



BUDGET The United States Department of the Interior **JUSTIFICATIONS**

and Performance Information
Fiscal Year 2008

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

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

Office of Surface Mining Reclamation and Enforcement

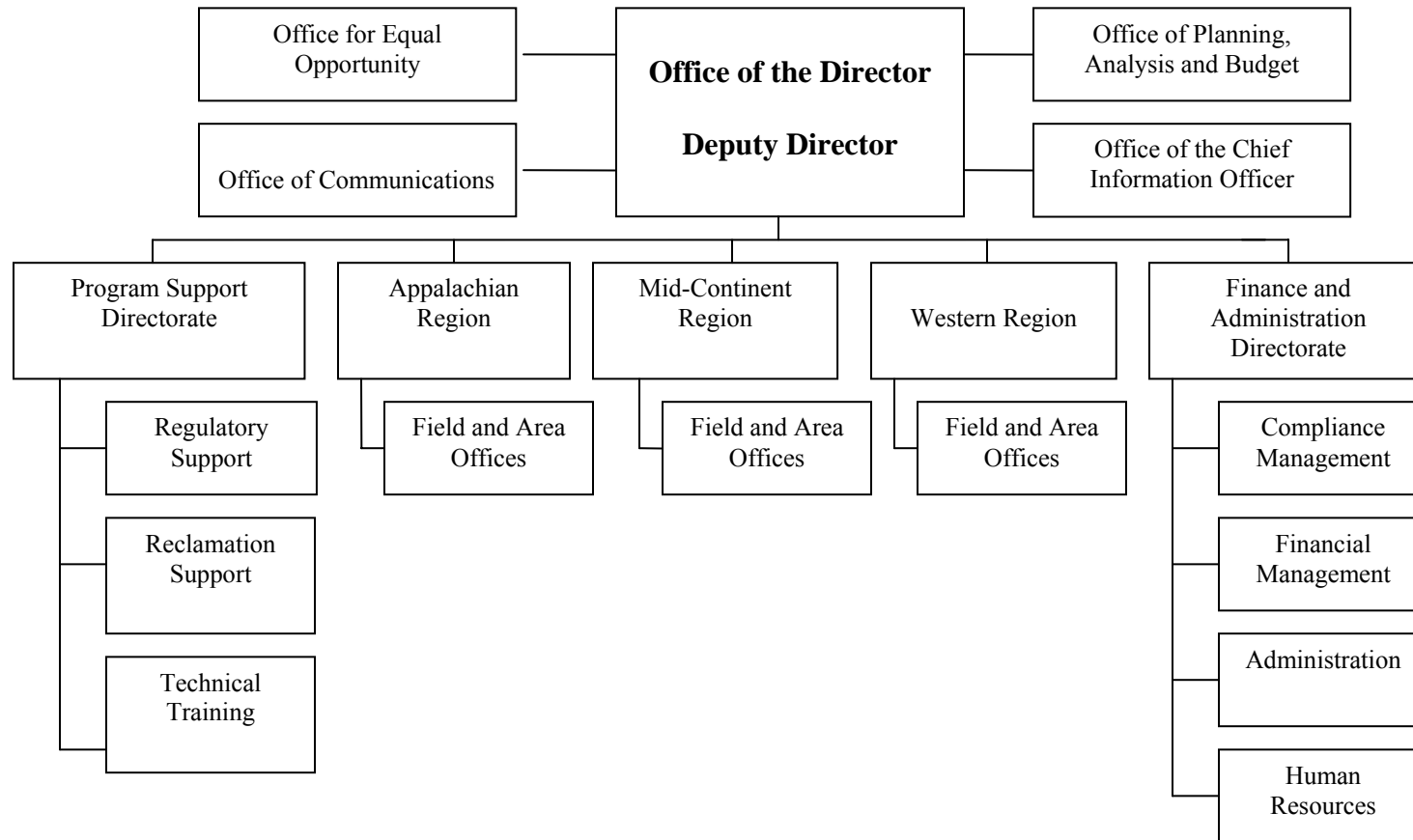


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Explanatory Note – Presentation of Budget Authority and FTE

At completion of this 2008 budget justification, a 2007 appropriation had not yet been enacted and substantial uncertainty existed regarding the ultimate level that would be appropriated for 2007. Unless otherwise noted, 2007 information is reported as follows in this budget justification.

“2007 CR” Column in Tables.

Budget Authority. At the Bureau-level and Account-level, these amounts equal the annual rate provided under the authority of the third fiscal year 2007 Continuing Resolution, P.L. 109-383 effective through February 15, 2007. At lower levels of the budget structure (Activity, Subactivity, Budget Element, Budget Sub-element), line items are presented at the 2007 President’s budget level, with non-add amounts presented at the Activity level conveying the impact of the continuing resolution. These non-adds have been allocated pro-rata based upon the 2007 President’s budget.

FTE. Full-time equivalents are presented similar to Budget Authority, but in addition have been updated to reflect adjustments for 2006 usage at all levels of the budget structure.

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.

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.

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 215,000 acres of priority 1 and 2 abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2008 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals.

Budget Highlights:

OSM requests \$168.3 million and 544 FTEs to achieve its FY 2008 annual performance goals. An additional estimated \$401.4 million will be provided in mandatory spending authority for grants to States and Tribes (\$288.4 million) and payments of health benefits through the United Mine Workers of America to coal miners and their dependents (\$113.0 million). Mandatory spending is authorized by the SMCRA amendments of 2006.

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The FY 2008 discretionary request represents a \$123.4 million decrease over the FY 2007 CR level of \$291.7 million. OSM proposes a \$2.2 million increase in State regulatory grants above the 2007 President's Budget to support continued increases in fixed costs (e.g., salaries, benefits, rents and utilities) that constitute by far the largest proportion of regulatory program expenditures. The additional increases include \$0.1 million for the Working Capital Fund to support implementation of a Department-wide Financial and Business Management System that will result in improved effectiveness and efficiency, and fixed costs increases of \$1.5 million.

The following summary compares the FY 2008 request level to the FY 2007 CR budget. Details by Appropriation and business line can be found under the Budget at a Glance Tab. Details about Section 405 Compliance are contained under Executive Direction.

