



BUDGET The United States
Department of the Interior
JUSTIFICATIONS

and Performance Information
Fiscal Year 2009

**OFFICE OF
SURFACE MINING
RECLAMATION AND
ENFORCEMENT**

NOTICE: These budget justifications are prepared for the Interior, Environment and Related Agencies Appropriations Subcommittees. Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.



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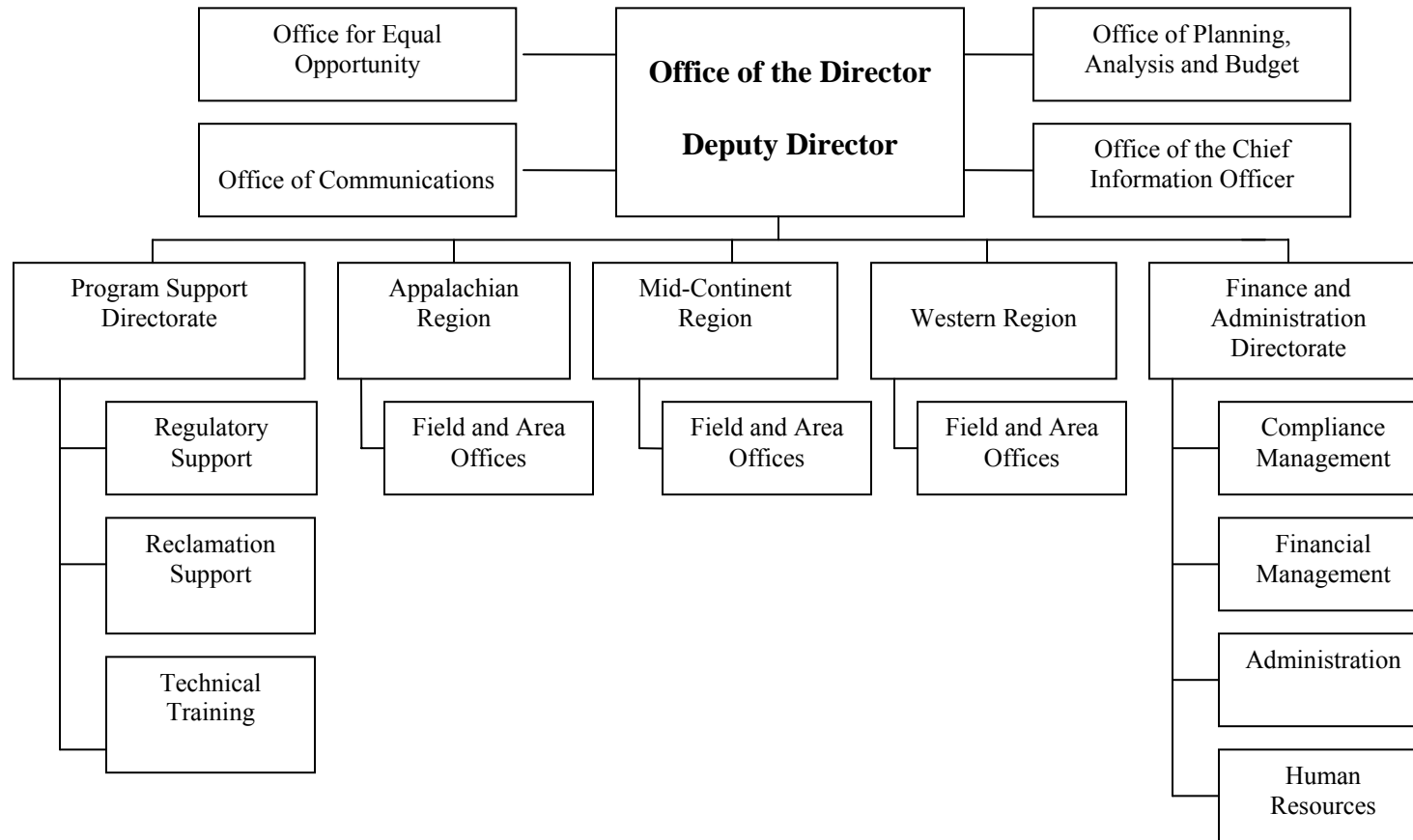
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GENERAL STATEMENT

I. Overview

The Office of Surface Mining Reclamation and Enforcement's (OSM) mission is to carry out the requirements of the Surface Mining Control and Reclamation Act (SMCRA) in cooperation with the States and Indian Tribes.

The SMCRA contemplates both the Regulatory and Abandoned Mine Land (AML) programs being administered by States and Tribes through delegated authority from the Secretary. About 97 percent of the Nation's coal production is regulated by States, while States and Tribes have carried out over 90 percent of the abandoned mine lands abatement work. Therefore, the major task of OSM is to help States and Tribes succeed by providing States and Tribes the funding, oversight, regulatory and policy framework, assistance, training and technical tools to have stable regulatory and AML programs of high quality.

OSM's fiscal year (FY) 2009 budget proposal is closely integrated with and is supportive of the Department of the Interior's Strategic Plan, and its Healthy Lands, Climate Change and Energy Security Programs. It protects our Nation's resources by improving the health of its landscapes and watersheds that have been affected by current and past mining practices. It serves communities by addressing emergency situations and hazards resulting in the protection of lives and property of the citizens of the coal field areas. It promotes responsible use of the Nation's resources by enhancing the benefits that the public receives by helping to provide affordable energy while assuring the coal is extracted in an environmentally sensitive manner.

OSM's primary objectives are to:
(1) ensure that coal mine surface activities are operated in a manner that protects citizens and the environment during mining, to assure that the land is restored to beneficial use following mining, and (2) mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

This budget proposal supports the Cooperative Conservation concepts by working closely with the States and Tribes in administering their regulatory and reclamation programs. OSM also uses efficient and effective management practices to support the President's Government-wide Management Reform Agenda by:

- integrating budget and performance measures;
- continuing review of competitive sourcing efforts;
- improving strategic management of human capital;
- improving financial performance; and
- expanding electronic government.

The specific measures that OSM has implemented in addressing these values are discussed later in this document.

Title V (State and Tribal Regulatory Grants)

OSM's budget proposal supports DOI's Healthy Lands, Climate Change and Energy Security Programs. In order to strike the proper balance between environmental protection and the nation's need for coal, OSM strives to maintain a stable regulatory environment consistent with the Act that is administered through state programs. That regulatory stability should enable all parties, including producers, regulators and citizens, to have a common understanding of applicable requirements and rights so that each can make informed decisions affecting their economic and personal interests with a minimum of controversy.

OSM also promotes the development and use of the best technologies in coal mining and reclamation to effectively: a) prevent catastrophic mining-related events impacting off-site public safety, property, or the natural environment, b) assure restoration of the land to productive long-term uses after mining, and c) minimize off-site environmental degradation; all while fostering the coal mining activity needed for the Nation's energy supply.

However, OSM cannot and does not do this alone. Of the almost 2,400 government employees directly involved on a daily basis in implementing the regulatory and restoration programs of the Act, less than 25 percent work for OSM. State employees permit and regulate 97 percent of the Nation's coal production.

As authorized by the Energy Policy Act of 1992 and Section 710 (i) of SMCRA, OSM currently provides grants to the Crow and Hopi Tribes and the Navajo Nation to assist them in developing regulations and programs for regulating surface coal mining and reclamation operations on Indian lands. The grant amounts are based on each Tribe's anticipated workload to develop Tribal regulations and policies, to assist OSM with surface coal mine inspections and enforcement (including permitting activities, mine plan review and bond release), and to sponsor employment training and education concerning mining and mineral resources. These grants fund 100 percent of the Tribal primacy development activities. In addition, the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432), hereafter referred to in this document as the SMCRA Amendments of 2006, also provide for 100% funding of the costs of developing, administering, and enforcing an approved Tribal program. Therefore, as part of State and Tribal regulatory funding, this request includes an increase of \$500,000 to support implementation of Tribal primacy in 2009.

Title IV (Abandoned Mine Land Reclamation)

The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the SMCRA Amendments of 2006. These amendments extended the authority for fee collection through September 30, 2021, and changed the way State and Tribal reclamation grants are to be funded, beginning in FY 2008. State and Tribal grants are funded by mandatory

appropriations, and only those activities under SMCRA Section 402(g)(3)(A) – (D) remain discretionary. The discretionary activities include Federal Reclamation Programs, State and Federal Emergency Programs, and OSM operations. The new law also mandated new mandatory payments to States equivalent to their allocation under the AML Fund distribution formula.

Most importantly, the SMCRA Amendments of 2006 provide dramatically increased funding to States and Tribes. Discretionary funding provided in 2007 for regular AML grants (i.e., not including discretionary funding for clean streams, which was phased out in FY 2008; and emergencies, which will be phased out during FY 2009) was \$132.0 million. Mandatory funding in FY 2008 provided \$274.3 million to States and Tribes and the projected FY 2009 funding level is \$298.4 million.

The increase in funding available to the States and Tribes will allow OSM to begin phasing out Federal responsibility for AML emergency programs. Therefore, OSM's FY 2009 budget eliminates new funding for State Emergency Grants and Federal Emergency Projects. Both of these programs have been funded by discretionary (current) appropriations. OSM anticipates funding will be available in FY 2009 from carryover to maintain the emergency programs at their anticipated FY 2008 level.

Since State and Federal emergency funding will end in FY 2010, States and Tribes will need to be prepared to address projects requiring immediate attention (emergencies) by then. OSM will work with the States to ensure that processes are in place to allow high priority projects needing immediate attention (emergencies) to be addressed quickly. The main document we will review and modify is the Federal Assistance Manual (FAM). The FAM outlines the process for providing grants to States/Tribes. OSM will also work with the Council on Environmental Quality to obtain environmental clearance procedures to address a quick turnaround for emergency needs under Section 405 (State Reclamation Programs) rather than Section 410 (Emergency Powers).

Reforestation of Mined Lands

The purpose of the reforestation initiative is to apply good science in forest reclamation since the world's forests are the primary means by which carbon is naturally sequestered and they have numerous other benefits.

Forests are critical to the ecological health of the Earth. They are the major sequesters of carbon and producers of oxygen, they moderate temperatures, and they provide many other environmental benefits. Deciduous forests (such as maple) contain far more biological diversity than conifer (evergreen) forests. The coal fields of the Eastern United States lie within the largest and oldest deciduous forests on Earth. Almost all of the land surface mined for coal within the Eastern United States and Pacific Northwest were forested until mined. While trees can grow very well on areas mined for coal, reclamation practiced over the past 30 years has emphasized creating smoothly graded slopes with heavy ground cover to protect against erosion. The few efforts at

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reestablishing trees have had little success. With the increases in surface coal mining, this has led to substantial forest fragmentation, loss of habitat for critical species (such as the Indiana Bat and Cerulean Warbler), and increased flooding due to higher peak runoff from reclaimed areas.

In 2004, OSM, in cooperation with several states and other partners, initiated the Appalachian Regional Reforestation Initiative (ARRI) to address the technical, legal, and cultural barriers to effective reforestation as a part of mined land reclamation. There are enormous environmental, cultural, and economic benefits to restoring trees to those areas that were forested before mining. These include:

- increased carbon sequestration so important to the climate change issue,
- increased land values and economic productivity for mined lands,
- reduction in peak storm flows that reduce flooding potential,
- restoration of habitat for threatened or endangered species, and
- improved water quality.

Through ARRI, OSM has worked with states and others to remove the barriers to effective reforestation of mined land. Currently, ARRI has fostered partnerships enlisting 226 individuals from 118 different organizations who share its objectives. In FY 2009, OSM will continue this effort and promote reforestation in other areas where appropriate.

Budget Highlights

OSM’s FY 2009 budget request is for \$149.263 million, which represents a decrease of \$21.1 million over the FY 2008 Enacted level. OSM’s budget includes \$1.2 million for fixed cost increases.

Increases are requested in the amount of \$1.652 million to cover the following items:

- o Fee Compliance – Audits and Export Coal Issue \$ 500,000
- o Tribal Primacy Funding \$ 500,000
- o Working Capital Fund Payments* \$ 547,000
- o Additional Civil Penalties Authority \$ 2,000
- o SMCRA Amendments Support \$ 80,000
- o Information Technology Services Support \$ 23,000

Decreases are in the amount of \$23.961 million. The decreases proposed include:

- o Federal High-Priority Projects \$ 700,000
- o Federally-Managed State and Federal Program Emergencies \$ 9,000,000
- o State Emergency Grants \$11,003,000
- o Regulatory State and Tribal Grants \$ 1,336,000
- o Federal Reclamation Program Operations \$ 1,412,000
- o Travel Reduction \$ 400,000
- o Contract Reduction \$ 87,000
- o IDEAS Support \$ 23,000

*for increased services acquired from the Department’s service providers through the working capital fund.

Across-the-Board Travel Reduction: The Department is undertaking a \$20 million effort to reduce travel and relocation expenses across the board. The allocation of shares of this travel reduction is based on each bureau’s and office’s percentage of the Department’s total 2007 budget object class 21 (travel) expenses. OSM’s share of this reduction is \$0.4 million. OSM will create a strategy to manage and control travel and relocation costs that promotes improved efficiency in allocating available travel funds to highest priority uses, locations, and functions. The bureau will review policies and business practices for managing travel and relocations to ensure that these policies and business practices emphasize travel priorities, reduce costs through improved management and efficiencies, and increase accountability for managing travel priorities and cost. Options that the bureau will consider in reducing 2009 travel expenses include:

- Reduce number of travelers to meetings, conferences, seminars, etc. to only essential personnel, i.e., primary decision-maker, presenter, representative.
- Reduce number of meetings hosted and attended to only mission-critical meetings.

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- Reduce number of conferences, seminars, etc. hosted and attended to only mission-critical events.
- Increase use of teleconferences, video-conferencing technologies, on-line meeting capabilities, etc. in lieu of traveling to events.
- Combine meetings, conferences, seminars, and other events to reduce the number of individual travel events.
- Increase use of on-line booking and travel management services.

The individual program travel reductions are included in the 2009 program changes category of the introductory table of each activity and are identified in a footnote to that table.

Internal Adjustments: Internal adjustments are being made to address the SMCRA Amendments of 2006. OSM no longer requests appropriated funds for the Clean Streams Program. Rather, that program is supported by the changes in the law allowing more funding to go to acid mine drainage projects and related programs. The staff specific to the Clean Streams Program will no longer be needed and an adjustment will be made to shift those positions to much needed grant and programmatic work due to changes in the abandoned mine land program. Both activities are under Program Development and Maintenance under Environmental Restoration in the Budget and the net change is zero (0).

The following summary compares the FY 2009 request to the FY 2008 enacted budget. Details by appropriation and business line can be found under the Budget at a Glance Tab. Details about Section 405 Compliance are contained under Execution Direction.

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Total 2009 Budget Request

(Dollars in thousands)

Budget Authority	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Request	2009 Request Change from 2008
Regulation & Technology	109,198	118,460	118,452	-8
Abandoned Mine Reclamation Fund	185,393	51,951	30,811	-21,140
Total, Discretionary	294,591	170,411	149,263	-21,148
Payments (or Grants) to States in Lieu of Coal Fee Receipts (Treasury Funds)		187,000	207,000	+20,000
Mandatory Grants to States and Tribes (AML Funds)		87,300	91,400	+4,100
Funds Transferred to UMWA Health Benefit Plans	114,329*	166,700	180,700	+14,000
Total, Mandatory	114,329	441,000	479,100	+38,100
Total, OSM	408,920	611,411	628,363	+16,952

*Mandatory Appropriations: See discussion of process in Permanent Appropriations Tab. FY 2009 payments or grants are projected as \$91.4 million from AML funds and \$207.0 million from Treasury Funds based on analysis as of 12/18/08. UMWA payments are based on current estimates. The FY 2007 figure is the current actual payment.

The FY 2009 request provides \$63.7 million (43 percent) of OSM's discretionary funding to the States and Tribes in the form of regulatory grants. OSM will use the balance of the request to provide technical assistance to the States, conduct its oversight responsibilities, implement the Federal Reclamation Program, and carry out its fiscal responsibilities for collecting revenues and awarding grants. OSM implements these programs through three regional and 19 field and area offices.

This budget proposal is closely integrated with and is supportive of the Department's Strategic Plan and its Healthy Lands, Climate Change and Energy Security Programs. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields; it also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by helping to provide affordable energy while assuring the coal is extracted in an environmentally responsible manner. The budget proposal funds activities that support these mission goal areas through OSM's environmental protection and environmental restoration goals and programs.

Implementing SMCRA – Effective Partnerships

In implementing its mission responsibilities, OSM works closely with the States and Tribes in administering their regulatory and reclamation programs. OSM also recognizes the importance of working with industry and coal field citizens in implementing SMCRA. This budget proposal supports the Secretary's emphasis on using effective partnerships by communicating, consulting, and cooperating with these constituent groups to achieve SMCRA's objectives.

OSM continues to emphasize the importance of protecting the environment during and after coal mining operations. OSM oversees SMCRA's implementation in 24 primacy States through an oversight process where OSM assists the States in the administration, implementation and maintenance of their approved regulatory programs. Under this approach, performance agreements are worked out by consensus with each State, with the development of State-specific evaluation plans tailored to the unique conditions of each State's program.

OSM, in cooperation with the 23 States and 3 Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices. The funding provided will assist in the removal of existing health and safety hazards and restoration of areas to productive use. Additionally, OSM has developed funding and operational mechanisms, such as Watershed Cooperative Agreements, to achieve additional reclamation at less cost in a cooperative manner.

Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. Funding of Watershed Cooperative Agreement Projects facilitate and enhance State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. Many of the demonstration projects that have received funding since program inception are now either completed, under construction, or in design, with construction to commence soon.

OSM will continue its efforts to establish partnerships to improve and increase outreach efforts that allow full participation from its stakeholders in addressing common problems. These initiatives will assist OSM in forging a bond and partnership with its stakeholders that will endure.

To better serve its partners and the public, OSM continues to improve its abandoned mine site databases to include all eligible abandoned mine sites. OSM expanded its electronic permitting program to reduce paperwork and save time and money for both the States and industry. OSM's website contains comprehensive information on regulatory and reclamation matters and even accepts requests from citizens for Freedom of Information Act requests.

As mining and engineering information technology continues to grow rapidly, OSM continues to lead by providing and enhancing the most up-to-date information, technical training, technical assistance, and technology transfer. These programs greatly help the States and Tribes operate their respective regulatory and reclamation programs in fulfilling SMCRA's requirements.

Government-wide Management Reforms

As previously noted, this budget proposal supports the Administration's Government-wide management reforms. OSM's budget proposals have integrated strategic goals and associated measures with its budget structure for the past several fiscal years. This proposal also incorporates the Department's Strategic Plan into the budget document. OSM has already developed a succession plan to help strategically manage its human resources. Consistent with Administration guidance, OSM updated its Commercial Activity Inventory. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Because of OSM's expanded Electronic Government initiatives, greater opportunities exist for citizens to access OSM provided information.

Discussions of OSM's efforts in implementing the Government-wide reforms and Priority Management Improvement Initiatives are contained in the sections below.

1. Performance Improvement

a) Strategic Plan

The FY 2009 budget request is aligned with the goal structure in the Department's Strategic Plan, which is outcome-oriented. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department. OSM's activities support three mission goals--Resource Use, Resource Protection, and Serving Communities--as well as the Management Excellence goal.

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OSM has linked performance measures to budget formulation. This budget request describes program needs through strategic goals and associated performance measures. It fully integrates the Department's mission areas at the budget activity level.

In FY 1997, OSM began this effort by working with the Appropriation Subcommittees to restructure its appropriation to reflect the intent of the Government Performance and Results Act. OSM's current budget structure reflects its major functions (business lines) needed to implement SMCRA. The primary business lines are Environmental Protection and Environmental Restoration. They are supported by three additional Business Lines – Technology Development and Transfer, Financial Management, and Executive Direction and Administration.

In developing this request, OSM addressed the strategic outcomes and annual performance goals, how it measures and evaluates progress toward those goals, and the resources needed to achieve the annual performance goals.

OSM also refined its activity based cost accounting system for FY 2007 to meet the requirements of the Financial Business and Management System. OSM currently accounts for costs at multiple levels, both at the Government Performance and Results Act (GPRA) segment level and individual managerial activity level. OSM measures the costs of both the activity's cost and effectiveness such as the cost to reclaim an acre of abandoned mine land, and lower level management costs, such as the cost of various components of the technical training program.

b) Cost and Performance

OSM will continue its efforts to make activity-based costing (ABC) an integral part of normal operations, and support the goal of linking budgets and performance. For FY 2006 and in earlier years, cost reports were generated semi-annually and annually, although data was available to managers on a real-time basis, through OSM's MAPS reports which are directly linked to its Advanced Budget/Accounting Control and Information System (ABACIS) financial system. With that data in hand, managers have the information needed to review costs and performance of their functions and programs. OSM also developed its work breakdown structure (WBS) to meet the requirements of the Financial Business and Management System (FBMS) in time for implementation in early FY 2007. FY 2007 was the first year to use the new WBS elements. OSM will continue to modify WBS elements as needed for FY 2008 and beyond to ensure that costs are accurately identified for work process, projects and activities.

As the availability of information has evolved, so too has its application. For example, OSM initially relied on the ABC data in developing a five-year work force plan. Matching activity costs with expected workload facilitated decisions on future allocation of resources. Several other examples are:

- OSM's Fee Compliance program has had excellent results in this area. An analysis of program costs over the years has resulted in (a) the reengineering of

the audit process, (b) consolidation of some IT functions, and (c) staff reductions. This has enabled us to keep program costs in check while maintaining compliance at a high level as required by law.

- OSM's regional offices also use cost and performance data on a regular basis to review and evaluate oversight inspection activities for the field offices under their jurisdiction. Anomalies are discussed and improvements are sought to better utilize resources.
- OSM relies on cost data to track expenditures in accordance with the Capital Planning and Investment Control (CPIC) process. This is a valuable and critical tool for project managers of all IT programs.

At the Department level, OSM is committed to ensuring the work activities are consistent with and can be linked to those of the bureau. OSM is participating in the Department's cost system planning and development so that information needs at all management levels are met.

c) Program Assessment Rating Tool (PART)

Improving programs by focusing on results is an integral component of the President's performance improvement initiative. The PART is a rating assessment process that uses a series of questions designed to provide a consistent approach to rating programs throughout the Federal Government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Surface Mining conducted initial PART reviews of its Abandoned Mine Land Grants Program (FY 2004 budget), Regulation of Surface Coal Mining Activities (FY 2005 budget), and Federal Regulatory and Abandoned Mine Land Program (FY 2006 budget). Therefore, all of OSM's major programs have been reviewed under the PART process.

Subsequent to the initial PART reviews, OSM conducted reassessments of all three Programs. The purposes of the reassessments were to re-evaluate the programmatic aspects of the Program and to review or develop new performance measures. OSM's initial PART reviews were rated as "Results Not Demonstrated" due to insufficient performance measures. All Programs have since been reassessed and rated as "Effective" or "Moderately Effective".

The following summarizes the recommendations and/or findings of the most recent PART reviews and the status to date. For individual performance measures under each PART, please refer to the Goal Performance Table.

The State Managed Regulation of Surface Coal Mining Reassessment conducted in FY 2006 for the FY 2008 Budget concluded that the program meets national contemporary coal mining needs because States and Tribes run their program in collaboration with other coal mining states, the Federal Government, and coal mining operators. It also concluded that established annual and long-term performance measures are supported by

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coal mining states and tribes and that the performance measures address important aspects of regulating coal mining. The Program received an “Effective” rating. Two action items were identified to improve the performance of the program:

1. Work with States and Tribes to obtain more detailed data to represent the new long-term performance measure.
2. Continue to review baseline data and targets for all performance measures.

OSM’s field staff discussed the new long-term performance measure, “percent of mined acreage reclaimed”, with States and Tribes in early 2007. In addition, during the Interstate Mining Compact Commission (IMCC) meeting on May 1, 2007, this measure was further discussed with State representatives. No concerns were expressed on the new measure or data being collected by the participants. We will review the new measure and all performance measures after the data collection effort is completed for FY 2007.

The reassessment concerning Federal Managed Regulation of Surface Coal Mining and Abandoned Mine Land Reclamation, conducted in FY 2006 for the FY 2008 Budget, reviewed components of federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on federal Lands; federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. This was a reassessment that received an “Effective” rating. The assessment concluded that the program meets national contemporary coal mining needs because it collaborates with coal mining primacy States and Tribes, and coal mining operators in conducting or regulating current mining activities as well as the reclamation and restoration of pre-1977 mined lands. It also concluded that annual and long-term performance measures were established similar to those for primacy programs and the efficiency measure is specific to the federal program operations. Two action items were identified to improve the performance of the program:

1. Continue to implement the established annual and long-term measures for the federal regulatory and reclamation programs.
2. Implement newly developed efficiency measure to ensure that targets are met and continue to be ambitious.

OSM will continue to report on and evaluate current measures; and implement efficiency measures and review data collected to ensure that targets are appropriate.

The reassessment of the Abandoned Mine Lands Grants Program was conducted in FY 2007 for the FY 2009 Budget year and received a “Moderately Effective” rating. The reassessment concluded that the program meets its objectives of reclaiming and restoring

land, and water degraded by coal mining activities conducted prior to 1977, and the program's performance measures address important aspects of AML reclamation.

Two action items were identified to improve the performance of the program:

1. Work with States and Tribes to implement the SMCRA Amendments of 2006.
2. Review baseline data and targets for performance measures to reflect the SMCRA Amendments of 2006.

Work on the above action items is ongoing.

2. Strategic Management of Human Capital

OSM implemented a comprehensive Human Capital Plan that is fully integrated with the agency's overall strategic plan, analyzes results relative to the plan, and uses results in decision making to drive continuous improvement in OSM's Work Force Plan. Close to 50 percent of the OSM workforce are eligible for or will be eligible to retire within the next five years. OSM has prepared for this significant turnover by identifying mission critical occupations to recruitment of the skill mix needed to meet mission objectives. OSM also optimizes redeployment, restructuring and de-layering as necessary and promotes retention in positions where skill gaps have been identified by utilizing several programs including, student loan repayment, relocation allowances, and retention allowances. OSM has and will continue to revise its workforce planning to ensure effective management of human capital and achievement of its strategic goals.

OSM's Core Leadership Team (CLT), a cadre of senior executives responsible for providing organizational leadership to the bureau, meets regularly to identify and address programmatic, organizational, and workforce issues. This gives OSM management a unique inclusion in the direction of the bureau and in workforce planning. The CLT has also approved and is developing a new Workforce Planning Team that will include participants from Regional offices as well as the Director's Staff Offices. This approach will enhance the integration of workforce planning, budget allocation, strategic performance and mission delivery. This level of involvement by the SES leadership is duplicated by supervisors and managers in workforce plan development and ensures consistency throughout the bureau as well as buy-in and support for the actions recommended. The individual plans are reviewed by the CLT to ensure they support the mission, goals and strategic direction of OSM and the Department's Strategic Human Capital Management Plan.

3. Competitive Sourcing

The Division of Administration is responsible for providing guidance to ensure OSM meets its competitive sourcing goals. OSM developed and completed a competitive sourcing plan that identified the functions and activities to be studied throughout OSM. OSM does not plan to conduct any competitive sourcing studies in FY 2009 due to the

small number of FTE identified as being commercial in nature and appropriate for study. No direct costs for competitive sourcing studies are budgeted in either FY 2008 or FY 2009.

4. Financial Performance

Financial Statements: Accomplishments in this area include 16 consecutive years of unqualified audit opinions, through FY 2006. The 2006 audit was accomplished under shortened Departmental and Government-wide financial statement reporting deadlines. Beginning with FY 2007, OSM is no longer required by the Department to be audited on its own financial statements and will only support the Departmental financial statement and audit requirements.

Improved Financial Performance: OSM is also on the forefront of the Department's move to integrate finance and business management systems. The new Departmental system, the Financial and Business Management System (FBMS), is an enterprise resource management system which will standardize many of the administrative and financial processes within the Department of the Interior. OSM is among the first bureaus implementing FBMS, which was in place in November 2006. Existing processes will continue to be refined and redesigned during FY 2008. As other bureaus convert to FBMS in future years, and as further changes, refinements and upgrades are implemented, OSM expects to make additional changes in its processes and procedures.

OSM also expects to implement new processes that currently are not incorporated into the standardized FBMS solution, such as an integrated investment module. In addition, OSM implemented the first phase of its new revenue system, the Coal Fee Collection Management System (CFCMS), in FY 2007. The current systems are becoming increasingly more difficult to maintain, and OSM has concluded that the existing systems must be replaced in order to maintain the excellent financial performance that it has come to expect.

The CFCMS will also allow OSM to streamline its accounts receivable financial reporting processes. Currently, the data from the three existing systems must be downloaded and manipulated using spreadsheets. This process is both time-consuming and error prone, and new reports are difficult to produce. Also, data from two of the existing systems must be manually input to the general ledger. The new system will provide both better management reporting using contemporary report-writing software, and an automated interface with the general ledger. This will help OSM achieve the President's initiatives of accelerating year-end reporting and producing quarterly financial statements. The new system will also produce real time output data for OSM's activity based costing program.

The CFCMS will also support the Department of the Interior's plan to migrate all Bureaus to a new financial accounting system. The re-designed CFCMS system will be designed to handle change and to interface with the Department's FBMS system.

Revised OMB Circular A-123: In January 2005, OMB published revised Circular A-123, which took effect in FY 2006. Among other things, the revised Circular places additional emphasis on the documentation, assessment, and testing of internal controls over financial reporting of existing legacy systems. The Circular also requires agencies to adopt an integrated internal control framework for implementing the Federal Managers Financial Integrity Act. FBMS implementation will also require that all OSM financial processes be re-documented and re-tested because these processes have drastically changed. OSM will continue to work with the Department to define and implement the requirements.

5. Expanding Electronic Government

OSM fully participates in DOI's E-Government workgroups and currently has been involved in forwarding planning for E-Rulemaking and Geospatial One-Stop initiatives. Additionally, OSM has made resource commitments to the Financial Management business line improvements associated with migration to FBMS and phased retirement of OSM legacy systems such as ABACIS, E-Budget, IDEAS, and Property Management. OSM has a leadership role with the Business Gateway related initiative Single Source Coal Reporting (SSCR) which enables industry-wide efficiencies to stakeholders by entering information for use government-wide in obtaining government services related to the coal industry.

In FY 2009, the Bureau will continue to contribute \$71,700 (includes E-Gov, e-Travel and e-Training) to support the President's E-Government initiatives. This amount is paid into the Department's Working Capital Fund Account, and costs are distributed based upon relative benefits received by each bureau. The Departmental Management budget justification includes amounts for each initiative and describes the benefits received from each E-Government activity.

Capital Asset Justifications for OSM's major IT investments can be viewed at <http://www.doi.gov/ocio/cp/index.html>.

6. Asset Management

The Office of Surface Mining is committed to achieving measurable results through improvements to the efficiency and effectiveness of bureau-wide asset management practices and processes. Effective management of property, fleet and space assets enables the OSM to meet its program outcomes and mission in a cost efficient manner. The OSM Asset Management Plan (AMP) was established to provide bureau-wide direction in managing OSM's asset portfolio and supporting OSM's mission and management structures. OSM considers its AMP initiatives, actions and accomplishments as essential components to improving business practices and procedures and to realize outcomes that will benefit OSM's stakeholders and customers. The AMP, in conjunction with OSM Space Management Plan, provides guidance for OSM managers on how to affordably and reasonably maintain and sustain space assets to achieve the OSM mission

and outcome goals encompassing the major responsibilities of space acquisition, utilization, and disposition.

7. Research and Development (R&D)

OSM does not have a formal “Research and Development” program. However, OSM does apply the R&D criteria to its activities. Please see Budget Exhibit A for a discussion of the use of the criteria in our activities.

8. Executive Order 13423

The Office of Surface Mining (OSM) is committed to meeting the goals set forth in Executive Order 13423 (EO), *Strengthening Federal Environmental, Energy, and Transportation Management*. Secretary Kempthorne issued a memorandum on April 4, 2007, directing the Department to lead by example on implementation of the EO requirements. Specifically, the EO requires additional reductions in greenhouse gas emissions by reducing energy intensity in buildings; reductions in water consumption intensity; acquisition of more environmentally sound products; reduction in the use of chemical and toxic materials; increased implementation of environmental management systems; incorporation of sustainability strategies in new and existing buildings; continued reduction in petroleum consumption in vehicles; and increased use of alternative fuels in motor vehicles.

(a) Energy Management

OSM does not maintain any real property. All of the OSM space is in GSA-assigned locations. OSM cannot meter energy use, nor incorporate renewable energy and sustainable design principles since OSM does not construct buildings. OSM will support the Department in implementing the Energy Policy Act of 2005 by ensuring, where possible, that conservation activities and purchasing of energy efficient services and products occur. Further, OSM is expanding the Tele-work opportunities to allow more employees to telework, thus decreasing energy consumption. Business travel will be reduced by expanded use of technology, and fleet economies will be attained by purchasing additional alternative and hybrid vehicles.

(b) Transportation (Fleet)

The Office of Surface Mining (OSM) remains committed to achieving the goals of the Energy Policy Acts of 1992 and 2005 and Executive Order 13423 for fleet management. In support of the objectives, implemented a fleet management plan and developed vehicle justification criteria to assist in “right-sizing” the motor vehicle fleet. For the past three years, OSM has increased its acquisitions of Ethanol (E-85) alternative fuel vehicles (AFVs) and hybrids. In addition, OSM conserves fuel by refueling AFVs with ethanol alternative fuel in urban areas where the ethanol infrastructure is currently available. However, the majority of OSM’s mission is carried out in remote areas where the coal

mine sites are located and refueling AFVs with ethanol is not available. OSM fleet Manager promotes transportation management efficiency by using internal communication via briefing, meetings, conference call, and emails to keep direct spending at a minimum.

(c) Environmental Management Systems (EMS)

Executive Order 13423, requires agencies to use EMS as the primary management approach for addressing environmental aspects of internal agency operations and activities, including energy and transportation functions, to meet the goals of the EO. The Deputy Secretary approved the Department's EMS Implementation Plan on March 21, 2007. On March 28, 2007, the Chairman of the Council on Environmental Quality issued mandatory implementation instructions for complying with EO 13423 to Heads of Executive Branch Departments and Agencies. Additionally, the Department committed to fully implement EMS by the end of FY 2009 in the 2007-2012 Strategic Plan.

A majority of the measures are not applicable to OSM. OSM does not operate or manage federal facilities, OSM space is acquired through GSA and GSA maintains full maintenance and operational control of provided space. OSM's activities to date include: (1) preparation of a OSM EMS directive (ADS-1); (2) identification of appropriate organizational/facility significant aspects and impacts and s and objectives; (3) OSM has revised its Green Purchasing Plan (GPP) which provides guidance on acquisition, recycled content products, environmentally preferable products and services, bio-based products, energy-efficient products, products using renewable energy, and alternatives to hazardous or toxic chemicals. OSM continues its participation in the DOIUNICOR MOU. The MOU supports OSM's efforts in the environmentally friendly disposition of computers and electronic equipment. OSM completed the FY 2006 Resource Conservation and Recovery Act (RCRA) Report and is in the process of implementing the use of the new RCRA electronic reporting tool at all OSM offices. The RCRA report documents OSM's recycling and waste management practice. In summary, OSM's efforts to improve the effectiveness and efficiency of EMS implementation are ongoing.

9. Environmental Safeguards

The Office of Surface Mining Reclamation and Enforcement (OSM) is participating in a Department-wide management improvement initiative to safeguard Department of the Interior resources, visitors, employees, and infrastructure in all-hazards emergencies. This initiative covers protection of natural and cultural resource and historic properties under Emergency Support Function (ESF) #11 of the National Response Plan (NRP); preparedness for and response to oil discharges and hazardous substances incidents under the National Oil and Hazardous Substances Pollution Contingency Plan (NCP); and coordination of activities related to preparedness for and response to incidents that affect DOI lands, natural and cultural resources and historic properties, facilities, employees, or visitors that are not carried out under the NRP or NCP but require coordination of DOI assets or expertise to safeguard these resources and people. The purpose of these activities is to provide for more effective and efficient environmental safeguards for DOI resources and people.

OSM has prepared an OSM Environmental Safeguards Plan (OSM ES Plan) for All-Hazards Emergencies, consistent with OSM's mission and departmental requirements. It outlines OSM's role in providing support for DOI responses to all-hazard emergencies.

