

## GENERAL STATEMENT

The Office of Surface Mining Reclamation and Enforcement (OSM) was established with the passage of the Surface Mining Control and Reclamation Act (SMCRA) of 1977, Public Law 95-87, August 3, 1977.

SMCRA was enacted to 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 to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines. SMCRA provides the means for restoring abandoned coal mines through collection of a tonnage-based reclamation fee assessed on current coal production.

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OSM's mission goals are to: (1) Provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining, and (2) Protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.

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Currently, 24 States have regulatory primacy programs in place and OSM continues to work with Indian Tribes to enable them to assume primacy. Twenty-three States and three Tribes administer approved abandoned mine land reclamation programs. The primacy States are successfully implementing their approved regulatory and reclamation programs. OSM's role has evolved to establishing policy direction and guidance, providing grants to primacy States and Tribes, conducting oversight activities in accordance with SMCRA, and administering and operating programs on Federal and Tribal lands and in States that have not assumed primacy.

Since 1977, OSM has provided about \$1 billion in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Since 1979 OSM has provided about \$3 billion in grants to the States and Tribes to clean up mine sites abandoned before SMCRA's 1977 enactment. More than 180,000 acres of abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2004 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$281.2 million in current authority, \$55 million in permanent authority, and 630 FTEs. This represents an increase of \$1.8 million over the FY 2003 President's Budget.

Almost three quarters of OSM's current funding request will be passed to the States and Indian Tribes in the form of regulatory, reclamation, or Small Operator Assistance Program grants or will be used for high priority reclamation projects. 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 ten field offices.

This budget proposal is closely integrated with and is supportive of the Department's draft Strategic Plan. It serves communities by protecting the lives and property of the citizens living in

**AML Reclamation Accomplishments  
Historical Data Through September 30, 2002  
Priority 1, 2, and 3 Problems**

<b>Problem Type</b>	<b>Units</b>	<b>Number of Units</b>	<b>GPRA Acres</b>	<b>Cost of Completed Reclamation</b>	<b>Remaining Reclamation Costs</b>
Bench	Acres	691	691	3,135,214	12,332,555
Clogged Streams	Miles	366	1,828	39,557,875	53,218,532
Clogged Stream Lands	Acres	18,393	18,393	175,751,404	211,788,626
Dangerous Highwalls	Feet	2,125,149	30,455	255,671,270	692,922,494
Dangerous Impoundments	Count	591	3,704	18,869,013	18,460,232
Industrial/Residential Waste	Acres	200	200	1,048,136	783,803
Dangerous Piles & Embankments	Acres	10,974	10,928	173,946,685	261,841,966
Dangerous Slides	Acres	2,900	2,929	114,246,491	93,230,395
Equipment/Facilities	Count	587	63	5,681,612	3,284,856
Gases: Hazardous Explosive	Count	31	31	443,407	2,756,173
Gobs (Coal waste piles)	Acres	5,589	5,590	69,136,308	63,458,381
Highwalls	Feet	156,574	2,237	11,112,616	1,166,061,999
Hazardous Equipment & Facilities	Count	4,142	419	19,952,923	29,534,564
Haul Road	Acres	470	470	3,071,166	4,447,560
Hazardous Water Body	Count	575	3,065	30,686,756	54,825,920
Industrial/Residential Waste	Acres	646	646	3,287,485	10,213,564
Mine Opening	Count	410	41	884,906	7,011,383
Other	-----	4,551,664	3,800,220	7,384,784	22,681,182
Polluted Water: Agricultural & Industrial	Count	198	968	36,389,012	103,597,215
Polluted Water: Human Consumption	Count	17,505	87,522	102,446,893	3,739,922,140
Portals	Count	8,584	879	35,155,229	23,059,720
Pits	Acres	1,844	1,844	10,562,402	42,927,190
Subsidence	Acres	5,628	5,626	240,748,162	500,449,916
Spoil Area	Acres	23,089	23,089	60,418,118	292,992,566
Surface Burning	Acres	1,195	1,195	31,792,733	23,408,126
Slurry	Acres	2,097	2,097	19,249,393	7,349,309
Slump	Acres	90	90	839,405	98,350,477
Underground Mine Fire	Acres	1,290	1,290	75,652,471	867,183,684
Vertical Opening	Count	3,977	443	24,704,607	33,340,419
Water Problems	Gal/Min	2,401,026	1,108,707	5,536,852	93,537,977
<b>Total</b>			<b>5,115,661*</b>	<b>\$1,577,363,328</b>	<b>\$8,534,972,924</b>

\* 206,734 acres (excluding Other - 3.8 m acres & Water Problems - 1.1 m 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).



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.

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.

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. 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.

*Office of Surface Mining Reclamation and Enforcement*

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

	2002	2003	2004
	Actual	Estimate	Estimate
Executive Level V	1	1	1
<b>Executive Subtotal</b>	<b>1</b>	<b>1</b>	<b>1</b>
ES-6	0	0	0
ES-5	3	4	4
ES-4	1	1	1
ES-3	0	0	0
ES-2	1	1	1
ES-1	1	0	0
<b>ES Subtotal</b>	<b>6</b>	<b>6</b>	<b>6</b>
GS/ GM 15	30	37	37
GS/ GM 14	62	61	61
GS/ GM 13	170	171	171
GS/ GM 12	206	203	203
GS/ GM 11	40	31	31
GS/ GM 10	1	0	0
GS/ GM 9	22	25	25
GS/ GM 8	15	15	15
GS/ GM 7	35	31	31
GS/ GM 6	21	23	23
GS/ GM 5	14	12	12
GS/ GM 4	9	9	9
GS/ GM 3	3	3	3
GS/ GM 2	2	2	2
GS/ GM 1	0	0	0
<b>Total Employee Count by Grade at end of fiscal year</b>	<b>617</b>	<b>630</b>	<b>630</b>

*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)**

14-1801-0-1-302	2002 Actual	2003 Estimate	2004 Estimate
<b><u>Obligations by program activity:</u></b>			
00.02 Environmental Protection	79	79	79
00.03 Technology Development & Transfer	11	12	13
00.04 Financial Management	1	1	1
00.05 Executive Direction & Administration	12	12	13
09.01 Reimbursable Program	1	1	1
10.00 Total Obligations	104	105	107
<b><u>Budgetary resources available for obligation</u></b>			
21.40 Unobligated balance available, start of year: Uninvested balance	1	1	1
22.00 New budget authority (gross)	104	106	108
23.90 Total budgetary resources available for obligation	105	107	109
23.95 New obligations	-104	-105	-107
24.40 Unobligated balance available, end of year: Uninvested balance	1	1	1
<b><u>New budget authority (gross), detail</u></b>			
Current:			
40.00 Appropriation (general fund)	103	105	107
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00 total new budget authority (gross)	104	106	108

*Office of Surface Mining Reclamation and Enforcement*

14-1801-0-1-302	2002 Actual	2003 Estimate	2004 Estimate
<b><u>Change in unpaid obligations</u></b>			
72.40 Unpaid obligations; start of year: obligated balance, start of year	42	37	37
73.10 Total new obligations	104	105	107
73.20 Total outlays (gross)	-109	-103	-107
74.40 Unpaid obligations, end of year: Obligated balance, end of year	37	37	35
<b><u>Outlays (gross), detail</u></b>			
86.90 Outlays from new discretionary authority	77	72	73
86.93 Outlays from discretionary balances	32	31	34
87.00 Total outlays (gross)	109	103	107
<b><u>Offsets</u></b>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	1	1	1
<b><u>Net budget authority and outlays</u></b>			
89.00 Budget authority	103	105	107
90.00 Outlays	107	102	106
Additional net budget authority and outlays to cover cost of fully accruing retirement			
99.00 Budget authority	3	3	3
99.01 Outlays	3	3	3

*Office of Surface Mining Reclamation and Enforcement*

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

14-5015-0-1-302	2002 Actual	2003 Estimate	2004 Estimate
<b><u>Obligations by program activity:</u></b>			
00.01 Environmental Restoration	219	181	181
00.02 Technology Development & Transfer	4	4	4
00.03 Financial Management	6	6	6
00.04 Executive Direction & Administration	7	7	7
00.06 Transfer to UMWA/Combined Benefits	114	56	55
10.00 Total Obligations	350	254	263
<b><u>Budgetary resources available for obligation</u></b>			
21.40 Unobligated balance available, start of year:	49	49	40
22.00 New budget authority (gross)	341	230	229
22.10 Resources available from recoveries	32	15	15
23.90 Total budgetary resources available for obligation	422	294	288
23.95 Total new obligations	-350	-254	-253
24.40 Unobligated balance available, end of year	49	40	35
<b><u>New budget authority (gross), detail</u></b>			
Discretionary:			
40.20 Appropriation (special fund, definite)	203	174	174
Mandatory:			
60.20 Appropriation (special fund)	114	56	59
69.00 Offsetting collections (cash)	24	*	*
70.00 Total new budget authority (gross)	341	230	233



*Office of Surface Mining Reclamation and Enforcement*

14-5015-0-1-302	2002 Actual	2003 Estimate	2004 Estimate
<b><u>Change in unpaid obligations</u></b>			
Unpaid obligations, start of year:			
72.40 Obligated balance, start of year	311	317	363
73.10 Total new obligations	350	254	253
73.20 Total outlays (gross)	-311	-193	-219
73.45 Recoveries of prior year obligations	-32	-15	-15
Unpaid obligations, end of year:			
74.40 Obligated balance end of year	317	363	382
<b><u>Outlays (gross), detail</u></b>			
86.90 Outlays from new discretionary authority	154	48	48
86.93 Outlays from discretionary balances	43	89	112
86.97 Outlays from new permanent authority	114	56	59
87.00 Total outlays	311	193	219
<b><u>Offsets against gross budget authority</u></b>			
88.45 Offsetting collections (cash) from: Offsetting Governmental collections (from non-Federal sources)	24	*	*
<b><u>Net budget authority and outlays</u></b>			
89.00 Budget authority	317	230	233
90.00 Outlays	287	193	219
92.01 Total investments, start of year: par value	1,866	1,899	2,037
92.02 Total investments, end of year: par value	1,895	2,037	2,176
Additional net budget authority and outlays to cover cost of fully accruing retirement			
99.00 Budget authority	1	1	1
99.01 Outlays	1	1	1

Office of Surface Mining Reclamation and Enforcement

**Summary of Requirements by Object Class**  
**Regulation and Technology**  
(dollars in millions)

Object Class	FY 2003 Estimate		Uncontrollable and Related Changes		Program Changes		FY 2004 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>11 Personnel Compensation</b>								
11.1 Full-time Permanent	410	30					410	31
11.X All other salaries								
<b>Total Personnel Compensation</b>	<b>410</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>410</b>	<b>31</b>
<b><u>Other Object Classes</u></b>								
12.1 Personnel Benefits		5						5
21.0 Travel and transportation of persons		2						2
23.1 Rental Payments to GSA		3						3
23.2 Rental Payments to Others		*						1
23.3 Communications, utilities and miscellaneous charges		*						*
25.2 Other Services		4						4
26.0 Supplies and materials		1						1
31.0 Equipment		1						1
41.0 Grants, subsidies and contributions		58						58
99.9 Below reporting threshold		1						1
<b>Total requirements</b>	<b>410</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>410</b>	<b>107</b>

Office of Surface Mining Reclamation and Enforcement

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

Object Class	FY 2003 Estimate		Uncontrollable and Related Changes		Program Changes		FY 2004 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-Time Permanent	220	15					220	15
<b>Total Personnel Compensation</b>	<b>220</b>	<b>15</b>					<b>220</b>	<b>15</b>
<b>Other Objects</b>								
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		53						53
31.0 Equipment		1						1
41.0 Grants, subsidies and Contributions		175						174
99.9 Below reporting threshold		3						3
<b>Total Requirements</b>	<b>220</b>	<b>254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220</b>	<b>253</b>

*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 2002 Actual	FY 2003 Estimate	FY 2004 Estimate
<b>Direct Obligations:</b>			
<u>Personnel Compensation:</u>			
1111 Full-time permanent	29	29	30
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	29	29	30
1121 Personnel Benefits	5	5	5
1130 Benefits for former Personnel	*	*	*
1210 Travel and Transportation of Persons	2	2	2
1220 Transportation of Things	*	*	*
1231 Rental Payments to GSA	3	3	3
1232 Rental Payments to Others	*	*	1
1233 Communications, Utilities and Misc. Charges	*	*	*
1240 Printing and Reproduction	*	*	*
1251 Advisory and assistance services	*	*	*
1252 Other Services	4	4	4
1257 Operation and maintenance of equipment	*	*	*
1260 Supplies and Materials	1	1	1
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	57	58	58
1420 Insurance Claims	*	*	*
1430 Interest and Dividends	*	*	*
<i>9900 Subtotal, Direct Obligations</i>	<i>102</i>	<i>103</i>	<i>105</i>
<b><u>Reimbursable Obligations:</u></b>			
2111 Full-time permanent (Reimbursable)	1	1	1
2252 Other Services	*	*	*
9995 Below reporting threshold	1	1	1
<b>9999 Total Obligations</b>	<b>104</b>	<b>105</b>	<b>107</b>

*Office of Surface Mining Reclamation and Enforcement*

**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 2002 Actual	FY 2003 Estimate	FY2004 Estimate
<b>Direct Obligations:</b>			
<u>Personnel Compensation:</u>			
1111 Full-time permanent	15	15	15
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	15	15	15
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	129	53	53
1260 Supplies and Materials	*	*	*
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	195	175	174
9995 Below reporting threshold	3	3	3
<b>9999 Total Obligations</b>	<b>350</b>	<b>254</b>	<b>253</b>



## EXECUTIVE DIRECTION

		FY 2002 Enacted	FY 2003 Estimate	Uncontrollable Costs	Program Change	FY 2004 Request	Difference from FY 04
Regulation & Technology	\$\$\$	12,244	12,693	535	330	13,558	865
	FTE	68	67	0	0	67	0
Abandoned Mine Land	\$\$\$	6,552	6,705	6	177	6,888	183
	FTE	37	37	0	0	37	0
TOTAL	\$\$\$	18,796	19,398	541	507	20,446	1,048
	FTE	105	104	0	0	104	0

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 systems management, administration, human resources, and internal financial management for the organization. Executive Direction provides internal 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 Human Resources, Procurement, Information Technology, and Finance and Accounting. General Service's 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 Office
- Administrative support for day to day operations
  - Human Resources
  - Administration
  - Finance and Accounting
  - Information Systems Management
- General Services (Office space, telephones, postage, unemployment and workers compensation, working capital fund, and other fixed costs)

Except for the Human Resources measures below, OSM did not incorporate goals and measures for this business line in its annual plan. The human resources measure supports the Department's diversity initiatives and human resources plan. Additional measures have been developed for other administrative activities and are used internally.

**FY 2004 PERFORMANCE  
GOALS AND MEASURES**

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 2004 OSM will continue to support the Department's progress in the implementation of the President's agenda. Our performance in the five management improvement areas will be reported through the internal DOI scorecard rating system. The rating system is based upon the government-wide traffic light system developed by the Office of Management and Budget to rate agency's performance in each area. As of the last rating period ended November 2002 the bureau has a "Green" in the areas of financial management, budget and performance integration, e-government, and competitive sourcing.



**Table 1– Strategic Goals and Measures**

<p><b>OSM Mission Goal Areas:</b></p> <p style="text-align: center;"><b>Environmental Restoration</b></p> <p style="text-align: center;">To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining</p> <p style="text-align: center;">&amp;</p> <p style="text-align: center;"><b>Environmental Protection</b></p> <p style="text-align: center;">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.</p>		
<i>DOI Mission Goal</i>	<i>Agenda Item</i>	<i>OSM Score</i>
<p><b>Management Excellence</b>            Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services.</p>	Strategic Management of Human Capital	Yellow
	Competitive Sourcing	Green
	Improved Financial Management	Green
	Budget and Performance Integration	Green
	Expand Electronic Government	Green

**Data Verification and Validation for Measures:** OSM’s scorecard ratings will be verified and validated through meetings between the bureau and the cognizant Departmental office to assess performance semi-annually.

**Actions Required to Achieve Annual Goals:** OSM will continue to strengthen or maintain existing “Green” scores and continue to make progress toward “Green” in the area of strategic management of human capital.

**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 2004 Budget Request:** The FY 2004 President’s Budget requests \$20.4 million for Executive Direction and Administrative activities. Of this total, \$3.8 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 \$6.5 million and basic bureau-wide fixed overhead costs in general services will cost \$10.1 million.

**Table 2 – Justification of Program and Performance**  
 Executive Direction  
 Summary Increases/Decreases for FY 2004

(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
		2002 Act.	2003 Est.	2004 Req.	2002 Act.	2003 Est.	2004 Req.	2002 Act.	2003 Est.	2004 Req.	
Executive Direction	\$\$\$	2,412	2,458	2,488	1,293	1,313	1,327	3,705	3,771	3,815	44
	FTE	22	21	21	11	11	11	33	32	32	0
Administrative Support	\$\$\$	4,139	4,236	4,298	2,137	2,188	2,222	6,276	6,424	6,520	96
	FTE	46	46	46	26	26	26	72	72	72	0
General Services	\$\$\$	5,693	5,999	6,772	3,122	3,204	3,339	8,815	9,203	10,111	908
	FTE	0	0	0	0	0	0	0	0	0	0
TOTAL	\$\$\$	12,244	12,693	13,558	6,552	6,705	6,888	18,796	19,398	20,446	1,048
	FTE	68	67	67	37	37	37	105	105	105	0

## ONGOING PROGRAM

### 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 immediate staff offices, which include Equal Opportunity, Communications, Strategic Planning and Evaluation, and the Budget Office. During FY 2003, OSM plans to merge the Strategic Planning and Evaluation and Budget offices to integrate the budget and performance functions into one organizational unit.

#### *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 2004, 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 Strategic Planning and Evaluation, and the Budget Office.

#### *b. Office for Equal Opportunity (OEO)*

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

- provides technical guidance and assistance to field Equal Opportunity managers as well as to OSM employees.
- supervises designated collateral duty Equal Opportunity Counselors.
- processes discrimination complaints and informal disputes.
- develops and implements affirmative employment and diversity plans in order to enhance diversity throughout the Bureau.
- ensures that all programs and activities are fully accessible for the disabled.

- maintains a Civil Rights Compliance program for federally-assisted and conducted programs.

In addition, this Office is responsible for the Special Emphasis and Minority Higher Education programs for the Bureau. Under these programs, the Office has guided OSM in the development of memoranda of understanding, partnerships, and cooperative agreements with Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities. In part, these initiatives are in response to Executive Orders of the President to work more closely with minority colleges and universities in an effort to enhance recruitment and stimulate curriculum related to OSM's mission. These initiatives will foster the implementation of the Department's and OSM's five-year strategic plan to improve outreach and diversity in the 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 Strategic Planning and Evaluation (OSPE)*

OSPE coordinates the development and maintenance of the bureau's strategic and annual plans, the performance measurement system as required by the Government Performance and Results Act (GPRA), and is responsible for implementation of Executive Orders and Presidential initiatives. This Office is responsible for evaluating program effectiveness, which is an integral part of OSM's planning process and has established a system to test management controls and provide assurances that the bureau is in compliance with the Federal Managers' Financial Integrity Act. OSPE also serves as the Bureau's liaison with the Office of the Inspector General (OIG), the General Accounting Office (GAO), and the Department and coordinates OSM's responses and tracks all audit findings

throughout the process of resolution and implementation. In FY 2003, OSM plans to merge this office with the Budget Office to form a single organizational unit.

*e. Budget Office*

The Budget Office is responsible for the development and management of all bureau-wide budget activities including the administrative control of funds from all sources, and for compliance with the provisions of the Anti-Deficiency and Chief Financial Officer's Act. This office provides central policy coordination and uniform procedures for budget formulation, presentation, and execution, which includes preparation of budget requests for Departmental, OMB and Congressional approval. The Budget Office leads preparation for hearings with the Appropriation Subcommittees, coordinates budget hearings with the Authorizing Subcommittees, and prepares responses to Congressional committee questions for the hearing's record, edits hearing transcripts, and provides budget effect and capability statements and other documents responding to various Congressional actions on the President's Budget request for OSM. Following enactment of an annual appropriation, this office coordinates the preparation of internal operating budgets for each office and issues allotments and allocations to program managers, leads periodic program and financial reviews and tracks and reports on budget execution. In FY 2003, OSM plans to merge this office with the Office of Strategic Planning and Evaluation to form a single organizational unit.

## **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, Information Systems Management, and Administrative Financial Management

This function is responsible for managing OSM's financial and administrative activities. It has primary responsibility for implementing the requirements in four of the five Presidential Management Agenda scorecards including, improved financial management, competitive sourcing, management of human capital, and e-gov. 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 program planning, investment, and portfolio management, information technology security, and enterprise architecture. This subactivity houses the responsibility for approving all information technology expenditures to ensure adequate resources are available to support functions required by OMB Circular A-130 and the Department, and to ensure expenditures are in accordance with the enterprise architecture and capital planning.

*a. Administration*

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

- acquisition,
- property management,
- vehicle fleet management,
- space management,
- telecommunications,
- safety management,
- occupational health,
- physical security,
- printing,
- records management,
- Freedom of Information Act,
- Privacy Act, 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, property management, mailroom functions, security and safety management, and telecommunications. The Division also manages the bureau-wide fixed cost accounts in General Services.

The Division of Administration is responsible for ensuring OSM meets its competitive sourcing goals. OSM's Commercial Activities Team has developed a competitive sourcing plan that identifies the functions and activities to be studied during FY 2002 and FY 2003. In FY 2002, OSM converted three positions, exceeding the 5 percent goal by one FTE. Both the Competitive Sourcing Team and Executive Council were trained in a transitional conversion over time process under the Javits Wagner O'Day (JWOD) preferred acquisition program. In addition, OSM initiated a study of 25 FTE's comprising OSM's IT function in Headquarters and in the Division of Financial Management in Denver, under the JWOD program, for a transitional conversion process over a multi-year period so that FTEs may be converted to contract as they become vacant if found to be the best alternative. The total of 28 FTEs studied and/or converted to contract will exceed OSM's anticipated 50 percent long-term competitive sourcing goal.

*b. Human Resources (HR)*

The Division of Human Resources develops and implements policies, standards and systems for the effective use of people to accomplish the overall mission of OSM. Specifically, the human resources program gives managers advice and assistance; and provides processing and record keeping on recruitment, classification, and compensation benefits, employee performance, awards, financial disclosure holdings, disciplinary actions, and retirement. This office, through automated systems such as SMART (Quick

Hire), the Federal Personnel and Payroll System (FPPS), Employee Express, and direct on-line access to personnel history files, brings human resources information and services directly to the manager, employee and applicant. To improve quality of life standards, the office offers seminars for employees on a variety of work/life issues.

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

- Targeted 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.
- Strategic Management of Human Capital -- Data collected from OSM's Succession Planning effort is used as the baseline for identifying skills and competencies for critical occupations. The Division of Human Resources has developed a written process for recruiting which involves the EEO office. Recruitment efforts are focused to address 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 allowances. In addition, OSM makes use of honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.
- Work Force Planning: OSM has a workforce planning document and is embarking on a workforce analysis to determine the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan and the product will clarify the requirements of our mission-specific program areas and our needs for their support through information technology and finance. The plan establishes milestones and objectives for a total review of OSM's human capital. The results of the plan will provide us with data necessary to evaluate where and what competencies are needed and the related costs of gaining these competencies to support mission accomplishment.
- Automated Personnel Records – OSM's digital Official Personnel Folder system is designed to eliminate paper documents. This is a secure, read only system that provides the capability to transmit records quickly by e-mail or facsimile to managers and employees. Other benefits include reduced storage, centralized operations, and competitive sourcing ability.
- Automated On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently.

- Automated Classification – OSM’s automated classification system provides managers with the ability to develop position description based on pre-determined core skills needed within the bureau/office.

c. Information Systems Management (ISM)

The Information Systems Management (ISM) activity, as a member of the OSM Information Technology Management Team (ITMT), provides agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems. In addition, ISM is responsible for the telecommunications infrastructure that interconnects all OSM offices and several State and Tribal offices via a high-speed, area network (OSMNET). ISM will continue customizing the OSMNET for more efficient performance, providing higher capacity connections in support of agency Information Systems, and in support of the increasing use of the Internet to accomplish OSM’s mission. In support of the Departmental information technology architecture, ISM will continue working with Regions in tying together the use of a Windows network environment and developing a seamless nationwide resource network.

ISM is also responsible for the administration of the agency’s Information Technology (IT) Security Plan. The security plan ensures the safety of OSM’s IT information and computer technology hardware and software resources. ISM monitors employee compliance with OSM’s information technology security training program. The annually mandated training program raises the level of IT security awareness among all OSM employees, and enhances OSM ability to monitor and verify compliance with the DOI IT Security Plan. ISM also manages 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 and strengthen incident handling responses. ISM will continue to work with the Department’s Office of the Chief Information Officer (OCIO) to ensure that OSM’s networks and systems are secure, and that the level of security meets with the approval of the litigants in the *Cobel v. Norton* case involving Individual Indian Trust data.