Overview of FY 2008 Budget Request
(Dollars in Thousands)

		2006 Actual	2007 President's Budget	2007 CR	2008 Request	2008 Request Change from 2007
Discretionary						
Regulation and Technology	\$	108,980	112,209	108,910	115,460	+6,550
	<i>FTE</i>	343	354	354	354	0
Abandoned Mine Reclamation. Fund	\$	185,248	185,936	182,838	52,835	-130,003
	<i>FTE</i>	185	190	190	190	0
TOTAL	\$	294,228	298,145	291,748	168,295	-123,453
	<i>FTE</i>	528	544	544	544	0
Mandatory						
Payments to States in Lieu of Coal Fee Receipts (Treasury Funds)	\$	0	0	0	194,100	+194,100
	<i>FTE</i>	0	0	0	0	0
Mandatory Grants to States and Tribes (AML Funds)	\$	0	0	0	94,300	+94,300
	<i>FTE</i>	0	0	0	0	0
Payments to UMWA Health Benefit Plans	\$	0	0	0	113,000	+113,000
	<i>FTE</i>	0	0	0	0	0
TOTAL	\$	0	0	0	401,400	+401,400
	<i>FTE</i>	0	0	0	0	0

Note: FY 2006 includes actual civil penalty collections of \$169,000. FY 2007 and 2008 include estimated civil penalty collections (\$100,000). No change in FTE is proposed for FY 2008. The figures for payments and grants to States and Tribes are estimates and subject to change as OSM further reviews the provisions of the Surface Control and Reclamation Act Amendments of 2006. See the Section "Permanent Appropriations" for more information.

About forty-three percent of OSM's discretionary funding request will be passed to the States and Indian Tribes in the form of regulatory and state emergency reclamation grants. OSM will use the balance of the request to provide technical assistance to the States, conduct its oversight responsibilities, implement the Federal Reclamation Program, and carry out its fiscal responsibilities for collecting revenues and awarding grants. OSM implements these programs through three regional and 19 field and area offices.

This budget proposal is closely integrated with and is supportive of the Department's Strategic Plan. 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 Cooperative Conservation concepts by working closely with the States and Tribes in administering their regulatory and reclamation programs. It also supports the President's Government-wide management reform agenda by:

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

AML Reauthorization

The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). These amendments extended the authority for fee collection through September 30, 2021, and changed the way State and Tribal reclamation grants are to be funded, beginning in FY 2008. State and Tribal grants have moved to mandatory appropriations, and only those activities under SMCRA Section 402(g)(3)(A) – (D) remain discretionary. These activities include Federal Reclamation Programs, State and Federal Emergency Programs, and OSM operations. OSM will continue to provide grants to States and Tribes for emergency projects from current appropriations under the new law. The new law also mandated new mandatory payments to States equivalent to their allocation under the AML Fund distribution formula. Details on the new law are provided under the Permanent Appropriations Tab in this document.

Implementing SMCRA – Effective Partnerships

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

OSM continues to emphasize the importance of protecting the environment during and after coal mining operations. OSM oversees SMCRA's implementation in 24 primacy States through an oversight process where OSM assists the States in the administration, implementation and maintenance of their approved regulatory programs. Under this

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approach, performance agreements are worked out by consensus with each State, with the development of State-specific evaluation plans tailored to the unique conditions of each State's program.

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

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

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

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

Government-wide Management Reforms

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

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

1. 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 strategic goals and associated performance measures. It fully integrates the Department's mission areas at the budget activity level.

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

The FY 2008 budget request is aligned with the goal structure in the Department's Strategic Plan, which is outcome-oriented. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department. OSM's activities support three mission goals--Resource Use, Resource Protection, and Serving Communities--as well as the Management Excellence goal.

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

b) Cost and Performance

OSM will continue its efforts to make activity-based costing (ABC) an integral part of normal operations, and support the goal of linking budgets and performance. For FY 2006 and in earlier years, cost reports were generated semi-annually and annually, although data was available to managers on a real-time basis through OSM's MAPS reports which are directly linked to its ABACIS financial system. With that data in hand, managers have the information needed to review costs and performance of their functions and programs. OSM will be reviewing the Financial Business and Management System to determine how to obtain similar reports from that system in FY 2007 and beyond.

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

- OSM's Fee Compliance program has had excellent results in this area. An analysis of program costs over the years has resulted in (a) the reengineering of the audit process, (b) consolidation of some IT functions, and (c) staff reductions. This has enabled us to keep program costs in check while maintaining compliance at a high level as required by law.
- OSM's regional offices also use activity based cost data on a regular basis to review and evaluate oversight inspection activities for the field offices under their jurisdiction. Anomalies are discussed and improvements are sought to better utilize resources.
- OSM relies on ABC data to track expenditures in accordance with the Capital Planning and Investment Control (CPIC) process. This is a valuable and critical tool for project managers of all IT programs.

At the Department level, OSM is committed to ensuring the work activities are consistent with and can be linked to those of the bureau. OSM is participating in the Department's

cost system planning and development so that information needs at all management levels are met.

c) Program Assessment Rating Tool (PART)

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

The PART identified above and conducted in FY 2004 on the AML Program is due for a RE-PART or reassessment in FY 2007. The other two Programs were reviewed as part of the FY 2008 budget process. The two reviews, or RE-PARTs, included new performance measures and received ratings of "Effective" in OMB's PARTweb.

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

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

1. Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;
2. Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;

The Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432) were established on December 20, 2006. This Act changed the way State and Tribal reclamation funding is to be allocated beginning in FY 2008, and extended the authority to collect the coal fee through September 30, 2021. State and Tribal grants will come from permanent appropriations, except for grants provided under the emergency program, which will remain under current appropriations. The 2008 budget implements the changes to the law.

3. Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and began reporting accomplishments data from States and Tribes for those measures in FY 2004. The measures are reported at the end of this business line section. The measures will undergo review during FY 2007 and 2008 due to the SMCRA Amendments of 2006.

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

For the FY 2006 budget process, OSM’s Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. OSM also conducted a RE-PART of this program during the FY 2008 budget process and incorporated new performance measures. As reported above, an “Effective” rating was received. OSM will continue to implement the established annual and long-term measures for the Federal regulatory and reclamation programs, and implement newly developed efficiency measures to ensure that targets are met and continue to be ambitious.