OSM has also prepared a gap analysis documenting the differences between its existing emergency management functions related to environmental safeguards and those required under the departmental plan. As OSM is not a first responder, it does not anticipate having fully self-sustained training and exercise programs and would expect to utilize available DOI Bureau/Office and other available training/ exercise activity opportunities, tempered by workload priorities and resource limitations. OSM will have basic information on the DOI and OSM ES Plans available on the OSM Emergency Management webpage (currently under development) to enable OSM personnel to have an understanding of the respective roles of DOI and OSM in responses to National emergencies and disasters. OSM, like most bureaus anticipate coordination on an as-needed basis or by request or through the DOI Environmental Safeguards Group, made up of all DOI bureaus/offices.

As OSM ES Plan program funding is contained within its annual appropriation, when emergency response activations occur, funding is provided from within the appropriation when deemed appropriate, as was done in response to Hurricanes Katrina, Rita and Wilma. Procedures outlining the necessary steps for establishing interagency documentation for cost recovery when OSM provides support to DOI, or other agencies, for emergency response and recovery activities are found in OSM's ES Plan.

In summary, as OSM is not a first responder, OSM's role is providing support in technical expertise, and human and physical resources, as necessary and available, that could be of use to DOI in certain emergency response situations to improve the effectiveness and efficiency of safeguarding the environment in all hazardous emergencies.

10. National Land Imaging Program

OSM uses satellite imagery to support important program activities, such as SMCRA Title IV AML site discovery and Title V inspection and enforcement support activities to discover and identify site features. OSM also uses satellite imagery for regional investigations into the identification, monitoring and assessment of pre and post-mining land use trends, as well as locating, quantifying, and characterizing land cover on lands mined for coal under SMCRA. No other source of imagery is as practical or cost-effective in providing the moderate-resolution land imagery needs of the bureau. Therefore, OSM is participating in the Department's National Land Imaging Program (NLIP) and working with the lead bureau, the U.S. Geological Survey, in the development of the new program. OSM is contributing to the establishment of the NLIP goals and objectives; user needs assessments; and applications developments to help ensure that the program is responsive to OSM's programmatic requirements.

Performance Summary:

OSM strives to improve planning, eliminate duplicative processes, and involve stakeholders. OSM deals with both state and federal agencies, is responsible for both federal and private lands, reclaiming and protecting diverse sites, and enhancing technology transfer among many constituents. Although a small bureau, OSM is positioned to lead such efforts, particularly those related to implementing that part of a comprehensive energy strategy involving coal mining in an economically and environmentally viable manner.

OSM serves as a policy leader and coordinator with its partners in carrying out the responsibilities of SMCRA. OSM is an innovator in promoting the effective administration of the Surface Mining Program and maximizing land and water restoration with available funds.

OSM's budget proposal supports the Department in three mission goal areas: Resource Protection, Resource Use and Serving Communities. The budget proposal provides funding requirements and associated performance measurements in accordance with the plan. A funding table is provided which portrays the budget request consistent with these mission areas. See the "Goal Performance Tables" Tab.

Additionally, this budget request describes its needs through strategic goals and associated performance measures through the traditional budget structure. OSM's Business Lines are:

- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- Executive Direction and Administration.

This budget has integrated OSM's performance goals and measures in support of its Business lines and the Department's goals. The "Goal Performance Tables" Tab contains all OSM performance goals and targeted measures for FY 2009.

Data Validation and Verification

OSM is confident that the data presented in this report are reliable for use as a decision-making tool and showing program performance over time. Data validation and verification is accomplished through a three prong approach using: 1) audits by external staff from the Office of the Inspector or the Administration's Program Assessment Rating Tool; 2) periodic reviews coordinated by OSM's Office of Planning, Analysis, and Budget; and 3) an annual self-assessment by program managers.

The annual self-assessment by program managers complies with the Department of the Interior's Data Validation and Verification Guidance. The assessment covers the major

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area of data validation and five areas within data verification. The five areas dealing with data verification are: standards and procedures; data entry and transfer; data security and integrity; data quality and limitations; and oversight and certification. This assessment will be valuable in testing for potential weaknesses or gaps, and will elevate data validation and verification systems to ensure an acceptable functional level.

OSM collects information through various information systems primarily from multiple internal operations and from the 24 States and 4 Indian Tribes participating in OSM programs. Abandoned Mine Land Program information is generally collected through the Abandoned Mine Land Inventory System (AMLIS). AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Data collection methods are conducted in accordance with an agency policy directive, which was developed in cooperation with the States.

Regulatory Program data collection methods are also conducted in accordance with an agency policy directive, which was developed in cooperation with the States. OSM recently automated the data collection from the forms contained in the directive to cut down on errors in the transfer of data from hard copy to electronic form. Certification of the data is also required at the field level where the data is collected. The data is now collected from OSM field offices through an internet-based system.

Customer service information for the Technology Development and Transfer programs are based on customer survey forms and class training records.

OSM recognizes that data must serve their intended purposes and stand up to independent, objective external inspection, as well as to internal control reviews and audits.

Appropriations Language

Regulation and Technology

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, [\$120,237,000] *\$118,452,000* to remain available until September 30, [2009]2010: *Provided*, That *in fiscal year 2009 and hereafter* the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in [fiscal year 2008] for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: *Provided further*, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

Abandoned Mine Reclamation Fund

For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [~~\$52,774,000~~] \$30,811,000, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended: *Provided*, That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: *Provided further*, *That in Fiscal Year 2009 and hereafter the State of Maryland may set aside the greater of \$1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Act, if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects: Provided further*, That amounts provided under this heading may be used for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

Interior Administrative Provisions

With funds available for the Technical Innovation and Professional Services program in this Act, the Secretary may transfer title for computer hardware, software and other technical equipment to the State and Tribal regulatory and reclamation programs.

Justification of Language Changes

Regulation and Technology:

Add: *Provided, That in fiscal year 2009 and hereafter* the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in [fiscal year 2008] for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended:

Federal civil penalties collected under Section 518 of SMCRA are authorized for reclaiming lands mined and abandoned after passage of SMRCA on August 3, 1977. These funds are derived from civil monetary penalties from OSM-issued citations nationwide. The funds are also available for reclamation of bond forfeiture sites. These funds are divided among projects proposed by both state and federal regulatory authorities and used for project costs only.

This change will allow OSM to continue with this practice in future years without submitting requests to Congress each year.

Abandoned Mine Reclamation Fund:

Add: *Provided further, That, In FY 2009 and hereafter, the State of Maryland may set aside the greater of \$1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Act, if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining*

Control and Reclamation Act priority one projects.

This additional is needed, annually, because Maryland is a minimum program state with limited annual AML appropriations. This language has historically granted Maryland the flexibility to set aside the greater of 10% or up to \$1 million of their annual AML allocation. This appropriation language was a Congressional initiative and has been carried forward ever since as it was specifically designed to allow Maryland to set aside adequate funds to generate sufficient interest to annually address the maintenance and operational costs of nine lime dosers in AMD-impacted streams, including the North Branch of the Potomac. If Maryland would lose this flexibility, maintenance of these dosers would be adversely impacted with resultant degradation of streams and hydrologic units. This provision does not impact other state appropriations. No additional federal monies are allocated to Maryland as this bill language only provides Maryland with additional flexibility in the utilization of allocated funds.

The language ensures that the State of Maryland has the set-aside authority in future years without having to submit requests to Congress each year.

Appropriations Language and Citations

Regulation and Technology

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, [\$120,237,000] *\$118,452,000* to remain available until September 30, [2009]2010: *Provided, That in fiscal year 2009 and hereafter* the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in [fiscal year 2008] for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: *Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.*

- 30 U.S.C. 1260, 1268 – These sections provide for the assessment and collection of penalties levied for violations of the Act, and for the denial of permits to those with unabated violations or unpaid penalties.

- 30 U.S.C. 1252, 1253, 1254, 1271, 1272, 1273, 1295, 1300, 1302 – These sections provide for aid to all primacy States for maintaining approved regulatory programs and evaluation of the States' performance in doing so; monitoring implementation of the grant programs; small operator assistance programs; and for regulatory programs in States without approved programs, on federal lands and on Indian lands; processing of permit applications and mine plans for federal lands operations; designating of lands unsuitable for surface mining through technical reviews; scientific/engineering support and technical training for States operating approved permanent programs and federally administered programs; initiation of technical studies; issuance of technical publications; approval of experimental practices to meet the needs of approved State programs and federally-administered programs; preparation of environmental assessments and impact statements for permits and other actions; and training of OSM staff and State staff to enable these agencies to more effectively carry out the provisions of the act.

●30 U.S.C. 1257, as amended by Public Laws 101-508 and 102-486 - Provide for the regulatory authority to designate a qualified laboratory to obtain technical information and prepare technical findings required by the operator for the permit application, and for the regulatory authority to assume the cost for such services. Further, the Act provides for the Secretary to provide or assume the cost of training for regulatory program compliance and permit application preparation for eligible small operators.

Abandoned Mine Reclamation Fund

1. For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [~~\$52,774,000~~] *\$30,811,000*, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended: *Provided*, That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts:

- 30 U.S.C. 1231, 1232, 1233 and 1239 – Provides for the payment of fees and other monies into the Abandoned Mine Reclamation fund (Fund). The Fund consists of amounts deposited from time to time, derived from reclamation fees, donations, audit recoveries, interest charges, and administrative collection fees.

The funds collected are used for the reclamation and restoration of land and water resources adversely affected by past mining. SMCRA provides for the use of the monies for the purpose of protecting public health and facilities, safety, general welfare, and property from extreme danger and adverse effects of coal mining practices; restoration of land and water resources and the environment previously degraded by adverse effects of coal mining operations. It also provides that monies in the Abandoned Mine Reclamation Fund will be used to cover the administrative expenses of the Federal Government, accomplish abandoned mine reclamation and develop guidelines on the distribution of monies in the Fund.

- The Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432) extended the authority to collect the mine reclamation fee and revised the distribution of the fee.

2. Provided further, That in Fiscal Year 2009 and hereafter the State of Maryland may set aside the greater of \$1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Act, if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects: Provided further, That amounts provided under this heading may be used for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

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Office of Surface Mining Reclamation and Enforcement

DEPARTMENT OF THE INTERIOR **SUMMARY OF REQUIREMENTS (in thousands of dollars)**

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
	FTE	\$\$	FTE	\$\$	FTE	\$\$	FTE	\$\$
FY 2008 ESTIMATE			343	118,460			185	51,951
FIXED COSTS & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 07		261				140		
Adjustment for Pay Raise - Jan 08		601				326		
Adjustment for Worker's Compensation		7				3		
Adjustment for Unemployment Compensation		-2				-1		
Adjustment for GSA space rent rate		123				66		
Adjustment for Emplr Share of Fed Hlth Benft Plans		49				27		
Adjustment for Working Capital Fund		-153				-83		
Adjustment for One Less Payday		-133				-70		
Adjustment for FBMS Technical Change		0				0		
TOTAL Adjustment for Fixed Costs		753		753		408		408
Program Changes				-761				-21,548
Total Requirements (2009 budget request)			343	118,452		408	185	30,811

Comparison by Business Lines	REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		Inc / Dec (-/+) From 2008	
	2007 Actual	2008 Enacted	Fixed Costs & Related Changes	Program Changes	2009 Budget Request	2007 Actual	2008 Enacted	Fixed Costs & Related Changes	Program Changes	2009 Budget Request	2008 Enacted	2009 Budget Request		
Environmental Restoration	319	256	1	2	259	167,730	33,945	178	-22,105	12,018	34,201	12,277	-21,924	
	FTE	1	1	0	0	1	90	90	0	0	78	91	79	-12
Environmental Protection	78,700	87,425	423	-986	86,862	0	0	0	0	0	87,425	86,862	-563	
	FTE	187	187	0	0	187	0	0	0	0	187	187	0	
Technology Dev. & Transfer	14,976	15,176	210	-120	15,266	3,881	3,921	49	-30	3,940	19,097	19,206	109	
	FTE	92	92	0	0	92	20	20	0	0	20	112	112	0
Financial Management	483	483	6	0	489	6,197	6,308	115	413	6,836	6,791	7,325	534	
	FTE	2	2	0	0	2	41	41	0	0	48	43	50	7
Executive Dir. & Admin.	14,783	15,120	113	343	15,576	7,585	7,777	66	174	8,017	22,897	23,593	696	
	FTE	61	61	0	0	61	34	34	0	0	34	95	95	0
TOTAL	109,261	118,460	753	-761	118,452	185,393	51,951	408	-21,548	30,811	170,411	149,263	-21,148	
	FTE	343	343	0	0	343	185	185	0	0	180	528	523	-5

Office of Surface Mining Reclamation and Enforcement

Justification of Fixed Costs and Related Changes: OSM

Regulation and Technology	2008 Budget	2008 Revised	2009 Fixed Costs Change
<u>Additional Operational Costs from 2008 and 2009 January Pay Raises</u>			
1. 2008 Pay Raise, 3 Quarters in 2008 Budget <i>Amount of pay raise absorbed</i>	+\$688	+\$677 [126]	NA NA
2. 2008 Pay Raise, 1 Quarter (Enacted 3.5%)	NA	NA	\$261
3. 2009 Pay Raise (Assumed 2.9%)	NA	NA	+\$601
<p>These adjustments are for an additional amount needed to fund estimated pay raises for federal employees.</p> <p>Line 1, 2008 Revised column is an update of 2008 budget estimates based upon an enacted 3.5% and the 1.5% across-the-board reduction.</p> <p>Line 2 is the amount needed in 2009 to fund the enacted 3.5% January 2008 pay raise from October through December 2008.</p> <p>Line 3 is the amount needed in 2009 to fund the estimated 2.9% January 2009 pay raise from January through September 2009.</p>			

	2008 Budget	2008 Revised	2009 Fixed Costs Change
<u>Other Fixed Cost Changes</u>			
One Less Pay Day in 2009 <i>This adjustment reflects the decreased costs resulting from the fact that there is one less pay day in 2009 than in 2008.</i>			-\$133
Employer Share of Federal Health Benefit Plans <i>Amount of health benefits absorbed</i>	+\$97	+\$95 [2]	+\$49 [8]
<p>The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for federal employees. For FY 2009, the increase is estimated at 3.0%, the average increase for the past few years.</p>			
Workers Compensation Payments <i>Amount of workers compensation absorbed</i>	+\$13	+\$13	+\$7
<p>The adjustment is for actual charges through June 2006 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2009 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.</p>			
Unemployment Compensation Payments <i>Amount of unemployment compensation absorbed</i>	-\$4	-\$4	-\$2
<p>The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.</p>			
Rental Payments <i>Amount of rental payments absorbed</i>	-\$4	-\$4	+\$123
<p>The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included. In addition to the fixed cost change, an additional \$ is requested as a program change.</p>			

Office of Surface Mining Reclamation and Enforcement

	2008 Budget	2008 Revised	2009 Fixed Costs Change
Departmental Working Capital Fund	\$2,281	\$2,011	-\$153
<i>Amount of WCF payments absorbed</i>		[44]	
The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management			

Justification of Fixed Costs and Related Changes: OSM

Abandoned Mine Reclamation Fund	2008 Budget	2008 Revised*	2009 Fixed Costs Change
<u>Additional Operational Costs from 2008 and 2009 January Pay Raises</u>			
1. 2008 Pay Raise, 3 Quarters in 2008 Budget <i>Amount of pay raise absorbed</i>	+\$394	+\$388 [72]	NA NA
2. 2008 Pay Raise, 1 Quarter (Enacted 3.5%)	NA	NA	+\$140 [23]
3. 2009 Pay Raise (Assumed 2.9%)	NA	NA	+\$326 [97]
These adjustments are for an additional amount needed to fund estimated pay raises for federal employees.			
Line 1, 2008 Revised column is an update of 2008 budget estimates based upon an enacted 3.5% and the 1.5% across-the-board reduction.			
Line 2 is the amount needed in 2009 to fund the estimated 3.5% January 2008 pay raise from October through December 2008.			
Line 3 is the amount needed in 2009 to fund the estimated 2.9% January 2009 pay raise from January through September 2009.			

	2008 Budget	2008 Revised*	2009 Fixed Costs Change
<u>Other Fixed Cost Changes</u>			
One Less Pay Day in 2009 <i>This adjustment reflects the decreased costs resulting from the fact that there is one less pay day in 2009 than in 2008</i>			-\$70
Employer Share of Federal Health Benefit Plans <i>Amount of health benefits absorbed</i>	+\$47	+\$46 [1]	+\$27 [10]
The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for federal employees. For FY 2009, the increase is estimated at 3.0%, the average increase for the past few years.			
Workers Compensation Payments <i>Amount of workers compensation absorbed</i>	+\$7	+\$7	+\$3
The adjustment is for actual charges through June 2006 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2009 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.			
Unemployment Compensation Payments <i>Amount of unemployment compensation absorbed</i>	-\$3	-\$3	-\$1
The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.			
Rental Payments <i>Amount of rental payments absorbed</i>	-\$2	-\$2	+\$66
The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included. In addition to the fixed cost change, an additional \$ is requested as a program change.			

Office of Surface Mining Reclamation and Enforcement

	2008 Budget	2008 Revised*	2009 Fixed Costs Change
<p>Departmental Working Capital Fund</p> <p><i>Amount of WCF payments absorbed</i></p>	\$1,228	\$1,083 [24]	-\$83
<p>The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.</p>			

OSM’s Budget resources are distributed by business line across the DOI Strategic Plan goal areas. The new goal structure is organized around four Department-wide mission goals -- *Resource Protection, Resource Use, Recreation, and Serving Communities* -- and 12 underlying outcomes or results to be achieved. OSM’s funding relates to three of those four goals as identified in the summary chart below.

The table below shows the increases, by Mission Area, for the priority and over requests.

**2009 Budget Request by Interior Mission Area
(Dollars in thousands)**

Mission Area	FY 2008 President’s Budget	FY 2009 Request	2009 Request Change from 2008
Resource Protection	34,808	24,660	-10,148
Resource Use	118,375	118,364	-11
Recreation	0	0	0
Serving Communities	17,228	6,238	-10,989
Total	170,411	149,263	-21,148

Figures may not exactly match budget tables due to rounding. Resource Protection will also include an additional \$176.7 million in mandatory funding in FY 2009.

OSM’s 2009 funding request will provide resources for the improvement of lands and waters degraded by past mining; promote responsible mineral extraction practices; and safeguard communities from adverse impacts from past and current mining. The table on the following page illustrates how OSM’s 2009 budget request supports the Department’s Strategic Plan. For details on OSM’s measures, refer to the Goal Performance Table Tab.

2009 Funding by Strategic Plan Goal

Bureau: Office of Surface Mining Reclamation and Enforcement

Budget Allocation Table By Strategic Plan Goal Areas

(dollars in thousands)

DOI Mission Goal Areas:	Resource Protection			Resource Use		Recreation		Serving Communities					
Account Activity	Improve health of watersheds, landscapes and marine resources	Sustain biological communities	Protect cultural and heritage resources	Manage or influence resource use to enhance public benefit, responsible development, and economic value	Deliver water in an environmentally responsible and cost efficient manner	Improve the quality and diversity of recreation experiences	Expand seamless recreation opportunities with partners	Improve protection of lives, resources, and property	Improve understanding, prediction, and monitoring of natural hazards	Fulfill trust responsibilities	Advance quality communities for Tribes and Alaska Natives	Remaining Funds	Total
Regulation and Technology													
Environmental Restoration	259												259
Environmental Protection				86,862									86,862
Technology Development & Transfer				15,266									15,266
Financial Management				489									489
Executive Direction & Administration	39			15,536									15,576
Subtotal, R&T	298			118,153									118,452
Abandoned Mine Reclamation Fund													
Environmental Restoration	7,403							4,615					12,018
Technology Development & Transfer	3,784			156									3,940
Financial Management	6,836												6,836
Executive Direction & Administration	6,339			55				1,623					8,017
Subtotal, AML	24,362			211				6,238					30,811
OSM TOTAL	24,660			118,364				6,238					149,263

Goal Performance Tables

End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
End Outcome Measures										
Number of Federal, private and tribal land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past mining. (Calculated equivalent acres) (SP) (PART)	F	6,965	6,533	6,983	6,900	6,658	6,900	6,900	0%	15,400
Total Actual/Projected Costs (\$000)		\$199,723	\$185,336	\$199,515	\$185,393	\$206,985	\$206,808	\$201,360	-\$5,448 -3%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		\$28,675	\$28,369	\$28,571	\$26,869	\$31,088	\$29,972	\$29,183	-\$789 -3%	---
Comments:		Three performance measures – land acres reclaimed, stream miles, and surface acres – were combined into this GPR performance measure as presented in the DOI GPR Strategic Plan FY 2007-2012. The target remains as 6,900 and will be revised as OSM reviews the impacts of the SMCRA amendments of 2006 on State reclamation funding.								
Δ Contributing Programs:		For FY 2008: Includes all discretionary funding under Resource Protection (\$34,808), and mandatory funding to non-certified States (\$172 million). For FY 2009: Includes all discretionary funding under Resource Protection (\$24,660), and mandatory funding to non-certified States (\$176.7million).								
Number of active partnering and leveraging agreements. (BUR)	C	74	110	55	56	53	15	15	0%	15
Comments:		Due to the SMCRA Amendments of 2006 (P.L. 109-432), only watershed cooperative agreements will be counted beginning in FY 2008.								
The amount of increased funds derived from active partnering and leveraging agreements. (BUR)	A	8,179,634	27,692,333	5,800,000	5,000,000	28,963,461	3,750,000	3,750,000	0%	3,750,000
Comments:		FY 2007 actual data: Clean Stream program projects = \$25.9 million; Watershed Cooperative Agreements = \$3 million. Due to the SMCRA Amendments of 2006 (P.L. 109-432), only watershed cooperative agreements will be counted beginning in FY 2008.								
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	99.6%	94%	99%	94%	95%	+1%	97%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	89.3%	92%	92%	92%	94%	+2%	95%

Office of Surface Mining Reclamation and Enforcement

End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water

End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	97%	93%	96%	93%	93%	0%	93%
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,446	1,200	1,746	1,200	1,200	0%	1,100
Comments:		The number of students increased in FY 2007 over the planned target due to a larger attendance at forums in addition to classroom settings. OSM will review targets as plans for classroom and forums are developed. Long-term target decrease due to increase in travel costs.								
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	91%	90%	90%	90%	90%	0%	90%
Increase the number of permits reporting by e-filing. (BUR)	C	44%	58%	64%	65%	69%	70%	75%	+5%	90%
Comments:		Anticipate incremental increases in participation over future years.								
AML Fee Collection rate. (BUR)	A	99.9%	99.9%	99.9%	99%	99.9%	99%	99%	0%	99%
Customer satisfaction with Grants Financial Services. (BUR)	A	98%	100%	100%	95%	NA	NA	NA	---	NA
Comments:		This measure was used to monitor OSM systems like ABACIS, GIFTS, and DDX, to ensure that OSM was meeting customer needs. In the new FBMS environment, OSM no longer controls the systems (FBMS, e-grants Plus and ASAP), so the measure is no longer relevant. OSM is exploring measures that may be applicable, but has yet to identify a replacement measure.								
PART Efficiency and Other Output Measures										
Provide appropriate grant funding within 60 days of a complete grant application. (PART-EFFICIENCY)	A E	UNK	UNK	100%	85%	100%	90%	90%	0%	90%
Comments:		This new efficiency measure was established with the FY 2006 PART Reassessment effort. Measure will be reviewed and targets adjusted as trend data becomes available.								

Office of Surface Mining Reclamation and Enforcement

End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
End Outcome Measures										
Percent of active coal mining sites that are free of off-site impacts. (SP) (PART)	C	93% (6,364 of 6,872 sites)	89% (7,436 of 8,335 sites)	92% (7,454 of 8,142 sites)	93%	90.2% (7,103 of 7,877 sites)	93% (7,122 of 7,658 sites)	93% (7,122 of 7,658 sites)	0%	93% (7,122 of 7,658 sites)
Total Actual/Projected Costs (\$000)		\$105,813	\$118,487	\$113,684	\$109,198	\$99,669	\$118,375	\$118,364	-\$11 0%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		\$15,398	\$14,216	\$13,963	\$13,863	\$12,653	\$15,458	\$15,456	-\$2 0%	---
Percent of mined acreage reclaimed). (SP) (PART)	F	UNK	48% (1,535,201 of 3,225,161 acres)	47% (1,534,301 of 3,225,261 acres)	45%	53.4% (1,928,521 of 3,609,121 acres)	45% (1,786,515 of 3,970,033 acres)	45% (1,786,515 of 3,970,033 acres)	0%	45% (1,786,515 of 3,970,033 acres)
Total Actual/Projected Costs (\$000)		UNK	\$118,487	\$113,684	\$109,198	\$99,669	\$118,375	\$118,364	-\$11 0%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		UNK	\$77	\$74	\$57	\$56	\$66	\$66	\$0 0%	---
Comments:	DOI measure presented in the DOI Strategic Plan for FY 2007-2012.									
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (PART)	C	49,054	53,353	49,796	50,000	51,105	50,000	50,000	0	50,000
Number of acres released from Phase I & II Performance Bonds. (PART)	C	90,040	88,869	89,894	80,000	110,198	80,000	80,000	0	80,000
Comments	FY 2007 actual exceeded plan as a result of increased mining in preceding years.									
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	99.6%	94%	99%	94%	95%	+1%	97%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	89.3%	92%	92%	92%	94%	+2%	95%
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	97%	93%	96%	93%	93%	0%	93%

Office of Surface Mining Reclamation and Enforcement

End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,446	1,200	1,746	1,200	1,200	0%	1,100
Comments:		The number of students increased in FY 2007 over the planned target due to a larger attendance at forums in addition to classroom settings. OSM will review targets as plans for classroom and forums are developed. Long-term target decrease due to increase in travel costs.								
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	91%	90%	90%	90%	90%	0%	90%
Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)	A	98%	97%	97%	95%	98%	95%	95%	0%	95%
<i>PART Efficiency and Other Output Measures</i>										
Completion of the technical review of Federal/Indian Land permit actions within 90 days (PART-EFFICIENCY)	A E	UNK	UNK	96%	80%	97%	80%	80%	0%	80%
Comments:		This measure was established with the FY 2006 PART Reassessment effort. Measure will be reviewed and targets adjusted as trend data becomes available.								

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End Outcome Goal 4.1: Serving Communities – Improve Protection of Lives, Resources, and Property

End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
<i>End Outcome Measures</i>										
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (PART)	F	160,257	2.244 million	393,728	160,000	270,102	160,000	160,000	0%	350,000
Comments:		Funding provided in measure under Resource Protection. Data are recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management and agreed to by the participating states. Of the 270,102 people with reduced exposure, 74,466 were reported for 1 project in Wyoming. States are provided the option of using data other than the calculated Census data due to site conditions that may impact more people such as those identified above, or less as appropriate. If only Census data was used for all acres reclaimed in FY 2007, the total number of people associated with those acres would be 126,581.								
Number of people directly affected (Emergencies abated). (PART)	A	11,400	8,975	32,601	8,300	43,580	8,300	8,300	0%	8,300
Comments:		Three emergency projects in West Virginia, Arkansas, and Oklahoma accounted for 30,200 people. Trend data will be reviewed in FY 2008 for future revisions to the target.								
<i>PART Efficiency and Other Output Measures</i>										
Percentage of declared emergencies abated within six months. (PART-EFFICIENCY)	A E	98%	96%	97.8%	95%	98.5%	95%	95%	0%	95%

Target Codes:	
SP = Key Strategic Plan measure	UNK = Prior year data unavailable
PART = Program Assessment Rating Tool measures	TBD = Targets have not yet been determined
BUR = Bureau specific measures	NA = Long-term targets are inappropriate to determine at this time
Type Codes:	
C = Cumulative	F = Future
A = Annual	E = Efficiency

Key to Measure Types

The Goal Performance Table in this section includes a column called Type. Each measure in the Goal Performance Table has measure Type: A, C, E or F. Each classification reflects a different timeframe between when a result is realized, in terms of a changing target value, relative to when funds are budgeted.

A - Annual-result performance measures (“Annual” measures)

For these performance measures, the 2008 budget request reflects the resources that support the performance target for that year only. This is typical of any performance measure target for an operational effort that is repeated annually.

C - Cumulative-result performance measures (“Cumulative” measures)

For these performance measures, the 2008 budget request reflects only an annual increment of funding that is being used to maintain or reach the level of achievement reflected in the target. While these measures reflect the level of performance achieved over a number of years, the target value for a given fiscal year reflects the level of performance which is expected to be reached by the end of that fiscal year, and no further.

F - Future-result performance measures (“Future” measures)

For these performance measures, the 2008 budget request reflects an investment towards a result that may take multiple applications over time and/or contributions from other efforts to realize. “Future” performance measures are similar to “cumulative” performance measures in that the time to achieve results extends beyond a single budget year reflecting either a delayed effect or the contributions from multiple years. One of the characteristics that distinguish “cumulative” from “future” performance measures is whether or not the level of achievement can be reflected in a target value in the same year as the budget year with the funding effecting the achievement.

E - Efficiency performance measures (“Efficiency” measures)

For these performance measures, the 2008 budget request level reflects the improvements in program outcomes for a given level of resource use.

INTRODUCTION

The following tables provide a snapshot of the cost changes by appropriation, business line and activities within those business lines. Below is a brief description of each appropriation and summary of business line within each appropriation.

Regulation and Technology

This appropriation finances the regulatory functions of SMCRA as administered by the States and OSM. Federal activities related to the administration and monitoring of State regulatory programs and OSM's technical training, assistance, and transfer activities related to environmental protection are also financed by this appropriation. The request is \$118,452,000 (including an estimated \$100,000 in civil penalty collections); a net decrease of \$8,000 over the FY 2008 Enacted level.

Abandoned Mine Land Appropriation

This appropriation supports the discretionary reclamation program functions carried out by the States and OSM. The Fund is derived from a fee levied on coal production sales, use and transfers. The Fund also supports Federal activities related to the administration and monitoring of State programs, as well as OSM's technical training, assistance, and transfer activities related to environmental reclamation. The request is \$30,811,000 a net decrease of \$21.1 million over the FY 2008 Enacted level.

Summary of FY 2008 Appropriations and FY 2009 Budget Changes

By Appropriation and Business Line

(Dollars in thousands)

Regulation and Technology	2008 Enacted	2009 Request	Change from 2008
Environmental Restoration	256	259	3
Environmental Protection	87,425	86,862	-563
Tech Development & Transfer	15,176	15,266	90
Financial Management	483	489	6
Executive Direction	15,120	15,576	456
Total Appropriation	118,460	118,452	-8

Abandoned Mine Reclamation Fund	2008 Enacted	2009 Request	Change from 2008
Environmental Restoration	33,945	12,018	-21,927
Tech Development & Transfer	3,921	3,940	19
Financial Management	6,308	6,836	528
Executive Direction	7,777	8,017	240
Total Appropriation	51,951	30,811	-21,140

Office of Surface Mining Reclamation and Enforcement

**2009 Budget at a Glance
(Dollars in Thousands)**

Discretionary	2007 Enacted	2008 Enacted	Fixed Cost Changes	Internal Transfers	Program Changes	2009 Request
Appropriation: Regulation and Technology	109,261	118,460	753	0	-761	118,452
Environmental Restoration	319	256	1	0	2	259
<i>Federal Program Operations</i>	319	256	1	0	2	259
Environmental Protection	78,700	87,425	423	0	-986	86,862
<i>State and Tribal Funding</i>	56,365	64,536	0	0	-836	63,700
<i>State and Tribal Funding</i>	0	0	0	0	[-1,336]	[-1,336]
<i>Tribal Primacy</i>	0	0	0	0	[500]	[500]
<i>State Program Evaluation</i>	8,133	8,387	181	0	-125	8,443
<i>Travel Reduction</i>		0	0	0	[-125]	[-125]
<i>Federal Programs</i>	5,727	5,845	101	0	0	5,946
<i>Federal Lands</i>	1,510	1,521	15	0	0	1,536
<i>Indian Lands</i>	2,346	2,400	45	0	0	2,445
<i>Program Development and Maintenance</i>	4,619	4,736	81	0	-25	4,792
<i>Travel Reduction</i>		0	0	0	[-25]	[-25]
Technology, Development & Transfer	14,976	15,176	210	0	-120	15,266
<i>Technical Assistance</i>	10,734	10,804	114	0	-20	10,898
<i>Travel Reduction</i>					[-20]	[-20]
<i>Training</i>	2,577	2,635	51	0	-100	2,586
<i>Travel Reduction</i>		0	0	0	[100]	[100]
<i>Technology Transfer</i>	1,665	1,737	45	0	0	1,782
Financial Management	483	483	6	0	0	489
<i>Fee Compliance</i>	0	0	0	0	0	0
<i>Revenue Management</i>	390	388	3	0	0	391
<i>Grants Financial Management</i>	93	95	3	0	0	98
Executive Direction and Administration	14,783	15,120	113	0	343	15,576
<i>Executive Direction</i>	2,479	2,548	57	0	-10	2,595
<i>Travel Reduction</i>		0	0	0	[-10]	[-10]
<i>Administrative Support</i>	4,294	4,260	81	0	-25	4,316
<i>Travel Reduction</i>		0	0	0	[-10]	[-10]
<i>IDEAS Support</i>	0	0	0	0	[-15]	[-15]
<i>General Services</i>	8,010	8,312	-26	0	378	8,665
<i>Working Capital Fund Increase</i>	0	0	0	0	[363]	[363]
<i>IT Services Support</i>	0	0	0	0	[15]	[15]

Office of Surface Mining Reclamation and Enforcement

**2009 Budget at a Glance
(Dollars in Thousands)**

Discretionary	2007 Enacted	2008 Enacted	Fixed Cost Changes	Internal Transfers	Program Changes	2009 Request
Appropriation: Abandoned Mine Reclamation Fund	185,393	51,951	409	0	-21,548	30,812
Environmental Restoration	167,730	33,945	178	0	-22,105	12,018
State and Tribal Funding	145,352	11,003	0	0	-11,003	0
AML Regular Grants*	[132,049]	0	0	0	0	0
State Emergency Grants	[9,803]	[11,003]	0	0	[-11,003]	0
Clean Streams	[3,500]	0	0	0	0	0
State Program Evaluation	2,521	2,588	53	0	-35	2,606
Travel Reduction	0	0	0	0	[-35]	[-35]
Federal Programs	11,206	11,523	0	0	-9,700	1,823
Federally-Managed State and Federal Emergencies	[9,143]	[9,000]	0	0	[-9,000]	0
High-Priority Projects	[987]	[972]	0	0	[-700]	[272]
Watershed Projects	[1,076]	[1,551]	0	0	0	[1,551]
Federal Reclamation Operations	5,561	5,681	74	0	-1,412	4,343
Program Development and Maintenance	3,090	3,150	51	0	45	3,246
SMCRA Amendments Support	0	0	0	0	[80]	[80]
Travel Reduction	0	0	0	0	[-35]	[-35]
Technology, Development & Transfer	3,881	3,921	49	0	-30	3,940
Technical Assistance	1,551	1,574	25	0	-10	1,589
Travel Reduction	0	0	0	0	[-10]	[-10]
Training	809	829	15	0	-20	824
Travel Reduction	0	0	0	0	[-20]	[-20]
Technology Transfer	1,521	1,518	9	0	0	1,527
Financial Management	6,197	6,308	115	0	413	6,836
Fee Compliance	6,110	6,219	112	0	413	6,744
Fee Compliance Audits	0	0	0	0	[500]	[500]
Contract Reduction	0	0	0	0	[-87]	[-87]
Revenue Management	0	0	0	0	0	0
Grants Financial Management	87	89	3	0	0	92
Executive Direction and Administration	7,585	7,777	67	0	174	8,018
Executive Direction	1,317	1,350	35	0	-5	1,380
Travel Reduction	0	0	0	0	[-5]	[-5]
Administrative Support	2,242	2,237	46	0	-13	2,270
Travel Reduction	0	0	0	0	[-5]	[-5]
IDEAS Support	0	0	0	0	[-8]	[-8]
General Services	4,026	4,190	-15	0	192	4,368
Working Capital Fund Increase	0	0	0	0	[184]	[184]
IT Services Support	0	0	0	0	[8]	[8]
Total, Discretionary Funding	294,654	170,411	1,161	0	-22,309	149,263

Office of Surface Mining Reclamation and Enforcement

**2009 Budget at a Glance
(Dollars in Thousands)**

	2007 Enacted	2008 Enacted	Fixed Cost Changes	Internal Transfers	Program Changes	2009 Request
Appropriation: Abandoned Mine Reclamation Fund (Mandatory)	0	441,000	0	0	0	479,100
<i>Payments to States in Lieu of Coal Fee Receipts (Treasury Funds)</i>	<i>0</i>	<i>254,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>273,700</i>
<i>Mandatory Grants to States and Tribes (AML Funds)</i>	<i>0</i>	<i>87,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>91,400</i>
<i>UMWA</i>	<i>0</i>	<i>100,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>114,000</i>
Total, Funding	294,654	611,411	1,161	0	-22,309	628,363

* Mandatory funding beginning in 2008.