ISM will take the lead in coordinating and implementing OMB Circular A-130 certification of OSM’s wide area network and headquarters local network. A-130 certification is required of major and general support by FY2005 to continue to receive funding for these systems. A-130 certification involves a thorough review of security practices and planning, Life Cycle Management implementation and proper documentation of systems.

ISM is one of OSM’s representatives for the following management programs and initiatives: e-Government, Enterprise Architecture, and the Government Paperwork Elimination Act. ISM will continue to operate and maintain Intranet connectivity, develop IT strategic planning, implement IT policy, and coordinate compilation of the IT budget. ISM is redesigning the OSM Intranet to meet changing requirements, incorporate e-Government needs, and Section 508 accessibility.



*d. 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.

Accomplishments in this area include 12 years of unqualified audit opinions, the only bureau in DOI with a "green" score in the "Getting to the Green" scorecard by the Department, three years of clean opinions in internal controls and FFMIA compliance, and leading Departmental team in cost accounting. OSM has worked this past year to develop an automated operating budget module, which should reduce the time administrative field personnel spend preparing and monitoring operating budgets significantly. In addition to the e-budget initiative, OSM has moved the management information system to the web to allow for wider access and has automated several administrative reports and process in the financial reporting area which has allowed us time to work on the increasing workload required by departmental initiatives and cost accounting improvements. This activity also increased efficiency of financial processing by improving the travel and purchase card processes. This has resulted in payment of invoices the day following receipt. Vendors were paid on time 99.7 percent of the time during FY 2001. OSM also increased electronic transfer payments to 97.2 percent of all payments and 99.9 percent of the dollar amounts paid.

Implementation of the Department-wide financial system is scheduled to begin in FY 2004. OSM plans to migrate to the new system when it becomes available.

### 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.

<i>Line Items</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>Change</i>
Rent	5,151,000	5,757,000	606,000
Telecommunications	840,440	637,725	(202,715)
Postage	100,000	70,000	(30,000)
Gasoline/Alternative Fuel Vehicles	155,000	163,500	8,500
DOI Working Capital Fund	1,331,000	1,084,000	(247,000)
DOI Reimbursable Services	265,900	292,204	26,304
Unemployment Compensation	10,200	29,200	19,000
Worker's Compensation	333,750	288,750	(45,000)
Bureau-wide Printing	375,000	350,000	(25,000)
Aircraft Services	36,000	35,500	(500)
Service Contracts	378,000	711,121	333,121
GSA Work Authorizations	226,710	117,000	(109,710)
IT Security Enhancements	0	575,000	575,000
<i>Total</i>	<i>9,203,000</i>	<i>10,111,000</i>	<i>908,000</i>

## **FY 2002 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

**In 2002, the major accomplishments in the Executive Direction activity include:**

- **Competitive Sourcing** -- converted three positions in FY 2002, exceeding the 5% goal by one FTE. OSM has initiated a study of 25 FTE's comprising the IT function in Headquarters and the Division of Financial Management in Denver to determine if it will be feasible to convert them to contract.
- **Financial Management** -- OSM received its twelfth consecutive unqualified audit opinion on its FY 2002 financial statements.
- **Electronic Government** -- completed a pilot of pay.gov a node off the Treasury 'Simplified and Unified Tax and Wage Reporting' Quicksilver project in April 2002. 60% of coal companies now reporting coal tonnage electronically.
- OSM and the Internal Revenue service developed new steps to improve efficiency and reduce the burden of coal companies compliance with the reclamation fee and coal excise tax requirements.

## **FY 2003 PLANNED PROGRAM PERFORMANCE**

- **Financial Management** -- Finance center will provide quarterly financial statements beginning in January 2003.
- **Competitive Sourcing** -- continue study of 25 FTEs IT functions for conversion.
- **Budget/Performance** -- Prepare integrated budget and performance plan for FY 2004 based upon new Department Strategic Plan document.
- **Electronic Government** -- Pursue other opportunities to participate in Quicksilver projects, such as, building a node off of the Small Business Administration's 'Business Compliance One Stop' (i.e. permit.gov) and Health and Human Services E-grants.
- **Human Resources** -- Complete implementation of the new DOI SES Performance Management System in the bureau.

## JUSTIFICATION OF 2004 PROGRAM CHANGES

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Executive Direction and Administration	FY 2004 Budget Request	Program Changes (+/-)
\$(000)	20,446	+507
FTE	104	0

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Information Technology Security (+\$575,000) – Information Technology is a major priority for the Department of the Interior. A certification and assessment program is a critical investment to create and maintain a secure environment for systems and data and is required by the Computer Security Act of 1987, the Clinger-Cohen Act, and other legislative and administrative mandates.

The FY 2004 budget includes \$13 million overall, of which \$575,000 is requested by OSM for the first of a multi-year program to test, assess, and remediate systems to reach a goal for certification and accreditation of all high risk systems by December 2005. A more detailed justification for this increase is included in the Working Capital section of the Departmental Management budget.

Information Technology Savings (-\$68,000) – The Department is undertaking significant information technology reforms to improve the management of information technology investments, to improve the security of systems and information, and to realize short and long-term efficiencies and savings. The Department is taking a corporate approach that will include consolidated purchases of hardware and software, consolidation of support functions, including helpdesks and email support, and web services, and coordination of training.

In addition to Department-wide efforts, OSM will explore further savings in information technology by fully participating in Departmental enterprising and capital planning projects, delaying system enhancements, consolidating bureau level services (i.e., servers and helpdesk), accelerating the acquisition of the MS Enterprise Licensing Agreement, and reviewing life cycle replacements. In addition, potential savings may result from competitive sourcing studies.

## **FY 2004 EXECUTIVE DIRECTION PERFORMANCE**

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.

## FINANCIAL MANAGEMENT

		2002 Actual	2003 Estimated	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2004 Request	Change from 2003 (+/-)
Regulation & Technology	\$\$\$	477	485	9	-3	491	6
	FTE	4	4	0	0	4	0
Abandoned Mine Land	\$\$\$	6,070	6,179	116	-35	6,260	81
	FTE	58	58	0	0	58	0
TOTAL	\$\$\$	6,547	6,664	125	-38	6,751	87
	FTE	62	62	0	0	62	0

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 administration of State regulatory programs that protect people and the environment from adverse affects associated with current mining and ensures 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*
  - *Regulatory and Policy*
  - *Development on Fee compliance 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.

## **FY 2004 PERFORMANCE GOALS AND MEASURES**

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 compliance rate for operators reporting coal tonnage.

**Table 1: Strategic Goals and Measures**

<b>OSM Mission Goal Areas:</b>			
<p><b>Environmental Restoration</b>                      To provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining                      &amp;  <b>Environmental Protection</b>                      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</p>			
<b>DOI Goal</b>	<b>DOI Outcome Measure</b>	<b>OSM Goal</b>	<b>OSM Measures</b>
<b>Resource Use –</b> Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value -Energy	1. Ensure X% of sites free from off-site impacts.  2. Number of acres where reclamation goals are achieved as evidenced by release from phase III performance bonds.	Produce financial statements free of material weaknesses regarding fee compliance, revenue, and grants financial services.	Unqualified Financial statement opinion from the Inspector General.
<b>Resource Protection –</b> Improve Health of Watersheds, Landscapes and Marine Resources that are DOI Managed or Influenced in a Manner Consistent with Obligations Regarding the Allocation and Use of Water	1. Number of land acres for which degradation from past mining has been reclaimed  2. Number of stream-miles and number of acres of impounded water for which degradation from past surface coal mining has been reclaimed	Maintain a 99% fee collection and compliance rate.	Percent of fees due that are collected.
			Percent of fee reports filed on time.
			Percent of permits filed electronically.

**Data Verification and Validation for Measure:** OSM has various internal controls and system capabilities to assure accurate and timely reporting of data related to program performance. Additionally, the financial data and measures for this business line are subject to audit annually by the Department of the Interior’s Office of the Inspector General.

**Actions Required to Achieve Annual Goals:** OSM will use technology to increase compliance and improve processing of collections. This includes using the Internet to ease the coal companies’ reporting burden to 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 2004 OSM will continue to pursue opportunities to participate in e-government projects, such as, building node off the Small Business Administration’s ‘Business Compliance One Stop’ and Health and Human Services E-grants in support of the Administration’s e-government initiative.



In accordance with guidelines established by the Chief Financial Officer's Council, OSM is converting to a new grant disbursement system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer service. OSM has over 174 grants and cooperative agreements with the States and Tribes, accounting for over \$259 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.

In FY 2004, the President's Budget requests \$6.2 million for the Fee Compliance Program activity; \$0.4 million for the Revenue Management program activity; and \$0.2 million for the Grants Financial Management program activity to meet the annual goals discussed above.

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

**Table 2 – Justification of Program and Performance  
Financial Management  
Summary Increases/Decreases for FY 2004  
(Dollars in Thousands)**

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/ Dec
		2002 Actual	2003 Estimated	2004 Request	2002 Actual	2003 Estimate	2004 Request	2002 Actual	2003 Estimate	2004 Request	
Fee Compliance	\$\$\$	0	0	0	5,988	6,095	6,175	5,988	6,095	6,175	80
	FTE	0	0	0	57	57	57	57	57	57	0
Revenue Management	\$\$\$	388	394	399	0	0	0	388	394	399	5
	FTE	3	3	3	0	0	0	3	3	3	0
Grants Financial Management	\$\$\$	89	91	92	82	84	85	171	175	177	2
	FTE	1	1	1	1	1	1	2	2	2	0
TOTAL	\$\$\$	477	485	491	6,070	6,179	6,260	6,547	6,664	6,751	87
	FTE	4	4	4	58	58	58	62	62	62	0

## ONGOING PROGRAM

### 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 Restoration mission 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 2002, the program achieved a 99.9 percent collection rate resulting in \$287 million in total collections. The program achieved a 94.2 percent compliance rate for operators filing their tonnage reports on time. After working closely with the industry, 99.9 percent of the required reports were filed. OSM's goal is to increase the initial on-time reporting level to reduce the follow-up effort that is currently required. In terms of efficiency, the total direct program cost was less than two percent of the amount collected.

Since the inception of the AML Fund through FY 2002, OSM has collected \$5.8 billion. The Abandoned Mine Land Reclamation Act of 1990 required OSM to invest the unappropriated balance of the Fund in U.S. Treasury issued public debt securities after October 1, 1991. This has generated interest of over \$711 million through November 30, 2002, of which \$630 million has been transferred to the United Mine Workers Combined Benefit Fund, as required by law. Table 18 details the actual and projected annual collections and earnings of the AML Fund.

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 continue in FY 2004 include:

- Developing a consolidated coal data reporting system. This project is being coordinated with other Federal and state agencies that collect information from the coal industry. It is intended to allow companies to electronically report information one time for multiple government uses.
- Expanding coal companies' use of electronic tonnage reporting and fee payment systems. These mechanisms offer efficiencies for both the industry and government.

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 2002, OSM collected 99.9 percent of the AML Fees due during the year. Total AML Fee collections were \$287 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 3,000 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 and the system was cited as an outstanding process improvement by the Denver Federal Executive Board and was given their 2001 Excellence in Government Award. Currently, companies use the system to report on over 900 permits. 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. During FY 2002, the system was enhanced to allow 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. During FY 2003 and 2004, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM will also continue working on a consolidated single reporting form for coal companies to use to report to multiple Federal and State agencies. OSM is participating in a pilot test of this concept with the Internal Revenue Service, the Mine Safety and Health Administration, the Small Business Administration, the State of Pennsylvania, the Interstate Mining Compact Commission and a volunteer group of coal companies. The results of this test will help the participants assess the benefits and feasibility of this concept.

*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 audits, this includes providing the information and assistance operators need to comply, and taking enforcement action when non-compliance occurs.

The audit staff is strategically located in field offices in most of the coal-producing areas, which is instrumental in providing direct service to coal operators. To ensure quality, all work is

carried out 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 200 audits and compliance checks in FY 2004. 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 2004.

- *Examining all permit transactions recorded by regulatory authorities:* The audit staff will need to review more than 1,000 newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees. Nearly 1,200 were handled in FY 2002. By continuing these efforts, the program has 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:* The primary focus will be on determining whether the rules for taking excess moisture deductions in calculating fees can be simplified. 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:* The first aspect will cover promoting electronic tonnage reporting and fee payment by demonstrating the systems for companies during audits. The second will entail outreach sessions with industry for input on the consolidated coal data reporting project.
- *Coordinating work with the Internal Revenue Service:* OSM initiated discussions with the IRS on how the fee compliance and coal excise tax compliance programs could be more efficient. OSM audit results have always been sent to the IRS, but the OSM assistance will be expanded to better support the excise tax program, and reduce the overall audit burden on industry.
- *Working with States and Tribes:* Discussions have intensified on how OSM can share information and take other steps with the States and Tribes to make more efficient use of our resources. As with the IRS work, this initiative also carries the potential of reducing the industry's regulatory burden. The focus in FY 2004 will be on eliminating redundant data gathering and coordinating coal company audits.

Overall, there also will be a continued emphasis on customer service. Industry feedback on the FY 2002 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

**Table 3-Actual and Estimated Deposits to the AML fund**  
**AML Production Fees, Investment Earnings, and Associated Fees**  
*(Production in millions of tons)*  
*(Dollars in Millions)*

	2002“Actuals”	2002 Projections <i>(as submitted in FY 2001)</i>		2003 Projections		2004 Projections		2005 Projections	
		<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>
Production *									
Underground	361	386	403	393	410	400	417	412	415
Surface	659	655	636	673	654	687	668	699	671
Lignite	80	100	88	96	84	97	84	99	87
AML Fees **	\$287.0	\$285.2		\$292.2		\$301.6		\$305.9	
Investment	\$43.3	\$47.6		\$60.7		\$78.0		\$80.5	
Total	\$330.3	\$332.8		\$352.9		\$379.6		\$386.4	

*\*DOE Production is based on the Department of Energy (DOE) “Annual Energy Outlook 2001, OSM Case”. OSM tonnage uses the last reported production (Fiscal Year 2002) 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: \$.15, \$.35, and \$.10 for underground, surface, and lignite, respectively. This calculation is then adjusted for moisture content, reduced coal prices and fees, administrative fees and uncollectible fee estimates. Current Authority to collect AML fees ends in 2004. The Administration will seek authorization to extend the fund.*

**Table 4 – Summary Status of Abandoned Mine Reclamation Fund**  
(Dollars in Thousands)

Fiscal Year	Receipts & Interest Income			Appropriations			Unappropriated AML Fund Balance
	Amount	Interest Earned	Cumulative	Amount	Transfer To UMWA	Cumulative	
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 <sup>11</sup>		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 <sup>2</sup>		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 <sup>3</sup>	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	108,959 <sup>4</sup>	4,317,203	1,507,745
2001	284,044	103,496	6,212,488	215,038	182,018 <sup>5</sup>	4,714,259	1,498,229
2002	287,066	43,278	6,542,832	203,455	90,179 <sup>6</sup>	5,007,893	1,534,939
2003	292,196	33,758	6,868,786	174,300	56,079	5,238,272	1,630,514
2004	301,590	41,774	7,212,150	185,300	41,774	5,465,346	1,746,804

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

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

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

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

<sup>5</sup> Total includes annual amount of \$102.9M, as well as \$78.M of the one-time \$967M mandated under PL 106-291.

<sup>6</sup> Total includes annual amount of \$113.6M, less \$23.3M returned by UMWACBF as mandated under PL 106-291.



The FY 2003-2004 receipt figures and interest earnings are projections. Beginning in FY 1992, SMCRA was amended to allow the AML Fund to be invested. The Energy Policy Act of 1992 provided that funds from the interest earned could be transferred to the United Mine Workers of America Combined Benefit Fund.

## **2. Grants 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. Grants represent the majority of OSM's budget and fund the protection and restoration of land, water, and structures adversely affected by mining operations (past and present). 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. Approximately half of the funding request (\$0.92 million) supports DOI's Resource Use goal and (\$0.85 million) supports DOI's Resource Protection goal area.

After grants are issued, the grant disbursement system allows States and Tribes to request funds and receive payment within one day. The grants tracking system allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the Grants Information Financial Tracking System (GIFTS) to establish a grant account balance. As States and tribes need funds, they submit a drawdown request for funds through OSM's on-line Draw-Down Express System. The Draw-Down Express System automatically checks GIFTS to assure that funds are available. If funds are available, the system approves the disbursement and a payment is issued. GIFTS 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. GIFTS gives OSM grant specialists and States and tribes on-line reports, which show the status of grant funds.

During FY 2003, OSM will complete the migration of its payment processes to a Government Grant Payment System replacing the present Draw-Down Express System. This is required of all government agencies that made grant payments. OSM will continue to work with the States and tribe to make sure that their grants management needs are met. During FY 2004, OSM plans to meet or exceed the following measures:

- 99 percent of grant payment requests will be processed within one day; and
- 95 percent of States and tribes will rate our services as satisfactory or better.

The Table on the following page details the AML Unappropriated Balance as of September 30, 2002, by a description of its allocation.

**Office Of Surface Mining  
 AML Unappropriated Balance  
 September 30, 2002  
 Prepared by the Division of Financial Management**

**Total Funds to be Allocated: \$1,534,938,776.53**

Description of Allocation	Balance as of 10/02/01 1/	LESS: 2002 Appropriation	LESS: 2002 5/ UMWBF Transfer	Post Appr. & Trans. Balance	Investment Int. 10/02/01 -09/30/2002	Collections for 10/02/01 -09/30/2002	Balance As Of 09/30/2002
RAMP Allocation	\$244,744,024.26	\$0.00	\$0.00	\$244,744,024.26	\$0.00	\$28,998,509.17	\$273,742,533.43
Federal Expense 2/	\$66,311,248.89	(\$67,572,718.00)	\$0.00	(\$1,261,469.11)	\$0.00	\$57,997,018.32	\$56,735,549.21
Historical Coal 3/	\$126,527,777.39	(\$56,965,532.00)	\$0.00	\$69,562,245.39	\$0.00	\$57,997,018.32	\$127,559,263.71
UMWA	\$179,033,866.22	\$0.00	(\$90,178,804.24)	\$88,855,061.98	\$43,277,875.33	\$0.00	\$132,132,937.31
<b>Total Fed Share 1/ and 4/</b>	<b>\$616,616,916.76</b>	<b>(\$124,538,250.00)</b>	<b>(\$90,178,804.24)</b>	<b>\$401,899,862.52</b>	<b>\$43,277,875.33</b>	<b>\$144,992,545.81</b>	<b>\$590,170,283.66</b>
<b>Total State Share</b>	<b>\$881,611,442.95</b>	<b>(\$78,916,750.00)</b>	<b>\$0.00</b>	<b>\$802,694,692.95</b>	<b>\$0.00</b>	<b>\$142,073,799.92</b>	<b>\$944,768,492.87</b>
<b>Total</b>	<b>\$1,498,228,359.71</b>	<b>(\$203,455,000.00)</b>	<b>(\$90,178,804.24)</b>	<b>\$1,204,594,555.47</b>	<b>\$43,277,875.33</b>	<b>\$287,066,345.73</b>	<b>\$1,534,938,776.53</b>

- 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 \$41,307,751.81.
- 2/ The Federal Expense Distribution was calculated using 2002 distribution levels
- 3/ The Historical Coal Distribution was calculated using 2002 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. The remaining balance of investment earnings in all years after all transfers is \$113,125,427.37
- 5/ \$113,606,256.60 is the amount transferred at the beginning of FY 2002 to the United Mine Workers Benefit Fund for estimated expenses in FY 2002 and for adjustments to actual expenditures in FY 1996, FY 1997, FY 1998, FY 1999, FY 2000 and FY 2001. \$74,941.22 was transferred to the Combined Benefit Fund in FY 2002 pursuant to Public Law 106-291. The Combined Benefit fund returned \$23,328,397.41 to OSM, but remains in an appropriated fund and is restricted through the end of FY 2002.

### **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 \$161,709 at the end of FY 2002, including interest and late charges. New civil penalties recorded in FY 2002 totaled \$186,801.
- 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 or the 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 2003-2004 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 2002, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

Bond forfeitures on federally permitted lands are used to reclaim mine sites when a company fails to perform reclamation. It is a positive indicator that bond forfeitures have declined over the past three years.

## FY 2002 PROGRAM PERFORMANCE ACCOMPLISHMENTS

**In 2002, the major accomplishments in the Financial Management program activity include:**

- OSM received its twelfth consecutive unqualified audit opinion on our FY 2002 financial statements. No material weaknesses identified.
- OSM Completed pilot of pay.gov a node off the Treasury ‘Simplified and Unified Tax and Wage Reporting’ e-government project in April 2002.
- OSM Collected \$287,066,346 in fees from active coal mine operators that will be used to reclaim lands abandoned prior to passage of the Surface Mining Law in 1977.
- OSM worked with four western state audit organizations and identified means of increasing efficiency and reducing the compliance burden of coal company audits.
- OSM and the Internal Revenue Service developed new steps to improve efficiency and reduce the burden of coal companies’ compliance with the reclamation fee and coal excise tax requirements.
- OSM Distributed \$191,501,525 to state abandoned mine programs to reclaim abandoned mine land health and safety hazards and \$56,575,000 to state coal

	<b>2002 Planned</b>	<b>2002 Actual</b>	<b>Change</b>	<b>Reason for Change</b>
<b>No material weaknesses on financial statements</b>	100%	100%	0	No change.
<b>Fee collection rate</b>	99%	99.9%	+0.9%	Exceeded planned performance
<b>Initial compliance rate</b>	93%	94.2%	+1.8%	Exceeded planned performance
<b>Increase the number of permits reporting by e-filing</b>	0	28%	n/a	New performance statistic.
<b>Process requests for grant payments within one day</b>	99%	99%	0%	No change.
<b>Customer satisfaction</b>	95%	90%	-5%	Planned performance not achieved.

mine regulatory programs.

## FY 2003 PLANNED PROGRAM PERFORMANCE

- OSM will continue to promote E-filing of OSM-1, coal production reports, and online payments by companies.

	<b>2002 Actual</b>	<b>2003 Plan</b>	<b>2004 Plan</b>	<b>Change</b>	<b>Comment/ Explanation of 2004</b>
<b>No material weaknesses on financial statements</b>	100%	100%	100%	0	No change.
<b>Fee collection rate</b>	99%	99%	99%	0	Ensure continued high compliance with fee requirements on coal production.
<b>Initial compliance rate</b>	94.2%	93%	94%	+1%	Ensure continued high compliance with fee requirements on coal production.
<b>Increase the number of permits reporting by e-filing</b>	28%	35%	40%	+5%	Will continue to promote use of new online filing of OSM-1 in 2004.
<b>Process requests for grant payments within one day</b>	99%	99%	99%	0	No change.
<b>Customer satisfaction</b>	90%	95%	95%	0	OSM continues to strive for the highest possible customer satisfaction of grant management services.

## JUSTIFICATION OF 2004 PROGRAM CHANGES

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Financial Management	FY 2004 Budget Request	Program Changes (+/-)
\$(000)	6,751	-38
FTE	62	0

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Information Technology (-\$38,000) -The Department is undertaking significant information technology reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short and long term efficiencies and savings. The Department is taking a corporate approach that will include consolidated purchases of hardware and software, consolidation of support functions including helpdesks and email support, and web services, and coordination of training.

In addition to Department-wide efforts, the Bureau will explore further savings in information technology by fully participating in Departmental enterprising and capital planning projects, delaying system enhancements, consolidating bureau level services (i.e., servers and helpdesk), accelerating the acquisition of the MS Enterprise Licensing agreement, and reviewing life cycle replacements. In addition, potential savings may result from competitive sourcing studies.

**FY 2004 FINANCIAL MANAGEMENT PERFORMANCE**

<b>DOI Strategic Goal: Resource Protection – Improve Health of Watersheds and Landscapes</b>						
<b>End Outcome Goal 4.1: Improve Health of Watersheds and Landscapes</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of equivalent land acres for which degradation from past mining has been reclaimed.	13,808 <sup>1</sup>	8,200	8,019 <sup>2</sup>	6,900	6,900	0
Number of stream-miles and number of acres of impounded water for which degradation from past surface coal mining has been reclaimed. <sup>3</sup>	N/A	N/A	N/A	N/A	150	0
<b>Intermediate Outcome: Restore and maintain proper function to watersheds and landscapes</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of mine-scarred land acres improved for beneficial uses. <sup>3</sup>	N/A	N/A	N/A	N/A	6,900	
Number of miles of streams improved. <sup>3</sup>	N/A	N/A	N/A	N/A	150	
Number of acres of non-stream (impounded) surface water improved. <sup>3</sup>	N/A	N/A	N/A	N/A	150	0

<b>DOI Strategic Goal: Resource Use – Provide Access for Responsible Use and Optimal Value.</b>						
<b>End Outcome Goal 2.1: Manage Resources to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value - Energy</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Ensure 94% of active sites free of off-site impacts.	93.9%	94%	92.8%	94%	94%	0
Number of acres where reclamation goals are achieved as evidenced by release from phase III performance bonds	81,853	75,000	73,407	70,000	70,000	0
<b>Intermediate Outcome: Enhance Responsible Use Management Practices.</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Restore and mitigate damage:						
Number of acres reclaimed in phase I and II	180,503	112,000	106,136	100,000	100,000	0

1\ FY2001 accomplishments reported by the States and Tribes included more than one fiscal year. OSM's calculated estimate for 2001 was 8,600. 8,600 was the baseline for the number of acres for which reclamation was initiated.