2. Strategic Management of Human Capital

OSM implemented a comprehensive Human Capital Plan that is fully integrated with its overall strategic plan, analyzes results relative to the plan, and uses them in decision making to drive continuous improvement in OSM’s Work Force Plan. More than 50 percent of OSM’s workforce is eligible (or will be eligible) to retire within the next five years. OSM has prepared for this significant exodus by implementing individual developmental plans, stressing supervisory and leadership training for employees, utilizing career patterns and, targeting mission critical occupations necessary to meet mission objectives. This will also position OSM to fill its vacancies with highly skilled employees and to develop a workable succession plan that will identify workforce needs for both our leadership and non-leadership positions and allow us to have a good cadre of personnel that can immediately move into these positions as they become vacant. OSM also optimizes redeployment, restructuring and de-layering as necessary and promotes retention in positions where skill gaps have been identified by utilizing a wide range of appointment authorities and incentive programs including, student loan repayment, relocation allowances, and retention allowances. OSM also uses honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization. OSM has and will continue to revise its workforce planning to

ensure effective management of human capital and succession planning to achieve its strategic goals.

3. Competitive Sourcing

OSM developed and completed a competitive sourcing plan that identified the functions and activities to be studied throughout OSM. OSM does not plan to conduct any competitive sourcing studies in FY 2008 due to the small number of FTE identified as being commercial in nature and appropriate for study. No direct costs for competitive sourcing studies are budgeted in either FY 2007 or FY 2008.

4. Financial Performance

Financial Statements: Accomplishments in this area include 16 consecutive years of unqualified audit opinions, through FY 2006. The 2006 audit was accomplished under shortened Departmental and Government-wide financial statement reporting deadlines. OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements.

Improved Financial Performance: OSM is also on the forefront of the Department's move to integrate finance and business management systems. The new Departmental system, the Financial and Business Management System (FBMS), is an enterprise resource management system which will standardize many of the administrative and financial processes within the Department of the Interior. OSM is among the first bureaus implementing FBMS, which was in place in November 2006. Existing processes will continue to be refined and redesigned during FY 2007 and FY 2008. As other bureaus convert to FBMS in future years, and as further changes, refinements and upgrades are implemented, OSM fully expects to make additional changes in its processes and procedures.

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

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

changed. OSM will continue to work with the Department to define and implement the requirements.

5. Expanding Electronic Government

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

The Bureau contributes \$31,100 to support the President's E-Government initiatives. This amount is paid into the Department's Working Capital Fund Account, and costs are distributed based upon relative benefits received by each bureau. The Departmental Management budget justification includes amounts for each initiative and describes the benefits received from each E-Government activity.

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

6. Asset Management

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

7. Research and Development (R&D)

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

8. Energy Management

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

9. Transportation (Fleet)

OSM's fleet size over the past decade has been reduced 50 percent. OSM continues to look for other ways to reduce further its fleet while also achieving its mission requirements. OSM maintains a very low cost per mile for its entire motor vehicle fleet.

OSM has a 5-Year Fleet Management Plan that provides a roadmap for achieving the right size and composition for motor vehicles. With the use of a 1999 baseline, OSM has significantly reduced its fleet petroleum consumption; accomplished continual replacement reviews by OSM senior leadership; and made every attempt to comply with the Secretary of Transportation minimum fleet average fuel economy. Although the alternative fuel infrastructure is not available in all geographical areas where OSM conducts its coal mining business, OSM is now testing the performance of alternative fuel vehicles (AFVs) or hybrids (in urban areas).

10. Environmental Management

OSM has established Environmental Management Systems (EMS) policy as OSM Directive ADS-1, Environmental Management Policy and Responsibilities. OSM does not own, direct lease, or operate any facilities; all locations are GSA-assigned through Occupancy Agreements. OSM is now reviewing and evaluating policies to develop next steps in further implementation of its EMS program. In addition, OSM has established a national team from the various disciplines within OSM to address EMS issues agency-wide and to assist in the EMS implementation.

OSM plans to continue promoting the procurement of green products, recycling, energy management, use of alternative fuel vehicles, including use of re-refine oil and retread tires, as well as ensuring proper disposal of electronic equipment.

Performance Summary:

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

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

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

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

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

This budget has integrated OSM's performance goals and measures in support of its Business lines and the Department's goals. 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 "Goal Performance Table" Tab contains all OSM performance goals and targeted measures for FY 2008.

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.

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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 and class training records.

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

Appropriations Language

Regulation and Technology

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [\$112,109,000] *\$115,360,000: Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2007] 2008 for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended:* Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

Abandoned Mine Reclamation Fund

For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [\$185,936,000] \$52,835,000, to be derived from 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 2007]: 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:] [Provided further, That amounts allocated under section 402(g)(2) of such Act as of September 30, 2006, but not appropriated as of that date, are reallocated to the allocation established in section 402(g)(3) of the Act:] 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 Act, if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects: Provided further, That amounts provided under this heading may be used for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

Interior Administrative Provisions

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

Justification of Proposed Language Change

Regulation and Technology:

Addition of the following wording:

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

This addition will allow OSM to use civil penalty monies collected in 2008 to reclaim lands. Current yearly collections are about \$100,000.

Abandoned Mine Reclamation Fund:

1. Change: [\$185,936,000] \$52,835,000, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended.

This change reduces the no-year funding amount available for States and Tribes pursuant to P.L. 109-432, which authorizes mandatory Treasury payments to States and Tribes equivalent to the amount of coal fee receipts they would otherwise be allocated from this Fund.

2. Deletion of the following wording:

[; 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 2007]

[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:] [Provided further, That amounts allocated under section 402(g)(2) of such Act as of September 30, 2006, but not appropriated as of that date, are reallocated to the allocation established in section 402(g)(3) of the Act:]

These deletions are in accordance with P.L. 109-432, which authorizes mandatory Treasury payments to States and Tribes equivalent to the amount of coal fee receipts they would otherwise be allocated from this Fund, and specifies payments to minimum

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program States and uses of funds previously distributed to the Rural Abandoned Mine Program.

In addition, Clean Streams funding for supplement grants to States is not being requested from discretionary funding. Under mandatory funding, States are allowed to continue with Clean Streams projects associated with Priority 1 and 2 projects, as well as under the set aside program as modified by P.L. 109-432.