Numbers may not add due to rounding.

ENVIRONMENTAL RESTORATION

(Dollars in Thousands)

		2009					
		2007 Actual	2008 Enacted	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2008 (+/-)
Regulation & Technology*	\$\$\$	319	256	1	2	259	+3
	FTE	1	1	0	0	1	0
Abandoned Mine Land	\$\$\$	167,730	33,945	178	-22,105	12,018	-21,927
	FTE	90	90	0	0	78	-12
TOTAL	\$\$\$	168,049	34,201	179	-22,103	12,277	-21,924
	FTE	91	91	0	0	79	-12

*FY 2007 includes actual civil penalty collections \$161,536.14. FY 2008 and 2009 include estimated civil penalty collections of \$98,000 and \$100,000, respectively. Program Change in Regulation and Technology includes an increase of \$2,000 in additional authority for collections and a decrease of \$70,000 in travel as described in the General Statement.

In addition to the current appropriations above, OSM will receive an estimated \$479.1 million in permanent appropriations for payments to States in lieu of coal fee receipts (Treasury funds), grants to States and Tribes (AML funds) and payments to the United Mine Workers of America retiree health benefit plans. The permanent appropriations were included as part of the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). See Permanent Appropriations Tab for discussion.

Summary of 2009 Program Changes

Request Component	(\$000)	FTE
<u>Program Development and Maintenance</u>		
Increase for SMCRA Amendments Support	+80	
<u>State and Tribal Funding</u>		
Decrease in Emergency Funding	-11,003	0
<u>Federal Reclamation Program</u>		
Decrease in Federally-Managed Programs	-9,000	0
Decrease in High Priority Projects	-700	0
Decrease in Operations	-1,412	-12
<u>Others Identified Under Chart Above</u>	-68	
Total Program Changes	-22,103	-12

Justification of Program Changes

Program Support – 2006 SMCRA Amendments (+\$80,000): This increase will support funding for the increased work associated with grants, site review, and program and policy development due to changes in the abandoned mine land program.

State and Tribal Funding – Emergency Grants (-\$11,003,000): This budget proposal eliminates funding for this Program. The FY 2007 State grants for emergencies was \$9.8 million based on States' requests. States requested the same level of funding in FY 2008. If spending in the program continues as it has, OSM expects that in FY 2008 it will have sufficient carryover to fund State emergency grants in FY 2009. As discussed under the General Statement, the mandatory spending brought about by the SMCRA Amendments of 2006 will provide more funding to States and should allow them to address more high priority problems, including those with immediate hazards (emergencies). With the elimination of funding for this program, OSM will work with the States to implement policies to allow for a transition to ensure situations that require immediate attention will be covered under State funding in 2010.

Federal Emergency Project Funding (-9,000,000): This budget proposal eliminates funding for this Program. OSM manages emergency abatement projects in States and on Tribal lands where the State or Tribe has no approved regulatory program and in those States that have not been delegated this authority. The emergency program protects lives, resources and property and provides immediate relief from abandoned mine hazards that threaten public health and safety. For fiscal years 2002 through 2006, OSM averaged nationwide about \$8.7 million in emergency project expenditures on 201 declared projects, primarily in the Appalachian Region. The anticipated need for FY 2008 is \$7.4 million. OSM will have sufficient funding available in FY 2009 due to carryover of funds not expended in prior years. As discussed under the General Statement, the mandatory spending brought about by the 2006 amendments to SMCRA will provide more funding to States and should allow them to address more high priority problems including those with immediate hazards (emergencies). With the elimination of funding for this program, OSM will work with the States to implement policies to allow for a transition to ensure situations that impact health and safety will be covered under State funding in 2010.

Federal Operations (-\$1,412,000): Future program changes to Federal Reclamation Program Operations will be realized as States implement emergency programs. This budget proposal has a \$1.412 million reduction in Operations as we transition to eliminate federal involvement in Federal Emergency Projects. This includes an estimated reduction of 12 FTE; however, that reduction will not be fully realized in FY 2009 due to carryover funding being available for Federal Emergency Projects. OSM will use available carryover funding to cover potential shortfalls so that operations are maintained during this transition year.

Federal High Priority Project Funding (-\$700,000): Annually, OSM spends about \$1.65 million on an average of eight (8) projects in States and Tribal lands where no approved regulatory program exists and is, therefore, ineligible for an AML program. Over the past five years, the project spending has ranged from a low of \$987,000 in 2006 to a high of \$2.2 million in FY 2004 with Tennessee projects comprising over half of the cost. Under the SMCRA Amendments Act of 2006, the State of Tennessee, upon approval of its reclamation plan, will receive minimum program funding to implement its own Abandoned Mine Land program, including the reclamation of remaining high priority abandoned sites. In 2009, OSM will no longer be responsible for high-priority reclamation in Tennessee and will concentrate on the remaining States. OSM anticipates no impact on reclaiming remaining high-priority projects for appropriate States and Tribes with the proposed reduced budget for this program.

Additional Internal Adjustments (net \$0): In addition to the limited increase of \$80,000 identified above, internal adjustments are being made to address the 2006 SMCRA Amendments. OSM no longer requests appropriated funds for the Clean Streams Program, rather, that program is supported by the changes in the law allowing more funding to go to acid mine drainage projects and related programs. The staff specific to the Clean Streams Program will no longer be needed and an adjustment will be made to shift those positions to much needed grant and programmatic work due to changes in the abandoned mine land program. Both activities are under Program Development and Maintenance and the net change is zero (0).

**MISSION GOAL: TO PROVIDE A CLEANER AND SAFER ENVIRONMENT
FOR THE AMERICAN PEOPLE BY RECLAIMING AND RESTORING
LAND AND WATER DEGRADED BY PAST MINING**

The Environmental Restoration business line funds operations and projects for the abandoned mine land program (AML). The program addresses threats to public health, safety, and general welfare through the reclamation of environmental hazards caused by past mining practices. Through this business line OSM has historically provided emergency project funds to States and Tribes for administering their approved AML emergency programs. OSM also evaluates State and Tribal AML programs, abates high-priority coal mining-related hazards through the Federal Reclamation program (where OSM has reclamation responsibility), and fosters partnerships aimed at addressing acid mine drainage/water pollution problems.

The total magnitude of the abandoned mine problem is difficult to assess, but OSM has developed a national inventory that contains information on over 19,000 problem areas associated with abandoned mine lands, mostly coal. A problem area is a geographical area, such as a watershed, that contains one or more problems. The more serious problem areas are classified as priority 1 (extreme danger to public health and safety), priority 2 (adverse affects to public health, safety, and general welfare), or priority 3

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(environmental hazards). Since 1977, about 240,000 equivalent acres of priority 1 and 2 health and safety, and environmental-related coal problems have been reclaimed.

OSM's Environmental Restoration business line supports accomplishment of the Department of the Interior's Resource Protection and Serving Communities mission goal components in the strategic plan. As stewards of our nation's natural and cultural resources, the Department is entrusted with safeguarding these treasures for future generations. Environmental problems associated with abandoned mine sites, such as, water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles degrade our natural resources. Through the reclamation of these problems, our land and water resources are improved for beneficial uses, such as, agriculture, wildlife habitat or development.

Mine site cleanups not only improve our environment, but also safeguard people and property. In addition, these communities are revitalized through the creation of jobs associated with reclamation projects.

The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). This Act extended the authority for fee collection through September 30, 2021, and changed the way State and Tribal reclamation grants are to be funded, beginning in FY 2008. State and Tribal grants have moved to permanent appropriations, and only those activities under Section 402(g)(3)(A) – (D) remain discretionary.

The reassessment of the Abandoned Mine Lands Grants Program was conducted in FY 2007 for the FY 2009 Budget year. The reassessment concluded that the program meets its objectives of reclaiming and restoring land, and water degraded by coal mining activities conducted prior to 1977, and the program's performance measures address important aspects of AML reclamation.

Two action items were identified to improve the performance of the program:

3. Work with States and Tribes to implement the SMCRA Amendments of 2006.
4. Review baseline data and targets for performance measures to reflect the SMCRA Amendments of 2006.

Work on the above action items is ongoing.

OSM received a rating of "Moderately Effective" under the review.

**Operational Processes
(Program Activities):**

The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). This Act changed the way State and Tribal reclamation grants are to be funded, beginning in FY 2008. State and Tribal grants have

moved to permanent appropriations, and only those activities under Section 402(g)(3)(A) – (D) remain discretionary. These activities include Federal Reclamation Programs, State and Federal Emergency Programs, and OSM operations. Most importantly, the SMCRA Amendments of 2006 provide dramatically increased funding to States and Tribes. The increase in funding available to the States and Tribes will allow OSM to begin phasing out Federal responsibility for AML emergency programs. Therefore, OSM’s FY 2009 budget eliminates new funding for State Emergency Grants and Federal Emergency Projects.

OSM will continue to support the Watershed Cooperative Agreement Program under the current appropriation requested. This program supports cooperative conservation in that it provides funding to local volunteer non-profit watershed organizations in their efforts to improve their local environment and has positive impacts on the local economic climate of nearby communities.

Evaluation and Oversight of the State and Tribal AML reclamation operations is coordinated by OSM through the State Program Evaluation program activity. This business line also funds the Program Development and Maintenance program activity, which provides policy direction and ensures State/Tribal programs are amended as needed.

The Environmental Restoration program activities improve natural resources and reduce the risk to public health, safety, and general welfare by correcting problems caused by past mining. OSM has identified success indicators to show incremental accomplishments for the mission goal. These goals and measures are identified at the end of this business line section.

ENVIRONMENTAL RESTORATION ENCOMPASSES

State and Tribal Funding

State Program Evaluation

Federal Reclamation Program

- *Program Operations*
- *High Priority Projects*
- *Watershed Cooperative Agreements*
- *Outcrop and Underground Fire Control*
- *Civil Penalty Reclamation*
- *Bond Forfeiture Reclamation*

Program Development and Maintenance

Actions Required to Achieve Annual Goals: In FY 2008 and 2009, OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation agencies, and through private and grass-roots associations. In addition, OSM will increase efforts to leverage funding from other government and non-government organizations to address abandoned mine sites. This emphasis on partnership and leveraging of resources supports cooperative conversation efforts.

Resources, Skills, and Technology Needed: OSM will continue to need a diverse and multidisciplinary cadre of individuals with scientific and engineering skills. These human resources establish reclamation project design and construction criteria either directly or in conjunction with contractors. Program analysts, grant specialists, and other support personnel are needed to implement the State/Tribal grants program and to conduct program evaluations. Computer systems personnel and contractors are needed to maintain the Abandoned Mine Land Inventory System. OSM maintains the system and network by which the States and Tribes manage their data.

- The FY 2009 President's Budget requests \$2.6 million for State Program Evaluation; \$4.5 million for Federal Reclamation Program Operations, \$0.3 million for High Priority Projects, \$1.5 million for Watershed Cooperative Agreement Projects; and \$3.2 million for Program Development and Maintenance.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of the types of efforts used to evaluate programs, address emergency and high-priority issues and manage those projects, and provide reclamation support services to communities affected by coal mining issues.

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Table 1– Justification of Program and Performance, Environmental Restoration
 Summary Increases/Decreases for FY 2008
 (Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)	
		2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request		
State and Tribal Funding	\$\$\$	0	0	0	145,352	11,003	0	145,352	11,003	0	-11,003	
		0	0	0	132,049	0	0	132,049	0	0	0	
		0	0	0	9,803	11,003	0	9,803	11,003	0	-11,003	
		0	0	0	3,500	0	0	3,500	0	0	0	
	FTE	0	0	0	0	0	0	0	0	0	0	
State Program Evaluation	\$\$\$	0	0	0	2,521	2,588	2,606	2,521	2,588	2,606	+18	
	FTE	0	0	0	23	23	23	23	23	23	0	
Federal Reclamation Program	Projects:	162*	100	100	2,063	2,523	1,823	2,225	2,623	1,923	-700	
	High-Priority Watershed	\$\$\$			987	972	272					
					1076	1,551	1,551					
	Federally Managed State and Federal Emergencies	\$\$\$	0	0	0	9,143	9,000	0	9,143	9,000	0	-9,000
	Operations	\$\$\$	157	156	159	5,561	5,681	4,343	5,718	5,837	4,502	-1,335
		FTE	1	1	1	45	45	33	46	46	34	-12
Program Dev/Maintenance	\$\$\$	0	0	0	3,090	3,150	3,246	3,090	3,150	3,246	+96	
	FTE	0	0	0	22	22	22	22	22	22	0	
TOTAL	\$\$\$	319	256	259	167,730	33,945	12,018	168,049	34,201	12,277	-21,924	
	FTE	1	1	1	90	90	78	91	91	79	-12	

* FY 2007 includes actual civil penalty collections \$162,000.00. FY 2008 and 2009 include estimated civil penalty collections of \$98,000 and \$100,000, respectively.

NOTE: Federal FTE figures for the Federally-managed State Emergencies are reflected under the Federal Reclamation Program.

2009 PROGRAM PERFORMANCE ESTIMATES

Abandoned Mine Land Fund

The Surface Mining Control and Reclamation Act (SMCRA) established the Abandoned Mine Reclamation Fund (AML Fund) to finance the restoration of land mined and abandoned prior to August 1977. Coal mining had disturbed more than one million acres of land, resulting in significant health and safety problems for coalfield citizens and the public in general. An adequate AML Fund is essential to ensure that these problems are abated by providing the financial resources for State, Tribal, and Federal reclamation efforts. Although substantial progress has been made, approximately \$3 billion of priority 1 and 2 problems that threaten public health and safety remain unreclaimed.

The AML Fund receives revenues through the collection of coal production fees. OSM's authority to collect the fee was extended through September 30, 2021, by the Surface Mining Control and Reclamation Act Amendments of 2006. The fee structure was also modified by the Act. In fiscal year 2008, the new fee structure allows for fee collection of: 31.5 cents/ton of surface mined coal; 13.5 cents/ton of coal mined underground; and 9 cents/ton of lignite; or ten percent of the value of the coal at the mine, which are paid by operators of active mines. Payment of required fees is ensured by the fee compliance activities of the Financial Management business line.

Under the 2006 Amendments, the distribution of fees collected and the appropriation of funds is quite different. In addition to changing the fee collection amount as identified above and extending the fee collection through 2021, the new law provides for the mandatory distribution of fees collected. Details on the mandatory distribution are contained under the Permanent Appropriations section of this budget request.

The FY 2009 budget request from the AML fund for Environmental Restoration will cover discretionary spending for the following activities listed below and presented in detail in this section.

- State Program Evaluation;
- Federal Reclamation Program Operations;
- High-priority coal projects under the Federal Reclamation Program in States and Tribes without approved AML programs;
- Watershed cooperative agreements administered by OSM; and
- Program Development and Maintenance.

Funding appropriated from the AML fund will also cover federal expenses requested and outlined in subsequent business line chapters to cover technical assistance and training, financial management, and executive direction.

1. State and Tribal Funding

As discussed above, the distribution of funding to States and Tribes for reclamation changed in FY 2008. In addition, under the SMCRA Amendments of 2006, States and Tribes will be receiving mandatory funding based on a new distribution and are allowed to continue to fund Clean Streams projects associated with Priority 1 and 2 projects, as well as under the set aside program as modified by the new law. The increase in funding available to the States and Tribes under mandatory grants will allow OSM to begin phasing out Federal responsibility for AML emergency programs. Therefore, OSM's FY 2009 budget eliminates new funding for State Emergency Grants and Federal Emergency Projects. Sufficient funding will be available from carryover into FY 2009 to fund the program at the same level as that requested in FY 2008 as we go through this transition. Therefore, a description of this program is contained below.

State Emergency Program Grants

Under provisions of SMCRA, each State AML Reclamation Program may request authority from OSM to administer an AML Emergency Response Program within its borders. Emergencies are AML problems which occur suddenly and present high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately. Funding for State emergency program operations and emergency abatement projects originates in the Federal Share portion of the AML allocation and is provided to States as part of their allocation from the AML Fund. The following fifteen States operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Texas, Virginia, and West Virginia.

OSM carries out emergency project responsibilities for the Tribes, for States without approved reclamation programs (California, Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, and Washington) and for States that have not requested the authority to administer their own emergency programs (Colorado, Kentucky, Louisiana, Maryland, New Mexico, Pennsylvania, Tennessee, Utah, and Wyoming).

As discussed above, OSM's FY 2009 budget eliminates new funding for State Emergency Grants. Sufficient funding will be available from carryover into FY 2009 to fund the program at the same level as that requested in FY 2008 as we go through this transition.

2. State Program Evaluation

SMCRA requires OSM to monitor the progress and quality of each State and Tribal program to ensure that their reclamation programs function effectively. This program area is an integral part of the State and Tribal funding. Evaluation of State and Tribal reclamation programs ensure efficient and effective use of program dollars for the intended purpose. Funds provided under this activity (\$2.6 million) support the Department's Serving Communities goal.

OSM analyzes documents submitted by States and Tribes (e.g. grants, amendments, reports), and conducts on-site evaluations of selected reclamation projects. OSM also provides the States and Tribes with expert technical assistance on reclamation projects. OSM, States, and Tribes hold conferences and forums to discuss reclamation issues, technology, and solutions to reclamation problems.

OSM, in consultation with States and Tribes, developed a review system that provides for enhancement and performance evaluation of programs, rather than oversight. This system, which is based on principles of excellence, recognizes that evaluation involves an ongoing relationship between OSM and the State or Tribal agencies - which have the autonomy to run their programs. OSM is responsible for assisting in program enhancement while monitoring compliance with SMCRA.

This evaluation system does not require that each program be reviewed each year in each of the six areas covered under the principles of excellence. Instead, the system allows each State or Tribe to develop, with the appropriate Field Office, a programmatic agreement which addresses the areas to be reviewed and establishes applicable performance measures. Since much of the enhancement and performance evaluation is trend analysis and because the interaction between the programs and OSM is continual, the programmatic agreements can be for periods longer than one year. However, OSM reviews them each year to determine the progress being made.

These agreements first address the overriding goal of the AML program, which is reclamation. They recognize that if the State or Tribe is permanently reclaiming abandoned mine sites by abating hazards, reducing or mitigating adverse effects of past mining, and restoring adversely affected lands and water to beneficial use, then it is conducting an overall successful program.

OSM encourages States and Tribes to maintain ongoing programs for post-project monitoring to assure that completed reclamation projects receive adequate maintenance until reclaimed lands are stable, and to ensure the effectiveness of reclamation designs. OSM evaluations of post-construction monitoring ensure implementation of these types of State monitoring plans.

3. Federal Reclamation Program

The increase in funding available to the States and Tribes under mandatory grants will allow OSM to begin phasing out Federal responsibility for AML emergency programs. Therefore, OSM's FY 2009 budget eliminates new funding for Federal Emergency Projects under this sub-activity. Sufficient funding will be available from carryover into FY 2009 to fund the program at the same level as that requested in FY 2008 as we go through this transition. Therefore, a

description of the program is provided below. In addition, we will retain the majority of funding to carry out federal operations associated with the administration of these projects in FY 2009.

Funding of \$4.5 million are provided for operations associated with the elimination of the highest priority environmental hazards associated with past mining in non-primacy States and in States without an emergency program (Kentucky and Pennsylvania). These activities support the Department's Serving Communities goal. An additional \$1.551 million is provided for Watershed Cooperative Agreement Projects and \$0.272 million is provided for high priority projects. This funding is attributed to the Resource Protection mission goal.

This program activity also funds OSM's administration of projects funded by federal civil penalties collected from operators and projects funded from bonds forfeited by operators of federally permitted sites.

a. Federal Emergency Projects

OSM manages emergency abatement projects in States and on Tribal lands where the State or Tribe has no approved regulatory program and is therefore ineligible for an AML program, and where the State or Tribe has determined it does not want to have an emergency reclamation program. Many coal-producing States, including two with high numbers of emergencies, Pennsylvania and Kentucky, do not have an approved emergency program.

Emergency work provides immediate relief from abandoned mine hazards that threaten public health and safety on federal and Indian lands in States without their own emergency program. Emergencies are generally the result of two different types of events. The most common emergencies are subsidence events, the caving in of old underground mines. Subsidence can impact man-made structures on the surface and may be life threatening when they occur in areas where there is frequent human activity, such as in schools, parks, playgrounds, and residential areas. These types of emergencies are most common in the Midwestern States and Anthracite regions of northeastern Pennsylvania.

The second type of event is landslides. These are usually the result of unstable mine spoil placed on steep hillsides. This occurs generally in the steep slope areas of Appalachia, and especially in eastern Kentucky and southern West Virginia. Landslides can impact homes and other man-made structures and may block streams, which, in turn, can cause flooding either above or below the blocked stream. Because of the large quantities of earth moved, landslides are generally more costly to abate than other AML problem types.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 48 hours or less and performs a technical investigation. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation.

During FY 2007, the Appalachian Region declared 178 emergencies. Most of the emergencies occurred in Pennsylvania and Kentucky. Pennsylvania emergencies required the most funding, over \$13.7 million was spent, including over \$5.5 million for a massive underground mine fire--

the Dolph Colliery Mine Fire. Pennsylvania had 137 declared emergency projects that included: 117 subsidence events, sealing 5 shafts and portal openings, abating 5 mine drainage problems, extinguishing 1 underground mine fire, 7 involving mine gas or hazardous building, and stabilizing 2 landslides. In Kentucky, OSM declared 41 emergencies comprised of: 1 dangerous highwall, 12 subsidence problems, 4 refuse fires, 1 underground mine fire, 2 mine drainage problems, and 21 landslides.

In the Western Region, one emergency road subsidence was declared and abated in Washington in 2007 at a cost of \$99,100.

As previously discussed, OSM's FY 2009 request eliminates funding for federally-administered emergency programs. Sufficient funding will be available from carryover into FY 2009 to fund the program at the same level as that anticipated in FY 2008 as we go through this transition. Since State and Federal emergency funding will end in 2010, States and Tribes will need to be prepared to address projects requiring immediate attention (emergencies) by then. OSM will work with the States to ensure that processes are in place to allow high priority projects needing immediate attention (emergencies) to be addressed quickly.

b. Program Operations

As previously discussed, OSM's FY 2009 request eliminates funding for federally-administered emergency programs. OSM will continue to provide support for projects funded with available carryover funds in FY 2009 during the transition phase. Following is a description of the type of work currently performed under this program.

OSM performs the work related to emergency reclamation occurrences on federal and Tribal lands and in States without an emergency program. This begins with the initial investigation on the site in order to make two threshold determinations: (1) does an emergency condition exist? and (2) is the condition related to abandoned coal mining? Time is of the essence; in some instances, abatement activities begin within hours of OSM's initial investigation.

Once the determination is made that the site is eligible for funding as an emergency project, the Federal Reclamation Program staff obtains approval for project funding and develops the abatement plan. This includes:

- Compliance with the National Environmental Policy Act (NEPA) and the Historic Preservation Act;
- Obtaining the right of entry for access;
- Developing engineering plans and specifications needed for abatement;
- Preparing and mailing bid packages to potential construction contractors;
- Conducting pre-bid and pre-construction conferences;
- Awarding contracts;
- Coordinating, managing and inspecting all aspects of the ongoing construction; and

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- Reviewing, approving and paying invoices.

Since OSM will continue with its work during FY 2009, but will be undergoing a transition as the States are in a position to carryout the projects that otherwise would fall under this program, this activity will be reduced by \$ 1.412 million in FY 2009.

c. Federal High-Priority Projects

OSM manages projects in States and on Tribal lands where the State/Tribe has no approved regulatory program and is, therefore, ineligible for an AML program.

In the Appalachian Region, \$13,843 was expended to correct drainage problems at a previously reclaimed AML site in Georgia. In Tennessee, two projects were completed and work continues on four high-priority projects. The projects completed in Tennessee resulted in 98 acres of land reclaimed at a cost of \$783,371 funded over a three-year period.

In the Western Region, one project, located in Oregon, involved the closure of four adits. In Washington, two projects were undergoing design and construction was completed on 4 shafts and 2 adits during the year. OSM inventoried 4 new shaft hazards in Washington, 1 shaft in Oregon, and 11 mine entries in California. A cooperative project was begun in California with the CA Department of Conservation to design reclamation for coal, sand and clay mine entries on a state park. Construction was completed on a highwall in South Dakota. Total expenditures on high priority projects for the Western region were \$339,188.

The SMCRA Amendments of 2006 authorized the funding of a minimum program for Tennessee. Therefore, OSM will not be implementing any new high priority projects in Tennessee. This budget proposal reduces funding for these projects by \$700,000.

d. Watershed Cooperative Agreement Projects

This effort supports the Department of the Interior's Strategic Goal for Resource Protection. Environmental problems associated with abandoned mine sites, such as acid mine drainage, degrade our natural resources. The reclamation of these problems, our land and water resources are improved for beneficial uses, such as wildlife habitat and recreational areas.

Acid mine drainage (AMD) is the number one water pollutant in the coalfields of the Appalachian area causing major environmental and public health problems. AMD problems are occurring in other regions as well. OSM's effort to control and eliminate AMD in streams and rivers supports the Department's commitment to clean water and strengthening local communities. Because of the extent and high reclamation cost of the pollution, this problem cannot be eliminated by any single government agency or group.

The FY 2009 budget request includes \$1.5 million for Watershed Cooperative Agreements, and and \$0.15 for program management, maintenance and assistance in this area. A companion project, the Acid Drainage Technology Initiative (ADTI), is also funded at almost \$0.2 under the

Technology Development and Transfer business line. See that business line section for further details on ADTI efforts.

The Watershed Cooperative Agreement Program was implemented by OSM in FY 1999. The purpose of the Watershed Cooperative Agreement Program is to make funds available directly to not-for-profit organizations, especially small local watershed organizations, to undertake local projects to clean streams affected by acid mining drainage (AMD). Applicants normally receive up to \$100,000 for each reclamation project, primarily for project construction; however, administrative costs associated with completion of the project may be allowed. Applicants are required to have other partners contributing either funding or in-kind services.

OSM participation with other funding sources has increased local volunteer grassroots level of interest and involvement in local watershed protection and remediation projects. These projects are designed to improve adverse water quality impacts from past mining activity.

Following are examples of projects funded under the Watershed Cooperative Agreement Program (WCAP):

Lambert Run Restoration Project, West Virginia - Treatment of the water relied on a passive system consisting of wet-sealing a partially collapsed portal, installing an open limestone channel with waterfalls to convey the mine drainage, two constructed wetlands, and a steel slag leach bed to add alkalinity to the system. The project used approximately 168 tons of steel slag and 567 tons of limestone.



Limestone Diversion Channel with Waterfalls for aeration

Before construction, the portal drainage had a pH of 3.5 and discharged approximately 12 tons per year of acidity, 1.57 tons per year of iron and 0.72 tons per year of aluminum. Since construction, the passive system is discharging pH 8 water, is neutralizing all the acid and producing approximately 4 tons per year of alkalinity. Also, 98 percent of the iron and aluminum have been reduced by the passive treatment system. The continued effectiveness of the passive treatment system is expected to exceed 20 years. Total construction cost for the project was \$142,000. This project is the first of several projects aimed at removing Lambert Run from the EPA's 303d listing of impaired streams.

Saxman Run Project, Pennsylvania - On April 27, 2007, OSM awarded \$20,000 in Watershed Cooperative Agreement Project funding to the Loyalhanna Watershed Association for an innovative coal mine drainage treatment project in Latrobe Pennsylvania on Saxman Run. The WCAP funds will be combined with \$231,400 in funding from Pennsylvania's Growing Greener program and \$20,000 from the Western Pennsylvania Watershed Program. The objective of the project is to capture and pipe a 6,000 gpm discharge from an abandoned underground coal mine that currently flows directly into Saxman Run. The mine water will be piped about 2,000 feet downstream to a City of Latrobe wastewater treatment facility, where it will pass through a turbine, with a generating capacity of about 15 kilowatts of electricity. The electricity will be used to provide power to operate an Activated Iron Sludge (AIS) mine drainage treatment system, which is currently removing dissolved iron from a 50 gpm mine discharge. It is hoped this demonstration project can be expanded in the future to include additional AIS systems providing the opportunity to treat ever larger flows of mine drainage that currently pollutes Saxman Run and Loyalhanna Creek. For now, the project represents an innovative hydroelectric use of mine drainage to help clean up a watershed.

Boender AML/AMD Site, Iowa - This site was last mined for coal in 1963. The project site consists of approximately 11.5 acres of highly eroded soils with sparse vegetation. The large erosion gullies and runoff from the acidic spoil material deposits AMD into a three-acre pond and into the Muchakinock Creek. Reclamation activities on the site will eliminate the highwalls and return the area to approximately contour. The existing pond will be reshaped to correct the dangerous features and adjacent highwall will be filled and vegetated. The construction of terraces and establishment of grasses and forbs will help control erosion of acidic spoil by surface water runoff. The acid water discharge into the Muchakinock Creek will be eliminated. The overall reclamation will enhance the wildlife habitat of the area and remove an eyesore in the community.

e. Outcrop and Underground Fire Control Projects

Pursuant to Public Law 83-738, as amended by Public Law 102-486 (Energy Act of 1992), project funds are provided to control or extinguish outcrop and underground fires. Funds for this purpose are provided by the Regulation and Technology appropriation to control or extinguish coal fires. OSM costs of administering these projects are included in the AML budget request. These projects are not eligible for funding under the AML program. Coal outcrops are ignited by forest/brush fires, lightning, and campfires and occur mostly in the western States. The purpose of these projects is to prevent injury and loss of life, protect public health, conserve natural resources and protect public and private property. This program was originally authorized under the former Bureau of Mines and subsequently transferred to OSM.

Examples of projects funded include: North Dakota received \$10,000 to extinguish coal outcrop fires in the badlands area of western part of the State. The fires are a potential hazard to grasslands and structures. Colorado received \$70,000 to abate a coal outcrop fire in Moffat County on BLM lands. The project involved excavating burning materials and creating a barrier to seal remaining coal from the atmosphere. The Navajo Nation completed extinguishing the Shonto coal outcrop fire on Navajo Nation Partition Land in early 2007. Total cost of the project was slightly over \$700,000. Navajo AML partnered with the Hopi AML Program and Peabody

Western Coal Company in the completion of this coal fire project to reduce costs and make the project feasible. The project involved excavating and extinguishing coal and creating a barrier against the seam to prevent future coal fire(s). This is the third underground coal outcrop fire addressed by the Navajo AML Program to date.

f. Civil Penalty Reclamation Projects

Federal civil penalties collected under Section 518 of SMCRA are authorized for reclaiming lands mined and abandoned after passage of SMRCA on August 3, 1977. These funds are derived from civil monetary penalties from OSM-issued citations nationwide. The funds are also available for reclamation of bond forfeiture sites. These funds are divided among projects proposed by both State and Federal regulatory authorities and used for project costs only.

Since the major coal producing States administer their own programs, civil penalty revenues available to OSM have decreased to levels that are not sufficient for all emergency post act reclamation needs.

In 2007, OSM provided an additional \$23,000 in civil penalty money to assist with further remediation of spillway erosion on the 435-acre Clemens Coal Company Bond Forfeiture site in Kansas, supplementing \$23,000 previously provided for assistance at this site in 2006. Kansas forfeited \$879,676 in bond proceeds in 1998; all of these funds were expended for the original reclamation work. Due to the terrain and large storms, erosion control issues remained after expenditure of the bond proceeds. Following the initial bond forfeiture reclamation, the discharge spillway from the reclaimed slurry pond eroded badly during to a major runoff event. The Kansas Department of Health and Environment, Surface Mining Section (KDHE) requested assistance from OSM to repair and stop the erosion.

OSM also provided \$60,000 to assist Iowa in the reclamation of the American Coal Company (ACC) Wash Plant #1 bond forfeiture site located in Mahaska County, Iowa. The ACC Wash Plant #1 had insufficient funds to meet reclamation requirements identified by the State and OSM. Engineering estimates to reclaim the site is \$254,545 with bond forfeiture monies of \$67,000. The reclamation activities of the abandoned coal processing facility include removing non-coal waste, demolition of a reinforced concrete weighing scale, steel/brick walls, and building remnants; 76,700 cubic yards of earthwork; moving 10,600 cubic yards of coal refuse into old slurry and sediment ponds; neutralizing an estimated 34 acres of exposed acid; seedbed preparation and seeding. The civil penalty money will allow for better cover material from locations, other than on site, to be used. The funds will also be used for the installation of a liner in the Sediment Pond to ensure that seepage and leaching of acidic water is minimized. The acidic water in the pit will be neutralized and discharged so that the pit can be filled with on site material.

g. Bond Forfeitures

These funds are receipts from forfeited performance bonds and can only be used to reclaim lands where the bond was forfeited where OSM was the regulatory authority. States have their own

programs. Forfeited funds are site-specific and cannot be used to reclaim other sites or for other purposes. Surplus amounts must be returned to the operator. Using the forfeited funds, OSM issues and administers contracts for reclamation in accordance with the mining plan developed during the permit process. OSM is mandated under SMCRA to reclaim sites that have been abandoned and forfeited in Federal program States. Bond forfeiture is an important component of OSM's mission to restore lands abused by mining.

OSM anticipates reclaiming 30 acres in FY 2008 at a cost of \$125,000. The reclamation will consist of establishing drainage control, revegetation, and tree planting. In FY 2009, it is planned that 50 acres will be reclaimed at a cost of \$93,000. The work on these sites involves establishing erosion control, revegetation, and reconstruction of a passive treatment system. The costs vary on each site depending on the type and extent of work that needs to be performed.

4. Program Development and Maintenance

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. The Program Development and Maintenance activity is an integral part of the State and Tribal funding program. The fund for this activity (\$3.2 million) supports the Department's Serving Communities goal. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing need of the programs and to keep abreast of changes to the law.

OSM, in consultation with the States and Tribes, developed an oversight review system that provides for enhancement and performance evaluation of reclamation programs. OSM also assists States and Tribes to build on successes by providing ongoing technical assistance, by continually enhancing the primacy grants process, and by ensuring National Environmental Policy Act compliance, and by conducting program-focused enhancement and performance evaluation. OSM encourages States to assume responsibility for their reclamation and emergency abatement programs, and supports implementation of their AML programs through technical and program assistance as needed.

OSM emphasizes State/Tribal and federal partnerships in the AML program. OSM works directly with the States and Tribes, through State and Tribal associations and with other federal agencies, to coordinate and enhance reclamation. Such relationships foster coordination essential to land reclamation. New policy and changes to existing policy are circulated to the States and Tribes for input prior to being finalized enabling OSM to make programmatic decisions in a collegial manner. Examples of activities are: (1) working with States/Tribes to develop improved strategic plan measurements for the AML program; (2) participating with EPA in conducting a Brownfields workshop for States and local watershed organizations; (3) holding meetings/workshops with the State/Tribal grantees to provide training for new employees to keep them abreast of policies and procedures and to solicit their input on issues in the grants program; and (4) working with the National Association of Abandoned Mine Land Programs (NAAML) to decide winners of the annual AML Reclamation Awards.

As the need arises, OSM works with the States on revision to their approved Abandoned Mine Plan. These changes are approved through the Reclamation Plan amendment process. During

2007, Mississippi requested approval of an AML Reclamation Plan and submitted the materials necessary for OSM to consider that request. The reclamation plan was approved September 27, 2007, in time for Mississippi to qualify for an AML grant allocation in 2008.

During FY 2007, the State Reclamation Plan amendment activity was as follows:

Table 2 – State Reclamation Plan Activity FY 2007				
<i>Number of Amendments</i>				
	Pending Oct. 1, 2006	Received FY 2007	Completed FY 2007	Pending Sept. 30, 2007
Total	1	3	4	0

- *AML Inventory*

OSM manages the National AML Inventory, which serves as a planning and evaluation tool for the States, Tribes, and OSM. The States and Tribes also use the inventory to assist them in planning to make funding decisions and to report program accomplishments. The inventory is maintained on a computer system known as the Abandoned Mine Land Inventory System (AMLIS). AMLIS is the system OSM uses to record and report AML Program accomplishments under GPRA.