2\ This is below the 2002 target goal; however, there is a delay in reporting projects completed by the states and it is anticipated that the goal will be attained when all on-the-ground reclamation is reported.

3\ New performance measure for 2004. No existing baseline.



## TECHNOLOGY DEVELOPMENT AND TRANSFER

		2002 Actual	2003 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2004 Budget Request	Change from 2003 (+/-)
Regulation & Technology	\$\$\$	12,151	12,593	232	-76	12,749	156
	FTE	117	116	0	0	0	0
Abandoned Mine Land	\$\$\$	4,118	4,164	31	-11	4,184	20
	FTE	16	16	0	0	0	0
TOTAL	\$\$\$	16,269	16,757	263	-87	16,933	176
	FTE	133	132	0	0	132	0

The Technology Development and Transfer 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 new Strategic plan mission quadrants and implements the Secretary's 4C's - Communication, Consultation, and Cooperation, all in the service of Conservation. 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. Through accomplishment of program activities land and water degraded by past mining is improved supporting the Department's Resource Protection mission goal and use of responsible mineral extraction technologies under the Resource Use mission goal.

In 2004, OSM will continue to expand 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 focus on implementation of the final "Ownership and Control" rule; 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 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 multi-disciplinary technical assistance and works with industry, States, Tribes and the public on technical issues arising from new regulations. Other technical assistance efforts include the Technical Innovation and Professional Services (TIPS – Note that this is a name change that occurred in 2002. Formerly the Technical Information Processing System, the acronym remains the same), the Applicant Violator System (AVS), Electronic Permitting (EP), and the Small Operator Assistance Program (SOAP). Technology transfer is a major part of OSM’s cooperative effort with States and Tribes.

<p style="text-align: center;"><b><i>TECHNOLOGY DEVELOPMENT &amp; TRANSFER</i></b></p> <p style="text-align: center;"><b><i>ENCOMPASSES:</i></b></p> <p style="text-align: center;"><i>Technology Development</i></p> <p style="text-align: center;"><i>Technology Transfer</i></p> <p style="text-align: center;"><i>Technical Training</i></p> <p style="text-align: center;"><i>Electronic Permitting (EP)</i></p> <p style="text-align: center;"><i>Technical Innovation and Professional Services</i></p> <p style="text-align: center;"><i>(TIPS)</i></p> <p style="text-align: center;"><i>Applicant Violator System (AVS)</i></p> <p style="text-align: center;"><i>Small Operator Assistance Program Grants (SOAP)</i></p>
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**FY 2004 PERFORMANCE GOALS AND MEASURES**

The Technology Development and Transfer (TDT) business line supports accomplishment of OSM’s Environmental Restoration and Protection mission goals. TDT program activities ensure that there will be knowledgeable Federal, State, and Tribal regulatory and reclamation staff to effectively implement SMCRA, supported by the technical training and assistance provided by OSM specialists. Through accomplishment of OSM’s two mission goals the business line supports the Department’s Resource Protection and Use goals.

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.

**Table 1 - Strategic Goals and Measures**

<b>OSM Goal Areas:</b>			
<b>Environmental Restoration</b>			
To provide a clean and safe environment by reclaiming and restoring land and water degraded by past mining			
<b>Environmental Protection</b>			
To protect people and the environment to ensure that the land is suitable for official use after mining has ceased.			
<b>DOI Goal</b>	<b>DOI Outcome</b>	<b>OSM Goal</b>	<b>OSM Measures</b>
<b>Resource Protection</b> — Improve Health of Watersheds, Landscapes and Marine Resources that are DOI Managed or Influenced in a Manner Consistent with Obligations Regarding the Allocation and Use of Water.	1. Number of equivalent land acres for which degradation from past mining has been reclaimed  2. Number of stream miles/ acres for which degradation from past surface coal mining has been reclaimed	Maintain a high customer satisfaction rate for scientific and technical products and assistance	Percent satisfaction with scientific and technical products and assistance.
<b>Resource Use</b> – Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value – Energy	1. Ensure X% of active sites are free of off-site impacts.  2. Number of acres where reclamation goals are achieved as evidenced by release from phase III performance bonds.	Maintain a high customer satisfaction rate for technology development and transfer, technical assistance and training program	Percent satisfaction with technical assistance and training program.

**Data Verification and Validation for Measures:** Technical training measures are based on customer surveys already in place and readily available course attendance records. Measures of general technical assistance, technology transfer, and AVS success will be based on customer surveys approved by OMB.

The measures of this business line are varied, based on the diversity of activities involved in achieving this goal. The satisfaction of those customers with the quality and relevance of the technical assistance provided will be indicated by customer surveys and questionnaires. Other measures will include the number of times TIPS is used and number of students trained.

**Actions Required to Achieve Annual Goals:** In FY 2004, OSM plans to continue its efforts in this business line. For example, 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, TIPS, NTTP, the Mine Map Repository, and AVS will increase access to users

by continuing to provide material on the Internet and supporting the administration's e-government initiative.

**Resources, Skills, and Technology Needed:** A goal for FY 2004 is to continue ensuring that 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 \$16.9 million. The FY 2004 President's Budget requests \$11.4 million for Technical Assistance (including the Applicant Violator System), of which \$1.5 million for the Small Operators Assistance Program; \$2.3 million for Technical Training; and \$3.2 million for Technology Transfer efforts are allocated to meet the annual goals set forth above.

Included in the FY 2004 President's budget request for Technology Transfer program activity is \$200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academic, and industry as part of the Clean Streams Program. The objectives of the ADTI are to compile, assess, and documents 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.

**Table 2 – Justification of Program and Performance  
Technology Development and Transfer  
Summary Increases/Decreases for FY 2004  
(Dollars in Thousands)**

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
		2002 Act.	2003 Est.	2004 Req.	2002 Act.	2003 Est.	2004 Req.	2002 Act.	2003 Est.	2004 Req.	
Technical Assistance	\$\$\$	8,611	8,983	9,090	2,335	2,352	2,357	10,946	11,335	11,447	112
	FTE	80	79	79	4	4	4	84	83	83	0
Training	\$\$\$	1,951	1,985	2,008	233	241	246	2,184	2,226	2,254	28
	FTE	18	18	18	4	4	4	22	22	22	0
Technology Transfer	\$\$\$	1,589	1,625	1,651	1,550	1,571	1,581	3,139	3,196	3,232	36
	FTE	19	19	19	8	8	8	27	27	27	0
TOTAL	\$\$\$	12,151	12,593	12,749	4,118	4,164	4,184	16,269	16,757	16,933	176
	FTE	117	116	116	16	16	16	133	132	132	0

## ONGOING PROGRAM

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 Use mission goals.

OSM's stakeholders (States, Tribes, and industry) continue to express support for Technology Development and Transfer (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 the OSM staff that review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure like 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. Of the \$11.4 million requested, \$0.7 million support OSM's Environmental Restoration and \$10.7 million supports OSM's Environmental Protection mission goals.

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

OSM intends to attain a 92 percent customer service rate for its technical assistance efforts in FY 2004. 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; coal combustion by-product placement; reclamation bonding; threatened and endangered species; land unsuitability determinations; participation as technical experts on interagency committees; acid mine drainage (AMD) prevention and remediation; stream and underground mine flooding; bond release and sufficiency; mountaintop mining and valley fills; permit findings; remining; impoundment stability; subsidence caused by underground mining; and assistance in fostering tribal primacy by helping tribes develop technical capabilities.

Projected activities for FY 2004 include:

- Mountaintop mining and valley fills: (MTM/VF) In late 1998, settlement of the Clean Water Act (CWA) litigation counts (the *Bragg v. Robertson* case in federal district court in southern West Virginia) obligated OSM, the Fish and Wildlife Service (FWS), Environmental Protection Agency (EPA), Corps of Engineers (COE), and West Virginia Department of Environmental Protection (WVDEP) to prepare an EIS by the end of 2000. The lack of comprehensive data on the impacts of MTM/VF warranted undertaking studies spanning several years, delaying completion. The Bragg settlement agreement also established a coordinated process for obtaining authorization for surface coal mining operations placing fill in waters of the United States, under section 404 of the (CWA).

OSM has committed 52 person years to both the EIS and the authorization process, including technical studies assessing future mining potential; evaluating the impact of mining restrictions on coal recoverability, economics, and environmental impacts; analyzing offsite impacts of mine dust and blasting fumes; blasting citizen complaints; valley fill hydrology and stability; cumulative stream and deforestation impacts; and documenting stream conditions downstream from mountaintop mining. In the Spring of 2003, the draft EIS will be released for public comment. We anticipate the EIS will be finalized in FY 2004.

- Impoundment Leaks into Underground Mine Workings: During the coal preparation process waste rock is separated from the coal. The larger, coarse fragments of coal waste (typically shale) are used to construct an embankment or dam, which impounds the fine coal waste fraction in slurry (i.e., mixed with water). In heavily mined areas, many of these impoundments must be constructed over active or abandoned underground coal mine workings.

Since 1994, there have been six reported unplanned discharges into underground mine workings from overlying impoundments. Four of these breakthroughs had discharges to the surface. The latest breakthrough occurred in early FY 2001 (October 2000), in Martin County, Kentucky when more than 250 million gallons of coal waste slurry and black water entered underground mines through subsidence cracks, exiting two mine portals in two different watersheds. The slurry moved downstream until the tributaries joined, entering the Tug Fork

River, and continued flowing through the Big Sandy River until assimilated by the Ohio River. Water users all along the path of the slurry were forced into alternative sources. A monumental environmental cleanup effort was required.

During FY 2002, OSM, Appalachian States, and MSHA completed their investigation of the impoundment leak into the underground mine. The National Academy of Sciences (NAS) also completed its study addressing technical issues related to impoundments above underground mines. In addition, OSM, in coordination with Appalachian States initiated evaluation of other high-risk mining-related impoundments over underground mines to ensure against future incidences. OSM also evaluated and began implementation of appropriate recommendations from the study conducted by NAS.

In FY 2003, OSM, in coordination with the States and MSHA, will determine whether revision to the existing regulations and engineering practices are necessary as a result of investigations and NAS study. OSM and MSHA have formed a joint technical committee and several ad hoc work groups to review technical issues related to underground mining and surface facilities. This study will continue into 2004. OSM will sponsor an interactive forum on the use of geophysical methods for locating underground mine workings, which will be held in Lexington, Kentucky in July of 2003.

- Blasting: The use of explosives is an integral part of most surface coal mining. Overburden must be broken, often through the use of explosives, before it can be removed to expose the coal for mining. Citizens living near a mine sometimes-express concern about the vibrations, noise, and flyrock resulting from blasting. SMCRA and OSM's regulations contain requirements limiting the energy of blasts to protect the public and property from damage caused by blasting.

Many States, including Pennsylvania, Ohio, Alabama, Missouri, Oklahoma, and Kentucky frequently ask for OSM help in evaluating damage complaints, reviewing blasting plans, or setting vibration limits to ensure the prevention of damage to property. OSM helps the States measure damage potential through field's studies and set protective limits on unique structures such as historic buildings, mobile homes, hospitals, water towers, and log homes. OSM is also providing specialized training for West Virginia in the use of a computerized blasting evaluation program developed by OSM staff. The program is called the "Blast Log Evaluation Program". This program has been made available for free download from the TIPS website.

During 2003 and 2004, OSM will continue to evaluate data specific to unique structures (e.g. Navajo hogans) to determine amplification factors and damage potential from ground vibration and air blast. This information also will generate data that will be used to evaluate the effect of ground vibrations from large cast blasting operations on water wells less than 100 feet deep.



Beginning in FY 2003, OSM will be assisting five to six Eastern states in the development of a consistent training and examination program for blasting personnel to facilitate a reciprocity agreement between these states. The project will extend into 2004. The function of OSM will be to advise the states on program requirements and technical issues.

- Designating Areas Unsuitable for Surface Coal Mining: Section 522 of SMCRA (Designating Areas Unsuitable for Surface Coal Mining) 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 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.

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

- EPA Rulemaking on Coal Combustion By-Products (CCBs): OSM continues to work with EPA on reviewing and analyzing information related to EPA's intended drafting of a proposed rule in FY 2003 concerning the placement of CCBs at mine sites. This work will continue into 2004. During FY 2001 and 2002, EPA and OSM visited sites in several states to evaluate current practices and regulatory programs. OSM continued to assist EPA in its data collection, review, and analysis through its participation in meetings, monitoring implementation of EPA's risk analysis model, participation in site visits, and review of future proposed rules. OSM and the states provided EPA with significant information on how the existing SMCRA and solid waste regulatory programs operated by the states achieve adequate protection for the environment and the public at sites involving placement of CCBs at mine sites.
- Acid Mine Drainage (AMD): 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 acid mine drainage, 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 2003 and 2004, OSM will continue to participate in the Acid Drainage Technology Initiative (ADTI). ADTI is a collaborative effort among federal agencies, industry, the states, academia, and the National Mine Land Reclamation Center (NMLRC) to promote communication and technology enhancement in the field of acid mine drainage. The main goals of ADTI are to identify, evaluate and develop “best science” practices to prevent acid mine drainage and to describe, for existing sources of acid mine drainage, the best technology for avoidance/remediation practices.

OSM staff contributed significantly to an ADTI publication addressing avoidance/remediation of existing sources of acid mine drainage for Eastern coal mining and a comprehensive manual on acid mine drainage prediction focusing on Eastern coal mining. Both volumes were very positively received by the mining community. Ongoing projects that OSM is sponsoring in FY 2003 include:

- Field verification of the widely-used Acid Base Accounting method for predicting acid mine drainage production by comparing the quality of water at mines terminated from SMCRA jurisdiction;
- Continued development of two standardized kinetic test procedures for evaluating coal-mine related acid mine drainage potential by more realistically simulating the chemical conditions under which acid mine drainage forms; and

During FY 2003, OSM will work with other ADTI partners in its plans to develop a five-year roadmap for future activities, with actions to implement and refine these activities ongoing during FY 2004.

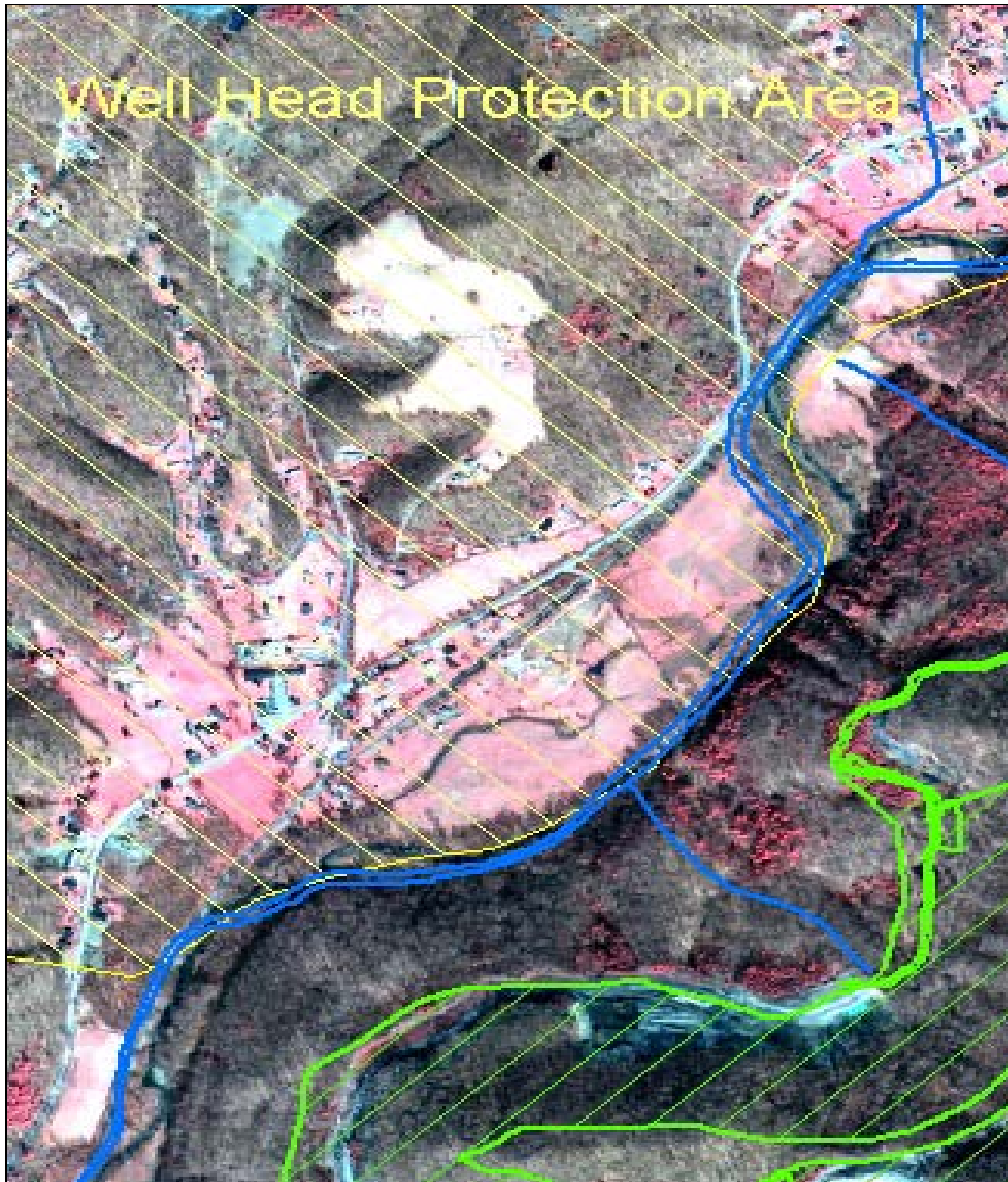
- Invasive Species: Executive Order 13112 of February 3, 1999, Invasive Species, directs Federal agencies whose actions may affect the status of invasive species to identify those actions and to the extent practicable and permitted by law, take actions to address the problem (consistent with their authorities and budgetary resources); and not authorize, fund or carry out actions that the agency believes are likely to cause or promote the introduction or spread of invasive species.

Educational materials have been placed on OSM’s Internet home page, and information on invasive species issues is under development for inclusion in the *Soils and Revegetation* training course which is taught as part of OSM’s Technical Training Program. States were surveyed to determine their efforts to address the threats from noxious weeds and invasive species, and programs were found to vary widely. OSM will assess and develop any Federal guidance necessary in this area into FY 2004.

*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. Site-specific technical assistance varies from year to year and we cannot predict what specific types of assistance will be needed in FY 2004. Below are examples of the types of assistance provided to States and Tribes.

- Claiborne County, Tennessee: Having begun in 2003 and continuing into 2004, Knoxville Field Office personnel is supporting the analysis of extensive plans for surface coal mining operations in Claiborne County, Tennessee by technical reviewers using remote sensing technology and GIS. Satellite imagery of the mining area has been acquired under the TIPS Remote Sensing Initiative and is being analyzed. This imagery will be used to determine land use classification, build highly accurate elevation models to conduct flooding analysis, and investigate potential hydrologic impacts. Current mining operations exist within 1,000 feet of the wellhead protection area for a local community water supply system.



- Current and proposed surface mining in relation to municipal water supply in Claiborne County, Tennessee on March 5, 2002.

Proposed mining operations, which are projected to continue for the next 20 years, are located less than 500 feet upstream of the wellhead protection area as

shown above. This municipal water supply system was developed in the early 1980's through a multi-agency cooperative effort costing millions of dollars. An earlier study concluded that the receiving stream could not be restored to its original hydrologic condition because of the impacts of previous coal mining operations. OSM contributed approximately \$670,000 through the Abandoned Mine Land program to the effort as a Priority 1 project.

- Aerial Photography: At the request of the Pennsylvania Department of Environmental Protection, 100,000 acres of the southern Anthracite field was mapped using color aerial photography in support of the full-cost bonding program. One-foot pixel orthoimagery and 5-foot contours were delivered to the Pottsville office of the PA-DEP to support this work, along with TIPS hardware and software to support the volumetric analysis. Several bond amounts were changed as a result of the work. This project demonstrated that the technology works and other OSM customers will demand access to the method. Therefore, similar projects are expected through 2004. Aerial photography can be very costly, but the savings realized in setting correct bond amounts outweighs the cost.
- Hydrologic Balance Issues from Underground Mining: Over a century of extensive underground coal mining in Pennsylvania and West Virginia have left miles of interconnected, flooded working called mine pools. The water level in these mine pools may rise and overflow into streams or could potentially create a mine "blowout," which may result in rapid and sometimes catastrophic discharges of large amounts of stored mine water, often acidic in nature.

The Fairmont Mine Pool extends for more than 27,000 acres encompassing several pre-and post- SMCRA mines. These mines, which have filled with acidic water, threaten to discharge into the Monongahela River. EPA Region III, OSM, and West Virginia are cooperating on a study to delineate the extent of these pools, identify discharge points, and, ultimately develop strategies to prevent degradation of streams from potential discharges. During FY 1998, OSM installed a monitoring network of boreholes to assess the fluctuating pool levels and allow modeling of the hydrology of the pool. In FY 2002, OSM extended the monitoring network to other mined-out areas. Three new monitoring wells were drilled in the mine pool in FY 2003 to allow more comprehensive data collection. This study will assist Pennsylvania, West Virginia, other States, OSM, and EPA to evaluate possible solutions to protect the hydrologic balance from future "Fairmont Pools."

- Bond Approval and Administration: To ensure that bonds are sufficient to reclaim forfeited sites on permits situated on lands for which 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 launched bond calculator software, and a technical review of any issues identified in a State program's bonding activities.

During FY 2002, OSM received about 65 requests for technical assistance on reclamation bonding from States, Tribes, other Federal agencies, and the coal mining industry. Approximately the same numbers of requests are expected in FY 2003, and again in FY 2004. Also, in FY 2002 OSM completed special on-site training for OSM engineers featuring the Bond Calculator software. OSM anticipates receiving several requests for specific on-site bonding technical assistance and training in FY 2003, and the same for FY 2004.

- AMD Treatment: At the request of West Virginia and Pennsylvania, an interagency team is developing software that will accurately calculate annual treatment costs for sites that have discharge pollution. This program will assist the states in determining bond adjustments, watershed groups in planning for restoration projects, and industry in determining budgets for water treatment. The program is currently in beta testing by potential users and will be made available for application in early FY 2004.

*c. Mine Map Repository*

OSM maintains a mine map repository authorized under the former Bureau of Mines and subsequently transferred to OSM. This repository, located in OSM's Appalachian Regional Coordinating Center in Pittsburgh, Pennsylvania, maintains the only national inventory of maps of abandoned coal and non-coal mines throughout the United States. Mapping information is 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.

The OSM is automating the repository operational process. The new technology will enable OSM customers to retrieve mine maps and related information more efficiently via the Internet. Future enhancements are planned through partnering with the United States Geologic Survey (USGS). Operating revenues will increase into 2004 due to a new and revised fee schedule for business clients.

*d. Small Operator Assistance Program (SOAP)*

Section 507 (c) of SMCRA provides that up to \$10 million may be appropriated each year from AML fees to assist eligible small operators to meet the costs of regulation. SOAP pays some costs of obtaining the hydrologic, geologic, and other environmental information needed to prepare coal mining permit applications. Regulatory authorities

contract with public and private laboratories to collect the data and provide the environmental analyses. Mine operators with annual coal production of less than 300,000 tons per year are eligible for assistance under SOAP.

States with approved regulatory programs are responsible for administering SOAP. They receive grants from OSM to pay qualified laboratories to provide the authorized technical services. OSM is responsible for SOAP programs in non-primacy States such as Tennessee. In FY 2002, six State SOAP programs (Alabama, Kentucky, Maryland, Ohio, Pennsylvania and West Virginia) assisted 107 operators. The program generates benefits for AML around 5 times its costs because the small operators pay AML fees, and also remine and reclaim abandoned mine lands which would otherwise be eligible for AML funding. The program is expected to operate at a similar level in 2004.

*e. 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. OSM intends to pursue a licensing agreement with the image data providers so that we can allow authorized States, Tribes, mine operators and other federal agencies to access the system in FY 2003.

Tennessee GIS: The Knoxville Field Office Geographic Information System (KFO GIS) is the only federal repository of coal mining geographic data sets for mining operations located within Tennessee. OSM, the mining industry, and the general public use these spatial data sets of coal mining-related impacts to visualize and understand the relationships of coal mining operations to the environment. In FY 2002, KFO GIS responded to 82 internal and external user requests, providing approximately 564 information products and services. In 2004 the Knoxville Field Office plans to expand the GIS database and begin acquiring spatial data to digitally map the extent of underground coal mining in Tennessee.