Appropriations Language and Citations

Regulation and Technology

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [\$112,109,000] *\$115,360,000*: Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2007] *2008* for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

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

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

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

Abandoned Mine Reclamation Fund

1. For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [~~\$185,936,000~~] \$52,835,000, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended:

That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts:

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

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

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

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

●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.

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 2007 ESTIMATE			354	112,209			190	185,936
FIXED COSTS & RELATED CHANGES:								
Adjustment for Pay Raise - Jan 07		161				76		
Adjustment for Pay Raise - Jan 08		688				394		
Adjustment for Worker's Compensation		13				7		
Adjustment for Unemployment Compensation		-4				-3		
Adjustment for GSA space rent rate		-4				-2		
Adj for Emplr Share of Fed Hlth Benefit Plans		97				47		
Adjustment for Working Capital Fund		-215				-131		
Adjustment for Two Extra Paydays		239				135		
Adjustment for Additional Fixed Costs		0				0		
TOTAL Adjustment for Fixed Costs		975		975		523		523
Program Changes				2,276				-133,624
Total Requirements (2008 request)			354	115,460		523	190	52,835

Comparison by Business Lines	REGULATION AND TECHNOLOGY					ABANDONED MINE RECLAMATION FUND					TOTAL		Inc / Dec (-/+) From 2007 CR	
	2006 Actual	2007 CR	Fixed Costs & Related Changes	Program Changes	2008 Request	2006 Actual	2007 CR	Fixed Costs & Related Changes	Program Changes	2008 Request	2007 CR	2008 Request		
Environmental Restoration	\$\$	326	257	3	0	260	167,609	167,855	303	-133,675	34,483	168,112	34,743	-133,369
	FTE	1	1	0	0	1	90	90	0	0	90	91	91	0
Environmental Protection	\$\$	78,395	80,965	651	2,194	83,810	0	0	0	0	0	80,965	83,810	2,845
	FTE	190	195	0	0	195	0	0	0	0	0	195	195	0
Technology Dev. & Transfer	\$\$	14,903	15,101	315	0	15,416	3,864	3,910	73	0	3,983	19,011	19,399	388
	FTE	90	94	0	0	94	17	20	0	0	20	114	114	0
Financial Management	\$\$	481	485	6	0	491	6,142	6,253	155	0	6,408	6,738	6,899	161
	FTE	2	2	0	0	2	44	46	0	0	46	48	48	0
Executive Dir. & Admin.	\$\$	14,875	15,401	0	82	15,483	7,633	7,918	-8	51	7,961	23,319	23,444	125
	FTE	60	62	0	0	62	34	34	0	0	34	96	96	0
TOTAL	\$\$	108,980	112,209	975	2,276	115,461	185,248	185,936	523	-133,624	52,835	298,145	168,295	-129,850
	FTE	343	354	0	0	354	185	190	0	0	190	544	544	0
Impact of CR			[-3,299]					[-3,098]				[-6,397]		
Total, Account		108,980	108,910					182,838				291,748		

Office of Surface Mining Reclamation and Enforcement

Justification of Fixed Costs and Related Changes: OSM

Regulation and Technology	2007 Budget	2007 Revised	2008 Fixed Costs Change
Additional Operational Costs from 2007 and 2008 January Pay Raises			
1. 2007 Pay Raise, 3 Quarters in 2007 Budget	+\$412	+\$412	NA
<i>Amount of pay raise absorbed (assuming enactment at 2.2%)</i>	[176]	[176]	NA
2. 2007 Pay Raise, 1 Quarter (Assumed 2.2%)	NA	NA	\$161
3. 2008 Pay Raise (Assumed 3.1%)	NA	NA	+\$688
<p>These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.</p> <p>Line 1 is an update of 2007 budget estimates based upon the currently estimated enacted amount of 2.2% (although, if Congress enacts 2.7%, then the amount absorbed will increase).</p> <p>Line 2 is the amount needed in 2008 to fund the estimated 2.2% January 2007 pay raise from October through December 2007.</p> <p>Line 3 is the amount needed in 2008 to fund the estimated 3.1% January 2008 pay raise from January through September 2008.</p>			

	2007 Budget	2007 Revised	2008 Fixed Costs Change
Other Fixed Cost Changes			
Two More Pay Days			+\$239
<i>This adjustment reflects the increased costs resulting from the fact that there is two more pay days in 2008 than in 2007</i>			
Employer Share of Federal Health Benefit Plans	+\$160	+\$160	+\$97
<i>Amount of health benefits absorbed</i>	[69]	[69]	0
<p>The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11%, the average increase for the past few years.</p>			
Workers Compensation Payments	-\$11	-\$11	+\$13
<i>Amount of workers compensation absorbed</i>	[0]	[0]	
<p>The adjustment is for actual charges through June 2005 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2007 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.</p>			
Unemployment Compensation Payments	-\$8	-\$8	-\$4
<i>Amount of unemployment compensation absorbed</i>	[0]	[0]	
<p>The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.</p>			
Rental Payments	+\$244	+\$244	-\$4
<i>Amount of rental payments absorbed</i>	[0]	[0]	
<p>The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is not alternative but to vacate the currently occupied space, are also included</p>			
Departmental Working Capital Fund	+\$251	+\$251	-\$215
<i>Amount of WCF payments absorbed</i>	[0]	[0]	
<p>The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.</p>			

Office of Surface Mining Reclamation and Enforcement

Justification of Fixed Costs and Related Changes: OSM

Abandoned Mine Reclamation Fund	2007 Budget	2007 Revised	2008 Fixed Costs Change
Additional Operational Costs from 2007 and 2008 January Pay Raises			
1. 2007 Pay Raise, 3 Quarters in 2007 Budget	+\$216	+\$216	NA
<i>Amount of pay raise absorbed (assuming enactment at 2.2%)</i>	[93]	[93]	NA
2. 2007 Pay Raise, 1 Quarter (Assumed 2.2%)	NA	NA	+\$76
3. 2008 Pay Raise (Assumed 3.1%)	NA	NA	+\$394
<p>These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.</p> <p>Line 1 is an update of 2007 budget estimates based upon the currently estimated enacted amount of 2.2% (although, if Congress enacts 2.7%, then the amount absorbed will increase).</p> <p>Line 2 is the amount needed in 2008 to fund the estimated 2.2% January 2007 pay raise from October through December 2007.</p> <p>Line 3 is the amount needed in 2008 to fund the estimated 3.1% January 2008 pay raise from January through September 2008.</p>			

