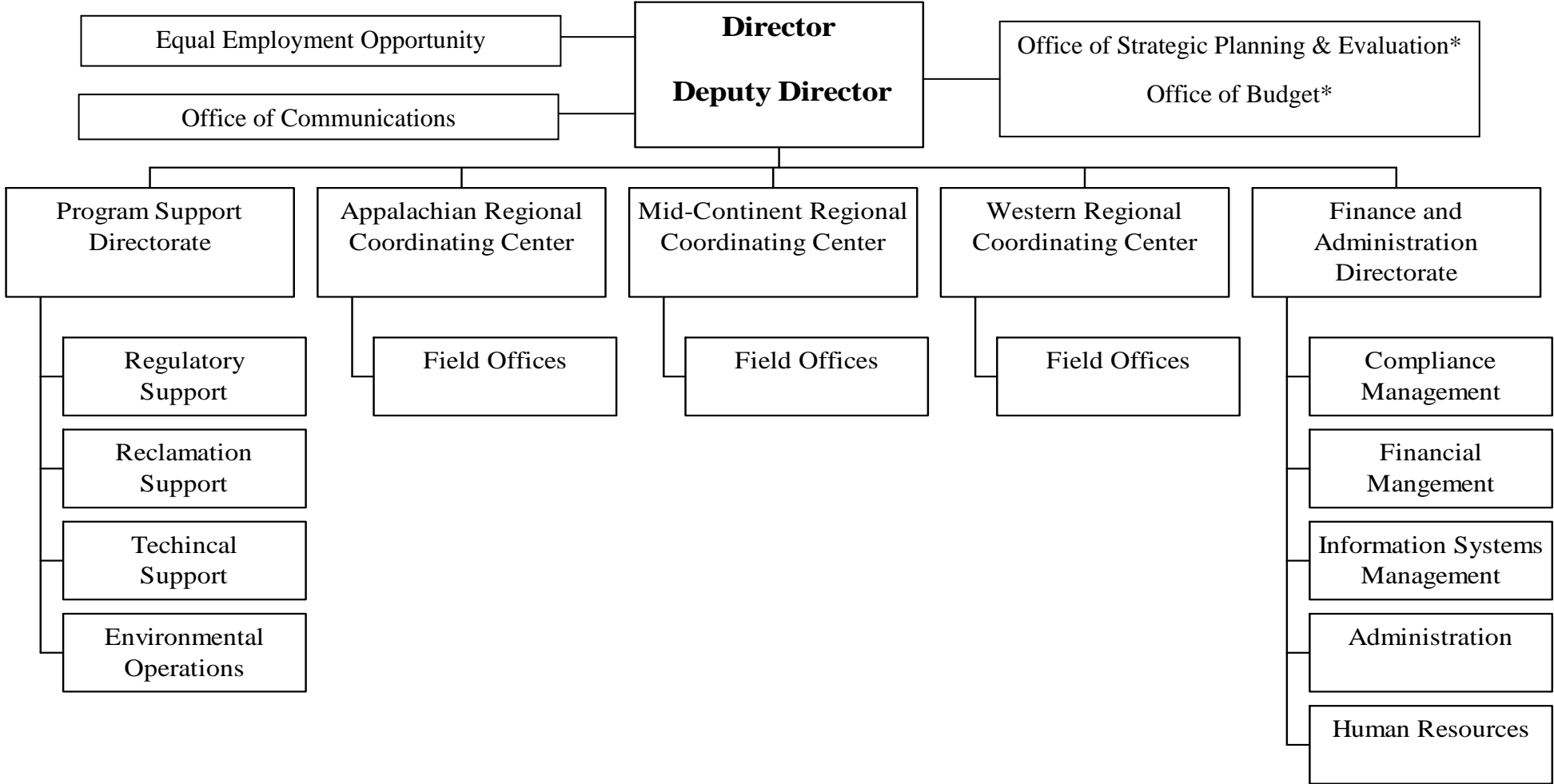


\*

# Office of Surface Mining Reclamation and Enforcement



\* In FY 2004 these offices are operating as one – Office of Planning, Analysis and Budget

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.

**AML Reclamation Accomplishments  
Historical Data Through September 30, 2003  
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	688	688	3,035,215	12,436,122
Clogged Streams	Miles	372	1,860	40,089,358	53,795,429
Clogged Stream Lands	Acres	18,343	18,343	175,291,024	214,890,044
Dangerous Highwalls	Feet	2,239,772	32,093	264,706,681	667,924,195
Dangerous Impoundments	Count	656	4,024	21,139,221	18,124,662
Industrial/Residential Waste	Acres	233	232	1,051,412	1,272,646
Dangerous Piles & Embankments	Acres	10,709	10,663	182,656,496	254,612,281
Dangerous Slides	Acres	2,947	2,975	117,129,705	93,640,072
Equipment/Facilities	Count	594	63	5,695,219	3,321,606
Gases: Hazardous Explosive	Count	31	31	443,407	2,751,173
Gobs (Coal waste piles)	Acres	5,732	5,5,733	69,554,565	62,325,698
Highwalls	Feet	169,022	2,415	11,494,984	1,156,734,540
Hazardous Equipment & Facilities	Count	4,199	425	21,598,564	28,918,242
Haul Road	Acres	1,072	1,072	3,080,014	4,627,536
Hazardous Water Body	Count	592	3,149	31,422,064	55,575,749
Industrial/Residential Waste	Acres	653	653	3,391,216	11,677,214
Mine Opening	Count	415	42	890,381	7,024,115
Other	-----	8,251,645	7,500,221	7,780,910	22,079,639
Polluted Water: Agricultural & Industrial	Count	420	2,078	39,130,527	103,005,617
Polluted Water: Human Consumption	Count	20,208	101,036	116,118,475	3,734,478,995
Portals	Count	8,954	916	37,371,750	22,925,662
Pits	Acres	2,120	2,120	10,744,551	43,327,699
Subsidence	Acres	5,813	5,811	249,062,409	489,198,307
Spoil Area	Acres	23,674	23,674	61,217,174	295,876,351
Surface Burning	Acres	1,218	1,218	34,440,882	20,046,453
Slurry	Acres	2,234	2,234	22,676,645	6,305,709
Slump	Acres	85	85	850,590	98,366,476
Underground Mine Fire	Acres	1,291	1,291	75,662,471	868,148,184
Vertical Opening	Count	4,150	460	25,886,983	33,182,458
Water Problems	Gal/Min	6,401,778	5,109,460	6,046,624	91,364,139
<b>Total</b>			<b>12,835,065*</b>	<b>\$1,639,659,517</b>	<b>\$8,477,957,013</b>

\* 225,384 acres (excluding Other – 7.5 m acres & Water Problems - 5.1 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).

**Budget Exhibit 1**

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

	2003	2004	2005
	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	2	2	2
ES-4	1	1	1
ES-3	0	0	1
ES-2	2	2	2
ES-1	1	1	0
<b>ES Subtotal</b>	<b>6</b>	<b>6</b>	<b>6</b>
GS/ GM 15	35	35	35
GS/ GM 14	58	58	52
GS/ GM 13	163	163	159
GS/ GM 12	205	205	204
GS/ GM 11	31	31	31
GS/ GM 10	0	0	0
GS/ GM 9	16	20	23
GS/ GM 8	12	14	14
GS/ GM 7	27	34	30
GS/ GM 6	22	23	22
GS/ GM 5	11	10	9
GS/ GM 4	3	4	4
GS/ GM 3	3	4	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>595</b>	<b>610</b>	<b>595</b>

**Budget Exhibit 2**  
**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	2003 Actual	2004 Estimate	2005 Estimate
<b><u>Obligations by program activity:</u></b>			
00.02 Environmental Protection	79	79	80
00.03 Technology Development & Transfer	12	13	13
00.04 Financial Management	1	1	1
00.05 Executive Direction & Administration	12	12	14
09.01 Reimbursable Program	1	1	1
10.00 Total Obligations	105	106	109
<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)	105	106	110
23.90 Total budgetary resources available for obligation	106	107	111
23.95 New obligations	-105	-106	-109
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)	105	106	109
40.35 Appropriation permanently reduced	-1	-1	
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00 total new budget authority (gross)	105	106	110

*Office of Surface Mining Reclamation and Enforcement*

14-1801-0-1-302	2003 Actual	2004 Estimate	2005 Estimate
<b><u>Change in unpaid obligations</u></b>			
72.40 Unpaid obligations; start of year: obligated balance, start of year	37	36	36
73.10 Total new obligations	105	106	109
73.20 Total outlays (gross)	-105	-106	-109
73.0 Adjustments in expired accounts (net)	-1		
74.40 Unpaid obligations, end of year: Obligated balance, end of year	36	36	36
<b><u>Outlays (gross), detail</u></b>			
86.90 Outlays from new discretionary authority	73	72	75
86.93 Outlays from discretionary balances	32	34	34
87.00 Total outlays (gross)	105	106	109
<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	104	105	109
90.00 Outlays	104	105	108

**Budget Exhibit 3**

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

14-5015-0-1-302	2003 Actual	2004 Estimate	2005 Estimate
<b><u>Obligations by program activity:</u></b>			
00.01 Environmental Restoration	210	192	198
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	90	15	34
00.07 Certified States payments			53
10.00 Total Obligations	317	224	302
<b><u>Budgetary resources available for obligation</u></b>			
21.40 Unobligated balance available, start of year:	49	38	35
22.00 New budget authority (gross)	281	206	278
22.10 Resources available from recoveries	25	15	19
23.90 Total budgetary resources available for obligation	355	259	332
23.95 Total new obligations	-317	-224	-302
24.40 Unobligated balance available, end of year	38	35	30
<b><u>New budget authority (gross), detail</u></b>			
Discretionary:			
40.20 Appropriation (special fund, definite)	226	193	244
40.37 Appropriation temporarily reduced	-1	-2	
40.20 Appropriation (total discretionary)	225	191	244
Mandatory:			
60.20 Appropriation (special fund)	56	15	34
70.00 Total new budget authority (gross)	281	206	278

*Office of Surface Mining Reclamation and Enforcement*

14-5015-0-1-302	2003 Actual	2004 Estimate	2005 Estimate
<b><u>Change in unpaid obligations</u></b>			
Unpaid obligations, start of year:			
72.40 Obligated balance, start of year	317	330	327
73.10 Total new obligations	317	224	302
73.20 Total outlays (gross)	-279	-212	-305
73.45 Recoveries of prior year obligations	-25	-15	-19
Unpaid obligations, end of year:			
74.40 Obligated balance end of year	330	327	305
<b><u>Outlays (gross), detail</u></b>			
86.90 Outlays from new discretionary authority	52	53	106
86.93 Outlays from discretionary balances	171	144	165
86.97 Outlays from new permanent authority	56	15	34
87.00 Total outlays	279	212	305
<b><u>Net budget authority and outlays</u></b>			
89.00 Budget authority	281	206	278
90.00 Outlays	279	212	305
92.01 Total investments, start of year: par value	1,895	1,927	2,041
92.02 Total investments, end of year: par value	1,927	2,041	2,048



Office of Surface Mining Reclamation and Enforcement

**Budget Exhibit 4**

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

Object Class	FY 2004 Estimate		Uncontrollable and Related Changes		Program Changes		FY 2005 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>11 Personnel Compensation</b>								
11.1 Full-time Permanent	397	29	-8				387	29
11.X All other salaries								
Total Personnel Compensation	397	29	-8	0	0	0	387	29
<b><u>Other Object Classes</u></b>								
12.1 Personnel Benefits		5						6
21.0 Travel and transportation of persons		2						2
23.1 Rental Payments to GSA		3						4
23.2 Rental Payments to Others		1						1
25.2 Other Services		4						5
26.0 Supplies and materials		1						1
31.0 Equipment		1						1
41.0 Grants, subsidies and contributions		58						58
99.0 Subtotal obligations, Direct obligations		104						107
<b><u>Reimbursable obligations</u></b>								
11.1 Personnel compensation: Full-time permanent		1						1
99.0 Subtotal, obligations, Reimbursable		1						1
99.5 Below reporting threshold		1						1
<b>99.9 Total requirements</b>	397	106	-8	0	0	0	387	109

**Budget Exhibit 5**

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

Object Class	FY 2004 Estimate		Uncontrollable and Related Changes		Program Changes		FY 2005 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-Time Permanent	213	15	-5				208	15
<b>Total Personnel Compensation</b>	<b>213</b>	<b>15</b>	<b>-5</b>				<b>208</b>	<b>15</b>
<u>Other Objects</u>								
12.1 Personnel Benefits		3						3
21.0 Travel and trans of persons		1						1
23.1 Rental Payments to GSA		2						2
23.3 Communications, utilities and misc.		1						1
25.2 Other Services		53						55
31.0 Equipment		1						1
41.0 Grants, subsidies and Contributions		145						221
99.9 Below reporting threshold		3						3
<b>Total Requirements</b>	<b>213</b>	<b>224</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208</b>	<b>302</b>

*Office of Surface Mining Reclamation and Enforcement*

**Budget Exhibit 6**

**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 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
<b>Direct Obligations:</b>			
Personnel Compensation:			
1111 Full-time permanent	29	29	29
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	29	29	29
1121 Personnel Benefits	6	5	6
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	4
1232 Rental Payments to Others	*	1	1
1233 Communications, Utilities and Misc. Charges	*	*	*
1240 Printing and Reproduction	*	*	*
1251 Advisory and assistance services	*	*	*
1252 Other Services	3	4	5
1257 Operation and maintenance of equipment	*	*	*
1260 Supplies and Materials	1	1	1
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	58	58	58
1420 Insurance Claims	*	*	*
1430 Interest and Dividends	*	*	*
<i>9900 Subtotal, Direct Obligations</i>	<i>103</i>	<i>104</i>	<i>107</i>
<b>Reimbursable Obligations:</b>			
2111 Full-time permanent (Reimbursable)	1	1	1
2252 Other Services	*	*	*
0005 Below reporting threshold	1	1	1
<b>9999 Total Obligations</b>	<b>105</b>	<b>106</b>	<b>109</b>

**Budget Exhibit 7**

**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 2003 Actual	FY 2004 Estimate	FY2005 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	105	53	55
1260 Supplies and Materials	*	*	*
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	186	145	221
9995 Below reporting threshold	3	3	3
<b>9999 Total Obligations</b>	<i>317</i>	<i>224</i>	<i>302</i>

Office of Surface Mining Reclamation and Enforcement

**FY 2005 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
<b>Other OS Activities</b>			
Alaska Field Office			
Invasive Species Program	12.6	15.3	17.2
Invasive Species DOI Coordinator	2.4	2.6	2.8
Alaska Resources Library and Information Services			
Indian Waters Rights			
Secretary's Immediate Office	15.0	17.9	20.0
Indian Waters Rights			
Secretary's Immediate Office	15.0	17.9	20.0
Document Management Unit	24.6	0.2	3.0
Office of the Executive Secretariat	24.6	0.2	3.0
Departmental Newsletter	7.8	8.5	8.8
Departmental News and Information	8.9	9.3	18.3
Hispanic Media Outreach	4.5	4.1	4.7
Office of Communications	21.3	21.9	31.8
California Desert			
Fish, Wildlife, and Parks			
Occupational Safety and Health	11.2	11.5	10.7
Safety & Health Training Initiative	3.2	3.2	2.9
Office of Managing Risk and Public Safety	14.3	14.7	13.6
Financial Management Training	19.0	20.1	26.9
Activity Based Costing/Management			9.5
Travel Management Center			2.5
Office of Financial Management	19.0	20.1	38.9
Quarters Program			
Office of Acquisition and Property Management			
SBA Certifications			0.4
Small & Disadvantaged Business Utilization			0.4
Firefighter and Law Enforcement Retirement Team	0.0	0.0	0.0
Employee Assistance Programs			
Employee Counseling	20.0	3.9	1.3
NAPA - Human Resources			0.2
OPM Federal Employment Services			1.5
Office of Personnel	20.0	3.9	3.0
Recruitment/Outreach	3.3	3.3	3.3
Special Emphasis Program	4.9	4.9	4.9
Diversity Council		3.1	
Office for Equal Opportunity	8.1	11.3	8.2
Ethics Training Department-wide		0.5	0.5
Ethics Liaison Staff		0.5	0.5
Planning and Performance Management	40.9	42.5	62.8

Office of Surface Mining Reclamation and Enforcement

**FY 2005 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
Volunteer.gov			
Office of Planning and Performance Mgmt.	40.9	42.5	62.8
Center for Competitive Sourcing Excellence	0.8		
Office of Competitive Sourcing	0.8		
Classified Information Facility	1.1	1.7	3.0
Emergency Preparedness	1.0	5.0	6.4
Watch Office	3.4	7.6	9.4
Office of Law Enforcement and Security	5.5	14.4	18.9
IT Security, Architecture, and Capital Planning			
IT Security	48.7	43.3	44.1
Information Technology Architecture	4.4	23.0	33.1
Information Technology Architecture	21.9		
Capital Planning	12.4	11.3	11.7
Data Resource Management Program	4.2	3.7	3.7
Office of the Chief Information Officer	91.5	81.3	92.7
DOI-wide Telecommunications Initiatives			
Frequency Management Support			
Web & Internal/External Comm	5.7	5.3	5.4
VDOINET	11.0	6.9	407.7
ARTNET	3.7	3.9	3.9
Interior Site Information System (ISIS)		2.5	
NTIA Spectrum Management			
Office of the Chief Information Officer	20.4	18.4	417.0
Department-wide Records Management			
DOI FOIA Tracking & Reporting System	0.5	1.0	1.0
GPEA	5.3	4.7	4.8
Records Management			
Nat Archive and Records Administration			
Office of the Chief Information Officer	5.8	5.7	5.8
WCF Management			2.2
Coop ECO Study Units (CESU)			
CFO Financial Statement Audit			332.4
Contingency Reserve	11.9	12.0	12.0
Department-wide Activities	11.9	12.0	346.6
<b>Subtotal Other OS Activities</b>	<b>299.3</b>	<b>264.7</b>	<b>1,063.0</b>

Office of Surface Mining Reclamation and Enforcement

**FY 2005 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
<b>National Business Center</b>			
Human Capital Directorate	3.6	0.0	
Executive Forums	1.7	2.0	2.7
Departmental Library	40.5	41.5	24.7
ALLEX Database	0.2	0.3	0.3
Departmental museum	9.9	10.9	14.3
Learning and Performance Center			
Management	2.2	2.6	3.5
Washington Learning Center	24.8	28.3	26.6
Denver Learning Center	11.0	12.9	17.2
Albuquerque Learning Center	3.8	4.2	3.6
Anchorage Learning Center			6.2
Leadership Institute (SESCDP & TLP)	12.5	14.0	11.4
On-Line Learning	3.1	3.5	4.3
Human Resources			
NBC- Human Capital/DOIU	113.3	120.2	114.7
Special/Technical Services			
Computer Applications and Network Services	5.5	6.5	7.8
Telecommunications services	130.7	136.3	131.8
Voice/data switching	51.9	57.3	46.4
New PBX Telephone System	63.2	66.8	129.0
Virtual Private Exchange			
ADP Operations			
Hardware/Software Customer Service Center	0.4	0.4	
Records management/FOIA	22.9	23.7	15.0
NBC - CIO	274.5	291.0	330.0
Director's Office- E-payroll			
FPPS - Application Mgmt Office	8.9	9.1	6.2
FPPS - Payroll Operations	43.4	47.6	54.4
FPPS - Payroll Systems	74.4	67.0	69.5
Program Support			
NBC - E-payroll	126.7	123.8	130.1
NBC Administrative Operations Directorate			
Acquisition services - DC/Denver			
Property Accountability Services		23.6	
Vehicle fleet	5.2	5.5	2.2
Interior Complex Management & Svcs	67.9	70.9	57.1
Family Support Room			2.7
Facilities Reston			
Facilities Denver			
Mail Room Denver			
Space Management Services	11.5	23.1	13.8
Safety and Environmental Services			

Office of Surface Mining Reclamation and Enforcement

**FY 2005 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

<b>Activity/Office</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Estimate</b>
Shipping and Receiving			23.9
Moving Services			14.9
OWCP Coordination			0.1
Drug testing - intra department	0.1	0.1	0.1
Security	170.3	168.4	324.1
Personnel security			
Accessible Technology Center	2.2	2.4	3.0
Health Unit	18.7	21.2	18.3
Federal Executive Board	2.0	2.1	2.3
Photographic Services	2.0	5.2	5.7
<b>NBC - Administrative Operations</b>	<b>279.9</b>	<b>322.5</b>	<b>468.3</b>
CFO Directorate			
FFS - Financial Systems		15.5	19.6
Financial Management Services (Dept. Offices)		0.7	0.9
Accounting Operations (P&S)	0.7		
IDEAS	33.8	31.7	34.0
Quarters Program			
NBC Budget			
Budget & Financial Analysis Group			
NBC - CFO	34.5	47.9	54.5
NBC-Office Aircraft Services		35.5	37.9
Aviation Management		35.5	37.9
Appraiser Services			
Appraiser Services			
NBC Direction			
NBC Initiatives			
Blue Pages Contract	6.7	7.0	30.6
NBC Direction			
Mail Policy	1.8	2.6	2.3
Mail and messenger services	28.7	29.7	30.7
NBC - Management	37.2	39.3	63.5
<b>Subtotal National Business Center</b>	<b>866.2</b>	<b>980.2</b>	<b>1,198.9</b>
<b>TOTAL</b>	<b>1,165.5</b>	<b>1,244.9</b>	<b>2,261.9</b>