Mobile Computing: The OSM continues efforts in applying mobile computing devices and software to permitting and AML field work. The technology allows Inspectors to take maps and permit text data to the field for inspection and verification of mining and permitting activities. The application of AML design and re-design in the field is also being applied along with traditional methods to eventually integrate mobile computing as a tool in AML work. The technology is very encouraging and once devices and software have stabilized, will be transferred to our customers. This technology will result in a more efficient means of implementing the SMCRA. In 2004 we plan to expand this technology's use and availability.



*f. Technical Innovation and Professional Services (TIPS)*

The goal of TIPS is to provide State and OSM personnel with a comprehensive set of analytical tools to aid in technical decision-making processes related to the SMCRA. Services include: providing the technical tools to complete regulatory and reclamation tasks faster and more accurately, ensuring that the tools allow for electronic sharing of data, providing a comprehensive training program in core software for users, providing core-software tools at the user's desktop; conducting the necessary research and development that ensures that core software is the state-of-the-art; and providing technical assistance in software and hardware use. Customers include states, tribes and OSM offices nationwide.

The system is comprised of off-the-shelf computer hardware and software supported by OSM in partnership with the States and Tribes. TIPS consists of Windows-based computers at State, Tribal, and OSM offices with access to system license servers via the Internet. The software that the system provides covers a wide range of subjects necessary to assist technical staff in carrying out their duties in both the environmental protection and restoration programs under SMCRA. There are 19 commercially available software applications covering geospatial, hydrology, engineering, and statistical topics. These applications assist in the technical decision-making associated with conducting reviews of permits, performing hydrologic assessments, quantifying potential effects of coal mining, preventing acid mine drainage, quantifying subsidence impacts, measuring revegetation success, assisting in the design of abandoned mine land reclamation projects, and providing the scientific basis for environmental evaluations.

Examples of OSM TIPS related projects include:

Remote Sensing: TIPS began exploring the application of this new technology in 2001 in response to customer requests. Remote sensing tools allow SMCRA authorities to evaluate the effects of mining and reclamation with airborne and satellite images. Such information triggers a timely application of remedial measures resulting in faster and more effective reclamation.

TIPS is supporting the use of high resolution satellite imagery by state regulatory agencies in 5 eastern states by providing over 500 km<sup>2</sup> of imagery for pilot project purposes. All imagery was acquired, processed, and delivered to the state personnel in FY 2002. Stereo viewing hardware and image processing software were also deployed. At the end of the FY 2002, state personnel had used the image processing software for over 300 8-hour days. TIPS also hosted 10 state personnel for a 4-day remote sensing training class in Denver to train them on the use of the software and imagery. An extensive publication detailing the applications of the imagery in the Appalachian region will be published in 2003 as a result of these efforts.

TIPS received a 2<sup>nd</sup> place award for "Innovative Uses of Geospatial Technology" from *Geospatial Solutions Magazine*. Entries were submitted by 37 government and private organizations from around the world highlighting innovative uses of GIS, GPS and

remote sensing technology. TIPS received the award for the use of imagery as an inspection tool at the western mines.

TIPS staff made 14 presentations at various OSM, professional society, and government meetings about the use of remote sensing technology for SMCRA enforcement. Acquisition of remote sensing imagery is a major cost factor in the TIPS budget. These acquisitions will continue into 2004.

Hydrologic Impact Analysis: In recognition of the on going sensitivity of issues arising from concerns for the impacts of coal mining on water, during the last several years TIPS has sought to expand and enhance the tools available to professionals responsible for SMCRA regulatory decision making. In FY 1999, TIPS spearheaded a search for software applications to assist these professionals analyze the hydrologic impacts of past, current and future mining on the quality and quantity of surface and ground water. TIPS selected and sponsored a State-Federal team to conduct the search. This team identified six software applications to augment the three available applications to serve as Core Hydrology Software. In FY 2000 TIPS obtained and began distributing this suite of software applications. During 2001 through 2003, OSM developed and implemented a plan for the phased development and offering of specialized training on these applications for AML and permitting professionals. This effort will continue in 2004.

The Enos Refuse Area Project: Software from the TIPS program will be used in a cooperative project between OSM and the Indiana Department of Mines, Division of Reclamation to design a passive treatment facility intended to abate acid mine drainage from a large, abandoned, coal-processing waste disposal area in Pike County, Indiana. In FY2001 and 2002 the site was evaluated with the aid of AquaChem software provided through TIPS. In FY 2003 and 2004 Autodesk Map 5 and SurvCADD XML software will be employed to design passive treatment facilities that will include such technologies as vertical flow wetlands and aerobic wetlands to remove pollutants prior to discharge into the South Fork of the Patoka watershed.

TIPS Website: The TIPS website ([www.tips.osmre.gov](http://www.tips.osmre.gov)) provides information about TIPS, including current TIPS training classes, descriptions of TIPS software, access to digital data files for public domain TIPS software, lists of TIPS specialists, standardized AML emergency design drawings, and digital topographic maps for coal-producing areas within the United States. Upgrading and improving the website and its capabilities will continue into FY 2004.

*g. Reclamation Support Activities*

Mountaintop Mining/Valley Fill EIS:

Several key technical studies for the EIS are based on geospatial analysis using TIPS geographic information system (GIS) tools. In particular, OSM utilized TIPS-provided GIS software in FY 2002 and 2003 to assist in conducting the MTM/VF EIS Future

Mining Study, Valley Fill Inventory, Stream Study, Macroinvertebrate Study, Ephemeral/Intermittent Point Study, and Cumulative Impact Analysis. Use of TIPS GIS tools produces map and information displays that help the readers of the draft EIS to better understand the scope of past and present mountaintop mining activities, including valley filling practices; the amount of headwater streams filled; the extent of forest impacts; as well as the influence of mining and other human activities on downstream water quality, benthics, and other physical stream characteristics. Following the public comment period on the draft EIS in mid-FY2003, additional TIPS analysis may be needed to support finalization of this EIS in 2004.

Enhanced Contemporaneous Evaluation of Reclamation: As part of an effort to more effectively evaluate reclamation as it occurs at each mine, inspectors from OSM with assistance from technical specialists are using GPS units to locate the boundaries and input data for the areas as they are reclaimed. The field data (slopes, topsoil depths, etc) are subsequently downloaded into a GIS under development for each mine. This process will enable the OSM, States and industry professional and technical staff to keep track of the status of reclamation on each acre of mined land as it occurs. The continued success of this method means that OSM plans to expand its use through FY 2004.

*h. Applicant/Violator System (AVS)*

The Applicant/Violator System (AVS) is an informational database OSM maintains to support many types of research and program efforts but primarily in support of 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 responds to approximately 3,500 requests per year 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 software and technical assistance for customers wishing to access 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 others on complex ownership and control issues. These and other activities will be continued throughout 2004.

Ownership and Control Rule: Based on settlement negotiations with the National Mining Association, OSM was required by the court to issue proposed changes to the 2000 final rule. During 2003, OSM will propose changes to those rules. During 2004, OSM will finalize changes and focus on implementation of the final "Ownership and Control" and related regulations by providing assistance to the states in the form of training, program review, and implementation strategies.

E-government Initiatives: During 2004, OSM will continue efforts for a redesign of system software incorporating improved user-friendly technologies, including a web-based application. MINE.gov, a portal to provide customers “one-stop” access to mining related data from Federal and State sources, is a new concept that may satisfy part of this need. This cross agency initiative is in response to the Presidential e-government mandate. The AVS Office will continue to establish partnerships among OSM, other Federal and State agencies, the coal industry, and citizens for MINE.gov development and guidance.

As an example of the potential functionality of MINE.gov, several OSM units, including the AVS Office, are partnering with the Interstate Mining Compact Commission, the Internal Revenue Service, the Mine Safety and Health Administration, and the Small Business Administration in the development of a pilot program that will allow industry to report tonnage and other production information on a single electronic form. Several coal companies volunteered to participate in the pilot program during the fourth quarter of 2002. In 2003, the AVS Office, will partner with the Mine Safety and Health Administration to produce a joint business case for the MINE.gov project. During 2004, the implementation of the project will proceed with the introduction of expert tools. Such tools, currently under development, will allow the user to aggregate and compile mining information across State and Federal agencies resulting in improved citizen services and agency decision-making.

AVS Website: The AVS website ([www.avs.osmre.gov](http://www.avs.osmre.gov)) provides general information about the system, including how to get system access and technical support; provides access to the Ownership and Control Rule, the AVS Users Guide and System Advisory Memorandums; and allows AML Contractors to download necessary forms to obtain a permit eligibility check. In addition, interested parties may request to receive an electronic organization structure report for a coal company. The AVS Office is designing a basic system training course that will be accessible from the website in 2004.

## 2. Technical Training

Of the \$2.3 million for Technical Training, \$2.0 million of the funds support OSM's Environmental Protection activities and \$0.3 million support Environmental Restoration activities. Training provided ensures OSM, State, and Tribal staff possess the necessary knowledge and skills to implement the Surface Mining program. This subactivity is an integral component of OSM's Restoration and Protection business lines and supports the Department's Resource Protection and Use goal areas.

### 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 SMCRA 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. In FY 2002, 82% of students were from States and Tribes; 16% from OSM; and 2% from the public. 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. By pooling and coordinating resources, the National Technical Training Program has been able to provide a unique and critical resource to States and Tribes that neither OSM nor the States/Tribes could provide individually.

In FY 2002, a new course, *SMCRA and the Endangered Species Act*, was piloted to facilitate implementation of the 1996 Biological Opinion that was issued to OSM by the U.S. Fish and Wildlife Service (USFWS). This course, which was developed in conjunction with USFWS, provides information on how requirements of the Endangered Species Act are integrated into the SMCRA permitting process. *Advanced Blasting: Investigation and Analysis of Blasting Effects* was also piloted. This course enhances student skills in gathering and analyzing blast-related information and will assist in resolving citizen complaints from ground vibrations, air blasts, fumes, and flyrock. A new course for AML students, *Acid-Forming Materials AML Workshop*, brought together experts to exchange information on reclaiming problematic areas in the Midwest. This course will be adapted in FY 2003 for Eastern States. Another new FY 2002 offering

was *OSM Orientation for New Personnel*. This course familiarizes students with the missions of the Department of Interior and the Office of Surface Mining.

In FY 2002, in support of the e-Government initiative component of the Administration Management Plan, the training program made solid progress in making GPRA follow-up evaluations and other administrative processes available through the Internet. In 2003, OSM in conjunction with the States, initiated development of a pilot on-line training course to provide students with basic information on acid-forming materials prior to attending advanced acid-materials classes. Also, in FY 2002, the training program provided technical and logistical support for a highly successful State and Tribal benchmarking workshop on the PHC/CHIA process as well as a related seminar on performance measurement and strategic planning. The workshop was attended by 83 State, Tribal, and OSM representatives. The workshop shared information about model State programs with the goal of adopting or adapting processes to more effectively delivering products and services (e.g., permitting) to customers. OSM anticipates that similar additional workshops will be held in future years to address additional topics.

Future plans for the training program for FY 2003 and FY 2004 include development of new courses and continuing the benchmarking initiative with the States as mentioned above. New courses include *Passive Treatment Systems for Acid-Mine Drainage*. The course will include topics such as wetlands and anoxic limestone drain treatments. The audience for the course is permitting specialists, inspectors, and AML specialists. A new course on the *Basics of Mine Subsidence* will introduce non-technical staff to basic concepts related to mine subsidence and the surface effects of underground mining. The audience for this course is managers, attorneys, and non-technical program staff who would benefit from a general understanding of the subject. A refresher course for instructors will be updated to enhance their delivery skills. And, a course in *Quantitative Hydrogeology: Theory and Application* will be developed to provide students with an introduction to using quantitative methods to describe ground-water flow and transport. Upon course completion, students will be able to apply the methods to conduct impact analyses, field investigations, and computer modeling. The course is targeted for hydrologists, geologists, engineers and others who routinely work with ground-water issues and will be tailored to coal mining hydrology. In keeping with the e-Government initiative, we will also pursue making additional materials, such as components of the Orientation course, available on-line.

In FY 2002, the Technical Training Program provided 49 sessions of 36 courses to a total of 932 participants at 30 locations in 12 different States. The 932 students trained exceeded the program's goal of 900 students, and resulted in a 96 percent customer effectiveness rating, exceeding its target of 90 percent. In FY 2003 and FY 2004, OSM plans to meet its target goals.

b. TIPS Software Application Training

TIPS established a software application training program specific of the use of the software in Title IV and V applications, including permitting analysis, AML reclamation design, construction and monitoring. TIPS software training is a cooperative State-Federal effort: 21 of the 45 current TIPS instructors are from State programs.

In FY 2002, 500 technical professionals from the States, Tribes, OSM, and industry were trained in 59 classes under the TIPS computer applications training program. Thirty of these classes were held at OSM’s regional computer training facilities. Ten of these classes were conducted at customer sites. The table below shows the various courses conducted at the TIPS regional training centers and customer sites. These classes are specially designed to address mining specific applications, as requested by TIPS users and the TIPS steering committee, and therefore are uniquely different from courses available from the vendors. Nineteen sessions of on-line GIS classes were offered through ESRI Virtual Campus. These classes prepared TIPS customers in GIS basics as prerequisites to reclamation-specific TIPS GIS classes.

TIPS Customer Courses Conducted in FY 2002

<b>COURSES</b>
Global Positioning Systems (GPS)
ArcGIS (geographic information system)
ArcView(GIS)
Computer-Aided Design Applications
Statgraphics (Statistics software)
Groundwater Vistas
Galena slope stability
SurvCADD (landform model)
AquaChem (water quality)
SDPS (subsidence prediction)
Aqtesolv (ground water model)
SedCAD (surface water sedimentation)
GIS Online Courses

For FY 2003 and FY 2004, the TIPS training program plans on scheduling 30 classes to be held at regional training centers each year, with at least 10 classes conducted at trainee sites per year. Also, additional e-Training courses will be offered in GIS, CAD and GPS software

In FY 2002, the TIPS training program exceeded its target customer satisfaction rate of 88 percent by 3.5 percent, for an average satisfaction score of 91.5 percent. In FY 2002 and FY 2003, OSM intends to meet its respective 88 and 89 percent customer satisfaction goals for each year, and to provide training for approximately 800 students in each year.

*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. In FY 2003 and FY 2004, examples of such training may include:

- Tribal Training: OSM offers training to tribal staff in formal OSM training classes (NTTP and TIPS) as well as through courses offered by State universities and attendance at OSM forums and workshops. This effort is carried out under provisions of the Energy Policy Act of 1992, which includes:
  - (1) Courses relating to SMCRA to assist the tribes (Navajo, Hopi, Crow and Northern Cheyenne) in their development of regulations and programs for assuming the regulation of surface coal mining and reclamation operations on Indian lands.
  - (2) Courses to enable the tribes to assist OSM in the inspection and enforcement of surface mining activities on Indian lands, including, but not limited to, permitting, mine plan review, and bond release.
  - (3) Courses in the use of TIPS provided software and technology.
- Regression Time Series Analysis of Hydrology and Soils Data. The workshop provides advanced statistical analysis. In FY 2004, statistical expertise will become more important as a tool for final bond release applications in the West being considered by OSM and the States. OSM will continue to provide on demand advanced applied statistics workshops dealing with soils, vegetation, and hydrology issues in the arid and semi-arid western States.
- Electronic Permitting Workshop: In support of paperless permitting initiatives in FY 2002, OSM conducted a two day Digital Image in Mining Reclamation workshop, and a one day/two part, GIS and Digital Imagery workshop. In FY 2004, OSM plans to conduct an interactive forum and exhibition in support of paperless permitting. The forum will feature case studies and examples of electronic permitting. The exhibition will feature innovative technologies relating to electronic permitting, paperless permitting, digital imaging, and e-Government.



### **3. Technology Transfer**

Of the \$3.2 million requested, \$1.7 million of the funds for technical transfer support OSM's regulatory program activities and \$1.5 million support OSM's abandoned mine land program. Technical 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 subactivity supports the DOI Resource Protection and Use goal areas.

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. OSM plans to attain a 92 percent service rate in FY 2004.

#### *a. Technology Development*

OSM seeks to meet the needs of State, Tribes, and all OSM staff, as well as the public and the coal industry by solving problems related to reclamation projects, and regulatory implementation through cooperative research efforts with other bureaus. OSM does not fund research of its own. OSM's research needs are coordinated with the regulatory and research programs of the USGS and other Federal agencies having responsibility for or supporting environmental protection.

OSM participates on the Department of the Interior's Base Mapping Needs Committee to coordinate OSM's mapping needs with other Interior bureaus. The Base Mapping Needs Committee ranks and funds mapping requests based on multi-party needs; current work includes the 2004 National Map pilot project in Colorado.

OSM works with the academic community and private research organizations to identify potential areas of cooperation. The National Mine Land Reclamation Center (NMLRC), located at West Virginia University, receives funding from several Federal and State agencies including OSM and industry organizations to research solutions to environmental problems associated with coal mining.

An industry/government (State and Federal) academic task force developed joint action plans to define "best science" practices that are expected to solve acid mine drainage problems, and to work toward implementation of those practices through the coalfields. Cooperative efforts involving many agencies, groups, and individuals are implementing the Acid Mine Drainage Technology Initiative (ADTI). NMLRC acts as the coordinator.

#### *b. Electronic Permitting*

The goal of Electronic Permitting is to obtain computer-generated permit applications in which all text, baseline data, models, drawings, and maps are in electronic media. As a long-term program that has significant monetary and time savings, electronic permitting provides more complete and up-to-date records for those involved in the permitting

process. Currently, OSM is assisting primacy States in development and implementation of electronic permitting.

Electronic permitting provides State, Tribal, and OSM permit reviewers with computer-based tools to access electronic documents, maps and data, and to perform necessary environmental analyses. Electronic data and information can be downloaded directly onto computer systems, where users can access the computer databases and analytical software, such as those provided by TIPS, making data manipulation and analyses more efficient and accurate. Electronic permitting saves staff time by reducing many “clerical” aspects of accessing and transferring hard copy information. Additional benefits include the ability to share computer-based data with managers, field personnel, other agencies, the public and industry.

In FY 2004, OSM plans to continue to (1) coordinate activities with primacy States, tribes and industry; (2) sponsor interactive forums, training and workshops for primacy States, tribes and industry; and (3) expand Federal/Industry electronic data exchange initiatives. OSM will support electronic permitting initiatives of States by concentrating on their needs in the area of data conversion, acquisition and storage, and interpretation of remote sensing data.

Examples of electronic permitting achievements include the following:

- *Alabama* – The Alabama Surface Mining Commission (ASMC) is receiving EP through e-mail and CD submissions. The State has established a GIS for the coalfields and is actively incorporating EP information into the system.
- *Alaska* – Having approved a fully electronic permit, the staff is in the process of improving its existing permitting database *Coal Permit Information Tracking System* (CoalPITS), using the Colorado template. The resulting database will enable the staff to track all permitting activities including inspection and enforcement, disturbance and reclamation, as well as store maps and imagery. The database will also be available to the users on the OSM network.
- *Colorado* – In FY 2002 Colorado completed a digital imaging project converting into electronic format all the paper maps and permit related documents for all mines with active permits, in addition to those in reclamation or cessation. Colorado’s permitting staff continues to populate and use the MS-based workflow database that tracks permitting information and generates electronic reports and correspondence automatically.
- *Kentucky and Virginia* – Permits are now processed electronically routinely. All permit applications are electronically routed and reviewed from submittal to approval. Permit applications can be delivered electronically or in hard copy, in which case they are scanned into the office network by State personnel.

- *Montana* – In the process of converting its permit and annual report maps database into a digital paperless system, the staff have assembled over 100 electronic maps. Five mines are reporting the hydrologic information electronically, and two mines are submitting annual reports electronically.
- *North Dakota* – Following the success in approving the nation’s first paperless permit, North Dakota’s partnership with their coal industry continues exploring the use of digital tools. A second paperless permit in electronic format has been approved and another mine is converting all its paper documents into electronic format, in preparation for a paperless permit application submittal. These paperless coal mine permits are to be found on a CD-ROM on file at the Public Service Commission, at OSM, and at the County Auditor’s Office (the public access site). Each CD-ROM contains all the information normally contained in numerous three-inch binders and on many CAD maps and drawings. In addition, a mine in full reclamation and preparing for bond release, is converting all permit documents, data, and maps into electronic format to facilitate collaboration with the State Regulatory Agency.
- *Texas* – The coal industry in Texas has submitted all or portions of the permits in an electronic format. The State has jointly developed CAD standards with the coal industry for the submission of mapping information. The State utilizes the mapping and database information to conduct permit reviews and analyses such as cumulative hydrologic impact analyses.
- *Utah* – Twelve of the Utah coal operators have made informal CD permit application submittals, and one official amendment has been submitted on a CD. Utah currently retrieves water-quality information and reports water-quality data electronically for twenty-seven operations by means of either the Internet or e-mail. Utah is preparing mine permit information in GIS format, and will make these maps available directly over the Internet.

c. *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. The following describe types of workshops and forums.

Mountaintop Mining and Valley Fills (MTM/VF) EIS Stakeholder Outreach:  
 Development of an EIS is an open and interactive process. To prepare this EIS, more than 30 technical studies were conducted on a wide variety of technical topics. OSM and EPA sponsored several workshops during FY 2002 and 2003 to disseminate new technical information on MTM/VF impacts to the public and to receive peer review

feedback on the studies. These events were held throughout West Virginia with attendees from state and federal regulatory responsibility for coal mining, coal mining companies and their technical consulting firms, environmental community, and the public. The most recent forum was held by OSM on the EIS economic studies in early FY 2003. Additional public outreach and technology transfer will occur in FY 2003 following release of the draft in Spring 2003. OSM also will post the draft EIS and the many study results on the web during mid-FY 2003. If additional studies are required (i.e., based upon public comments on the-draft), similar processes to disseminate information will occur prior to publication of a final EIS. Such efforts would extend into FY 2004.

Reforestation Initiative: OSM continues its effort to encourage reforestation practices that would increase the amount of mined land reclaimed as forest. This effort has resulted in technical and policy symposia, a website, speaking at professional organizations, and publications that transfer state-of-the-art science and technology. A technical interactive forum on Market-Based to Mined Land Reclamation and Reforestation was conducted in 2002. The environmental and economic benefits of this approach include higher quality reclamation, an increase in the number of sites reclaimed, economic opportunities including employment for local communities, aesthetic and recreational improvements, sale of forest products by landowners or lessee, and the opportunity for reporting carbon reductions through sequestration in forests. This activity is of interest to mine operators, utilities, land management companies, mining companies, environmental organizations, and provides the opportunity to promote ecologically diverse balanced forest ecosystems. A 20-minute video promoting the technical feasibility of reforestation of mined lands was produced and released by OSM during 2002. An Outreach Packet outlining the benefits of reforestation and designed to attract the attention of these potentially interested parties has been published and a more technical manual will be released by FY 2004.

Bond Release: The last in a series of five Interactive Bond Release Forums on Arid and Semi-Arid Areas titled *Approaching Bond Release: Post Mining Land Use in the Arid Semi-Arid West* was held in Bismarck, North Dakota, in August of 2002. OSM will continue co-sponsoring bond release forums in FY 2004 and subsequent years because of increased permitting activity in the west and increased bond release inspections. The states are continuing to encounter new issues needing discussion and resolution in all regions and find the interactive technical forums a suitable format. Proceedings of the previous interactive bond release forums are available on the OTT website ([www.ott.wrcc.osmre.gov/library/proceed.htm](http://www.ott.wrcc.osmre.gov/library/proceed.htm)).

Coal Combustion By-Products (CCB): OSM has successfully pioneered numerous technology transfer events and products on this topic beginning with its first national technical interactive forum in 1996. Examples of activities during FY 2002 include: OSM conducted its 3<sup>rd</sup> technical interactive forum on coal combustion by-products; updated and maintained its informational website, including proceedings from the workshop and other new information (<http://www.mercc.osmre.gov/ccb/>); and served on a national steering committee to review proposals for CCB recycling. During 2002/2003, OSM will continue its assistance to ASTM in the development of new standards for

testing Coal Combustion By-Products that would be used in reclamation at mine sites, and its efforts with other organizations in this area.

Bat Conservation and Mining: The OSM sponsored Bat Conservation and Mining Steering Committee has been responsible for conducting two technical interactive forums, publishing proceedings, and development of an informational Website. During FY 2002, OSM cosponsored a technical interactive forum entitled “Bat Gate Design.” The purpose of this forum was to develop a “State of the Science” manual on the design, construction, installation and management of bat gates. The OSM sponsored Bat Conservation and Mining Steering committee was awarded the 2002 DOI Environmental Achievement Award for its efforts in this area.

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 uses the Internet to make available and seek comments to its reports and technology transfer products for as wide a client audience as possible. In FY 2003 and 2004, OSM will continue to develop, distribute, and communicate these products.

