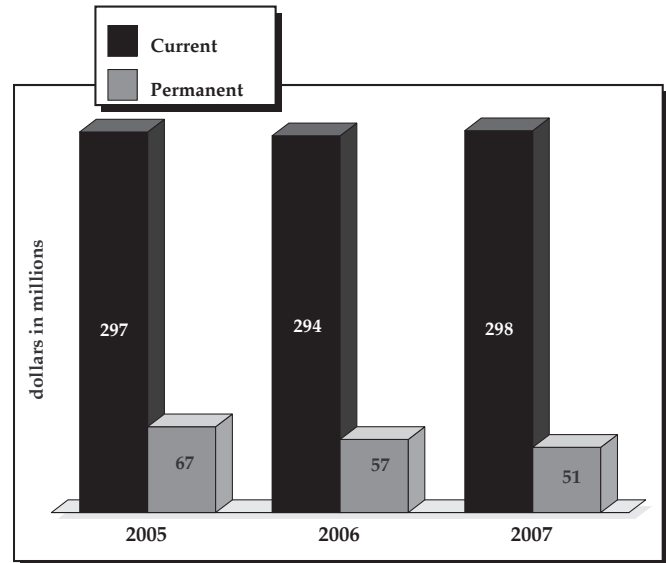
**Mission** — The Office of Surface Mining Reclamation and Enforcement was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. The OSM's primary objectives are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, to ensure 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.

**Program Overview** — The OSM carries out its mandates by providing grants to primacy States and Tribes to carry out their own regulatory and reclamation programs consistent with OSM standards. The OSM also administers regulatory and reclamation programs on Federal and tribal lands and in "non-primacy" States. The OSM works closely with States and Tribes to implement its results-oriented regulatory oversight system and provides technical information and tools to help States and tribal partners to develop sufficient knowledge, expertise, and capability to meet their responsibilities under SMCRA.

In the last few years, OSM has focused on innovative approaches to implementing SMCRA, shifting from direct oversight and review of State programs to measuring on-the-ground results. To maximize reclamation from available funding, OSM has implemented creative approaches and incentives to encourage reclamation of abandoned mine sites. Efforts to address acid mine drainage in the Appalachian coal region, encourage remining, and enhance abandoned mine lands reclamation allowed OSM to leverage and stretch its resources to reclaim lands and waters that otherwise might never be restored. The reclamation projects funded in 2007 will increase the number of mitigated health and safety hazards.

**Management Excellence** — The OSM continues to follow the President's management agenda for improving management and performance of the Federal government and practicing the Secretary's vision for citizen-centered management excellence. The OSM programs have worked extensively to step down from the goals in Interior's unified strategic plan.

## OSM Funding



With the completion of the 2006 PART of the Federal Regulatory and Abandoned Mine Land program, all of OSM's major programs have been reviewed under the PART process. A key finding from these assessments was that OSM needed to develop outcome based performance measures. Over the past year, OSM has developed appropriate performance measures for all its programs and is now working to implement the measures.

The OSM has also developed and implemented a workforce planning process that converts a static workforce plan into a dynamic process by linking its master five-year plan to an annual plan that sets forth what managers hope to achieve within a fiscal year. Each annual plan is then linked to individual hiring decisions made during the course of the year, thus empowering managers to focus on developing competencies and skills needed to accomplish OSM mission goals. The framework also allows development of performance goals and measures on an annual basis, including human resource needs, and ties the approved annual plans to funding for implementation. The workforce plan takes into account where

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coal is being mined, industry trends, demographics, and emerging technologies, as well as OSM's transitioning role from oversight and enforcement to technical assistance. The OSM is now able to identify competency gaps in critical occupations, along with the existence of excess staff in other areas, and target and prioritize resources to maximize the achievement of mission goals.

**Budget Overview** — The 2007 budget request for OSM is \$298.1 million, an increase of \$4.0 million above the 2006 enacted level.

**AML Reauthorization** — Section 402(a) of SMCRA establishes a per tonnage fee for mined coal. These fees are placed in the Abandoned Mine Reclamation Fund, and are used to finance reclamation of abandoned mine lands in the United States. Interest accrues on the unused portion of the collected fees and becomes part of the AML Fund. An amount of the interest earned is available for transfer to the United Mine Workers of America Combined Benefit Fund in order to help finance health benefits for unassigned beneficiaries.