*Office of Surface Mining Reclamation and Enforcement*

**FY 2005 WORKING CAPITAL FUND  
FEE FOR SERVICE BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
Invasive Species Council			
Lewis and Clark - Map Sales			
Take Pride in America	34.3		
Document Management Unit			
Departmental Direction	34.3		
Environmental Policy and Compliance Initiatives			
Managing Risk and Public Safety Initiatives			
Financial Management Activities	3.2	3.2	
Acquisition and Property Initiatives		2.8	
SBA Certifications	0.2	0.3	
Office of Wildland Fire Activities			
Recreation.gov			
Volunteer.gov			
Center for Competitive Sourcing Excellence			
Wireless Priority Service/Emergency Pagers	1.4		
Office of Law Enforcement and Security	4.8	6.3	
Human Resources Initiatives	3.2	3.2	3.2
Equal Opportunity Initiatives	5.5		
Recruitment Outreach	0.5		
Diversity Intern Program	11.5	11.3	11.3
Spring Intern Program	11.5		
Summer Intern Program	17.0		
Human Resources	49.1	14.5	14.5
Information Resources Initiatives			
ARTNET			
Oracle License & Support Contract	13.2	453.0	
Radio Conference			
TVA Radio Conference			
Microsoft Enterprise Licenses	416.2	227.5	233.5
Anti-Virus Software Licenses		18.6	18.6
IT Security - Reimb BLM			
Popkin System Architect	5.1		
Reimb from NBC - FOIA			
Office of Information Resources Management	434.5	699.2	252.2
DOI / AID Program			
Office of International Affairs			
Cobell Litigation Expenses		32.2	39.6
TrustNet Project Implementation			
Central Services			
Central Services		32.2	39.6

*Office of Surface Mining Reclamation and Enforcement*

**FY 2005 WORKING CAPITAL FUND  
FEE FOR SERVICE BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

<b>Activity/Office</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Estimate</b>
<b>Subtotal Other OS Activities</b>	522.7	752.1	306.2

Office of Surface Mining Reclamation and Enforcement

**FY 2005 WORKING CAPITAL FUND  
FEE FOR SERVICE BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

<b>Activity/Office</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Estimate</b>
<b>National Business Center</b>			
Museum Services - NPS			
Human Resources Svcs Non-NBC			
Career, Balance, & Diversity Forums			6.6
Denver Forums			
Art, Collaboration & Conservation Projects			
Financial Management Intern Program	9.0	9.7	
Govt-wide Acquisition Intern Program III			
Govt-wide Acquisition Intern Program IV			
Financial Management Intern Program II			
Washington Learning Center			
Indirect Cost Negotiations			
Albuquerque Learning Center			
Anchorage Learning Center			
Denver Learning Center			
Career Management Center			
HR Certificate Training			1.5
Online Learning	2.2	4.0	35.0
NBC - Human Capital/DOIU	11.2	13.7	43.1
ADP Operations			
Computer Utilization			
Direct Telecom Services	9.4	17.1	32.8
Voice Mail			
NBC - CIO	9.4	17.1	32.8
FPPS - E-Payroll			
FPPS Client Training			
FPPS - Application Mgmt Office			
FPPS - Payroll Operations			
FPPS - Payroll Systems			
NBC- E-payroll			
NPS Youth Programs			
Acquisitions - SEC			
Acquisitions - EPA			
DC Credit Card Passthrough			
Acquisitions - OST			
Indirect Cost Negotiations Non-DOI			
Direct Personal Property Services			
Parker Building Support			
Building Alteration Services	31.5	31.3	20.8
Moving services	53.3	36.2	18.7
Reimbursable Space Management Services			
Space Rental 7110			

*Office of Surface Mining Reclamation and Enforcement*

**FY 2005 WORKING CAPITAL FUND  
FEE FOR SERVICE BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
Flags & Seals			1
Graphics & Printing Services	174.4	177.2	168.3
Other agency drug testing program			
Drug testing program - BIA			
Modernization Security Reimbursement			
Special Events Security Reimbursement			
Transportation Services (Household Goods)			3.8
Passport Services			3.7
Accessible Technology Center			
Acq Svc Div - Southwest Branch			
NBC - Administrative Operations	259.2	244.6	216.4
FFS - Financial Systems (P&S)			
Financial Systems (FFS) - D			
Quarters Program			
NBC - CFO			
Aircraft Services	77.0	72.9	66.9
Aviation Management	77.0	72.9	66.9
Appraiser Services - FB			
Appraiser Services			
Postage	111.4	131.1	
Overseas Mail Services	0.2	0.3	0.1
Express Delivery			
Blue Pages	65	22.8	
FWS Mail contract			
NPS Mail contract			
BLM Mail contract			
NBC - Management	176.6	154.2	0.1
<b>Subtotal National Business Center</b>	<b>533.4</b>	<b>502.6</b>	<b>359.3</b>
<b>TOTAL</b>	<b>1056.1</b>	<b>1254.7</b>	<b>665.5</b>

*Office of Surface Mining Reclamation and Enforcement*

**FY 2005 WORKING CAPITAL FUND  
DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
<b>National Business Center</b>			1
Data Base Administration			
Information Technology			
Acquisition Services - Contract Payments			
Administrative Operations			
Financial Management Services (Dept. Offices) IDEAS			0.5
Financial Systems	16.0		
Financial Management Services NBC - CFO	16.0		0.5
<b>Subtotal National Business Center</b>	16.0		
<b>TOTAL</b>	16.0		0.5

*Office of Surface Mining Reclamation and Enforcement*

**FY 2005 DEPARTMENT MANAGEMENT - REIMBURSABLE  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

**Budget Exhibit 8**

Activity/Office	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
<b>Other OS Activities</b>			1
Lewis and Clark Bicentennial			
California Desert			
Natl Telecom & Info Admin			
NatlArchives & Records Admin			
SBA Certifications		0.5	
NIH Contract Performance Systems	0.1		
Central Contractor Registration System	1.1		
FedBizOpps	-0.0		
Consolidated Fed Funds Report (FAADS)	6.1	3.0	2.6
NAPA-Human Resources Consortium	0.2	0.2	
NAPA-Performance Consortium	2.3		
OPM Federal Employ Svcs	-0.0	1.6	
Cooperative ECO Studies Unit (CESU)			
Consolidated Reimbursable Agreement	9.7	5.3	2.6
<b>Subtotal Other OS Activities</b>	9.8	5.3	2.6
<b>TOTAL</b>	9.8	5.3	2.6

## EXECUTIVE DIRECTION

		2003 Actual	2004 Estimate	Uncontroll. Costs	Program Changes (+/-)	2005 Budget Request	Change from 2004 (+/-)
Regulation & Technology	\$\$\$	12,610	13,393	848	471	14,712	1,319
	FTE	66	67	0	0	67	0
Abandoned Mine Land	\$\$\$	6,662	6,809	464	254	7,527	718
	FTE	36	37	0	0	37	0
TOTAL	\$\$\$	19,272	20,202	1,312	725	22,239	2,037
	FTE	102	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)

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. As of the last internal rating period ended November 2003 the bureau had a "Green" in the areas of strategic management of human capital, competitive sourcing, financial management, budget and performance integration, and e-government. During FY 2005, OSM will also be participating in the Department's e-government quicksilver projects. These support the Department's Management Excellence mission goal.



<i>OSM SCORECARD RATINGS</i>		
<i>DOI Mission Goal</i>	<i>Agenda Item</i>	<i>OSM Score</i>
<b>Management Excellence</b> Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services.	Strategic Management of Human Capital	Green
	Competitive Sourcing	Green
	Improved Financial Management	Green
	Budget and Performance Integration	Green
	Expand Electronic Government	Green

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.

**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 2005 Budget Request:** The FY 2005 President’s Budget requests \$22.2 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 \$11.9 million.

**Table 1– Justification of Program and Performance**  
 Executive Direction  
 Summary Increases/Decreases for FY 2005  
 (Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
		2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	
Executive Direction	\$\$\$	2,442	2,458	2,489	1,304	1,312	1,330	3,746	3,770	3,819	49
	FTE	21	21	21	11	11	11	32	32	32	0
Administrative Support	\$\$\$	4,208	4,246	4,317	2,174	2,197	2,238	6,382	6,443	6,555	112
	FTE	45	46	46	25	26	26	70	72	72	0
General Services	\$\$\$	5,960	6,689	7,906	3,184	3,300	3,959	9,144	9,989	11,865	1,876
	FTE	0	0	0	0	0	0	0	0	0	0
TOTAL	\$\$\$	12,610	13,393	14,712	6,662	6,809	7,527	19,272	20,202	22,239	2,037
	FTE	66	67	67	36	37	37	102	104	104	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, which include Equal Opportunity, Communications, Strategic Planning and Evaluation, and the Budget Office. During FY 2003, OSM merged the Strategic Planning and Evaluation Office with the Budget Office 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. Offices of Strategic Planning and Evaluation (OSPE) and Budget*

These Offices were merged and currently operate as the Office of Planning, Analysis and Budget (OPAB). OPAB 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), the Program Assessment and Rating Tool (PART) reviews, 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. The Office 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 the area of Budget, the 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.

## **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, and services, property management, mailroom functions, security and safety management, and telecommunications. The Division also manages the bureau-wide fixed cost accounts in General Services.

The Office of Surface Mining developed its initial Capital Planning and Investment Control (CPIC) guide in FY 2003 and all exhibit 300s were prepared according to the process outlined in our CPIC guide. OSM has continued to place emphasis on the requirement to capture 100 percent of its information technology (IT) spending on the Exhibit 53 and has seen vast improvement in this area. In FY 2004 we will begin to compare information contained in our Exhibit 53 with our ABC data to ensure accurate reporting. In addition, OSM has completed a number of the requirements to reach Stage 2 of the GAO Information Technology Investment Management (ITIM) framework including creating an IT investment process, establishing IT review boards, establishing a structured process for selection of new IT projects that ensures investments are linked to DOI/OSM mission goals and business needs. In FY 2004 and 2005, OSM will continue to move toward full compliance in Stage 2 and Stage 3, respectively.

### Managing Information Technology Expenditures

In FY 2003, OSM established the Capital Planning and Investment Control (CPIC) process which provides for the approval of IT investments by top management. A budget/planning representative participates in the initial review and development of plans through the Information Technology Management Team and the Budget Officer is a standing member of the Investment Review Board (IRB).

Activity Based Cost (ABC) Accounting Codes specific to IT investments and IT Exhibits 53 and 300 were also established in FY 2003. These codes were refined in FY 2004 to capture appropriate cost components, including costs associated with the CPIC process. All charges are placed in ABACIS, which is OSM's official financial system. Therefore, OSM has a method in place to monitor expenditures for IT.

Currently, OSM provides lump sum operating budget allocations to its offices. As we further define IT expenditures and OSM's needs, we will develop a process to allocate the budget in accordance with IT investments approved by the IRB.

In accordance with various Executive Orders, as well as Departmental policy, the Office of Surface Mining is developing an Environmental Management Program to ensure all necessary measures are taken to prevent, control and abate environmental pollution in all OSM facilities. OSM's policy will assure compliance with applicable Federal, State and local environmental requirements; promote sound environmental practices; monitor environmental compliance at all facilities; and identify and assign environmental compliance responsibility. In addition, OSM plans to undertake an environmental auditing program of all facilities and to track compliance efforts including abatement activities. OSM will train personnel in environmental auditing to ensure all facilities are audited and in compliance.

The Division of Administration is responsible for providing guidance to ensure OSM meets its competitive sourcing goals. OSM's Commercial Activities Team developed a competitive sourcing plan that identified 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 FY 2003, under the JWOD program, 25 FTE's comprising OSM's IT Headquarters and financial management IT functions were studied. In 2004, OSM will begin a transitional conversion process over a multi-year period so that functions determined to be commercial 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), Quick Classification, the Federal Personnel and Payroll System (FPPS), Employee Express, and TSP direct on-line access to personnel history files, brings human resources information and services directly to the manager, employee and applicant. The Division of Human Resources continues to implement human resources systems, such as QuickTime to help streamline and make every personnel process more effective.

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: Management's workforce planning development identified skills and competencies needed for the OSM transition to technical transfer direction. The workforce plan outlines recruitment efforts that are focused on the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how we are organized and the proper use of both human and fiscal resources. To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including, student loan repayments, relocation allowances, and retention 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 developed a workforce plan that analyses, identifies, and determines 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 redirection and a total review of OSM's human capital. The plan provides 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 On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently.
- Automated Classification: The Division of Human Resources is working to implement an automated position description and classification program which will bring all position descriptions and the ability to quickly build classifiable positions descriptions to management's desk top.
- Automated Time and Attendance System: The Division of Human Resources is working to implement a web-based time and attendance system, called Quicktime that includes and validates OSM cost structures and provides audit trails and management controls.

c. Information Systems Management (ISM)

OSM is heavily automated and dependent upon information technology to provide efficient and accurate Management Information to assist program managers in accomplishing the agency's mission. The Information Systems Management (ISM) Division 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. This agency-wide technical support is accomplished through coordination and support from the OSM Information Technology Management Team (ITMT). In addition, ISM is responsible for the telecommunications infrastructure that interconnects all OSM offices and several State and Tribal offices via a high-speed, wide 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 the ITMT and Regions in implementing the use of a Windows network environment and developing a seamless nationwide resource network.

In support of the DOI enterprise approach to IT, OSM has implemented the DOI Microsoft software blanket purchase agreement negotiated to reduce the costs of Microsoft products. In addition, OSM has initiated Active Directory, DOI's standard directory system, to migrate from our current Novell environment to the Microsoft environment. Active Directory will play a vital role in OSM's network collapse, and will provide the mechanism for centrally managing software deployment and network maintenance. The AD initiative was introduced to reduce costs, improve IT security, reduce administrative overhead and to improve system-wide configurations.

ISM is also responsible for the administration of the agency's Information Technology (IT) Security Plan which 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 Cobell v. Norton case involving Individual Indian Trust data.

OSM has several recent achievements in IT security. OSM has Certified and Accredited (C&A) its local area networks in Headquarters and its Denver Finance Office; its wide area network; and four major applications. In FY 2004, OSM plans to complete C&A for three remaining General Support Systems located in the three regional enclaves.

OSM maintains the highest rating with the Department on the IT security score card. OSM is currently working toward making improvement based upon the FY 2003 Federal Information Security Management review.

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 will continue 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 13 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 2003. 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 2004</i>	<i>FY 2005</i>	<i>Change</i>
Rent	4,930,622	5,948,000	1,017,378
Telecommunications	476,950	476,950	0
Postage	85,000	85,000	0
Gasoline/Alternative Fuel Vehicles	155,900	158,500	2,600
DOI Working Capital Fund	1,246,900	2,262,800	1,015,900
DOI Assessments	103,885	103,550	-335
Unemployment Compensation	32,000	41,000	9,000
Worker's Compensation	304,000	294,000	-10,000
Bureau-wide Printing	352,000	350,000	-2,000
Aircraft Services	0	0	0
Service Contracts	453,968	465,000	11,032
GSA Work Authorizations	35,000	35,000	0
IT Security Enhancements	567,900	567,900	0
Operational Support Contracts	1,116,875	291,300	-825,575
Enterprise Services Network (ESN)	0	398,000	398,000
Financial Statement Audit	125,000	332,000	207,000
E-GOV Quick Silver Projects	0	56,000	56,000
<i>Total</i>	<i>9,986,000</i>	<i>11,865,000</i>	<i>1,879,000</i>

## **FY 2003 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2003, the major accomplishments in the Executive Direction activity include:

- Competitive Sourcing – OSM continued its 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 13th consecutive unqualified audit opinion on its FY 2003 financial statements.
- Budget/Performance – Integrated budget and performance measures in the budget justification.
- 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 percent of coal companies now reporting coal tonnage electronically.
- Capital Planning and Investment Capital (CPIC) – OSM developed and implemented its initial CPIC guide.

## **FY 2004 PLANNED PROGRAM PERFORMANCE**

- Financial Management -- Finance center will provide quarterly financial statements beginning in January 2004.
- Competitive Sourcing -- OSM will begin a transitional conversion process over a multi-year period so that functions determined to be commercial may be converted to contract as they become vacant, if found to be the best alternative.
- Budget/Performance -- Prepare integrated budget and performance plan for FY 2004 based upon new Department Strategic Plan document.
- Electronic Government – Continue to pursue opportunities to participate in Quicksilver projects, and Department-wide initiatives such as E-travel, E-travel and E-rulemaking.
- Human Resources – Complete implementation of the new DOI SES Performance Management System in the bureau.
- Capital Planning and Investment Capital (CPIC) – Continue to manage IT with the established CPIC process.

## JUSTIFICATION OF 2005 PROGRAM CHANGES

Executive Direction and Administration	FY 2005 Budget Request	Program Changes (+/-)
\$(000)	22,239	725
FTE	104	0

Enterprise Services Network (+\$398,000) - The ESN will provide an enterprise approach to its information technology infrastructure. Beginning with the development of a Department-wide intranet, Internet access and an operations center, the development of ESN will provide a secured, single network infrastructure that is centrally managed. The potential benefits gained by migrating to a single enterprise network include centralized, standardized and efficient network operations, enhanced accountability for network performance, a uniformly high level of security, the reduction of risks associated with the loss of knowledge capital due to high projected turnover rates for skilled staff, and improved technical support for network managers. ESN will be implemented in two phases. Phase 1 encompasses three objectives: 1) establishment of a Department-wide Intranet; 2) consolidation of all Internet connections across the Department; and 3) implementation of a Network Operations and Security Center to manage the network and provide customer support. Phase 2 will encompass the secure connection to the ESN of the bureau's approximately 150 bureau hubs or sites that are located primarily in cities, as well as their approximately 1,500 remaining smaller sites.

Annual Audit (+\$332,000) - In compliance with the Chief Financial Officers Act of 1990, the Department's consolidated financial statement and individual bureau financial statements are audited annually. The Department has benefited significantly from these independent and objective evaluations. Beginning in 2002 the Department began to contract with a private sector audit firm for the annual financial audits with funding specifically appropriated for this purpose in the Office of the Inspector General (OIG).

Due in large part to the Department's outdated financial system and the resultant delays in reporting, audit costs were higher than the amount appropriated. Each year the Department used credit card rebate funding and other bureau resources to fund the additional audit costs.

The 2005 request for audit funding identifies the anticipated full cost of the annual audit. The amount requested includes funds transferred from the OIG and amounts comparable to what the bureaus have been supporting in their budgets, exclusive of the cost of the audit relative to unanticipated, unique, bureau-specific audit issues.

Federal Vehicle Fleet (-\$ 9,600) - In 2004, the Department and the bureaus began a collaborative effort to improve the management of vehicle fleets including examination of the infrastructure for fleet management within each bureau, the identification of best practices that could be used Department-wide, and the development of action plans to improve fleet management and realize cost savings.

In anticipation of improved fleet management and the resultant savings, the 2005 budget proposes a reduction in funding. To achieve these savings, the bureau will undertake fleet reductions and cost-savings by: (1) reducing the size of the fleet; (2) employ energy saving practices by fleet operators; (3) acquire more efficient vehicles; (4) acquire the minimum sized vehicle to accomplish the mission; (5) dispose of underutilized vehicles; (6) freeze the acquisition of vehicles from the General Services Administration (GSA) Excess Vehicle program; and (7) explore and develop the use of inter-bureau motor pools.

#### E-GOV Quicksilver Projects (+\$56,000):

- E-Travel (+\$5,000) - This E-government project provides a government-wide web-based service to consolidate travel functions, provide improved services to government employees, and minimize costs. From travel planning and authorization through the employee reimbursement process, E-Travel combines administrative, financial, and information technology best practices to produce cost savings and improved employee productivity. E-Travel leverages proven industry practices with new technologies to provide a common, automated approach for managing government travel. Efficiencies are expected by eliminating paper-based processes, replacing fragmented systems, expanding travel-related services that are available to Federal employees, providing on-line transaction processing, and creating a self-service environment that is easy to use.
- E-Authentication (+\$3,000) - Federal services are available on-line, but many require some form of identify verification before a transaction can take place. The E-Authentication project will provide a secure, easy-to-use and consistent method of proving identity to the government minimizing the burden on businesses, the public, and government.

The project will establish uniform processes for establishing electronic identity and allow citizens and businesses to use non-government issued credentials to conduct transactions with the government. E-Authentication will eliminate the potential development of electronic identify authentication systems by multiple agencies and allow businesses to use a single registration process.

- E-Training (+\$11,000) - The E-Training project creates a training environment that is more efficient and provides improved services and learning management support to the Federal government. E-Training provides learning management system functionality and a simplified process to learn about training opportunities

with one-stop access to e-products and services -- thus, advances the accomplishment of agency missions. The Gov Online Learning Center houses a repository of products and services and performance support tools that meet the needs of the workforce. The E-Training approach avoids the need for multiple Federal agencies to host and maintain duplicate systems.

- Business Gateway (+\$8,000) - Businesses, particularly small businesses, must comply with Federal, State, and local laws and regulations by applying for a series of permits and licenses. This can be a difficult and costly process that impacts their productivity. The Business Gateway will make it easier to find, understand, and comply with applicable laws and regulations by improving access to information, providing on-line tools, and accessible and easy-to-use forms. This project will also improve the ability of Federal agencies to automate business processes and comply with the Government Paperwork Reduction Act.
- Integrated Acquisition Environment (+\$1,000) - The Federal government spends about \$200 billion per year on the acquisition of goods and services. This E-government project will facilitate the cost-effective acquisition of goods and services, while eliminating inefficiencies in the current acquisition process. The project integrates a number of inter-governmental data warehouse efforts such as agency systems that maintain information about supplier's capabilities, past performance, and services and makes them available throughout the government. The project will also streamline acquisition by providing a directory to facilitate ordering from interagency contracts and catalogs and will redesign the process for ordering, billing, and collection.
- E-Rulemaking (+\$3,000) - The E-Rulemaking initiative transforms the current rulemaking process in order to allow the public to more easily access, search all publicly available regulatory material and provide an easy and consistent way for the public to comment on proposed rules. The initial step of E-Rulemaking will be creation of Regulations.gov, a government-wide docket system to provide a single Internet access point to regulatory material.
- E-Rulemaking Transition (+\$23,000) - Funding is requested to transition to an electronic system that will facilitate the Department's ability to comply with statutory requirements for ensuring public access to regulatory materials and to expand capabilities for partners and the public to comment on proposed rules.

Technical Changes (-\$51,000) - A \$51,000 reduction is being proposed for technical changes in order to centrally fund and perform activities that were previously funded directly by the bureau.