In accordance with the requirements of SMCRA, AMLIS contains data for known eligible Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as unfunded, funded or completed. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

A WEB based version of AMLIS was deployed in FY 2003. It enables the public to readily access information in OSM’s Abandoned Mine Land Inventory via OSM’s website at <http://www.osmre.gov> under “Abandoned Mine Reclamation.” They can search for information about individual Problem Areas or query the Inventory. The results of a query can be shown in preformatted reports or on a map. The results of a query can also be downloaded. States, Indian Tribes, and OSM are using a version of the WEB based AMLIS to enter/modify information.

- *Grants Management*

OSM supports and participates in the Administration’s E-Government initiative, and Health and Human Services’ government-wide electronic grants announcement and application system (Grants.gov), and the Department of the Interior’s grants simplification efforts based on Public Law 106-107. OSM is now using DOI’s Financial and Business Management System (FBMS) financial assistance module for internal processing of all grant and cooperative agreement obligation and deobligation transactions. Recipients have been provided training, and will receive further training and assistance in using the system to file their applications and reports. OSM has included training on Grants.gov in its recipient training programs.

Office of Surface Mining Reclamation and Enforcement

OSM has a decentralized grants management organization, with a small policy staff at headquarters. The day-to-day grants and program management is performed in regional/field offices. Accounting and reporting occurs under the Financial Management business line activity. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input by participation on joint teams and by reviewing and commenting on changes in the program. In addition, OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of federal funds, innovative program monitoring, and less paperwork-intensive reporting and close-out of grants.

c. Abandoned Mine Land Reauthorization

OSM intends to issue proposed and final rules in FY 2008 implementing the Surface Mining Control and Reclamation Act Amendments of 2006. Those provisions were contained in the Tax Relief and Health Care Act of 2006. Among other things, the law extended the AML fee collection authority, with a phased in fee reduction, to September 30, 2021. The new law also contains provisions for remining and other aspects of abandoned coal reclamation.

2008 PLANNED PROGRAM PERFORMANCE

In 2008, the planned activities in the Environmental Restoration program activity include:

- Through grants provided to States and Tribes will reclaim 6,900 equivalent acres of abandoned coal mine sites.
- Continue partnerships and related reclamation by awarding approximately 15 watershed cooperative agreements.
- OSM, in partnership with the Commonwealth of Pennsylvania, will complete the emergency portion of a large reclamation project to abate the Dolph Colliery Mine Fire, Lackawanna County, Pennsylvania.

2007 PROGRAM ACCOMPLISHMENTS

In 2007, the major accomplishments in the Environmental Restoration program activity include:

- OSM initiated a rulemaking process to formally incorporate the program provisions from the 2006 amendments to SMCRA.
- During 2007, OSM awarded 19 watershed cooperative agreements in 5 States.
- Declared almost 180 emergencies under the Federal Emergency Program.
- Met or exceeded performance measures identified on the next page.
- Approved the Mississippi AML Reclamation Plan (September 27, 2007), authorizing Mississippi to receive AML funding in 2008 and future years.

ENVIRONMENTAL RESTORATION

Program Performance Overview

End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
End Outcome Measures										
Number of Federal, private and Tribal land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past mining. (Calculated equivalent acres) (SP) (PART)	F	6,965	6,533	6,983	6,900	6,658	6,900	6,900	0%	15,400
Total Actual/Projected Costs (\$000)		\$199,723	\$185,336	\$199,515	\$185,393	\$206,985	\$206,808	\$201,360	-\$5,448 -3%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		\$28,675	\$28,369	\$28,571	\$26,869	\$31,088	\$29,972	\$29,183	-\$789 -3%	---
Comments:		Three performance measures – land acres reclaimed, stream miles, and surface acres – were combined into this GPR performance measure as presented in the DOI GPR Strategic Plan FY 2007-2012. The target remains as 6,900 and will be revised as OSM reviews the impacts of the SMCRA amendments of 2006 on State reclamation funding.								
Contributing Programs:		For FY 2008: Includes all discretionary funding under Resource Protection (\$34,808), and mandatory funding to non-certified States (\$172 million). For FY 2009: Includes all discretionary funding under Resource Protection (\$24,660), and mandatory funding to non-certified States (\$176.7million).								
Number of active partnering and leveraging agreements. (BUR)	C	74	110	55	56	53	15	15	0%	15
Comments:		Due to the SMCRA Amendments of 2006 (P.L. 109-432), only watershed cooperative agreements will be counted beginning in FY 2008.								
The amount of increased funds derived from active partnering and leveraging agreements. (BUR)	A	8,179,634	27,692,333	5,800,000	5,000,000	28,963,461	3,750,000	3,750,000	0%	3,750,000
Comments:		FY 2007 actual data: Clean Stream program projects = \$25.9 million; Watershed Cooperative Agreements = \$3 million. Due to the SMCRA Amendments of 2006 (P.L. 109-432), only watershed cooperative agreements will be counted beginning in FY 2008.								

Office of Surface Mining Reclamation and Enforcement

End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (PART)	F	160,257	2.244 million	393,728	160,000	270,102	160,000	160,000	0%	350,000
Comments:		Funding provided in measure under Resource Protection. Data are recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management and agreed to by the participating States. Of the 270,102 people with reduced exposure, 74,466 were reported for 1 project in Wyoming. States are provided the option of using data other than the calculated Census data due to site conditions that may impact more people such as those identified above, or less as appropriate. If only Census data was used for all acres reclaimed in FY 2007, the total number of people associated with those acres would be 126,581.								
Number of people directly affected (Emergencies abated). (PART)	A	11,400	8,975	32,601	8,300	43,580	8,300	8,300	0%	8,300
Comments:		Three emergency projects in West Virginia, Arkansas, and Oklahoma accounted for 30,200 people. Trend data will be reviewed in FY 2008 for future revisions to the target.								
<i>PART Efficiency and Other Output Measures</i>										
Percentage of declared emergencies abated within six months. (PART-EFFICIENCY)	A E	98%	96%	97.8%	95%	98.5%	95%	95%	0%	95%
Provide appropriate grant funding within 60 days of a complete grant application. (PART-EFFICIENCY)	A E	UNK	UNK	100%	85%	100%	90%	90%	0%	90%
Comments:		This new efficiency measure was established with the FY 2006 PART Reassessment effort. Measure will be reviewed and targets adjusted as trend data becomes available.								
Target Codes: SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BUR = Bureau Measure Type Codes: C = Cumulative; A = Annual; F = Future; E = Efficiency										

ENVIRONMENTAL PROTECTION

(Dollars in Thousands)

				2009			
		2007 Actual	2008 Enacted	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2008 (+/-)
Regulation & Technology	\$\$\$	78,700	87,425	423	-986	86,862	-563
	FTE	187	187	0	0	187	0
Abandoned Mine Land	\$\$\$	0	0	0	0	0	
	FTE	0	0	0	0	0	0
TOTAL	\$\$\$	78,700	87,425	423	-986	86,862	-563
	FTE	187	187	0	0	187	0

Summary of 2009 Program Changes

Request Component	Amount	FTE
<u>State and Tribal Funding</u>		
• Increase in Tribal Primacy Funding	+500	0
• Decrease in State and Tribal Funding	-1,336	
Travel Reductions (see General Statement)	-150	
Total Program Changes	-986	

Justification of 2009 Program Changes

State and Tribal Funding (-\$836,000): The FY 2009 budget request for regulatory grant funding to States and Tribes is \$63.7 million. This request includes an increase of \$0.5 million to support Tribal Primacy and a decrease of \$ 1.336 million which was necessary to meet budgetary levels. The net decrease for this activity is \$0.8 million.

This state regulation of coal production is a tremendous bargain for the Federal Government since States are able to issue permits and regulate mines for far less than it would cost for federal permitting and regulation. There has been an increasing gap between the identified needs of the States and Tribes and the amount granted for those needs. The FY 2008 appropriation bill provided almost an additional \$5 million over the President’s Budget request for the State and Tribal regulatory programs in OSM’s budget. The FY 2009 budget request slightly reduces the total amount due to limited budgetary levels.

The SMCRA legislation enacted in December 2006 allows Indian Tribes to submit and obtain approval for regulation of surface coal mining operations on reservation lands. Further, the law provides that Tribal grants are 100 percent federally funded. The budget requests \$500,000 in support of planned programs for FY 2009.

**MISSION GOAL: TO PROTECT PEOPLE AND THE ENVIRONMENT
DURING CURRENT MINING OPERATIONS AND TO ENSURE THAT THE LAND
IS RESTORED TO BENEFICIAL USE AFTER MINING HAS CEASED.**

The Environmental Protection business line provides resources to administer a regulatory program over coal mine operations in 24 primacy States, in federal program States, and on federal and Indian lands. The program addresses the protection of public health, safety, and general welfare from the adverse affects of current mining, and restoration of land at the conclusion of mining. Current coal mining operations include over 4.4 million acres in 26 States and on the lands of four Indian Tribes. During active mining, the potential risk from safety and environmental hazards exists within the permitted site. However, because of required SMCRA precautions, long-term effects are minimized. If these safeguards are not taken during and after current mining, the nation could face reclamation costs that far exceed the \$8.5 billion cost of addressing existing priority 1, 2, and 3 AML problems.

The business line supports DOI's Resource Use mission goal through the state and federal regulatory programs under SMCRA to ensure that coal extraction operations are conducted in an environmentally responsible manner, and that the land is adequately reclaimed during and following the mining process. OSM administers federal programs in Washington and Tennessee. OSM also administers the Indian Lands Program for mining on Navajo Nation, Hopi, Ute, and Crow Tribal lands. States assist OSM through cooperative agreements to regulate mining on federal lands. OSM supports State regulatory programs with grants and technical assistance.

The regulatory grants and state evaluation programs were reviewed under the FY 2005 Program Assessment Rating Tool (PART) process. The program was reassessed during the FY 2008 budget process. The reassessment included new program measures and program updates. The program was determined to be "Effective." In FY 2009, OSM will continue to work with the States and Tribes to obtain more detailed data to represent the new long-term performance measure established, and will continue to review baseline data and target for all performance measures.

For the FY 2006 budget process, OSM's Federal Regulatory and Abandoned Mine Land Programs were evaluated. The scope of this review included the components of federal regulation of mining operations in 12 States and on Indian Lands, recommendations on mining plans on federal lands; federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. OSM also conducted a reassessment of this program during the FY 2008 budget process and incorporated new performance measures. As reported above, an "Effective" rating was received.

In FY 2009, OSM will continue to implement the established annual and long-term measures for the federal regulatory and reclamation programs, and implement newly developed efficiency measures to ensure that targets are met and continue to be ambitious.

Operational Processes (Program Activities): Program activities within this business line ensure the environment is protected during surface coal mining operations and that coal operators adequately reclaim disturbed land after mining is completed.

**ENVIRONMENTAL PROTECTION
ENCOMPASSES:**

State and Tribal Funding

- *State Grants*
- *Tribal Grants*
- *State Regulatory Activities*
- *Cooperative Agreement Funding*
- *Tribal Regulatory Development Grants*

Federal Program

Federal Lands Program

Indian Lands Program

State Program Evaluation

This business line also provides for OSM's costs to ensure that States' programs are current with all federal regulatory requirements. The State and Tribal funding program activity includes grants to States and Tribes to regulate coal operations on lands within their borders. For States with cooperative agreements, this activity also includes grants to regulate coal operations on federal lands.

Finally, this activity includes grants to Tribes to develop regulatory programs and to assist

OSM in the regulation of surface coal mining and reclamation operations on Indian lands. The State Program Evaluation activity funds OSM's oversight of State programs. The Federal Program activity funds OSM activities to ensure SMCRA compliance for non-primacy States (States with a federally-administered regulatory program). The Federal Lands Program activity funds OSM's activities in preparing Mining Plan Decision Documents for leased federal coal as well as any regulatory activities on federal lands not covered by a cooperative agreement. The Indian Lands Program activity funds OSM's regulatory responsibilities on Indian Lands.

OSM's Environmental Protection mission goal promotes responsible mineral extraction and addresses the protection of public health, safety, and general welfare from the adverse affects of current surface coal mining and reclamation operations since the enactment of SMCRA in 1977. The performance measures for this goal are the protection of the environment and public from off-site impacts resulting from surface coal mining operations and successful reclamation on lands affected by surface coal mining operations. This goal is accomplished through the cooperative efforts of the OSM and State and Tribal regulatory offices. The following measures are used by OSM as indicators of annual performance.

Off-site impacts, are negative effects resulting from surface coal mining activities such as, blasting or water runoff that affect people, land, water, or structures outside the permitted area of mining operations. The severity of the impacts is rated as minor, moderate, or major. Due to the nature of mining, it is inevitable that some impacts will occur.

Acres released from Phase I, II, or III Bond Release. This performance measure is the number of acres of land that is reclaimed every year by active coal mine operators, and is dependent on the operator to file an application for the release. This is documented and measured through a series of bond releases. The bonds are required to assure that funds are available for reclamation in case the operator fails to reclaim the mined land. Phase III bond release shows the number of acres that have been fully reclaimed from current mining operations, and have met the performance standards.

Percent of mined acreage reclaimed is currently represented as a ratio of the cumulative number of acres reclaimed and the cumulative number of mined acres.

Actions Required to Achieve Annual Goals: OSM continues its outreach to interested parties to address concerns related to mountaintop removal operations, acid mine drainage, and slurry and other impoundments, to evaluate its rules, to advance re-mining efforts, and to ensure that contemporaneous reclamation is occurring. OSM will continue to practice cooperative conversation through working in partnership with States and Tribes to carry out the mission of the SMCRA. The shift in OSM's role from direct enforcement to oversight has refocused actions on mission accomplishment while fostering better working relationships with States.

Resources, Skills, and Technology Needed: Program analysts, reclamation specialists, grant specialists, and various support personnel are needed to implement the State regulatory program and to conduct program evaluations. OSM and the primacy States also will continue to need a diverse and multidisciplinary cadre of personnel skilled in scientific and engineering areas to review mine permits, determine whether performance bond coverage and amounts are sufficient to ensure reclamation, conduct mine site inspections, and implement enforcement actions when necessary. Computer systems personnel are needed to help maintain various data systems, such as the National Inspection and Enforcement Tracking System that contains data from OSM's oversight and regulatory program inspections.

For FY 2009, the President's Budget requests \$63.7 million to fund 24 State regulatory programs at the maximum 50 percent federal match level and one Tribal regulatory program at 100 percent. Additionally, this amount will provide full funding for up to 14 federal lands cooperative agreements with States and full funding of two or three Tribal regulatory program development grants.

The FY 2009 budget request includes \$8.4 million to continue its State program oversight activities and \$5.9 million to fund regulatory programs in non-primacy States like, Tennessee and Washington. Also included in the FY 2009 budget request is \$1.5 million for OSM to regulate federal lands, \$2.4 million for regulatory programs on Indian Lands, and \$4.8 million for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

Office of Surface Mining Reclamation and Enforcement

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of cooperative work between OSM, States, and Tribes to regulate coal-mining activities that will continue in FY 2009 and support this budget request.

Office of Surface Mining Reclamation and Enforcement

**Table 3 – Justification of Program and Performance
Environmental Protection**

Summary Increases/Decreases for FY 2008
(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	
State and Tribal Funding	\$\$\$	56,365	64,536	63,700	0	0	0	56,365	64,536	63,700	-836
	FTE	0	0	0	0	0	0	0	0	0	0
State Program Evaluation	\$\$\$	8,133	8,387	8,443	0	0	0	8,133	8,387	8,443	+56
	FTE	80	80	80	0	0	0	80	80	80	0
Federal Programs	\$\$\$	5,727	5,845	5,946	0	0	0	5,727	5,845	5,946	+101
	FTE	45	45	45	0	0	0	45	45	45	0
Federal Lands	\$\$\$	1,510	1,521	1,536	0	0	0	1,510	1,521	1,536	+15
	FTE	6	6	6	0	0	0	6	6	6	0
Indian Lands	\$\$\$	2,346	2,400	2,445	0	0	0	2,346	2,400	2,445	+45
	FTE	20	20	20	0	0	0	20	20	20	0
Program Dev/Maintenance	\$\$\$	4,619	4,736	4,792	0	0	0	4,619	4,736	4,792	+56
	FTE	36	36	36	0	0	0	36	36	36	0
TOTAL	\$\$\$	78,700	87,425	86,862	0	0	0	78,700	87,425	86,862	-563
	FTE	187	187	187	0	0	0	187	187	187	0

2008 PROGRAM PERFORMANCE ESTIMATES

1. State and Tribal Funding

The \$63.7 million requested for State and Tribal Funding supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

a. State Grants

The principal means of providing environmental protection within the framework of SMCRA is through "primacy" States that receive federal grant funding. Primacy States have the most direct and critical responsibilities for conducting regulatory operations to minimize the impact of coal extraction operations on people and the environment. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of federal funds to primacy States in the form of Administration and Enforcement Grants results in the highest benefit and the lowest cost to the Federal Government. If a State were to relinquish primacy, OSM would have to hire sufficient numbers and types of federal employees to implement the program. The cost to the Federal Government would be significantly higher.

b. State Regulatory Activities

Activities of State regulatory authorities include: permit review and issuance, with reliance on the Applicant Violator System (AVS) to ensure that permits will not be issued to operators with outstanding violations; inspection and enforcement; designation of lands unsuitable for mining; and ensuring timely reclamation after mining. In addition, individual States may conduct special activities to address specific needs. These activities may include upgrading permitting programs, computerizing systems to improve review of pending permits, and drafting regulations that respond to changes in federal rules.

All active and inactive sites, facilities, and areas that support coal mining and reclamation within a State are inspected by the State regulatory authority for compliance with all program requirements. SMCRA requires all active inspectable units under the permanent program to have four complete and eight partial inspections per year. Four complete inspections are required annually for all inactive units.

c. Cooperative Agreement Funding

Cooperative agreements with OSM allow States to review and issue permits and conduct the required inspections of regulated facilities on federal lands. Cooperative agreements provide for uniform enforcement of State program requirements at all facilities within the State and reduce both direct federal program costs and federal staff requirements. SMCRA section 705 (c) sets the amount that a State may receive through a cooperative agreement at up to 100 percent of the amount that the Federal Government would have to spend to do the same work.

Currently, the following 14 States have entered into cooperative agreements with OSM to administer most surface coal mining requirements on federal lands: Alabama, Colorado, Illinois, Indiana, Kentucky, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming.

d. Tribal Regulatory Development and Regulatory Program Grants

As allowed by the Energy Policy Act of 1992 and Section 710 (i) of SMCRA, OSM provides grants to the Crow and Hopi Tribes and the Navajo Nation to assist them in developing regulations and programs for regulating surface coal mining and reclamation operations on Indian lands. The grant amounts are based on each Tribe's anticipated workload to develop a Tribal program (including Tribal laws, regulations and policies), to assist OSM with surface coal mine inspections and enforcement (including permitting activities, mine plan review and bond release), and to sponsor employment training and education concerning mining and mineral resources. These grants fund 100 percent of the Tribal primacy development activities.

The Surface Mining Control and Reclamation Act Amendments of 2006 provides for Indian Tribes to apply for, and obtain approval of, a tribal program regulating in whole, or in part, surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe. The legislation also provides for 100 percent funding of the costs of developing, administering, and enforcing an approved tribal program. Applications for tribal primacy could be submitted by tribes during the 2008-2009 budget years. The FY 2009 budget request includes additional funding of \$0.5 million to support implementation of full or partial programs. This is in addition to the grant funding provided for developmental activities as described in the paragraph above.

**Table 4 – Fiscal Year 2009 State & Tribal Regulatory Funding Estimates
(Federal dollars only)**

These amounts are based on FY 2008 funding levels, and also FY 2009 State and Tribal grant requests (18-month estimates). They represent 50% of the costs to regulate surface coal mining on non-federal lands and 100% of the costs on federal and tribal Lands. Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.

State/Tribe	Non-Federal Lands	Federal Lands	Total
Alabama	1,218,183	14,011	1,232,194
Alaska	215,413	-	215,413
Arkansas	138,707	-	138,707
Colorado	606,834	1,676,018	2,282,852
Illinois	2,341,381	259,419	2,600,800
Indiana	1,817,948	-	1,817,948
Iowa	81,652	-	81,652
Kansas	149,595	-	149,595
Kentucky	11,877,610	1,026,570	12,904,180
Louisiana	186,687	-	186,687
Maryland	704,330	-	704,330
Mississippi	124,876	-	124,876
Missouri	250,734	-	250,734
Montana	207,495	1,002,876	1,210,371
New Mexico	233,927	601,524	835,451
North Dakota	341,136	292,402	633,538
Ohio	2,209,154	-	2,209,154
Oklahoma	633,365	460,468	1,093,833
Pennsylvania	12,331,044	-	12,331,044
Texas	1,802,508	-	1,802,508
Utah	284,953	1,709,719	1,994,672
Virginia	3,858,153	-	3,858,153
West Virginia	11,589,206	-	11,589,206
Wyoming	328,453	1,949,871	2,278,324
		Tribal Lands	
Crow Tribe	-	69,360	69,360
Hopi Tribe	-	173,977	173,977
Navajo Nation	-	930,441	930,441
N. Cheyenne	-	-	-
TOTALS	53,533,344	10,166,656	* 63,700,000

*Note: Includes increase of \$0.5 million as discussed under Tribal Regulatory Development and Regulatory Program Grants.

2. State Program Evaluation

The \$8.4 million requested for State Program Evaluation supports the Department's Resource Use goal area by ensuring the efficient operation of State regulatory programs.

a. Oversight Strategy

OSM's current oversight strategy focuses on whether the public protection requirements and environmental protection standards of SMCRA are being met, with primary focus on end results and the on-the-ground success of States in meeting SMCRA's environmental protection goals. This includes prompt and effective reclamation of coal mine land and public participation in the regulatory program.

OSM conducts oversight under a results-oriented strategy that emphasizes cooperative problem solving with the States, evaluations tailored to State-specific conditions, and the development of performance agreements. This strategy has promoted a more positive attitude and spirit of cooperation that lets OSM work cooperatively with the States to improve State program implementation. To provide clarity in guidance and consistency in oversight and evaluation, OSM continues to review and refine its oversight strategy.

b. OSM-State Performance Agreements

OSM's oversight directive outlines the performance agreement as a framework for OSM and the State to agree on a plan to conduct oversight activities. Joint efforts to prepare workable performance agreements also maintain and improve the relationship between OSM and the State, fostering shared responsibilities and a more open discussion of difficult issues.

Inspections are identified in performance agreements and are planned and conducted to collect data relative to the oversight directive and the annual evaluation report. Many reviews are designed to investigate some previously identified areas of concern. Inspections often are the means to collect the data. Joint inspections with the States provide the opportunity for OSM's Field Offices to work cooperatively with the States and industry to resolve problems.

c. Public Participation

OSM's oversight directive provides great flexibility to conduct oversight activities in a manner consistent with the needs of individual State programs. Central to identifying potential needs and oversight topics are the views of the public. Periodic meetings are held by OSM Field Offices to identify public concerns regarding coal mining regulatory programs.

d. Oversight Inspections

SMCRA requires the Secretary to conduct mine inspections to evaluate the administration of State programs. Inspections are conducted on a range of sites - from those actively producing coal to forfeited bond sites awaiting reclamation. OSM's policy gives its regional and field managers discretion and flexibility to be proactive and to prioritize and selectively target their inspections to focus on those topics and activities that present the best opportunity for environmental improvement or the best means of evaluating the impact of program implementation on society and the environment. For example, inspections may focus on high-priority problems such as acid mine drainage, impoundments and other problem areas, as well as current coal mining operations and abandoned mine sites awaiting reclamation. This policy allows for the most effective use of available resources.

Consistent with the intent of SMCRA that States take the lead in regulatory programs, the vast majority of inspections were performed by the States: over 80,960 in 2007. In contrast, OSM conducted 1,423 inspections in primacy States. See Table 5.

The projected FY 2008 and 2009 oversight inspection workload will be about the same as in FY 2007. The actual number will be adjusted depending on the program areas, the presence or absence of problems, input from the public, and the terms of the performance agreements in each State.

e. Ten Day Notices

The primary emphasis of inspections is to identify issues and resolve them before they become problems and to evaluate whether SMCRA's environmental protection and reclamation goals are being achieved. When a federal inspection reveals violations of State programs (other than imminent danger of significant environmental harm or danger to the public, both of which require immediate issuance of a cessation order), a Ten-Day Notice (TDN) is issued to the State. All such notices require written responses from the State regarding the actions taken to resolve the alleged violations, or a statement of good cause for not taking such action. A federal review, which may include a field inspection, is conducted following a TDN when the State does not act or show good cause for not doing so. If the review or inspection shows that a violation exists, and the State fails to take appropriate action, a federal enforcement action may be taken. While OSM does not second-guess States on judgment calls, the agency's ability to take enforcement actions to address isolated State program violations is far less drastic, disruptive, and costly than a federal takeover.

The inspection component also includes the process for addressing citizen requests for federal inspection. Citizen requests received by OSM in primacy States are referred directly to the State regulatory authority using the TDN process, unless there is evidence that imminent danger of significant environmental harm or immediate danger to the public exists. In such cases, OSM will immediately conduct a Federal inspection. The

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State official and citizen requestor are notified prior to the inspection and given the opportunity to accompany the inspector when a federal inspection is conducted.

Table 5 provides FY 2007 data on the number of state inspections and OSM oversight inspections conducted in primacy states. State data is for the time period of July 1, 2006, through June 30, 2007.

Table 5 – FY 2007 Primacy State and OSM Inspections				
	STATE			OSM TOTAL
	PARTIAL	COMPLETE	TOTAL	
Alabama	336	2,276	2,612	46
Alaska	74	24	98	6
Arkansas	94	46	140	2
Colorado	289	166	455	10
Illinois	852	394	1,246	114
Indiana	1,055	758	1,813	70
Iowa	0	14	14	0
Kansas	72	43	115	3
Kentucky	15,018	7,880	22,898	368
Louisiana	16	8	24	4
Maryland	914	520	1,434	44
Mississippi	9	4	13	1
Missouri [†]	89	70	159	20
Montana	90	87	177	6
New Mexico	88	34	122	13
North Dakota	528	126	654	11
Ohio	2,538	1,190	3,728	131
Oklahoma	308	231	539	14
Pennsylvania	10,591	7,590	18,181	212
Texas	241	121	362	8
Utah	203	121	324	6
Virginia	2,863	1,927	4,790	98
West Virginia	13,350	7,315	20,665	225
Wyoming	255	142	397	11
Total	49,873	31,087	80,960	1,423

3. Federal Programs

The \$5.9 million requested for Federal Programs supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

The permit review process in Federally administered programs consists of review of the permit application package for administrative completeness and technical adequacy, preparation of findings and supporting documentation, and conducting an environmental analysis. Review timeframes vary depending on the complexity of a permit application, the size of the mine, and the response times of applicants submitting additional information required to process the permit application.

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include Georgia and Washington, although the two mines in Washington are not currently producing. Programs also are in place for Arizona, California, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, and South Dakota. The following bullets highlight key characteristics of two of the largest Federal programs, Tennessee and Washington:

- Tennessee: There are 21 active coal producing sites and 22 active non-producing, (tipples, prep plants, etc) sites in Tennessee. There are 126 mine sites that are inactive, (either in temporary cessation or undergoing reclamation activities), and 182 abandoned sites in Tennessee. Coal production has stabilized in recent years at approximately 3 million tons annually. While OSM has discussed the possible return of primacy to Tennessee with State officials on numerous occasions over the years, there continues to be no interest shown in assuming the program.
- Washington: There are two surface coal mines regulated under the Washington Federal Program. The Centralia Mine, a mine-mouth surface operation providing coal for the Centralia Power Plant, is located near Centralia, Washington, approximately 30 miles south of Olympia. The mine has been in existence since 1971. Production rates have been between 5.5 and 6 million tons per year. The Centralia Mine has operated under a permit issued by OSM (under the Washington Federal Program) since 1985. On November 27, 2006, TransAlta Corporation decided to stop mining in the current permit area because of high costs to recover the remaining coal. The company has secured a long-term contract for coal from Wyoming. OSM is working with the company to revise reclamation schedules and plans for the current permit, so that all reclamation will be accomplished as soon as possible. In addition, TransAlta is continuing to pursue the preparation of a new permit application for an adjacent area to the existing mine with potentially more favorable mining costs.

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The John Henry No. 1 Mine, covering 480 acres near the City of Black Diamond, only produces a small amount of bituminous coal annually.

Table 6 provides inspection and enforcement data for Federal program States during FY 2007.

Table 6 - FY 2007 Federal Program States Inspection / Violation Data					
STATE	INSPECTIONS			NOV'S	FTA CO'S
	COMPLETE	PARTIAL	TOTAL	VIOLATIONS	VIOLATIONS
Georgia	0	0	0	0	0
Tennessee	569	915	1,484	63	19
Washington	8	21	29	10	0
TOTALS	577	936	1,513	73	19

4. Federal Lands Program

This program activity includes direct OSM regulatory activities on Federal lands in States without cooperative agreements, implementation of cooperative agreements with primacy States to regulate coal mining on Federal lands within their borders, preparation of mining plan decision documents under the Mineral Leasing Act, and processing valid existing rights claims that involve certain Federal Lands. The \$1.5 million requested for this activity supports the Department’s Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment. As part of this program activity, OSM consults and coordinates with State Historic Preservation Offices, the U.S. Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), U.S. Forest Service (USFS), National Park Service (NPS), the Environmental Protection Agency (EPA) and the Army Corp of Engineers (COE). The processing of mining plan decision documents constitutes the largest part of the workload under this program activity.

Table 7 provides projected mining plan decision document workload data.

Table 7– Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year		
Mining Plans and Modifications to Existing Mining Plans		
Activity	FY 2007 Actual	FY 2008 Projected
In progress prior FY	13	7
Anticipated current FY	3	11
Total FY Workload	16	18
Completed in FY	9	10
Balance, end of FY	7	8

Under this program activity, OSM also provides support to BLM and USFS in leasing activities that involve Federal coal resources. OSM’s participation in NEPA compliance analyses prepared at the leasing stage ensures the consideration of OSM permitting or mine plan approval concerns. This cooperative effort saves mining companies valuable time in the leasing and mine plan approval process; it also may result in improved resource recovery. In addition, satisfactory evaluation of the environmental impacts of coal mining in the proposed lease area at the time of leasing can reduce the likelihood of the need for a subsequent Environmental Assessment (EA) or Environmental Impact Statement (EIS) for mining plan approval under SMCRA.

5. Indian Lands Program

OSM is responsible for coal mining and reclamation activities on Indian lands. The Indian lands program includes permit application review, determination of performance bond amounts, inspection and enforcement, bond release, and maintaining a staff to coordinate with the individual Tribes and other Federal agencies, as necessary. The proposed budget provides \$2.4 million to fund the activities to promote responsible mineral extraction on Indian lands to meet the Nation’s energy needs.

The Crow, Hopi and Ute Mountain Ute Tribes, and the Navajo Nation have coal-mining activities on their lands. The McKinley Mine and Navajo Mine are large surface mines on the Navajo Nation. The Black Mesa Complex, which includes the Black Mesa and Kayenta mining operations, involves Navajo coal beneath Navajo surface, and coal jointly owned by the Navajo Nation and the Hopi Tribe – most of which is beneath Navajo surface and some of which is beneath Hopi surface. One surface mine in Montana mines coal owned by the Crow Tribe and a haul road supporting reclamation operations at a New Mexico mine crosses the Ute Mountain Ute Reservation. The Crow, Northern Cheyenne and Hopi Tribes, and the Navajo Nation are evaluating coal properties for future development. The Indian lands mines are among the largest in the United States, with a total of about 101,600 acres regulated by OSM.

OSM coordinates closely with Indian Tribes. The Federal trust responsibility is a legal obligation under which the United States has charged itself with moral obligations of the highest responsibility and trust toward Indian Tribes. OSM ensures that the lands and trust resources of Federally-recognized Tribes and their members are identified, conserved, and protected. In fulfilling these responsibilities, OSM operates within a government-to-government relationship with Indian Tribes. To aid in meeting trust responsibilities, OSM, BIA, BLM and MMS sponsor a continuing Indian Trust Responsibilities and Federal Obligations training program.

Table 8 – FY 2007 Indian Lands Inspection Data				
TRIBE	INSPECTIONS			NOV'S
	COMPLETE	PARTIAL	TOTAL	VIOLATIONS
Crow Tribe	4	8	12	0
Hopi Tribe	4	7	11	0
Navajo Nation	64	41	105	14
Ute Tribe	0	3	3	0
TOTALS	72	59	131	14

Table 9-Permit and Permit Revision Workload where OSM is the Regulatory Authority, by Fiscal Year				
Activity	Federal Programs (Non-Primacy States)		Indian Lands	
	FY 2008 Actual	FY 2009 Projected	FY 2008 Actual	FY 2009 Projected
In progress previous FY	0	0	47	42
Anticipated current FY	0	1	65	65
Total FY workload	1	0	112	107
Completed in FY	1	0	70	70
Balance, end of FY	0	0	42	37

6. Program Development and Maintenance

Work elements under this program are primarily related to policy actions, such as rulemaking, grants management and special studies that support the other program activities in the environmental protection business line. The budget proposal provides \$4.8 million to support the Department's Resource Use goal.

a. Rulemaking

OSM issues Federal rules and prepares the associated information collection clearance packages. Functions under this program activity include rule development and preparation of environmental assessments, environmental impact statements, records of compliance, and economic analyses for all rules prepared by OSM. OSM also maintains the administrative record for rules and coordinates rule publication with the Office of the Federal Register.

Rulemaking Associated with State Programs: OSM assists States with development, administration, implementation, and maintenance of their approved regulatory programs. Decisions affecting State programs are Federal rulemaking actions. OSM evaluates State-initiated program changes (statutory, regulatory, or changes in the program's provisions, scope, or objectives), as well as OSM required modifications that are a result of legal interpretations or changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the Federal Register, holds public meetings, maintains the administrative record, approves or does not approve proposed State program amendments, and publishes the decisions as final rules in the Federal Register. During FY 2007, OSM published 16 proposed and 11 final rules for State programs.

States may be required to amend their programs as a result of changes to SMCRA and Federal regulations. Under the authority of section 521(b) of SMCRA, OSM recommends withdrawal, in whole or in part, of an approved State program if it finds - after conducting hearings, establishing remedial actions, monitoring compliance, evaluating performance, and implementing the rulemakings associated with such withdrawal - that a State is failing to enforce its approved program. OSM also responds to requests under section 521 (b) to third-party requests to evaluate a State's program.

When a State program amendment is required, OSM notifies the State of the required change and reviews the State submission and either approves or does not approve the proposed change. This activity represents a significant workload for OSM staff.

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During FY 2007, the State Program Amendment activity was identified as follows:

Table 10– FY 2007 State Program Amendment Activity				
<i>Number of Amendments</i>				
Amendment Type	Pending Oct. 1, 2006	Received FY 2007	Completed FY 2007	Pending Sept. 30, 2007
Pre-Submission Assistance	6	10	10	6
Formal	13	13	13	13
Total	19	23	23	19

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2007, OSM published one final rule in the Federal Register: the Tennessee Federal Program (March 2, 2007; 72 FR 9616). OSM published four proposed rules: Ownership & Control (October 10, 2006; 71 FR 59592), Abandoned Coal Refuse Sites (January 17, 2007; 72 FR 2136), Permit Application Packages (August 14, 2007; 72 FR 45592), and Excess Spoil and Stream Buffer Zone (August 24, 2007; 72 FR 48890). OSM also published one advance notice of proposed rulemaking: Coal Combustion Byproducts (March 14, 2007; 72 FR 12026).

Key rulemaking initiatives for which OSM anticipates activity in FY 2008 and FY 2009 are described below.

- *Excess Spoil and Stream Buffer Zone:* In June 2005, OSM announced that an environmental impact statement would be prepared to consider possible rule changes to address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. OSM anticipates that the revised rule would: (1) minimize the adverse environmental effects stemming from the construction of excess spoil fills, and (2) identify mining activities subject to the buffer zone requirement and the circumstances under which these activities may be allowed within 100 feet of waters of United States. By these changes, OSM intends to establish a consistent nationwide goal to further reduce adverse impacts from coal mining and preparation activities, and to provide clear requirements regarding the stream buffer zone regulation that are consistent with SMCRA. The proposed rule (August 24, 2007; 72 FR 48890) and draft EIS were released in FY 2007 and the final rule and EIS will be published in FY 2008.
- *Coal Combustion By-Products:* OSM, in consultation with the Environmental Protection Agency, announced its intention to propose regulations pertaining to permit application requirements and performance standards related to the

use of Coal Combustion By-Products (CCBs) in the reclamation of coal mining operations that are permitted under Title V of SMCRA or in the reclamation of abandoned coal mine sites funded under Title IV of the SMCRA. This action implements recommendations made by the National Academy of Sciences following a study of CCB placement at mines. We will base the proposed regulations on existing SMCRA authorities. OSM published an Advanced Notice of Proposed Rulemaking (March 14, 2007; 72 FR 12026) and received in excess of 1,900 comments. We anticipate publication of a proposed rule in FY 2008.

