

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

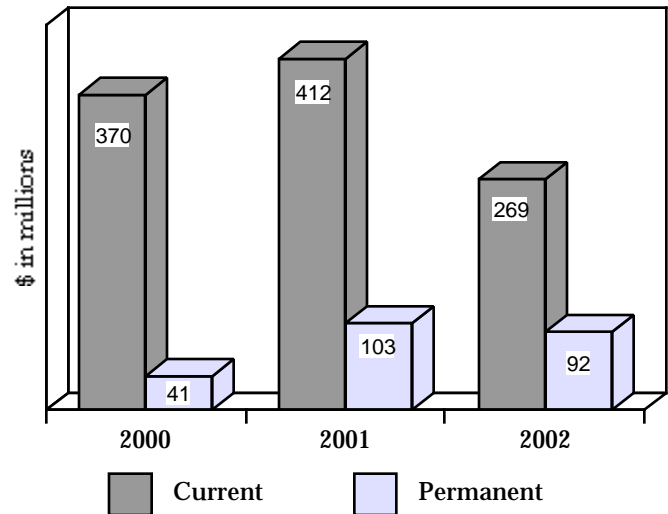
Mission – The Office of Surface Mining was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. OSM's primary objectives are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, ensure that the land is restored to beneficial use following mining, and mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

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

In the last few years, OSM has focused on innovative approaches to implementing SMCRA. OSM has shifted its approach to State programs from direct oversight and review to measuring on-the-ground results. To maximize reclamation from available funding, OSM has implemented creative approaches and incentives to encourage reclamation of abandoned mine sites. Efforts to address acid mine drainage in the Appalachian coal region, encourage remining, and enhance abandoned mine lands reclamation have been successful in enabling OSM to leverage and stretch its resources to reclaim lands and waters that otherwise might never be restored.

Budget Overview – The 2002 request for OSM is \$269.0 million, a decrease of \$143.2 million below the 2001 enacted level of \$412.2 million. The bulk of this reduction, \$96.8 million or 70 percent, is obtained by reducing a one-time emergency discretionary transfer from the interest accrued on the Abandoned Mine Reclamation Fund to offset operating deficits in the United Mine Workers of America Combined Benefit Fund. Of the remaining

OSM Funding



reductions, a one-time earmark for Pennsylvania anthracite region reclamation is reduced by \$12.6 million, abandoned mine land reclamation grants to States are reduced by \$35.0 million to \$124.1 million, and the Federal high priority reclamation program is reduced by \$1.3 million. The requested budget fully funds uncontrollable costs, provides \$199,000 for bureau financial audits, and provides an increase of \$500,000 to fully fund AML fee compliance activities.

Regulation and Technology – The goal of the Regulation and Technology program is to implement Title V of SMCRA by providing oversight and technical support for the regulation of active mining. Environmental protection funding for the 24 primacy States, which receive Federal matching grants to fund 50 percent of their administration of State regulatory programs, will continue to be funded at the 2001 level of \$55.6 million. Although the economic climate for State revenues has improved over the past few years, flat or declining revenues anticipated in upcoming State fiscal years make further increases in Federal funding for 2002 unwarranted at this time. The OSM closely monitors State requests for funding and will continue to adjust allocations to States ac-

cordingly. These funds will be distributed to AML program States according to a longstanding formula.

Abandoned Mine Reclamation Fund - In 2001, OSM will continue its commitment to environmental restoration while protecting the public by reclaiming lands disturbed by pre-SMRCA mining but not yet reclaimed. The proposed funding level of \$166.8 million will support OSM's abandoned mine land reclamation activities, which include State and tribal reclamation grants and high-priority Federal reclamation efforts. State reclamation grants will be funded at \$124.1 million and this appropriated funding will result in the reclamation of 6,000 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality.

The AML fee compliance program processes AML fees and provides valuable data on coal production to other Federal agencies, States, and others. For several years, the fee compliance program has been funded below operating cost and has relied on carryover to make up the difference; in 2002 this carryover will be exhausted, and an additional \$500,000 is necessary to fully fund the program.

The proposed budget continues available funding for successful efforts to reduce acid mine drainage in the Appalachian coal region at \$10.0 million to empower partners in affected communities to address important pollution in local streams. Acid mine drainage from abandoned coal mines continues to be a major source of water pollution nationwide, and in the Appalachian coal region, acid mine drainage is the leading cause of aquatic

habitat destruction impacting many native species, such as brook trout. The clean streams program has been particularly effective in fostering community partnerships and maximizing efficiency in the use of local resources in restoring water resources damaged by acid mine drainage. In the three years from 1997 through 2000, this program funded 97 projects with \$21.4 million, which leveraged \$17 million in funding from other sources. In 2001, OSM plans to fund up to 35 additional projects with \$10.0 million, although the exact number of projects funded depends on the size of the proposed projects. The additional funding in 2002 will enable OSM and its partners to build upon the proven success of the program by funding around 40 new local projects. In addition, OSM will continue to offer two other innovative regulatory programs: remining, which encourages reclamation of abandoned sites during small-scale active mining at older sites; and enhanced AML, which lowers reclamation costs by allowing sale of coal removed during remediation.