OSM Technical Library: OSM maintains technical libraries provides access to technical, scientific, and legal information for the agency, 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 libraries anticipate that by being on the web, the use of the collection will increase significantly. In addition, it is projected that the Libraries will receive approximately 350 publication requests in FY 2003 and again in FY 2004. As well as providing technical information and services to State Regulatory Agencies and other OSM customers on a variety of mining-related topics, the technical library shares its collection through interlibrary loan with libraries around the world. In order to provide worldwide access to the information resources in the collection, the library catalog is web-accessible to anyone with Internet access. Additional library information may be found on the web at [www.ott.wrcc.osmre.gov/library.htm](http://www.ott.wrcc.osmre.gov/library.htm).

*d. Experimental Practices Program*

Section 711 of SMCRA allows variances from Sections 515 and 516 performance standards as alternative or experimental mining and reclamation practices to encourage advances in mining technology or to allow innovative industrial, commercial, residential, or public (including recreational) post-mining land uses. However, the experimental practices must be at least as environmentally protective as the performance standards promulgated under Sections 515 and 516 of SMCRA. The experimental practice also must not reduce the protection afforded public health and safety below that provided by the applicable performance standards. Approval and monitoring of a permit containing an experimental practice requires a close working relationship between the operator, the regulatory authority, and OSM.

Since the inception of the program, 40 experimental practices have been approved. Sixteen were determined to be successful and three unsuccessful; sixteen are currently underway; one was terminated due to regulation change, and four have been completed but final reports not yet received.

OSM received six new experimental practices from Alabama, Virginia, Pennsylvania, West Virginia, and Kentucky in FY 2002. An additional 10 applications are anticipated in FY 2003, all from Kentucky, West Virginia, and Virginia. It is likely that the interest in experimental practices will continue at the same level in FY 2004.

e. Educational Outreach

To make the public and students aware of OSM's responsibilities and of 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, such as the *Approaching Bond Release: Revegetation, Reclamation Issues, and Surface Mining Applications in the Arid and Semi-Arid West*; the *Boy Scout Mining Information Handbook*; *Wildlife Habitat Construction and Wildlife Use of Reclaimed Lands in the Arid and Semi-Arid West*. Conversion of important technical documents into electronic format, such as the *Handbook of Western Reclamation Techniques*, and *Sagebrush Establishment on Mined Lands: Ecology and Research*, and compilations of technical information such as OSM's Mid-Continent Regional Coordinating Center's Comprehensive Technology Transfer CD, further assist with their dissemination. Assisting in the integration of the *Handbook of Western Reclamation Techniques* into university curricula is made easier as the above documents are also made available on OSM website. Outreach efforts will expand and continue in FY 2003 and 2004.

## FY 2002 PROGRAM PERFORMANCE ACCOMPLISHMENTS

**In 2002, the major accomplishments in the Technology Development and Transfer program activity include:**

- The Small Operators Assistance program helped 107 small coal mine operators collect technical data needed for mine permit applications.
- National Technical Training Program (NTTP) offered 49 sessions of 36 different courses in addition to regularly scheduled courses in response to specific requests. Special course offerings included: NEPA procedures course for Navajo students, and a special Bonding Workshop session in Virginia.
- NTTP provided technical and logistical support for a state and tribal benchmarking workshop on the Probable Hydrologic Consequences/Cumulative Hydrologic Impact Analysis attended by 83 Federal, State, and Tribal representatives.
- The Technical Innovation and Professional Services offered eight on-line training courses for the first time in 2002.
- Technical library staff responded to more than 325 requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- OSM held three National Technical Interactive Forums were conducted on “Coal Combustion By-Products and Western Coal Mines; Bat Gate Design; and Market-Based Approaches to Reclamation and Reforestation.”

	<b>2002 Planned</b>	<b>2002 Actual</b>	<b>Change</b>	<b>Reason for Change/Comment</b>
Customer service rate in the quality of technical assistance.	92%	98%	+6%	Exceeded performance target.
Customer satisfaction in the quality and timelines of Applicant Violator System (AVS) provided services.	90%	97%	+7%	Exceeded performance target.
Customer effectiveness rate in the quality of technical training (NTTP).	90%	96%	+6%	Training courses address real issues participants deal with on their jobs.
Number of Students trained (NTTP).	900	932	+32	Exceeded performance target.
Customer satisfaction rate for TIPS training.	88%	91.5%	+3.5%	Exceeded performance target.

## FY 2003 PLANNED PROGRAM PERFORMANCE

- OSM will provide TIPS training for approximately 800 students.
- Technical library staff respond to 350 publication requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- OSM will assist five to six Eastern states in the development of a consistent training and examination program for blasting personnel to facilitate a reciprocity agreement between these states.
- 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 (NMLRC) to promote communication and technology enhancement in the field of acid mine drainage.
- In 2003, the AVS Office, will partner with the Mine Safety and Health Administration to produce a joint business case for the MINE.gov project, a portal to provide customers “one-stop” access to mining related data from Federal and State sources.
- NTTP will initiate pilot on-line training course to provide students with basic information on acid-forming materials prior to attending advance materials class.

	<b>2002 Actual</b>	<b>2003 Planned</b>	<b>Change</b>	<b>Comments/Explanation of 2003</b>
Customer service rate in the quality of technical assistance	98%	94%	-4%	OSM continues to strive for the highest possible customer satisfaction with technical assistance.
Customer satisfaction in the quality and timelines of Applicant Violator System (AVS) provided services.	97%	95%	-2%	The FY 2004 goal is increased to 95% based upon prior year performance data in excess of the previous goal of 90%.
Customer effectiveness rate in the quality of technical training (NTTP)	96%	90%	-6%	In 2004 will increase the customer satisfaction rate to 92% based upon prior years performance data.
Number of Students trained (NTTP)	932	900	-32	Goal represents the minimum amount of students to be trained annually.
Customer satisfaction rate for TIPS training	91.5%	89%	-2.5%	Goal is same as previous year's goal.



## JUSTIFICATION OF 2004 PROGRAM CHANGES

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Technology Development and Transfer	FY 2004 Budget Request	Program Changes (+/-)
\$(000)	16,933	-87
FTE	132	0

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### Program Changes:

Information Technology (-\$87) - The Department is undertaking significant information technology reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short and long-term efficiencies and savings. The Department is taking a corporate approach that will include consolidated purchases of hardware and software, consolidation of support functions including helpdesks and email support, and web services, and coordination of training.

In addition to Department-wide efforts, the Bureau will explore further savings in information technology by fully participating in Departmental enterprising and capital planning projects, delaying system enhancements, consolidating bureau level services (i.e., servers and helpdesk), accelerating the acquisition of the MS Enterprise Licensing agreement, and reviewing life cycle replacements. In addition, potential savings may result from competitive sourcing studies.

**FY 2004 TECHNOLOGY DEVELOPMENT AND TRANSFER PERFORMANCE**

<b>DOI Strategic Goal: Resource Use – Provide Access for Responsible Use and Optimal Value</b>						
<b>End Outcome Goal 2.1: Manage or Influence Resources to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value – Energy</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Ensure 94% of active sites are free of off-site impacts.	93.9%	94%	92.8% <sup>1</sup>	94%	94%	0
Number of acres released from phase III performance bonds.	81,853	75,000	73,407	70,000	70,000	0
<b>Intermediate Outcome: Improve information base, resource management and technical assistance.</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
% satisfaction with technical assistance and training program.	99.6%	92%	100%	92%	92%	0
<b>DOI Strategic Goal: Resource Protection – Improve Health of Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of equivalent land acres for which degradation from past mining has been reclaimed.	13,808 <sup>2</sup>	8,200	8,019 <sup>3</sup>	6,900 <sup>4</sup>	6,900	0

<b>DOI Strategic Goal: Resource Protection – Improve Health of Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of stream-miles/ acres for which degradation from past surface coal mining has been reclaimed.	N/A	N/A	N/A	N/A	150 <sup>5</sup>	0
<b>Intermediate Outcome: Improve information base, resource management and technical assistance</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
% satisfaction with scientific and technical products and assistance.	94.6%	90%	96%	90%	92%	+2%

1\ In fiscal year 2002, we did not achieve the target by 1.2%. Overall on a state-by-state basis, the percent of sites free of off-site impacts remain high.

2\ FY2001 accomplishments reported by the States and Tribes included more than one fiscal year. OSM's calculated estimate for 2001 was 8,600.

3\ This is below the 2002 target goal; however, there is a delay in reporting projects completed by the states and it is anticipated that the goal will be attained when all on-the-ground reclamation is reported.

4\ FY 2003 performance reflects \$17.5 million decrease in regular (i.e. non-emergency and non-Clean Streams) grants to States and Tribes.

5\ Target represents the number of impounded acres of surface water to be improved.

## ENVIRONMENTAL PROTECTION

		2002 Actual	2003 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2004 Budget Request	Change from 2003 (+/-)
Regulation & Technology	\$\$\$	77,730	79,159	449	-145	79,463	304
	FTE	225	222	0	0	222	0
Abandoned Mine Land	\$\$\$	0	0	0	0	0	0
	FTE	0	0	0	0	0	0
TOTAL	\$\$\$	77,730	79,159	449	-145	79,463	304
	FTE	225	222	0	0	222	0

**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 three 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, 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 business line also supports the Department's goal of protecting lives, resources, and property under Serving Communities. OSM and State regulatory personnel conduct site inspections to ensure operations adhere to permit standards. This activity helps minimize the types and amounts of hazardous material leaving the permit area, thus minimizing any adverse impact from coal extraction activities on coal field communities. Examples of the types of

impacts minimized include landslides and other materials off the permit area and blasting damage to structures.

**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.

<p style="text-align: center;"><b>ENVIRONMENTAL PROTECTION ENCOMPASSES:</b></p> <p><i>State and Tribal Funding</i></p> <ul style="list-style-type: none"><li>▪ <i>State Grants</i></li><li>▪ <i>State Regulatory Activities</i></li><li>▪ <i>Cooperative Agreement Funding</i></li><li>▪ <i>Tribal Regulatory Development Grants</i></li></ul> <p><i>Federal Program</i></p> <p><i>Federal Lands Program</i></p> <p><i>Indian Lands Program</i></p> <p><i>State Program Evaluation</i></p>
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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 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 Tribal lands. State Program Evaluation funds OSM's oversight of State programs. The Federal Program 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.

### **FY 2004 PERFORMANCE GOALS AND MEASURES**

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 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. It is the ultimate goal of the surface mining program to have 100 percent of mine sites free of off-site impacts.

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.

**Table 1 – Strategic Goals and Measures**

<b>OSM Mission Goal Area: Environmental Protection</b>			
Protect people and the environment during current mining operations and ensure that the land is restored to beneficial use after mining has ceased.			
<b>DOI Goal</b>	<b>DOI Outcome Measure</b>	<b>OSM Goal</b>	<b>OSM Measures</b>
<b>Resource Use –</b> Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value – Energy.	1. Ensure X% of active sites are free of off-site impacts.	Maintain the percentage of sites free of off-site impacts	Maintain 94% sites free of off-site impacts.
	2. Number of acres where reclamation goals are achieved as evidenced by release from phase III performance bonds.	Increase the number of acres released from Phase I, II, and III.	Number of acres released from phase III performance bonds.
			Number of acres reclaimed in phase I and II performance bonds.
<b>Serving Communities</b> – Protect Lives, Resources and Property	Number of fatalities and serious injuries on DOI managed or influenced lands and waters.	Minimize amount of hazardous material outside of the permit area.	Maintain 94% sites free of off-site impacts (people and structures). <sup>1</sup>

The table illustrates the relationship between the Department of the Interior’s mission goals and OSM’s goals and measures.

<sup>1</sup> Off-site impact measure is broken down by impacts to people, land, water, and structures. Those impacts that pertain to people and structures support the Serving Communities goal area.

**Data Verification and Validation for Measures:** The overall goal of the regulatory program is to minimize off-site impacts, including problems that may affect persons, property, or the environment beyond the permit boundary. Examples of off-site impacts include hydrological problems that impact a nearby property owner’s water supply, damage to property from blasting

on the mine site, creation of off-site landslides or other instabilities, occurrence of off-site sedimentation, acid mine drainage (AMD), and mining off of the permit area. All off-site impacts observed are evaluated in terms of severity and included in State program and other evaluation reports. The indicator and measure will be the number of incidents involving off-site impacts that are investigated, documented and verified. Progress under this goal will be measured by comparison over time of the number and severity of off-site impacts.

Reporting the number of acres reclaimed meeting Phase I and II bond release requirements, and the number of acres of mined land fully reclaimed by achieving Phase III bond release will determine the overall status of reclamation of mined lands. Data collected will be derived from agency program systems and the performance agreement elements negotiated with the States. Data collection methods are established in accordance with an agency policy directive, which was developed in cooperation with the States.

**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 the Secretary's 4C's philosophy through working in partnership with States and Tribes in carrying 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 multi-disciplinary 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 Mine Site Evaluation and Inspection Reporting System that contains data from OSM's oversight and regulatory program inspections.

For FY 2004, the President's Budget requests \$57.6 million to fund 24 State regulatory programs at the maximum 50 percent Federal match level. Additionally, this amount will provide full funding for 14 Federal lands cooperative agreements with States and full funding of four Tribal regulatory program development grants.

The FY 2004 budget request includes \$8.1 million to continue its State program oversight activities and \$5.3 million to fund regulatory programs in non-primacy States like, Tennessee and Washington. Also included in the FY 2004 budget request is \$1.5 million for OSM to regulate Federal Lands. OSM also requests \$2.4 million for regulatory programs on Indian Lands and \$4.6 million for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

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.





**Table 2 – Justification of Program and Performance  
Environmental Protection**

Summary Increases/Decreases for FY 2004  
(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			2002 Act.
		2002 Act.	2003 Est.	2004 Req.	2002 Act.	2003 Est.	2004 Req.	
State and Tribal Funding	\$\$\$	56,567	57,575	57,575	0	0	0	56,567
	FTE	0	0	0	0	0	0	0
State Program Evaluation	\$\$\$	7,850	8,007	8,121	0	0	0	7,850
	FTE	84	83	83	0	0	0	84
Federal Programs	\$\$\$	5,156	5,255	5,327	0	0	0	5,156
	FTE	53	52	52	0	0	0	53
Federal Lands	\$\$\$	1,437	1,464	1,484	0	0	0	1,437
	FTE	15	15	15	0	0	0	15
Indian Lands	\$\$\$	2,294	2,334	2,362	0	0	0	2,294
	FTE	21	21	21	0	0	0	21
Program Dev/Maint.	\$\$\$	4,426	4,524	4,594	0	0	0	4,426
	FTE	52	51	51	0	0	0	52
TOTAL	\$\$\$	77,730	79,159	79,463	0	0	0	77,730
	FTE	225	222	222	0	0	0	225

## ONGOING PROGRAM

### 1. State and Tribal Funding

Two-thirds of the State and Tribal funding or \$38.6 million support the Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment. About one-third or \$19.0 million support the protection of people and property from the off-site effects of surface coal mining activities.

#### *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 (A&E) 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 Program Grants*

As allowed by the Energy Policy Act of 1992 and Section 710 (i) of SMCRA, OSM has provided grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes 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.

**Table 3 – Fiscal Year 2004 State & Tribal Regulatory Funding Estimates  
(Federal dollars only)**

*These amounts are based on FY 2004 grant requests (18-month estimates) and represent 50% of the costs to regulate surface coal mining on non-federal lands and 100% of the costs on Federal Lands. Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.*

<b>State/Tribe</b>	<b>Non-Federal Lands</b>	<b>Federal Lands</b>	<b>Total</b>
Alabama	1,095,333	13,290	1,108,623
Alaska	174,026	0	174,026
Arkansas	141,796	0	141,796
Colorado	688,551	1,234,776	1,923,327
Illinois	2,609,189	111,221	2,720,410
Indiana	2,035,155	0	2,035,155
Iowa	138,275	0	138,275
Kansas	121,551	0	121,551
Kentucky	11,672,604	834,190	12,506,796
Louisiana	142,918	0	142,918
Maryland	511,363	0	511,363
Mississippi	106,288	0	106,288
Missouri	491,723	0	491,723
Montana	336,591	683,381	1,019,972
New Mexico	511,898	198,086	709,984
North Dakota	169,856	329,719	499,575
Ohio	1,889,106	0	1,889,106
Oklahoma	593,220	376,723	969,943
Pennsylvania	11,072,006	0	11,072,006
Texas	1,374,221	0	1,374,221
Utah	185,464	1,441,411	1,626,875
Virginia	3,190,008	3,643	3,193,651
W. Virginia	10,537,633	0	10,537,633
Wyoming	201,193	1,714,930	1,916,123
Crow Tribe	57,589	0	57,589
Hopi Tribe	184,994	0	184,994
Navajo Nation	401,078	0	401,078
N. Cheyenne	0	0	0
<b>Totals</b>	<b>50,633,629</b>	<b>6,941,371</b>	<b>57,575,000</b>

## **2. State Program Evaluation**

This activity ensures the efficient and effective operation of State regulatory programs and is an integral part of the State and Tribal funding activity. Two-thirds or \$5.4 million support the Resource Use goal and one-third or \$2.7 million supports Serving Communities.

### *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 and the States conduct oversight under a results-oriented strategy that emphasizes cooperative problem solving, tailoring evaluations to State-specific conditions, and the development of performance agreements. The 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 evaluate and refine its oversight strategy. OSM and the States plan to review the oversight strategy in FY 2003 and will make any needed changes.

### *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 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: about 86,300 in 2002. In contrast, OSM conducted about 2,300 inspections in primacy States.

The projected FY 2004 oversight inspection workload includes an estimated 2,300 program evaluation inspections. 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 an 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

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.

In FY 2002, OSM issued 135 TDNs to States. In almost every case, the State took appropriate action to cause the violation to be corrected.



Table 7 provides FY 2002 data on the number of State inspections and OSM oversight inspections conducted in primacy States.

<b>Table 4 – FY 2002 Primacy State and OSM Inspections</b>				
	<b>STATE</b>			<b>OSM TOTAL</b>
	<b>PARTIAL</b>	<b>COMPLETE</b>	<b>TOTAL</b>	
Alabama	427	2,588	3,015	96
Alaska	55	27	82	4
Arkansas	13	57	70	5
Colorado	368	196	564	8
Illinois	1,013	414	1,427	106
Indiana	1,654	852	2,506	81
Iowa	24	96	120	23
Kansas	72	44	116	9
Kentucky	16,815	9,346	26,161	402
Louisiana	16	8	24	4
Maryland	634	341	975	41
Mississippi	9	3	12	2
Missouri	213	108	321	40
Montana	88	87	175	4
New Mexico	124	56	180	1
North Dakota	494	140	634	2
Ohio	2,009	1,455	3,464	221
Oklahoma	560	319	879	37
Pennsylvania	11,829	8,218	20,047	547
Texas	209	76	285	14
Utah	181	115	296	4
Virginia	3,417	2,575	5,992	167
West Virginia	11,328	7,435	18,763	466
Wyoming	243	132	375	13
<b>Total</b>	<b>51,795</b>	<b>34,688</b>	<b>86,483</b>	<b>2,297</b>

### 3. Federal Programs

Two-thirds or \$3.5 million promote responsible mineral extraction practices at active operations (Resource Use) and \$1.8 million goes to safeguard people and property from adverse impacts, such as blasting, noise, and water pollution (Serving Communities).

Under this program activity, OSM administers a full regulatory program for coal-mining activities in non-primacy States. Significant components of this program activity include review of permit applications (including preparation of any necessary NEPA compliance documents), determination of performance bond amounts, inspection and enforcement (including civil penalty assessment and collection), release of performance bonds, reclamation of bond forfeiture sites, and processing petitions to designate lands as unsuitable for mining.

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 Arizona, Georgia, and Washington, with the bulk of that activity in Washington. Programs also are in place for 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 136 active mine sites, 32 inactive sites, and 176 abandoned sites in Tennessee. Coal production has stabilized in recent years and is fluctuating around 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 active surface coal mines regulated under the Washington Federal Program. The Centralia Mine, located about 25 miles southeast of Seattle, Washington produces approximately five million tons of coal annually and will affect some 8,100 acres of land within a 14,200-acre permit area during the 41-year life of the mine. The John Henry No. 1 Mine, covering 422 acres near the City of Black Diamond, only produces a small amount of bituminous coal annually. During FY 2003, the operator, Pacific Coast Coal Company, plans to apply for a final bond release for about 20 acres.

Table 8 provides inspection and enforcement data for Federal program States during FY 2002.

<b>Table 5– FY 2002 Federal Program States Inspection / Violation Data</b>							
<b>STATE</b>	<b>INSPECTIONS</b>			<b>NOV'S</b>		<b>FTA CO'S</b>	
	COMPLETE	PARTIAL	TOTAL	ACTIONS	VIOLATIONS	ACTIONS	VIOLATIONS
Georgia	6	1	7	0	0	0	0
Tennessee	1,013	1,022	2,035	28	36	2	2
Washington	8	17	25	4	5	0	0
<b>TOTALS</b>	<b>1,027</b>	<b>1,040</b>	<b>2,067</b>	<b>32</b>	<b>41</b>	<b>2</b>	<b>2</b>

#### 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. Approximately two-thirds or \$1.0 million supports the Department's Resource Use mission and one-third or \$0.5 million supports protection of people and property from current mining. 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 9 provides projected mining plan decision document workload data.

<b>Table 6 – Projected Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year</b>		
<b>Mining Plans and Modifications to Existing Mining Plans</b>		
<b>Activity</b>	<b>FY 2003</b>	<b>FY 2004</b>
In progress prior FY	5	5
Anticipated current FY	6	8
Total FY Workload	11	13
Completed in FY	6	7
Balance, end of FY	5	6

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/Kayenta mining complex 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. One surface mine in Montana mines coal owned by the Crow Tribe, and one underground mine in Colorado has completed mining coal under lands owned by the Ute Mountain Ute Tribe. Both the Crow and Northern Cheyenne Tribes are evaluating coal properties for future development. The Indian lands mines are among the largest in the United State, with a total of about 95,000 acres under permit.

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 and Obligation training program.

TRIBE	INSPECTIONS			NOV'S	
	COMPLETE	PARTIAL	TOTAL	ACTIONS	VIOLATIONS
Crow Tribe	4	8	12	0	0
Hopi Tribe	7	11	18	0	0
Navajo Nation	53	60	113	6	7

Ute Tribe	7	8	15	0	0
<b>TOTALS</b>	71	87	158	6	7

**Table 8-Projected Permit and Permit Revision Workload  
where OSM is the Regulatory Authority, by Fiscal Year**

Activity	Federal Programs (Non-Primacy States)		Indian Lands	
	FY 2003	FY 2004	FY 2003	FY 2004
In progress previous FY	60	53	65	65
Anticipated current FY	75	66	90	90
Total FY workload	135	119	155	155
Completed in FY	82	72	90	90
Balance, end of FY	53	47	65	65

## **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 \$3.1 million or two-third of funding to support DOI's Resource Use goal and \$1.5 million or one-third supports the Serving Communities goal area.

### *a. Rulemaking*

OSM issues Federal rules and prepares the associated information collection clearance packages required by the Office of Management and Budget. Functions under this program activity include: coordinating clearance and publication of rules, as well as preparing 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 2002, OSM published 31 proposed rules and 28 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. During FY 2002, the State Amendment activity was identified as follows:

<b>Table 9 – FY 2002 State Program Amendment Activity</b>				
<i>Number of Amendments</i>				
<b>Amendment Type</b>	<b>Pending Oct. 1, 2001</b>	<b>Received FY 2002</b>	<b>Completed FY 2002</b>	<b>Pending Sept. 30, 2002</b>
Informal	1	11	11	1
Formal	33	30	31	32
<b>Total</b>	34	41	42	33

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2002, OSM published one final rule, Civil Penalty Adjustments (November 21, 2001).

Key rulemaking initiatives for which OSM anticipates activity in FY 2004 are described below.

- *Financial Assurances – Treatment of Pollutational Discharges:* During FY 2002, OSM published an advance notice of proposed rulemaking in the Federal Register seeking comment on issues related to bonding and financial mechanisms for the long-term treatment of acid mine drainage associated with coal mining. Comments were received from citizens, citizens' groups, states, coal and surety industries, associations, and other Federal agencies. OSM will be working with interested parties in FY 2003 and 2004 to address this important issue.

