

**STATUS OF THE
ABANDONED MINE LAND (AML) FUND**
September 30, 2018

Background

As of September 30, 2018, a total of over \$11.288 billion in industry AML fees including interest earned was collected in the AML Fund and reported in OSMRE's Fiscal Year 2020 Annual Budget Justifications Report (*Table- 8 Summary Status of Abandoned Mine Reclamation Fund*). This amount does not include the last 2 months of the AML fee collection cycle (i.e. October 1 – November 30th) which extends beyond the Federal Fiscal year of September 30th, 2018.

The AML Fund experiences a spike in fee collections during the final two months of the collection cycle and based in this consistent trend, OSMRE established protocols to ensure that state and Tribal AML programs receive the maximum amount of benefit from the AML Fund by calculating of these annual formula-based AML grants after November 30th rather than at the end of the Federal Fiscal year. Consequently, the Fiscal Year 2019 AML Grant Distribution reports a slightly higher amount collected in the AML Fund for a total of more than \$11.33 billion of AML fees including interest earned as of November 30, 2018. The two main sources of information for the AML Reclamation Program are the Financial Business Management System and the enhanced Abandoned Mine Land Inventory System.

The Financial Business Management System (FBMS) is the enterprise system used by the Department of Interior (DOI) and its Bureaus for recording transactions, controlling and reporting in the functional areas of acquisition, budget execution, core finance (including financial consolidation and reporting), financial assistance (e.g. grants and cooperative agreements), fleet management, personal property, real property and travel. FBMS is DOI/OSMRE's system of record that contains comprehensive information on AML grant allocations and expenditures for the SMCRA Title IV AML Reclamation Program.

The enhanced Abandoned Mine Land Inventory System (e-AMLIS) contains different information from FBMS that serves a different purpose. E-AMLIS is the central electronic database for recording the national inventory of AML priorities. The information contained in e-AMLIS is provided by states and Tribes. E-AMLIS provides information on the accomplishments of the AML program, determining AML grant awards annually and in helping states and Tribes assess their own inventory when making funding decisions. The majority of the data in e-AMLIS represents coal AML priorities which include for example, features such as gob piles, subsidence, and highwalls. E-AMLIS only provides information on the direct construction cost to reclaim AML features. This system was never designed to be a project management tool.

Current Status

The AML Fund amount was approximately \$11.288 billion as of September 30, 2018 (*\$9.709 billion collected in AML fees and \$1.579 billion in interest earned*). This amount is broken down as follows:

- \$8.982 billion or 80% represents the *appropriated* or awarded amount that OSMRE has been authorized to distribute in accordance with SMCRA.

- \$2.306 billion or 20% remains *unappropriated* in the AML Fund which is not yet available for disbursement. This amount is allowed for earned investment activities that is transferred to three health care plans administered by the Unite Mine Workers Association (UMWA) Health and Retirement Funds.

Of the \$8.982 billion *appropriated* from the AML Fund, approximately \$5.747 billion (or 64% of the appropriated amount) was provided as AML grants to states and Tribes to reclaim abandoned mine lands and polluted waters. The states and Tribes have allocated and or spent these funds according to the purposes set forth in SMCRA, which include:

- a) \$3 billion was spent on *construction costs* for coal AML Priority 1, 2, and 3 projectsⁱ completed as of September 30, 2018, based on e-AMLIS.ⁱⁱ
- b) \$273 million is the estimated *construction costs* of coal AML Priority 1, 2, and 3 projects reported in e-AMLIS as funded but not yet completed as of September 30, 2018.
- c) \$59 million as reported in e-AMLIS was spent on *construction costs* for non-coal AML Priority 1, 2, and 3 projects completed by uncertified states as of September 30, 2018.ⁱⁱⁱ
- d) \$106 million as reported in e-AMLIS was spent on *construction costs* for both coal and non-coal problems previously authorized by SMCRA. These designated priorities included Priority 4 and Priority 5 problems, non-mining related activities, and water supply restoration.^{iv}
- e) \$286 million is the estimated amount reported in e-AMLIS spent on *construction costs* for non-coal AML Priority 1, 2 and 3 projects completed by certified states and Tribes before the 2006 SMCRA Amendments were enacted.^{v, vi}
- f) \$407^{vii} million is the estimated amount expended/allocated by AML states and Tribes for administrative costs from 1998 - 2018.
- g) \$374 million is estimated to have been placed in acid mine drainage and future set-aside funds by states; these set-aside funds are authorized to be placed in interest bearing accounts for operation and maintenance of treatment systems.
- h) \$1 billion is estimated for the following expenditures:
 - i) Expenditures associated with the initial start-up cost of states and Tribes establishing their own AML Programs and building capacity to implement and maintain their AML programs (e.g., staff, training, field equipment, vehicles, lease office facility, office equipment, salaries, etc.).
 - ii) Administrative costs prior to 1998. This may include coordination for bids and contracts, grant activities, staff training, field equipment, office equipment, and salaries.

iii) Indirect reclamation costs such as technical support which are not included in the completed costs for construction or reclamation activities in e-AMLIS. These indirect reclamation costs are grouped into administrative costs and include:

- Planning processes for the use of AML grants (e.g., interagency review and coordination, consultations, documentation of compliance with the National Environmental Policy Act, and public meetings).
- Project design (e.g., preparing engineering designs, engineering estimates, and feasibility review of potential reclamation methods).
- State/Tribal oversight costs (e.g., administrative oversight, site inspections, site visits, and inventorying AML problems).

i) \$242 million is the estimated amount of undelivered orders.^{viii} The undelivered order represents the amount of AML monies that OSMRE awarded to states and Tribes but they have not yet drawn down on these AML grants reported in DOI's financial system as of September 30, 2018.