- *Remining Incentives:* OSM intends to propose regulations that would give coal-mine operators incentive to remine and reclaim abandoned coal mine refuse sites. Under the proposed rule, the fees that coal mine operators pay for each ton of coal produced from remining an abandoned coal mine refuse site would be waived if all refuse is removed for reprocessing off site. The rule is authorized by recent amendments to the Surface Mining Control and Reclamation Act of 1977 (SMCRA) made by the Tax Relief and Health Care Act of 2006. Under the rule, the fee waiver will provide an incentive for coal mine operators to undertake remining and reclamation operations while at the same time imposing few additional regulatory requirements on operators or on states who wish to implement the incentive. The incentive is designed to attain the goal of SMCRA to achieve more reclamation than would be achieved without the incentives. We anticipate publishing a proposed rule during FY 2008.
- *Tribal Primacy:* In accordance with Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, OSM is consulting with the Tribes on how best to implement the new tribal primacy provisions of SMCRA and, in particular, whether rulemaking is warranted. Before making a decision on whether to initiate rulemaking, OSM is consulting with tribes that have coal reserves. During this consultation, OSM will identify those aspects of implementing tribal primacy that would benefit from rulemaking, and will solicit specific tribal comments and suggestions on implementing the new provisions.

b. Grants Management

OSM supports and participates in the Administration's E-Government initiative, and Health and Human Services' government-wide electronic grants application system (Grants.gov), and the Department of the Interior's (DOI) grants simplification efforts based on Public Law 106-107. OSM is currently using DOI's Financial and Business Management System (FBMS) financial assistance module for internal processing of all grant and cooperative agreement transactions. Recipients have been provided training, and will receive further training and assistance in using the system to expedite their applications and reports. OSM and the State/Tribal grantees cooperate to maximize the

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use of available funding and operate an effective program. This cooperative working relationship contributes to a streamlined application and awards process, faster obligation of Federal funds, innovative program monitoring, less paperwork, and intensive reporting and close-out of grants.

c. Special Projects

OSM special projects include interpretation of SMCRA, reports to Congress, legislative analysis, and assistance in response to litigation. OSM also conducts studies and analyses in response to Departmental initiatives and coordinates with other DOI bureaus and Federal agencies, including the Fish and Wildlife Service (Endangered Species Act), Advisory Council on Historic Preservation (National Historic Preservation Act), EPA (Clean Water Act, Resource Conservation and Recovery Act, and others), Army Corps of Engineers (Section 404 permits), and Mine Safety and Health Administration, and the Small Business Administration (Small Business Regulatory Enforcement Fairness Act) all of whose activities can affect the surface coal mining regulatory program.

2008 PLANNED PROGRAM PERFORMANCE

In 2008, the planned activities in the Environmental Protection program activity include:

- Assist Tribes in development of Tribal programs and review and make timely decisions on Tribal program submissions.
- Propose and publish rulemakings as described under OSM rulemaking initiatives above.
- Continue to carry out the requirements of the law in inspections and enforcement. Anticipate the same rate of complete and partial inspections and oversight reviews as in FY 2007.
- Achieve the performance measures as shown on the next page.

2007 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2007, the major accomplishments in the Environmental Protection program activity included:

- Published one final rule and four proposed rules.
- Performed over 31,700 complete mine inspections and almost 50,900 partial inspections, in cooperation with State authorities, to ensure coal mines are operated safely and in accordance with environmental laws.
- Achieved performance targets for measures identified on next page.

ENVIRONMENTAL PROTECTION

PROGRAM PERFORMANCE OVERVIEW										
End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
<i>End Outcome Measures</i>										
Percent of active coal mining sites that are free of off-site impacts. (SP) (PART)	C	93% (6,364 of 6,872 sites)	89% (7,436 of 8,335 sites)	92% (7,454 of 8,142 sites)	93%	90.2% (7,103 of 7,877 sites)	93% (7,122 of 7,658 sites)	93% (7,122 of 7,658 sites)	0%	93% (7,122 of 7,658 sites)
Total Actual/Projected Costs (\$000)		\$105,813	\$118,487	\$113,684	\$109,198	\$99,669	\$118,375	\$118,364	-\$11 0%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		\$15,398	\$14,216	\$13,963	\$13,863	\$12,653	\$15,458	\$15,456	-\$2 0%	---
Percent of mined acreage reclaimed). (SP) (PART)	F	UNK	48% (1,535,201 of 3,225,161 acres)	47% (1,534,301 of 3,225,261 acres)	45%	53.4% (1,928,521 of 3,609,121 acres)	45% (1,786,515 of 3,970,033 acres)	45% (1,786,515 of 3,970,033 acres)	0%	45% (1,786,515 of 3,970,033 acres)
Total Actual/Projected Costs (\$000)		UNK	\$118,487	\$113,684	\$109,198	\$99,669	\$118,375	\$118,364	-\$11 0%	---
Actual/Projected Cost per Inspectable Unit (in dollars)		UNK	\$77	\$74	\$57	\$56	\$66	\$66	\$0 0%	---
Comments:		DOI measure presented in the DOI Strategic Plan for FY 2007-2012.								
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (PART)	C	49,054	53,353	49,796	50,000	51,105	50,000	50,000	0	50,000
Number of acres released from Phase I & II Performance Bonds. (PART)	C	90,040	88,869	89,894	80,000	110,198	80,000	80,000	0	80,000
Comments		FY 2007 actual exceeded plan as a result of increased mining in preceding years.								
<i>PART Efficiency and Other Output Measures</i>										

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PROGRAM PERFORMANCE OVERVIEW										
End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
Provide appropriate grant funding within 60 days of a complete grant application. (PART-EFFICIENCY)	A E	UNK	UNK	100%	85%	100%	90%	90%	0%	90%
Comments:		This new efficiency measure was established with the FY 2006 PART Reassessment effort. Measure will be reviewed and targets adjusted as trend data becomes available.								
Completion of the technical review of Federal/Indian Land permit actions within 90 days (PART-EFFICIENCY)	A E	UNK	UNK	96%	80%	97%	80%	80%	0%	80%
Comments:		This new efficiency measure was established with the FY 2006 PART Reassessment effort. Measure will be reviewed and targets adjusted as trend data becomes available.								
<p>*States provided data for the time period July 1, 2005, to June 30, 2006. Federal Program States and Tribes submitted for the federal fiscal year. Target Codes: SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; UNK = Prior year data unavailable Type Codes: C = Cumulative; F = Future; A = Annual; E = Efficiency</p>										

TECHNOLOGY DEVELOPMENT AND TRANSFER
(Dollars in Thousands)

				2009			
		2007 Actual	2008 Enacted	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2008 (+/-)
Regulation & Technology	\$\$\$	14,976	15,176	210	-120	15,266	+90
	FTE	92	92	0	0	92	0
Abandoned Mine Land	\$\$\$	3,881	3,921	49	-30	3,940	+19
	FTE	20	20	0	0	20	0
TOTAL	\$\$\$	18,857	19,097	259	-150	19,206	+109
	FTE	112	112	0	0	112	0

Program Changes of \$150,000 are due to reductions in travel. See General Statement for detailed information.

Overview

The Technology Development and Transfer (TDT) business line (program activity) provides resources for technical assistance, training, technology development and technology transfer program sub-activities. This program activity supports and enhances the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to effectively implement SMCRA. Thus, this program activity is an integral component and supports accomplishment of OSM’s Environmental Restoration and Environmental Protection business lines goals.

Through support of OSM’s restoration and protection goals TDT funds support two of the Departmental Strategic plan mission goals (Resource Use and Resource Protection) and implements the concepts of Cooperative Conservation through effective partnerships with OSM’s stakeholders. TDT is a nation-wide program that provides resources to States and Tribes that meet their specific technical and training needs in carrying out the requirements of the SMCRA.

In 2009, OSM will continue to promote the use of Technical Innovation and Professional Services (TIPS) in technical decision-making processes related to SMCRA; address the remediation of acid mine drainage through participation in the Acid Drainage Technology Initiative; finalize changes and provide training and technical assistance to meet identified needs of States and Tribes. Also, OSM’s technology transfer program

will continue its support for electronic permitting and mobile computing efforts, by sponsoring interactive technical forums and related workshops. In addition, OSM will continue to provide regional technical service, libraries, and more efficient access to COALEX (a computer-assisted library search service).

Operational Process (Program Activities): The Technology Development and Transfer program activities enhance the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to more effectively implement SMCRA. These program activities are an integral part of accomplishing Environmental Restoration and Environmental Protection to achieve OSM's goals and outcomes.

OSM provides technical training to OSM staff, and States and Tribes on a variety of topics. New technologies, changes in regulations, and staff turnover necessitate the need for continued technical training. To solve problems related to the environmental effects of coal mining, OSM provides multidisciplinary technical assistance and works with industry, States, Tribes and the public on technical issues arising from new regulations. Other technical assistance efforts include the TIPS, the Applicant Violator System (AVS), and Electronic Permitting (EP). OSM also established an intergovernmental team, the National Technology Transfer Team (NTTT) to provide direction, communication and coordination of efforts related to technology transfer and development. This team is a permanent entity and will continue throughout FY 2008 and FY 2009. Technology transfer is a major part of OSM's cooperative effort with States and Tribes.

***TECHNOLOGY DEVELOPMENT &
TRANSFER ENCOMPASSES:***

Technology Development

Technology Transfer

Technical Training

Technical Innovation and Professional Services (TIPS)

Applicant Violator System (AVS)

The outcome of TDT program performance is ultimately measured by the success of the Surface Mining program in carrying out the environmental restoration and protection missions. In addition, performance for the business line is measured through the number of staff technically trained (including knowledge and skills taught and applied), the utilization of automated technologies (such as TIPS), and the quality and timeliness of technical assistance provided by OSM, determined via evaluations and customer service surveys.

Actions Required to Achieve Annual Goals: In FY 2009, OSM plans continued improvements in this business line. As responses are received from the customer surveys,

the activities within the business lines will be evaluated to identify any needed improvements or changes. Also, the National Technical Training Program (NTTP), TIPS, the National Mine Map Repository (NMMR), and AVS will increase access to users by continuing to provide material via the Internet and supporting the Administration's E-Government initiative. In addition, the NTTT will continue to work with the Regional Technology Transfer Teams to provide direction, communication, and coordination efforts related to technical issues and studies.

Resources, Skills, and Technology Needed: An ongoing goal for FY 2009 is to continue ensuring States, Tribes, and OSM have the best available technical data and information needed to make good science-based decisions regarding mining plans, reclamation project design, permit reviews, and acid mine drainage remediation and prevention. To successfully implement the surface mining regulatory and reclamation programs, OSM, as well as the States and Tribes, must maintain multi-disciplinary staffs that are fully competent in addressing a wide variety of technical issues that impact these programs.

The total request for this business line is \$19.2 million. The FY 2009 President's Budget requests \$12.5 million for Technical Assistance (including the Applicant Violator System); \$3.4 million for Technical Training; and \$3.3 million for Technology Transfer efforts are allocated to meet the annual goals set forth above.

Included in the FY 2009 President's budget request for Technology Transfer program activity is almost \$200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academia, and industry. The objectives of the ADTI are to compile, assess, and document the "best-science" technology solutions to acid mine drainage (AMD) reclamation problems as well as to refine the most effective methods for accurate AMD prediction.

The following section details, by program activity, the funding and FTE resources required to meet our customer satisfaction performance measures. It also includes examples of the types of technical training, assistance efforts, and transfer provided by this business line.

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**Table 11– Justification of Program and Performance
Technology Development and Transfer
Summary Increases/Decreases for FY 2008
(Dollars in Thousands)**

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	
Technical Assistance	\$\$\$	10,734	10,804	10,898	1,551	1,574	1,589	12,285	12,378	12,487	+109
	FTE	50	50	50	10	10	10	60	60	60	0
Training	\$\$\$	2,577	2,635	2,586	809	829	824	3,386	3,464	3,410	-54
	FTE	22	22	22	6	6	6	28	28	28	0
Technology Transfer	\$\$\$	1,665	1,737	1,782	1,521	1,518	1,527	3,186	3,255	3,309	+54
	FTE	20	20	20	4	4	4	24	26	26	0
TOTAL	\$\$\$	14,976	15,176	15,266	3,881	3,921	3,940	18,857	19,097	19,206	+109
	FTE	92	92	92	20	20	20	112	112	112	0

2009 PROGRAM PERFORMANCE ESTIMATES

The following program activities support OSM's goal to strengthen the capabilities of the States, Tribes, and OSM staff to implement SMCRA effectively through quality technical and scientific information, expertise, and training. Skill and knowledge enhancement is critical to the continued success of the Surface Mining program and accomplishment of the Department's Resource Protection and Resource Use goals.

OSM's stakeholders (States, Tribes, and industry) continue to express support for TDT efforts and encourage OSM to provide the types of technical support needed to effectively and efficiently meet SMCRA, the National Environmental Policy Act, and other environmental and safety laws. Cost-effective compliance will help industry remain competitive with other energy sources. Helping industry achieve up-front compliance will reduce the need for additional regulatory resources. The TDT program area described in the following pages represents those activities where OSM staff provides direct technical support and ongoing efforts in other business lines.

1. Technical Assistance

This program activity provides assistance to State regulatory and reclamation staff, and to OSM staff that review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure such as TIPS, AVS, and technical training programs. Technical activities such as permit review, citizen complaint evaluation, and cumulative hydrologic impact assessment take place where OSM is the regulatory authority.

Technical assistance is provided for AML project design and monitoring where OSM is responsible for AML emergency and priority projects. These types of endeavors are integral parts of the Environmental Protection and Restoration business lines and are not included in the TDT program activity.

OSM intends to meet or exceed its projected goal of 94 percent customer service rate for technical assistance efforts in FY 2008 and FY 2009. Customer surveys are used to document the responsiveness of OSM's technical assistance to its customers in a timely and professional manner. By meeting the technical assistance needs, OSM can help effectively achieve OSM's Environmental Restoration and Environmental Protection mission goals.

a. Technical Policy Assistance

OSM specialists provide technical assistance to State and OSM regulatory and reclamation policy staff. The areas of assistance include rulemaking; citizen complaint investigations regarding the mining-relatedness of offsite impacts; guideline development; State program amendments; State mining permit evaluation; AML problem evaluation; blasting policy; prime farmland reclamation standards; soil substitution, coal combustion by-product placement; reclamation bonding sufficiency and bond release;

Office of Surface Mining Reclamation and Enforcement

threatened and endangered species; land unsuitability determinations; participation as technical experts on interagency committees; AMD prevention and remediation; Acid and Toxic Forming materials handling; stream and underground mine flooding; mountaintop mining and valley fills; permit findings; re-mining; impoundment stability; subsidence caused by underground mining; and assistance in fostering tribal primacy by helping tribes develop technical capabilities.

Examples of activities for FY 2008-2009 include:

Underground Mine Mapping: OSM and the States have actively inventoried AML features for years using the best available information and technologies. The inventory includes information about the location, size and type of AML feature and the priority for reclamation under the SMCRA AML program. Detailed mine maps are necessary in order to adequately evaluate the threat posed by these mines to the public, infrastructure and the environment. OSM and the States sponsored a series of regional workshops in 2006 and 2007 on digital imaging, and the processing and the presentation of map images as an alternative to the use of delicate, aging hard copy mining map records.

OSM will continue to work with the States in setting priorities for mapping activities in FY 2008 and 2009.

Blasting: In FY 2007, OSM completed the Federal Blaster Certification Database. This data base provides the status of certified individuals authorized to handle and detonate explosives on coal mine located in Federal program states and on Tribal lands. Now all OSM inspectors have access to the current status of Federally-certified blasters to facilitate inspections and identify or track poor performers. OSM also completed development of a database of blaster certification examinations. In FY08 OSM evaluated state interest in development of a national certified blaster tracking system in coordination with the Interstate Mining Compact Commission (IMCC). This national database would facilitate reciprocity of certifications between States and OSM.

Designating Areas Unsuitable for Surface Coal Mining: Section 522 of SMCRA establishes a process by which the public may petition the regulatory authority to limit or prohibit all or certain types of surface coal mining operations on non-Federal lands to protect certain features or environmental values. OSM receives and processes these petitions for all lands for which it is the regulatory authority. The decision-making process includes preparation of an environmental impact statement and a takings implication assessment.

OSM also is responsible for making valid existing rights (VER) determinations under section 522 (e) for all Federal lands and all lands for which OSM is the regulatory authority. Section 522 (e) prohibits or limits surface coal mining operating within certain areas, subject to valid existing rights.

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Both unsuitability determinations and VER determinations require substantial technical and programmatic resources. They also involve litigation support if a takings claim is subsequently filed against the Federal Government.

Prime Farmland: OSM will continue to work with our customers on a prime farmland soils team. The team is self directed and includes representatives from State and Federal government, local government, an environmental group, and industry. Accomplishments of the team have included production of a citizen's information brochure and successful biannual tours of active mine sites that showcase the latest technology for prime farmland reclamation.

Acid Mine Drainage: Surface and underground coal mining activities expose iron sulfide minerals in rock to weathering. The interaction of these rocks/minerals with air and water can result in AMD, which is the number one water quality problem in Appalachia and to a lesser, but still serious, extent in other coal and hard rock mining regions. OSM technical staff resources are focused on advancing and applying the best science to remediate AMD from abandoned pre-SMCRA mines and to prevent active mines from contributing additional new sources of AMD.

During FY 2008 and FY 2009, OSM will continue to participate in the Acid Drainage Technology Initiative (ADTI), a collaborative effort among federal agencies, industry, the States, academia, and the National Mine Land Reclamation Center to promote communication and technology enhancement in the field of AMD. Examples of current projects include:

- ❖ Examining long-term trends in AMD production from and infiltration of surface and ground water into several types of underground coal mines. This analysis follows up on earlier work that suggested significant declines in AMD production during a prolonged dry period, of a 30-year period timeframe. The current effort will evaluate whether the same trends are seen after a prolonged wet period, as well to identify the underlying site and construction factors of mine water chemistry at various passive treatment systems.
- ❖ Work to identify geologic sources of selenium associated with coal mines, understand and predict the chemistry governing the mobilization of selenium into coal mine discharges, develop methods for treating-selenium-rich drainage, and identify effective methods to predict, prevent and mitigate the offsite selenium-contaminated discharge. This study will identify the mechanisms controlling daily concentration cycles of mine-impacted watersheds to better understand trace element change and removal. Work will be to collect additional data at existing research sites and gather fully complementary data sets for comparison study of short-term, transient changes in water chemistry to mine-impacted streams.

b. Site-Specific Technical Assistance

OSM specialists assist in the technical aspects of compliance monitoring (including inspection and enforcement assistance), experimental practice reviews, reclamation cost estimate calculation, bond release application reviews, bond approval reviews, bond forfeiture reclamation designs, land unsuitability determinations, surveying, revegetation, geologic sampling, AML designs, subsidence and AMD abatement, and any technical assistance on citizen complaints and ten-day notices. Following are examples of the types of assistance provided to States and Tribes.

WV Coal Slurry Study: West Virginia legislators issued a resolution (SCR 15) requiring the Department of Environmental Protection (WVDEP) and the Bureau for Public Health to prepare a comprehensive study on human health and safety from the underground injection of coal slurry. WVDEP requested technical assistance from OSM to aid in developing this study. The first phase of the resolution requires a hydrogeological study on the migration of the coal slurry and its constituent contaminants affecting the surface and groundwaters.

Soil Substitution: OSM is providing technical assistance to Mississippi to develop a program of soil substitution to replace thin native topsoil with a ten foot thick layer of selected materials suitable for the proposed post-mining land use of forestry.

Underground Mine Pools: In FY 2007, OSM provided technical assistance to the Maryland Bureau of Mines to investigate the potential impacts from a mine pool complex that crosses between Maryland and West Virginia. Over two centuries of extensive underground coal mining in Pennsylvania and West Virginia have left miles of interconnected, flooded workings, called “mine pools.” The water level in these mine pools may rise and overflow into streams, or the pools could potentially “blowout” with rapid and sometimes catastrophic discharges of large amounts of stored mine water, endangering life, property, and surface stream water quality. OSM will provide assistance in the form of mine pool modeling to the states during FY 2008 and 2009 and identify various means to predict and minimize impacts.

Bond Approval and Administration: To ensure that bonds are sufficient to reclaim forfeited sites on lands OSM has or shares regulatory authority responsibilities, OSM calculates bond amounts using engineering and science-based reclamation cost estimates. OSM also evaluates bond mechanisms posted with OSM to ensure legal, financial, and regulatory requirements are met. OSM provides technical assistance and training on bonding activities, including the newly revised bond calculator software, and provides technical review of any issues identified in a State program’s bonding activities. OSM technical staff has been assisting the States of Pennsylvania and Ohio evaluate effective methods for estimating long-term reclamation costs for land and water restoration.

c. Mine Map Repository

OSM maintains the NMMR authorized under the former Bureau of Mines and subsequently transferred to OSM in the mid-1980's. This repository, located in OSM's Appalachian Regional Office in Pittsburgh, Pennsylvania, with a satellite repository for Anthracite coal mines of eastern Pennsylvania in Wilkes-Barre, Pennsylvania, maintains the only national inventory of maps of more than 300,000 abandoned coal and non-coal underground mines throughout the United States. These maps, and the associated information, are used to fulfill customer requests for unique information that can range from rare maps for small uncommon projects to a national collection for assisting in large interstate projects. OSM customers include State regulatory and reclamation staff, local government agencies, developers, engineering and mining companies, architects, universities, law firms, environmental consultants, pollution control boards, realtors, law-enforcement agencies, historical societies, and homeowners. Some of the costs for this program are paid out of offsetting receipts from the sale of maps.

Staffs from the NMMR and the regional offices are involved in several related important initiatives to improve mine map acquisition, archiving, and availability. These initiatives included OSM and the States sponsored regional workshops focusing on digital imaging, processing and the presentation of map images. The increased awareness of the value of historical mine maps has resulted in a large influx of new maps to the NMMR collection from public and private sources.

d. Permitting

Western Region Coal Mine GIS: An Internet Map Server system has been implemented for five western mines that allows OSM Western Region users to access high resolution satellite imagery of each mine permit. As additional image acquisitions are made, users will be able to compare changes in each mine over time. The system will streamline regulatory inspection, tracking, and permitting.

Tennessee GIS: Establishment of the Knoxville Field Office Geographic Information System directly supports the programmatic spatial information needs of administering SMCRA in Tennessee and also supports OSM's goal to prevent environmental impacts in the coal fields. The storage and maintenance of geographic data for coal mining operations conducted in Tennessee, allows effective and efficient access to the data for technical reviews of permit applications, enhanced analysis of the inspection process, promotion of assessment by outside parties of federal actions, access to and sharing of environmental data necessary in the analysis of potential impacts of surface coal mining operations, and better information to the public to promote understanding.

e. Technical Innovation and Professional Services

The goal of TIPS is to provide State, Tribal, and OSM personnel with a comprehensive set of analytical tools to aid in technical decision-making processes related to the SMCRA. The services provided are centered around off-the-shelf scientific and

engineering computer hardware and software supported by OSM in partnership with the states and tribes. This technical assistance has grown from a few applications available on a single specially designed shared workstation, to a suite of software on each user's desktop computer.

Currently the assistance consists of Windows-based computers at state, tribal, and OSM offices with access to the licensed servers via the Internet and OSM Wide Area Network. The 26 commercially available software applications cover a wide range of regulatory and AML subjects. During FY 2007, an average 145 customers used software provided by TIPS each workday. The customer base is composed of over 700 desktop computers at 24 state, three tribal, and 15 federal offices throughout the country.

Examples of OSM TIPS related initiatives include:

Mobile Computing Program: OSM TIPS personnel have seen growing interest in mobile computing training and education since 2005, and are expecting to provide more on-site training as entire state programs adopt e-permitting and mobile inspection. During FY 2007, OSM conducted a mobile computing workshop at the annual American Society of Mining and Reclamation Meeting, and on-site mobile (ArcPad) computing workshops for the OSM Birmingham and Tulsa Field Offices, and Alabama's Department of Industrial Relations and Surface Mining Commission. TIPS provided mobile computing hardware (10 vehicles received toughbooks, mounts, integrated Global Positioning System, and internet connectivity), software and technical support to the Texas Surface Mining and Reclamation Division for field gathering and processing of geospatial data. The Navajo AML, Wyoming and Pennsylvania regulatory programs all collaborated with TIPS during FY2008 to integrate GIS and mobile computing technologies into their program. And finally, OSM assisted Missouri in evaluating water quality of an acid-pit lake (pre-SMCRA surface coal mining and lead-zinc mining), demonstrating technology that links a multi-parameter underwater sensor to GPS and mobile computing to obtain three-dimensional, georeferenced data of the mining-impacted water body.

National Coal Mining Geospatial Committee: Under the TIPS Program, OSM created the National Coal Mining Geospatial Committee (NCMGC) in late FY 2005 to promote the use of geospatial technology to further its use in implementing SMCRA. Committee members represent the geospatial technology interests of the States, tribes, and OSM offices, and include representation from the Interstate Mining Compact Commission (IMCC), National Association of Abandoned Mine Lands Programs (NAAML), and the Western Interstate Energy Board (WIEB).

In FY 2008, the NCMGC held its annual planning meeting to complete work on coal surface and underground mining boundary standards, work on standards for additional coal mining datasets; meet with the Federal Geographic Data Committee to request endorsement of coal mining data standards developed under ASTM International guidelines; complete testing of a geospatial infrastructure among networked servers outside OSM's WAN; collaboration with MSHA on coal mining geospatial data; and

participate in the FY 2008 Geospatial Conference and the National Meeting of SMCRA Geospatial Data Stewards.

Remote Sensing Program: General remote sensing support activities are (1) conducting applied research in partnership with other OSM offices, tribes, states and other federal agencies; (2) distributing image processing and associated GIS software to offices for on site processing and analysis; (3) providing formal training, on site workshops, technical support and general technology transfer, and; (4) providing technical assistance for special project applications as requested.

In FY 2009, new applications of remote sensing include development of a habitat criteria index for the Indiana Bat in partnership with Southern Illinois University (Edwardsville) and the National Geospatial Agency (DOD) for imagery acquisition, the use of high resolution satellite imagery for AML and AMD inventories and development of post mining land use classifications. High resolution satellite imagery is also being used to demonstrate the return on investment in using imagery compared to traditional methods for mine site inspections.

f. Reclamation Support Activities

Enhanced Contemporaneous Reclamation Evaluation: Inspectors from OSM, with assistance from technical specialists, are using GPS units to on-site locate boundaries and input data in the field, as the areas are being reclaimed. The field data (slopes, topsoil depths, etc) are subsequently downloaded into a GIS under development for each mine.

g. Applicant/Violator System

The AVS is a National information database OSM maintains to support many types of research and program efforts, but primarily it supports permit eligibility determinations under section 510(c) of SMCRA. As part of the permit review process, State and Federal regulatory authorities use the information contained in the AVS to evaluate an applicant's mining and violation history in order to determine the applicant's eligibility to engage in surface coal mining operations. OSM responded to 3,497 requests during FY 2007 for these evaluation reports. The AVS is also used to determine the eligibility of potential recipients of AML reclamation contracts and grants under the Small Operator Assistance Program.

AVS Office staff provides services to other customers including the coal industry, citizens groups, and other Federal agencies. Some of the services provided include: providing technical assistance for customers accessing the AVS from a personal computer; updating information in the AVS for coal companies that mine in more than one State; providing basic and advanced system training; and providing investigative assistance to State regulatory authorities on complex ownership and control issues. These and other activities will continue through FY 2009.

Alternative Enforcement Initiative: During FY 2008, the AVS Office will continue to promote the use of alternative enforcement to compel compliance with SMCRA through outreach and marketing with the States. As part of this initiative, the AVS Office will provide training classes, investigative services and specific recommendations for sites with outstanding violations.

2. Technical Training

Technical Training provides OSM, State, and Tribal staff the necessary knowledge and skills to implement the Surface Mining program. This activity supports the Department's Resource Use and Resource Protection goals.

a. National Technical Training Program

OSM established the National Technical Training Program in 1985, recognizing the need for an ongoing educational program to increase the technical competence and professionalism of Federal, State, and Tribal personnel. The program delivers training related to permit approval, bond release, reclamation, and enforcement. The training received serves to update technical expertise and fosters consistent application of standards. Training is provided in each of the disciplines involved in implementation of SMCRA, which include engineering, hydrology, blasting, agronomy, and botany. The program also ensures training is available to enable OSM and State staff to maintain the ability to gather and present information as an expert with the most recent data available. In addition, periodic training is needed to disseminate the latest technological and the other changes in regulatory and associated reclamation activities.

All aspects of the program from identification of needs through course development and presentation are cooperative efforts of State, Tribal, and OSM offices. Of the 28 State and Tribal programs, 20 have fewer than 50 employees and another 5 have fewer than 100 employees. There is an economy of scale achieved by the pooling of State and Federal resources that allows instruction in a wide variety of subjects each year for all State, Tribal, and OSM programs.

Partnering for Results: The National Technical Training Program helps OSM, State and Tribal personnel contribute to meeting our joint GPRA goals of providing on-the-ground protection during active mining and re-mediation of abandoned mines by enhancing the technical skills of staff and increasing their knowledge of technical subjects related to mining. The most important indicator of this performance is how effective students and their managers believe training courses are in contributing to on-the-job performance. The following textbox provides comments received on student evaluations from employees and supervisors.

Comments on Student Evaluations:

A student who attended the Excess Spoil Handling course made the comment that now, when he designs a reclamation project, he incorporated ideas from the course into that project. The course gave him insight into how valley fills are designed and constructed and a better understanding on how's and why's of valley fill design and the mechanics of construction practices. EMPLOYEE

A student who attended the Soils and Revegetation course commented that when he completed an AML project that required revegetation he had a better understanding of the optimal conditions for reseeding disturbed sites and the factors related to unsuccessful revegetation. EMPLOYEE

"Attending the Enforcement Procedures course has given my employee a better understanding of enforcement procedures and helps him interact with enforcement personnel on technical investigations of enforcement complaints." SUPERVISOR

"A new inspector always has unanswered questions and this course gives solid answers to use in the future. Working together as a team, communicating with others and documentation were all key elements derived from the AML Reclamation Projects course. Using the team approach and decision making techniques acquired has really inspired this inspector." SUPERVISOR

Meeting Office Specific Needs of Mining and Reclamation Staff through Special Sessions: In addition to regularly scheduled FY 2007 courses, in response to specific requests, NTTP offered a number of special course sessions. These included a session of the Coalfield Communications Course for Colorado and Utah; a session of the Bonding Cost-Estimation course for Ohio, and two sessions of the Forensic Hydrologic Investigations for Pennsylvania.

New Course Offerings: This year a new course, the Master Instructor Forum was added to course offerings. All OSM instructors for NTTP and TIPS classes initially attend OSM's Instructor Training Course to give them a solid foundation for teaching adults. The Master Instructor Forum is a second level course for experienced instructors to improve their presentation skills and to keep them abreast of developments in instructional technology. This course has five modules including Differences in Learning Styles; Presentation Techniques; Multi-Media Presentations; Questioning Techniques; and Transferring Learning to Students' Jobs. The course contains dozens of practical exercises specific to the classroom and has been very well received with many instructors advising that they were able to put what they learned to use as soon as they returned to the classroom. Effective Writing, which is one of the most popular courses, was extensively revised to include new presentation technology. The revised version of the class will begin to be offered in early 2008.

Benchmarking, Forums and Workshops: Some training needs are best met in benchmarking (best practice) meetings, forums, and workshops where there are free-flowing discussions of unresolved issues, best practices, and exchanges that promote transfer of new technologies and development of shared solutions. Building on the success of the previous benchmarking sessions and forums, a number were held in 2007 including: subsidence impacts; highlights of the technology and practices used in West

Virginia to acquire, digitize, store, and manage their maps; underground mapping; Indiana Bat/Coal mining recovery plan, mine placement of CCB material, the AML reauthorization amendments, blasting issues, mine pools, and several on reforestation. A surface and groundwater databases benchmarking meeting is scheduled for early 2008.

Plans for FY 2008 and 2009: NTTP received approximately 2,000 requests for spaces in FY 2008, and anticipates it will receive another 100 requests for special sessions, and 300 for workshops, forums, and benchmarking (best practice) meetings during the year. The NTTP Steering Committee, made up of OSM and State Managers, will determine how additional new classes will be added to the 50 existing regular classes already scheduled. In addition to these classes, to date, NTTP staff are committed to working with the IMCC on benchmarking meetings surface and groundwater databases, mine mapping, bonding, and mine subsidence, and with OSM regional offices on various forum topics.

Each Spring OSM conducts a Training Needs Survey for the following fiscal year to determine the training needs of the 1,800 State and Tribal regulatory and reclamation staff, as well as the 530 OSM regulatory and reclamation staff. NTTP analyzes the annual survey results to determine if there is sufficient interest to justify a course, and if so, how many sessions of the course are needed. Students are assigned to classes that are closest to their office to minimize travel costs and to provide students with field experience most similar to their geographic working conditions. The number of requests for courses usually exceeds the number of spaces available by 30-50 percent, so students who are not assigned to classes are put on a waiting list. Those on the waiting list are notified 30 days prior to class if space becomes available.

To address changing on-the-ground needs, NTTP staff continues to work with offices to meet subject specific needs that arise subsequent to the Needs Survey. To assure that students are receiving the latest technical and programmatic information, NTTP will review courses based on student, supervisor, and instructor feedback, and revise or add courses accordingly.

b. TIPS Software Application Training

Every year the TIPS training program educates hundreds of students in the use of software in SCMRA-based mining and reclamation applications. During FY 2007, over 400 students from State, Tribal, and OSM offices attended 32 instructor-led, state-of-the-art scientific and engineering TIPS training classes. Training in the use of advanced analytical software, and access to and training with the newest tools ensures that SMCRA responsibilities are done using the best off-the-shelf technology available. In addition, 85 on-line courses provide students with just-in-time-training or an introduction to the more technical GIS, Remote Sensing, and Mobile Computing classes. During FY 2007, 92 students enrolled in on-line courses, and 59 completed their course work. Plans are in place to continue the expansion of on-line training initiatives throughout FY 2008.

TIPS is positioned to assist the state and tribal agencies as the Abandoned Mine Land Reauthorization and Tribal Primacy initiatives are implemented in FY 2008. Training needs will be driven as a result of these initiatives, as well as succession planning for state, tribal, and OSM offices. New courses are being developed to provide students the latest advances in geospatial technologies, engineering applications, hydrology, mobile computing and emerging technologies.

c. Regional/Site Specific Training

OSM has regional training centers, which offer classes on customer requested topics and provide facilities for the national training program to minimize expenses. Site specific training also occurs to better demonstrate instructional applications. Examples of such training include:

Bonding Workshops: In FY 2007, OSM's Appalachian Region held two specialized bonding workshops for the states of Ohio and Maryland, delivering an overview of Appalachian states bonding criteria and assistance to these two states in upgrading their bonding program

Wyoming E-Training Class: In FY 2008, TIPS provided onsite instruction to inspectors in the areas of GIS, GPS, AutoCAD, Remote Sensing, and mobile computing. The instruction demonstrated the integration of electronic tools in the field work and reporting processes, enabling inspectors to focus more time on the more complicated issues that may arise during inspection.

Mine Pools Workshop: The state of technical understanding of the hundreds of complicated mine pools systems was undertaken at a 1½ day workshop, sponsored by Appalachia Region Technology Transfer Team (ARTT). The workshop addressed the hydrologic, geochemical and stability issues associated with underground mine-pools. The goal of the workshop was to discuss the current knowledge about mine pools, determine areas that require further study and define future directions for study. The event was attended by about 45 technical staff from state regulatory and federal agencies, industry and academia.



Mid-Continent Regional Workshops - Technology Transfer: During FY 2007, three single-day technology transfer workshops were presented to the Alabama and Indiana Regulatory and AML Programs technical staff. These presentations were designed to help personnel enhance their awareness of OSM assistance, training and shared resources, and enhance their skills to meet their performance potential. A similar effort

will be conducted for Oklahoma in FY 2008, and in FY 2009 we will reassess the need following the expected turnover in state staff.