## **FY 2005 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

		2003 Actual	2004 Estimated	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2005 Request	Change from 2004 (+/-)
Regulation & Technology	\$\$\$	482	485	7	0	492	7
	FTE	4	4	0	0	4	0
Abandoned Mine Land	\$\$\$	6,139	6,183	87	2,295	8,565	2,382
	FTE	56	56	-2	0	54	-2
TOTAL	\$\$\$	6,621	6,668	94	2,295	9,057	2,389
	FTE	60	60	-2	0	58	-2

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

<p style="text-align: center;"><b><i>Fee Compliance</i></b></p> <ul style="list-style-type: none"><li>• <i>Company Reporting</i></li><li>• <i>Collection</i></li><li>• <i>Accounting</i></li><li>• <i>Audits</i></li><li>• <i>Investment of AML Fees</i></li><li>• <i>Compliance Assistance to Operators</i></li><li>• <i>Regulatory and Policy</i></li><li>• <i>Development on Fee compliance issues</i></li></ul> <p style="text-align: center;"><b><i>Grants Management</i></b></p> <ul style="list-style-type: none"><li>• <i>Accounting and Reporting</i></li></ul> <p style="text-align: center;"><b><i>Revenue Management</i></b></p> <ul style="list-style-type: none"><li>• <i>Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)</i></li></ul>
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grants management. This business line does not include administrative accounting or reporting for appropriated funds.

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

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

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

mine permittees.

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

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

**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 2005, OSM will continue to pursue opportunities to participate in e-government projects, such as, building a 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. OSM will also begin the FEEBACS Redesign project which will consolidate three outdated subsidiary systems into one contemporary system. The redesign project will provide the ongoing systems support needed to assure the continued success of the fee compliance program.

In accordance with guidelines established by the Chief Financial Officer's Council, OSM 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, and redesign the principal systems that support the Fee Compliance Program.

In FY 2005, the President's Budget requests \$8.5 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 1 – Justification of Program and Performance  
Financial Management  
Summary Increases/Decreases for FY 2005  
(Dollars in Thousands)**

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/ Dec
		2003 Actual	2004 Estimated	2005 Request	2003 Actual	2004 Estimate	2005 Request	2003 Actual	2004 Estimate	2005 Request	
Fee Compliance	\$\$\$	0	0	0	6,055	6,100	8,480	6,055	6,100	8,480	2,380
	FTE	0	0	0	55	55	53	55	55	53	-2
Revenue Management	\$\$\$	391	395	400	0	0	0	392	395	400	5
	FTE	3	3	3	0	0	0	3	3	3	0
Grants Financial Management	\$\$\$	91	90	92	84	83	85	174	173	177	4
	FTE	1	1	1	1	1	1	2	2	2	0
TOTAL	\$\$\$	482	485	492	6,139	6,183	8,565	6,621	6,668	9,057	2,389
	FTE	4	4	4	56	56	54	60	60	58	-2

## 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 Resource Protection goal.

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2003, the program achieved a 99.75 percent collection rate resulting in \$282.6 million in total collections. The program achieved a 93.3 percent compliance rate for operators filing their tonnage reports on time. After working closely with the industry, 99.93 percent of the required reports were filed. OSM also increased the percent of permits that filed OSM-1 reports electronically, from 28 percent in FY 2002 to 38 percent in FY 2003. OSM's goal is to increase the percent of permits that file electronically, to provide better service to coal companies and to realize the benefits of E-government. In terms of efficiency, the total direct program cost was less than two percent of the amount collected.

The Fee Compliance Program is comprised of two highly integrated components, -- collections and audits -- that work hand-in-hand to maximize compliance, minimize the burden on industry, and ensure the efficient use of resources. For example, key initiatives that these components will pursue in FY 2005 include:

- Redesigning the current Fee Billing and Collection System (FEEBACS), the Audit Fee Billing and Collection System (AFBACS) and the Civil Penalty Accounting and Collection System (CPACS) into one contemporary system that can be maintained into the future. The new system will provide reliable support, at less cost to operate and maintain than the three existing, outdated systems.
- 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 2003, OSM collected 99.75 percent of the AML Fees due during the year. Total AML Fee collections were \$282.6 million.

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

OSM-1 Reports covering over 2,800 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 1,000 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. Over 31 percent of reclamation fees were paid electronically using Pay.Gov, in the fourth quarter of 2003. During FY 2004 and 2005, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM will begin re-designing the current Fee Billing and Collection System (FEEBACS), the Audit Fee Billing and Collection System (AFBACS) and the Civil Penalty Accounting and Collection System (CPACS) into one contemporary system. The redesigned system is needed to assure the ongoing support for the Fee Compliance Program and reduce costs by:

- 1) Averting a system failure to business processes that generate approximately \$260 million a year in collections, and by avoiding the costs required to fix such a failure. We estimate that a major system failure would cost a minimum of \$710,000 in lost fee collections.
- 2) Migrating two of the existing systems off of their current hardware. The two systems reside on the same computer system as the administrative accounting system and its related subsidiary systems. OSM plans to migrate its administrative accounting system to a new Department-wide Financial and Business Management System.

Once this occurs, OSM will have to continue to maintain and operate the host computer system to support the two existing collection systems—AFBACS and CPACS. The redesign of these two existing systems will eliminate the need to do this, and save an estimated \$139,000 in recurring annual maintenance costs (current dollars). The redesign will also eliminate \$96,411 a year in programmer maintenance costs. Development of a new system will allow OSM to readily contract out software maintenance and reduce costs.

- 3) Eliminating the need to replace existing hardware that is going off-maintenance in 2006 and re-writing the AFBACS and CPACS systems. This will save an additional \$1.02 million.

This project will improve efficiencies by:

- 1) Re-engineering and streamlining business processes. OSM currently incurs \$540,000 a year in non-computer operating costs that could be reduced with the new system. Although we cannot currently predict the total efficiency savings from this project, a 15 percent efficiency gain would be a conservative estimate. A 15 percent efficiency gain would save \$81,000 per year. Over ten years, this adds up to \$1,057,000 in operating savings adjusted for inflation.
- 2) Replacing three outdated systems with one system.
- 3) Potentially reducing the cost of data collection by partner agencies.

**FEEBACS/AFBACS/CPACS Redesign**

Below illustrates the savings that OSM would achieve by making a one-time investment in system redesign. In summary, this project will deliver \$5,445,000 in savings/cost avoidance over ten years, as outlined in the following table:

<b>Benefits:</b>	<b>Amount</b>
Maintenance Savings – Combining Systems:	\$2,658,000
Operating Savings – Streamlined Business Processes:	1,057,000
Replacement Cost Avoidance – AFBACS & CPACS:	1,020,000
Additional Fee Collections:	710,000
<b>Total Benefits/Savings:</b>	<b>\$5,445,000</b>

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 conducted a pilot test of this concept in 2003, 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 twenty coal companies. Eighty percent of the companies participating in the test reported that it saved them time.



A study conducted by the partner agencies showed that it would be cost-effective to develop a consolidated single source coal reporting system. During FY 2004, OSM will work with the partner agencies and the Small Business Administration to plan and coordinate the development of the system with SBA's Business Gateway initiative. Development of the system will depend on funding being provided by the other partners and/or SBA.

*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 2005. 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 2005.

- *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. About 1,500 were handled in FY 2003. 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 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 will continue working with the IRS to have the fee compliance and coal excise tax compliance programs more efficient. The proposed legislation supports this effort with a provision that will allow OSM auditors to conduct audits of the black lung excise tax payments at the same time as they audit payment of reclamation fees under SMCRA.
- *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 2005 will be on coordinating coal company audits.

Overall, there also will be a continued emphasis on customer service. Industry feedback on the FY 2003 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

**Table 2 - Actual and Estimated Deposits to the AML fund  
 AML Production Fees, Investment Earnings, and Associated Fees**  
*(Production in millions of tons)*  
*(Dollars in Millions)*

	2003“Actuals”	2003 Projections <i>(as submitted in FY 2002)</i>		2004 Projections		2005 Projections		2006 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	345	393	410	370	388	381	386	394	398
Surface	635	673	654	635	618	643	618	660	635
Lignite	85	96	84	98	85	101	89	101	90
AML Fees **	\$282.6	\$292.2		\$278.4		\$238.8		\$245.5	
Investment	\$23.6	\$60.7		\$49.9		\$71.3		\$70.3	
Total	\$306.2	\$352.9		\$328.3		\$310.10		\$315.8	

*\*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 AML fee and investment projections for FY 2005 and 2006 are consistent with the Administration’s AML reauthorization proposal.*

**Table 3 – 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	282,555	23,620	6,849,007	190,499	89,858	5,288,250	1,560,757
2004	278,402	49,869	7,177,278	190,584	14,967	5,493,801	1,683,477
2005	238,767	71,346	7,487,391	243,861	34,000	5,771,662	1,709,729

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.

<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.

## **2. Grant Financial Management**

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under OSM's Environmental Restoration and Environmental Protection business lines. 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. A little more than half of the funding request (\$.09 million) supports DOI's Resource Use goal and \$.08 million supports DOI's Resource Protection goal.

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.

OSM is in the process of migrating of its payment processes to a Government Grant Payment System replacing the present Draw-Down Express System. OSM will continue to work with the States and tribe to make sure that their grants management needs are met. During FY 2005, 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, 2003, by a description of its allocation.

**Office Of Surface Mining  
AML Unappropriated Balance  
September 30, 2003**

Prepared by the Division of Financial Management

**Total Funds to be Allocated: \$1,560,756,355.36**

Description of Allocation	Balance as of 10/02/02 1/	LESS: 2003 Appropriation	LESS: 2003 5/ UMWBF Transfer	Post Appr. & Trans. Balance	Investment Int. 10/02/02 -09/30/03	Collections for 10/02/02 -09/30/03	Balance As Of 9/30/2003
RAMP Allocation	\$273,742,533.43	\$0.00	\$0.00	\$273,742,533.43	\$0.00	\$28,562,742.79	\$302,305,276.22
Federal Expense 2/	\$56,735,549.21	(\$56,179,696.50)	\$0.00	\$555,852.71	\$0.00	\$57,125,485.57	\$57,681,338.28
Historical Coal 3/	\$127,559,263.71	(\$56,223,514.00)	\$0.00	\$71,335,749.71	\$0.00	\$57,125,485.57	\$128,461,235.28
UMWA	\$132,132,937.31	\$0.00	(\$89,858,283.42)	\$42,274,653.89	\$23,619,923.01	\$0.00	\$65,894,576.90
<b>Total Fed Share 1/ and 4/</b>	<b>\$590,170,283.66</b>	<b>(\$112,403,210.50)</b>	<b>(\$89,858,283.42)</b>	<b>\$387,908,789.74</b>	<b>\$23,619,923.01</b>	<b>\$142,813,713.93</b>	<b>\$554,342,426.68</b>
<b>Total State Share</b>	<b>\$944,768,492.87</b>	<b>(\$78,095,447.00)</b>	<b>\$0.00</b>	<b>\$866,673,045.87</b>	<b>\$0.00</b>	<b>\$139,740,882.81</b>	<b>\$1,006,413,928.68</b>
<b>Total</b>	<b>\$1,534,938,776.53</b>	<b>(\$190,498,657.50)</b>	<b>(\$89,858,283.42)</b>	<b>\$1,254,581,835.61</b>	<b>\$23,619,923.01</b>	<b>\$282,554,596.74</b>	<b>\$1,560,756,355.36</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 \$41,133,755.64. Due to a downturn in interest rates, this pool will be depleted by the end of 2003
- 2/ The Federal Expense Distribution was calculated using 2003 distribution levels
- 3/ The Historical Coal Distribution was calculated using 2003 distribution levels
- 4/ This amount includes interest income received of \$39,328,466.11 prior to 10/01/92. Per Congressional appropriation language, OSM used \$7,000,000 of that leaving remaining interest earned of \$32,328,486.11.
- 5/ \$56,079,283.42 is the amount transferred at the beginning of FY 2003 to the United Mine Workers Benefit Fund for estimated expenses in FY 2003 and for adjustments to actual expenditures in FY 1996, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001 and FY 2002. OSM also transferred \$33,779,000 to the United Mine Workers Benefit Fund pursuant to Public Law 108-7.

### **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 \$274,135 at the end of FY 2003, including interest and late charges. New civil penalties recorded in FY 2003 totaled \$97,320.
- 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 2004-2005 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 2003, 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 2003 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2003, the major accomplishments in the Financial Management program activity include:

- OSM received its 13th consecutive unqualified audit opinion on our FY 2003 financial statements. No material weaknesses identified.
- OSM increased electronic coal reclamation fee reporting to 38% of permits, and increased the amount of fees collected electronically through Pay.Gov to 31%.
- OSM Collected \$282,544,597 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 \$158,546,721 to state abandoned mine programs to reclaim abandoned mine land health and safety hazards and \$57,200,762 to state coal mine regulatory programs.

## FY 2004 PLANNED PROGRAM PERFORMANCE

- OSM plans to begin the redesign of three critical collection systems.
- OSM plans to achieve the following performance measures.

	FY 2003 Actual	FY 2004 Plan	FY 2004 Plan versus FY 2003 Actual
Initial fee compliance rate. (BG)	93.8%	94%	+.2% (+.2%)
Fee compliance rate (after action). (BG)	99.8%	99%	-.8% (-.8%)
Increase the number of permits reporting by e-filing. (BG)	38%	40%	2% (+5%)
Process requests for grant payments within one day. (BG)	99%	99%	0%
Customer satisfaction with Grants Financial Services. (BG)	100%	95%	-5% (-5%)

Accomplishment Data: 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.



## JUSTIFICATION OF 2005 PROGRAM CHANGES

Financial Management	FY 2005 Budget Request	Program Changes (+/-)
\$(000)	9,057	2,295
FTE	58	0

Fee Compliance (+\$2,300,000) - The 2005 program change is a one-time increase to redesign OSM's aging collection systems. The collection systems support the Fee Compliance program in OSM. The program collects over \$287 million a year in reclamation fees that are deposited into the Abandoned Mine Land Fund. The program is highly successful, with a 99 percent collection rate and a 94 percent initial on-time reporting rate from coal companies. This funding increase will significantly improve the present systems and processes. The systems are based on outdated programming languages that are not widely supported commercially and are becoming increasingly difficult to maintain. Two of the current systems will have to be replaced after 2006 when the existing computer hardware is no longer supported by the manufacturer. And although OSM has an E-filing company reporting process using web-based technology, it is still linked to a back-end process that was not designed for E-Government. This project will replace and consolidate three separate computer systems at the Office of Surface Mining (FEEBACS, AFBACS and CPACS). It will reduce computer system maintenance costs, reduce operating costs of the program by streamlining processes, and reduce the risk of the current systems failing. The re-design project will take approximately 11 months to complete and will deliver \$5,445,000 in savings/cost avoidance over ten years.

Federal Vehicle Fleet (-\$ 5,000) - In 2004, the Department and the bureaus began a collaborative effort to improve the management of vehicle fleets including examination of the infrastructure for fleet management within each bureau, the identification of best practices that could be used Department-wide, and the development of action plans to improve fleet management and realize cost savings.

In anticipation of improved fleet management and the resultant savings, the 2005 budget proposes a reduction in funding. To achieve these savings, the bureau will undertake fleet reductions and cost-savings by: (1) reducing the size of the fleet; (2) employ energy saving practices by fleet operators; (3) acquire more efficient vehicles; (4) acquire the minimum sized vehicle to accomplish the mission; (5) dispose of underutilized vehicles; (6) freeze the acquisition of vehicles from the General Services Administration (GSA) Excess Vehicle program; and (7) explore and develop the use of inter-bureau motor pools.

## FY 2005 FINANCIAL MANAGEMENT PERFORMANCE

<b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) (SP)	8,606	6,539	6,900	6,900	8,200	1,300 +19%	8,200
Number of stream-miles for which degradation from past surface coal mining has been improved (SP)	UNK	UNK	150	150	175	25 +17%	175
Number of surface acres of water for which degradation from coal mining has been improved. (SP)	UNK	UNK	150	150	175	25 +17%	175
<b>Bureau and PART Measures:</b>							
Initial fee compliance rate. (BG)	94.2%	93.8%	94%	94%	94%	0	94%
Fee compliance rate (after action). (BG)	99.9%	99.8%	99%	99%	99%	0	99%
Increase the number of permits reporting by e-filing. (BG)	28%	38%	40%	40%	45%	10% +12.5%	55%
Process requests for grant payments within one day. (BG)	99%	99%	99%	99%	99%	0	99%
Customer satisfaction with Grants Financial Services. (BG)	90%	100%	95%	95%	95%	0	95%

<b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value.</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Percent of active sites that are free of off-site impacts. (SP)	92.8%	92.8%*	94%	93%	93%	0	93%
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (SP)	73,407	60,641*	70,000	70,000	70,000	0	70,000
*Figures are annual estimates based on 9 months of actual data. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BG = Bureau Measure; UNK = data is unavailable.							



## TECHNOLOGY DEVELOPMENT AND TRANSFER

		2003 Actual	2004 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2005 Budget Request	Change from 2004 (+/-)
Regulation & Technology	\$\$\$	12,511	12,593	179	715	13,487	894
	FTE	113	112	-2	0	110	-2
Abandoned Mine Land	\$\$\$	4,137	4,133	24	385	4,542	409
	FTE	16	15	0	0	15	0
TOTAL	\$\$\$	16,648	16,726	203	1,100	18,029	1,303
	FTE	129	127	-2	0	125	-2

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 Strategic plan mission quadrants (Resource Use and Resource Protection) 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.

In 2005, 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 related workshops. In addition, OSM will continue to provide regional technical service, libraries, and more efficient access to COALEX (a computer-assisted library search service).

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

OSM provides technical training to OSM staff, and States and Tribes on a variety of topics. New technologies, changes in regulations, and staff turnover necessitate the need for continued technical training. To solve problems related to the environmental effects of coal mining, OSM provides 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), the Applicant Violator System (AVS), Electronic Permitting (EP), and the Small Operator Assistance Program (SOAP).

<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 (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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OSM also established an intergovernmental team, the National Technology Transfer Team (NTTT) to provide direction, communication and coordination of efforts related to technology transfer and development. This team is a permanent entity and will continue throughout FY 2005. Technology transfer is a major part of OSM's cooperative effort with States and Tribes.

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

**Actions Required to Achieve Annual Goals:** In FY 2005, OSM plans to increase 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, the National Technical Training Program (NTTP), TIPS, 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. In addition, the newly established National Technology Transfer Team will provide direction, communication and coordination efforts related to technical issues and studies.

**Resources, Skills, and Technology Needed:** A goal for FY 2005 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 \$18.0 million. The FY 2005 President's Budget requests \$11.9 million for Technical Assistance (including the Applicant Violator System), of which \$1.5 million for the Small Operators Assistance Program; \$2.9 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 2005 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 1– Justification of Program and Performance  
Technology Development and Transfer  
Summary Increases/Decreases for FY 2005  
(Dollars in Thousands)**

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
		2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	
Technical Assistance	\$\$\$	8,925	8,979	9,555	2,337	2,328	2,334	11,262	11,307	11,889	582
	FTE	78	76	75	4	4	4	82	80	79	-1
Training	\$\$\$	1,972	1,984	2,272	239	243	634	2,211	2,227	2,906	679
	FTE	17	18	17	4	4	4	21	22	21	-1
Technology Transfer	\$\$\$	1,614	1,630	1,660	1,561	1,562	1,574	3,175	3,192	3,234	42
	FTE	18	18	18	8	7	7	26	25	25	0
TOTAL	\$\$\$	12,511	12,593	13,487	4,137	4,133	4,542	16,648	16,726	18,029	1,303
	FTE	113	112	110	16	15	15	129	127	125	-2

## 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 Resource Use goals.

OSM's stakeholders (States, Tribes, and industry) continue to express support for Technology Development and Transfer 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 \$11.8 million requested, \$2.3 million support OSM's Environmental Restoration and \$9.5 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. These types of endeavors are integral parts of the Environmental Protection and Restoration business lines and are not included in the TDT program activity.

OSM intends to meet a 94 percent customer service rate for its technical assistance efforts in FY 2005. 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 sufficiency and bond release; 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; 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 2005 include:

- Mountaintop mining and valley fills: (MTM/VF) In late 1998, settlement of the Clean Water Act (CWA) litigation counts in 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. The draft EIS was published in May 2003 and the public comment period closed January 21, 2004. The agencies are presently reviewing comments and target finalizing the EIS and record of decision in FY 2005. 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). As a result, the agencies have increased scrutiny of proposed coal mining operation applications proposing valley fills and OSM has provided technical support to assist WVDEP in permit reviews.
- 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 were six reported unplanned discharges into underground mine workings from overlying impoundments. Four of these breakthroughs caused pollutional discharges to streams in Virginia, West Virginia, and Kentucky. The latest breakthrough occurred in October 2000 in Martin County, Kentucky. More than 300 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, entered the Tug Fork River, and continued flowing through the Big Sandy River until assimilated by the Ohio River over 70 miles downstream. Although there were no fatalities, significant property damage and aquatic impacts occurred. Municipal water supplies all along the path of the slurry were forced to seek alternative sources. A monumental environmental cleanup effort by the responsible coal company was required--approaching \$60 million dollars. Civil suits and potential additional damage costs are still pending.

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) completed a Congressionally-directed study of technical issues related to impoundments above underground mines. OSM, in coordination with Appalachian States, evaluated high-risk mining-related impoundments over underground mines to ensure against future breakthrough incidents. OSM evaluated and began implementing appropriate recommendations from the NAS study.

During FY 2003, OSM and MSHA, in response to a Congressional request in the FY 2003 Omnibus Appropriations Act, submitted a progress report on impoundment review and related activities as well as actions taken relative to each of the NAS issues. The 2003 report to Congress included recommendations for future action on: review and approval of impoundment plans or permits; requirements for mine surveying and mine mapping in the vicinity of impoundments; and the use of geophysical methods to locate mine workings. Additionally, in July 2003, OSM sponsored an interactive forum for more than 200 attendees from government, industry, academia, and consultants on the use of geophysical methods for locating the extent of underground mine workings in Lexington, Kentucky.