- *Revisions to the State Program Amendment Process:* Under OSM's existing regulations, the Director is required to begin proceedings under Part 733 when a State fails to submit a required program amendment pursuant to 30 CFR 732.17(f), or a description of the amendment and a timetable for enactment or fails to comply with the timetable. This rulemaking would provide additional, less drastic options for dealing with a State when the State fails to comply.
- *Ownership and Control Rule:* Based on settlement negotiations with the National Mining Association, OSM was required by the court to issue proposed changes to the 2000 final rule. During FY 2003, OSM will publish proposed changes. During FY 2004, OSM will finalize changes and focus on implementation of the final "Ownership and Control" rule and related regulations by providing assistance to the States, in the form of training, program review, and implementation strategies.
- *Placement of Excess Spoil:* OSM expects to propose this rule in FY 2003 and finalize it in FY 2004. This rule would be designed to address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. It would (1) establish permit application requirements and review procedures for applications proposing to place excess spoil from surface coal mining operations into waters of the United States, (2) modify the backfilling and grading regulations to minimize the creation of excess spoil, and (3) revise the regulations governing surface coal mining operations within 100 feet of a perennial or intermittent stream to restore consistency with the language of the Act.
- *Revegetation:* Based on an outreach initiative conducted in previous years, OSM expects to propose minor revisions to its existing revegetation regulations in FY 2003. The proposed changes would improve the quality of reclamation achieved under SMCRA and achieve a more consistent application of these requirements to both arid and humid areas of the country. The changes are intended to facilitate the establishment and maintenance of diverse plant communities on reclaimed mine lands; to ensure the regulations are not an impediment to reforestation of mine lands and facilitates the evaluation of woody shrub communities in the West; and make the measurement of revegetation success in both the arid and humid areas of the United States more similar. This rulemaking activity will likely continue into FY 2004.
- *Abandoned Coal Refuse Piles:* The Energy Policy Act of 1992 requires the Secretary to develop new regulatory standards and a new permitting system, if appropriate, to facilitate the removal and on-site reprocessing of abandoned coal refuse piles, provided the Secretary determines through a standard-by-standard basis that a different standard would provide the same level of environmental protection as afforded by sections 515 and 516 of SMCRA.

The proposed rule would conform with the standards in sections 515 and 516 of SMCRA, instead of the corresponding regulations, and also would narrow the focus to small abandoned refuse areas. The concept would be to assign a specific acreage and time limitation. OSM expects to propose the rule in FY 2003 and finalize it in FY 2004.

*b. Grants Management*

OSM fully supports and participates in the efforts of the Department of the Interior to comply with Public Law 106-107, the Administration's E-Government initiative, and Health and Human Services E-Grants program. The use of electronic grants will simplify and expedite the application process for the States and Tribes. OSM has a cooperative working relationship with our grantees, working for 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 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), Corps of Engineers (section 404 permits), and Mine Safety and Health Administration, all of whose activities can affect the surface coal mining regulatory program.

## **FY 2002 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

**In 2002, the major accomplishments in the Environmental Protection program activity include:**

- Issued new coal mining permits, in cooperation with state authorities, on 115,089 acres.
- Performed more than 35,700 complete mine inspections and over 52,900 partial inspections, in cooperation with state authorities, to insure coal mines are operated safely and in accordance with environmental laws. (figures include State and Federal inspections)

## **FY 2003 PLANNED PROGRAM PERFORMANCE**

- Maintain 94% of current coal mine operations free from off-site impacts to people and the environment.
- Release 70,000 acres from Phase III Performance bond.





## JUSTIFICATION OF 2004 PROGRAM CHANGES

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Environmental Protection	FY 2004 Budget Request	Program Changes (+/-)
\$(000)	79,463	-145
FTE	222	0

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### Program Changes:

Information Technology (-\$145,000) - The Department is undertaking significant information technology reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short and long-term efficiencies and savings. The Department is taking a corporate approach that will include consolidated purchases of hardware and software, consolidation of support functions including helpdesks and email support, and web services, and coordination of training.

In addition to Department-wide efforts, the Bureau will explore further savings in information technology by fully participating in Departmental enterprising and capital planning projects, delaying system enhancements, consolidating bureau level services (i.e., servers and helpdesk), accelerating the acquisition of the MS Enterprise Licensing agreement, and reviewing life cycle replacements. In addition, potential savings may result from competitive sourcing studies.

**FY 2004 ENVIRONMENTAL PROTECTION PROGRAM PERFORMANCE**

<b>DOI Strategic Goal: Resource Use – Provide Access for Responsible Use and Optimal Value</b>						
<b>End Outcome Goal 2.1: Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value (Energy)</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Ensure 94% of active sites are free of off-site impacts.	93.9%	94%	92.8%	94%	94%	0
Number of acres where reclamation goals are achieved as evidenced by release from phase III performance bond.	81,853	75,000	73,407	70,000	70,000	0
<b>Intermediate Outcome: Enhance Responsible Use Management Practices</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
<b>Restore and mitigate damage:</b>						
Number of acres reclaimed (phase I and II).	180,503	112,000	106,136	100,000	100,000	0
<b>DOI Strategic Goal: Serving Communities – Protect Lives, Resources and Property</b>						
<b>End Outcome Goal 4.1: Protect Lives, Resources and Property</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Injury Reduction: Number of fatalities and injuries on DOI managed or influenced lands and waters.	N/A	N/A	N/A	N/A	0	0
<b>Intermediate Outcome: Improve Public Safety and Security and Protect Public Resources from Damage</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Maintain 94% of sites free of off-site impacts (people and property). <sup>1</sup>	93.9%	94%	92.8%	94%	94%	0

1\ Off-site impact measure is broken down by impacts to people, land, water, and structures. Those impacts that pertain to people and structures support the Serving Communities goal area.

## ENVIRONMENTAL RESTORATION

(dollars in thousands)

		2002 Actual	2003 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2004 Budget Request	Change from 2003 (+/-)
Regulation & Technology **	\$\$\$	191	437	2	-1	438	1
	FTE	1	1	0	0	1	0
Abandoned Mine Land	\$\$\$	186,697	156,987	221	-71	157,137	150
	FTE	111	109	0	0	109	0
TOTAL	\$\$\$	186,888	157,424	223	-72	157,575	151
	FTE	112	110	0	0	110	0

*\*\*Actual and estimated Civil Penalty Collections (\$275,000) are included in the total with no change estimated in FY 2004.*

**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 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 provides funds to States and Tribes for administering their approved AML programs. OSM also evaluates State and Tribal AML programs, abates emergency and high-priority coal mining-related hazards through the Federal Reclamation program (where OSM has reclamation responsibility), and fosters partnerships for the Clean Streams Program 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 17,200 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 (environmental hazards). Since 1977, over 180,000 equivalent acres of priority 1, 2, and 3 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 draft 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. Environmental problems associated with abandoned mine sites include water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles. 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.

OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004, the end of FY 2004. Therefore, prior to program reauthorization during formulation of the FY 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to inform budget, management, and policy recommendations. The process generated extensive information on program effectiveness and accountability, including the need for additional performance measures.

The principal PART findings for the AML program are:

- the program is well managed and implemented with considerable coordination among program stakeholders,
- the increased use of AML funding by states for other uses is slowing the reclamation in states with large numbers of AML sites, and
- OSM needs to develop long term measures that are more outcome oriented and develop an efficiency measure.

**Operational Processes  
(Program Activities):**

Approximately 90 percent of OSM's total funding request for this business line is for State and Tribal Funding, which provides AML State and Tribal reclamation grant funding, including watershed cooperative agreements, as well as funding for State and Tribal operated emergency projects.

<p style="text-align: center;"><b>ENVIRONMENTAL RESTORATION ENCOMPASSES</b></p> <p><i>State and Tribal AML Reclamation Operations</i></p> <ul style="list-style-type: none"><li>▪ <i>Reclamation Grants</i></li><li>▪ <i>Clean Streams Program</i></li><li>▪ <i>Watershed Cooperative Agreements</i></li></ul> <p><i>Federal and State Reclamation</i></p> <ul style="list-style-type: none"><li>○ <i>Emergency Programs</i></li><li>▪ <i>High Priority Projects</i></li><li>▪ <i>Outcrop and Underground Fire Control</i></li><li>▪ <i>Civil Penalty Reclamation</i></li><li>▪ <i>Bond Forfeiture Reclamation</i></li></ul> <p><i>Program Development and Maintenance</i></p> <p><i>State Program Evaluation</i></p>
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The Federal Reclamation Program funds both emergency and high-priority reclamation projects in States and Tribes that do not have a coal regulatory program, and also provides for emergency reclamation of AML problems in States with a coal regulatory program but without their own emergency program. OSM's administration costs of these projects are included in this business line.

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.

## FY 2004 PERFORMANCE GOALS AND MEASURES

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. In fiscal year 2002 OSM held a series of meetings with our State and Tribal partners to discuss the existing goals and measures for the restoration business line. As a result of these meetings and in line with the Departmental draft Strategic Plan, OSM has identified new goals with associated objectives and measures to indicate program accomplishments.

The table illustrates the relationship between the Department draft mission goals and OSM draft goals and measures.

**Table 1 – Strategic Goals and Measures**

<b>OSM Mission Goal: Environmental Restoration</b>			
PROVIDE A CLEANER AND SAFER ENVIRONMENT FOR THE AMERICAN PEOPLE BY RECLAIMING AND RESTORING LAND AND WATER DEGRADED BY PAST MINING			
<b>DOI Goal</b>	<b>DOI Outcome Measure</b>	<b>OSM Goal</b>	<b>OSM Measures</b>
<b>Resource Protection –</b> Improve Health of Watersheds, Landscapes and Marine Resources that are DOI Managed or Influenced in a Manner Consistent with Obligations Regarding the Allocation and Use of Water.	1. Number of land acres for which degradation from past mining has been reclaimed.  2. Number of stream miles and number of acres of impounded water for which degradation from past surface coal mining has been reclaimed.	Improve mine-scarred land and water resources	# of mine-scarred land acres improved for beneficial use
			# of miles of streams improved
			# of acres of non-stream (impounded) surface water improved.
<b>Serving Communities –</b> Protect Lives, Resources, and Property	1. Reduce safety risks from abandoned mine lands by reducing the exposure potential for ‘X’ people  2. Injury reduction – number of fatalities and injuries on DOI managed or influenced lands and waters.	Eliminate health and safety hazards related to past mining.	# of hazards eliminated by type, actual units, and number of people no longer at risk for these hazards.
			% of declared emergencies abated within six months and the number of people directly affected.
		Improve the use of financial resources dedicated to protecting the public from the adverse effects of past mining.	# of active partnering and leveraging agreements, and the amount of increased funds thereby derived.
			% of funds obligated nationally by States and Tribes.



**Data Verification and Validation for Measures:** The data for measuring reclamation accomplishments will come from the Abandoned Mine Land Inventory System (AMLIS); from our State and Tribal partners; and a separate tracking system utilized for the Clean Streams projects.

The 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. Each problem is classified as unfunded, funded or completed. Problems are designated “funded” when construction contracts have been awarded to reclaim them. 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.

**Actions Required to Achieve Annual Goals:** In FY 2004, 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 Secretary Norton’s 4C’s philosophy – Communication, Consultation and Cooperation in the service of Conservation.

**Resources, Skills, and Technology Needed:** OSM and the AML program States and Tribes will continue to need a diverse and multi disciplinary 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 2004 President’s Budget requests \$142.1 million for State and Tribal funding for AML reclamation and emergency program; \$2.5 million for State Program Evaluation; \$9.4 million for Federal Reclamation Program of which \$3.8 million is for projects; and \$3.1 million for Program Development and Maintenance. It also proposes \$0.072 million in savings resulting from efficiencies in information technology initiatives.

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.

**Table 2 – Justification of Program and Performance  
Environmental Restoration**  
Summary Increases/Decreases for FY 2004  
(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec	
		2002	2003	2004	2002	2003	2004	2002	2003	2004		
State and Tribal Funding	\$\$\$	0	0	0	159,585	142,085	142,085	159,585	142,085	142,085	0	
	FTE	0	0	0	0	0	0	0	0	0	0	
State Program Evaluation	\$\$\$	0	0	0	2,467	2,513	2,547	2,467	2,513	2,547	34	
	FTE	0	0	0	25	24	24	25	24	24	0	
Federal Reclamation Program	Projects:		34**	275**	275**	16,067	3,850	3,850	16,101	4,125	4,125	0
	<i>Emergency High-Priority</i>	\$\$\$				10,946	0	0				
						5,121	3,850	3,850				
	Operations	\$\$\$	157	162	163	5,363	5,468	5,543	5,520	5,630	5,706	76
	FTE	1	1	1	56	55	55	56	56	0	0	
Program Dev/Maintenance	\$\$\$	0	0	0	3,215	3,071	3,112	3,215	3,071	3,112	41	
	FTE	0	0	0	30	30	30	30	30	30	0	
TOTAL	\$\$\$	191	437	438	186,697	156,987	157,137	186,888	157,424	157,575	151	
	FTE	1	1	1	111	109	109	111	110	110	0	

\*\* Actual and estimated Civil Penalty Collections (\$275,000) are included in the total with no change estimated in FY 2004.

## ONGOING PROGRAM

### 1. State and Tribal Funding

The grant funding provided to States and Tribes support the DOI Resource Protection and Serving Communities mission goal areas. The reclamation project work undertaken with these funds restores land to beneficial uses, improves the quality of life for coal field citizens, and promotes job creation in these economic depressed areas. Two-thirds (\$94.8 million) of the requested \$142.1 million for grants will be used to address the most serious health and safety problems (priority 1 and 2s) caused by past mining that pose imminent harm or adversely affect people and property. About one-third (\$47.3 million) of the request will address environmental clean up projects and water pollution caused by acid mine drainage in the Appalachian states through the Cleans Streams program.

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 and \$3.6 billion of priority 2 general welfare problems remain unreclaimed, and over \$1.8 billion of unreclaimed priority 3 problems have been identified by States and Tribes.

The AML Fund receives revenues through the collection of coal production fees (the lesser of 35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 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.

SMCRA establishes that 50 percent of the fees collected be allocated to the State/Tribe from which they were collected for use in the State/Tribal reclamation program on eligible coal and non-coal abandoned sites. If a State/Tribe has certified that all coal-related problems have been addressed, its 50 percent share may also be used for the construction of public facilities related to the coal or minerals industry in States/Tribes impacted by such mining.

In accordance with SMCRA, the remaining 50 percent is divided into three shares:

- (1) The Rural Abandoned Mine Program (RAMP);
- (2) The Federal Expenses Share; and
- (3) The Historical Share.

Share One: RAMP Share, administered by the U.S. Department of Agriculture (USDA), is 10 percent of the fees collected plus 20 percent of the interest earned on the investment of the unspent portion of the AML Fund. To date, appropriations for

RAMP have been \$196 million. No funds have been requested for RAMP in FY's 1996 - 2003, and none are included in the Administration's FY 2004 budget.

Share Two: The Federal Expenses Share is 20 percent of the fees collected plus 40 percent of the interest earned on the investment of the unspent portion of the AML Fund.

This Share is used to fund:

- (a) Emergency and High-priority coal projects under the Federal Reclamation Program in States and Tribes without approved AML programs;
- (b) The supplemental amount to minimum program States;
- (c) The approved State Emergency Programs;
- (d) The Small Operator Assistance Program (SOAP); and
- (e) Federal expenses to collect the AML fee and administer the AML program. The Clean Streams Program is funded from this share.

Share Three: The Historical Coal Share is 20 percent of the fees collected plus 40 percent of the interest earned on the investment of the unspent portion of the AML Fund. This Share is used for grants to eligible States and Tribes for high priority coal projects. It is distributed through a formula based on the amount of coal historically produced in the State or from the Indian lands prior to the August 3, 1977, passage of SMCRA.

These three Shares collectively are referred to as the Federal Share.

The interest earned on the investment of the unspent portion of the AML Fund, while divided into the three Shares as explained above, has been primarily devoted to making transfers to the United Mine Workers of America Combined Benefit Fund. The Combined Benefit Fund is used to defray costs for the health care benefits of eligible former coal mining employees and their beneficiaries. OSM makes an annual mandatory transfer payment of interest earned on the AML Fund to the Trustees of the Combined Benefit Fund, within the requirements of the Energy Policy Act of 1992 and SMCRA.

*a. Reclamation Program Grants*

OSM provides grants to States and Tribes that have approved reclamation programs. States and Tribes use the grants 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. Reclamation grants to States and Tribes comprise the majority of this program activity's resources.

Each State must have an approved SMCRA regulatory (Title V) program and a reclamation (Title IV) program before it is eligible to receive reclamation grant funding. Tribes are allowed access to AML funds derived from reclamation fees if they have an approved reclamation program. Currently, three Tribes (Crow, Hopi, and Navajo) have approved programs and receive AML grant distributions. Twenty-three States and three Tribes will receive reclamation grant funding in FY 2004. For FY 2002, \$142.1 million is requested for grants.

Each year, the States and Tribes select reclamation projects from their inventories of eligible Problem Areas. AML grants normally have a three-year life cycle to allow for project planning and design, contract development and award, actual construction activities, and contract close-out. The AML grants also fund 100 percent of States' and Tribes' administrative costs related to reclamation program management.

OSM does not require advance approval of each AML project before it awards a grant. After OSM approves a grant, but before construction begins, OSM provides an authorization for a specific project to proceed. After OSM approves a grant, it establishes a letter of credit at a local bank for a State or Indian tribe. This incurs a Federal obligation and makes the funds available for the State or Tribe. When a State needs funds to pay expenses, the letter of credit is drawn down. OSM oversees the reclamation projects and expenditure of grant monies.

In the 1990 amendments to SMCRA, an authorized allocation level of at least \$2 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites. The minimum program amount includes the State Share, the Historical Coal Share and an additional supplemental amount (charged to the Federal Expenses Share). For FY 2004, the minimum funding level request remains at \$1.5 million.

*b. Clean Streams Program*

In FY 2004, OSM proposes to maintain funding for the Clean Streams Program by making available a total of \$10 million for the program; \$6.9 million to fund State Reclamation Grants, \$2.75 million for Watershed Cooperative Agreements, \$0.200 million for the Acid Drainage Technology Initiative (ADTI) and \$0.150 for program management, maintenance and assistance. The ADTI is under the Technology Development and Transfer business line. The requested level would enable OSM to support State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD) in the Appalachian coal region.

OSM's emphasis on Clean Streams Program projects as a national priority, combined with increasing watershed stewardship at the community level, and more sophisticated and cost-effective treatment technology, has promoted a general increase in State project activity related to, or incorporating, AMD treatment. With additional opportunities to

field-test and observe passive AMD treatment systems, the efficacy, sophistication, and cost effectiveness of treatment technology has increased considerably in just a few years.

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. As a result, the Clean Streams Program was designed to facilitate development of partnerships in the Appalachian coal region. Through this effort, OSM has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals.

Through FY 2002, approximately \$26 million in matching grant funds have been committed by participating States to 89 projects. States identified the projects and secured additional sources of funding, wherever possible. Through FY 2002, partnering sources have contributed approximately \$20 million in project funds and services. In addition, many in-kind services, without a specific determined monetary value, have been provided by partnering entities.

OSM, in consultation with the States, distributes Clean Streams Program grant funding in the Appalachian coal region using a base amount of \$125,000 to each of the eligible States, with the remainder distributed based on historical coal production. As inventory data on the extent of acid mine drainage in each State is not available, historical coal production is perhaps the most equitable basis for distributing available funding.

Many of the demonstration projects that received Clean Streams funding since inception through FY 2002 are now completed, under construction, or in design, with construction to commence soon. OSM's emphasis on the Clean Streams Program has also helped promote a general increase in State project activity related to, or incorporating, AMD treatment. The following are some examples of how the funds are being used:

New Project Examples:

- **Peabody Washer Project, Alabama** - The Peabody Washer AMD Remediation Project, located in Tuscaloosa, Alabama, includes a four-acre gob pile, stacked 100 feet high with unstable outer slopes. The southern perimeter of the pile has become severely eroded. The unstable refuse flows freely into two clogged sediment ponds, which in turn drain directly into the Holt Lake section of the Black Warrior River. Over the years, large amounts of sediment and debris have been deposited, forming a sandbar that extends 20 feet into the river. This continual buildup of sediment within the river poses a hazard to navigation and is detrimental to water quality. Drainage intermittently flowing through the gob material was analyzed by the Alabama Dept. of Industrial Relations as having low

pH (3.48), no alkalinity, and acidity of 83 mg/l. A Clean Streams Project has been approved by OSM that will excavate and regrade the gob pile and upper sediment pond, returning the outer slopes to a stable, 4:1 configuration. The regraded pile and lower sediment pond will be armored with onsite material, and the drainage from the upper pond diverted around the lower pond. A passive limestone leach bed will be built below the site to treat acidic drainage in a seep that discharges the groundwater from the site. These actions will reduce infiltration into the acidic gob material, eliminate mine-waste related sedimentation of the river and treat the acidic seep that drains the site.

- **Red Oak Project, Oklahoma** – Construction work was initiated in 2002 to abate acid mine drainage (AMD) discharging into Red Oak Creek in Latimer County, Oklahoma. The AMD is from a continuous artesian flow out of an underground mine dewatering borehole that was abandoned around 1925. The project employs newer AMD passive treatment technology involving a two-stage, bio-reactor type, Vertical Flow Wetlands. The technology employed uses bacteria in a thick compost layer to remove pollutants. The Oklahoma Conservation Commission has partnered with the University of Oklahoma, the local Soil Conservation District and a local business to implement the project. Revegetation plans for the project were developed by the local soil conservation district and wetland plantings were done free of charge by University of Oklahoma students. Monitoring will continue through 2003 and into 2004.
- **Will Scarlet Mine, Illinois** - Illinois used Appalachian Cleans Streams funding over two consecutive years to reclaim more than 160 acres of acid producing spoils at the Will Scarlet Mine site in Williamson County, within the watershed of the South Fork of the Saline River. Precipitation falling in the ungraded spoil ridges emerged as acid mine drainage in the lower reaches of the area. Significant quantities of alkaline cement kiln dust were used to fill low areas and the spoil was graded to drain. Kiln dust and sewage sludge were incorporated into the regraded spoil surface to add alkalinity and organic matter, and vegetation was established. Though qualitative data is not yet available, visual inspection indicates a decrease in acid mine drainage (AMD) from the area. The site owner, Peabody Coal Company, joined as a partner in this effort providing heavy equipment, alkaline kiln dust, and sewage sludge. Peabody was joined by another corporate partner, Southern Illinois Power. Together, their investment in the project was worth several hundred thousand dollars and the project will improve 45 miles of river.
- **Buckeye Furnace, Ohio** - This project in the Raccoon Creek watershed, reclaimed 60.5 acres of acidic slurry ponds and gob piles and utilized several passive treatment techniques, including an anoxic limestone drain, a successive alkalinity producing system, and steel slag leach beds.

Sampling showed that acid loads downstream of the project were reduced by 805.3 tons of acid per year, and iron concentrations were reduced from an average concentration of 38.3 mg/l to 4.8 mg/l. Aluminum was reduced from an average concentration of 13.4 mg/l to 0.7 mg/l.

- **Keyser Avenue, Pennsylvania** - Due to adjacent mining, water from Lucky Run was leaking through cracks in the streambed into an underground mine pool, thereby adding to the AMD contamination of the Lackawanna River. Water loss was so severe that, in times of low flow, water entering the fracture zone from upstream was 100% lost to the underground mine pool by the time it reached the lower end. The Keyser Avenue project successfully restored surface flow to 1,300 feet of stream channel by lining the stream bottom with an impervious fabric to prevent stream water from infiltrating the underground mine pool through cracks in the streambed and underlying rock strata. The stream channel was rebuilt using the nationally known Fluvial Geomorphology Method to simulate natural stream characteristics, reduce the force of the water in times of flood, provide stable banks, and improve habitat for fish and aquatic life. Other benefits include prevention of mine drainage, protection of an underground coal mine renovated for public tours, restoration of aquatic habitat, and enhancement of a public park. The Lackawanna County Commissioners dedicated \$80,000 for project enhancements to help the project blend into the look of the surrounding public park with the restored stream as its centerpiece. Based on this successful project, Pennsylvania plans to extend the stream reconstruction area several hundred additional feet downstream through an additional fracture zone.

OSM implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Program in FY 1999. The program allows OSM to award funding, in the form of cooperative agreements, directly to private not-for-profit agencies, such as small watershed organizations, to undertake local AMD reclamation projects. This program is intended to provide the final amount necessary to complement the contributions of other supporting partners and proceed to actual construction.

In FY 2000, OSM received 29 applications and awarded 19 cooperative agreements ranging from \$22,000 to \$80,000 and totaling \$1.7 million. In FY 2001, funding for the watershed program was increased to \$2,743,950. During FY 2001, OSM awarded 13 cooperative agreements for projects in five States. In FY 2002, OSM awarded 21 cooperative agreements in seven States, for \$1.6 million.

The following represent examples of some of the projects funded under the program:

- **The Black Diamond Resource Conservation and Development, Inc.**, Lebanon, Virginia, received funding to abate acid mine drainage on the University of Virginia at Wise campus. The source of acid mine drainage is abandoned



underground mining conducted prior to the 1950's. The acid mine drainage stains the stream that runs through the campus. The project already has a diverse group of partners including UVA-Wise, Virginia Tech, VA Division of Mine Land Reclamation, Guest River Group, Lonesome Pine Soil and Water Conservation District, VA Department of Conservation and Recreation, NRCS, AMD&ART and Maxim Engineering. OSM funding for the project is \$100,000 and the current non-federal match is \$100,000.

