



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

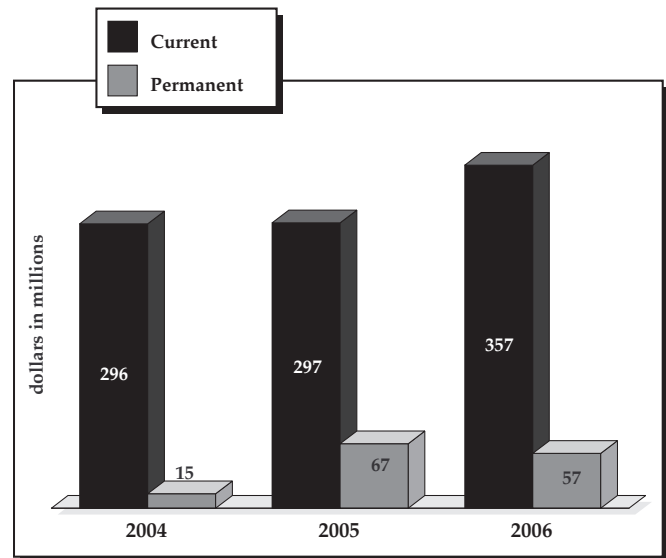
Mission — The Office of Surface Mining Reclamation and Enforcement was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. The OSM's primary objectives are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, ensure that the land is restored to beneficial use following mining, and 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 "nonprimacy" 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 and shifted its approach to State programs from direct oversight and review 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 re-mining, and enhance abandoned mine lands reclamation have been successful in enabling OSM to leverage and stretch its resources to reclaim lands and waters that otherwise might never be restored. The reclamation projects funded in 2006 will increase the number of mitigated health and safety hazards. Continued Clean Streams grant funding will allow OSM to transfer responsibility to States and Tribes for restoration and improvement of water quality of streams affected by acid mine drainage.

Management Excellence — The OSM continues to follow the President's management agenda for improving management and performance of the Federal government

OSM Funding



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. The OSM has developed an activity-based cost management system that allows managers to more specifically identify costs of outputs, and is continuing its workforce analysis to determine the human capital competencies required to achieve performance improvements. The OSM has also continued to expand its e-government capabilities. The budget proposal supports the Department's strategic plan specifically in relation to the goals for serving communities by protecting the lives and property of the citizens living in proximity to the coal fields; it also protects the Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices.

As part of the 2006 budget formulation, OSM's Federal program was evaluated using the Program Assessment Rating Tool. The principal findings were that the purpose of the regulatory program is clear, as articulated in SMCRA, and that OSM allocates resources effectively.

Budget Overview — The 2006 request for OSM is \$356.5 million, a net increase of \$60.0 million above the 2005 enacted level, and includes funds to support the Administration's proposal to reauthorize the Abandoned Mine Land program.

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 Fund to be used for reclamation. 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, 2005. Approximately \$3 billion worth of listed health and safety goal problems still remain, along with \$3.6 billion worth of identified high-priority coal problems affecting the general welfare of individuals living in coal-field areas. In addition to the pending expiration of the fee collection authority, another problem 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 have completed reclamation on all of the 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 certified States and Tribes have an estimated unappropriated balance of \$580 million in their State and tribal share AML accounts.

The Administration proposes reauthorization of OSM's AML fee collection authority, and reform of the AML program that would expedite the elimination of high priority health and safety abandoned coal mine hazards, as well as provide for the expedited payment of unappropriated balances to certified States and Tribes.

In 2006, OSM will continue its commitment to environmental restoration while protecting the public by reclaiming lands disturbed by pre-SMRCA mining, but not yet reclaimed. The 2006 AML request of \$246.0 million is an increase of \$57.8 million above the 2005 enacted level. The funding will support OSM's abandoned mine land reclamation activities, which include State and tribal reclamation grants and high priority Federal reclamation efforts, as well as the Administration's approach to reauthorization of SMCRA.

Reclamation grants to non-certified States and Tribes will be funded at \$147.5 million. States and Tribes use these grant funds to address degraded land and water

resources as a result of past mining operations. In addition, the 2006 budget provides \$58.0 million in grants to certified States and Tribes. The proposed budget will increase the percentage of appropriated AML funds for reclamation of high priority abandoned coal mine sites and provide for the repayment of State shares to certified States and Tribes.

The proposed budget continues available funding for the successful Clean Streams program, up to \$10.0 million, 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.

The budget includes increases of \$1.1 million for watershed cooperative agreements and \$1.0 million for high priority Federal AML projects. Both of these programs were proposed for reduction in 2005 due to the availability of carryover. By the end of 2005, carryover funds will almost be exhausted and new funds will be required to continue these programs. Watershed cooperative agreements are made with private nonprofit agencies, such as small watershed organizations, to undertake local acid mine drainage reclamation projects. OSM carries out the high priority project program for States that have not assumed responsibility for carrying out their own reclamation programs.

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 \$110.5 million, an increase of \$2.2 million above the 2005 enacted budget.

Twenty-four States have approved permanent regulatory programs for the regulation of coal mining activities. These primacy States receive Federal-matching grants to fund 50 percent of their administration of State regulatory programs under SMCRA. Regulatory grants will allow the States and Tribes to prevent 94 percent of mine sites from causing offsite impacts and release 112,000 acres from phase one and two performance bonds.