In FY 2004 and 2005, OSM, the States, and MSHA will assess whether revisions to existing engineering practices are necessary as follow through from impoundment investigations and the NAS study. OSM and MSHA will continue cooperating with the states to address technical issues related to underground mining and surface facilities.

- 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 2004 and 2005, 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.

OSM will publish a revised Blasting Guidance Manual during FY 2004, in concert with the States and the technology transfer program. The manual will provide updated technical information on blasting technology, monitoring, complaint investigation, and enforcement investigations and should ultimately lead to reductions in blasting risk and complaints.

Beginning in FY 2004, OSM will assist several Eastern states and the countries of Jamaica and Indonesia 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 2005. The function of OSM will be to advise the states on program requirements and technical issues.

- Designating Areas Unsuited for Surface Coal Mining: Section 522 of SMCRA (Designating Areas Unsuited 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 concerning the placement of CCBs at mine sites. This work will continue into 2005. 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 2004 and 2005, 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 the ADTI Coal Mining Sector’s efforts to address the goals of prediction of potential sources of acid mine drainage, as well as avoidance or remediation of existing sources of acid mine drainage associated with coal mining. Ongoing projects that OSM is sponsoring in FY 2004 include:

- Continued assistance in evaluating acid mine drainage producing sites, water quality, treatment designs and system evaluations and follow up monitoring of the performance of passive treatment systems installed under the Appalachian Clean Streams Program. This effort will include the analysis and summation of site evaluations of passive treatment systems constructed in recent years in order to classify the degree of treatment success or failure of the system. This information will then be used to develop decision-making criteria to guide in determining best-use practices for future passive treatment installations.
- Continued development of 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.
- Continued work to identify geologic sources of selenium associated with coal mines, understand and predict the chemistry governing the mobilization of selenium into coal mine discharges, and identify effective methods to predict, prevent and mitigate the offsite discharge of selenium-contaminated discharges.

During FY 2004, OSM will work with other ADTI partners to continue development and begin implementation of a five-year roadmap for future activities, with actions to begin implementation in late FY 2004 and refine these activities ongoing during FY 2005.

A major development for addressing AMD occurred in FY 2003, with the release of an OSM software application called AMD Treat. This product allows for the site-specific and accurate estimation of costs for treating pollutional discharges. The program was developed in FY 2003 and became a part of OSM's TIPS suite of computer programs. Revisions and updates will continue through FY 2004 and FY 2005.

Remining: In FY 2003 and 2004, OSM partnered with the EPA to develop remining regulations to encourage the mining industry to remine abandoned coal mine sites without adequate reclamation. Implementation of the rule will serve as an incentive for cleaning up old mines by using best management practices to achieve water quality improvement. Remining results in greatly improved reclamation of sites that would otherwise require AML funding for cleanup. The rule was published in FY 2003. Workshops were held throughout the coalfields to promote and explain the new rule to States and industry. Support to OSM States on outreach and implementation of the remining provisions will continue through FY 2005.

- 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 2005. Below are examples of the types of assistance provided to States and Tribes.

- Full-cost Bonding: At the request of the Pennsylvania Department of Environmental Protection (PADEP), 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 2005. Aerial photography can be very costly, but the savings realized in setting correct bond amounts outweighs the cost. OSM also conducted three special sessions of the AMD Treat TIPS training course for PADEP to assist the State in conducting site-specific bond adjustments for conversion of existing bonds to full-cost bonding of long-term treatment of pollutional discharges.
- Hydrologic Balance Issues from Underground Mining: Over a century of extensive underground coal mining in Pennsylvania and West Virginia left miles of interconnected, flooded workings that we call “mine pools.” The water level in these mine pools may rise and overflow into streams. The pools could also potentially create a mine “blowout.” Rapid and sometimes catastrophic discharges of large amounts of stored mine water may occur in either case. The mine pools may present dangers to life, property, and surface stream water quality.

The Fairmont Mine Pool extends for more than 27,000 acres, encompassing several pre-and post- SMCRA mines. These mines have filled with acidic water and threaten to discharge into the Monongahela River. EPA Region III, OSM, and West Virginia are cooperating on studies 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 by serving as a model approach for evaluating possible solutions to protect the hydrologic balance from future “Fairmont Pools.” In FY 2005 OSM will host an intergovernmental/interagency workshop to evaluate all research and monitoring efforts to date in an effort to partner together on solutions and next steps to address this issue.

In FY 2004, OSM and the States plan to explore the feasibility of developing a computer application that will model existing underground mine pools and predict potential flooding rates and discharge locations/amounts. If the application is deemed feasible, OSM will undertake development of this product, continuing into FY 2005.

- 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.
- Indiana Subsidence Team: OSM is participating on a team with the Indiana Division of Reclamation to develop methods for prioritizing underground mined areas and analyzing existing technology for subsidence prevention efforts. During 2004, the team is finalizing an information booklet entitled "Living Near Indiana Coal Mines" for distribution to property owners and developers in mined areas. The book is intended to educate and inform the public on important issues to consider when building and buying in mined areas. Indiana officials hope that a secondary outcome of the booklet is a reduction in the growth of the AML Inventory that occurs when people build new structures that are not properly designed for conditions in mined areas. The booklet will be published during 2004 and distribution will continue through 2005.

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 2003, 5 State SOAP programs (Alabama, Kentucky, Ohio, Pennsylvania and West Virginia) assisted 56 small mine 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 and FY 2005.

*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.

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 2003, KFO GIS responded to 97 internal and external user requests, providing approximately 472 information products and services. KFO expects increases in user requests in FY 2004 and 2005. In FY 2004 KFO began to digitally map the extent of underground mine works in Tennessee. Several hundred mapped areas are planned to be completed in FY 2005.



Mobile Computing: 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 and 2005 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.

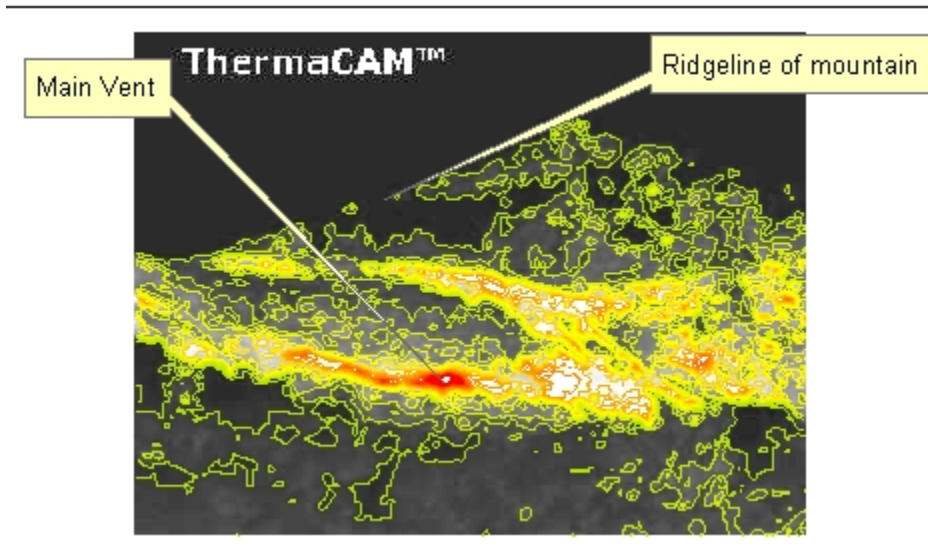
The system is comprised of off-the-shelf computer hardware and software supported by OSM in partnership with the States and Tribes. TIPS consists of Windows-based computers at State, Tribal, and OSM offices with access to system license servers via the Internet. The software that the system provides 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:

Thermal Camera: TIPS has acquired a thermal camera (ThermaCAM™ E4) for use in locating acid materials and coal fires. The ThermaCAM is a hand held device that can also be used from aircraft. More information is available on the TIPS Website at [www.tips.osmre.gov](http://www.tips.osmre.gov). TIPS will make this device available to state and tribal agencies and OSM offices on a checkout basis.

Thermal images and graphs are stored in the camera until downloaded to a personal computer where they can then be used as base layers in a Geographic Information System, (GIS) or for inclusion in reports. Storage capacity is 50 jpeg-type images. The

camera records temperatures in the range of -20°C to +250°C (-4°F to +482°F) with an accuracy of  $\pm 2^\circ\text{C}$  or  $\pm 2\%$  of absolute temperature in  $^\circ\text{C}$ . Thermal imaging is best performed in the cool winter months when ambient air temperature is least likely to interfere with measurements.



The first training class in the use of the ThermaCAM was conducted on November 24, 2003, at the WRCC Training Center in Denver. The ThermaCAM is available for checkout through TIPS for State, Tribal and OSM offices.

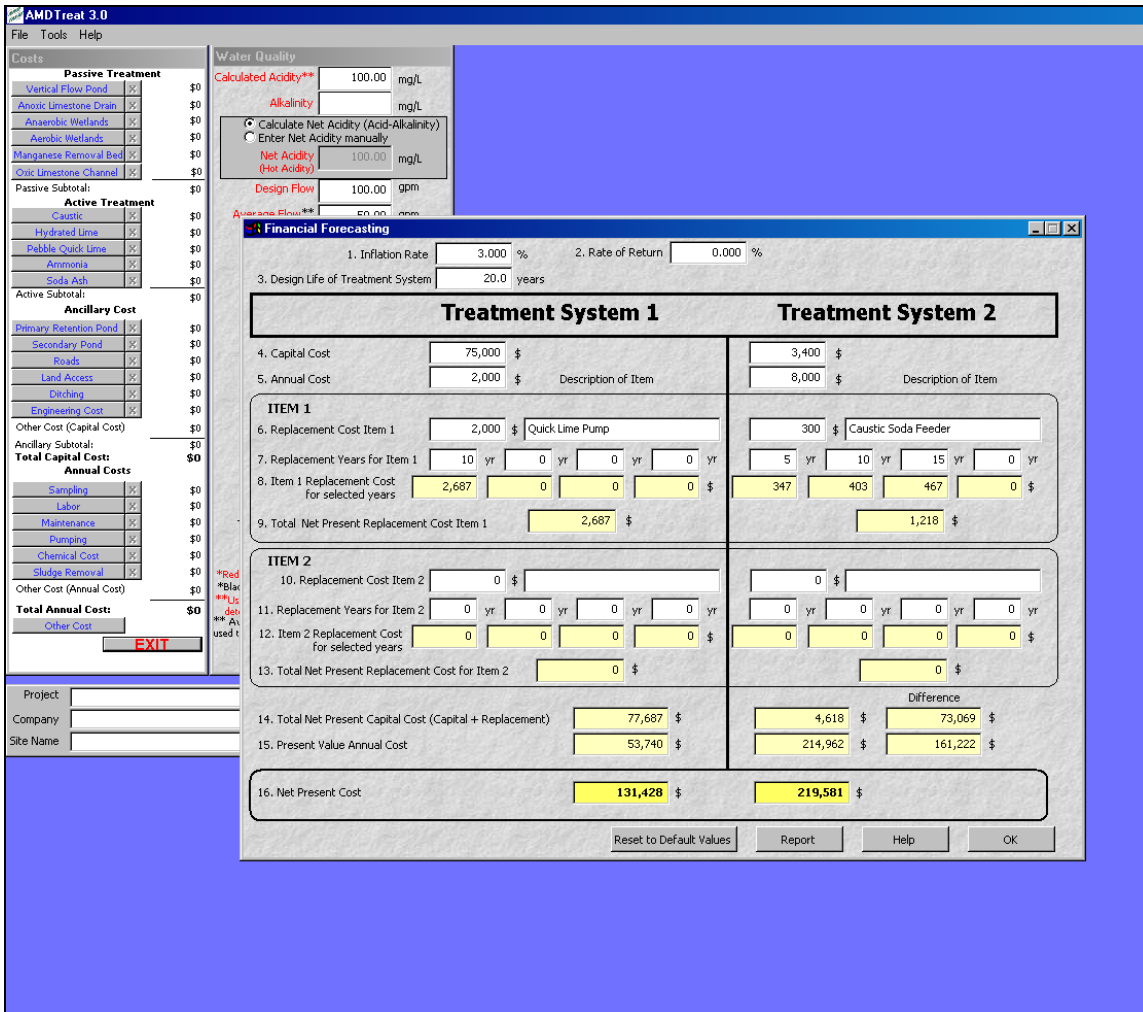
TIPS and the AMDTreat Team offer software solution to mine drainage cost projections :

*“The Team consulted, cooperated, and communicated with all affected parties to insure the best possible result. This led to the development of an efficient and effective tool to improve the conservation of one of America’s most precious natural resources—water.”*

*Secretary Norton’s 4Cs Award nomination*

OSM, in cooperation with the Pennsylvania and West Virginia Departments of Environmental Protection, jointly developed a computer program called AMDTreat to estimate the capital and annual costs to abate pollutional mine discharges.

Discharges currently impact over 2500 miles of streams in Pennsylvania alone. AMDTreat uses a three-step approach to estimate treatment costs: (1) Users enter water quality and quantity data, (2) Users “model” an active and/or passive treatment system by selecting the applicable treatment components from the software menu, and (3) Users customize each treatment system to site-specific conditions by controlling the size, quantity, and unit cost of treatment components.



**AMDTreat screen capture showing the financial forecasting module that allows for the evaluation of the economics of long-term water treatment.**

AMDTreat provides the states, industry, watershed groups and the public with a means to consider long-term economics when choosing among various treatment options.

Largely as a result of the extensive outreach conducted during development of AMDTreat, the Development Team was awarded the Secretary of Interior's "Four C's" Award."

As an extension of the earlier outreach and development efforts, TIPS is delivering a comprehensive training program to support and facilitate the states' use of AMDTreat. Both Pennsylvania and West Virginia are currently engaged in the process of addressing extensive AMD legacies, both from pre-law and post-law sites. AMDTreat is a powerful tool being employed in this effort. The training provided by TIPS is providing the states with a much needed jump start in the use of the software.

In the first three months after the release of AMDTreat, its website (<http://amdtreat.osmre.gov>) recorded more than 150,000 hits and generated over 500

written requests for the software. Requests for and downloads of the software have originated from 20 states and 18 foreign countries.

Field Mapping Using Mobile GIS: During 2003, OSM staff used GPS enabled tablet computers and ArcPAD GIS software to map several thousand acres of land that were mined and left inadequately reclaimed due to the bankruptcy of a mining company in Missouri. The mapping effort was initiated to aid in estimating reclamation liability of this multiple-permit bond forfeiture area. The work clearly demonstrated the usefulness of Mobile GIS technology for mapping, data collection and reclamation cost analysis. Additional efforts were underway during 2004 in Alabama and Illinois to improve the quality and accuracy of water and soil data collection. During 2003 and 2004, OSM conducted a series of workshops, assistance efforts and hands-on training sessions with state regulatory and AML programs to help introduce them to Mobile GIS and Mobile computer assisted drafting (CAD) technologies for their program operations. During 2005, TIPS OSM and state participants in the Mobile Computing effort will work with other SMCRA programs to further perfect the technology and integrate it in SMCRA operations.

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 2005.

*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. TIPS GIS tools produce 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 a National information database OSM maintains to support many types of research and program efforts, but primarily it supports permit eligibility determinations under section 510(c) of SMCRA. As part of the permit review process, State and Federal regulatory authorities use the information contained in the AVS to evaluate an applicant's mining and violation history in order to determine the applicant's eligibility to engage in surface coal mining operations. OSM 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 continue throughout 2005.

Ownership and Control Rule: Settlement negotiations with the National Mining Association concerning their judicial challenge of certain aspects of the 2000 Ownership and Control rule concluded and a proposed rule reflecting the settlement was published in 2003. A final rule is expected to be published in 2004. In 2005, OSM will provide assistance to States anticipating implementation of the revised rules in the form of training, technical assistance, program review and strategic development.

E-government Initiatives: During 2004, OSM will continue to redesign the AVS software. The redesign will incorporate improved user-friendly technologies and feature a web-based platform. The last upgrade of the AVS software occurred in 1994. Once completed, the current redesign will incorporate many technological advances since 1994 and trigger delivery of operation training and technical assistance to our State partners, as well as to OSM and other Federal users. As we have in the past, OSM will continue to provide the software free-of-charge to the industry and general public.

AVS Website: The AVS website ([www.avs.osmre.gov](http://www.avs.osmre.gov)) provides general information about the system, including how to 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 \$2.9 million for Technical Training, \$2.3 million of the funds support OSM's Environmental Protection activities and \$0.6 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 activity supports the Department's Resource Use and Resource Protection goals.

### *a. National Technical Training Program*

OSM established the National Technical Training Program in 1985, recognizing the need for an ongoing educational program to increase the technical competence and professionalism of Federal, State, and Tribal personnel. The program delivers training related to permit approval, bond release, reclamation, and enforcement. The training received serves to update technical expertise and fosters consistent application of standards. Training is provided in each of the disciplines involved in implementation of SMCRA, which include engineering, hydrology, blasting, agronomy, and botany. The program also ensures training is available to enable 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. This joint effort exemplifies Secretary Norton's 4C's of cooperating, communicating, and consulting with local agencies to foster good conservation practices. In FY 2003, 85 percent of students were from States and Tribes; 13 percent from OSM; and 2 percent 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.

National Technical Training Program (NTTP)

FY 2003 Planned Program Performance: Train 900 students; customer effectiveness rate in the quality of technical training – 90%.

In 2003, the NTTP Manager estimated the funding needed to achieve the planned program performance. The bulk of costs for training students are travel and per diem. Using financial data and data from the course needs assessment, the manager was able to determine the amount of funding needed to achieve the planned performance goal of training 900 students.

As a result, in FY 2003, the Technical Training Program provided 52 sessions of 33 courses to a total of 974 participants at 29 locations in 15 different States. Fifty percent of the instructors were from 15 OSM offices, 40 percent from 13 States, 5 percent from Solicitor's offices, and 5 percent from other sources. The program trained 974 students, exceeding its goal of 900 students, and had a 96 percent customer satisfaction rating, exceeding its target of 90 percent by 6 percent.

In FY 2003, a new course, SMCRA and the Endangered Species Act, was offered for the first time. The course facilitates 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. Another new FY 2003 course offering is Advanced Blasting: Investigation and Analysis of Blasting Effects. 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. Another recently developed course, Acid-Forming Materials AML Workshop, was designed to assist AML students in the Midwest in reclaiming problematic areas. This course currently is being adapted for use by Eastern AML experts.

Also piloted in FY 2003, is the Passive Treatment Systems for Acid-Mine Drainage course. The purpose of the course is to provide students with highly interactive information and exercises that can be used to evaluate the application of passive treatment in clean streams, abandoned mine lands, and active mining projects; estimation of treatment costs; development of actual treatment designs; and assessment of existing passive treatment projects. The audience for this course is permitting specialists, inspectors, and Abandoned Mine Land specialists. In line with the President's e-government initiative and in conjunction with the States, OSM initiated development of a new on-line training course to provide students with basic information on acid-forming materials prior to attending advanced acid-materials classes. This will result in better prepared students and more in-class time to address applications and advanced concepts. Two modules were completed in FY 2003 and we expect the remaining modules to be completed in FY 2004. Some costs savings from reduced travel are anticipated.



Also in FY 2003, in support of the e-Government initiative component of the Administration Management Plan, the training program, in partnership with the U.S. Fish and Wildlife, made solid progress in making GPRAs follow-up evaluations, course registration, and other administrative processes available through the Internet. We expect these processes will be available in 2004.

In conjunction with the States, OSM evaluated proposals for several new hydrology courses including one on quantitative hydrogeology and one on forensic investigation of hydrologic problems. The Quantitative Hydrogeology: Theory and Application course will be developed to provide students with an introduction to using quantitative methods to describe ground water flow and transport. Students will learn 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. Work on the Forensic Hydrology Investigations course will be completed in 2004. In FY 2004 we will develop a refresher Instructor Training Course for our more than 200 instructors based on their request to enhance their presentation delivery skills. The course will be piloted in 2005. In 2004, we will also be assessing development of two new courses for AML staff—one on site investigations and the second, a workshop on drilling and grouting techniques.

Modeling on the success of the State and Tribal 2002 PHC/CHIA benchmarking session, the training program worked with the Interstate Mining Compact Commission to determine appropriate topics for future workshops. OSM anticipates that additional workshops will be held in, possibly in late 2004 or early 2005. Topics for benchmarking sessions are determined by State and OSM participants. Initial interest has been shown in topics such as subsidence control; bonding calculation and methodologies; contemporaneous reclamation; reclamation technology and techniques for active and abandoned mines; water quality jurisdictional issues, and effective outreach and response to citizens under the Surface Mining Control and Reclamation Act (SMCRA).

In FY 2004 and 2005, OSM intends to continue to provide training to approximately 900 students. The program increased its customer effectiveness rating goal for FY 2004 to 92%, and increased the goal to 93% for FY 2005.

*b. TIPS Software Application Training*

TIPS established a software training program focused on use of TIPS provided software in Title IV and V applications, including permitting analysis, and AML reclamation design, construction and monitoring. TIPS software training is a cooperative State and Federal effort – In FY 2004, 16 of the 48 current TIPS instructors are from State programs.

In FY 2003, 446 technical professionals from the States, Tribes, OSM, and industry were trained in 88 classes under the TIPS computer applications training program. Thirty-six of these classes were held at OSM's regional computer training facilities. Ten classes



were conducted at customer sites. The table below shows the various categories of 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. Forty-four 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 2003

<b>COURSES</b>
AMDTreat (AMD cost estimation)
ArcGIS (Geographic Information System)
TerraSync Global Positioning Systems (GPS)
ArcPAD (GIS mobile computing)
ArcView (GIS)
Computer-Aided Design (CAD) Applications
Statgraphics (Statistics software)
Groundwater Vistas (ground water model)
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 2004 and FY 2005, the TIPS training program plans on scheduling at least 30 classes to be held at regional training centers each year, with additional customer site classes conducted where appropriate. Also, additional e-Training courses will be offered in GIS, CAD and slope stability software.

In FY 2003, the TIPS training program exceeded its target customer satisfaction rate of 88 percent by 3 percent, with an average satisfaction score of 91 percent. In FY 2004 and FY 2005, OSM intends to meet its 89 percent customer satisfaction goal, and to provide training for approximately 500 students annually. Also, 60 more students will be trained in Mobile Computing in FY 2005.