Of the \$8.982 billion that was *appropriated*, the remaining \$3.235 billion (or 36% of the appropriated amount) was allocated as follows:

- j) Over \$1.456 billion transferred to certain health care plans administered by the United Mine Workers of America (UMWA) Health and Retirement Funds since 1996.
- k) Over \$1.779 billion used for SMCRA authorized expenditures since FY 1978 which also included the following:
 - i) OSMRE operating expenses.
 - ii) Oversight of the Federal reclamation projects and construction costs for emergency and high priority projects in states and Tribes without an AML reclamation program and/or emergency program.
 - iii) Funding to states and Tribes AML Programs to address AML emergencies, up until September 30, 2010.
 - iv) Funding to states and Tribes for the Small Operator Assistance Program, and to the Department of Agriculture for the Rural Abandoned Mine Program.^{ix}

Data Sources for the Abandoned Mine Land (AML) Program



DOI/OSMRE's Financial Business Management System (FBMS)

*System of Record for the
AML Program*

Allocation/Expenses:

- Administrative costs (indirect costs, project design, engineering, operation, etc.)
- Coal Projects
- Non-Coal Projects
- Non-Reclamation Projects
- Emergency Projects
- Set-Aside Amounts Distributed



OSMRE's enhanced Abandoned Mine Land Inventory System (e-AMLIS)

*Provides a subset of the record
of the AML Program*

Tracks AML Priorities for Coal Projects:

- Direct construction costs for coal projects
- Direct construction cost for non-coal project completion (limited basis)

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- ⁱ Priority 1 coal problems are physical hazards that pose extreme danger to public health and safety, and may include environmental problems if they are located adjacent to this priority. Priority 2 coal problems are physical hazards that pose adverse effects to public health and safety; and, may include environmental problems if they are located adjacent to this priority. Priority 3 coal problems are hazards that adversely affect land or water resources or that have other effects on the environment.
- ⁱⁱ The \$3 billion figure is calculated based on the total completed construction cost of P1, P2, and P3 coal AML priorities in e-AMLIS for the 28 States and Tribes that expended AML funds as of September 30, 2018 and adjusted to deduct a portion of expenses sourced from U.S. Treasury Funds to reclaim AML features (e.g. Certified in Lieu Funds, AML Pilot Funds, and Prior Balance Replacement Funds).
- ⁱⁱⁱ SMCRA allows states and Tribes that have not yet certified to utilize AML Funds on a limited basis to address emergency non-coal problems that pose imminent threat to human health and the environment.
- ^{iv} Prior to the 2006 Amendments to SMCRA, the completion data for AML problems included Priority 4 and Priority 5 problems, certain non-mining related activities, and water supply restoration projects not linked to higher AML priorities. Priority 4 is designated for the protection, repair, replacement, construction, or enhancement of public facilities such as utilities, roads, recreation, and conservation facilities adversely affected by coal mining practices. Priority 5 is designated for the development of publicly owned land adversely affected by coal mining practices including land acquired as provided in Title IV for recreation and historic purposes, conservation, and reclamation purposes and open space benefits. Expenditures on non-mining related activities, such as transportation, education, or energy development were also recorded as completed costs in e-AMLIS. Water supply restoration for the purpose of protecting, replacing, constructing, or enhancing facilities relating to water supply, including water distribution facilities and treatment plants, to replace water supplies adversely affected by coal mining practices. This was previously authorized by SMCRA where there is no formal health, safety, or environmental priority associated with the work.
- ^v Prior to the 2006 Amendments to SMCRA, certified states and Tribes entered accomplishments for activities or construction of specific public facilities related to the coal or minerals industry in an area impacted by coal or minerals development. The monies used to conduct this work came from the AML Funds.
- ^{vi} After the 2006 SMCRA Amendment, certified states and Tribes received US. Treasury Funds as Certified in Lieu Funds as they were no longer eligible to receive AML Funds.
- ^{vii} Figure revised from previous publication to reflect actual expenditures that was sourced only from the AML Fund and not the U.S. Treasury.
- ^{viii} The Undelivered Order Balance for the AML Fund represents the delta between the total amount of AML grants that have been awarded to states/Tribes and the expenses which were incurred and withdrawn from DOI/OSMRE's FBMS financial system.
- ^{ix} RAMP was designed to reclaim abandoned mine lands in agricultural regions and, AML Priority 3 sites in rural areas. RAMP was administered by the U.S. Department of Agriculture (USDA), Natural Resources Conservation Service. Under RAMP, monies from the AML Fund were provided to the USDA to administer the program, but, Congress ceased funding for this program in 1995.