	2007 Budget	2007 Revised	2008 Fixed Costs Change
Other Fixed Cost Changes			
Two More Pay Days			+\$135
<i>This adjustment reflects the increased costs resulting from the fact that there is two more pay days in 2008 than in 2007</i>			
Employer Share of Federal Health Benefit Plans	+\$83	+\$83	+\$47
<i>Amount of health benefits absorbed</i>	[36]	[36]	0
<i>The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11%, the average increase for the past few years.</i>			
Workers Compensation Payments	-\$6	-\$6	+\$7
<i>Amount of workers compensation absorbed</i>	[0]	[0]	
<i>The adjustment is for actual charges through June 2005 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2007 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.</i>			
Unemployment Compensation Payments	-\$5	-\$5	-\$3
<i>Amount of unemployment compensation absorbed</i>	[0]	[0]	
<i>The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.</i>			
Rental Payments	+\$132	+\$132	-\$2
<i>Amount of rental payments absorbed</i>	[0]	[0]	
<i>The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is not alternative but to vacate the currently occupied space, are also included.</i>			
Departmental Working Capital Fund	+\$135	+\$135	-\$131
<i>Amount of WCF payments absorbed</i>	[0]	[0]	
<i>The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.</i>			

Office of Surface Mining Reclamation and Enforcement

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 15 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 Interior Mission Area
(Dollars in Thousands)

Mission Area	2006 Enacted	2007 CR	2008 Request	2008 Request Change from 2007
Resource Protection	62,294	62,477	18,498	-43,979
Resource Use	108,778	112,076	115,324	3,248
Recreation	0	0	0	0
Serving Communities	123,156	123,591	34,473	-89,118
Total	294,227	298,145	168,295	-129,850
Impact of the CR		-6,397		+6,397
Adjusted Total	294,228	291,748	168,295	-123,453

OSM's 2008 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 2008 budget request supports the Department's Strategic Plan. For details on OSM's measures, refer to the Goal Performance Table Tab.

2008 Funding by Strategic Plan Goals

Bureau: Office of Surface Mining Reclamation and Enforcement

Budget Allocation Table by Strategic Plan Goal Areas

(dollars in thousands)

DOI Mission Goal Areas:	Resource Protection			Resource Use		Recreation			Serving Communities			Remaining Funds	Total
	Improve health of watersheds, landscapes and marine resources	Sustain biological communities	Protect cultural and heritage resources	Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value	Deliver water and power in an environmentally responsible and cost efficient manner	Ensure access to recreation	Ensure quality of recreation	Receive and provide fair value in recreation	Protect lives and property	Advance knowledge through scientific leadership	Fulfill trust responsibilities		
Regulation and Technology													
Environmental Restoration	260												260
Environmental Protection				83,810									83,810
Technology Development & Transfer				15,416									15,416
Financial Management				491									491
Executive Direction & Administration	41			15,442									15,483
Subtotal, R&T	301			115,159									115,460
Abandoned Mine Reclamation Fund													
Environmental Restoration	5,302							29,181					34,483
Technology Development & Transfer	3,825			158									3,983
Financial Management	6,408												6,408
Executive Direction & Administration	2,662			7				5,292					7,961
Subtotal, AML	18,197			165				34,473					52,835
OSM TOTAL	18,498			115,324				34,473					168,295

Office of Surface Mining Reclamation and Enforcement

GOAL PERFORMANCE TABLE

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

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
<i>End Outcome Measures</i>										
Number of Federal, private and tribal land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past mining. (Calculated equivalent acres) (SP)	F	---	---	---	---	---	6,900	6,900	0	6,900
<i>Comments</i>		The three measures listed below, land acres reclaimed, stream miles, and surface acres, are combined into this GPRA performance measure as presented in the DOI GPRA Strategic Plan FY 2007-2012. The target remains as 6,900 and will be revised as OSM reviews the impacts of the SMCRA Amendments of 2006 on State reclamation funding.								
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres)	F	6,965	6,600	6,900	6,984	6,900	---	---	---	---
<i>Comments</i>		See comment above								
Number of stream-miles for which degradation from past surface coal mining has been improved	F	33	35	35	69	35	---	---	---	---
<i>Comments</i>		See comment above								
Number of surface acres of water for which degradation from coal mining has been improved.	F	36	35	35	32	35	---	---	---	---
<i>Comments</i>		See comment above								
Number of active partnering and leveraging agreements. (PART)	C	74	110	56	55	56	56	15	---	15
<i>Comments</i>		FY 2006 actual data: Represents cumulative data as opposed to new projects funded annually, 35 clean stream program projects and 20 watershed cooperative agreements. Only watershed cooperative agreements will be counted beginning in FY 2008 as we further review measures due to changes in the SMCRA Amendments of 2006.								

Office of Surface Mining Reclamation and Enforcement

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
The amount of increased funds derived from active partnering and leveraging agreements. (PART)	A	8,179,634	27,692,333	70,000	5,800,000	70,000	5,000,000	3,750,000	---	3,750,000
<i>Comments</i>		FY 2006 actual data: Clean Stream program projects = \$3.8 million; Watershed Cooperative Agreements = \$2 million. Changes in funding for FY 2007 and 2008 are based on a ratio of 2.5/1 for Watershed Cooperative Agreements program. Only watershed cooperative agreements will be counted beginning in FY 2008 as we further review measures due to changes in the SMCRA Amendments of 2006.								
Percent of AML grant funds obligated nationally by States and Tribes. (PART)	A	96%	95%	90%	95%	60%	60%	---	---	---
<i>Comments</i>		Deleted in FY 2008 due to changes in SMCRA Amendments of 2006 (P.L. 109-432).								
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	94%	99.6%	94%	94%	94%	0	96%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	92%	89.3%	92%	92%	92%	0	94%
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	93%	97%	93%	93%	93%	0	93%
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,200	1,446	1,200	1,200	1,200	0	1,100
<i>Comments</i>		The number of students increased in FY 2006 over the planned target due to a larger attendance at forums in lieu of classroom settings.								