3. Technology Transfer

Technology transfer is an integral component of OSM's Restoration and Protection business lines providing national support to State and Tribal programs. Through the development of new technology and experimental practices this activity supports the DOI Resource Protection and Resource Use goal areas.

Technology Transfer is accomplished through a variety of activities. State technical representatives meet frequently with OSM regional staff to share resources whenever practicable to resolve regional technical issues. A current example of collaboration between OSM and the states are Regional Technology Transfer Teams. These teams coordinate with the states via monthly conference calls. These meetings provide one avenue to identify technical assistance issues. OSM also sponsors or attends interactive technical forums, computer applications workshops, and technical seminars to address mining and reclamation environmental issues. After coordinating the need of States, Tribes, and industry, OSM plans and presents technical topic forums. OSM partners with the States to develop technology transfer priorities. OSM national and regional technology transfer teams evaluate initiatives to encourage networking and information sharing that will result in program improvement or enhancement. To further networking and collaboration, the National Technology Transfer Team (NTTT) is comprised of members of the Interstate Mining Compact Commission (IMCC), the Western Interstate Energy Board (WIEB), as well as representatives from OSM and the States.

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. OSM achieved a 92 percent customer service satisfaction rate for technology transfer in FY 2007. OSM plans to attain its goal in FY 2008 and FY 2009.

a. Technology Development

One of OSM's most important missions is to advance and transfer technologies that will improve the effectiveness and efficiency of the science of mine land reclamation. Advancement of this technology will result in better mining and reclamation practices, thus being conducive to better environmental protection and less off-site impacts. The Applied Science program specifically addresses the needs of individual State programs as well as national interests. OSM selected 11 Applied Science projects for funding during FY 2007. This was accomplished through the solicitation and review process. The projects, sponsors, and funding are provided at the end of this section.

b. Technology Transfer and Publications

Technology Transfer is accomplished through a variety of activities. State technical representatives meet frequently with OSM regional staff to share resources whenever

practicable to resolve regional technical issues. OSM sponsors or attends interactive technical forums, computer applications workshops, and technical seminars to address mining and reclamation environmental issues. After coordinating the need of States, Tribes, and industry, OSM plans and presents technical topic forums. OSM partners with the States to develop technology transfer priorities. OSM national and regional technology transfer teams evaluate initiatives to encourage networking and information sharing that will result in program improvement or enhancement.

Reforestation Initiative: OSM continues its effort to encourage reforestation practices to would increase the amount of mined land reclaimed as forest. This effort has resulted in technical and policy symposia, a reforestation website, presentations at professional meetings, published bulletins by the 20-member Science Team on state-of-the-art reforestation practices. In FY 2007, the Appalachian Regional Reforestation Initiative (ARRI) sponsored the first annual Mined Land Reforestation Conference attended by over 200 people representing industry, environmental groups, academic institutions, and government. A second conference is planned in West Virginia during the summer of 2008.

Reports, Forum, and Workshop Proceedings: OSM publishes and co-sponsors the publication of numerous forums and workshop proceedings and various topical reports. These publications are distributed to interested parties at technology transfer events, upon request, and at various websites maintained by OSM. The agency publishes proceedings, reports and notices in paper copy, on CD, and over the Internet to reach the widest audience possible. During FY 2008 and FY 2009, OSM will continue to develop, distribute, and communicate these products.

OSM Technical Library: OSM maintains a technical library in the Western Region to provide access to technical, scientific, and legal information for the agency nationwide, as well as the States, Tribes, industry, citizen groups, and the public through a variety of services: reference assistance, technical research, document delivery, and the dissemination of critical current awareness information. The library generally fields between 200 and 300 requests for reference and research assistance each year. In addition, it will fill approximately 300-400 article requests in FY 2008. The technical library also shares its collection and borrows needed materials through interlibrary loans with libraries around the world (predicted to be around 300 total transactions for FY 2008). And in order to provide worldwide access to the specialized information resources in the collection, the library maintains a web-accessible bibliographic catalog of materials.

c. Educational Outreach

To make the public and students aware of OSM's responsibilities and its environmental stewardship mission, OSM staff provides educational outreach to science teachers associations, science classes, educational fairs, Earth Day events, career days, foreign visitors, grassroots organizations, and professional associations and societies. This outreach includes demonstrating phases of surface mining reclamation using an open-pit

mine model with reclamation equipment and activities in place, as well as providing educational posters and materials involved in permitting, monitoring and reclaiming a mine site. Additional outreach is provided through publications and distribution of forum proceedings. Outreach efforts expanded in FY 2007 with OSM's support of American Chemistry Week, National Engineer's Week, Groundwater Day, and school program presentations. Outreach opportunities and events are expected to continue to expand.

2008 PLANNED PROGRAM PERFORMANCE

In 2008, the planned activities in the Environmental Restoration program activity include:

- OSM will achieve the performance measures and targets for measures identified under this business line.
- OSM will continue to solicit proposals for its technical studies initiatives in FY 2008.

2007 PROGRAM ACCOMPLISHMENTS

In 2007, the major accomplishments in the Technology Development and Transfer program activity include:

- In FY 2007, 400 students attended 32 instructor-led TIPS classes.
- NTTP conducted 46 regularly scheduled courses as well as 9 regional and national benchmarking, forums, and workshops. Over 1,746 students were trained.
- ARRI sponsored a national forestry symposium titled "Mined Land Reforestation: Science and Practice" August 7 – 8, 2007 in Abingdon, Virginia.
- OSM supported 11 Applied Science projects that addressed our major environmental issues as identified on the next page.

2007 APPLIED SCIENCE PROJECTS FUNDED

Project Title/Contractor	Purpose/Funding
Acoustic Response of Structure to Blast Vibration Analyzed Against Comfort Levels of Residents Near Surface Coal Operations./ B. Lusk University of Kentucky	Address acoustic response inside structures subjected to nearby surface blasting and collection of data of how residents perceive blasting and reporting units at nearby surface coal operations./\$100,000
Improving Passive Mine Treatment through better understanding of Biogeochemistry and Mineralogy associated with Mn(II) Oxidation. / W. Burgos Penn State	Study biological Mn(II) oxidation in controlled laboratory experiments using sediments collected from two limestone treatment systems located in western Pennsylvania. The results will lead to improved sizing criteria and clarify conditions for maximum Mn(II) removal in limestone treatment beds./ \$99,702
Method Development for Watershed Sediment Budgets to Support CHIA/PHC Process: A Focus on Sediment Modeling for Estimating Sediment Loads. / J. Schwartz University of Tennessee	Make the CHIA/PHC process more efficient and defensible under a complex set of potential sediment load generators in a watershed./ \$96,367
Enhancing Mine Subsidence Prediction and Control Methodologies for Long-Term Landscape Stability. / M. Karmis Virginia Tech	Improve mine subsidence prediction and control to provide better ground deformation prediction for long-term stability by collecting data on regional subsidence engineering parameters. Investigate and develop alternate formulations for subsidence and ground deformation characteristics, enhancement of calculation/calibration and investigate the effect of potential secondary sliding of surface layers due to subsidence trough development./ \$100,000
Predicting Contaminant Leaching Potentials for Central Appalachian Overburden & Coal Refuse Materials. / W. L. Daniels Virginia Tech	Determine the net leaching potential of a number of contaminants of concern (As, Cu, Mo, Se and others) from overburden spoils and coarse/fine coal refuse materials not previously studied in detail. Results would recommend effective short-term batch screening vs. longer term leaching predictive tools./ \$99,301
IN-Situ Mitigation of Iron in a Net-Alkaline Environment. / T. Vandivort WV Water Research Institute	Evaluate the use of oxygen as an alternative technique to hydrogen peroxide for in situ oxidation of iron in net alkaline mine waters with the settlement of sludge within the underground mine./ \$53,800
Quantifying the Functional Value of Stream and Wetland Mitigation Structures on Reclaimed Surface Mines in West Virginia. / T. Petty WV Water Research Institute	Quantify the functional value of on-site stream and wetland mitigation structures; compare the values of mitigation structures to those of intact headwaters streams; and develop ecological currencies that can be used to relate wetland and stream mitigation structures to intact headwaters./ \$99,997
Development of a WCMS-HSPF Groundwater Model Component for Underground Mine Hydrologic Assessment. J. Fletcher West Virginia University Research Corp	Add a groundwater modeling capability to the existing Hydrologic Simulation Program Fortran extensions of the Watershed Characterization and Modeling System to support analyses of PHC/CHIA of underground coal mining./ \$99,963
A System to Evaluate Prime Farmland Reclamation Success Based on Spatial Soil Properties./ R. Dunker University of Illinois	A soil property based formula would be developed to ensure the most efficient process to return the productive soil resource to the landowner. This method also will identify problem fields

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	immediately after reclamation./ \$99,991
Modeling the Hydrologic Effects of Longwall Mining on the Shallow Aquifer System using MODFLOW with Telescopic Mesh Refinement. / C. Booth Northern Illinois University	Develop and demonstrate the application of established groundwater modeling techniques (MODFLOW with Telescopic Mesh Refinement) to the problem of the hydrologic effects of longwall mining./ \$53,237
Seismograph Geophone Coupling Protocols for Surface Coal Mine Blasting. C. Aimone-Martin Aimone-Martin Associates, LLC	Evaluate different protocols to couple geophones in or on the ground and provide consistent, reproducible ground velocities, and associated displacement, acceleration, and frequency components with a minimum of statistical data scatter./ \$48,320

TECHNOLOGY DEVELOPMENT AND TRANSFER

Performance supports Strategic Plan and PART measures displayed under “Goal Performance Table” Tab (see Resource Use and Resource Protection) in this document. Below represents bureau level measures for this business line.

Program Performance Overview

End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President’s Budget	Change from 2008 Plan to 2009	Long-term Target 2012
End Outcome Measures										
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	99.6%	94%	99%	94%	95%	+1%	97%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	89.3%	92%	92%	92%	94%	+2%	95%
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	97%	93%	96%	93%	93%	0%	93%
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,446	1,200	1,746	1,200	1,200	0%	1,100
Comments:		The number of students increased in FY 2007 over the planned target due to a larger attendance at forums in addition to classroom settings. OSM will review targets as plans for classroom and forums are developed. Long-term target decrease due to increase in travel costs.								
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	91%	90%	90%	90%	90%	0%	90%
Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)	A	98%	97%	97%	95%	98%	95%	95%	0%	95%
Target Codes: BUR = Bureau Measure Type Codes: A = Annual										

FINANCIAL MANAGEMENT

(Dollars in Thousands)

				2009			
		2007	2008	Fixed Costs	Program	Budget	Change
		Actual	Enacted	& Related	Changes	Request	from
				Changes	(+/-)		2008
				(+/-)			(+/-)
Regulation & Technology	\$\$\$	483	483	+6	0	489	+6
	FTE	2	2	0	0	2	0
Abandoned Mine Land	\$\$\$	6,197	6,308	+115	+413	6,836	+528
	FTE	41	41	0	0	48	+7
TOTAL	\$\$\$	6,680	6,791	+121	+413	7,325	+534
	FTE	43	43	0	0	50	+7

Summary of 2009 Program Changes

Request Component	Amount	FTE
<u>Fee Compliance</u>		
• Increase in Auditors	+500	+7
• Decrease in Contracts	-87	0
Total Program Changes	+413	+7

Justification of 2009 Program Changes

Fee Compliance – Audits and Coal Export Issue (+\$500,000): OSM proposes a \$500,000 increase to maintain audits of coal operators during its support of the Department of Justice litigation on the constitutionality of assessing abandoned coal mine reclamation fees on coal sold for export. The funding would enable OSM to maintain current performance levels while it resolves \$140 million in fee refund claims.

The audit staff is stationed in locations throughout major coal-producing regions. In addition to conducting on-site audits of coal operators' records to ensure fees are fully paid, the staff (1) maintains a perpetual inventory of all parties and mining permits subject to fees, (2) contacts all new operators and provides the information and assistance needed to comply, (3) follows up on delinquent reporters and payers, and (4) takes action on those failing to meet the requirements. Additional revenue attributable to the compliance effort has averaged \$18 million annually.

In April 2005, the Court of Federal Claims ruled that the abandoned mine reclamation fee, as applied to coal exports, is unconstitutional. Processing refund claims for fees paid on exported coal totaling approximately \$140 million will require an estimated 14 staff years and \$1.0 million to complete over a 24-month period. The additional funding will maintain the current performance level and meet the statutory requirement for full compliance.

Reduction in Contracts (-\$87,000): The request also includes a reduction of \$87,000 for contract costs due to performance contracting.

Overview

This business line provides resources for the Financial Management program activity. OSM carries out its financial management program responsibilities through three activities: fee compliance, revenue management, and grants management.

- Fee compliance covers the collection, accounting, audit and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.
- Grants management includes accounting for and reporting on grants awarded to State and Tribes for AML and regulatory purposes.
- Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

Financial Management operations are an integral part of OSM's Environmental Restoration and Environmental Protection mission goal areas supporting the Department's Resource Use and Resource Protection goals. State and Tribal grant funding (reclamation and regulatory) disbursement for the administration of regulatory activities and reclamation clean up projects is managed through this program activity. OSM, States, and Tribes fund reclamation project work through the fees collected from current mine operators after they are appropriated by Congress annually. These projects clean up environmental hazards resulting from past mining operations that degrade land and water resources. The regulatory grants fund the administration of State regulatory programs that protect people and the environment from adverse affects associated with current mining and ensure the land is restored at the conclusion of mining.

Operational Processes (Program Activities): OSM carries out its program financial management responsibilities through three activities: fee compliance, revenue management, and grants management. This business line does not include administrative accounting or reporting for appropriated funds.

Fee Compliance

- *Company Reporting*
- *Collection*
- *Accounting*
- *Audits*
- *Investment of AML Fees*
- *Compliance Assistance to Operators*
- *Development of Regulatory and Policy Issues*

Grants Management

- *Accounting and Reporting*

Revenue Management

- *Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)*

Fee compliance covers the company reporting, collection, accounting, audit, and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.

Grants management includes accounting for and reporting on grants awarded to States and Tribes for AML and regulatory purposes.

Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

The Financial Management business line supports accomplishment of OSM's Environmental Restoration and Protection mission goals through the collection of fees used for reclamation work and

management of reclamation and regulatory grant funds.

The outcome of OSM's Financial Management program performance is mostly measured by the success of the Surface Mining Program in carrying out the two major missions of the organization -- Environmental Restoration and Environmental Protection. The Financial Management business line is an integral part and supports accomplishment of both missions. In addition, OSM identified workload indicators for this business line as measures of the efficiency and effectiveness of financial management operations. These measures or indicators include: the Office of Inspector General financial statement audit opinion for fee compliance, revenue management, grants financial services; and the fee collection rate for operators reporting coal tonnage.

Actions Required to Achieve Annual Goals: OSM will use technology and customer service initiatives to increase compliance and improve processing of collections. This includes using the Internet to ease the coal companies' reporting burden, receive quarterly coal production reports, provide information to companies, and allow companies to make payments on-line. OSM will continue to use new and streamlined collection services as they become available and will work with customers and stakeholders to ensure fair and consistent policies.

In FY 2009, OSM will continue to pursue opportunities to participate in e-government projects, such as the Single Source Coal Reporting project, a component of the Small Business Administration's Business Gateway initiative. OSM also expects to implement the Coal Fee Collection Management System (CFCMS) project which will consolidate three outdated subsidiary systems into one contemporary system. The project will provide the

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ongoing systems support needed to assure the continued success of the fee compliance program.

In accordance with guidelines established by the Chief Financial Officer's Council, OSM converted to a new grant disbursement system in FY 2007 with the implementation of the new Departmental core accounting system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer service. OSM has over 236 grants and cooperative agreements with the States and Tribes, accounting for over \$287 million.

Resources, Skills, and Technology Needed: To support program activities and to ensure that operators continue to support the surface mining program by paying appropriate fees, OSM plans to maintain a highly trained cadre of fee compliance auditors, program accountants, and financial systems personnel. Training will continue so that financial management personnel maintain a high level of skill and technical expertise. OSM will also continue to use contractors to handle billing, data entry and appropriate collection functions, and redesign the principal systems that support the Fee Compliance Program.

The following section details, by program activity, the funding and FTE resources required to meet the performance measures.

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**Table 12 – Justification of Program and Performance
Financial Management**

Summary Increases/Decreases for FY 2009
(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/ Dec (+/-)
		2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	
Fee Compliance	\$\$\$	0	0	0	6,110	6,219	6,744	6,110	6,219	6,744	+525
	FTE	0	0	0	40	40	47	40	40	47	+7
Revenue Management	\$\$\$	390	388	391	0	0	0	390	388	391	+3
	FTE	1	1	1	0	0	0	1	1	1	0
Grants Financial Management	\$\$\$	93	95	98	87	89	92	180	184	190	+6
	FTE	1	1	1	1	1	1	2	2	2	0
TOTAL	\$\$\$	483	483	489	6,197	6,308	6,836	6,680	6,791	7,325	+534
	FTE	2	2	2	41	41	48	43	43	50	+7

2009 PROGRAM PERFORMANCE ESTIMATES

1. Fee Compliance

The fee compliance activity provides funding used by OSM, States and Tribes to restore land and water degraded by past mining practices to beneficial uses. The fee is collected from active coal operators based upon tons of coal produced and sold. The use of this money funds the accomplishment of the Department's Resource Protection goal.

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2007, the program achieved a 99.85 percent collection rate resulting in \$304.2 million in total collections. The program achieved a 99.98 percent compliance rate for operators filing their tonnage reports after working closely with the industry. OSM also increased the percentage of permits that filed OSM-1 Reports electronically, from 64 percent in FY 2006 to 68.5 percent in FY 2007. OSM's goal is to increase the percent of permits that file electronically, to provide better service to coal companies and to realize the benefits of E-government. We expect similar increases in filings in FY 20087 to meet our target goal of 75 percent in FY 2009. In terms of efficiency, the total direct program cost was less than two percent of the amount collected.

The Fee Compliance Program is comprised of two highly integrated components, -- collections and audits -- that work hand-in-hand to maximize compliance, minimize the burden on industry, and ensure the efficient use of resources. For example, key initiatives that these components will pursue in FY 2009 include:

- Implementing Phase 2 of the Coal Fee Collection Management System which will replace the current Fee Billing and Collection System (FEEBACS). The new system will provide reliable support, at less cost to operate and maintain than the existing, outdated system.
- Continuing the coordination and enhancement of the consolidated coal data reporting system (Single Source Coal Reporting System). This project is being coordinated with other Federal and state agencies that collect information from the coal industry. This system streamlines the reporting of information by coal companies.
- Expanding coal companies' use of electronic tonnage reporting and fee payment systems. These mechanisms offer efficiencies for both the industry and government.

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- Increasing the use of automation in conducting fee compliance audits to further improve efficiency.

Details on these and other services the collection and audit components provide are described in the following sections.

a. AML Fee Collection

The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2007 OSM collected 99.85 percent of the AML Fees due during the year. Total AML Fee collections were \$304.2 million.

To assist in managing AML Fee collections, OSM utilizes the Fee Billing Accounting and Collection System (FEEBACS). This computerized system provides subsidiary accounts receivable and management information needed to manage the fee compliance program. FEEBACS is integrated with the Applicant Violator System to track new permits from initial permitting through fee reporting. AML fee payments are tracked by permit number of producing coal companies for each quarter of the year. In addition, the system issues quarterly OSM-1 coal reclamation fee reports for industry coal sale reporting and fee computation. The package includes all data available on potentially producing permits to simplify the reporting requirements by industry. The forms are pre-printed and mailed to the companies to facilitate tonnage reporting and fee payment. Beginning in 2001, companies could elect to report over the Internet, using the E-filing system described below.

OSM-1 Reports covering over 2,700 permits are processed each quarter. OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. Companies report that the system saves them time and money. This is evidenced by the fact that over 420 companies voluntarily use the E-filing system. The companies use the system to report on over 1,800 permits and over 95% of the coal tonnage produced in the country. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported. The system also allows companies to make payment online, using the Treasury Department's Pay.Gov payment method. This new feature saves companies time and wire transfer costs, while providing OSM with faster information about collections for investment purposes. Over 41 percent of reclamation fees were paid electronically using Pay.Gov, in the third quarter of 2007. During FY 2008 and 2009, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM implemented the first phase of the Coal Fee Collection Management System (CFMS) in 2007. The system replaces the Audit Fee Billing and Collection System and the Civil Penalty Accounting and Control System. The second phase of the project will replace the Fee Billing and Collection System with cutover projected to occur in October 2008. The redesigned system will assure the ongoing support for the Fee Compliance Program and reduce costs by:

- 1) Averting a system failure and avoiding the costs required to fix such a failure.

- 2) Consolidating OSM's program collection systems into one contemporary system, and
- 3) Reengineering and streamlining business processes.

In another effort, OSM is working with the Internal Revenue Service and the Small Business Administration to explore ways to streamline the information reporting process for coal companies.

b. AML Fee Audit

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the compliance program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments. In addition to conducting a comprehensive audit program, this includes providing the information and assistance operators need to comply, and taking enforcement action when non-compliance occurs.

The audit staff is strategically stationed near locations where mining companies maintain records, and not necessarily where the coal is produced. This is part of an ongoing effort to minimize travel costs and provide direct service to coal operators. To ensure quality, audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The continuing professional education and training of OSM's auditing staff is emphasized in accordance with those standards.

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors will conduct more than 150 audits and compliance checks in FY 2009. Beyond the deterrent effect, this provides an opportunity to directly assist industry on accounting and reporting matters. For example, when instances of non-compliance are identified, the auditors explain each issue and how similar occurrences can be avoided in the future.

Auditors also provide several other services necessary to achieve a high level of compliance. The following are a few examples of the work planned for FY 2009.

- *Increasing audit automation:* By applying computer techniques to the data gathering, analysis, and reporting function, the audit staff has been able to maintain a high compliance level despite limited resources. To further improve efficiency, OSM will continue to work with coal companies to increase the use of electronic transaction files in the audit process.
- *Examining all permit transactions recorded by regulatory authorities:* The audit staff will need to review more than 1,500 newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees.

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About 1,400 were handled in FY 2007. By continuing these efforts, the program provides greater assurance that all producing permits are identified in a timely manner, and operators are informed of their reporting and payment responsibilities.

- *Developing necessary revisions to the fee requirements and process:* The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees, and to minimize the compliance burden.
- *Promoting E-government:* This work will cover promoting electronic tonnage reporting and fee payment by demonstrating the systems for companies during audits and notifying the collection staff of those interested in enrolling.
- *Coordinating work with the Internal Revenue Service:* OSM will continue working with the IRS to ensure that the fee compliance and coal excise tax compliance programs function together more efficiently. SMCRA requires OSM to forward audit results to the IRS and both agencies coordinate issues affecting the industry.

The single biggest factor that could impact the Fee Compliance Program in FY 2009 is the outcome of the litigation on assessing fees on exported coal. In 2005, the U.S. Court of Federal Claims (CFC) determined that practice violated the export clause of the Constitution, which prohibits taxation of goods sold for export. That decision followed a similar 1999 ruling that resulted in the government refunding substantial amounts of Federal coal excise taxes. If the appeal of the CFC decision is unsuccessful, OSM will need to audit numerous refund claims for fees paid on exports as far back as 1995. The FY 2009 budget request provides for \$500,000 to support seven (7) auditors for the first of a 2-year term to maintain current program audits while current resources are used to review the applications under the coal export case.

Overall, there also will be a continued emphasis on customer service in FY 2008. Industry feedback on the FY 2007 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

Table 13 - Actual and Estimated Deposits to the AML Fund
AML Production Fees
(Production in millions of tons)
(Dollars in Millions)

	2007 "Actuals"	2007 Projections <i>(as submitted in FY 2006)</i>		2008 Projections		2009 Projections		2010 Projections	
		DOE	OSM	DOE	OSM	DOE	OSM	DOE	OSM
Production *									
Underground	347	353	342	337	331	331	326	336	331
Surface	699	790	767	787	698	796	706	803	714
Lignite	82	85	84	90	87	85	83	83	81
AML Fees **	\$304.9	\$328.3		\$295.4		\$299.2		\$305.7	

**DOE Production is based on the Department of Energy (DOE) Table 111 "Annual Energy Outlook 2007, Reference Case Forecast". OSM tonnage uses the last reported production (Fiscal Year 2006) and then increases or decreases based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

***AML Fees are calculated based on the OSM tonnage estimates multiplied by the applicable fee rate: \$0.15, \$0.35, and \$0.10 for underground, surface, and lignite, respectively, through 2007. The rates will decrease to 31.5 cents, 13.5 cents and 9 cents, starting in 2008. This calculation is then adjusted for moisture content, reduced coal prices and fees, administrative fees and uncollectible fee estimates. The Authority to collect AML fees was extended through 2021 under the Tax Relief and Health Care Act of 2006.*

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**Table 14 – Summary Status of Abandoned Mine Reclamation Fund
(Dollars in thousands)**

Fiscal Year	Receipts and Interest Income			Appropriations				Transfer To UMWACBF	Cumulative	Cumulative Unappropriated AML Fund Balance
	Amount	Interest Earned	Cumulative	Amount Appropriated from AML Fund /1	footnote	Appropriations from Other Sources /2				
1978	105,444		105,444	36,647				36,647	68,797	
1979	184,433		289,877	61,451				98,098	191,779	
1980	199,000		488,877	94,843				192,941	295,936	
1981	192,657		681,534	82,485				275,426	406,108	
1982	222,644		904,178	115,333				390,759	513,419	
1983	197,196		1,101,374	213,079				603,838	497,536	
1984	216,554		1,317,928	271,228				875,066	442,862	
1985	226,426		1,544,354	296,941				1,172,007	372,347	
1986	219,162		1,763,516	197,277				1,369,284	394,232	
1987	215,304		1,978,820	203,720				1,573,004	405,816	
1988	229,890		2,208,710	199,380	/1	7,000		1,772,384	436,326	
1989	235,493		2,444,203	193,160				1,965,544	478,659	
1990	243,519		2,687,722	192,772				2,158,316	529,406	
1991	243,761		2,931,483	198,955				2,357,271	574,212	
1992	241,954	39,328	3,212,765	187,803				2,545,074	667,691	
1993	238,153	30,633	3,481,551	187,930				2,733,004	748,547	
1994	244,296	40,090	3,765,937	190,107	/2	7,200		2,923,111	842,826	
1995	255,416	61,730	4,083,083	182,386				3,105,497	977,586	
1996	256,451	69,383	4,408,917	173,887			47,184	3,326,568	1,082,349	
1997	266,783	81,006	4,756,706	177,085			31,374	3,535,027	1,221,679	
1998	273,039	67,031	5,096,776	177,624	/3	3,163	32,562	3,745,213	1,351,563	
1999	276,674	82,831	5,456,281	185,392			81,766	4,012,371	1,443,910	
2000	274,297	94,370	5,824,948	195,873	/4		108,959	/4 4,317,203	1,507,745	
2001	284,044	103,496	6,212,488	215,038	/5		182,018	/5 4,714,259	1,498,229	
2002	287,066	43,278	6,542,832	203,455	/6		90,179	/6 5,007,893	1,534,939	
2003	282,555	23,620	6,849,007	190,499	/7		89,858	/7 5,288,250	1,560,757	
2004	287,023	45,694	7,181,724	190,591			14,966	5,493,807	1,687,917	
2005	293,604	75,017	7,550,345	188,205			66,533	5,748,545	1,801,800	
2006	302,992	95,687	7,949,024	185,248			59,004	5,992,797	1,956,227	
2007	304,880	105,818	8,359,722	185,393			114,329	6,292,519	2,067,203	
2008	295,406	108,820	8,763,948	51,951			167,138	6,511,608	2,252,340	

/1 Total does not include \$7M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/2 Total includes \$7.2 M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/3 Total does not include 3.2M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/4 Total includes one-time \$68M emergency appropriation, as well as the annual appropriation of \$41m.

/5 Total includes annual amount of \$102.9M, as well as \$81.6M of the one-time \$96.7M mandated under PL 106-291.

/6 Total includes annual amount of \$113.6M, less \$23.4M returned by UMWACBF trustees mandated under PL 106-291.

/7 Total includes annual amount of \$56M as well as \$33.8M mandated under PL108-7.

Notes: FY 2008 figures are estimates except for appropriations and transfers.

2. Grant Financial Management

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under OSM's Environmental Restoration and Environmental Protection business lines. As a result of amendments to SMCRA enacted at the beginning of FY 2007, most grant activity is now mandatory and no longer part of OSM's budget. The grants financial management activity includes the disbursement, accounting, reporting and recovery of grant funds. It also includes the computer systems used to support these functions. A little more than half of the funding request (\$0.93 million) supports DOI's Resource Use goal and \$0.87 million supports DOI's Resource Protection goal.

During FY 2007, OSM converted its accounting systems to the Department's Financial and Business Management System (FBMS). This conversion included a product called EGrants Plus, a comprehensive grants management system that is intended to facilitate all functions related to the administration of financial assistance programs. Implementation of EGrants Plus will cover two deployments. The first deployment was implemented on April, 5, 2005, to handle many of administrative functions related to financial assistance programs. Under that deployment, existing financial structures (ABACIS, GIFTS, and DDX) continued to be operational. The second deployment integrated the financial processes with the administrative functions that were implemented in the first deployment. The second deployment was implemented in FY 2007.

EGrants Plus allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the EGrants Plus to establish a grant account balance. As States and tribes need funds, they submit a drawdown request for funds through Treasury's Automated Standard Application of Payments (ASAP) system. ASAP automatically verifies that funds are available. If funds are available, the system approves the disbursement and a payment is issued. FBMS is updated as payments are made. As States and Tribes spend the grant funds they have received, they submit cost reports, which are entered into the system.

The Table on the following page details the AML Unappropriated Balance as of September 30, 2007, by a description of its allocation.

Office of Surface Mining Reclamation and Enforcement

**Office Of Surface Mining
AML Unappropriated Balance
September 30, 2007
Prepared by the Division of Financial Management**

Total Funds to be Allocated: \$2,067,201,332.55

Description of Allocation	Balance as of 10/01/06 1/	LESS: 2007 Appropriation	LESS: 2007 5/ UMWBF Transfer	Post Appr. & Trans. Balance	Investment Int. 12/21/06-9/30/07	Collections for 10/01/06-12/20/06	Collections for 12/21/06-9/30/07	Collections for 10/01/06-09/30/07	Balance As Of 9/30/07
RAMP Allocation 6/	\$29,938,076.25		(\$11,464,394.00)	\$18,473,682.25		\$7,809,298.78	\$0.00	\$7,809,298.78	\$26,282,981.03
Federal Expense 2/ 6/	\$419,088,804.38	(\$61,446,134.00)		\$357,642,670.38		\$15,618,595.59	\$42,561,023.43	\$58,179,619.02	\$415,822,289.40
Historical Coal 3/	\$143,940,224.71	(\$51,319,743.00)		\$92,620,481.71		\$15,618,591.25	\$71,650,837.29	\$87,269,428.54	\$179,889,910.25
Investment Interest	\$141,788,956.69	\$0.00	(\$102,864,710.66)	\$38,924,246.03	\$105,818,192.04	\$0.00	\$0.00	\$0.00	\$144,742,438.07
								\$153,258,346.34	\$766,737,618.75
Total Fed Share 1/ and 4/	\$734,756,062.03	(\$112,765,877.00)	(\$114,329,104.66)	\$507,661,080.37	\$105,818,192.04	\$39,046,485.62	\$114,211,860.72	\$153,258,346.34	\$766,737,618.75
Total State Share	\$1,221,469,162.46	(\$72,626,986.00)	\$0.00	\$1,148,842,176.46	\$0.00	\$38,473,424.69	\$113,148,112.65	\$151,621,537.34	\$1,300,463,713.80
Total	\$1,956,225,224.49	(\$185,392,863.00)	(\$114,329,104.66)	\$1,656,503,256.83	\$105,818,192.04	\$77,519,910.31	\$227,359,973.37	\$304,879,883.68	\$2,067,201,332.55

- 1/ With Public Law 106-291, Congress authorized a transfer to the United Mine Workers Combined Benefit Fund using interest earned in FY 1992-1995. \$78,976,478.05 (net of \$173,996.17, a Congressionally reduced appropriation, subsequently restored) was transferred under this law, \$23,427,452.36 (net) was returned to OSM in 2002, leaving a remaining balance in this pool of \$41,133,755.64. Due to a downturn in interest rates, this pool is now depleted
- 2/ The Federal Expense Distribution was calculated using 2005 distribution levels
- 3/ The Historical Coal Distribution was calculated using 2005 distribution levels
- 4/ This amount includes interest income received of \$39,328,466.11 prior to 10/01/92. Per Congressional appropriation language, OSM used \$7,000,000 of that leaving remaining interest earned of \$32,328,486.11.
- 5/ \$59,003,832.73 is the amount transferred at the beginning of FY 2006 to the United Mine Workers Benefit Fund for estimated expenses in FY 2006 and for adjustments to actual expenditures in FY 1996 through FY 2005, inclusive
- 6/ Public Law 109-54 provided for a one time transfer of the RAMP balance g(2) as of September 30 to the Federal Expense account g(3). The balance at September 30, 2005 was \$382,139,602.22.

C:\Documents and Settings\tichenor\Desktop\PDF[PoolValue07.September30(Investment Interest) with new law changes.xls]Pool01

3. Revenue Management

The Revenue Management activity involves managing a variety of non-fee revenues and receivables that come from the agency's operations. These include the following:

- Federal civil penalties issued for mining violations. The total outstanding balance of open civil penalty cases was \$1,146,233 at the end of FY 2007, including interest and late charges. New civil penalties recorded in FY 2007 totaled \$825,040.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

The bonds and penalties assessed ensure responsible management practices in the extraction of coal resources. Levy of penalties and fees help to ensure operators' compliance with coal mining regulations and ensure the land is restored to beneficial use at the conclusion of mining operations.

Civil penalty collections are used to reclaim post-SMCRA mine sites. To maximize the collection rate on civil penalties, OSM uses all of the debt collection tools available. These tools include demand letters, personal contact with the debtor, use of payment plans, referral to private collection agencies through Department of Treasury, litigation through the Solicitor's Office, and referral to the Department of Treasury for payment offset. Additionally, delinquent civil penalties are reported to the Applicant Violator System so that violators and debtors do not obtain permits to mine coal until the outstanding debt and violations have been resolved. These are the same tools used in the AML Fee collection program. However, because the majority of the companies that incur AML Fees are viable, the collection rate for AML Fees is higher than the collection rate for civil penalties.

During 2008-2009 OSM plans to continue to refer civil penalty debt that is more than 180 days delinquent to the Department of Treasury for collection, in accordance with the Debt Collection Improvement Act of 1996. OSM has a memorandum of understanding with the Department of Treasury whereby they will provide collection services on debts over 180 days delinquent. During FY 2007, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

2008 PLANNED PROGRAM PERFORMANCE ACTIVITIES

OSM will maintain a high rate of fee compliance, which will become even more critical as State and Tribal AML funding will be tied directly to fee collections in FY 2008 and beyond. To help ensure that results continue to be achieved efficiently, OSM will:

- Continue to review the SMCRA Amendments of 2006 to determine the regulatory, procedural, and system changes needed to incorporate the amendments in fee collections and disbursements processes.
- Complete the development of the Coal Fee Collection Management System, with implementation by October 2008.
- Provide audit support to the Department of Justice in resolving the reclamation fee/coal export litigation.

2007 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2007, the major accomplishments in the Financial Management program activity included:

- Collected \$304.2 million resulting in a fee collection rate of 99.85 percent.
- Enrolled more than 68 percent of the active coal-producing permits in the electronic filing program.
- Implemented Phase I of the Coal Fee Collection Management System which replaced the Audit Fee Billing and Collection System and the Civil Penalty Accounting and Control System.
- Achieved 100% customer satisfaction rate for grants financial services.
- Completed the conversion to paperless audits to improve audit efficiency.
- Earned a clean opinion on the compliance audit program through an external quality control review conducted under the Government Auditing Standards.

FINANCIAL MANAGEMENT

Program performance under this business line supports Strategic Plan and PART measures displayed under Resource Protection section of the “Goal Performance Table” Tab in this document. Below represents bureau level measures for this business line.