- **The Sagamore Mine Drainage Remediation Project** is sponsored by the Mountain Watershed Association. The Association was created in 1994 to raise public awareness of environmental issues and implement environmental restoration projects in the Indian Creek Watershed. Indian Creek watershed is in northeast Fayette County Pennsylvania. There are about 30 miles of streams, with 17 miles severely impacted by drainage from abandoned coal mines. The Association has developed a strong coalition of citizens, businesses, and local, Pennsylvania and Federal partners. As a first step, the Association undertook a comprehensive assessment and inventory of the sources of water quality degradation. As a partner, the Natural Resources Conservation Service (NRCS) completed a watershed restoration plan in 2000. That plan identified 119 sources of abandoned mine drainage. Of those, 10 were targeted for treatment as they contribute over 90% of the total problem in the Indian Creek Watershed. The Association now has projects in construction or development on six of those sites. The Sagamore site is the first AMD remediation project completed in the watershed. The project involved the collection of underground mine seeps, the relocation, and reclamation of a streamside coal refuse pile, and design and construction of two treatment systems. A special feature is the incorporation of two 20-foot tall windmills that operate air pumps. The windmills pump a stream of air into the water, enhancing the process that leads to precipitation of iron. OSM contributed \$107,000 of the total cost of \$358,000 to construct the project. Other primary financial partners included the NRCS and EPA, and the Western Pennsylvania Watershed Protection Foundation. The Pennsylvania Department of Environmental Protection cleans out the collection pipes, and is an active financial and design partner in several of the other AMD remediation projects in the watershed. The local school system is using the site for environmental field trips, and local youth groups have planted trees and shrubs along the trail. The Mountain Watershed Association leveraged their success on this project to improve public involvement in environmental issues affecting the watershed and to begin additional projects.
- **The McCarty Highwall Project** involves an abandoned surface mine that discharges acid mine drainage into Beaver Creek, a part of the Cheat River Watershed in Preston County, West Virginia. The mine discharge adversely affects receiving stream water quality and fish populations. This project site was selected and developed through the River of Promise (ROP) steering committee, chaired by Friends of the Cheat (FOC). The ROP steering committee believed that treatment of the discharge would significantly improve water quality in

Beaver Creek, allowing the stream to be returned to a cold-water fishery. FOC obtained project funds and in-kind services from OSM, EPA, the National Mine Lands Reclamation Center, Triad Engineering, and the U.S. Department of Energy. The total project costs were approximately \$100,000. The project was started in September 2000 and completed in October 2000. One year of post-construction water quality data reflected significant improvements at the site and to Beaver Creek. The West Virginia Division of Natural Resources (WVDNR) considered the improvements and determined that it was feasible to reintroduce native brook trout populations.

In August 2002, a fish survey was conducted to evaluate the success of the October 2001 trout stocking. The fish survey found good survival rate with transplanted fish and several young-of-the-year trout (at least 4 age classes). The survival rate was so successful that the WVDNR Fishery Biologist recommended against conducting additional transfers of adult fish to the stream.

For FY 2004, OSM will continue to use up to \$150,000 of the overall Clean Streams funding to support activities such as: 1) assisting OSM Field Offices and States as they encourage formation of new, or more effective, watershed organizations in areas with AMD from abandoned coal mining; 2) supporting States, other Federal agencies, watershed organizations, and associated groups in partnering; 3) leveraging human and fiscal resources for stream restoration projects; and 4) implementing the Watershed Intern Program.

*c. State Emergency Programs Grants*

Under provisions of SMCRA, OSM provides funds to States to abate emergencies. These 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. The funding for this activity supports DOI's goal to protect lives, resources, and property under the Serving Communities mission component.

States that operate their own emergency programs, fund the emergency projects from their AML grants. Emergency project funds originate in the Federal Share portion of the AML Allocation and are in addition to States' regular AML grant allocation. During FY 2003 OSM turned over emergency program authority to Iowa, bringing to fourteen the number of active State emergency programs. The following States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, 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, Tennessee and Washington) and for States that have not requested the authority to administer their own emergency programs (Colorado, Kentucky, Louisiana, Maryland, New Mexico, Pennsylvania, Texas, Utah, and Wyoming).

OSM will continue to encourage States to assume responsibility for emergency AML reclamation projects. States have developed considerable expertise in performing reclamation. More effective reclamation can occur when States perform the emergency abatement and then immediately follow-up by completing the reclamation project through their regular AML programs.

OSM's FY 2004 request does not include any new federal funds for Federal emergency programs, however the request does include funds for the State administered programs. Previous OSM appropriation language has limited expenditures of current year funds in any one state to \$4.5 million. In the past, West Virginia, Pennsylvania, and Kentucky have all reached this limit. This has resulted in the need to use prior year emergency funds, which are not subject to the per state limitation. To assure the timely response to emergency conditions, it is imperative that OSM continue to be able to supplement current year funds with carryover funds from previous years.

## **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. Two-thirds or \$1.7 million of the funds provided support the protection of lives, resources and property; one-third or \$0.8 million addresses the improvement of land and water degraded by past mining.

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

Through the Federal Reclamation sub-activity funds (\$9.4 million) are provided for the elimination of the highest priority environmental hazards associated with past mining in non-primacy States; and, elimination of hazards that pose imminent harm to people and property in States without an emergency program (Kentucky and Pennsylvania). These activities support accomplishment of the Department's Communities goal by protecting people, property and resources from direct adverse affects caused by past mining operations.

This program activity funds the following components:

- emergency projects;
- high-priority projects;
- program operations (OSM administration of projects).

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. Typically, OSM administers over half of all emergency abatement work performed annually.

The Federal Emergency Projects component 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 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. Landslides are generally more costly to abate than other AML problem types.

In FY 2002, the OSM abated 166 AML emergencies in six States. The most emergencies, (95) occurred in Pennsylvania, followed by Kentucky (65). Kentucky emergencies required the most funding, over \$3.5 million, primarily in abating landslides. This was due in part to heavy rains that fell in late winter and early spring. About \$3 million was spent in Pennsylvania, generally related to lower-cost subsidence events.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 24 hours. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation. In FY 2002 of the 597 potential emergencies referred to the Federal program, 162 were determined to be emergencies. Of the remainder, 419 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 16 were still under investigation at the close of the fiscal year.

OSM is not requesting new funding for the Federal emergency program for FY 2004, as OSM had \$22.9 million in carryover funds available at the start of FY 2003. Federal emergency expenditures over the past ten fiscal years have averaged about \$9 million.

*b. 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.

During FY 2002, OSM completed six high priority projects. Five were in the State of Tennessee which included three projects that reclaimed a total of 85 acres, and two projects that provided six and one half miles of waterlines to homes and businesses whose water supplies had been impacted by pre SMCRA mining. One project for 21 acres was completed in Georgia. Three projects in Washington continued ongoing reclamation efforts. Tennessee, with an unfunded inventory of projects of over \$13 million, remains the largest consumer of OSM's high-priority funds.

*c. Outcrop and Underground Fire Control Projects*

Pursuant to Public Law 83-738, as amended by Public Law 102-486 (Energy Policy 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, lighting, 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.

In FY 2002, the Colorado Department of Natural Resources, Inactive Mine Reclamation Program was provided a grant of \$60,000 for the Smokey Mountain Outcrop Fire on

BLM land near Grand Junction, Colorado. BLM has ranked this fire as a high priority risk to human health and safety and for wildlife potential. The funds will be used to fence the perimeter of the burn zone, remove vegetation from the near surface hot zones, conduct aerial surveys, conduct drilling to delineate the fire, and develop recommendations for long-term control of the fire.

*d. Program Operations*

OSM performs all 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
- reviewing, approving and paying invoices.

*e. 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 FY 2002 two emergency projects were funded in eastern Kentucky using civil penalty funds.

*f. 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.

Approximately 91 acres were reclaimed in Tennessee at a cost of \$1.15 million in FY 2002. OSM anticipates reclaiming approximately 35 acres at an approximate cost of \$275,000 in FY 2003, and approximately 101 acres at an approximate cost of \$338,480 in FY 2004.

#### **4. Program Development and Maintenance**

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. Program Development and Maintenance activity is an integral part of the State and Tribal funding program. The funding is divided one-third (\$1.0 million) Resource Protection and two-thirds (\$2.1 million) Serving Communities. 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 FY 2002, the State Reclamation Plan amendment activity was as follows:

<b>Table 3 – State Reclamation Plan Activity FY 02</b>				
<i>Number of Amendments</i>				
<b>Amendment Type</b>	<b>Pending Oct. 1, 2001</b>	<b>Received FY 2002</b>	<b>Completed FY 2002</b>	<b>Pending Sept. 30, 2002</b>
<b>Informal</b>	0	2	2	0
<b>Formal</b>	1	3	2	2
<b>Total</b>	1	5	4	2

*a. 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.

Beginning in FY 2000, OSM began working with the Bureau of Land Management, the National Park Service and the Forest Service to consolidate copies of all AML inventories in AMLIS. This effort will continue in the future. The public can access AMLIS via the Internet. AMLIS currently is being converted to a web-based system to allow even easier access by the public. OSM is using the AMLIS hardware and software to develop a web site where the public can create maps showing the locations of underground mine maps stored in OSM’s Mine Map Repository. Individuals will be able to view maps of interest on their computer monitor and/or download the maps as electronic files.

*b. Grants Management*

OSM supports and participates in the Department of the Interior's grants simplification efforts based on Public Law 106-107, the Administration's e-Government initiative, and Health and Human Services' e-Grants program. 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, and the 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 participating on ad hoc teams and by reviewing and commenting on proposed changes in the program. 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. 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.

*c. AML Enhancement Initiative*

OSM issued final rules on February 12, 1999 that allow more AML eligible sites to be reclaimed without significant additional cost to the government.

Under this rule, reclamation at a particular AML site can be provided by private contractors in exchange for the incidental coal found at the site. The removal of the coal must be a necessary part of the reclamation project. The cost to the AML program would, accordingly, be reduced by the value of the coal removed from the site. OSM expects to achieve environmental restoration at many sites that now contribute to AMD or create other environmental problems that likely would never be mined and reclaimed by industry under Title V. Removal of coal at many of these abandoned sites will permanently eliminate the environmental problems and their sources.

The rule includes a number of important safeguards to ensure that remaining under the AML program will not be used as a loophole for coal operators to avoid regulation. One control will disqualify sites where it is economical and feasible to recover coal under Title V provisions. A second is that all administrative and financial procedures and the environmental safeguards of the existing AML programs will apply to projects covered under the scope of the proposal.

The States and Indian Tribes have the option of adopting the provisions of this rule in their reclamation programs. Several States have availed themselves of this opportunity. Pennsylvania has amended its program and has already identified 41 areas to be eventually reclaimed under this concept. Ohio published its final rules in 1999, and Virginia published its rule in 2000. OSM approved Alabama's regulatory program amendment in June of 2000. The program amendment for the AML Enhancement

program was approved by OSM and the final rule was published on November 8, 2000. Maryland finalized regulations on April 12, 2001.

On April 4, 1999, the Kentucky Resources Council (KRC) challenged the rule in the Federal District Court for the District of Columbia. On September 1, 2000 the court ruled in favor of the Department of the Interior. As a result of the July 2001 appeal by the KRC, part of the rule was upheld, and part was remanded back to OSM for clarification. After consulting with States and Tribes, OSM has determined to issue a final rule to address the remanded issue. This final rule will be issued in FY 2003.

The following are some examples of AML Enhancement projects conducted in FY2002.

The Alabama - Blue Creek Gob AML Enhancement Project. The project successfully met the challenge of correcting an assortment of public safety hazards and environmental problems stemming from 40 acres of abandoned coal refuse or gob at a remarkably low cost. This was accomplished by allowing the contractor to extract and sell marketable coal from the refuse in return for grading the site under a no-cost contract with the State. Final reclamation of the project is currently underway.

The Alabama - Gorgas Mine Refuse AML Enhancement Project includes approximately 30 acres of slurry that is surrounded on three sides by 50 acres of gob material, forming a dam 1,300 feet in length. Cracks in the dam threaten its integrity. The refuse material is currently being removed and transported to a processing plant where it is blended with other materials and shipped to the Alabama Power Company Wilsonville Steam Plant for use as fuel. Reclamation of the site under the current "no-cost contract" will save the AML Program approximately \$1,000,000.

## FY 2002 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2002, the major accomplishments in the Environmental Restoration program activity include:

- Through grants provided to States and Indian tribes, reclaimed 8,000+ equivalent acres of abandoned coal mine lands presenting health and safety hazards.
- Distributed \$6.9 million to 12 States under the Clean Streams Program to restore and improve the quality of watersheds damaged by mining; another \$2.7 million was available for non-profit organizations and an additional \$4.4 million was contributed by outside sources to fund watershed projects.
- Expanded assistance to communities interested in Brownfield grants.
- OSM placed 31 summer interns with watershed organizations in eight States.
- Awarded \$1.6 million in the form of watershed cooperative agreements to 17 organizations in seven States for acid mine drainage treatment projects.
- OSM and States started 349 emergency abandoned coal mine reclamation projects and 317 non-emergency abandoned mine reclamation projects.
- Through 2002 partnership agreements under the Appalachian Clean Streams program have contributed approximately \$20 million in funds and in-kind services to the restoration of water polluted by acid mine drainage.

	<b>2002 Planned</b>	<b>2002 Actual</b>	<b>Change</b>	<b>Reason for Change</b>
Equivalent Acres Reclaimed	8,200	8,019	-2%	This is below the 2002 target goal; however, there is a delay in states reporting projects completed, but it is anticipated that the goal will be attained when all on-the-ground reclamation is reported.
Number of new Watershed Cooperative Agreements	46	33	-28%	The target set several years ago, based upon available information was too high. In recent years States have begun concentrating on larger projects thus reducing the number of new projects.
AML grants awarded within 60 days	100%	96%	-4%	OSM continues to strive for the highest rate of grants awarded within 60 days.
Number of emergency hazards abated <sup>1</sup>	400	347	- 13%	The number in the planned column represents the number of anticipated emergencies based upon prior years. The actual number of emergencies may be lower or higher.

1/ Figure includes OSM and State emergency reclamation project work.

**FY 2003 PLANNED PROGRAM PERFORMANCE**

- Through grants provided to States and Indian tribes, will reclaim 6,900 equivalent acres of abandoned coal mines sites.
- Fund 28 new projects that address water pollution in the Appalachian states caused by acid mine drainage.
- Continue expansion of assistance to communities interested in Brownfield grants and Vista Watershed Development Coordinators in states, under the Appalachian Clean Streams Program.

	<b>2002 Actual</b>	<b>2003 Planned</b>	<b>Change</b>	<b>Comments/ Explanation of 2003</b>
Equivalent Acres Reclaimed	8,019	6,900	- 13%	Accomplishments based upon level of appropriations anticipated for 2003.
Number of new Watershed Cooperative Agreements	33	28	-15%	In recent years States have begun concentrating on larger projects thus reducing the number of new projects.
AML grants awarded within 60 days	96%	100%	+4%	OSM continues to strive for the highest rate of grants awarded within 60 days.
Number of emergency hazards abated <sup>1</sup>	347	400	+13%	The number in the planned column represent the number of anticipated emergencies based upon prior years. The actual number of emergencies may be lower or higher.

1/ Figure includes OSM and State emergency reclamation project work.

## JUSTIFICATION OF 2004 PROGRAM CHANGES

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Environmental Restoration	FY 2003 Budget Request	Program Changes (+/-)
\$(000)	157,575	-72
FTE		

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Information Technology (-\$72,000) – The Department is undertaking significant information technology reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short and long term efficiencies and savings. The Department is taking a corporate approach that will include consolidated purchases of hardware and software, consolidation of support functions including helpdesks and email support, and web services, and coordination of training.

In addition to Department-wide efforts, OSM will explore further savings in information technology by fully participating in Departmental enterprising and capital planning projects, delaying system enhancements, consolidating bureau level services (i.e., servers and helpdesk), accelerating the acquisition of the MS Enterprise Licensing Agreement, and reviewing life cycle replacements. In addition, potential savings may result from competitive sourcing studies.

**FY 2004 ENVIRONMENTAL RESTORATION PROGRAM PERFORMANCE**

<b>DOI Strategic Goal: Serving Communities – Protect Lives, Resources and Property</b>						
<b>End Outcome Goal 4.1: Protect Lives, Resources and Property</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Hazards: Reduce safety risks from abandoned mine lands by reducing the exposure potential for 10,000 people. <sup>1</sup>	NA	NA	NA	NA	10,000	0
Injury Reduction: Number of fatalities and injuries on DOI managed or influenced lands and waters. <sup>2</sup>	NA	NA	NA	NA	0	0
<b>Intermediate Outcome: Improve Public Safety and Security and Protect Public Resources from Damage.</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of hazards eliminated by type. <sup>3</sup>	NA	NA	NA	NA	Establish Baseline	0
Number of actual units eliminated by hazard type. <sup>3</sup>	NA	NA	NA	NA	Establish Baseline	0
Number of people no longer at risk for these hazards. <sup>1</sup>	NA	NA	NA	NA	10,000	0
<b>Intermediate Outcome: Improve the Use of Financial Resources Dedicated to Protecting the Public from the Adverse Effects of Past Mining.</b>						
<b>Intermediate Outcome Measures<sup>1</sup></b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Enhance partnering and leveraging to increase funds for reclamation, annually: Number of active partnering and leveraging agreements.	NA	NA	NA	NA	56	56
\$ amount of increased funds thereby derived. <sup>4</sup>	NA	NA	NA	NA	\$7,000	\$7,000
Improve the timely obligation of project funds, annually: Percentage of funds obligated nationally by States and Tribes.	NA	NA	NA	90%	90%	0
<b>Intermediate Outcome: Improve public safety and security and protect public resources from damage.</b>						
Abate within six months all						

<b>DOI Strategic Goal: Serving Communities – Protect Lives, Resources and Property</b>						
<b>End Outcome Goal 4.1: Protect Lives, Resources and Property</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
emergency mine-related health and safety hazards identified.	NA	NA	NA	NA	100%	
Percentage of declared emergencies abated within six months. <sup>5</sup>	NA	NA	NA	NA	92%	0
Number of people directly affected. <sup>5</sup>	NA	NA	NA	NA	9,500	0
<b>DOI Strategic Goal: Resource Protection – Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Goal 1.1: Improve the health of watersheds, landscapes and marine resources that are DOI Managed or Influenced in a manner consistent with obligations regarding the allocation and use of water.</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Number of land acres for which degradation from past mining has been reclaimed. <sup>6</sup>	13,808 <sup>7</sup>	8,200	8,019 <sup>8</sup>	6,900 <sup>9</sup>	6,900	0
Number of stream-miles and Number of acres of impounded water for which degradation from past surface coal mining has been reclaimed. <sup>10</sup>	NA	NA	NA	NA	150	0
<b>DOI Strategic Goal: Resource Protection – Watersheds, Landscapes and Marine Resources</b>						
<b>End Outcome Goal 1.1: Improve the health of watersheds, landscapes and marine resources that are DOI Managed or Influenced in a manner consistent with obligations regarding the allocation and use of water.</b>						
<b>Intermediate Outcome: Restore and maintain proper function to watersheds and landscapes.</b>						
<b>Intermediate Outcome Measures</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
Improve mine-scarred land and water resources:						
Number of mine-scarred land acres improved for beneficial uses.	13,808	8,200	8,019	6,900	6,900	0
Number of miles of streams or acres of non-stream (impounded)						



<b>DOI Strategic Goal: Serving Communities – Protect Lives, Resources and Property</b>						
<b>End Outcome Goal 4.1: Protect Lives, Resources and Property</b>						
<b>End Outcome Measure(s)</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Plan</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Plan</b>	<b>FY 2004 Plan</b>	<b>Change in Performance 2003 to Planned 2004</b>
surface water improved. <sup>10</sup>	NA	NA	NA	NA	150	0

1\ Analysis of population density in relation to AML sites is not complete, '04 target number is an estimate.

2\ No existing baseline, draft performance measures for 2004. Targets for 2004 are based upon management's knowledge and experience in the program area.

3\ Performance targets for hazard type and units presented in the below table.

4\ Dollar amount shown in thousands.

5\ 2004 performance target based upon the number of anticipated Federal Reclamation program AML emergencies.

6\ GPRA acres.

7\ FY 2001 accomplishments reported by the States and Tribes included more than one fiscal year. OSM's calculated estimate for 2001 was 8,600 based upon anticipated appropriations.

8\ This is below the 2002 target goal; however, there is a delay in states reporting projects completed, but it is anticipated that the goal will be attained when all on-the-ground reclamation is reported.

9\ FY 2003 performance reflects \$17.5 million decrease in regular (i.e. non-emergency and non Clean Streams) grants to States and Tribes.

10\ FY 2004 target represents acres of impounded water improved.

**Priority 1 & 2 (Protection of Public Health, Safety and General Welfare)**

<b>Hazard Type</b>	<b>Unit</b>	<b>Number of Units</b>
Clogged streams	miles	2
Clogged stream lands	acres	105
Dangerous highwalls	linear feet	1,411
Dangerous impoundments	count	41
Dangerous piles and embankments	acres	623
Dangerous slides	acres	43
Gases: hazardous/explosive	count	0
Underground mine fires	acres	0
Hazardous equip. & facilities	count	0
Hazardous water bodies	count	13
Industrial/residential waste	acres	19
Portals	count	271
Polluted water: agriculture	count	10
Polluted water: human consumption	count	893
Subsidence	acres	77
Surface burning	acres	80
Vertical opening	count	126

**Note:** New performance measures for 2004. Planned performance targets based upon 2002 completions, actual 2004 performance may be higher or lower for each problem type.

By State and Tribe Funding Data									
FY 2002 Obligations for Grants, Cooperative Agreements and Federal Project Spending (DOLLARS IN THOUSANDS)									
STATE	Environmental Restoration					Environmental Protection		Tech. Dev. & Trans	
TRIBE	AML Funding			Federal Reclamation		Regulatory		SOAP	
				Program		Grants/Agreements			TOTAL
	Reclamation Projects	Emergency Projects	Clean Streams	High Priority Projects	Emergency Projects	Non-Federal Lands	Federal Lands		
Alabama	3,496	400	290			1,008	14	35	5,243
Alaska	1,500	25				182			1,707
Arkansas	1,500	15				138			1,653
California				61					61
Colorado	2,650				38	501	1,384		4,573
Georgia				197					197
Illinois	10,191	800	735			2,766	118		14,610
Indiana	5,614	309	324			1,875			8,122
Iowa	1,503		173		2	126			1,804
Kansas	1,797	465				125			2,387
Kentucky	16,037		723		6,686	12,211	857	513	37,027
Louisiana	100					158			258
Maryland	2,363		164			572		35	3,134
Michigan					1				1
Mississippi						110			110
Missouri	1,628	50	172			505			2,355
Montana	3,612	125				201	756		4,694
New Mexico	3,537					306	438		4,281
North Dakota	1,580	100				217	204		2,101
Ohio	9,642	2,300	499			2,136		100	14,677
Oklahoma	1,499	100	153			724	506		2,982
Pennsylvania	29,607		2,457		3,054	11,381		805	47,304
Rhode Island									0
South Dakota									0
Tennessee				1,134	122				1,256
Texas	198					1,452			1,650
Utah	1,736					227	1,536		3,499
Virginia	4,083	2,700	309			3,180	4		10,276
Washington				309	197				506
West Virginia	30,098	3,000	1,259			7,930		85	42,372
Wyoming	30,868					237	1,786		32,891
Crow	551					73			624
Hopi	215					169			384
Navajo	8,250					435			8,685
N. Cheyenne						27			27
Total	173,855	10,389	7,258	1,701	10,100	48,972	7,603	1,573	261,451

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.

This budget proposal supports the Secretary's 4C's – Communication, Consultation, and Cooperation in service of Conservation by working closely with the States and Tribes in administering their regulatory and reclamation programs. It also supports the Secretary's plan for Citizen-Centered Governance and the President's Government-wide management reform agenda by:

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

### **Fee Extension**

OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004, the end of FY 2004. Therefore, prior to reauthorization during formulation of the FY 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to inform budget, management, and policy recommendations. The process generated extensive information on program effectiveness and accountability, including the need for additional performance measures.

The principal PART findings for the AML program are:

- the program is well managed and implemented with considerable coordination among program stakeholders,
- the increased use of AML funding by states for other uses is slowing the reclamation in states with large numbers of AML sites, and
- OSM needs to develop long term measures that are more outcome oriented and develop an efficiency measure.

The Administration has decided to support extension of the fee authority. In addition to extending the coal fee, the Administration will propose to allow more receipts to be targeted to abandoned mine reclamation, thus increasing the pace of the overall reclamation program.

### **Implementing SMCRA – New Approaches Using Effective Partnerships**

In implementing its mission responsibilities, OSM supports the Secretary's 4C's by working 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 three Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices. The grant funds 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 the Clean Streams Initiative and the AML Enhancement Initiative discussed below, 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. The Clean Streams Initiative will 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. Through this initiative, over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents have formalized their commitment to work together through a Statement of Mutual Intent. 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 implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Initiative. This program allows OSM to award AML funds from the federal share directly to private not-for-profit agencies to undertake local acid mine drainage projects.