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End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	89%	91%	90%	90%	90%	0	90%
Increase the number of permits reporting by e-filing. (BUR)	C	44%	58%	50%	64.2%	65%	65%	70%	+5%	90%
AML Fee Collection rate. (BUR)	A	99.9%	99.9%	99%	99.9%	99%	99%	99%	0	99%
Customer satisfaction with Grants Financial Services. (BUR)	A	98%	100%	95%	100%	95%	95%	95%	0	95%
Comments		Measure under review for revision due to process changes under e-grants and the Financial and Business Management system.								
PART Efficiency and Other Output Measures										
Provide appropriate grant funding within 60 days of a complete grant application. (PART-EFFICIENCY)	A E				100%	New Measure	85%	90%	+5%	90%
Comments		Newly developed efficiency measure as part of RE-PART effort. Measure will be reviewed and targets adjusted as trend data becomes available.								

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End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
<i>End Outcome Measures</i>										
Percent of active coal mining sites that are free of off-site impacts. (SP) (PART)	C	93%	89% 7,436/ 8,335	93%	92% 7,454/ 8,142	93%	93%	93%	0	93%.
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (PART)	C	49,054	53,353	50,000	49,796	50,000	50,000	50,000	0	50,000
Percent of mined acreage reclaimed). (SP) (PART)	F		48% 1,535,201/3 ,225,161	45% New Measure	47% 1,534,301/3,22 5,261	45%	45%	45%	0	45%
<i>Comments</i>										
DOI measure presented in the revised DOI Strategic Plan for FY 2007-2012. Percentages are rounded.										
Number of acres released from Phase I & II Performance Bonds. (PART)	C	90,040	88,869	80,000	89,894	80,000	80,000	80,000	0	80,000
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	94%	99.6%	94%	94%	94%	0	96%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	92%	89.3%	92%	92%	92%	0	94%
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	93%	97%	93%	93%	93%	0	93%

Office of Surface Mining Reclamation and Enforcement

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,200	1,446	1,200	1,200	1,200	0	1,100
<i>Comments</i>		The number of students increased in FY 2006 over the planned target due to a larger attendance at forums in lieu of classroom settings.								
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	89%	91%	90%	90%	90%	0	90%
Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)	A	98%	97%	95%	97%	95%	95%	95%	0	95%
<i>PART Efficiency and Other Output Measures</i>										
Completion of the technical review of Federal/Indian Land permit actions within 90 days (PART-EFFICIENCY)	A E				96.1%	80% New Measure	80%	0	80%	80%
<i>Comments</i>		Newly developed measure as part of RE-PART effort. See Serving Communities for another related efficiency measure.								

Office of Surface Mining Reclamation and Enforcement

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

End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
<i>End Outcome Measures</i>										
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (PART)	F	160,257	2.244 million	160,000	393,728	160,000	160,000	160,000	0	160,000
<i>Comments</i>		Data are recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management and agreed to by the participating states. Of the 393,728 people with reduced exposure, 93,922 were reported for 1 project in Alaska. An additional 144,375 people reported on 5 projects in Wyoming due to the sites' proximity to communities, recreational areas, schools, and a portion of a national park. States are provided the option of using data other than the calculated Census data due to site conditions that may impact more people such as those identified above, or less people as appropriate. If only the Census data calculation was used for all acres reclaimed in FY 2006, the total number of people associated with those acres would be 161,297. This is in line with our target.								
Number of people directly affected (Emergencies abated). (PART)	A	11,400	8,975	8,300	32,601	8,300	8,300	8,300	0	8,300
<i>Comments</i>		A single emergency project in Illinois accounted for 15,000 of these people. Trend data will be reviewed in FY 2008 for future revisions to the target.								
<i>PART Efficiency and Other Output Measures</i>										
Percentage of declared emergencies abated within six months. (PART-EFFICIENCY)	A E	98%	96%	95%	97.8%	95%	95%	95%	0	95%

Target Codes:	
SP = Key Strategic Plan measure	BUR = Bureau specific measures
PART = Program Assessment Rating Tool measures	
Type Codes:	
C = Cumulative	F = Future
A = Annual	E = Efficiency

Key to Measure Types

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

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

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

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

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

E - Efficiency performance measures (“Efficiency” measures)

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

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

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

BUDGET AT A GLANCE

INTRODUCTION

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

Regulation and Technology

This appropriation finances the regulatory functions of SMCRA as administered by the States and OSM. Federal activities related to the administration and monitoring of State regulatory programs and OSM's technical training, assistance, and transfer activities related to environmental protection are also financed by this appropriation. The request is \$115,460,000 (including an estimated \$100,000 in civil penalty collections); a net increase of \$6.55 million over the FY 2007 CR level.

Abandoned Mine Land

This appropriation supports the reclamation program functions carried out by OSM and States. The Fund is derived from a fee levied on coal production sales, use and transfers. The Fund supports Federal activities related to the administration and monitoring of State reclamation programs, as well as OSM's technical training, assistance, and transfer activities related to environmental reclamation. It also supports State emergency program grants. The current appropriation request is \$52,835,000 a net decrease of \$130.0 million over the FY 2007 CR level.

See the Permanent Appropriations Tab for information on mandatory appropriations to States and Tribes under the reclamation program.

Summary of FY 2007 Appropriations and FY 2008 Budget Changes

By Appropriation and Business Line

(Dollars in thousands)

Regulation and Technology	2007 CR	2008 Request	Change from 2007 CR
Environmental Restoration	257	260	3
Environmental Protection	80,965	83,810	2,845
Tech Development & Transfer	15,101	15,416	315
Financial Management	485	491	6
Executive Direction	15,401	15,483	82
TOTAL APPROPRIATION	112,209	115,460	+3,251
Impact of the CR	[-3,299]		+3,299
TOTAL			+6,550

Abandoned Mine Reclamation Fund	2007 CR	2008 Request	Change from 2007 CR
Environmental Restoration	167,855	34,483	-133,372
Tech Development & Transfer	3,910	3,983	73
Financial Management	6,253	6,408	155
Executive Direction	7,918	7,961	43
TOTAL APPROPRIATION	185,936	52,835	-133,101
Impact of the CR	[-3,098]		+3,098
TOTAL			-130,003

See explanatory note following the table of contents regarding the amounts presented in the 2007 CR column.