Program Performance Overview										
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2007 Actual	2008 Plan	2009 President's Budget	Change from 2008 Plan to 2009	Long-term Target 2012
End Outcome Measures										
Increase the number of permits reporting by e-filing. (BUR)	C	44%	58%	64%	65%	69%	70%	75%	+5%	90%
Comments:		Anticipate incremental increases in participation over future years.								
AML Fee Collection rate. (BUR)	A	99.9%	99.9%	99.9%	99%	99.9%	99%	99%	0%	99%
Customer satisfaction with Grants Financial Services. (BUR)	A	98%	100%	100%	95%	NA	NA	NA	---	NA
Comments:		This measure was used to monitor OSM systems like ABACIS, GIFTS, and DDX, to ensure that OSM was meeting customer needs. In the new FBMS environment, OSM no longer controls the systems (FBMS, e-grants Plus and ASAP), so the measure is no longer relevant. OSM is exploring measures that may be applicable, but has yet to identify a replacement measure.								
Target Codes: BUR = Bureau Measure; NA = Long-term targets are inappropriate to determine at this time Type Codes: C = Cumulative; A = Annual										

EXECUTIVE DIRECTION
(Dollars in Thousands)

		2009					
		2007 Actual	2008 Enacted	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2008 (+/-)
Regulation & Technology	\$\$\$	14,783	15,120	113	343	15,576	+456
	FTE	61	61	0	0	61	0
Abandoned Mine Land	\$\$\$	7,585	7,777	66	174	8,017	+240
	FTE	34	34	0	0	34	0
TOTAL	\$\$\$	22,368	22,897	179	517	23,593	+696
	FTE	95	95	0	0	95	0

Summary of 2009 Program Changes

Request Component	Amount	FTE
<u>Executive Direction; Administrative Support</u>		
• Travel (see General Statement)	-30	0
• IDEAS Support	-23	0
<u>Executive Direction; General Services</u>		
• Working Capital Fund	+547	0
• Information Technology Services	+23	
Total Program Changes	+517	

Justification of 2009 Program Change

General Services: Working Capital Fund (+\$547,000): This increase is to support increased services acquired from the Department's service providers through the Working Capital Fund.

Information Technology Services Support (+23,000): This increase will support increased cost for information technology services, such as software licenses.

Administrative Support: Reduction for IDEAS Support (-\$23,000) - This eliminates funding for support of this system from Administrative Services due to a new procurement/contract module under FBMS. IDEAS will no longer be supported, rather, under FBMS a new module, PRISM, will be used for contract processing.

Overview

The Executive Direction business line functions are carried out at OSM's headquarters location in Washington, D.C. This business line includes the Director's and staff offices, information technology, administration, human resources, and internal financial management for the organization. Executive Direction provides internal executive direction and administrative support to programs, regions, and field offices through the development and coordination of agency policy, budget, plans and other guidance documents. Also, Executive Direction coordinates the implementation of Departmental and Administration initiatives in the bureau, such as, the President's Management Agenda.

The performance outcomes for Executive Direction are accomplished through the efficient and effective operations of the two major agency business lines (i.e., environmental restoration and environmental protection) and two support programs (technology development and transfer and financial management). Through providing administrative support functions for these programs Executive Direction supports the Department of the Interior goals and measures in the new strategic plan.

Operational Processes (Program Activities): The funding request for this business line is to support activities of Executive Direction, Administrative Support and General Services. Executive Direction provides executive leadership and policy direction for the Bureau, which includes the immediate office of the Director. Administrative Support provides all of the support services for day-to-day operations, such as information technology, human resources, procurement, and finance and accounting. General Services funds bureau-wide fixed costs such as office space, telephones, US postage, unemployment compensation etc., and Department-wide fixed costs assessed to OSM.

***EXECUTIVE DIRECTION AND
ADMINISTRATION ENCOMPASSES:***

- Director's and Staff Offices
- Administrative support for day to day operations
 - Human Resources
 - Administration
 - Finance and Accounting
- Information Technology
- General Services (Office space, telephones, postage, unemployment and workers compensation, working capital fund, and other fixed costs)

The Offices in the Executive Direction business line performance is an integral component of OSM's Environmental Restoration and Environmental Protection mission goal areas; and the technology development and transfer and finance support functions. Through accomplishment of OSM's two mission goals the business line supports the Departmental Resource Protection, Resource Use and Serving Communities goal areas.

The outcome of program performance will be measured by the success of the Surface Mining program in carrying out the environmental restoration and protection missions. Also, performance will be measured through OSM's contribution to the accomplishment of the Departmental management goals and measures in the new strategic plan based upon the President's five agenda items -- strategic management of human capital, expand E-Government, improve budget and performance integration, improve financial management, and expand competitive sourcing.

In FY 2008 and 2009, OSM will continue to support the Department's progress in the implementation of the President's management agenda. Our performance in the nine management improvement areas will be reported through the internal DOI scorecard rating system. All scorecards were modified in FY 2007 to more closely mirror the criteria used in the overall Department ratings, and to make adjustments to the agenda item categories. For the rating period ending September 30, 2007, the bureau received "green" scores for six agenda items and "yellow" scores for two agenda items as shown in the chart below. Progress for all agenda items were identified as "green." OSM did not receive a score for Energy Management because it does not own or operate Federal facilities. The work evaluated under the agenda items supports the Department's Management Excellence mission goal.

Office of Surface Mining Reclamation and Enforcement

<i>OSM SCORECARD RATINGS</i>		
<i>DOI Mission Goal</i>	<i>Agenda Item</i>	<i>OSM Score</i>
Management Excellence Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services.	Strategic Management of Human Capital	Green
	Citizen-Centered E-Government	Green
	Improved Financial Management	Yellow
	Competitive Sourcing	Green
	Budget-Performance Integration	Yellow
	Asset Management	Green
	Energy Management	N/A
	Transportation Management	Green
	Environmental Stewardship	Green

OSM’s scorecard ratings will be verified and validated through meetings between the bureau and the responsible Departmental office to assess performance semi-annually.

Actions Required to Achieve Annual Goals: OSM will continue to strengthen or maintain existing “green” scores and improve its “yellow” scores.

Resources, Skills, and Technology Needed: OSM and the States and tribes will continue to need a diverse and multi-disciplinary cadre of personnel to accomplish the mission and goals of SMCRA. In addition, these personnel will guide OSM through technical and policy decisions to ensure that coal-mining activities, including post-mining reclamation, are carried out in such a manner that the safety and health of coalfield citizens is protected and the environment is not degraded.

FY 2009 Budget Request: The FY 2009 President’s Budget requests \$23.6 million for Executive Direction and Administrative activities. Of this total, \$4.0 million will be used to provide executive direction and effective policy guidance for the overall program and liaison efforts with States, Tribes, coalfield citizens, Congress, and other Federal agencies. Administrative support and services for OSM will require \$6.8 million and basic bureau-wide fixed overhead costs in general services will cost \$12.8 million.

Program/Project Support of Bureau, Department, and Government-wide Costs (Section 405 Compliance)

As previously mentioned, the Executive Direction activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. It includes the Director's Office staff and all Staff Offices located in Washington, D. C. The Administration activity includes all the administrative functions necessary to support program activities. It includes four organization areas: Administration, Human Resources, Administrative Financial Management, and Information Technology. The General Services activity includes essential fixed costs to support OSM's program missions such as rent, telecommunications, the DOI working capital fund, and service contracts. OSM does not compute separate overhead charges, deductions, reserves or holdbacks to fund these activities; rather, they are identified as a business line within the budget presentation. Further information on specific elements of each activity can be found in the Executive Direction and Administration program justification.

Within the Executive Direction and Administration business line, OSM includes external administrative costs to include amounts paid to the Department to support Departmental or Government-wide costs. Itemized lists of the budget for activities included in the DOI Working Capital Fund that are centrally billed, fee for service and directly billed are included in the Budget Exhibits.

OSM also has support functions at the regional and field offices that ensure various activities are integrated so the mission is accomplished. The majority of these costs are comprised of the salary and benefits for field office directors, regional directors and their administrative staff. These costs are not identified under Executive Direction and Administration, rather they are included in the program funding requested. OSM provides allocations to its regions based on the overall program activities and does not identify separate funding for support functions. If the Subcommittee is interested in quantifying costs at a regional level, OSM can work with the Subcommittee to provide this information.

Activity Based Costing allows OSM to internally track indirect costs associated with various organizational units and program activities. This is important to determine the full cost of program activities for evaluation purposes. One way in which some indirect costs are associated with program activities is based on FTE consumption. This method is based on the assumption that labor hours correlate to the consumption of these costs using a ratio of FTE per each program activity to total OSM FTEs. Data using this method is made available to managers for program evaluation; however, OSM does not request funding at this level of detail.

Office of Surface Mining Reclamation and Enforcement

Table 15– Justification of Program and Performance
 Executive Direction
 Summary Increases/Decreases for FY 2009
 (Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	2007 Actual	2008 Enacted	2009 Request	
Executive Direction	\$\$\$	2,479	2,548	2,595	1,317	1,350	1,380	3,796	3,898	3,975	+77
	FTE	25	25	25	14	14	14	39	39	39	0
Administrative Support	\$\$\$	4,294	4,260	4,316	2,242	2,237	2,270	6,536	6,497	6,586	+89
	FTE	36	36	36	20	20	20	56	56	56	0
General Services	\$\$\$	8,010	8,312	8,665	4,026	4,190	4,367	12,036	12,502	13,032	+530
	FTE	0	0	0	0	0	0	0	0	0	0
TOTAL	\$\$\$	14,783	15,120	15,576	7,585	7,777	8,017	22,368	22,897	23,593	+696
	FTE	61	61	61	34	34	34	95	95	95	0

2009 PROGRAM PERFORMANCE ESTIMATES

1. Executive Direction

This activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. The Executive Direction activity includes the salaries and operating expenses for the Office of the Director and four immediate staff offices, which include Equal Opportunity; Communications; Planning, Analysis and Budget; and Chief Information Officer.

a. Office of the Director

The Director is OSM's Chief Executive. The Director provides the leadership and direction of OSM activities within the limits delegated under SMCRA. The Director's primary objectives are to aggressively pursue the reclamation of abandoned mine lands (AML) and to prevent environmental problems in the coalfields by working through the State agencies. OSM makes every effort to obtain full public involvement in the design and development of agency policy. An extensive outreach approach stimulated a more cohesive partnership that has led to better understanding and cooperation among OSM's stakeholders.

In FY 2008 and 2009, OSM will continue outreach efforts which promote public participation in policy making. The arena for such participation includes public meetings on proposed rulemaking and conferences, which promote discussion and exchange of information on the current state of the coal industry and OSM's evolving role. OSM will continue to take positive steps to contact States, Tribes, citizens, and industry and encourage their participation.

In addition to guiding policy decisions, the Director provides direct supervision to the following staff offices: Office of Equal Opportunity, Office of Communication, Office of Planning, Analysis and Budget and the Office of the Chief Information Officer.

b. Office for Equal Opportunity (EO)

This Office is responsible for promoting equal employment opportunities for all OSM employees. The Office:

- Provides for the prompt, fair and impartial processing of complaints of discrimination;
- Provides technical assistance and advice to employees and managers on all EO issues;
- Communicates the bureau's equal employment opportunity policy and program and its employment needs to all sources of job candidates without regard to race, color, religion, sex, national origin, age or handicap;

Office of Surface Mining Reclamation and Enforcement

- Ensures that a reasonable accommodation program is in place and is implemented in a fair and timely manner;
- Ensures that an alternative dispute resolution program is available for both the pre-complaint process and the formal complaint process;
- Ensures that a bureau-wide affirmative employment and EEOC-MD-715-01 Report objectives are developed and implemented; and
- Maintains a Civil Rights Compliance program for federally assisted and conducted programs.

In addition, the office is responsible for Special Emphasis programs and assists the bureau in creating a model equal employment program which ensures that all OSM employees and applicants for employment have equal access. It is responsible for implementing initiatives in response to Executive Orders of the President, which provides for agencies to work more closely with Historically Black Colleges and Universities, Hispanic Serving Institutions and Tribal Colleges and Universities in an effort to enhance opportunities for minority higher education institutions to participate and benefit from programs related to surface coal mining and reclamation activities. As an example of outreach to minority higher education institutions, OSM has formed the Minority Higher Education Initiative Team. The focus of the team will be to lay the foundation for long term relationships with minority higher education institutions that were identified as having degree programs in OSM's mission related interest. Also, the office assists the bureau in the implementation of the Department's "Strategic Plan For Achieving and Maintaining A Highly Skilled And Diverse Workforce".

c. Office of Communications (OC)

This Office plans, coordinates, produces, and distributes the following under the direction of the Director:

- Publications,
- Audiovisuals,
- Fact sheets,
- Reports,
- Photos,
- Exhibits, and
- News releases.

These items contain information about OSM programs, policies, and Congressional activities, the public, the coal industry, citizen groups, and the media. OC responds to requests for information from the news media and the public. OC also maintains a Correspondence Tracking System to manage official correspondence. The Office provides direction for internal communications and functions as the principal point of contact for arranging media interviews and briefings with key officials.

d. Office of Planning, Analysis and Budget (OPAB)

This Office is responsible for nationwide planning and analysis, and budgetary functions for OSM, including the integration of organizational performance measures into the budget process. The major functions of the Office include:

- Develops and maintains OSM's strategic plan in coordination with Departmental and OSM management;
- Performs trend analyses and modeling to identify changing national and regional needs; and analyzes policy proposals for new initiatives and modifications to existing programs; and
- Carries out the formulation, presentation, execution, and analysis of OSM's budget; providing policy, central coordination, uniform budget procedures and controls; and manages OSM's interface with OMB and Congressional committees on appropriations and other budget-related matters.

In addition, the Office coordinates internal control and other program assessment reviews, in accordance with Executive Orders and Departmental initiatives; and monitors implementation of recommendations from evaluations and reports conducted internally and externally.

e. Office of the Chief Information Officer (OCIO)

The Office of the Chief Information Officer provides advice and assistance to the Deputy Director and other senior OSM officers to ensure that information technology is acquired and information resources are managed for the bureau in a manner that is consistent with the requirements of the Information Technology Management Reform Act of 1996, the Government Information Security Reform Act of 2000, and Chapter 35 of Title 44 USC and industry best practices.

This Office is responsible for OSM's information technology (IT) management. Major functions include:

- Provides advice and assistance to management and employees on IT policy, applicable laws, regulations, and directives;
- Establishes a management framework for and coordinates OSM's nationwide IT capital planning and investment control activities, including approval of IT expenditures within OSM; and
- Develops and implements IT strategic planning to ensure that all of OSM's electronic information systems are administered and developed in accordance with policies, long-range systems and strategic planning;

In addition, the Office manages other aspects of OSM's IT including enterprise architecture, security management, records management, inventory and asset management, telecommunications, project management, and IT career/skills management.

2. Administrative Support

This program includes the administrative functions necessary to support the program activities of OSM. The specific functions are included in four organizational areas: Administration, Human Resources, Administrative Financial Management, and Information Technology.

This function is responsible for managing OSM's financial and administrative activities. It has primary responsibility for implementing the requirements covering the following five Presidential Management Agenda scorecards: improved financial management, competitive sourcing, management of human capital, transportation and energy management, and real property. In addition, it is responsible for reporting output costs as part of OSM's Activity Based Costing initiative. This is also a requirement under the budget and performance integration scorecard. This subactivity provides the policy and direction for information technology (IT) program planning, investment, and portfolio management, information technology security, and enterprise architecture.

a. Administration

The Division of Administration is responsible for development of the Bureau-wide administrative policy and procedures. The Division also implements the following support activities.

- acquisition,
- property management,
- vehicle fleet management,
- space management,
- emergency coordination,
- employee safety,
- employee occupational health,
- physical security,
- printing, and publications, and
- FAIR Act (Competitive Sourcing)

The Division of Administration also provides administrative support to headquarters offices. These support activities include office moves, provision of general supplies, and services, property management, mailroom functions, and security and safety management. The Division also manages the bureau-wide fixed cost accounts in General Services (GS).

The Division of Administration is responsible for providing guidance to ensure OSM meets its competitive sourcing goals. OSM developed and completed a competitive sourcing plan that identified the functions and activities to be studied throughout OSM. Studies were completed where appropriate. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature and appropriate for study. The Division of Administration maintains a presence on the Departmental Center for Competitive Sourcing Excellence working group as an active member to ensure OSM needs and requirements are met. Annually, the Division of Administration provides guidance in the completion of the FAIR Act Inventory to identify all functions throughout OSM and their designation as either inherently governmental or commercial in nature. OSM coordinates its competitive sourcing and strategic human capital planning to ensure, where possible, they support achievement of OSM goals.

The Division of Administration is responsible for providing advice on all matters pertaining to OSM's Emergency Management Program. The Division of Administration provides direction, coordination, and implementation of all aspects of the emergency management program, including, but not limited to: internal policy development; program guidance and direction as it relates to emergency response/continuity of operations/recovery planning, readiness, and, security; coordination of OSM's response/recovery role to declared emergencies and/or disasters on a government-wide basis.

b. Human Resources (HR)

The Division of Human Resources develops and implements policies, standards and systems for the effective use of human resources to accomplish the overall mission of OSM. Specifically, the human resources program provides managers and employees advice and technical assistance on the full range of human resources programs in accordance with OSM, DOI, OPM and other federal policies and guidelines. The division provides processing and record keeping on recruitment, staffing and hiring; conducts position classification and organizational analysis; administers pay and compensation programs for general schedule and senior executive service positions; advises and processes employee and retirement benefits; oversees performance management, awards and recognition programs; manages ethics and financial disclosure holdings programs; implements the personnel security (HSPD-12) process for both federal and contractor staff; provides mandatory employee development and training assistance; and provides guidance on employee relations and workplace issues including disciplinary actions. The staff has increased the use of automated systems such as SMART and its updated version of XI QuickHire, the Federal Personnel and Payroll System (FPPS), Employee Express, DOI Learning Management System (LMS), Personnel Investigative Processing System (PIPS), and the e-QUIP web site linking employees to security forms needed for background investigations. These improvements provide direct on-line personnel history files, human resources information and services directly to the manager, employee and applicant. The Division of Human Resources continually expands its technical systems,

updates its internal website, and streamlines its personnel processes in order to effectively provide the most current information to OSM staff.

Special ongoing initiatives this office is working on under the Departmental Human Resource Plan, are highlighted below:

- Recruitment: Human Resources, in conjunction and cooperation with OSM's Office of Equal Opportunity, continues to expand recruitment of the number of women, minorities, and persons with disabilities identified in under-represented occupations. OSM established a team to promote workforce diversity by partnering with Historically Black Colleges and Universities, and Hispanic Serving Institutions to promote OSM as an employer of choice to attract applicants to increase our workforce diversity.

Strategic Management of Human Capital: OSM's workforce plan identified skills and competencies needed for the OSM transition to technical transfer direction. The workforce plan outlines recruitment efforts that are focused on the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how we are organized and the proper use of both human and fiscal resources. To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including, student loan repayments, relocation allowances, and retention incentives. In addition, OSM uses honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.

- Work Force Planning: OSM continues to implement its workforce plan. The Plan links 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. In addition, OSM established a Leadership, Education and Development Program to enhance career advancement within the Bureau. For FY 2007-2008, five OSM employees participated in the program.
- Automated On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently. OSM upgraded to the new QuickHire XI version to ensure that our customers have the best access possible to this data and that our recruitment program is at its highest efficiency.
- Five-level General Schedule (GS) Performance Management System: OSM implemented the five (5)-level performance system for all employees. This system allows for distinctions in the levels of performance. The performance plans are written to align with and support organizational goals and are results-focused. In addition to the DOI benchmark standards, OSM plans will include measurable, observable and verifiable criteria described at the Fully Successful level.

- Senior Executive Service Performance Management System: For FY 2008, OSM will implement a new performance management system for SES positions as part of the certification process for the DOI SES performance management system. The DOI system includes position-specific performance commitments which are defined as critical actions, objectives, and/or results that the executive is expected to accomplish during the performance rating period.

c. Administrative Financial Management

The Financial Management activity funded in this business line provides OSM's program offices with accounting and financial services for operational funds to implement SMCRA. OSM also bills, collects and accounts for funds derived from program activities reflected in other business lines. These services include paying bills, accounting for receipts and expenditures, issuing financial and management reports, assuring that expenditures are within the allocations, collecting administrative debts, and maintaining the computer systems that support these functions.

OSM is one of two bureaus that implemented the acquisition module of the Departmental-wide Financial and Business Management System (FBMS) in November, 2007. The core financial module was implemented in November, 2006. The grants module was implemented in April 2005. The FBMS system is a major enterprise management initiative that will integrate financial management, acquisition, property management, grants administration and other subsidiary systems. It will revamp administrative processes throughout the Department of the Interior.

Additional modules of the FBMS system will be implemented through FY 2009. As a result of the conversions from the current administrative accounting systems to FBMS, OSM's legacy systems will be replaced by FY2009: IDEAS, PALS, E-Budget, ABACIS, GIFTS, Travel and Trip Manager, CONDORS, MAPS and MORS.

A major percentage of the Administrative Financial Management resources have been and will continue to be devoted to the successful implementation of the FBMS system while maintaining the high quality and timeliness of on-going administrative financial business.

OMB's recent revision to Circular A-123 imposes significant new requirements on the documentation, assessment, and testing of internal controls over financial reporting of existing legacy systems. The FY 2008 budget continues to fund resources to implement the A-123 program. FBMS implementation will also require that all OSM financial processes be re-documented and re-tested because these processes have been drastically changed.

d. Information Technology (IT)

OSM is heavily automated and dependent upon information technology to provide efficient and accurate Management Information to assist OSM's program managers in

accomplishing the agency's mission. Under the direction of the OCIO, OSM established an Information Technology Management Team (ITMT) providing agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems.

OSM's Enterprise Architecture will continue to undergo significant definition and refinement during FY 2008 – 2009. The OSM Enterprise Architecture (EA) Program supports DOI's Enterprise Architecture activities in the implementation of cross-agency lines of business initiatives and blueprinting efforts, some of which have allowed OSM to retire several legacy systems. OSM EA continues to identify and recommend opportunities for leveraging IT investments in support of bureau strategic goals. This requires integration into many defined management processes such as strategic planning, capital planning and investment control, portfolio and project management and information assurance. OSM EA facilitates collaboration with numerous stakeholders, such as the business or programs, faced with changing business needs, and technology by recommending improvements for IT infrastructure consolidations and efficiencies. OSM EA efforts will also continue to identify the segment architecture types of the bureau which define OSM's "enterprise" assets, including systems and IT investments. These segment-oriented type views of enterprise assets encapsulate OSM core mission areas, business services, and enterprise services that support reuse of business components and services. This allows the OSM Enterprise Architecture Program to mature and evolve with OSM's changing business needs while continuously refining the business, data, application, service and technology architectures of the enterprise in support of OSM's mission and strategic goals.

OSM initiated Active Directory, the DOI standard directory system environment for Microsoft. Active Directory played a vital role in the OSM network migration, and provides the mechanism for centrally managing software deployment and network maintenance. The Active Directory initiative continues to assist OCIO to reduce costs, improve IT security, reduce administrative overhead and improve system-wide configurations.

OCIO is also responsible for the administration of the agency's Information Technology (IT) Security Plan ensuring the safety of OSM's IT information and computer technology hardware and software resources. Employee compliance is monitored with OSM's information technology security training program. The annual security improvements and mandated training program raises the level of IT security awareness among all OSM employees, and enhances OSM's ability to monitor and verify compliance with the DOI IT Security Plan.

OCIO also coordinates through a bureau-wide enterprise service OSM's virus filtering and traffic monitoring systems. These systems significantly enhance efforts to manage security for both new and existing systems by ensuring timely installation of software patches and fixes while strengthening incident handling responses.

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OSM has made considerable progress in capital planning and investment control (CPIC) process maturity. The bureau has self-assessed at 100% Stage 3 maturity with regard to the Government Accountability Office Information Technology Investment Maturity (ITIM) Model. The FY2009 investment portfolio has been streamlined and fully integrates and aligns with the OSM budget process.

OSM will continue to participate in the following management programs and initiatives: E-Government, Enterprise Architecture, and the Government Paperwork Elimination Act. OSM will continue its collaboration with the Small Business Administration in representing the Department as one of the 22 partner agencies participating in the Business Gateway E-Government Initiative. New goals and revisions to the 2008 OCIO's E-Government scorecard reporting requirements have been made to reflect OMB's and the Department's priorities, such as the addition of Records and FOIA as new goals, coupled with the designation of IT and Privacy as top priorities. OCIO will continue to evaluate its programs to meet the challenges of these evolving requirements, operate and maintain Intranet connectivity, develop IT strategic planning, implement IT policy, and coordinate compilation of the IT budget.

3. General Services

This is a funding activity, which includes essential fixed costs to support OSM's program missions. No personnel or operational activities are funded by this component. The costs below are estimates based on FY 2007 actual obligations in the areas below and Working Capital Fund centralized and direct billings expected in FY 2008 and 2009 as identified in Budget Exhibit B.

<i>Line Item</i>	<i>FY 2008 Estimate</i>	<i>FY 2009 Estimate</i>	<i>Estimated Change</i>
Rent	6,340,804	6,529,877	+189,073
Telecommunications	317,855	317,855	0
Postage	95,000	95,000	0
DOI Working Capital Fund	3,094,200	3,428,200	+334,000
DOI Program Requirements	113,000	90,000	-23,000
Unemployment Compensation	8,673	5,600	-3,073
Worker's Compensation	278,000	288,000	+10,000
Bureau-wide Printing/Supplies	380,000	380,000	0
Service Contracts	377,500	377,500	0
GSA Work Authorizations	15,000	15,000	0
Operational Support Contracts (including Information Technology)	1,481,968	1,504,968	+23,000
<i>Total</i>	<i>12,502,000</i>	<i>13,032,000</i>	<i>+530,000</i>

2008 PLANNED PROGRAM PERFORMANCE

- Financial Management – Implemented the acquisitions module of the FBMS system in November 2007.
- Equal Opportunity – In FY 2008 and 2009, the OEO staff will increase its focus on customer service and coaching to support changes in the role of its staff; and focus on developing training methodologies to adapt to the various generations emerging in the workforce.
- Budget and Performance Integration – Conduct quarterly reviews and participate in measuring performance under the scorecard.
- Capital Planning and Investment Capital (CPIC) – Conduct required evaluations for all IT programs and major investments.
- Enterprise Architecture – Continue to support DOI's Enterprise Architecture activities in the implementation of cross-agency lines of business initiatives and blueprinting efforts.
- Continue to evaluate all programs on a semi-annual basis under the revised scorecard criteria.

2007 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2007, the major accomplishments in the Executive Direction program activity include:

- Information Technology – Completed Certification and Accreditation (C&A) on 100% of our Headquarters and Regional enclaves and our six major IT investments.
- Financial Management – (1) Implemented the core financials module of the FBMS system in November 2006. (2) Supported the Department's unqualified audit opinion on its 2007 financial statements.
- Budget/Performance – Integrated budget and performance measures continue to be reported in the budget justification.
- Human Resources – Updated Workforce Plans which outline human resource strategies for the period 2007 through 2013.
- Capital Planning and Investment Capital (CPIC) – Completed required evaluations for all IT programs and major investments.

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- OSM continued its support of the HSPD-12 mandate. These capabilities be extended into the OSM information technology architecture throughout FY 2007.
- In July 2007, OSM implemented the Federal Docket Management System (FDMS) to “pilot” its e-Records Management procedures.

EXECUTIVE DIRECTION PERFORMANCE OVERVIEW

The business line provides administrative support to the other four business lines. Executive Direction program performance is an integral part of the Environmental Restoration, Environmental Protection, Technology Development and Transfer, and Financial Management business lines. Please see performance information at the end of each of these business line chapters.

PERMANENT APPROPRIATIONS: ALLOCATIONS TO STATES AND TRIBES; PAYMENTS TO UNITED MINE WORKERS OF AMERICA

The permanent appropriations administered by OSM provide for reclamation grants, including payments in lieu of coal fee receipts, to States and Tribes and payments to three health benefit plans under the United Mine Workers of America (UMWA). The revenues for these payments are derived from the AML Fund and General Treasury Fund. OSM will distribute these funds in accordance with the Surface Mining Control and Reclamation Act Amendments of 2006 outlined in Public Law 109-432.

Note: The figures presented in this section for FY 2009 are estimates and may change as we further review the law and new FY 2008 collection data. A chart detailing funding for FY 2007-2010 and the breakout of States and Tribes by those who have “certified” completion of coal problems and those who have remaining coal problems (uncertified States) is provided at the end of this section in Table 17.

**Table 16 – Permanent Appropriation Estimates
(Dollars in Millions)**

Permanent Appropriation	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate	Change from 2008
Payments to States in Lieu of Coal Fee Receipts (Treasury Funds)	N/A	187.0	207.0	+20.0
Mandatory Grants to States and Tribes (AML Funds)	N/A	87.3	91.4	+4.1
Subtotal, Payments to States		274.3	298.4	+24.1
Payments to United Mine Workers of America Health Benefit Plans (AML Fund Interest)*	114.0	100.0	114.0	+14.0
Payments to United Mine Workers of America Health Benefits Plans (AML Fund, prior RAMP balance)	N/A	66.7	66.7	0
Subtotal, Payments to UMWA	114.0	166.7	180.7	+14.0
Total, Permanent Appropriations	114.0	441.0	479.1	+38.1

*UMWA payments were made to the Combined Benefit Fund in FY 2006 and 2007. In FY 2008, two additional plans will be receiving payments.

GOAL: TO DISTRIBUTE FUNDS TO STATES AND TRIBES AND PAYMENTS TO THE UNITED MINE WORKERS OF AMERICA CONSISTENT WITH THE SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). This Act changed the distribution of funding to State and Tribes under the reclamation program beginning in FY 2008. State and Tribal grants previously provided as discretionary appropriations, have moved to permanent appropriations. Payments for health plans under the United Mine Workers of America will continue to be from permanent appropriations. In FY 2008, two additional health plans were added for payment, as well as revenue sources for those payments. Revenue sources, distribution and payments are described below.

The Act requires mandatory distribution of AML reclamation fee collections beginning in FY 2008. Once fully phased in, approximately 83% of annual fee collections will be distributed to States and Tribes outside the appropriations process. The following outlines the new provisions required by Public Law 109-432:

- Requires annual distribution (mandatory spending not subject to appropriation) to non-certified States and Tribes of an amount equal to (1) the amount of AML Fund revenues for the preceding fiscal year (excluding interest and donations) that were assigned to all state-share, tribal-share, or historical production allocations, plus (2) the amount needed for minimum-program make-up grants under section 402(g)(8) for the current year. *Section 401(d)(3), (f)(1), and (f)(2) of SMCRA.*
- The legislation provides for a 4-year buildup to the full distribution level. Distributions will be 50% of the amount otherwise required in FY 2008 and 2009 and 75% of the amount otherwise required in FY 2010 and 2011. *Section 401(f)(5) of SMCRA.*
- Certified states and Indian tribes are not entitled to this mandatory distribution because they are not eligible for grants under the historical production allocation (see section 402(g)(5) of SMCRA) and because this legislation further specifies that they are not eligible to receive their state or tribal share funds on coal produced after October 1, 2007. *Section 401(f)(3)(B) of SMCRA.*
- Certified States and Tribes will receive annual payments from the Treasury in lieu of the amount of fee revenues from coal produced during the previous year that will be allocated to them as state or tribal share. *Section 411(h)(2) of SMCRA.*
- For the first 3 years, payments from the Treasury to certified States and Tribes for purposes of the preceding paragraph will be reduced to 25%, 50%, and 75%, respectively of the amount that the States and Tribes would otherwise receive

under this provision. States and Tribes will receive the difference in two separate annual payments beginning with FY 2018. *Section 411(h)(3)(B) and (C) of SMCRA.*

- An amount of fee revenues equal to the annual Treasury payments to certified States and Tribes under paragraphs (h)(1) [existing unappropriated balance of state and tribal share allocations] and (h)(2) [ongoing state and tribal share allocations] of section 411 of SMCRA must be reallocated to the historical production allocation. *Section 411(h)(4) of SMCRA.*
- The mandatory annual distribution to non-certified States and Tribes includes an amount equal to the amount of fee revenues for the prior year that are reallocated to the historical production allocation from the state-share or tribal-share allocation for coal produced during the previous fiscal year for certified States and Tribes.

In short, the mandatory annual distribution to non-certified States and Tribes from the AML fund includes the following components:

- State/tribal share allocation for non-certified States and Tribes for coal produced during the preceding fiscal year.
- Historical production allocation for coal produced during the preceding fiscal year.
- The amount reallocated to the historical production allocation from the State/tribal share allocation for certified States and Tribes for coal produced during the preceding fiscal year.
- The amount needed from the Secretary's discretionary share to implement the minimum program grant guarantee under section 402(g)(8) of SMCRA.

The following outlines the new special provisions for disposition of the State/Tribal share unappropriated balance as of October 1, 2007:

- Requires payment to all States and Tribes of an amount equal to the unappropriated balance of all state-share and tribal-share allocations made on coal produced before October 1, 2007. Payments must be made in seven equal annual installments, beginning with FY 2008. *Section 411(h)(1) of SMCRA.*
- Funds for these payments plus transfers to the three UMWA retiree benefit plans will come from unappropriated funds in the Treasury, not the AML Fund. *Section 402(i)(2) of SMCRA.*

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- The total amount transferred from the Treasury is subject to a \$490 million annual cap on all Treasury payments to states, tribes, and the three UMWA retiree benefit plans under this legislation. If demands on the Treasury for these purposes exceed that amount, payments must be made on a proportionate basis, using a uniform percentage. The Secretary of the Interior is responsible for determining the applicable percentage. *Section 402(i)(3) of SMCRA.*
- Disbursements must be made without regard to any limitation under section 401(d) of SMCRA and concurrently with payments to states under that section. *Section 411(h)(3)(A) of SMCRA.*
- Certified States and Tribes must spend these funds in accordance with legislative or tribal council direction, with priority given to addressing the impacts of mineral development. *Section 411(h)(1)(D)(i) of SMCRA.*
- Noncertified States and Tribes must use their payments for the purposes of section 403. *Section 411(h)(1)(D)(ii) of SMCRA.*
- Each year, an amount equal to in-lieu payments from the Treasury (through the Secretary of the Interior) to States and Tribes under this provision must be transferred from the state-share and tribal-share allocations to the historical production allocation. *Section 411(h)(1)(A)(ii) and (h)(4) of SMCRA.*

In addition, payments to three United Mine Workers of America retiree benefit plans are required:

- Requires annual transfer of all estimated AML Fund interest earnings for each fiscal year to the three UMWA retiree benefit plans (the Combined Benefit Fund, the 1992 Plan, and the 1993 Plan), to the extent payments from premiums and other sources do not meet those plans' expenditure needs, subject to certain limitations. *Section 402(h) of SMCRA.*
- Makes the unappropriated balance of the RAMP allocation as of the date of enactment available for transfer to the UMWA plans, although most of this amount has already been transferred to the Secretary's discretionary share by the FY 2006 Interior appropriations act. *Section 402(h)(4)(B) of SMCRA.*
- Additional transfers to the CBF (for amounts exceeding the now-defunct \$70 million cap on annual transfers of interest from the AML Fund and to cover the net deficit in CBF assets as of October 1, 2006) will begin in FY 2007, while transfers to the 1992 and 1993 plans will begin in FY 2008. Transfers to the 1992 and 1993 plans will be phased in, with transfers in FY 2008-2010 limited to 25%, 50%, and 75%, respectively, of the amounts that would otherwise be transferred. *Section 402(h)(1), (2), and (5)(C) of SMCRA.*

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- The three UMWA plans are also entitled to payments from unappropriated amounts in the Treasury, subject to the overall \$490 million cap on all annual transfers from the Treasury under this legislation; i.e., all transfers to States and Tribes in lieu of state and tribal share allocations and all transfers to the three UMWA plans. *Section 402(i)(1) of SMCRA.*
- Sets aside all interest earned by the AML Fund before enactment of this legislation and not previously transferred to the CBF (the “stranded interest”) in a reserve fund that would be used to make payments to the three UMWA plans in the event that their needs exceed the \$490 million annual cap on all transfers from the Treasury under this legislation. The reserve may not be used to pay the CBF premium refunds to operators authorized under section 402(i)(1)(C) of SMCRA. *Section 402(h)(4)(A) of SMCRA.*
- Requires that the Secretary of the Interior consult with the trustees of the three UMWA plans at reasonable intervals and notify Congress if the reserve fund appears insufficient to cover any shortfall in transfers from the Treasury because of the cap. *Section 402(h)(4)(C) of SMCRA.*
- In general, the three UMWA plans must exhaust all available revenue sources more or less in the following order:
 - Premiums paid by operators and other UMWA revenues (although the legislation also phases out premiums for unassigned beneficiaries).
 - Payments from other federal agencies for benefit purposes, e.g., for the Medicare prescription drug program.
 - Estimated interest to be earned by the AML Fund during the fiscal year in question.
 - Unappropriated balance of the RAMP allocation.
 - Transfers from unappropriated funds in the U.S. Treasury, subject to the \$490 million cap on annual transfers to both the UMWA plans and States and Tribes.
 - Reserve fund created from existing stranded interest earned by the AML Fund.