The OSM is requesting increases of \$500,000 for the National Technical Training program, \$1.0 million for applied science activities, and \$1.0 million for the Techni-

cal Innovation and Professional Services program. The enhanced technology, research, and training provided by these initiatives would support field staff on the ground, allowing for more efficiency, and assist in the consistent application of SMCRA nationwide. The 2006 budget also includes an increase of \$405,000 for Federal programs.

The 2006 budget proposes to eliminate the Small Operators Assistance Program, a reduction of \$1.5 million. The SOAP was established by SMCRA to assist small businesses to meet the costs of mine regulation. The budget proposes to eliminate funding for SOAP in order to focus on other high-priority needs.

Information Technology — The Department is migrating its portfolio to enterprise business processes and technologies. A key component for successful implementation of this strategy is the Enterprise Services Network, a modern, integrated network backbone that will provide the infrastructure to integrate resources within the De-

partment. Additionally, the 2006 budget request supports implementation of the Administration's high pay-off e-government initiatives to integrate agency operations and information technology investments. These initiatives eliminate redundant systems and significantly improve the Federal government's quality of customer service for citizens and businesses. The budget proposes a net increase of \$79,000 for these IT improvements.

The budget also proposes a \$2.6 million decrease for savings related to the redesign of the FEEBACS system, as well as other information technology savings.

Other Program Changes — The request includes a decrease of \$115,000 for anticipated savings related to improved fleet and space management.

Fixed Costs — The 2006 budget fully funds fixed cost increases of \$2.1 million.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2006 Request with 2005 Enacted:

	2005 Enacted		2006 Request		Change from 2005	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Regulation and Technology	375	108,368	375	110,535	0	+2,167
Abandoned Mine Reclamation Fund	205	188,205	205	246,014	0	+57,809
Subtotal, Appropriations.....	580	296,573	580	356,549	0	+59,976
Permanents and Trusts						
Abandoned Mine Reclamation Fund Transfer	0	67,000	0	57,000	0	-10,000
Subtotal, Permanents and Trusts	0	67,000	0	57,000	0	-10,000
TOTAL, OFFICE OF SURFACE MINING	580	363,573	580	413,549	0	+49,976

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

	2004 Actual	2005 Enacted	2006 Request	Change from 2005 Enacted
Environmental Restoration.....	235	257	259	+2
Environmental Protection.....	78,484	79,821	79,566	-255
Technology Development & Transfer	12,592	13,300	15,126	+1,826
Financial Management.....	485	485	488	+3
Executive Direction & Administration.....	13,391	14,505	15,096	+591
TOTAL APPROPRIATION	105,187	108,368	110,535	+2,167

Highlights of Budget Changes

	Amount
Fixed Costs	[+1,345]
Environmental Restoration	+2
A decrease of \$1 reflects savings from information services streamlining. Fixed costs are increased by \$3 and are fully funded.	
Environmental Protection	-255
A \$104 decrease reflects savings resulting from information services streamlining, a \$9 decrease in fleet management, and a \$986 decrease in funding received in 2005 for a coal study. A \$405 increase is requested for the Federal program activities. Fixed costs total \$439 and are fully funded.	
Technology Development and Transfer	+1,826
A \$57 decrease reflects savings from information services streamlining. An increase of \$1,625 is for technical assistance and training activities. Fixed costs total \$258 and are fully funded.	
Financial Management	+3
A \$3 decrease reflects savings resulting from information services streamlining. Fixed costs total \$6 and are fully funded.	

	<u>Amount</u> +591
Executive Direction and Administration	
A \$100 decrease reflects savings resulting from information services streamlining (-\$34), improved fleet management (-\$4), and improved space management (-\$62). An increase of \$52 is proposed to address information technology security needs. Fixed costs total \$639 and are fully funded.	

APPROPRIATION: Abandoned Mine Reclamation Fund

	2004 Actual	2005 Enacted	2006 Request	Change from 2005 Enacted
Environmental Restoration.....	173,472	167,861	228,112	+60,251
Technology Development & Transfer	4,133	4,479	3,922	-557
Financial Management	6,183	8,444	6,234	-2,210
Executive Direction & Administration.....	6,803	7,421	7,746	+325
TOTAL APPROPRIATION	190,591	188,205	246,014	+57,809

Highlights of Budget Changes

	<u>Amount</u> [+735]
Fixed Costs	
Environmental Restoration	
A \$55 decrease reflects savings resulting from information services streamlining (-\$51), and improved fleet management (-\$4). A \$58,000 increase is requested in AML funding. A \$2,092 increase is requested for Federal programs. Fixed costs total \$214 and are fully funded.	
Technology Development and Transfer	
An \$8 decrease reflects savings resulting from information services streamlining. A decrease of \$1,478 is proposed in SOAP grants. An increase of \$875 is requested for technical assistance and training activities. Fixed costs total \$54 and are fully funded.	
Financial Management	
A \$25 decrease reflects savings resulting from information services streamlining and from a reduction in fleet management. A decrease of \$2,300 reflects savings from the redesign of the FEEBACS system. Fixed costs total \$115 and are fully funded.	
Executive Direction and Administration	
A \$54 decrease reflects savings resulting from information services streamlining (-\$20), improved fleet management (-\$1), and improved space management (-\$33). An increase of \$27 is proposed to address information technology security needs. Fixed costs total \$352 and are fully funded.	