Office of Surface Mining Reclamation and Enforcement

2008 Budget at a Glance (Dollars in Thousands)						
Appropriation: Regulation and Technology	2006 Enacted	2007 C.R. ¹	Fixed Cost Changes	Internal Transfers	Program Changes	2008 Request
Environmental Restoration	326	257	3	0	0	260
<i>Federal Program Operations</i>	326	257	3	0	0	260
Environmental Protection	78,395	80,965	651	0	2,194	83,810
<i>State and Tribal Funding</i>	56,365	58,365	0	0	2,194	60,559
<i>Increase State and Tribal Funding</i>	0	0	0	0	[2,194]	[2,194]
<i>State Program Evaluation</i>	8,031	8,242	278	0	0	8,520
<i>Federal Programs</i>	5,655	5,785	153	0	0	5,938
<i>Federal Lands</i>	1,463	1,525	20	0	0	1,545
<i>Indian Lands</i>	2,331	2,372	66	0	0	2,438
<i>Program Development and Maintenance</i>	4,550	4,676	134	0	0	4,810
Technology, Development & Transfer	14,903	15,101	315	0	0	15,416
<i>Technical Assistance</i>	10,691	10,808	167	0	0	10,975
<i>Training</i>	2,562	2,602	74	0	0	2,676
<i>Technology Transfer</i>	1,650	1,691	74	0	0	1,765
Financial Management	481	485	6	0	0	491
<i>Fee Compliance</i>	0	0	0	0	0	0
<i>Revenue Management</i>	389	391	3	0	0	394
<i>Grants Financial Management</i>	92	94	3	0	0	97
Executive Direction and Administration	14,875	15,401	0	0	82	15,483
<i>Executive Direction</i>	2,461	2,510	78	0	0	2,588
<i>Administrative Support</i>	4,260	4,345	132	0	-345	4,132
<i>General Services</i>	8,154	8,546	-210	0	427	8,763
Subtotal, R&T	108,980	112,209	975	0	2,276	115,460
<i>Impact of the CR</i>		[-3,299]			[+3,299]	
Total, R&T	108,980	108,910	975	0	5,575	115,460

¹ See explanatory note following the table of contents regarding the amounts presented in this column.

Office of Surface Mining Reclamation and Enforcement

2008 Budget at a Glance
(Dollars in Thousands)

Appropriation: Abandoned Mine Reclamation Fund	2006 Enacted	2007 C.R. ¹	Fixed Cost Changes	Internal Transfers	Program Changes	2008 Request
Environmental Restoration	167,609	167,855	303	0	-133,675	34,483
<i>State and Tribal Funding</i>	145,352	145,352	0		-134,175	11,177
<i>State Program Evaluation</i>	2,505	2,552	77	0	0	2,629
<i>Federal Programs</i>	16,681	16,828	149	0	500	17,477
<i>Watershed Cooperative Agreement Program</i>	[1,076]	[1,076]	0	0	[500]	[1,576]
<i>Program Development and Maintenance</i>	3,071	3,123	77	0	0	3,200
Technology, Development & Transfer	3,864	3,910	73	0	0	3,983
<i>Technical Assistance</i>	1,544	1,563	36	0	0	1,599
<i>Training</i>	803	819	23	0	0	842
<i>Technology Transfer</i>	1,517	1,528	14	0	0	1,542
Financial Management	6,142	6,253	155	0	0	6,408
<i>Fee Compliance</i>	6,056	6,166	152	0	0	6,318
<i>Revenue Management</i>	0	0	0	0	0	0
<i>Grants Financial Management</i>	86	87	3	0	0	90
Executive Direction and Administration	7,633	7,918	-8	0	51	7,961
<i>Executive Direction</i>	1,310	1,328	43	0	0	1,371
<i>Administrative Support</i>	2,223	2,274	78	0	-186	2,166
<i>General Services</i>	4,100	4,316	-129	0	236	4,424
Subtotal, AML	185,248	185,936	523	0	-133,624	52,835
<i>Impact of the CR</i>		[-3,098]			[+3,098]	
Total, AML	185,248	182,838	523	0	-130,526	52,835
Total, OSM	294,228	291,748	1,498	0	-124,951	168,295

¹ See explanatory note following the table of contents regarding the amounts presented in this column.

ENVIRONMENTAL RESTORATION
(Dollars in Thousands)

				2008			
		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2007 (+/-)
Regulation & Technology*	\$\$\$	326	257	+3	0	260	+3
	FTE	1	1	0	0	1	0
Abandoned Mine Land	\$\$\$	167,609	167,855	+303	-133,675	34,483	-133,372
	FTE	90	90	0	0	90	0
TOTAL	\$\$\$	167,935	168,112	+306	-133,675	34,743	-133,369
	FTE	91	91	0	0	91	0
Impact of the CR			[-2,802]		[+2,802]		

*FY 2006 includes actual civil penalty collections \$169,000. FY 2007 and 2008 include estimated civil penalty collections of \$100,000 for each year.

Impact of 2007 Continuing Resolution (-\$2,802,000) The 2008 budget restores the priorities of the 2007 President’s budget by funding 2007 programmed fixed cost increases, and implementing program initiatives included in the 2007 President’s budget. This decrease is large due to the nature of the AML Fund and formula used to calculate the appropriate funding available under a continuing resolution.

The FY 2008 budget request for Environmental Restoration is \$34.743 million and 91 FTE. This is a net decrease of \$133.675 million in program changes (an increase of \$500,000 for watershed cooperative agreements and a decrease of \$134.175 million for State and Tribal grant funding), and an increase of \$303,000 for fixed costs. In addition, OSM will receive \$401.4 million in permanent appropriations for payments to states in lieu of coal fee receipts (Treasury funds), grants to States and Tribes (AML funds) and payments to the United Mine Workers of America retiree health benefit plans. The permanent appropriations were included as part of the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). See Permanent Appropriations Tab for discussion.

Summary of 2008 Program Changes for Environmental Restoration

Request Component	(\$000)	FTE
State and Tribal Funding		
• Funding Shift to Permanent Appropriation	-134.175	N/A
Federal Reclamation Program		
• Cooperative Conservation - Increase Funding for Watershed Cooperative Agreement Projects	+500	0
TOTAL Program Changes	-133.675	

Justification of 2008 Program Changes

State and Tribal Funding: The authority to collect the mine reclamation fee and distribution of the fee was revised by the Tax Relief and Health Care Act of 2006, which included the Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432). This Act changed the way State and Tribal reclamation grants are to be funded, beginning in FY 2008. State and Tribal grants have moved to permanent appropriations, and only that portion of the State and Tribal grants associated with State program emergencies remains under the current appropriations.