Distribution of Funds to States and Tribes

OSM will provide allocations to States and Tribes that have approved reclamation programs from mandatory fund distributions from AML fee collections and the Treasury General Fund as authorized in the SMCRA Amendments of 2006. States and Tribes use the funds to address hazards and problems such as underground fires, subsidence, landslides, open shafts, unstable or burning refuse piles, acid mine drainage, and dangerous, unstable highwalls.

Each State must have an approved SMCRA regulatory (Title V) program and a reclamation (Title IV) program before it is eligible to receive reclamation funding. Three Tribes (Crow, Hopi, and Navajo) are allowed access to AML Funds derived from reclamation fees and each has an approved reclamation program. Under the 2006 amendments, Tennessee also becomes eligible in FY 2008 to receive reclamation funding under the minimum program once a Reclamation Plan for Tennessee is approved. Twenty-four States and three Tribes will receive reclamation funding in FY 2008.

In the 2006 amendments to SMCRA, an authorized allocation level of at least \$3 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites, to be phased-in over four years.

OSM has reviewed the new law and developed guidance needed to distribute funding to States and Tribes in FY 2008. This guidance may be found on OSM's website at www.osmre.gov.

Calculation of Allocation to States and Tribes

Each permanent appropriation has a respective account in the United States Treasury. The FY 2008 payments will be based on revenues from collection of AML fees and prior year actual fees collected on coal produced as of October 1, 2007. The law, which was signed on December 20, 2006, requires a phased- in approach to payment.

Abandoned Mine Land Funds

Funds are derived from collection of AML fees. Section 402(a) of SMCRA establishes a per tonnage fee for mined coal. The fee structure was modified by the Surface Mining Control and Reclamation Act Amendments of 2006. In fiscal year 2008, the new fee structure allows for fee collection of: 31.5 cents/ton of surface mined coal; 13.5 cents/ton of coal mined underground; and 9 cents/ton of lignite; or ten percent of the value of the coal at the mine, which are paid by operators of active mines. OSM is responsible for the collection of all AML fees from coal operators. See discussion under Financial Management for details on this federal program activity.

Most expenditures from AML fee collections are for mandatory spending for distribution to States and Indian Tribes. After a four year phase-in period, approximately 83 percent

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of the fees collected will be allocated to States and Tribes that have remaining coal problems to be addressed (non-certified States and Tribes), including minimum program States. The remaining funds collected will be available for discretionary appropriations as discussed under “Environmental Restoration.”

The amount estimated in FY 2009 for this allocation is \$91.4 million, subject to actual coal production in FY 2008.

Treasury Funds

An amount equal to 50 percent of the fees collected in States and Tribes that have no remaining coal related problems (certified states) will be paid from the General Treasury (rather than the AML Fund) to those States and Tribes on an annual basis. The law restricts this distribution to 25 percent of the state/tribal share in FY 2009, the first year such distribution will be made. The amounts for FY 2009 will be calculated based on actual collections on coal produced in FY 2008.

In addition, prorated over a 7-year period, all States and Tribes will receive, from the General Treasury Fund, an amount equivalent to their unappropriated State share balances in the AML Fund from coal produced prior to October 1, 2007.

The amount estimated for FY 2009 is \$207.0 million. This amount is subject to change as we further review the new law.

United Mine Workers of America Payments

AML fees collected are placed in the Abandoned Mine Reclamation Fund. Interest accrues on the collected fees and becomes part of the AML Fund. The interest earned is available for transfer to the United Mine Workers of America Plans in order to help finance health benefits for unassigned beneficiaries.

The estimate for FY 2009 for these payments is \$180.7 million.

Table 17. Mandatory Funding for States and Tribes, FY 2007 - 2010

P. L. 109-432, SMCRA Amendments Act of 2006 Funding for FY 2007 and 2008, with Projected Funding for FY 2009 and 2010				
(\$ rounded in millions)				
State	Actual Funding 2007	Actual Funding 2008	Hypothetical Distributions	
			2009	2010
Alabama	2.7	5.4	5.4	7.1
Alaska	1.5	1.7	1.7	2.4
Arkansas	1.5	1.6	1.6	2.3
Colorado	2.4	6.7	6.7	8.3
Illinois	7.3	10.9	11.5	16.8
Indiana	4.5	10.6	10.9	13.6
Iowa	1.5	1.7	1.7	2.5
Kansas	1.5	1.7	1.7	2.4
Kentucky	13.4	30.9	31.4	39.1
Maryland	1.5	2.1	2.1	2.7
Mississippi	-	0.2	0.2	0.2
Missouri	1.5	1.8	1.8	2.5
New Mexico	1.5	4.0	4.3	5.0
North Dakota	1.5	3.0	3.0	3.5
Ohio	4.9	7.9	8.5	11.9
Oklahoma	1.5	1.8	1.8	2.5
Pennsylvania	21.6	27.9	29.8	46.0
Tennessee	-	1.9	1.9	2.6
Utah	1.5	3.6	3.7	4.5
Virginia	3.4	7.2	7.4	9.6
West Virginia	18.9	39.4	39.6	51.8
Uncertified States	94.1	172.0	176.7	237.3
Louisiana	0.1	0.2	0.3	0.3
Montana	3.1	8.1	9.4	10.9
Texas	1.3	3.3	3.9	4.5
Wyoming	30.5	82.7	99.5	117.6
Crow Tribe	0.5	1.9	1.6	1.8
Hopi Tribe	0.4	0.9	1.0	1.1
Navajo Nation	2.0	5.2	6.0	6.8
Certified States and Tribes	37.9	102.3	121.7	143.0
National Total	132.0	274.3	298.4	380.3
Source of Mandatory Funding:				
AML Fund		87.3	91.4	151.9
Treasury		187.0	207.0	228.4

FY 2007 payments are from discretionary appropriations. FY 2008 and beyond are from mandatory appropriations.

Uncertified States are those that have remaining coal problems to address. Certified States and Tribes have certified that there are no remaining coal problems.

Exhibit A: Use of Research and Development Criteria

The Department is using the Administration's Research and Development (R&D) investment criteria to assess the value of its R&D programs. The criteria were developed in response to limited financial resources and the multitude of R&D opportunities that exist government-wide. The criteria are used to rigorously justify new programs and to reevaluate existing programs for modification, redirection, or termination, in keeping with national priorities and needs. The investment criteria evaluate the relevance, quality, and performance for all R&D programs.

To assure the best value of its limited R&D resources, the Department has created an R&D Council to assist in the planning, coordinating, and assessing of agency R&D activities. When necessary, the R&D Council will recommend the redirection of resources or a change in the scope of activities if it believes it is warranted. Council membership includes one program and one budget representative from each bureau, as well as representatives from the Department. The Assistant Secretary for Water and Science heads the Council.

OSM has participated on the DOI R&D council since its formation in January 2005. The Chief, Division of Regulatory Support, represents OSM on the Council. OSM has no line item for a Research and Development program in its FY 2009 budget submission. However, consistent with the definitions of R&D contained within OMB Circular A-11 Section 84, OSM conducts a number of activities within other program elements that could be considered as R&D related expenditures. Among these are base funding for the Acid Drainage Technology Initiative (ADTI), Applied Science Funding (including the Underground Mine Mapping Initiative) and some Technical Innovation and Professional Services (TIPS) activities. In FY 2009, OSM's base budget contains the same funding as that provided in FY 2008, almost \$1.5 million, to support the technical components of these initiatives.

The Consolidated Appropriations Act of 2005 (P.L. 108-447), which became law on December 8, 2004, directed the Office of Surface Mining Reclamation and Enforcement to contract with the National Research Council to carry out a 24-month study of coal research, technology, and policy matters, with a goal of facilitating development of a roadmap for future needs and improving integration and coordination of existing research activities. The study focused on defining a national strategy for coal research and development activities and resource assessments. The study, which was released on June 19, 2007, included recommendations for additional research and development for coal mining and reclamation. Although no additional funding is being requested in FY 2009, other activities to implement the study's recommendations may ultimately affect OSM's technical studies activities.

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OSM Science Funding (FY 2007 – FY 2009)

(dollars in thousands)

	FY 2007	FY 2008 Enacted	FY 2009 Budget Request
Technology Development and Transfer Technical Assistance Subactivity			
Various Applied Science Projects as described in narrative	1,470	1,447	1,447

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WORKING CAPITAL FUND REVENUE - Centralized billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)

Activity/Office	2007 Actual	2008 Estimate	2009 Estimate
Other OS Activities			
Invasive Species Council	21.8	23.0	24.3
Invasive Species Coordinator	3.6	3.8	4.0
Secretary's Immediate Office	25.4	26.8	28.3
Document Management Unit	3.7	0.0	0.0
Electronic Records Management	0.0	8.9	10.3
Office of the Executive Secretariat	3.7	8.9	10.3
Secretary's Immediate Office			
Departmental Communications Office	33.8	6.0	6.2
Office of Communications	33.8	6.0	6.2
Conservation Partnerships and Management Policy			
Policy, Management and Budget	0.9	2.0	2.0
Office of Policy Analysis			
CPIC	12.1	13.2	1.0
Office of the Chief Information Officer	12.1	13.2	1.0
Financial Management Training			
Activity Based Costing/Management	30.2	0.0	0.0
Travel Management Center	9.5	8.6	8.2
e-Gov Travel	1.6	1.7	1.8
Office of Financial Management	0.0	15.4	30.8
Quarters Program			
Space Management Initiative	41.3	25.6	40.8
Renewable Energy Certificates	0.0	0.0	0.0
Office of Property and Acquisition Management	2.1	2.2	2.5
SBA Certifications	0.0	1.6	1.5
Small & Disadvantaged Business Utilization	2.1	3.8	4.0
Planning and Performance Management			
Office of Planning and Performance Management	0.0	0.1	0.1
Alternative Dispute Resolution Training	66.3	9.4	9.8
Office of Collaborative Action and Dispute Resolution	66.3	9.4	9.8
Center for Competitive Sourcing Excellence			
Office of Competitive Sourcing	0.0	0.0	0.8
HSPD-12	0.0	0.0	0.8
Department-wide OWCP Coordination	4.0	6.0	6.1
Accountability Team	4.0	6.0	6.1
e-Training (DOI LEARN)	103.4	103.4	5.7
CLC - Human Resources	0.9	0.8	2.4
OPM Federal Employment Services	0.0	1.5	3.5
Office of Human Resources	0.0	0.3	0.0
EEO Complaints Tracking System	3.7	3.7	4.9
Special Emphasis Program	108.4	109.8	21.8
Accessible Technology Center	0.0	3.0	0.2
Office of Civil Rights	4.9	4.9	0.4
	0.0	2.5	2.4
	4.9	10.5	3.1

Office of Surface Mining Reclamation and Enforcement

WORKING CAPITAL FUND REVENUE - Centralized billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)

Activity/Office	2007 Actual	2008 Estimate	2009 Estimate
Occupational Health and Safety	7.3	7.2	7.2
Health and Safety Training Initiatives	1.8	1.6	1.6
Safety Management Information System	5.1	5.0	5.0
Office of Occupational Health and Safety	14.2	13.8	13.8
Security (Classified Information Facility)	4.6	2.7	2.7
Watch Office	10.0	9.9	12.5
Emergency Preparedness	8.7	11.0	10.7
Law Enforcement Coordination and Training	3.3	4.6	4.6
Office of Law Enforcement, Security, and Emergency Mgmt.	26.6	28.2	30.4
Enterprise Services Network	280.9	281.5	369.5
Web & Internal/External Comm	4.9	4.9	4.7
Messaging	32.6	0.0	0.0
Information Technology Architecture	392.2	32.8	30.4
FOIA Tracking & Reporting System	4.2	4.6	7.8
IT Security	216.1	219.1	16.7
Capital Planning	131.9	160.6	20.6
Government Paperwork Elimination Act	38.7	38.7	1.7
Data Resource Management Program	18.2	18.2	1.5
IT Security Certification & Accreditation	88.5	88.5	88.5
Active Directory	15.3	14.1	9.9
Enterprise Resource Management	27.8	4.3	2.8
e-Authentication	0.0	0.0	2.1
Chief Technology Officer Support	0.0	0.0	5.5
Office of the Chief Information Officer	1,251.3	867.4	561.7
Appraisal Services			
Contingency Reserve	11.9	1.3	1.2
CFO Financial Statement Audit	351.2	254.0	268.8
Enterprise Geospatial Information Management	13.7	13.3	13.3
Department-wide Activities	376.8	268.6	283.3
Department-wide Activities			
e-Government Initiatives	48.8	29.6	35.6
Department-wide Activities	48.8	29.6	35.6
Ethics Training	0.5	0.4	2.0
ALLEX Database	0.2	0.2	0.2
FOIA Appeals	7.1	7.1	6.4
Office of the Solicitor	7.8	7.7	8.6
Subtotal Other OS Activities	2,028.5	1,437.2	1,067.8

Office of Surface Mining Reclamation and Enforcement

WORKING CAPITAL FUND REVENUE - Centralized billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)

Activity/Office	2007 Actual	2008 Estimate	2009 Estimate
National Business Center			
CB Header - Greenbook			
Learning and Performance Center Management	5.3	5.4	5.4
Washington Learning & Performance Center	19.9	23.4	25.3
Albuquerque Learning & Performance Center	4.5	4.5	4.6
Denver Learning & Performance Center	11.5	11.5	10.3
Partnership Schools & Commemorative Programs	3.7	3.8	3.9
Financial Management Training	0.0	31.7	33.2
SESCDP & Other Leadership Programs	1.6	1.6	1.6
Online Learning	3.8	3.3	4.2
Cultural Resources & Events Management	3.9	3.9	3.9
Departmental Museum	12.3	12.1	12.4
Departmental Library	27.1	27.7	29.2
NBC Human Capital Directorate	93.7	129.0	133.8
Desktop Services	8.3	8.6	0.0
Telecommunications services	149.7	155.0	158.0
Voice/data switching	37.3	38.4	37.3
Integrated Digital Voice Communications System	89.2	109.0	106.8
ADP Operations	0.0	0.0	7.0
Information Mgmt. - FOIA and Records Management	15.4	16.0	2.7
NBC IT Security Improvement Plan	9.4	7.7	7.6
Audio Visual Services	0.0	0.0	29.0
SIB Cabling	0.0	0.0	41.9
NBC - CIO	309.4	334.7	390.4
FPPS/Employee Express - O&M	113.3	118.3	120.1
HR LOB W-2 Surcharge	0.0	6.9	7.5
NBC FPPSS Directorate	113.3	125.2	127.7
Interior Complex Management & Svcs	60.0	66.9	67.6
Family Support Room	2.1	2.4	2.4
Moving Services	12.7	14.2	14.7
Shipping and Receiving	29.6	33.1	33.8
Space Management Services	23.4	24.0	22.6
Health Unit	19.6	22.4	22.6
Security	400.0	459.0	475.6
Mail and messenger services	46.1	49.6	51.0
Mail Policy	2.7	2.8	2.8
Property Accountability Services	0.0	0.0	0.0
Transportation Services (Household Goods)	5.4	5.6	5.8
Vehicle fleet	2.5	2.6	2.8
Federal Executive Board	2.2	2.2	2.2
Passport & Visa Services	4.2	4.3	4.5
Blue Pages	33.5	19.3	20.7
Special Events Services	2.4	2.5	2.9
Accessible Technology Center	2.7	0.0	0.0
NBC Administrative Operations Directorate	649.0	710.7	731.9

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Centralized billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)**

Activity/Office	2007 Actual	2008 Estimate	2009 Estimate
Financial Systems (incl. Hyperion)	17.5	18.0	19.8
IDEAS	33.9	33.5	34.5
<u>FBMS Hosting</u>	<u>0.0</u>	<u>252.0</u>	<u>252.0</u>
NBC Budget and Finance	51.4	303.5	306.3
Aviation Management	32.3	54.0	79.5
NBC - Aircraft Management	32.3	54.0	79.5
Subtotal National Business Center	1,249.1	1,657.0	1,769.6
TOTAL	3,277.6	3,094.2	2,837.4

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Direct billing
FY 2009 President's Budget
OFFICE OF SURFACE MINING AND RECLAMATION
(S in thousands)**

Activity/Office	2007 Actual	2008 PY Collections	2008 Estimate	2009 Estimate
Other OS Activities				
Secretary's Immediate Office				
Secretary's Immediate Office				
Office of the Executive Secretariat				
Secretary's Immediate Office				
Office of Historical and Trust Accounting				
Adaptive Management Guides	0.0	0.4	0.0	0.0
Secretary's Immediate Office	0.0	0.4	0.0	0.0
Policy, Management and Budget				
OEPC - 516 DM Chapters	0.0		20.0	0.0
Office of Environmental Policy and Compliance	0.0		20.0	0.0
Office of Policy Analysis				
Census - Single Audit Clearing House	0.9		0.6	0.6
Office of Financial Management	0.9		0.6	0.6
Census - Federal Assistance Award Data System	0.0		0.7	0.7
Office of Acquisition and Property Management	0.0		0.7	0.7
FBMS Change Order Funding	40.0		25.0	0.0
Financial and Business Management System (FBMS)	40.0		25.0	0.0
Office of Small and Disadvantaged Business Utilization				
Office of Wildland Fire Coordination				
Office of Planning and Performance Management				
Office of Competitive Sourcing				
OPM Leadership 360 Assessment	0.0		1.5	0.0
Human Capital Conference	0.0		2.7	0.0
DOI LEARN	0.0		14.5	14.5
HSPD-12	54.7		37.1	31.4
SES Conference	3.7		3.7	0.0
Workforce Planning Satellite Broadcast	0.1		0.1	0.0
Departmental Medals	1.8		2.2	2.2
Office of Human Resources	60.3		61.9	48.1
EEO Training	0.7		1.4	1.4
EEO Investigations	0.0		1.5	1.5
Office of Civil Rights	0.7		2.9	2.9
Office of Occupational Health and Safety				
OLESEM Security Conference	0.0		0.1	0.1
Office of Law Enforcement, Security, and Emergency Management	0.0		0.1	0.1
Oracle License & Support Contract	9.5	18.8	9.4	9.8
Enterprise Architecture Services	231.8		0.0	0.0
Microsoft Enterprise Licenses	150.4		150.4	176.0
Anti-Virus Software Licenses	11.9		13.0	16.3
Popkin System Architect Licenses	0.6		1.5	0.8

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Direct billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)**

Activity/Office	2007 Actual	2008 PY Collections	2008 Estimate	2009 Estimate
Karta GoLearn Licenses	8.3		0.0	0.0
Enterprise Services Network - Circuits	245.0		216.0	216.0
Data at Rest Initiative	0.0	3.0	0.0	0.0
Office of the Chief Information Officer	657.5	21.8	390.3	418.9
Cobell - e-Mail Archiving	0.0		0.0	66.6
Cobell - Tape Restoration	0.0		10.1	0.0
Cobell - Live e-Mail Capture	31.3	39.6	43.4	0.0
Cobell - Message Journaling	0.0	3.0	3.0	0.0
Cobell - Tape Search Request	0.0	1.1	2.0	0.0
Cobell - Security (Audit)	3.6		0.0	0.0
Cobell - Legacy Tape Storage (3-year Live Capture)	0.3	0.3	1.8	0.0
Cobell - Zantaz Exchange Servers	0.0	0.1	0.0	0.0
Cobell - Professional Services	0.0	1.3	3.0	0.0
Central Services	35.1	45.3	63.4	66.6
FY 2004 CFO Audit	0.0	7.9	0.0	0.0
FY 2007 CFO Audit	66.5		25.0	0.0
FY 2008 CFO Audit	0.0		10.0	25.0
FY 2009 CFO Audit	0.0		0.0	6.0
Central Services	66.5	7.9	35.0	31.0
Federal FSA Program	13.3		14.8	16.3
Central Services	13.3		14.8	16.3
Central Services				
Subtotal Other OS Activities	874.2	75.5	614.8	585.2

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Direct billing
 FY 2009 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)**

Activity/Office	2007 Actual	2008 PY Collections	2008 Estimate	2009 Estimate
National Business Center				
NBC - Acquisitions Services Directorate				
Training Services				
Washington Learning & Performance Center	0.0		3.6	3.7
Denver Learning & Performance Center	0.0		0.0	0.0
Online Learning	0.0		5.7	6.0
NBC - Training Services Directorate	0.0		9.3	9.7
Technology Services				
NBC - ITD	32.8		34.0	40.9
Human Resources Directorate				
Client Liaison and Product Development Division	0.1		0.5	0.4
Personnel & Payroll Systems Division	18.2		21.0	22.3
HR Management Systems Division	0.0			4.0
NBC - HRD	18.3		21.5	26.7
Facilities Reimbursable Services				
MIB/SIB Operations and Maintenance	6.7		22.7	24.3
Creative Communications	12.7		0.0	0.0
NBC - Administrative Operations Directorate	75.1		120.5	123.7
NBC - Administrative Operations Directorate	94.4		143.2	148.0
Financial Management				
NBC - Financial Management Directorate				
Aviation Management				
NBC - Aviation Management Directorate				
NBC - Appraisal Services Directorate				
NBC Direction				
Solutions Coordination Office (LOB Funded)				
NBC - Management				
Subtotal National Business Center	145.6		208.0	225.3
TOTAL	1,019.8	75.5	822.9	810.5

Exhibit C
MAX Tables/Budget Schedules

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Regulation and Technology
Program and Financing
(dollars in millions)

14-1801-0-1-302	2007 Actual	2008 Estimate	2009 Estimate
<u>Obligations by program activity:</u>			
00.02 Environmental Protection	78	87	87
00.03 Technology Development & Transfer	14	14	15
00.04 Financial Management	1	1	1
00.05 Executive Direction & Administration	15	15	15
09.01 Reimbursable Program	1		
10.00 Total Obligations	109	117	118
<u>Budgetary resources available for obligation</u>			
21.40 Unobligated balance available, start of year: Uninvested balance	1	1	2
22.00 New budget authority (gross)	110	118	118
23.90 Total budgetary resources available for obligation	111	119	120
23.95 New obligations	-109	-117	-118
23.98 Unobligated balance expiring or withdrawn	-1		
24.40 Unobligated balance carried forward, end of year	1	2	2
<u>New budget authority (gross), detail</u>			
Current:			
40.00 Appropriation (general fund)	109	120	118
40.35 Appropriation permanently reduced		-2	
4300 Appropriation (total discretionary)	109	118	118
58.10 Spending authority from offsetting collections: Change in uncollected customer payments from Federal sources (unexpired)	1		
70.00 total new budget authority (gross)	110	118	118

Office of Surface Mining Reclamation and Enforcement

14-1801-0-1-302	2007 Actual	2008 Estimate	2009 Estimate
<u>Change in unpaid obligations</u>			
72.40 Unpaid obligations; start of year: obligated balance, start of year	36	38	40
73.10 Total new obligations	109	117	118
73.20 Total outlays (gross)	-105	-115	-118
73.40 Adjustments in expired accounts (net)	-1		
74.40 Unpaid obligations, end of year: Obligated balance, end of year	38	40	40
<u>Outlays (gross), detail</u>			
86.90 Outlays from new discretionary authority	75	80	80
86.93 Outlays from discretionary balances	30	35	38
87.00 Total outlays (gross)	105	115	118
<u>Offsets</u>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	1		
<u>Net budget authority and outlays</u>			
89.00 Budget authority	109	118	118
90.00 Outlays	105	115	118
95.02 Unpaid obligation, end of year	38		

Office of Surface Mining Reclamation and Enforcement

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Abandoned Mine Reclamation Fund
 Program and Financing
 (dollars in millions)

14-5015-0-1-302	2007 Actual	2008 Estimate	2009 Estimate
<u>Obligations by program activity:</u>			
00.01 Environmental Restoration	202	66	13
00.02 Technology Development & Transfer	4	4	4
00.03 Financial Management	7	6	6
00.04 Executive Direction & Administration	8	8	8
00.05 AML Funded Grants to States		74	92
00.06 UMWA and other benefits	114	100	114
0901 Reimbursable Program	5		
0999 Total Reimbursable Program	5		
10.00 Total Obligations	340	258	237
<u>Budgetary resources available for obligation</u>			
21.40 Unobligated balance available, start of year:	35	32	32
22.00 New budget authority (gross)	304	239	236
22.10 Resources available from recoveries	33	19	10
23.90 Total budgetary resources available for obligation	372	290	278
23.95 Total new obligations	-340	-258	-237
24.40 Unobligated balance available, end of year	32	32	41
<u>New budget authority (gross), detail</u>			
Discretionary:			
40.20 Appropriation (special fund, definite)	185	53	31
40.37 Appropriation temporarily reduced		-1	
40.20 Appropriation (total discretionary)	185	52	31
58.10 Spending authority from offsetting collections: Change in uncollected customer payments from Federal sources (unexpired)	5		
Mandatory:			
60.20 Appropriation (AML & RAMP transfers to UMWA)	114	187	205
70.00 Total new budget authority (gross)	304	239	236

Office of Surface Mining Reclamation and Enforcement

14-5015-0-1-302	2007 Actual	2008 Estimate	2009 Estimate
<u>Change in unpaid obligations</u>			
Unpaid obligations, start of year:			
72.40 Obligated balance, start of year	273	262	184
73.10 Total new obligations	340	258	237
73.20 Total outlays (gross)	-313	-317	-306
73.45 Recoveries of prior year obligations	-33	-19	-10
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-5		
74.40 Obligated balance end of year	262	184	105
<u>Outlays (gross), detail</u>			
86.90 Outlays from new discretionary authority	63	44	26
86.93 Outlays from discretionary balances	136	149	124
86.97 Outlays from new mandatory authority	114	124	139
86.98 Outlays from mandatory balances			17
87.00 Total outlays	313	317	306
88.95 Offsets: Against gross budget authority only: Change in uncollected customer payments from Federal sources (unexpired)	5		
<u>Net budget authority and outlays</u>			
89.00 Budget authority	299	239	236
90.00 Outlays	313	317	306
92.01 Total investments, start of year: par value	2,266	2,365	2,468
92.02 Total investments, end of year: par value	2,365	2,468	2,582
95.02 Unpaid obligation, end of year	268		

Office of Surface Mining Reclamation and Enforcement

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Regulation and Technology
 Program and Financing
 (dollars in millions)

Object Class	FY 2008 Estimate		Fixed Costs and Related Changes		Program Changes		FY 2009 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-time Permanent	343	31					343	32
11.X All other salaries								
Total Personnel Compensation	343	30	0	0	0	0	343	32
<u>Other Object Classes</u>								
12.1 Personnel Benefits		6						6
21.0 Travel and transportation of persons		2						2
23.1 Rental Payments to GSA		3						3
23.2 Rental Payments to Others		1						1
25.2 Other Services		6						7
26.0 Supplies and materials		2						2
31.0 Equipment		1						1
41.0 Grants, subsidies and contributions		65						64
99.0 Subtotal obligations Direct obligations		117						118
<u>Reimbursable obligations</u>								
11.1 Personnel compensation: Full-time permanent								
99.0 Subtotal, obligations, Reimbursable								
99.5 Below reporting threshold								
99.9 Total requirements	343	117	0	0	0	0	343	118

Office of Surface Mining Reclamation and Enforcement

Summary of Requirements by Object Class
Abandoned Mine Reclamation Fund
(dollars in millions)

Object Class	FY 2008 Estimate		Fixed Costs and Related Changes		Program Changes		FY 2009 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-Time Permanent	185	16					180	16
Total Personnel Compensation	185	16			-5		180	16
<u>Other Objects</u>								
12.1 Personnel Benefits		3						3
21.0 Travel and trans of persons		1						1
23.1 Rental Payments to GSA		2						2
23.3 Communications, utilities and misc.		1						1
25.2 Other Services		113						113
31.0 Equipment		1						1
41.0 Grants, subsidies and Contributions		118						97
99.9 Below reporting threshold								
Total Requirements	185	255	0	0	-5	0	180	234

Office of Surface Mining Reclamation and Enforcement

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Regulation and Technology
 Object Classification
 (dollars in millions)

14-1801-0-1-302	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Direct Obligations:			
Personnel Compensation:			
1111 Full-time permanent	30	31	32
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	30	31	32
1121 Personnel Benefits	6	6	6
1130 Benefits for former Personnel	*	*	*
1210 Travel and Transportation of Persons	2	2	2
1220 Transportation of Things	*	*	*
1231 Rental Payments to GSA	4	3	3
1232 Rental Payments to Others	1	1	1
1233 Communications, Utilities and Misc. Charges	*	*	*
1240 Printing and Reproduction	*	*	*
1251 Advisory and assistance services	*	*	*
1252 Other Services	6	6	7
1257 Operation and maintenance of equipment	*	*	*
1260 Supplies and Materials	2	2	2
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	56	65	64
1420 Insurance Claims	*	*	*
1430 Interest and Dividends	*	*	*
<i>9900 Subtotal, Direct Obligations</i>	<i>108</i>	<i>117</i>	<i>118</i>
Reimbursable Obligations:			
2111 Full-time permanent (Reimbursable)	1		
2252 Other Services	*	*	*
9995 Below reporting threshold			
9999 Total Obligations	109	117	118

Department of the Interior
Office of Surface Mining Reclamation and Enforcement
Abandoned Mine Reclamation Fund
 Object Classification
 (dollars in millions)

14-5015-0-1-302	FY 2007 Actual	FY 2008 Estimate	FY2009 Estimate
Direct Obligations:			
<u>Personnel Compensation:</u>			
1111 Full-time permanent	16	16	16
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	16	16	16
1121 Personnel Benefits	3	3	3
1210 Travel and Transportation of Persons	1	1	1
1231 Rental Payments to GSA	2	2	2
1232 Rental Payments to Others	*	*	*
1233 Communications, Utilities and Misc. Charges	1	1	1
1252 Other Services	114	113	113
1260 Supplies and Materials	*	*	*
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	194	118	97
9995 Below reporting threshold			
9999 Total Obligations	332	255	234

Budget Exhibit D

**DEPARTMENT OF THE INTERIOR
Office of Surface Mining Reclamation and Enforcement
Employee Count by Grade**

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Executive Level	1	1	1
SES.....	5	6	6
subtotal.....	6	7	7
GS/GM-15.....	28	27	27
GS/GM-14.....	53	53	53
GS/GM-13.....	152	152	151
GS-12.....	148	148	144
GS-11.....	30	30	30
GS-10.....	0	0	0
GS-9.....	32	32	32
GS-8.....	12	12	12
GS-7.....	33	33	33
GS-6.....	13	13	13
GS-5.....	10	10	10
GS-4.....	10	10	10
GS-3.....	0	0	0
GS-2.....	1	1	1
subtotal.....	522	521	516
Other Pay Schedule Systems.....	0	0	0
Total employment (actual/projected) at end of fiscal year.....	528	528	523

* CA - DOI Board Member

** AL - Administrative Law Judge

*** SL - Senior-Level/Scientific Professionals

Office of Surface Mining Reclamation and Enforcement

AML Reclamation Accomplishments Historical Data Through September 30, 2007 Priority 1, 2, and 3 Problems					
Problem Type	Units	Number of Units	GPRA Acres	Cost of Completed Reclamation	Remaining Reclamation Costs
Bench	Acres	668	668	2,939,935	12,584,138
Clogged Streams	Miles	399	1,955	46,165,335	51,076,550
Clogged Stream Lands	Acres	19,304	19,304	190,104,168	194,107,901
Dangerous Highwalls	Feet	2,484,119	35,527	389,554,937	643,102,647
Dangerous Impoundments	Count	775	4,642	38,042,680	20,234,570
Industrial/Residential Waste (Priority 1 & 2)	Acres	277	277	1,530,242	791,601
Dangerous Piles & Embankments	Acres	11,729	11,729	199,903,654	234,164,849
Dangerous Slides	Acres	3,185	3,185	139,950,045	94,177,287
Equipment/Facilities	Count	650	70	6,779,964	4,541,275
Gases: Hazardous Explosive	Count	36	36	576,187	2,494,629
Gobs (Coal waste piles)	Acres	6,095	6,095	83,494,555	52,787,046
Highwalls	Feet	176,978	2,528	11,822,218	1,214,744,303
Hazardous Equipment & Facilities	Count	4,550	1,236	27,391,892	26,328,292
Haul Road	Acres	678	678	3,662,390	4,357,151
Hazardous Water Body	Count	676	3,492	37,981,024	57,113,247
Industrial/Residential Waste (Priority 3)	Acres	728	728	3,995,112	12,115,641
Mine Opening	Count	475	49	1,507,135	7,757,913
Other	-----	108,251,639	*	7,699,764	129,781,157
Polluted Water: Agricultural & Industrial	Count	329	1,618	41,124,447	110,850,530
Polluted Water: Human Consumption	Count	26,615	131,312	151,477,695	3,895,163,245
Portals	Count	9,486	948	41,132,547	28,673,144
Pits	Acres	2,278	2,278	13,252,110	34,668,128
Subsidence	Acres	6,300	6,300	276,415,003	499,750,335
Spoil Area	Acres	26,200	26,200	88,770,760	293,111,035
Surface Burning	Acres	1,315	1,315	38,956,118	18,500,155
Slurry	Acres	2,388	2,388	24,176,035	4,750,797
Slump	Acres	101	101	1,157,935	109,352,207
Underground Mine Fire	Acres	1,427	1,427	81,855,250	890,100,622
Vertical Opening	Count	4,615	515	28,197,650	33,496,877
Water Problems	Gal/Min	6,665,698	*	10,549,334	97,138,500
Total			266,601	1,990,166,121	8,777,815,772
* Not converted to GPRA acres.					
Note: GPRA Acres are non-acre measures (feet of highwalls or number of portals that are converted by formula to acres. GPRA acres are used to measure program performance). Includes Acid Mine Drainage, Coal Interim Site Funding, Coal Insolvent Surety Site Funding, and Pre-SMCRA Coal State/Tribe Programs,					
Source: Abandoned Mine Land Inventory System (AMLIS).					

Office of Surface Mining Reclamation and Enforcement

By State and Tribe Funding Data											
FY 2007 Obligations for Grants, Cooperative Agreements and Federal Project Spending											
(DOLLARS IN THOUSANDS)											
STATE	Environmental Restoration			Environmental Protection				Tech. Dev. &Trans		Admin	
	AML Funding		Federal Reclamation		Regulatory		SOAP	Electronic	WAN		
TRIBE	Reclamation	Emergency	Clean	Program	Emergency	Grants/Agreements		Permitting	&	TOTAL	
	Projects	Projects	Streams	High Priority	Projects	Non-Federal	Federal		Related		
				Projects	Projects	Lands	Lands		Support		
Alabama	2,670	400	174			1,070	16	3		4,333	
Alaska	1,500	25				184				1,709	
Arkansas	1,500	88				145				1,733	
California				13						13	
Colorado	2,564					1,904	1,504			5,972	
Georgia											
Illinois	9,739	1,000	374			2,026	184			13,323	
Indiana	4,472	339	189			1,711				6,711	
Iowa	1,500	60	122			125				1,807	
Kansas	1,500	365								1,865	
Kentucky	13,425		368		4,835	11,992	1,117			31,737	
Louisiana	72					163				235	
Maryland	1,500		117			676				2,293	
Michigan											
Mississippi						111				111	
Missouri	1,500	50				246				1,796	
Montana	3,087	125				1,023	848			5,083	
New Mexico	1,500					718	440			2,658	
North Dakota	1,560	100				534	347			2,541	
Ohio	4,930	2,300	268			1,967				9,465	
Oklahoma	1,500	56	113			962	405			3,036	
Oregon				79						79	
Pennsylvania	21,565		985		8,855	10,388				41,793	
Rhode Island					21					21	
South Dakota											
Tennessee											
Texas	154	15				1,283				1,452	
Utah	1,626					1,698	1,486			4,810	
Virginia	3,489	1,700	182			3,394				8,765	
Washington				228	204					432	
West Virginia	15,684	3,100	609			11,200		20		30,613	
Wyoming	33,115					2,065	1,823			37,003	
Crow	695					29	29			753	
Hopi	583					172	172			927	
Navajo	2,837					469	469			3,775	
N. Cheyenne											
Total	134,266	9,723	3,500	320	13,916	56,256	10,544	23	0	228,548	