Streamlining and Uncontrollable Costs - The budget provides an increase to cover \$2.3 million in fixed cost increases; an additional \$531,000 in fixed cost increases will be absorbed through streamlining. In 2002, OSM will also make \$538,000 in streamlining reductions through administrative and program efficiencies.

Government Performance and Results Act - The projects funded in 2002 will facilitate OSM's compliance with GPRA. Continued clean streams grant funding will allow OSM to continue to transfer responsibility to States and Tribes for restoration and improvement of water quality of streams affected by acid mine drainage.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2002 Request with 2001 Enacted:

	2001 Enacted		2002 Request		Change from 2001	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Regulation and Technology	415	100,854	415	102,175	0	+1,321
Abandoned Mine Reclamation Fund	222	214,565	222	166,783	0	-47,782
Subtotal, Regular Appropriations.....	637	315,419	637	268,958	0	-46,461
Abandoned Mine Recl Fund Transfer (disc'y)	0	96,787	0	0	0	-96,787
Subtotal, Appropriations.....	637	412,206	637	268,958	0	-143,248
Permanents and Trusts						
Abandoned Mine Reclamation Fund Transfer.....	0	102,943	0	92,000	0	-10,943
Subtotal, Permanents and Trusts	0	102,943	0	92,000	0	-10,943
TOTAL, OFFICE OF SURFACE MINING	637	515,149	637	360,958	0	-154,191

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

	<u>2000 Actual</u>	<u>2001 Enacted</u>	<u>2002 Request</u>	<u>Change from 2001 Enacted</u>
Environmental Restoration	424	431	435	+4
Environmental Protection	81,870	76,274	76,741	+467
Technology Development & Transfer	11,491	11,820	12,151	+331
Financial Management.....	521	536	477	-59
Executive Direction & Administration ...	11,375	11,793	12,371	+578
TOTAL APPROPRIATION.....	105,681	100,854	102,175	+1,321

Highlights of Budget Changes

Uncontrollable Costs	<u>Amount</u> [+1,810]
Environmental Protection	+467
Uncontrollable costs total \$811 of which \$641 are budgeted and \$170 are absorbed. Streamlining savings include \$174 for program and administrative efficiencies and reflects decreasing regulatory program demands in the State of Oklahoma.	
Financial Management	-59
Uncontrollable costs total \$16 of which \$12 are budgeted and \$4 absorbed. Streamlining savings include \$71 for program and administrative efficiencies and reflects less collection activity required for non-fee revenues and receivables.	
Executive Direction and Administration	+578
Uncontrollable costs total \$576 of which \$478 are budgeted and \$98 are absorbed. An increase of \$100 is requested to fully fund the annual independent audit of OSM's financial statements.	

APPROPRIATION: Abandoned Mine Reclamation Fund

	<u>2000 Actual</u>	<u>2001 Enacted</u>	<u>2002 Request</u>	<u>Change from 2001 Enacted</u>
Environmental Restoration	181,019	199,270	149,926	-49,344
Environmental Protection	0	0	0	0
Technology Development & Transfer	3,536	3,591	4,136	+545
Financial Management.....	5,205	5,402	6,070	+668
Executive Direction & Administration ...	6,113	6,302	6,651	+349
TOTAL APPROPRIATION.....	195,873	214,565	166,783	-47,782

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+971]
Environmental Restoration	-49,344
<p>The budget reflects a decrease of \$35,000 is taken for State reclamation grants and \$1,300 for Federal high priority reclamation projects. These programs will continue to fund important environmental restoration activities. A \$12,572 reduction reflects the elimination of one time 2001 funding for anthracite reclamation in the State of Pennsylvania in 2002. A decrease of \$500 reflects the transfer of funding to Technology Development and Transfer activities to make a technical adjustment in the distribution of funding between Environmental Restoration and Technology Development and Transfer activities. Uncontrollable costs total \$394 of which \$321 are budgeted and \$73 are absorbed. Streamlining savings include a \$293 reduction for program and administrative efficiencies related to decreased reclamation activity.</p>	
Technology Development and Transfer	+545
<p>An increase of \$500 reflects the transfer of funding from the Environmental Restoration activity to the Technology Development and Transfer activity, to make a technical adjustment in the distribution of funding between these two activities, which is offset by an identical reduction for Environmental Restoration activities. Uncontrollable costs total \$58 of which \$45 are budgeted and \$13 are absorbed.</p>	
Financial Management	+668
<p>An increase of \$500 is requested to fully fund the fee compliance program to ensure that all reclamation fees due are properly collected, accounted for, and audited. Uncontrollable costs total \$212 of which \$168 are budgeted and \$44 are absorbed.</p>	
Executive Direction and Administration	+349
<p>An increase of \$99 is proposed to fully fund the annual independent audit of OSM's financial statements. Uncontrollable costs total \$307 of which \$250 are budgeted and \$57 are absorbed.</p>	