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 2004 and FY 2005, 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.

Revised Universal Soil Loss Equation Learning Modules: For the third consecutive year OSM's Western Region distributed CDs with Guidelines for the Use of the Revised Universal Soil Loss Equation (RUSLE) on Mined Lands, Construction Sites, and Reclaimed Lands, for the public domain RUSLE Version 1.06, along with the upgraded software now operating in WINDOWS 2000 and XP environments. The guidelines are providing guidance for maximizing the accuracy of soil-loss prediction estimates, recommending procedures ensuring soil-loss estimates calculations that are generally reproducible, and identifying critical areas for future research. In its outreach, OSM has modified the above RUSLE Guidelines to complement the new U.S. Department of Agriculture's RUSLE 1.06c software. In addition, two e-learning modules on the RUSLE model have been added to the RUSLE CD and to the RUSLE information on the web site. Each module consists of a set of PowerPoint slides and a live narrative by the author, walking the user through the slides, the first set being information on creation of the RUSLE model for mined lands, construction sites, and reclaimed lands, and the second one on the use and misuse of RUSLE.

Western Regional Workshops: In FY 2004, OSM sponsored four regional information workshops for new technologies implementation, at the Western primacy States request. All states regulatory agencies are attempting to develop processes for records conversion and document management within the framework of existing budgets, staffing resources, and prioritized needs. Most states welcome technical assistance in developing practical systems and standards for records conversion into Adobe Acrobat PDF documents and

Optical Character Recognition (OCR) technology to produce useable text from scanned documents; in addition to having a document management, and control database.

The seven western states participating in the workshops, shared the different technologies available, and mastered by their staff, making other participants aware and appreciative of what is involved in implementing these new technologies.

Permitting management and staff often need assistance in understanding and training for the transition into electronic permitting. All states agree that electronic permitting will ultimately save money, time and staff resources, but the transition requires the ability to work in both the old and the new environments. Having sufficient knowledge of the demands of new technologies, as well as having resources to get through this transition, is the key to success. The technology transfer workshops offered opportunities for developing standards for data, protocols for generating and submitting GIS information, and possibly developing application standards that would integrate GIS information into the daily workflow process and provide these same data over the Internet.

### **3. Technology Transfer**

Of the \$3.2 million requested, \$1.6 million of the funds for technical transfer support OSM's regulatory program activities and \$1.6 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 activity supports the DOI Resource Protection and Resource 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, however, in FY 2005 it proposes to support applied Science projects that address our major environmental issues. Currently, 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.

*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 coordinate activities with primacy States, tribes and industry and 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.

A few examples of electronic permitting achievements include:

- *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.
- *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.

*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. OSM partners with the States to develop technology transfer priorities. The OSM national and regional technology transfer teams evaluate initiatives to encourage networking and information sharing that will result in program improvement or enhancement.

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. Additional public outreach and technology transfer occurred in FY 2003 and 2004 following release of the draft in May 2003. OSM posted the draft EIS and the many study results on the web for public review. 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 2005.

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.

In FY 2003, the Mid-Continent Region conducted a workshop on “Reforestation of Drastically Disturbed Lands”, and in FY 2004 the Appalachian Region launched an initiative that focuses on encouraging and supporting the reforestation of mined land in the mountains of Appalachia. These initiatives encourage partnerships with the states, academia, citizens groups, and industry to educate, promote, and assist in reforestation efforts.

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 2003 include: OSM initiated planning for its 4<sup>th</sup> technical interactive forum; updated and maintained its informational website, including proceedings from the workshop and other new information (<http://www.mcrc.osmre.gov/ccb/>); served on a national steering committee to review proposals for CCB recycling; provided assistance to others concerning proposed EPA rulemaking on placement of CCB; and served with DOE on a steering committee developing an international coal ash symposium. In FY 2004 and 2005, OSM will continue its efforts in this important area.

Indiana Bat & Coal Mining Forum: The endangered Indiana Bat is found in more than half of the states with SMCRA regulatory programs. OSM works with the state SMCRA programs and the Fish and Wildlife Service to ensure that these valuable animals receive full protection under the Endangered Species Act with minimal disruption to the production of coal. OSM is planning to hold an interactive forum November 16-18, 2004 in Louisville, KY, the purpose of which is to ensure protection of Indiana Bats through improved SMCRA permitting procedures. There will be five sessions on: The Biology and Life History of the Indiana Bat; Field Techniques for Biological Assessment; Consultation Process; Case Studies; and Guidance Development for Permitting. OSM organized a steering committee of experts from state and federal agencies and universities to plan and carry out the forum. Proceedings will be produced.

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 2004 and 2005, OSM will continue to develop, distribute, and communicate these products. In FY 2005 proposes a national forum on Bat Habitat Conservation in Louisville, Kentucky.

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 2004 and again in FY 2005. 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.

*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, 44 experimental practices have been approved; 18 were determined to be successful and 3 unsuccessful; 19 are currently underway; 1 was terminated due to regulation change, and 3 have been completed but final reports not yet received.

OSM received 6 new experimental practices from, Virginia, West Virginia, and Kentucky in FY 2003. It is likely that the interest in experimental practices will continue at the same level in FY 2004 and FY 2005.

*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 2004 and 2005.



## **FY 2003 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2003, the major accomplishments in the Technology Development and Transfer program activity include:

- The Small Operators Assistance program helped 56 small coal mine operators collect technical data needed for mine permit applications.
- National Technical Training Program (NTTP) offered 52 sessions of 33 different courses. In addition to regularly scheduled courses, NTTP held special sessions of the Subsidence course, the Blasting and Inspection course and the Excess Spoil Handling and Disposal course for West Virginia students; a special session of the Principles of Inspection course for Alaska; and a special session of the Advanced Blasting course for Kentucky.
- The Technical Innovation and Professional Services conducted 88 classes for 446 students.
- Technical library staff responded to more than 335 requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- OSM sponsored an interactive forum for more than 200 attendees from government, industry, academia, and consultants on the use of geophysical methods for locating the extent of underground mine workings in Lexington, Kentucky.

## **FY 2004 PLANNED PROGRAM PERFORMANCE**

- OSM will provide TIPS training for approximately 500 students.
- Technical library staff will respond to 350 publication requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- 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 2004, the AVS Office will continue to redesign the AVS software.
- NTTP will continue development of its on-line training course to provide students with basic information on acid-forming materials prior to attending advance materials class.
- Meet performance goals as follows:

	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Plan versus FY 2003 Actual</b>
Customer satisfaction in the quality and timeliness of AVS provided services. (BG)	98%	95%	-3% (-3%)
Customer service rate in the quality of technical assistance. (BG)	100%	94%	-6% (-6%)
Percent satisfaction with scientific and technical products and assistance. (BG)	93%	92%	-1% (-1%)
Customer effectiveness rate in the quality of technical training – NTTP. (BG)	96%	92%	-4% (-4%)
Number of students trained – NTTP. (BG)	974	900	-74 (-8%)
Customer satisfaction rate for TIPS. (BG)	91%	89%	-2% (-2%)
<u>Accomplishment Data:</u> Technical training measures are based on customer surveys and course attendance records. Measures of general technical assistance, technology transfer, and AVS success are also based on customer surveys.			

## JUSTIFICATION OF 2005 PROGRAM CHANGES

Technology Development and Transfer	FY 2005 Budget Request	Program Changes (+/-)
\$(000)	18,029	1,100
FTE	125	0

National Technical Training Program (+\$400,000) - OSM’s National Technical Training program works to ensure that the succession planning goals of State, OSM, and Tribal surface mining agencies are met so that new staff are trained or cross-trained prior to the departure of existing staff. With additional funding in 2005, the program will develop several critical new classes to meet changes in available technology and in the changing workforce. These new classes will make available to students the latest advances in reclamation technology to effectively implement SMCRA. This includes a refresher course for more than 200 NTTP and TIPS instructors to incorporate advances in instructional technology. It also includes development of new hydrology courses that will address the theoretical principles and field methods critical to accurately using and interpreting hydrologic models. To meet the needs of new AML project managers, NTTP will re-vamp the five workshops that address AML problems including dangerous openings, dangerous highwalls, underground mine fires, landslides, and subsidence. In addition, work will begin on developing two new courses—one on AML site investigations and the second, an advanced workshop on drilling and grouting techniques.

Technical Innovation and Professional Services (TIPS) (+\$400,000) - TIPS established a software training program focused on use of TIPS provided software in Title IV and V applications, including permitting analysis, and AML reclamation design, construction and monitoring. This funding will help expand the program in three areas—mobile computing, training, and remote sensing. For mobile computing, 30 ruggedized notebook computers and mobile GIS/GPS units with CAD and GIS mapping abilities will be purchased. They will be distributed to OSM, state, and tribal authorities that have the most immediate need for the field technology. TIPS training courses are much needed and in the past we have only been able to meet at a maximum 45 percent of the requests. To help meet the demand for training, TIPS has begun to develop web-based versions of its classroom courses. Funds will be used to expand this program area. In the area of remote sensing, TIPS has recently completed prototyping of the thermal imaging technology, demonstrating its applicability to mapping acid-mine drainage and areas of burning coal both in stockpiles and outcrop. TIPS will procure additional thermal imaging cameras with the funds being made available.

Applied Sciences (+\$300,000) - OSM is proposing to advance reclamation technology by supporting initiatives and applied science projects and technical studies that would lead to more efficient and effective environmental practices. Applied science and technology development in the areas of reforestation, underground mine-pools, Acid Mine Drainage prevention, coal waste impoundments, valley fills, use of coal combustion by-products (CCB's), etc. are needed to ensure quality reclamation and compliance in the coalfields of the United States. Issues surrounding mountaintop mining, stream loss from longwall mining, underground mine pools and impoundments have occurred in the past few years that require resolution through science and technology. Supporting this effort is necessary to improve the efficiency and effectiveness of our state regulatory programs in how they deal with issues that are in need of new and more current science and technology applications.

## FY 2005 TECHNOLOGY DEVELOPMENT AND TRANSFER PERFORMANCE

<b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) (SP)	8,606	6,539	6,900	6,900	8,200	1,300 +19%	8,200
Number of stream-miles for which degradation from past surface coal mining has been improved (SP)	UNK	UNK	150	150	175	25 +17%	175
Number of surface acres of water for which degradation from coal mining has been improved. (SP)	UNK	UNK	150	150	175	25 +17%	175
<b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value.</b>							
Percent of active sites that are free of off-site impacts. (SP)	92.8%	92.8% *	94%	93%	93%	0	93%
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (SP)	73,407	60,641*	70,000	70,000	70,000	0	70,000
<b>Bureau and PART Measures:</b>							
Customer satisfaction in the quality and timeliness of AVS provided services. (BG)	97%	98%	95%	95%	95%	0	95%
Customer service rate in the quality of technical assistance (applies to both the Resource Protection and Resource Use Goals). (BG)	98%	100%	94%	94%	94%	0	94%
Percent satisfaction with scientific and technical products and assistance (applies to both the Resource Protection and Resource Use Goals). (BG)	96%	93%	92%	92%	92%	0	92%
Customer effectiveness rate in the quality of technical training – NTTP (applies to both the Resource Protection and Resource Use Goals). (BG)	96%	96%	92%	92%	93%	1% +1%	93%
Number of students trained – NTTP (applies to both the Resource Protection and Resource Use Goals). (BG)	932	974	900	900	900	0	900
Customer satisfaction rate for TIPS training (applies to both the Resource Protection and Resource Use Goals). (BG)	91.5%	91%	89%	89%	89%	0	89%
*Figures are annual estimates based on 9 months of actual data. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BG = Bureau Measure; UNK = data is unavailable.							



## ENVIRONMENTAL PROTECTION

		2003 Actual	2004 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2005 Budget Request	Change from 2004 (+/-)
Regulation & Technology	\$\$\$	78,644	78,481	341	1,131	79,953	1,472
	FTE	217	212	-7	0	205	-7
Abandoned Mine Land	\$\$\$	0	0	0	0	0	0
	FTE	0	0	0	0	0	0
TOTAL	\$\$\$	78,644	78,481	341	1,131	79,953	1,472
	FTE	217	212	-7	0	205	-7

**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 regulatory grants and state evaluation programs were reviewed under the FY 2005 Program Assessment Rating Tool (PART) process. The assessment found:

- The purpose of the regulatory program is clear;
- States and Indian Tribes assess the program annually through meetings and conferences held throughout the year; and
- Measurable outcome-based performance goals are needed.

The recommendations from the PART are:

- Collaborate with the regulated States and Indian Tribes to review program performance and develop program measures;
- Develop baseline data and targets for performance measures; and
- Develop a process for and schedule independent program evaluations.

OSM has been implementing the PART recommendations. OSM and representatives from the States have developed draft performance measures for the program for further review by all OSM staff, States and Indian Tribes.

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

***ENVIRONMENTAL PROTECTION  
ENCOMPASSES:***

*State and Tribal Funding*

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

*Federal Program*

*Federal Lands Program*

*Indian Lands Program*

*State Program Evaluation*

This business line also provides for OSM's costs to ensure that States' programs are current with all Federal regulatory requirements. The State and Tribal funding program activity includes grants to States 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. The State Program Evaluation activity funds OSM's oversight of State programs. The Federal Program activity funds OSM activities to ensure SMCRA compliance for non-primacy States (States with a Federally-administered regulatory program). The Federal Lands Program activity funds OSM's activities in preparing Mining Plan Decision Documents for leased Federal coal as well as any regulatory activities on Federal Lands not covered by a cooperative agreement. The Indian Lands Program activity funds OSM's regulatory responsibilities on Indian Lands.

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

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

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

**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 remining 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 to carry out the mission of the SMCRA. The shift in OSM's role from direct enforcement to oversight has refocused actions on mission accomplishment while fostering better working relationships with States.

**Resources, Skills, and Technology Needed:** Program analysts, reclamation specialists, grant specialists, and various support personnel are needed to implement the State regulatory program and to conduct program evaluations. OSM and the primacy States also will continue to need a diverse and 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 Inspection and Enforcement Tracking System that contains data from OSM's oversight and regulatory program inspections.

For FY 2005, the President's Budget requests \$58.0 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 2005 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 2005 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.

Activity Based Cost (ABC) Data used in Regulatory Programs

In 2003, OSM examined its ratio of oversight personnel (measured by full time equivalent (FTE)) to the State Regulatory Authority FTEs using ABC data collected during fiscal years 2000-2002. The data showed a clear correlation of oversight FTE to State Regulatory Authority FTE both at the State and Regional levels. Variations that did exist were within the regions rather than among the regions even though the number of State FTE varies dramatically between regions.

Evaluation of this data component along with other factors was used in OSM's work force planning for future years.

**Table 1 – Justification of Program and Performance  
Environmental Protection**

Summary Increases/Decreases for FY 2005  
(Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
		2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	2003 Act.	2004 Est.	2005 Req.	
State and Tribal Funding	\$\$\$	57,201	56,863	58,013	0	0	0	57,201	56,863	58,013	1,150
	FTE	0	0	0	0	0	0	0	0	0	0
State Program Evaluation	\$\$\$	7,955	8,021	8,129	0	0	0	7,955	8,021	8,129	108
	FTE	80	80	79	0	0	0	80	80	79	-1
Federal Programs	\$\$\$	5,220	5,262	5,342	0	0	0	5,220	5,262	5,342	80
	FTE	50	50	48	0	0	0	50	50	48	-2
Federal Lands	\$\$\$	1,454	1,465	1,488	0	0	0	1,454	1,465	1,488	23
	FTE	15	13	11	0	0	0	15	13	11	-2
Indian Lands	\$\$\$	2,319	2,333	2,365	0	0	0	2,319	2,333	2,365	32
	FTE	21	20	20	0	0	0	21	20	20	0
Program Dev/Maint.	\$\$\$	4,495	4,537	4,616	0	0	0	4,495	4,537	4,616	79
	FTE	51	49	47	0	0	0	51	49	47	-2
TOTAL	\$\$\$	78,644	78,481	79,953	0	0	0	78,644	78,481	79,953	1,472
	FTE	217	212	205	0	0	0	217	212	205	-7

## ONGOING PROGRAM

### 1. State and Tribal Funding

The \$58 million requested for State and Tribal Funding supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

#### *a. State Grants*

The principal means of providing environmental protection within the framework of SMCRA is through "primacy" States that receive Federal grant funding. Primacy States have the most direct and critical responsibilities for conducting regulatory operations to minimize the impact of coal extraction operations on people and the environment. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of Federal funds to primacy States in the form of Administration and Enforcement (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 provides 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 2 – Fiscal Year 2005 State & Tribal Regulatory Funding Estimates  
(Federal dollars only)**

*These amounts are based on FY 2005 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.*

State/Tribe	Non-Federal Lands	Federal Lands	Total
Alabama	1,172,575	13,563	1,186,138
Alaska	188,007	0	188,007
Arkansas	142,914	0	142,914
Colorado	530,752	1,465,887	1,996,639
Illinois	2,773,701	121,263	2,894,965
Indiana	2,122,450	0	2,122,450
Iowa	131,610	0	131,610
Kansas	125,302	0	125,302
Kentucky	11,934,983	963,539	12,898,522
Louisiana	161,653	0	161,653
Maryland	552,965	0	552,965
Mississippi	108,469	0	108,469
Missouri	460,364	0	460,364
Montana	190,299	906,058	1,096,357
New Mexico	270,671	450,854	721,525
North Dakota	272,000	256,001	528,000
Ohio	2,081,729	0	2,081,729
Oklahoma	545,890	324,277	870,167
Pennsylvania	10,035,633	0	10,035,633
Texas	1,641,638	0	1,641,638
Utah	198,997	1,531,412	1,730,409
Virginia	3,066,624	3,682	3,070,307
West Virginia	10,339,158	0	10,339,158
Wyoming	246,383	1,831,605	2,077,988
Crow	59,463	0	59,463
Hopi	163,940	0	163,940
Navajo	626,689	0	626,689
N. Cheyenne	0	0	0
<b>TOTALS</b>	<b>\$50,144,859</b>	<b>\$7,868,141</b>	<b>\$58,013,000</b>

## 2. State Program Evaluation

The \$8.1 million requested for State Program Evaluation supports the Department's Resource Use goal area by ensuring the efficient operation of State regulatory programs.

*a. Oversight Strategy*

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

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

*b. OSM-State Performance Agreements*

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

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

*c. Public Participation*

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

*d. Oversight Inspections*

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

Consistent with the intent of SMCRA that States take the lead in regulatory programs, the vast majority of inspections were performed by the States: over 78,000 in 2003. In contrast, OSM conducted 2,097 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 a Federal inspection reveals violations of State programs (other than imminent danger of significant environmental harm or danger to the public, both of which require immediate issuance of a cessation order), a Ten-Day Notice (TDN) is issued to the State. All such notices require written responses from the State regarding the actions taken to resolve the alleged violations, or a statement of good cause for not taking such action. A Federal review, which may include a field inspection, is conducted following a TDN when the State does not act or show good cause for not doing so. If the review or inspection shows that a violation exists, and the State fails to take appropriate action, a Federal enforcement action may be taken. While OSM does not second-guess States on judgment calls, the agency's ability to take enforcement actions to address isolated State program violations is far less drastic, disruptive, and costly than a Federal takeover.

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



Table 5 provides FY 2003 data on the number of State inspections and OSM oversight inspections conducted in primacy States.

<b>Table 3 – FY 2003 Primacy State and OSM Inspections</b>				
	<b>STATE</b>			<b>OSM TOTAL</b>
	<b>PARTIAL</b>	<b>COMPLETE</b>	<b>TOTAL</b>	
Alabama	374	2,488	2,862	75
Alaska	43	20	63	0
Arkansas	82	42	124	8
Colorado	266	145	411	16
Illinois	2,277	932	3,209	119
Indiana	1,065	551	1,616	80
Iowa	6	67	73	10
Kansas	100	33	133	6
Kentucky	15,528	8,626	24,154	371
Louisiana	12	6	18	3
Maryland	476	290	766	33
Mississippi	8	4	12	1
Missouri	140	83	223	53
Montana	60	75	135	5
New Mexico	104	52	156	4
North Dakota	354	105	459	1
Ohio	1,528	1,069	2,597	131
Oklahoma	358	254	612	23
Pennsylvania	8,658	5,934	14,592	503
Texas	162	76	238	18
Utah	144	102	246	2
Virginia	3,349	2,743	6,092	150
West Virginia	11,563	7,736	19,299	468
Wyoming	176	111	287	17
<b>Total</b>	<b>46,833</b>	<b>31,544</b>	<b>78, 377</b>	<b>2,097</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).

The \$5.3 million requested for Federal Programs supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

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

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include 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 129 active mine sites, 27 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 Olympia, Washington produces approximately six million tons of coal annually and will affect some 8,100 acres of land within a 14,450-acre permit area during the 40-year life of the mine. The John Henry No. 1 Mine, covering 480 acres near the City of Black Diamond, only produces a small amount of bituminous coal annually.

In addition, effective August 22, 2003, OSM substituted Federal enforcement for major parts of the Missouri regulatory program because the State legislative did not fully fund the program for state fiscal year 2004. The areas where we are the regulatory authority include inspection, enforcement, permitting, bonding, blasting, and designation of areas unsuitable for mining. The Missouri regulatory authority retained its responsibility for bond forfeiture activities, including associated administrative functions. At this time, it is

uncertain whether Missouri will reassume authority for those parts of the program for which OSM substituted Federal enforcement.

Table 6 provides inspection and enforcement data for Federal program States during FY 2003.

<b>Table 4 – FY 2003 Federal Program States Inspection / Violation Data</b>							
<b>STATE</b>	<b>INSPECTIONS</b>			<b>NOV'S</b>		<b>FTA CO'S</b>	
	<b>COMPLETE</b>	<b>PARTIAL</b>	<b>TOTAL</b>	<b>ACTIONS</b>	<b>VIOLATIONS</b>	<b>ACTIONS</b>	<b>VIOLATIONS</b>
Georgia	6	1	7	0	0	0	0
Tennessee	947	969	1,916	28	31	2	2
Washington	15	2	17	4	0	0	0
Other *	29	60	89	0	0	0	0
<b>TOTALS</b>	<b>968</b>	<b>972</b>	<b>1,940</b>	<b>32</b>	<b>31</b>	<b>2</b>	<b>2</b>

\* Reflects inspections conducted by OSM staff in Missouri from August 2003 through September 2003.