Advancing AML enhancement and re-mining are other examples of approaches that continue to remain OSM priorities. These initiatives foster additional production and reclamation that might otherwise not occur, with reduced cost to the Government. With the AML Enhancement Initiative, more sites are reclaimed by allowing contractors to offset reclamation costs through the removal and sale of coal found incidental to reclamation projects. Re-mining allows current operators to mine the now economical coal left by previous operations, as part of their current operations, and reclaim the entire site as part of their post-mining reclamation responsibilities. These operations may resolve many environmental problems created by past mining

The Acid Drainage Technology Initiative (ADTI) is an example of another effective partnership at work. The ADTI is a partnership-based joint venture, which includes OSM, coal producing States, academia, industry, and other Government agencies and groups. Its purpose is to identify, evaluate, and develop "best science" practices to predict the likelihood of acid mine drainage discharges prior to mining, and to identify successful remediation practices for existing sources of acid mine drainage. Two manuals, one focusing on reclamation techniques and the other on

prediction, have been issued to date.

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 by working with other agencies to include all abandoned mine sites, both coal and non-coal, in a unified inventory. 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 draft 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 in FY 2001 and has exceeded required competitive sourcing targets. 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.

A discussion of OSM's efforts in implementing the Government-wide reforms follows:

#### 1) Budget and Performance Integration

This budget proposal supports the Department's draft Strategic Plan. 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 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 has linked performance measures to budget formulation. This budget request describes program needs through draft 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.

OSM then developed a Strategic Plan to carry out its mission, vision, and goals, and developed budget resource requests according to its business lines. 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.

The FY 2004 budget request is aligned with the new goal structure in the Department's draft Strategic Plan. In FY 2002, the Department developed a new outcome-oriented plan document. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department. The Strategic Plan document release for public comment will coincide with the publication of the FY 2004 budget.

In developing the President's Budget, 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 has also developed an activity based cost accounting system for FY 2003 that allows managers to more specifically identify the costs of work processes, activities and outputs. 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 issuing a grant.

## 2) Strategic Management of Human Capital

OSM has documented key processes, responsibilities, restrictions, and standards of performance for human capital management programs. OSM has worked closely with other bureaus to share best practices which then become common practices, such as sharing of duty and factor level statements. OSM surveyed management officials to determine existing competency requirements in critical workforce occupations.

OSM faces challenges in managing the talent drain that is expected to occur within the next three or four years. In FY 2000 OSM received the final report from an outside contractor providing the Succession Planning Framework analysis resulting from the succession planning survey. Data from that survey was used as the baseline to identify skills and competencies for critical occupations. Managers can identify those competencies needed for the future; compare them against the current workforce; identify competency gaps and surpluses; and develop a comprehensive plan to accomplish the agency's workforce goals.

Based on information collected from the succession planning survey and position reviews conducted by the Human Resources Office, the most important and vital skills OSM needs are

primarily physical sciences and engineering, including hydrology, biology, civil engineering, and environmental sciences.

OSM is now embarking on a workforce analysis to determine the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan will clarify the requirements of the mission-specific program areas and the needed support through information technology and finance. The plan establishes milestones and objectives for a total review of OSM's human capital. The results of the plan will provide the data necessary to evaluate the necessary competencies and the related costs of gaining those competencies to support mission accomplishment.

Future recruitment efforts to fill vacancies will be focused to address the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how the agency is organized and the proper use of all resources, both human and fiscal.

To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including student loan repayments and retention and relocation allowances. In addition, OSM makes use of honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.

Impediments to these efforts relate primarily to OSM's remote locations. OSM has difficulty attracting candidates to certain geographic locations and has had a number of selected individuals decline. To address this issue OSM will contact local community leaders to help welcome prospective employees and demonstrate the positives of their community.

### 3) Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM updated its Commercial Activity Inventory in FY 2002 and developed a competitive sourcing plan that identifies the functions and activities for study in FY 2003. OMB established goals for competitive sourcing of commercial activity FTEs of five percent in FY 2002 and an additional ten percent in FY 2003. OMB used the inventory of commercial activities as the baselines for these goals. Fifty-five commercial activity FTE's were identified in the FY 2002 inventory. These FTE's are primarily in the information technology area and various types of administrative support services.

All of OSM's commercial activity FTE's are in the "ten or fewer" category and are geographically and organizationally dispersed. Therefore, these FTE are eligible for direct conversion to contract and, in most cases, will not undergo the extensive A-76 cost/benefit analysis. These FTE are primarily in the information technology area and various types of administrative support services.

OSM management and cognizant officials were trained in a transitional conversion over time process under the Javits Wagner O'Day preferred acquisition program. OSM studied certain FTE's comprising information technology and finance employees under the program for a transitional conversion process over a multi-year period so that positions can be converted to



contract as they become vacant. This will permit OSM to exceed its future competitive sourcing goals.

#### 4) Improved Financial Performance

OSM received its twelfth unqualified financial statement opinion on its FY 2002 financial statements. The FY 2000, FY 2001 and FY 2002 audits included an unqualified audit opinion on Reports of Internal Controls and Compliance with laws and regulations.

OSM has already initiated an activity based cost accounting system and has a management information system that provides timely budgetary, financial and cost accounting information to managers on a daily basis.

OSM is making improvements in its financial management processes and systems to meet accelerated dates and more frequent reporting requirements for future financial statements. Most of OSM's performance information is compiled manually on an annual basis. OSM is looking at ways to automate the data collection process and collect the data more often.

OSM continues to emphasize compliance with the Electronic Funds Transfer (EFT) provisions of the Debt Collection Improvement Act of 1996. In FY 2002, OSM transmitted 98.4% of vendor payments and 99.9% of miscellaneous payments electronically for a total of 99.9% of all dollars paid.

#### 5) Expanding Electronic Government

OSM continues to make progress in each of four E-government areas: Government to Citizen, Government to Business, Government to Government, and Internal Efficiency and Effectiveness.

OSM's electronic government initiatives include:

OSM Home Page – This web site contains a large variety of information that is used extensively by the public and OSM customers. This has resulted in efficiencies in OSM staff utilization and associated cost avoidances.

Reclamation Fee Reporting – OSM continues to expand its pilot program giving coal operators the opportunity to use a web-based application to electronically file their OSM-1, Coal Reclamation Fee Report. The web-site pre-fills recurring information which minimizes reporting time, automatically calculates coal moisture deductions and fees due, and provides receipt acknowledgement. Companies can print a record of data filed, access data on-line through a secured site, and have on-line access to the payer handbook.

OSM Programmatic Assistance – OSM has encouraged electronic permitting to simplify the transfer of permitting information with the States, industry and the citizen stakeholders during the permitting process. Similarly, OSM has developed the Technical Innovations and Professional Services System to support the States and Tribes in their regulatory and reclamation efforts through access with the Internet and OSM's Wide Area Network.

Coal Data Sharing and Consolidated Data Collection – OSM, the Internal Revenue Service (IRS), the Energy Information Administration (EIA), and the Mine Safety and Health Administration (MSHA) collect information from coal producers on a regular basis. Although gathered for distinctly different purposes and under different statutes, a considerable amount of the data appears similar. OSM is working with EIA and MSHA to determine if the organizations involved can share information to more effectively carry out their respective missions. OSM is also working with the Interstate Mining Compact Commission and the State of Pennsylvania to evaluate the feasibility of consolidating data collection from coal companies to reduce the industry's reporting burden.

Acquisition – Currently, OSM is using the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM's financial system, which electronically updates financial information on a regular basis for required reporting at the Departmental and Federal levels.

OSM plans to expand its use of IDEAS by implementing IDEAS-EC. The goal is to provide industry vendors an opportunity to gain free electronic access to OSM requests for proposals, invitations for bids, and requests for quotations. Additionally, there are plans for OSM to enhance industry/vendor outreach by distributing IDEAS-EC information at procurement trade fairs, workshops, and conferences for small, disadvantaged, and women-owned small businesses.

OSM also plans to use the National Institute of Health contractor performance system. This system will be a single entry point for OSM contracting officers to search prospective contractors' performance records. It will also serve industry vendors. This will facilitate contracting officers' responsibility determinations. Industry vendors will benefit by a faster, easier and less costly awards process.

MINE.gov – MINE.gov is an Internet tool that will allow citizens and business to access environmental laws, regulations and related information that affects them. It will enable citizens, mining companies and government agencies to input and share mining-related data and to process electronically many government mandated actions that now require paper submittals. MINE.gov is a component of Business Compliance One Stop – one of the multi-agency, multi-state Quicksilver electronic government initiatives in the President's Management Agenda.

Web-based Abandoned Mine Land Inventory System – OSM is developing a web-based version of the Abandoned Mine Land Inventory System (AMLIS), which allows States, Indian tribes, and OSM to electronically update and maintain data regarding AML reclamation programs and their progress. AML users and the public will have the capability of accessing AMLIS using their standard browser. Linking directly to AMLIS through OSM's web page will eliminate the need of the current software client.

Information Technology Capital Planning – Currently, OSM prepares capital asset plans on four mission critical systems annually. OSM will continue to review its technology investments and monitor the status and any variance of existing technology projects.

Government Performance and Results Act:

Core GPRA requirements are 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.

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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.

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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.

The Department's mission goals were revised in FY 2002 to focus more on results to be achieved by program activities. The goals are included in the FY 2004 – 2008 draft Strategic Plan document and will be released for public comment with the transmission of the President's Budget to Congress. The plan document was prepared with extensive input from both external and internal stakeholders. Although significant changes are not anticipated, there may be wording changes in the goals and measures based upon comments received.

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

- C Environmental Restoration;
- C Environmental Protection;
- C Technology Development & Transfer;
- C Financial Management; and
- C 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. Each of the following chapters, arranged by Business Line, contains the detailed relationship of OSM's funds, goals, and performance to the Department of the Interior mission goals. The following chart is a quick glance at the OSM goals and targeted measures for FY 2004.

**Office of Surface Mining 2004 “Performance-At-A-Glance”**

<b>OSM Business Line</b>	<b>OSM Goal</b>	<b>OSM Measure</b>	<b>Metric</b>
Environmental Restoration	Improve mine-scarred land and water resources	Number of mine-scarred land acres improved for beneficial use	6,900
		Number of miles of streams improved	150
		Number of acres of non-stream (impounded) surface water improved	150
	Eliminate health and safety hazards related to past mining	Number of hazards eliminated by type	Establish Baseline
		Number of actual units eliminated by hazard type	Establish Baseline
		Number of people no longer at risk for eliminated hazards	10,000
		Percent of declared emergencies abated within six months	92%
		Number of people directly affected	9,500
		Number of fatalities and injuries on DOI managed or influenced lands and waters - AML	0
		Improve the use of financial resources dedicated to protecting the public from the adverse effects of past mining	Number of active partnering and leveraging agreements, and the amount of increased funds thereby derived
	Percent of funds obligated nationally by States and Tribes	90%	
Environmental Protection	Maintain the percentage of sites free of off-site impacts	Percentage of sites free of off-site-impacts	94%
	Increase the number of acres released fro Phase I, II, and III	Number of acres released from Phase III performance bonds	70,000
		Number of acres released from Phase I & II performance bonds	100,000
	Minimize amount of hazardous material outside of the permit area	Percent of sites free of off-site impacts (people and structures)	94%
		Number of fatalities and injuries on DOI managed or influenced lands and waters – Active Mining	0
Technology Development and Transfer	Maintain a high customer satisfaction rate for scientific and technical products and assistance	Percent satisfaction with scientific and technical products and assistance	92%
	Maintain a high customer satisfaction rate for technology development and transfer, technical assistance and training program	Percent satisfaction with technology development and transfer, technical assistance and training program	92%
Financial Management	Produce financial statements free of material weaknesses regarding fee compliance, revenue, and grants financial services	Unqualified financial statement opinion from the Inspector General (material weaknesses on financial statements)	0
	Maintain a 99% free collection and compliance rate	Percent of fees due that are collected	99%
		Percent of fee reports filed on time	94%
		Percent of permits filed electronically	40%

*Budget Highlights:*

OSM requests \$281,168,000 and 630 FTE to achieve its FY 2004 annual performance goals. An additional \$55 million will be provided in permanent authority for supporting health benefits through the United Mine Workers of America to coal miners and their dependents as authorized by the Energy Policy Act of 1992 and SMCRA.

The FY 2004 discretionary request represents a \$1.8 million increase over the FY 2003 President's Budget level of \$279.4 million. OSM proposes a \$0.6 million increase to address information technology security requirements. The budget contains a programmatic decrease of \$0.4 million to reflect savings due to efficiencies in the information technology area.

This request also provides \$1.6 million for uncontrollable cost increases.

This budget proposes appropriation language changes to allow OSM to:

- remove the funding and 25 percent limitation on the amount of emergency program funding that can be spent in any one State.

The following summary compares the FY 2004 request level to the FY 2003 President's Budget.

**2002 - 2004 Resource Comparison  
(Dollar Amounts in Thousands)**

		FY 2002 Actual	FY 2003 Pres. Bud.	FY 2004 Request	Difference from FY 2003 Pres. Bud. (+/-)
Regulation and Technology	\$	102,793	105,367	106,699	+1,332
	<i>FTE</i>	<i>415</i>	<i>410</i>	<i>410</i>	<i>0</i>
Abandoned Mine Recl. Fund	\$	203,455	174,035	174,469	+434
	<i>FTE</i>	<i>222</i>	<i>220</i>	<i>220</i>	<i>0</i>
<b>TOTAL</b>	\$	306,248	279,402	281,168	+1,766
	<i>FTE</i>	<i>637</i>	<i>630</i>	<i>630</i>	<i>0</i>

**Note: Includes actual and estimated civil penalty collections in addition to appropriated amounts.**

## **Description and Summary of Program Changes in FY 2004 Budget**

The total request for OSM's current appropriations is \$281,168,000 for FY 2004. Funding is requested from two appropriations as summarized below.

### **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 \$106,699,000 (including an estimated \$275,000 in civil penalty collections); a net increase of \$1.332 million over the FY 2003 President's Budget. The budget proposes:

- A decrease of \$0.269 million to reflect savings realized from efficiencies in the information technology area,
- an increase of \$0.374 million to address information technology security requirements, and
- uncontrollable increases of \$1.227 million.

### **Abandoned Mine Reclamation Fund**

This appropriation supports the 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 bulk of the appropriation finances grants to States to implement reclamation programs. 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 including the Small Operator Assistance Program. The request is \$174,469,000, an increase of \$0.434 million over the FY 2003 President's Budget. The budget proposes:

- A decrease of \$0.141 million to reflect savings realized from efficiencies in the information technology area,
- An increase of \$0.201 million to address information technology security requirements, and
- Uncontrollable cost increases of \$0.374 million.

**Proposed Appropriation Language Changes:**

**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, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [\$108,098,000]^ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2003]^ 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.

\$106,424,000  
2004

Note: A regular FY 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution.



**Abandoned Mine Reclamation Fund**

For necessary expenses to carry out the provisions of 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, [\$175,494,000] to be derived from the receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to \$10,000,000, to be derived from the Federal Expenses Share of the Fund, shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines, and for associated activities through the Appalachian Clean Streams Initiative; Provided, That grants to minimum program States will be \$1,500,000 per State in fiscal year [2003]; [Provided further, That funds herein provided up to \$18,000,000 may be used for the emergency program authorized by Section 410 of Public Law 95-87, as amended, of which no more than 25 percent shall be used for emergency reclamation projects in any one State and funds for federally administered emergency reclamation projects under this proviso shall not exceed \$11,000,000:] Provided further, That prior year unobligated funds appropriated for the emergency reclamation program shall not be subject to the 25 percent limitation per State and may be used without fiscal year limitation for emergency projects; Provided further, 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 funds made available under title IV of Public Law 95-87 may be used for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines: Provided further, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act:

\$174,469,000

2004

Provided further, That 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 Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1231 et seq.), 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

Note: A regular FY 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution.

**Justification of Language Changes**

*Regulation and Technology:*

No changes are requested.

*Abandoned Mine Reclamation Fund:*

Changes proposed appropriations amount available for emergencies and proposes removal of the twenty-five percent cap on emergency spending per State. The language is unnecessary since the Federal emergency program will be financed by available prior year balances.

**Summary of FY 2003 Appropriations and FY 2004 Budget Changes  
By Appropriation and Business Line**

<b>Regulation &amp; Technology</b>	FY 2003 Pres. Bud.	FY 2004 Proposed	Change
Environmental Restoration	437	438	1
Environmental Protection	79,159	79,463	304
Tech Dev Transfer	12,593	12,749	156
Financial Management	485	491	6
Executive Direction	12,693	13,558	865
<b>Total Appropriation</b>	<b>105,367</b>	<b>106,699</b>	<b>1,332</b>

<b>Abandoned Mine Reclamation Fund</b>	FY 2003 Pres. Bud.	FY 2004 Proposed	Change
Environmental Restoration	156,987	157,137	150
Environmental Protection	0	0	0
Tech Dev Transfer	4,164	4,184	20
Financial Management	6,179	6,260	81
Executive Direction	6,705	6,888	183
<b>Total Appropriation</b>	<b>174,035</b>	<b>174,469</b>	<b>434</b>

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	\$S	FTE	\$S	FTE	\$S	FTE	\$S
FY 2003 PRESIDENT'S BUDGET			410	105,367			220	174,035
UNCONTROLLABLE & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 03		278				147		
Adjustment for Pay Raise - Jan 04		356				189		
Adjustment for Worker's Compensation		-29				-16		
Adjustment for Unemployment Compensation		12				7		
Adjustment for GSA space rent rate		577				29		
Adjustment for Emplr Share of Fed Hlth Benft Plans		117				63		
Adjustment for One Additional Pay Day		77				41		
Adjustment for Working Capital Fund		-161				-86		
TOTAL Adjustment for Uncontrollables		1,227				374		
				1,227				374
Program Changes				105				60
Total Requirements (2004 request)			410	106,699			220	174,469

		REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		Inc/ Dec (-/+) From 2003
Comparison by Business Lines		2002 Actual	2003 Pres Bud	Uncontrl & Related Changes	Program Change	2004 Request	2002 Actual	2003 Pres Bud	Uncontrl & Related Changes	Program Changes	2004 Request	2003 Estimate	2004 Request	
Environmental Restoration	\$S	191	437	2	-1	438	186,697	156,987	221	-71	157,137	157,424	157,575	151
	FTE	1	1	0	0	1	111	109	0	0	109	110	110	0
Environmental Protection	\$S	77,730	79,159	449	-145	79,463	0	0	0	0	0	79,159	79,463	304
	FTE	225	222	0	0	222	0	0	0	0	0	222	222	0
Technology Dev. & Transfer	\$S	12,151	12,593	232	-76	12,749	4,118	4,164	31	-11	4,184	16,757	16,933	176
	FTE	117	116	0	0	116	16	16	0	0	16	132	132	0
Financial Management	\$S	477	485	9	-3	491	6,070	6,179	116	-35	6,260	6,664	6,751	87
	FTE	4	4	0	0	4	58	58	0	0	58	62	62	0
Executive Dir. & Admin.	\$S	12,244	12,693	535	330	13,558	6,552	6,705	67	177	6,888	19,398	20,446	1,048
	FTE	68	67	0	0	67	37	37	0	0	37	104	104	0
<b>TOTAL</b>	\$S	102,793	105,367	1,227	105	106,699	203,437	174,035	374	60	174,469	279,402	281,168	1,766
	FTE	415	410	0	0	410	222	220	0	0	220	630	630	0

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Uncontrollable Cost Changes**  
**(in thousands of dollars)**

**Appropriation: Regulation and Technology**

Additional Operational Costs from 2003 and 2004 of January Pay Raises

	2003	2004
	<u>Estimate/Change</u>	
2003 Pay Raises .....	\$1,752	+\$278
Amount of pay raise absorbed.....		[\$326]

	2003	2004
	<u>Estimate/Change</u>	
2004 Pay Raises .....	\$0	+\$356
Amount of pay raise absorbed.....		[\$418]

These adjustments are for an additional amount needed in 2004 to fund the additional costs of funding an estimated 3.1 percent increases effective in January 2003 and the additional costs of funding an estimated 2.0 percent of the January 2004 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2003	2004
	<u>Estimate/Change</u>	
Workers' Compensation Payments .....	\$222	/\$-29

The adjustment is actual changes through June 2002, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 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.

	2003	2004
	<u>Estimate/Change</u>	
Unemployment Compensation payments.....	\$7	+\$12

This 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.

Office of Surface Mining Reclamation and Enforcement

2003 2004  
Estimate/Change

Rental Payments to GSA.....\$3,347/+\$577

The adjustment is for changes in the costs payable to General Services Administration resulting from changes in rates for office and non-office space as estimated by GSA, as well as the costs of mandatory office relocation.

2003 2004  
Estimate/Change

Departmental Working Capital Fund Changes.....\$865/-161

The amount requested reflects expected changes in the charges for Department services and other services through the working capital fund. It includes a reduction in National Business Center and other WCF-supported functions due to 2004 reductions in IT costs. These charges are displayed and explained in the Budget Justification for Department Management.

2003 2004  
Estimate/Change

Employer Share of Federal Health Benefit Plans .....\$40/+\$117

The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for Federal employees.

2003 2004  
Estimate/Change

One Additional Pay Day.....\$0/+77  
Amount of pay raise absorbed.....[+\$90]

This adjustment reflects the added costs resulting from the fact that there is one more payday in FY 2004 than in FY 2003.

Total: Regulation and Technology \$6,233/+\$1,227

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Uncontrollable Cost Changes**  
*(in thousands of dollars)*

**Appropriation: Abandoned Mine Reclamation Fund**

Additional Operational Costs from 2003 and 2004 of January Pay Raises

	2003	2004
	<u>Estimate/Change</u>	
2003 Pay Raises .....	\$919	+\$147
Amount of pay raise absorbed.....		[\$173]

	2003	2004
	<u>Estimate/Change</u>	
2004 Pay Raises .....	\$0	+\$189
Amount of pay raise absorbed.....		[\$222]

These adjustments are for an additional amount needed in 2004 to fund the additional costs of funding an estimated 3.1 percent increases effective in January 2003 and the additional costs of funding an estimated 2.0 percent of the January 2004 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2003	2004
	<u>Estimate/Change</u>	
Workers' Compensation Payments.....	\$119	-\$16

The adjustment is actual changes through June 2002, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 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.



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	2003	2004
	<u>Estimate/Change</u>	
Unemployment Compensation Payments.....		\$3/+\$7

This 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.

	2003	2004
	<u>Estimate/Change</u>	
Rental Payments to GSA.....		\$1,803/+\$29

This adjustment is for changes in the costs payable to General Services Administration resulting from changes in rates for office and non-office space as estimated by GSA, as well as the costs of mandatory office relocation.

	2003	2004
	<u>Estimate/Change</u>	
Departmental working capital fund changes.....		\$466/- \$86

The amount requested reflects expected changes in the charges for Department services and other services through the working capital fund. It includes a reduction in National Business Center and other WCF-supported functions due to 2004 reductions in IT costs. These charges are displayed and explained in the Budget Justification for Department Management.

	2003	2004
	<u>Estimate/Change</u>	
Employer Share of Federal Health Benefit Plans .....		\$23/+\$63

The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees.

	2003	2004
	<u>Estimate/Change</u>	



*Office of Surface Mining Reclamation and Enforcement*

*Budget Crosswalk*

The following table illustrates how OSM's 2004 budget request supports the Department's draft Strategic Plan. OSM's Budget resources are distributed by business line across the new 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 twelve underlying outcomes or results to be achieved. OSM's 2004 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.



Office of Surface Mining Reclamation and Enforcement

**FISCAL YEAR 2004**

**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			Remaining Funds	Total
	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, promote responsible use, and ensure optimal value	Deliver water and power in an environmentally responsible and cost efficient manner	Ensure access to recreation	Ensure quality of recreation	Receive and provide fair value in recreation	Protect lives and property	Advance knowledge through scientific leadership	Fulfill trust responsibilities		
<b>Account Activity</b>													
<b>Regulation and Technology</b>													
Environmental Restoration	438												438
Environmental Protection				53,857					25,606				79,463
Technology Development & Transfer				12,749									12,749
Financial Management Executive Direction & Administration	135			491					4,745				491
				8,678									13,558
<b>Subtotal, R&amp;T</b>	<b>573</b>	<b>-</b>	<b>-</b>	<b>75,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,699</b>
<b>Abandoned Mine Reclamation Fund</b>													
Environmental Restoration	48,742								108,395				157,137
Technology Development & Transfer	2,523			1,661									4,184
Financial Management Executive Direction & Administration	6,260								4,408				6,260
	2,411			69									6,888
<b>Subtotal, AML</b>	<b>59,936</b>	<b>-</b>	<b>-</b>	<b>1,730</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,469</b>
<b>OSM TOTAL</b>	<b>60,509</b>	<b>-</b>	<b>-</b>	<b>77,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281,168</b>