The authority to collect the mine reclamation fee expires on June 30, 2006. Approximately \$3.0 billion worth of identified high priority health and safety coal-related problems still remain, along with over \$3.6 billion worth of identified high priority coal-related problems affecting the general welfare and the environment of individuals in coalfield areas. In addition to the pending expiration of the fee collection authority, there is a fundamental imbalance between the goals established by SMCRA and the way the funds are required to be allocated under the Act. Today, some States and Tribes have completed reclamation on all of their abandoned coal mine sites or are working on low priority sites, while others are still decades away from completing the most critical high priority sites. Furthermore, the States and Tribes that have certified the completion of coal sites reclamation have an estimated unappropriated balance of \$580.0 million in their State and tribal share AML accounts.

Both the 2005 and 2006 budgets were accompanied by a legislative proposal to reauthorize the abandoned mine fee that finances the AML program. The reauthorization proposal would substantially improve the program by reforming features of the current authorization that divert dollars away from the most serious reclamation needs. The proposal would also repay to certified States and Tribes fee balances that they are owed under current law. During the current session of Congress, the Administration and the Department will continue to work with the appropriate authorizing committees to secure enactment of these important reforms.

The 2007 budget includes a proposal for an interim extension of OSM's AML fee collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate long-term resolution to the reauthorization discussion that would: expedite the elimination of high priority health and safety problems; pay the certified States and Tribes their share of AML fund balances over ten years; and continue the fee to fund the remaining work. Pending enactment of specific reform legislation, the budget does not propose new funding for payments to certified States and Tribes.

In 2007, OSM will continue its commitment to environmental restoration while protecting the public by reclaiming lands disturbed by pre-SMCRA mining, but not yet reclaimed. The 2007 AML request of \$185.9 million is an increase of \$688,000 above the 2006 enacted level to cover fixed costs. The funding will support OSM's abandoned mine land reclamation activities, which include State and tribal reclamation grants and high priority Federal reclamation efforts. Reclamation grants to States and Tribes will be funded at \$145.4 million. States and Tribes use these grant funds to address degraded land and water resources as a result of past mining operations.

The proposed budget continues available funding for the successful Clean Streams program to empower partners in affected communities to address important local acid mine drainage pollution. Acid mine drainage from abandoned coal mines continues to be a major source of water pollution nationwide, and in Appalachia. Acid mine drainage is the leading cause of aquatic habitat destruction, impacting many native species, such as brook trout. The Clean Streams program has been particularly effective in fostering community partnerships and maximizing efficiency in the use of local resources in restoring water resources damaged by acid mine drainage.

**Regulation and Technology** — The goal of the Regulation and Technology program is to implement Title V of SMCRA by providing oversight and technical support for the regulation of active mining. Total funding requested for the regulatory program is \$112.2 million, an increase of \$3.3 million above the 2006 enacted budget.

The Act provides that States should have the primary responsibility for regulating surface coal mining and reclamation operations on non-Indian lands within their borders. Twenty-four States have approved permanent regulatory programs for the regulation of coal mining activities. The program is cost effective because States are able to implement the program at a significantly

lower cost than OSM. To encourage States to assume this responsibility, SMCRA authorizes the annual award of grants to States with approved regulatory programs, for up to 50 percent of the State's cost of administering the program. The 2007 budget includes an increase of \$2.0 million for State regulatory grants, to provide program and fixed cost increases for the States' regulatory programs. Regulatory grants will allow the States and Tribes to prevent 93 percent of mine sites from causing

offsite impacts and release 80,000 acres from phase one and two performance bonds. The remaining budget increase of \$1.3 million is for OSM's fixed costs within the Regulation and Technology program.

**Fixed Costs** — The 2007 budget request includes an increase of \$2.4 million for non-discretionary fixed cost increases, of which \$1.9 million are budgeted and \$495,000 are absorbed.