#### **4. Federal Lands Program**

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

Table 7 provides projected mining plan decision document workload data.

<b>Table 5– 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	3	4
Anticipated current FY	7	6
Total FY Workload	10	10
Completed in FY	6	5
Balance, end of FY	4	5

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.

<b>Table 6 – FY 2003 Indian Lands Inspection Data</b>					
TRIBE	INSPECTIONS			NOV'S	
	COMPLETE	PARTIAL	TOTAL	ACTIONS	VIOLATIONS
Crow Tribe	3	6	9	0	0
Hopi Tribe	6	4	10	0	0
Navajo Nation	44	41	85	6	7
Ute Tribe	1	4	5	0	0
<b>TOTALS</b>	54	55	109	6	7

<b>Table 7-Projected Permit and Permit Revision Workload where OSM is the Regulatory Authority, by Fiscal Year</b>				
Activity	Federal Programs (Non-Primacy States)		Indian Lands	
	FY 2003	FY 2004	FY 2003	FY 2004
In progress previous FY	105	95	64	64
Anticipated current FY	90	80	65	65
Total FY workload	195	175	129	129
Completed in FY	100	90	65	65
Balance, end of FY	95	85	64	64

## 6. Program Development and Maintenance

Work elements under this program are primarily related to policy actions, such as rulemaking, grants management and special studies that support the other program activities in the environmental protection business line. The budget proposal provides \$4.6 million to support the Department's Resource Use goal.

### *a. Rulemaking*

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

Rulemaking Associated with State Programs: OSM assists States with development, administration, implementation, and maintenance of their approved regulatory programs. Decisions affecting State programs are Federal rulemaking actions. OSM evaluates State-initiated program changes (statutory, regulatory, or changes in the program's provisions, scope, or objectives), as well as OSM required modifications that are a result of legal interpretations or changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the Federal Register, holds public meetings, maintains the administrative record, approves or does not approve proposed State program amendments, and publishes the decisions as final rules in the Federal Register. During FY 2003, OSM published 24 proposed rules and 37 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 2003, the State Amendment activity was identified as follows:

<b>Table 8– FY 2003 State Program Amendment Activity</b>				
<i>Number of Amendments</i>				
<b>Amendment Type</b>	<b>Pending Oct. 1, 2002</b>	<b>Received FY 2003</b>	<b>Completed FY 2003</b>	<b>Pending Sept. 30, 2003</b>
Informal	4	10	13	1
Formal	30	25	37	18
<b>Total</b>	34	35	50	19

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2003, OSM published one final permanent program rule in the Federal Register, Abandoned Mine Land Reclamation Notices (February 27, 2003).

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 plans to propose rules during FY 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 to substitute Federal enforcement when a State fails to submit a required program amendment, or a description of the amendment and a timetable for enactment or fails to comply with the timetable. This rulemaking would provide OSM with the discretion to consider the overall performance of a State before deciding that Federal enforcement is required when the State fails to amend its program. A proposed rule was published on December 23, 2003. OSM plans to publish a final rule in FY 2004.
- *Ownership and Control Rule:* Based on settlement negotiations with the National Mining Association, OSM was required by the court to issue proposed revisions to the Ownership and Control final rule published in December 2000. The proposed revisions include simplifying the definition of control, reducing unnecessary reporting burdens, making permit application information requirements more concrete and objective, and making certain enforcement actions discretionary rather than mandatory. OSM published the proposed rule on December 29, 2003, and plans to publish the final rule during FY 2004. During FY 2005, OSM will 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.

- *Excess Spoil, Stream Buffer Zones and Diversions:* OSM published a proposed rule in January 2004 and expects to finalize it in FY 2004. This rule would address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. The rule would: (1) minimize the adverse environmental effects stemming from the construction of excess spoil fills, (2) clarify the circumstances in which mining activities, such as the construction of excess spoil fills, may be allowed within the stream buffer zone (SBZ), i.e., within 100 feet of a perennial or intermittent stream, and (3) amend our stream diversion regulation to comport with the proposed changes to the SBZ rule. By these changes, we intend to clarify our program requirements and reduce the regulatory uncertainty concerning these matters. These changes will also reduce conflicts and improve consistency between regulation under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and regulation under the Clean Water Act (CWA).
- *Revegetation:* Based on an outreach initiative conducted in previous years, OSM plans to propose minor revisions to its existing revegetation regulations in FY 2004. The proposed changes would improve the quality of reclamation achieved under SMCRA and achieve a more consistent application of those 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 2005.
- *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 2004 and finalize it in FY 2005.

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, and the Small Business Administration (Small Business Regulatory Enforcement Fairness Act) all of whose activities can affect the surface coal mining regulatory program.

## **FY 2003 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2003, the major accomplishments in the Environmental Protection program activity include:

- Issued about 264 new coal mining permits, in cooperation with state authorities, in 14 States.
- Performed approximately 32,566 complete mine inspections and 47,860 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, and may include estimates for some States.)

## **FY 2004 PLANNED PROGRAM PERFORMANCE**

Achieve the following performance measures:

- Ninety-three percent of active sites are free of off-site impacts.
- Seventy thousand acres where reclamation goals are achieved as evidence by release from Phase III Performance Bonds.
- One hundred thousand acres released from Phase I & II Performance Bonds.

The number of acres that meet the requirements for Phase I or II bond release and the number of acres of mined land that are fully reclaimed and achieve 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.

## JUSTIFICATION OF 2005 PROGRAM CHANGES

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Environmental Protection	FY 2005 Budget Request	Program Changes (+/-)
\$(000)	79,953	1,131
FTE	205	0

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### Program Changes:

State and Tribal Funding (+\$1,150,000) - To implement their regulatory programs effectively and efficiently, States must be able to meet their own uncontrollable cost increases. States report that most of their costs, particularly personnel, face uncontrollable increases. This program is personnel intensive; salaries and benefits make up seventy percent of total program costs. States must have sufficient staff to complete permitting and inspection and enforcement actions needed to protect citizens of the coal fields.

When funding falls below program needs, programs may be unable to keep active sites free of offsite impacts, reclaim mined acres, and prevent injuries. In a recent study, ten of the 24 program States reported that they had to spend State funds above the required fifty percent match to meet their program needs. The proposed two percent increase will meet the SMCRA requirement to fund fifty percent of program costs.

During the formulation of the FY 2005 budget submission, a PART review of the State regulatory program was conducted. The scope of the review focused on the regulatory grant program and OSM's State program evaluation. Overall, the assessment rated the program purpose and design, strategic planning and program results favorably. As a result of the review, OSM is developing performance measures to more fully cover the program's scope and an efficiency measure. We are currently working with our State partners to develop these measures for future use.

Federal Vehicle Fleet (-\$19,000) - In 2004, the Department and the bureaus began a collaborative effort to improve the management of vehicle fleets including examination of the infrastructure for fleet management within each bureau, the identification of best practices that could be used Department-wide, and the development of action plans to improve fleet management and realize cost savings.

In anticipation of improved fleet management and the resultant savings, the 2005 budget proposes a reduction in funding. To achieve these savings, the bureau will undertake fleet reductions and cost-savings by: (1) reducing the size of the fleet; (2) employ energy saving practices by fleet operators; (3) acquire more efficient vehicles; (4) acquire the minimum sized vehicle to accomplish the mission; (5) dispose of underutilized vehicles;

(6) freeze the acquisition of vehicles from the General Services Administration (GSA) Excess Vehicle program; and (7) explore and develop the use of inter-bureau motor pools.

## FY 2005 ENVIRONMENTAL PROTECTION PROGRAM PERFORMANCE

<b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value.</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual*</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Percent of active sites that are free of off-site impacts. (SP)	92.8%	92.8%	94%	93%	93%	0	93%
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (SP)	73,407	60,641	70,000	70,000	70,000	0	70,000
<b>Bureau and PART Measures:</b>							
Number of acres released from Phase I & II Performance Bonds. (PART)	106,136	106,197	100,000	100,000	100,000	0	100,000
*Figures are annual estimates based on 9 months of actual data. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure.							

## ENVIRONMENTAL RESTORATION

(dollars in thousands)

		2003 Actual	2004 Estimate	Uncontroll. & Related Changes (+/-)	Program Changes (+/-)	2005 Budget Request	Change from 2004 (+/-)
Regulation & Technology*	\$\$\$	257	432	2	-173	261	-171
	FTE	1	1	0	0	1	0
Abandoned Mine Land	\$\$\$	173,561	173,467	162	49,600	**223,229	49,762
	FTE	108	106	-4	0	102	-4
TOTAL	\$\$\$	173,818	173,899	164	49,427	223,490	49,591
	FTE	109	107	-4	0	103	-4

\*FY 2003 includes actual civil penalty collections (\$96,413) and FY 2004 and 2005 include estimated civil penalty collections (\$271,000 and \$100,000 respectively).

\*\*\$53 million is pending approval of proposed legislation to reauthorize collection of reclamation fees.

### 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 17,700 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 225,000 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 strategic plan. As stewards of our nation's natural and cultural resources, the Department is entrusted with safeguarding these treasures for future generations. Environmental problems associated with abandoned mine sites, such as, water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles degrade our natural resources. Through the reclamation of these problems, our land and water resources are improved for beneficial uses, such as, agriculture, wildlife habitat or development.

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

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 make informed budget, management, and policy decisions. 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 PART recommended that the Administration:

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclaimed;
- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work; and
- Develop long-term measures that are more outcomes oriented and develop at least one efficiency measure.

OSM has made great progress in addressing the PART findings and recommendations. As shown in the text box below, OSM developed more meaningful performance measures and will be collecting data for those measures beginning in FY 2004. OSM is also proposing legislative changes to the AML program consistent with the PART findings.



OSM completed a PART Assessment of the AML Program, representing 55 percent of the agency's total budget. As a result, OSM, States and Tribes developed new performance and efficiency measures to be consistent with the recommendations. The new measures developed are now in place for data collection and accomplishments will be reported for those at the end of FY 2004. The new measures include:

- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

**Operational Processes  
(Program Activities):**

Approximately 95 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.

**ENVIRONMENTAL RESTORATION  
ENCOMPASSES**

*State and Tribal AML Reclamation Operations*

- *Reclamation Grants*
- *Clean Streams Program*
- *Watershed Cooperative Agreements*

*Federal and State Reclamation*

- *Emergency Programs*
- *High Priority Projects*
- *Outcrop and Underground Fire Control*
- *Civil Penalty Reclamation*
- *Bond Forfeiture Reclamation*

*Program Development and Maintenance*

*State Program Evaluation*

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.

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 years 2002 and 2003, 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 Strategic Plan and PART review, OSM has identified new goals with associated objectives and measures to indicate program accomplishments. These goals and measures are identified at the end of this business line section.

**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 2005 President's Budget requests \$202.6 million for State and Tribal funding for AML reclamation and emergency programs; \$9 million for Federally Managed State emergencies; \$2.5 million for State Program Evaluation; \$6.2 million for Federal Reclamation Program of which \$0.4 million is for Federal Program Emergencies; and \$3.1 million for Program Development and Maintenance.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of the types

of efforts used to evaluate programs, address emergency and high-priority issues and manage those projects, and provide reclamation support services to communities affected by coal mining issues.

**Table 1– Justification of Program and Performance, Environmental Restoration**  
 Summary Increases/Decreases for FY 2005  
 (Dollars in Thousands)

Program Activity			Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec
			2003	2004	2005	2003	2004	2005	2003	2004	2005	
State and Tribal Funding	<i>Non-Certified States</i>	\$\$\$	0	0	0	158,547	158,601	149,601	158,547	158,601	149,601	-9,000
	<i>Certified States*</i>	\$\$\$	0	0	0	Included above	Included above	53,000			53,000	+53,000
	<i>Federally Managed State Emergencies</i>	\$\$\$	0	0	0	0	0	9,000	0	0	9,000	+9,000
		FTE	0	0	0	0	0	0	0	0	0	0
State Program Evaluation		\$\$\$	0	0	0	2,497	2,516	2,544	2,497	2,516	2,544	+28
		FTE	0	0	0	24	24	23	24	24	23	-1
Federal Reclamation Program	Projects: <i>Emergency High-Priority</i>		96**	272**	100**	4,033	3,802	410	4,129	4,075	510	-3,565
		\$\$\$				0	0	410				
	Operations	\$\$\$	161	160	161	5,433	5,474	5,556	5,594	5,633	5,717	+84
		FTE	1	1	1	54	53	51	56	54	52	-2
Program Dev/Maintenance		\$\$\$	0	0	0	3,051	3,074	3118	3,051	3,074	3,118	+44
		FTE	0	0	0	30	29	28	30	29	28	-1
TOTAL		\$\$\$	257	432	261	173,561	173,467	223,229	173,818	173,899	223,490	49,591
		FTE	1	1	1	108	106	102	109	107	103	-4

\*\$53 million is pending approval of proposed legislation to reauthorize collection of reclamation fees.

\*\*FY 2003 includes actual civil penalty collections (\$96,413) and FY 2004 and 2005 include estimated civil penalty collections (\$271,000 and \$100,000 respectively).

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

## 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 (\$135.1 million) of the requested \$202.6 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 (\$67.5 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. OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004.

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 - 2004, and none are included in the Administration's FY 2005 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.

The above approach to fee collection and distribution will remain in place during FY 2004. OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004. This budget proposal includes legislation that reauthorizes the AML Program.

OSM's FY 2005 budget supports the legislative proposal and changes to the AML Program as follows:

- An increase of \$53 million to accelerate the payment of state share account balances to certified states;
- An increase in funds available to non-certified States to accelerate the completion of priority one and two projects;
- Coal production fee rates are slightly reduced to provide fee relief, while remaining revenue neutral (i.e., disbursements will not exceed collections in any given year); and
- OSM's proposal addresses the transfer of interest to the United Mine Workers of America Combined Benefit Funds for the use of unassigned beneficiaries.

Details on the provisions of the proposal will be available through the legislative process.

*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-two States and three Tribes will receive reclamation grant funding in FY 2004. In addition, Missouri may receive funding in FY 2005. Missouri did not receive an AML grant in 2003 due to the failure of the Missouri legislature to fully fund the (Title V) Regulatory Program. OSM is uncertain whether Missouri will reinstate a State (Title V) Regulatory Program in time to be eligible to receive 2005 AML Grants. For FY 2005, \$202.6 million is requested for grants, which includes \$53 million for certified States and Tribes.

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. For FY 2005, the minimum funding level request is \$2 million.

*b. Clean Streams Program*

In FY 2005, OSM proposes to maintain funding for the Clean Streams Program by making available \$6.9 million to fund State Reclamation Grants, \$0.2 million for the Acid Drainage Technology Initiative (ADTI) and \$0.15 for program management, maintenance and assistance. Funding is not being requested for the Watershed Cooperative Agreement Program due to sufficient carryover funds being available from previous years. Further discussion of 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 2003, approximately \$26 million in matching grant funds have been committed by participating States to 98 projects. States identified the projects and secured additional sources of funding, wherever possible. Through FY 2003, 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 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.

Following are examples of Clean Streams projects:

- **Numine, White Lake, Armstrong County, Pennsylvania** – This project, funded with \$180,315 in Appalachian Clean Streams Program funds, was completed in 2003 by the Pennsylvania Department of Environmental Protection (PADEP). It treated mine discharge with flow of 14 gallons per minute, characterized by high acidity and aluminum, from the toe of a reclaimed abandoned underground mine refuse pile. The failure of previous treatment in 1988 left this discharge as one of the worst and largest in the Cowanshannock Creek watershed, which is stocked with trout in some segments. In 2002/2003, PADEP removed the existing unsuccessful treatment system and installed state of the art passive treatment technology. This included a pre-treatment buried limestone bed to generate alkalinity using on-site uncontaminated water, a large vertical flow limestone bed with redundant flushing systems to help prevent clogging in the system and to further neutralize the acidity and add alkalinity, and a precipitation pond to remove the aluminum. The design of the treatment system would discharge uncontaminated water into White Lake. These technologies were unavailable in the 1980s during the first attempts to clean up the discharge. The whole system is developed with the additional intent of providing recreational, interpretative and educational opportunities for the schools and citizens in the area. This project demonstrates partnership, persistence, and use of ever improving technology to address a serious environmental problem.
- **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 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. The project was completed on October 29, 2003. The eroded slope of the refuse pile has been graded, stabilized and plated with onsite soil material. Coal refuse material clogging the two large sediment ponds was removed and buried at the base of the refuse pile. The ponds were then plated with two feet of on-site soil and the dams repaired so that sediment from the site could be trapped and drainage from the refuse pile safely transmitted through the remainder of the site. Alkaline leach beds were installed within Pond #1 and below Pond #2 to trap and treat the acid mine drainage produced by the site. Lime, slag, and fertilizer were applied and disked on all finished graded surfaces. The entire site was revegetated. Post-construction water sampling indicates that water quality is improving.

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

Since FY 1999, OSM has awarded 85 cooperative agreements totaling more than \$6.5 million. In FY 2003, 21 new cooperative agreements were awarded for a total of \$1,740,783, and 8 amendments to existing agreements provided an additional \$276,100.

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

- **The Potomac Hill Run AMD Project** was awarded to the Georges Creek Watershed Association to construct a passive AMD treatment system near Potomac Hill Run in Allegany County, Maryland. The proposed AMD project is located in a small sub-watershed of Georges Creek, a tributary of the North Branch of the Potomac River, and has been severely impacted by over a century of surface and underground mining activities. The problem drainage is a significant source of AMD with a flow rate of 35 gpm and a pH of 3.5, which contributes 8.5 lbs. a day of iron into the stream. The project involved diverting AMD from several underground seeps to a steel slag leach bed and constructing an Alkalinity Producing system and an oxidizing/settling pond. The project also involved the removal and reclamation of approximately 5 acres of abandoned toxic spoil material. The treatment system removes iron and acid from the AMD and discharges net alkaline water into Potomac Hill Run which flows for a length of 1.5 miles. The Watershed Association and the Maryland Department of Environment will continue to monitor the water quality coming from the project. The total project cost was \$209,855, with OSM funding of \$125,000. Other

partners included the Allegany County Department of Public Works, The Maryland Small Creeks and Estuaries Program, Barton Mining, and the Appalachian Clean Streams Initiative.

- **The Simmons Run Project** is located on the Woodbury Wildlife Area in Coshocton County, Ohio. The discharges on the project site are located in the headwaters of Simmons Run within the Broken Aro Mine reclamation. During reclamation activities at the Broken Aro Mine, a mine seal was successfully placed on the western hillside, along an abandoned highwall with numerous deep mine workings which had contributed substantial amounts of acid mine drainage (AMD) to the Simmons Run headwaters. However, after reclamation of the western hillside, it became apparent that the discharges from the limited deep mining on the eastern hillside still contributed enough AMD to degrade Simmons Run. This project installed an anoxic limestone drain, and a Successive Alkalinity Producing System (SAPS) consisting of five treatment cells, to treat AMD coming from an old deep mine. Initial results show an increase in the pH from an average of 3.5 to 7.5. A pre-existing pond immediately downstream has risen from pH 4.0 to pH 7.5. Pending the results of more long term monitoring DOW may stock this pond in the future. Treating this site will enhance wildlife by expanding the area of wetlands, as well as possibly serving as an education example of different methods to treat AMD in conjunction with the Broken Aro Mine. Out of total project costs of \$240,737, OSM funding provided \$100,000, and the Ohio Division of Mineral Resources Management (DMRM) provided the balance in addition to \$44,951 of in-kind services.
- **The Howe Bridge AMD Treatment System** is on Mill Creek, a large watershed in Clarion County Pennsylvania that is heavily impacted by mine drainage from abandoned surface and underground coal mines. Since building one of the first passive treatment systems here in 1993, the Mill Creek Coalition has installed numerous passive treatment systems using the ever improving technologies and designs, and is starting to see improvement in the water quality of the streams. Last year they returned to the original Howe Bridge site, that was losing effectiveness because the limestone was almost gone, and the settling ponds were filled with iron sludge. Using funds from OSM's Watershed Cooperative Assistance Program (\$100,000), Pennsylvania's Growing Greener program (\$50,000), and Title IV AML grant funds awarded by OSM for resource recovery activities (\$27,000), the Mill Creek Coalition completely renovated the system, enlarging the treatment ponds, and installing the latest technology designed to help avoid clogging, thereby prolonging its life. The iron oxide contained in the settling ponds was dug out and placed in large porous synthetic tubes on the site for drying. When sufficient water has drained out of the sludge, it will be hauled away and sold as paint pigment. This use of iron oxide from acid mine drainage (AMD) for pigments is called resource recovery. It is still a small but growing beneficial use of certain specific types of mine drainage.

For FY 2005, 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 2005 request includes funds for the State administered programs. Funding for Federally managed State emergencies and Federal program emergencies is identified under the Federal Reclamation Program. 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. Funds provided under this activity (\$2.5 million) support the Department's Serving Communities goal.

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

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

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

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

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

### 3. Federal Reclamation Program

Through the Federal Reclamation sub-activity, funds (\$15.2 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). Note that \$9 million will be from State and Tribal funding for the Federally managed State emergencies. These activities support the Department's Serving Communities goal.

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 2003, OSM started 284 reclamation projects in response to emergencies. The most emergencies, (170) occurred in Pennsylvania, followed by Kentucky (108). Kentucky emergencies required the most funding, over \$9.1 million, primarily in abating landslides. This was due in part to heavy rains that fell in late winter and early spring. About \$2 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 2003 of the 971 potential emergencies referred to the Federal program, 284 were determined to be emergencies. Of the remainder, 623 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 64 were still under investigation at the close of the fiscal year.

OSM is requesting \$9,000,000 in funding for the Federally managed State emergency program for FY 2005, and \$410,000 for Federal Program Emergencies.

*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 2003, OSM completed three high priority projects. Two were located in Tennessee and resulted in the reclamation of 102 acres. One project for 11 acres was completed in Georgia. One project closed 4 mine entries in a public park in California. Seven projects in Washington continued ongoing reclamation efforts. Tennessee, with an unfunded inventory of projects over \$13 million, remains the largest consumer of OSM's high-priority funds.

OSM is not requesting funding for the Federal high-priority projects in FY 2005, as sufficient carryover funding will be available for the program.

*c. Outcrop and Underground Fire Control Projects*

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

During FY 2003, the states of Montana, North Dakota and Wyoming as well as the Navajo Nation were awarded a total of \$101,000 in coal outcrop funding. Montana will complete one coal outcrop fire known as the Poker Jim fire with this funding. This fire is located in Rosebud County near Ashland, Montana. North Dakota concentrated on extinguishing 8 priority fires in western North Dakota on U. S. Forest Service lands. Wyoming will complete the Echeta coal outcrop fire located in Campbell County under this grant. The Navajo Tribe is in the process of eliminating a coal outcrop fire located on Navajo Tribal Trust lands, 30 miles southwest of Farmington, New Mexico.

*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 2003 three emergency projects were funded in Alabama and Kentucky using civil penalty funds of \$80,965.

*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.

In FY 2003, 20 acres were reclaimed in the State of Tennessee at a cost of \$161,522. OSM anticipates reclaiming 75 acres in FY 2004, at a cost of \$290,000. In FY 2005 it is planned that 50 acres will be reclaimed at a cost of \$65,000.

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

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. The Program Development and Maintenance activity is an integral part of the State and Tribal funding program. The fund for this activity (\$3.1 million) supports the Department's Serving Communities goal. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing need of the programs and to keep abreast of changes to the law.

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

OSM emphasizes State/Tribal and Federal partnerships in the AML program. OSM works directly with the States and Tribes, through State and Tribal associations and with other Federal agencies, to coordinate and enhance reclamation. Such relationships foster coordination essential to land reclamation. New policy and changes to existing policy are circulated to the States and Tribes for input prior to being finalized enabling OSM to make programmatic decisions in a collegial manner. Examples of activities are: (1)

working with States/Tribes to develop improved strategic plan measurements for the AML program; (2) participating with EPA in conducting a Brownfields workshop for States and local watershed organizations; (3) holding meetings/workshops with the State/Tribal grantees to provide training for new employees to keep them abreast of policies and procedures and to solicit their input on issues in the grants program; and (4) working with the National Association of Abandoned Mine Land Programs (NAAML) to decide winners of the annual AML Reclamation Awards.

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

During FY 2003, the State Reclamation Plan amendment activity was as follows:

<b>Table 2 – State Reclamation Plan Activity FY 03</b>				
<i>Number of Amendments</i>				
<b>Amendment Type</b>	<b>Pending Oct. 1, 2002</b>	<b>Received FY 2003</b>	<b>Completed FY 2003</b>	<b>Pending Sept. 30, 2003</b>
<b>Informal</b>	0	0	0	0
<b>Formal</b>	2	0	2	0
<b>Total</b>	2	0	2	0

*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.

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.

A WEB based version of AMLIS was deployed in FY 2003. It enables the public to readily access information in OSM’s Abandoned Mine Land Inventory. They can search for information about individual Problem Areas or query the Inventory. The results of a query can be shown in preformatted reports or on a map. The results of a query can also

be downloaded. States, Indian tribes, and OSM are using a version of the WEB based AMLIS to enter/modify information.

*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 should permanently eliminate the environmental problems and their sources.

The rule includes a number of important safeguards to ensure that remining 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, Maryland and Alabama published its rules in 2000. In 2003, both Kentucky and West Virginia implemented program changes.

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 was published November 20, 2003.

## FY 2003 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2003, the major accomplishments in the Environmental Restoration program activity include:

- Through grants provided to States and Indian tribes, reclaimed 6,500+ 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 26 summer interns with watershed organizations in seven States.
- Awarded \$2 million in the form of watershed cooperative agreements to 21 organizations in four States for acid mine drainage treatment projects.
- OSM and States started 437 emergency abandoned coal mine reclamation projects and 216 non-emergency abandoned mine reclamation projects.
- Federal emergency abatement efforts directly affected 7,065 people.

## FY 2004 PLANNED PROGRAM PERFORMANCE

- Through grants provided to States and Indian tribes, will reclaim 6,900 equivalent acres of abandoned coal mines sites.
- Continue expansion of assistance to communities interested in Brownfield grants and Vista Watershed Development Coordinators in states, under the Appalachian Clean Streams Program.
- Meet performance goals as follows:

	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Plan versus FY 2003 Actual</b>
Number of land acres reclaimed or mitigated from the effects of degradation from past mining (Calculated equivalent acres). (SP)	6,539	6,900	361  (+5.5%)
Number of stream-miles for which degradation from past surface coal mining has been improved (SP)	UNK	150	
Number of surface acres of water for which degradation from coal mining has been improved. (SP)	UNK	150	
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (SP)	UNK	10,000	
Number of active partnering and leveraging agreements. (PART)	UNK	56	

The amount of increased funds derived from active partnering and leveraging agreements. (PART)	UNK	70,000	
Percentage of declared emergencies abated within six months. (PART)	UNK	92%	
Number of people directly affected (emergency abatements).*(PART)	7,065	8,250	1,185 (+17%)
Percent of AML grant funds obligated nationally by States and Tribes. (PART)	UNK	90%	
<p>*The figures represent Federal emergencies only. A baseline for the State emergencies will be established after FY 2004 data is collected and future reports will include both Federal and State data.</p> <p><u>Accomplishment Data:</u> 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.</p>			

**JUSTIFICATION OF 2005 PROGRAM CHANGES**

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Environmental Restoration	FY 2005 Budget Request	Program Changes (+/-)
\$(000)	223,490	+\$49,427
FTE	102	0

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State and Tribal Funding – Certified States (+\$53,000,000) - OSM has requested an increase of \$53.0 million to be used to pay down the unappropriated State/Tribal-share balances to certified States and Tribes. This is part of the Administration’s overall proposal to reauthorize the AML fee and make changes to SMCRA. Under the proposal, States and Tribes having certified as to the completion of all high priority projects will not receive additional allocations under the proposal but will receive unappropriated balances due them on an expedited basis over a ten-year period at a rate of \$53.0 million per year. Since \$53.0 million would go to only certified States and Tribes, the remainder of the grant appropriation will be available to increase grants to non-certified States for coal work.

This funding will correct the diversion of dollars away from the most serious problems and provide sufficient funding to eliminate all significant health and safety problems associated with abandoned coal mines within 25 years. This addresses the concern in the PART to increase the rate at which pre-Act AML problems are being reclaimed.

State and Tribal Funding – Non-certified States/Tribes (-\$9,000,000); State and Tribal Funding – Federally Managed State Emergency Projects (+9,000,000); - OSM is pursuing the reauthorization of the authority to collect the mine reclamation fee. As part of the reauthorization proposal, States with reclamation programs would assume responsibility for implementing their own emergency programs. In FY 2005, OSM does not anticipate that States will be ready to implement this provision. Therefore, OSM would continue to be responsible for implementing the emergency program in States that do not have reclamation programs at a cost of \$ 9 million.

OSM did not request funding for the Federal emergency program in FY 2003 and FY 2004, as sufficient carryover funds were available. While it is difficult to estimate the number of emergencies, OSM is duty bound to abate all declared emergencies that occur. In FY 2003, OSM started 284 emergency projects in six States. However, an extremely wet spring and summer of calendar year 2003 has resulted in a significant increase in declared emergencies, particularly landslides. While OSM expects available carryover from FY 2003 into FY 2004 will be sufficient to address FY 2004 emergencies, restoration of funding at \$9 million is necessary. Ultimately, as States take over their own emergency programs in the future years, funds will need to be transferred from the Federal emergency program to the State grant program.

Federal Reclamation Program - Emergency Projects (+\$410,000) - OSM is pursuing the reauthorization of the authority to collect the mine reclamation fee. As part of the reauthorization proposal, States with their own reclamation programs would assume responsibility for implementing their own emergency programs.

However, OSM would continue to be responsible for implementing the emergency program in States that do not operate reclamation programs. The primary non-program coal producing State is Tennessee, although Georgia and Washington have had mining within their borders. Over the past several years, OSM has averaged approximately \$400,000 in emergency project costs in non-program States. Therefore, OSM is requesting \$410,000 in funding to continue to implement its program responsibilities in protecting the lives and property of coal field citizens.

Federal Reclamation Program – High Priority Projects (-\$1,092,000) - OSM is proposing to forgo funding for one year reduction in its high priority project program, resulting in a \$1.1million reduction. OSM is able to offer this reduction because it expects to have sufficient prior year carryover to fund the program in FY 2005.

OSM expects the carryover from FY 2003 into FY 2004 of \$2.7, along with an additional \$1.1 million in the FY 2004 budget, will provide sufficient funding for the program in FY 2005. The number of projects that would be funded will depend on the complexity and type of reclamation projects addressed.

Federal Reclamation Program – Watershed Projects (-\$2,710,000) - The carryover from FY 2003 into FY 2004 is \$4.0million. In FY 2004, OSM received an additional \$2.7 million. The average obligation for the last three years for watershed cooperative agreements is \$2.0 million per year. The carryover amount is more than the FY 2004 request and would be adequate to fund watershed cooperative agreements in FY 2005.

Federal Reclamation Program Projects – (-\$173,000) - Each year's appropriation authorizes OSM to keep civil penalties we collect to fund civil penalty reclamation projects. These projects address problems on post-SMCRA sites. The level of project funding authority has been \$275,000. The reduction would not actually reduce the program. Rather it would reflect the lower level of civil penalties collected each year and annual project expenditures. OSM has recently collected an average of \$28,000 and expended under \$90,000 annually. This has reduced carryover to a minimum level.

Federal Vehicle Fleet (-\$ 8,000) - In 2004, the Department and the bureaus began a collaborative effort to improve the management of vehicle fleets including examination of the infrastructure for fleet management within each bureau, the identification of best practices that could be used Department-wide, and the development of action plans to improve fleet management and realize cost savings.

In anticipation of improved fleet management and the resultant savings, the 2005 budget proposes a reduction in funding. To achieve these savings, the bureau will undertake fleet reductions and cost-savings by: (1) reducing the size of the fleet; (2) employ energy



saving practices by fleet operators; (3) acquire more efficient vehicles; (4) acquire the minimum sized vehicle to accomplish the mission; (5) dispose of underutilized vehicles; (6) freeze the acquisition of vehicles from the General Services Administration (GSA) Excess Vehicle program; and (7) explore and develop the use of inter-bureau motor pools.

## FY 2005 ENVIRONMENTAL RESTORATION PROGRAM PERFORMANCE

<b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) (SP)	8,606	6,539	6,900	6,900	8,200	1,300 +19%	8,200
Number of stream-miles for which degradation from past surface coal mining has been improved (SP)	UNK	UNK	150	150	175	25 +17%	175
Number of surface acres of water for which degradation from coal mining has been improved. (SP)	UNK	UNK	150	150	175	25 +17%	175
<b>Bureau and PART Measures:</b>							
Number of active partnering and leveraging agreements. (PART)	UNK	UNK	56	56	56	0	56
The amount of increased funds derived from active partnering and leveraging agreements. (PART)	UNK	UNK	70,000	70,000	70,000	0	70,000

<b>Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.</b>							
<b>End Outcome Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (SP)	UNK	UNK	10,000	10,000	11,000	1,000 +10%	11,000
<b>Bureau and PART Measures:</b>							
Percentage of declared emergencies abated within six months. (PART)	UNK	UNK	92%	92%	95%	+3%	95%
Number of people directly affected. (emergency abatements).* (PART)	UNK	7,065	8,250	8,250	8,250	0	8,250
Percent of AML grant funds obligated nationally by States and Tribes. (PART)	UNK	UNK	90%	90%	90%	0	90%
*The figures represent Federal emergencies only. A baseline for the State emergencies will be established after FY 2004 data is collected and future reports will include both Federal and State data. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; UNK = data is unavailable.							

## **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) 2005 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$352.8 million in current authority, \$34 million in permanent authority, and 595 FTEs. This represents an increase of \$56.8 million over the FY 2004 enacted budget, adjusted by the two budget rescissions.

Included in the budget is a legislative proposal that extends the authority to collect the abandoned mine land (AML) fee at a reduced rate. As a cornerstone to this request, OSM is seeking a \$53 million increase in AML grants as the first step in returning State share balances to the certified States who have completed all coal reclamation work. This will then allow the remaining \$159 million in AML grants to be focused on those States having the most pressing reclamation needs.

Over 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. 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 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 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 capital asset planning and control;
- improving strategic management of human capital;
- increasing competitive sourcing;
- improving financial performance; and
- expanding electronic government.

**(1) AML Reauthorization**

OSM's authority to collect the abandoned mine reclamation fee expires on September 30, 2004, the end of FY 2004. The Administration supports extension of the authority to collect the reclamation fee. OSM, working with the Department, is developing legislative changes to accomplish this end. In fashioning a reauthorization, OSM has given great weight to the findings of the Program Assessment Rating Tool (PART) review conducted when preparing the FY 2004 budget.

In preparing a reauthorization proposal, OSM is examining changes that would allow it to refocus program resources to abate abandoned coal mine problems on more of a priority basis. The proposal will allow more receipts to be targeted to abandoned mine reclamation, thus increasing the pace of the overall reclamation. Consistent with SMCRA requirements, the proposal will also address the obligation to return to the certified States the remaining funds in their State share balances over time.

*Office of Surface Mining Reclamation and Enforcement*

Other changes contemplated include having the program States assume the responsibility of operating their own emergency programs with increased grant funds. This budget request is consistent with the plans for change in the AML 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 3 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, OSM has partnered with over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents to formalize 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 remining 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. The cost to the AML

program would, accordingly, be reduced by the value of the coal removed from the site. Remining 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 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 2003 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

a) Strategic Plan

This budget proposal supports the Department's 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 2005 budget request is aligned with the new goal structure in the Department's Strategic Plan. 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.

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 2004 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.

b) Program Assessment Rating Tool (PART)

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. The PART is a series of questions designed to provide a

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consistent approach to rating programs throughout the Federal government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Surface Mining conducted PART reviews of its Abandoned Mine Land Grants Program (FY 2004) and Regulation of Surface Coal Mining Activities (FY 2005). OSM has developed a five year plan for the remaining PART reviews.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The recommendations and OSM's progress to date are noted below:

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;
  - OSM has a legislative proposal to amend SMCRA that is under review.
- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;
  - This provision is part of a legislative proposal to amend SMCRA that is under review.
- Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.
  - OSM has met with its State and Tribal partners and developed new performance measures. A database to capture the information for the new performance measures has been developed and State and Tribes began entering data in FY 2004.

For the FY 2005 PART review, OSM reviewed the regulation of surface coal mining activities. The principal findings from that review are:

- The purpose of the regulatory program is clear, as articulated in SMCRA.
- An independent auditor has not reviewed the regulatory program. However, States and Indian Tribes assess the program annually through meetings and conferences held throughout the year.
- Measurable outcome-based performance goals are needed to effectively and efficiently guide management of the program.

OSM is implementing the recommendations made in the PART as described under the Environmental Protection business line.



*c) Activity-Based Costing (ABC)*

To support the Department's ABC efforts, OSM will continue to train managers and analysts on using the ABC modules, particularly the report generation/data extraction module. OSM will work with DOI to refine ABC activity, output and output measure definitions, and to link ABACIS to the Department's ABC modules. OSM will augment the Department's ABC modules to support our specific needs for performance/cost information and participate in the cost forum to refine activities. Funding areas include the purchase and maintenance of the Quick Time for the time and attendance system, travel for bureau and DOI meetings, human capital for items listed above, and funding for publishing reports.

OSM has been using and refining its ABC system for five years. Cost and output data is published for manager's use in managing their programs on an annual basis. Over the years, the system has been revised to better meet OSM management's needs. Cost data from the system has recently been used in making management decisions. One example where this has been used is in making decisions on work force needs. OSM anticipates the need to develop a more technical (scientific) workforce to support its many issues in the field. In doing so, ABC data will be important to illustrate the level of employees necessary to support the various field functions. Specific examples are provided in Program Activity or sub-activity sections.

2. Capital Asset Planning and Control

OSM has instituted a joint business/information technology process, as described in OSM's Capital Planning and Investment Control (CPIC) Guide, to ensure IT investments are aligned with the President's Management Initiatives, DOI and OSM strategic goals and plans, and enterprise architecture; meet public expectations; and provide the best value to the taxpayers. OSM prepares capital asset plans on six mission critical systems annually. OSM intends to use resources as they become available through competitive sourcing to support the CPIC program, including training, and additional work load to attain DOI scorecard goals of reaching Stage 2 of GAO's Information Technology Investment Management (ITIM) Framework; additional work load related to implementing NIST guidelines; increases in training cost related to CISSP certification; Project Management Certification; and security.

3. Strategic Management of Human Capital

OSM faces challenges in managing the attrition in its talent pool that is expected to occur in the next few years.

OSM is coordinating its workforce planning effort by using the Department's Workforce Planning Template. OSM is identifying and compiling competencies required to do the required mission related work now and in the future. Based on these competencies, OSM will survey each employee to determine current and future skill gaps. Using information from these surveys (Supply Analysis) and the information gained from management about the future competencies (Demand Analysis), OSM will be able to identify the skill gaps it will be facing. As work

progresses, OSM will develop solutions and ways to implement solutions through recruitment, training, retention, and competitive sourcing. Data will be updated to review competencies and revise the workforce plan as necessary (Evaluation).

Completion of OSM's human resources strategic planning, supply analysis, and demand analysis during Fiscal Years 2003 and 2004 will require use of certain software tools. These include Quick Classification software program, which is critical for supplying information concerning what work is performed and the competencies required to do that work. The Quickhire software program is required to survey the employees and collect the information necessary to determine the current competencies and future gaps. The processing contract is critical to support the effort by collecting and compiling data concerning each employee.

As solutions are derived, the processing contract will increase in importance to effect changes in the workforce either through new hires, reclassification, training, reassignment, reorganization, data update, record review and verification. Each manager must review his or her work force operation and competency mix to assure effective and efficient operation. Training will be conducted to fill gaps within existing training budgets. OSM staff will also attend job fairs and recruitment forums as necessary through their existing travel budgets. Management will continue to use pay flexibilities including recruitment bonuses, retention allowances and student loan repayments in FY 2005. This will include solutions for recruitment of diverse candidates, restructuring of positions, combining competencies, and the placement of employees where competencies can be effectively and efficiently utilized. All of the above efforts will assist OSM and its workforce planning efforts to become a more efficient and citizen centered organization.

#### 4. Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM updated its Commercial Activity Inventory in FY 2003. Fifty-five FTEs were identified under the commercial activity component in the FY 2003 inventory. These FTEs are primarily in the Information Technology area and various types of administrative support services.

For FY 2002, federal agencies were to complete competition, either through A-76 cost comparison processes or direct conversion, of not less than 5 percent of the FTEs listed in their FY 2000 FAIR Act inventory. In FY 2002, OSM converted 3 FTEs to contract. In FY 2003, OSM completed a study on 25 additional FTEs to determine whether conversion to contract is the best strategy for achieving best value. This study was conducted by the NISH organization under the Javits-Wagner-O'Day preferred procurement source program at no cost to OSM. The total of 28 FTEs studied and/or converted to contract will exceed OSM's anticipated 50 percent long-term competitive sourcing goal.

In 2004, OSM will begin a transitional conversion process over a multi-year period so that functions determined to be commercial may be converted to contract as they become vacant, if found to be the best alternative.

5. Financial Performance

OSM has received an unqualified opinion for 13 years and achieved an overall “green light” score in the first year of the financial management scorecard. OSM has also achieved a level 10 “Best Practices” in three criterion areas on the Financial Management scorecard. The FY 2000, FY 2001, and FY 2002 audits included an unqualified 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 and 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. As an example, the performance dates for the States and Tribes were accelerated by three months in order to meet OSM’s accelerated financial reporting dates. We are also asking program managers to provide financial status information (like goods received but not yet invoiced by the vendor) on a quarterly or monthly basis so that we can more accurately reflect our costs.

OSM makes over 96 percent of its payments by Electronic Funds Transfer (EFT) and 99.6 percent of the money is paid by EFT. In FY 2004, OSM’s core financial application is scheduled to be converted to the new Departmental Financial and Business Management System (FBMS). As part of this conversion, OSM needs to interface its subsidiary applications with the new Departmental system.

6. Expanding Electronic Government

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

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

Reclamation Fee Reporting - OSM continues its 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. The system allows companies to make payment on-line, through a seamless interface with Treasury’s Pay.Gov system and provides receipt acknowledgement when payments are received. Companies can access data on-line as well as the payer handbook through a secured site and print a record of data filed. Currently companies use the system to report on over 1,000 permits, and over 31 percent of the reclamation fees were paid electronically in the 4<sup>th</sup> quarter of 2003.

Web-based Abandoned Mine Land Inventory System - OSM initiated a web-based version of the Abandoned Mine Land Inventory System (AMLIS) in FY 2003. The system allows States,

Indian Tribes, and OSM to electronically update and maintain data regarding AML reclamation programs and their progress.

Acquisition - Currently, OSM is required to use the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM's financial system, which electronically updates financial information at the time procurement information is captured 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 Institutes of Health contractor performance system. This system will be a single entry point for OSM contracting officers to search prospective contractors' performance record. It will also serve industry vendors. This will facilitate contracting officers' responsibility determinations, and industry vendors will benefit by a faster, easier and less costly awards process.

Internal E-government initiatives include the following:

- Employee Quickhire – online job application system, reduce total time to fill job vacancies.
- Employee Electronic Conflict of Interest Filing - streamline process/time to submit annual statement.
- Inspection and Enforcement Database - Electronic Filing of OSM Inspection Reports and Enforcement Actions.
- Development of Mobile Computing Technology for permitting, inspection, and AML design.