**SUMMARY OF BUREAU APPROPRIATIONS**  
(all dollar amounts in thousands)

*Comparison of 2007 Request with 2006 Enacted:*

	2006 Enacted		2007 Request		Change from 2006	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>Appropriations</b>						
Regulation and Technology .....	367	108,909	369	112,209	2	+3,300
Abandoned Mine Reclamation Fund .....	198	185,248	199	185,936	1	+688
Subtotal, Appropriations.....	565	294,157	568	298,145	3	+3,988
<b>Permanents and Trusts</b>						
Abandoned Mine Reclamation Fund Transfer .....	0	57,000	0	51,000	0	-6,000
Subtotal, Permanents and Trusts .....	0	57,000	0	51,000	0	-6,000
<b>TOTAL, OFFICE OF SURFACE MINING .....</b>	<b>565</b>	<b>351,157</b>	<b>568</b>	<b>349,145</b>	<b>3</b>	<b>-2,012</b>

**HIGHLIGHTS OF BUDGET CHANGES**  
**By Appropriation Activity/Subactivity**

**APPROPRIATION: Regulation and Technology**

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Environmental Restoration.....	257	255	257	+2
Environmental Protection.....	79,821	78,395	80,965	+2,570
Technology Development and Transfer...	13,300	14,903	15,101	+198
Financial Management.....	485	481	485	+4
Executive Direction and Administration..	14,505	14,875	15,401	+526
<b>TOTAL APPROPRIATION .....</b>	<b>108,368</b>	<b>108,909</b>	<b>112,209</b>	<b>+3,300</b>

**Highlights of Budget Changes**

	<u>Amount</u>
Fixed Costs	[+1,557]
Environmental Restoration Fixed costs total \$2 of which all are budgeted.	+2
Environmental Protection A \$2,000 increase is requested for State regulatory grants. An increase of \$150 reflects a technical change to move funding for vehicle fuel to the program areas instead of maintaining funding in a central account under Executive Direction. Fixed costs total \$600 of which \$420 are budgeted and \$180 are absorbed.	+2,570
Technology Development and Transfer Fixed costs total \$283 of which \$198 are budgeted and \$85 are absorbed.	+198
Financial Management Fixed costs total \$6 of which \$4 are budgeted and \$2 are absorbed.	+4
Executive Direction A net decrease of \$150 reflects a technical change to move funding for vehicle fuel to the program areas instead of maintaining funding in a central account. The 2007 budget includes an increase of \$67 for projects funded through the Working Capital Fund including consolidation of diverse, separate messaging systems onto one enterprise system; a contracted effort to eliminate, over three years, the Department's backlog of nearly 2,000 appeals to Freedom of Information Act requests; the creation of an enterprise system that will improve the effective use of geographic information; and the Enterprise Services Network that became operational in 2005 and provides access to the Internet, a Departmentwide intranet, and a technical support center. Fixed costs total \$666 of which \$609 are budgeted and \$57 are absorbed.	+526

**APPROPRIATION: Abandoned Mine Reclamation Fund**

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Environmental Restoration.....	167,861	167,609	167,855	+246
Technology Development and Transfer...	4,479	3,864	3,910	+46
Financial Management.....	8,444	6,142	6,253	+111
Executive Direction and Administration.	7,421	7,633	7,918	+285
<b>TOTAL APPROPRIATION .....</b>	<b>188,205</b>	<b>185,248</b>	<b>185,936</b>	<b>+688</b>

***Highlights of Budget Changes***

	<u>Amount</u>
Fixed Costs	[+825]
Environmental Restoration	+246
<p>An increase of \$51 reflects a technical change to move funding for vehicle fuel to the program areas instead of maintaining funding in a central account under Executive Direction. Fixed costs total \$279 of which \$195 are budgeted and \$84 are absorbed.</p>	
Technology Development and Transfer	+46
<p>Fixed costs total \$66 of which \$46 are budgeted and \$20 are absorbed.</p>	
Financial Management	+111
<p>An increase of \$22 reflects a technical change to move funding for vehicle fuel to the program areas instead of a central account under Executive Direction. Fixed costs total \$127 of which \$89 are budgeted and \$38 are absorbed.</p>	
Executive Direction	+285
<p>A net decrease of \$73 reflects a technical change to move funding for vehicle fuel to the program areas instead of maintaining funding in a central account. The 2007 budget includes an increase of \$34 for projects funded through the Working Capital Fund including consolidation of diverse, separate messaging systems onto one enterprise system; a contracted effort to eliminate, over three years, the Department's backlog of nearly 2,000 appeals to Freedom of Information Act requests; the creation of an enterprise system that will improve the effective use of geographic information; and the Enterprise Services Network that became operational in 2005 and provides access to the Internet, a Department-wide intranet, and a technical support center. Fixed costs total \$353 of which \$324 are budgeted and \$29 are absorbed.</p>	