OSM is also participating in various efforts with the Department to achieve efficiencies under E-government Quicksilver Projects. This includes participation in:

- E-Travel - government-wide web-based service to consolidate travel functions, provide improved services to government employees, and minimize costs.
- E-Authentication - secure, easy-to-use, consistent method of proving identity to the government minimizes the burden on businesses, the public, and government.
- E-Training - simplified process to learn about training opportunities with one-stop access to e-products and services.

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- Business Gateway - assist businesses to find, understand, and comply with applicable laws and regulations by improving access to information, providing on-line tools, and accessible and easy-to-use forms. One specific way that OSM is working in this area is in its partnership with the Interstate Mining Compact Commission, the Mine Safety and Health Administration, the Internal Revenue Service, and Pennsylvania to determine the feasibility to establish an electronic single source coal reporting form. A study conducted by the partner agencies concluded it would be cost-effective to develop a consolidated single source coal reporting system. The Single Source Coal Reporting e-Form was test piloted as part of the Small Business Administration's Business Compliance One-Stop. From a volunteer group of 20 coal companies, 80 percent reported time savings. OSM will continue its work with the partner agencies and the Small Business Gateway initiative.
- Integrated Acquisition Environment - facilitate the cost-effective acquisition of goods and services, while eliminating inefficiencies in the current acquisition process.
- E-Rulemaking - create Regulations.gov, a government-wide docket system to provide a single Internet access point to regulatory material.
- E-Rulemaking Transition - Funding requested for transition to an electronic system to facilitate the Department's ability to comply with statutory requirements, ensuring public access to regulatory materials and to expand capabilities for partners and the public to comment on proposed rules.

Performance Summary:

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

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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.

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

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- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- (2) 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 table is an overview of the Surface Mining goals and targeted measures for FY 2005.

Data Validation and Verification

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

The annual self-assessment by program managers complies with the Department of the Interior's Data Validation and Verification Guidance. The assessment covers the major area of data validation and five areas within data verification. The five areas dealing with data verification are: standards and procedures; data entry and transfer; data security and integrity; data quality and limitations; and oversight and certification. This assessment will be valuable in testing for potential weaknesses or gaps, and will elevate data validation and verification systems to ensure an acceptable functional level.

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

Regulatory Program data collection methods are also conducted in accordance with an agency policy directive, which was developed in cooperation with the States. The data is collected from OSM field offices through an internet-based system.

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

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OSM recognizes that data must serve their intended purposes and stand up to independent, objective external inspection, as well as to internal control reviews and audits. OSM is committed to demonstrating that data meets the guidelines established.

**Office of Surface Mining Program Performance Measures**

<b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>							
<b>Measures:</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Revised Final Plan</b>	<b>FY 2005 Plan</b>	<b>Change in Performance 2004 to Planned 2005</b>	<b>Long-term Target (2008)</b>
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) (SP)	8,606	6,539	6,900	6,900	8,200	1,300 +19%	8,200
Number of stream-miles for which degradation from past surface coal mining has been improved (SP)	UNK	UNK	150	150	175	25 +17%	175
Number of surface acres of water for which degradation from coal mining has been improved. (SP)	UNK	UNK	150	150	175	25 +17%	175
Number of active partnering and leveraging agreements. (PART)	UNK	UNK	56	56	56	0	56
The amount of increased funds derived from active partnering and leveraging agreements. (PART)	UNK	UNK	70,000	70,000	70,000	0	70,000
<b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value.</b>							
Percent of active sites that are free of off-site impacts. (SP)	92.8%	92.8%*	94%	93%	93%	0	93%
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (SP)	73,407	60,641*	70,000	70,000	70,000	0	70,000
Number of acres released from Phase I & II Performance Bonds. (PART)	106,136	106,197*	100,000	100,000	100,000	0	100,000
<b>Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.</b>							
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (SP)	UNK	UNK	10,000	10,000	11,000	1,000 +10%	11,000
Percentage of declared emergencies abated within six months. (PART)	UNK	UNK	92%	92%	95%	0	95%
Number of people directly affected (emergency abatements).** (PART)	UNK	7,065	8,250	8,250	8,250	0	8,250
Percent of AML grant funds obligated nationally by States and Tribes. (PART)	UNK	UNK	90%	90%	90%	0	90%
* Figures are annual estimates based on 9 months of actual data. ** The figures for this measure represent Federal emergencies. A baseline for State emergencies will be established after FY 2004 data is collected and future reports will include both Federal and State emergencies.							
SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BG = Bureau Measure; UNK = data is unavailable							



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Budget Highlights:

OSM requests \$352.8 and 595 FTEs to achieve its FY 2005 annual performance goals. An additional \$34 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 2005 discretionary request represents a \$56.8 million increase over the FY 2004 enacted level of \$296 million. OSM proposes a \$53 million increase in State reclamation grants to return State share balances to those States that have certified that they have completed all their coal related reclamation work. The budget requests \$0.4 million for the Federal emergency program to address emergencies in States where OSM is the regulatory authority. It provides a \$1.15 million increase for State regulatory grants to permit primacy States to meet their increased fixed costs. The proposal provides for a \$2.3 million increase for a system redesign of the fee collection and billing system (FEEBACS) to update the system in concert with the AML reauthorization proposal. This budget proposal also seeks to enhance the technology transfer activities afforded the States and Indian Tribes. It seeks increases of \$0.4 million for the National Technical Training Program, \$0.4 million for the Technical Innovation and Professional Services Program, and \$0.3 million for applied sciences. Additionally, the proposal requests increases of \$0.4 million for enterprise services network and \$0.3 million for the Department's external audit.

The budget proposes certain reductions to help offset these increases. OSM will absorb a \$2.7 million reduction in the watershed cooperative agreement program and a \$1.1 reduction for high priority projects. OSM is able to take these reductions as there are sufficient carryover funds available to address these programs. OSM is also reducing its civil penalty authority by \$0.173 million and expects \$0.04 million savings in its fleet management activities.

This request also provides \$2.1 million for uncontrollable cost increases.

This budget proposes appropriation language changes to allow OSM to:

--clarify the authority for OSM to pay for OSM sponsored training for State and Tribal employees and to transfer ownership of computer hardware, software and other technical equipment to State and Tribal regulatory and reclamation programs, and

--provide for the partial disposition of State share funds to those States that have certified they have completed all coal related reclamation.

Program/Project Support of Bureau, Department, and Government-wide Costs

Funding under the Executive Direction and Administration section of OSM's budget request is identified for Executive Direction, Administrative Support and General Services. The total funding for this business line in the FY 2005 request is \$22.2 million.

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

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

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

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

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The following summary compares the FY 2005 request level to the FY 2004 enacted budget.

**2003 - 2005 Resource Comparison  
(Dollar Amounts in Thousands)**

		FY 2003 Actual	FY 2004 Estimate	FY 2005 Request	Difference from FY 2004 (+/-)
Regulation and Technology	\$	104,504	105,384	108,905	+3,521
	<i>FTE</i>	<i>401</i>	<i>396</i>	<i>387</i>	<i>-9</i>
Abandoned Mine Recl. Fund	\$	190,499	190,592	243,863*	+53,271
	<i>FTE</i>	<i>216</i>	<i>214</i>	<i>208</i>	<i>-6</i>
<b>TOTAL</b>	\$	295,003	295,976	352,768	+56,792
	<i>FTE</i>	<i>617</i>	<i>610</i>	<i>595</i>	<i>-15</i>

(5) Note: FY 2003 includes actual civil penalty collections (\$96,413) and FY 2004 and 2005 include estimated civil penalty collections (\$271,000 and \$100,000 respectively). FTE reductions proposed reflect actual usage.

\*\$53 million is pending approval of proposed legislation to reauthorize collection of reclamation fees.

**Description and Summary of Program Changes in FY 2005 Budget**

The total request for OSM's current appropriations is \$352,768,000 for FY 2005. 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 \$108,905,000 (including an estimated \$100,000 in civil penalty collections); a net increase of \$3.521 million over the FY 2004 enacted budget. The budget proposes:

- An increase of \$1.15 million for State regulatory grants to help States meet their uncontrollable cost increases,
- An increase of \$0.26 million for the National Technical Training Program,
- An increase of \$0.195 million for applied science activities,
- An increase of \$0.26 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.259 million for enterprise services network,
- An increase of \$0.216 million for the Department's external audit,
- An increase of \$0.036 million for E-GOV Quicksilver Projects,
- A decrease of \$0.026 million for fleet management savings,
- A decrease of \$0.033 million for a technical adjustment,
- A decrease of \$0.173 million in civil penalty authority, and
- Uncontrollable increases of \$1.377 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

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\$243,863,000, an increase of \$53.271 million over the FY 2004 enacted budget. The budget proposes:

- An increase of \$53 million for State reclamation grants to return State share balances to the certified States,
- An increase of \$2.3 million to redesign the fee billing and collection system (FEEBACS) to support fee extension by properly accounting for fees collected,
- An increase of \$0.410 for Federal emergencies for those States where OSM is the regulatory authority,
- An increase of \$0.14 million for the National Technical Training Program,
- An increase of \$0.105 million for applied science activities,
- An increase of \$0.14 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.139 million for enterprise services network,
- An increase of \$0.116 million for the Department's external audit,
- An increase of \$0.02 million for E-GOV Quicksilver Projects,
- A decrease of \$0.017 million for fleet management savings,
- A decrease of \$0.018 million for a technical adjustment,
- A decrease of \$2.7 million for watershed cooperative agreements,
- A decrease of \$1.092 million for high priority projects, and
- Uncontrollable cost increases of \$0.737 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; [\$106,424,000] \ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2004] \ 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.

\$108,805,000

2005

**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, [ \$192,969,000 ] 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 2004: 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:

\$190,863,000

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.

Provided further, That amounts provided under this heading may be used for the travel and per diem expenses of State and tribal

*Office of Surface Mining Reclamation and Enforcement*

personnel attending  
Office of Surface  
Mining Reclamation  
and Enforcement  
sponsored training.

Pending approval of proposed legislation to reauthorize collection of reclamation fees.

For carrying out title IV  
of the Surface Mining  
Control and  
Reclamation Act of  
1977, Public Law 95-  
87, as amended,  
\$53,000,000 of  
balances in the Fund  
that were not  
appropriated as of  
September 30, 2004,  
shall be available for  
States and Indian tribes  
that have been certified  
as of September 30,  
2004, under section  
411(a) of the Act as  
having completed the  
reclamation of their  
coal mining related  
abandoned mine land  
sites.



**Administrative Provisions**

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

**Justification of Language Changes**

*Regulation and Technology:*

No changes.

*Abandoned Mine Reclamation Fund:*

Proposes removal of the \$1.5 million funding limitation for the minimum program. This removal will allow for a minimum program level of \$2 million according to SMCRA.

This language would clarify the authority for OSM to pay for travel and per diem expenses of State and Tribal personnel to OSM sponsored training. This language is the same as that currently available under the Regulation and Technology appropriation.

This language would return State share funds to those States that have certified that they have completed all coal related reclamation work.

*Administrative Provision:*

This administrative provision will allow OSM to transfer title for limited equipment under the Technical Innovation and Professional Services Program.

**Summary of FY 2004 Appropriations and FY 2005 Budget Changes  
By Appropriation and Business Line**

<b>Regulation &amp; Technology</b>	FY 2004 Estimate	FY 2005 Proposed	Change
Environmental Restoration	432	261	-171
Environmental Protection	78,481	79,953	1,472
Tech Dev Transfer	12,593	13,487	894
Financial Management	485	492	7
Executive Direction	13,393	14,712	1,319
<b>Total Appropriation</b>	<b>105,384</b>	<b>108,905</b>	<b>3,521</b>

(6)

<b>Abandoned Mine Reclamation Fund</b>	FY 2004 Estimate	FY 2005 Proposed	Change
Environmental Restoration	173,467	223,229*	49,762
Environmental Protection	0	0	0
Tech Dev Transfer	4,133	4,542	409
Financial Management	6,183	8,565	2,382
Executive Direction	6,809	7,527	718
<b>Total Appropriation</b>	<b>190,592</b>	<b>243,863</b>	<b>53,271</b>

\*\$53 million is pending approval of proposed legislation to reauthorize collection of reclamation fees.

Office of Surface Mining Reclamation and Enforcement

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

APPROPRIATION:	REGULATION AND TECHNOLOGY				ABANDONED MINE RECLAMATION FUND			
	FTE	\$\$	FTE	\$\$	FTE	\$\$	FTE	\$\$
FY 2004 ESTIMATE			387	105,384			208	190,592
UNCONTROLLABLE & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 04		146				74		
Adjustment for Pay Raise - Jan 05		422				227		
Adjustment for Worker's Compensation		-1				-1		
Adjustment for Unemployment Compensation		18				10		
Adjustment for GSA space rent rate		546				297		
Adjustment for Empl'r Share of Fed Hlth Benft Plans		211				111		
Adjustment for One Less Pay Day		-148				-79		
Adjustment for Working Capital Fund		183				99		
TOTAL Adjustment for Uncontrollables		1,377				737		
				1,377				737
Program Changes				2,144				52,534
Total Requirements (2004 request)			387	108,905			208	243,863

		REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		
Comparison by Business Lines		2003 Actual	2004 Estimate	Uncontrl & Related Changes	Program Change	2005 Request	2003 Actual	2004 Estimate	Uncontrl & Related Changes	Program Changes	2005 Request	2004 Estimate	2005 Request	Inc/ Dec (-/+) From 2004
Environmental Restoration	\$\$	257	432	2	-173	261	173,561	173,473	162	49,600	223,235*	173,899	223,496	49,591
	FTE	1	1	0	0	1	108	106	-4	0	102	107	103	-4
Environmental Protection	\$\$	78,644	78,484	341	1,131	79,956	0	0	0	0	0	78,481	79,956	1,472
	FTE	217	212	-7	0	205	0	0	0	0	0	212	205	-7
Technology Dev. & Transfer	\$\$	12,511	12,592	179	715	13,486	4,137	4,133	24	385	4,542	16,726	18,028	1,303
	FTE	113	112	-2	0	110	16	15	0	0	15	127	125	-2
Financial Management	\$\$	482	485	7	0	492	6,139	6,183	87	2,295	8,565	6,668	9,057	2,389
	FTE	4	4	0	0	4	56	56	-2	0	54	60	58	-2
Executive Dir. & Admin.	\$\$	12,610	13,391	848	471	14,710	6,662	6,803	464	254	7,521	20,202	22,231	2,037
	FTE	66	67	0	0	67	36	37	0	0	37	104	104	0
TOTAL	\$\$	104,504	105,384	1,377	2,144	108,905	190,499	190,592	737	52,534	243,863	295,976	352,768	56,792
	FTE	401	396	-9	0	387	216	214	-6	0	208	610	595	-15

\*\$53 million is pending approval of proposed legislation to reauthorize collection of reclamation fees.

Revised on March 1, 2004.

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

**Appropriation: Regulation and Technology**

Additional Operational Costs from 2003 and 2004 of January Pay Raises

	2004	2004	
	Budget	Revised	2005
	<u>Change</u>	<u>Change</u>	<u>Change</u>
2004 Pay Raises .....	\$356	\$356	+146
Amount of pay raise absorbed.....	[+\$418]	[+1,231]	[+\$237]
			2005
			<u>Change</u>
2005 Pay Raises .....			\$0/+\$422
Amount of pay raise absorbed.....			[+\$0]

These adjustments are for an additional amount needed in 2005 to fund the remaining 3-month portion of the estimated 4.1 percent pay increases effective in January 2004 and the additional costs of funding for an estimated 1.5 percent of the January 2005 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2004	2004	
	Budget	Revised	2005
	<u>Change</u>	<u>Change</u>	<u>Change</u>
Workers Compensation Payments .....	\$ 193	\$0	-\$1

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.

	2004	2004	
	Budget	Revised	2005
	<u>Change</u>	<u>Change</u>	<u>Change</u>
Unemployment Compensation payments.....	\$19	\$0	+\$18

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*

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Rental Payments to GSA.....	\$3,924	\$0	+\$546

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Departmental Working Capital Fund Changes.....	\$704	\$0	+\$183

The amount requested reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed and explained in the Budget Justification for Department Management.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Employer Share of Federal Health Benefit Plans .....	\$157	\$0	+\$211

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

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
One Less Pay Day.....			\$-148
Amount of pay raise absorbed.....			[\$0]

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2005 than in FY 2004.

Total, Regulation and Technology	\$5,263	\$356	+\$1,377
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**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

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
2004 Pay Raises .....	\$189	\$189	\$+74
Amount of pay raise absorbed.....	[+\$222]	[+\$654]	[+\$135]
			<u>2005 Change</u>
2005 Pay Raises .....			\$0/+227
Amount of pay raise absorbed.....			[+\$0]

These adjustments are for an additional amount needed in 2005 to fund the remaining 3-month portion of the estimated 4.1 percent pay increases effective in January 2004 and the additional costs of funding for an estimated 1.5 percent of the January 2005 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Workers Compensation Payments .....	\$ 103	\$0	-\$1

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.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Unemployment Compensation Payments.....	\$10	\$0	+\$10

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*

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Rental Payments to GSA.....	\$1,832	\$0	+\$297

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Departmental working capital fund changes.....	\$380	\$0	+\$99

The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed and explained in the Budget Justification for Department Management.

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
Employer Share of Federal Health Benefit Plans .....	\$86	\$0	+\$111

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

	2004 Budget <u>Change</u>	2004 Revised <u>Change</u>	2005 <u>Change</u>
One Less Pay Day.....			\$-79
Amount of pay raise absorbed.....			[\$0]

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2005 than in FY 2004.

Total, Abandoned Mine Reclamation Fund	\$2,600	\$189	\$737
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*Office of Surface Mining Reclamation and Enforcement*

*Budget Crosswalk*

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

Budget Request by DOI Mission Component  
(Dollars in Thousands)

	FY 2004 Estimate	FY 2005 Request	Change
Resource Protection	64,637	80,876*	16,239
Resource Use	107,921	111,682	3,761
Recreation	0	0	0
Serving Communities	123,418	160,210*	36,792
Total	295,976	352,768	56,792

\*\$53million (\$35 million under Serving Communities and \$18 million under Resource Protection) is pending approval of proposed legislation to reauthorize collection of reclamation fees.

OSM’s 2005 funding request will provide resources for the improvement of lands and waters degraded by past mining; promote responsible mineral extraction practices; and safeguard communities from adverse impacts from past and current mining. The table on the following page illustrates how OSM’s 2005 budget request supports the Department’s Strategic Plan.

Office of Surface Mining Reclamation and Enforcement

**FISCAL YEAR 2005**

**Bureau: Office of Surface Mining Reclamation and Enforcement**

**Budget Allocation Table By Strategic Plan Goal Areas**

(dollars in thousands)

DOI Mission Goal Areas:	Resource Protection			Resource Use		Recreation			Serving Communities					
Account Activity	Improve health of watersheds, landscapes and Marine Resources	Sustain biological communities	Protect cultural and heritage resources	Manage or influence resource use to enhance public benefit, 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	Advance quality communities for Tribes and Islands	Remaining Funds	Total
<b>Regulation and Technology</b>														
Environmental Restoration	261													261
Environmental Protection				79,953										79,953
Technology Development & Transfer				13,487										13,487
Financial Management				492										492
Executive Direction & Administration	44			14,668										14,712
<b>Subtotal, R&amp;T</b>	<b>305</b>			<b>108,600</b>										<b>108,905</b>
<b>Abandoned Mine Reclamation Fund</b>														
Environmental Restoration*	67,534								155,695					223,229
Technology Development & Transfer	2,214			2,328										4,542
Financial Management	8,565													8,565
Executive Direction & Administration	2,258			755					4,515					7,527
<b>Subtotal, AML</b>	<b>80,571</b>			<b>3,083</b>					<b>160,210</b>					<b>243,863</b>
<b>OSM TOTAL</b>	<b>80,876</b>			<b>111,682</b>					<b>160,210</b>					<b>352,768</b>

\*\$53million (\$35 million under Serving Communities and \$18 million under Resource Protection) is pending approval of proposed legislation to reauthorize collection of reclamation fees.

By State and Tribe Funding Data									
FY 2003 Obligations for Grants, Cooperative Agreements and Federal Project Spending									
(DOLLARS IN THOUSANDS)									
STATE	Environmental Restoration			Federal Reclamation		Environmental Protection		Tech. Dev. &Trans	
	AML Funding			Program		Regulatory		SOAP	
TRIBE						Grants/Agreements			TOTAL
	Reclamation	Emergency	Clean	High Priority	Emergency	Non-Federal	Federal		
	Projects	Projects	Streams	Projects	Projects	Lands	Lands		
Alabama	3,525	400	288			1,035	15	35	5,298
Alaska	1,500	25				184			1,709
Arkansas	1,524	15				148			1,687
California				219					219
Colorado	3,038				10	514	1,417		4,979
Georgia				334					334
Illinois	8,343	800	730			2,860	125		12,858
Indiana	5,049	467	322			1,919			7,757
Iowa	1,527	60	173			127			1,887
Kansas	1,774	460				111			2,345
Kentucky	15,746		718		9,116	12,185	973	404	39,142
Louisiana	118					165			283
Maryland	2,548		164		272	562			3,546
Michigan				211					211
Mississippi						112			112
Missouri	62	225				85			372
Montana	3,731	125				201	817		4,874
New Mexico	1,814				1	683	45		2,543
North Dakota	1,543	100				243	244		2,130
Ohio	6,168	2,300	496			1,823		58	10,845
Oklahoma	1,500	180				564	336		2,580
Pennsylvania	24,109		2,082		1,981	10,534		729	39,435
Rhode Island									0
South Dakota									0
Tennessee				988	25				1,013
Texas	3,383					1,495			4,878
Utah	2,174					222	1,487		3,883
Virginia	4,402	2,103	307			3,193	4		10,009
Washington				349	220				569
West Virginia	30,023	8,071	1,250			10,057		65	49,466
Wyoming	32,983					242	1,797		35,022
Crow	465					62			527
Hopi	667					172			839
Navajo	3,203					443			3,646
N. Cheyenne									0
Total	160,919	15,331	6,530	2,101	11,625	49,941	7,260	1,291	254,998