Watershed Cooperative Agreements: The 2008 budget request for the Watershed Cooperative Agreement Program is \$1,576,000. Acid Mine Drainage is a chief cause of pollution from past mining activity, and adversely impacted streams are a significant impediment to the environmental and economic development of local communities. As part of the Cooperative Conservation Initiative, the budget includes an increase of \$500,000 for the Watershed Cooperative Agreement Program. This program partners OSM with local citizens and watershed groups to assist in cleaning up streams impacted by acid mine drainage. Funding leverages additional funds from nonprofit and governmental organizations at a 2.5:1 ratio.

Program Performance Change

	2004 Actual	2005 Actual	2006 Actual	2007 CR*	2008 Base Budget (2007 PB + Fixed Costs)	2008 Plan	Program Change Accruing in 2008	Program Change Accruing in Outyears
<i>End Outcome Measures</i>					A	B=A+C	C	D
Number of active partnering and leveraging agreements.	24	25	20	20	10	15	-5	-----
Total Actual/Projected Cost (\$000)	2,378	2,426	2,000	2,000 of which 1,076 is new funding	1,076	1,576	-----	-----
Actual/Projected Cost Per Site (whole dollars)	99	97	100	100	100	100	-----	-----
Comments	Performance is based on an average of \$100,000 per project. The number of active agreements remains at 20 due to the use of carryover funding from previous years for the Watershed Cooperative Agreements One time impact will not affect performance in the out years.							
Amount of increased funds derived from active partnering and leveraging agreements	2.25 to 1	3 to 1	2.5 to 1	2.5 to 1	2.5 to 1	2.5 to 1	-----	-----
Total Actual/Projected Cost (\$000)	5,356	7,273	2,000	5,000	2,500	3,750	-----	-----
Comments	Performance is expected to continue with partners contributing at the same level for each new project. The likely performance for leverage dollars in FY 2007 is due to the use of carryover funding to support the program.							
*The performance and cost data in the 2007 CR column is presented at the 2007 plan level, which is based upon a projection of 2007 likely enacted made during the first quarter of 2007. Use of carryover funding is not impacted under the CR level. Note: Performance levels are only for the Watershed Cooperative Agreement Program portion of this performance goal.								

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 Federal operations, projects, and funding of both State and Federal emergency programs for the abandoned mine land program (AML). The program addresses threats to public health, safety, and general welfare through the reclamation of environmental hazards caused by past mining practices. Through this business line OSM provides emergency project funds to States and Tribes for administering their approved AML emergency 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 aimed at addressing acid mine drainage/water pollution problems.

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The total magnitude of the abandoned mine problem is difficult to assess, but OSM has developed a national inventory that contains information on over 19,000 problem areas associated with abandoned mine lands, mostly coal. A problem area is a geographical area, such as a watershed, that contains one or more problems. The more serious problem areas are classified as priority 1 (extreme danger to public health and safety), priority 2 (adverse affects to public health, safety, and general welfare), or priority 3 (environmental hazards). Since 1977, over 233,000 equivalent acres of priority 1 and 2 health and safety, and environmental-related coal problems have been reclaimed.

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

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

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

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

1. Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;
2. Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;

The Surface Mining Control and Reclamation Act Amendments of 2006 (Public Law 109-432) was established on December 20, 2006. This Act changed the way State and Tribal reclamation funding is to be allocated beginning in FY 2008, and extended the authority to collect the coal fee

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through 2021. State and Tribal grants will come from permanent appropriations, except for grants provided under the emergency program, which will remain under current appropriations. The 2008 budget implements the changes to the law.

3. Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and began reporting accomplishments data from States and Tribes for those measures in FY 2004. The measures are reported at the end of this business line section. The measures will undergo review during FY 2007 and 2008 due to the SMCRA Amendments of 2006.

**Operational Processes
(Program Activities):**

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

moved to permanent appropriations, and only those activities under Section 402(g)(3)(A) – (D) remain discretionary. These activities include Federal Reclamation Programs, State and Federal Emergency Programs, and OSM operations.

OSM will continue to provide grants to States and Tribes for emergency projects.

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.

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

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

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

ENVIRONMENTAL RESTORATION ENCOMPASSES

State and Tribal AML Reclamation Operations

- *Emergency Project Grants*

Federal and State Reclamation

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

Program Development and Maintenance

State Program Evaluation

Actions Required to Achieve Annual Goals: In FY 2007 and 2008 OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation agencies, and through private and grass-roots associations. In addition, OSM will increase efforts to leverage funding from other government and non-government organizations to address abandoned mine sites. This emphasis on partnership and leveraging of resources supports cooperative conversation efforts.

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

- The FY 2008 President's Budget requests \$11.2 million for State funding for emergency programs; \$8.7 million for Federally-managed State emergencies; \$2.6 million for State Program Evaluation; \$8.7 million for Federal Reclamation Program of which \$5.8 million is for operations, 1.0 million is for high priority projects, \$1.5 million is for Watershed Cooperative Agreement Projects, and \$0.4 million is for Federal Program Emergencies; and \$3.2 million for Program Development and Maintenance.

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

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

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)	
		2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request		
State and Tribal Funding	\$\$\$	0	0	0	145,352	145,352	11,177	145,352	145,352	11,177	-134,175	
	FTE	0	0	0	0	0	0	0	0	0	0	
State Program Evaluation	\$\$\$	0	0	0	2,505	2,552	2,629	2,505	2,552	2,629	+77	
	FTE	0	0	0	23	23	23	23	23	23	0	
Federal Reclamation Program	Projects:	169	100	100*	2,461	2,461	2,961	2,630	2,561	3,061	+500	
	<i>Emergency High-Priority Watershed</i>	\$\$\$			398	398	398					
					987	987	987					
					1,076	1,076	1,576					
	<i>Federally Managed State Emergencies</i>	\$\$\$	0	0	0	8,745	8,745	8,745	8,745	8,745	8,745	0
	Operations	\$\$\$	156	157	160	5,475	5,622	5,771	5,632	5,779	5,931	+152
	FTE	1	1	1	45	45	45	46	46	46	0	
Program Dev/Maintenance	\$\$\$	0	0	0	3,071	3,123	3,200	3,071	3,123	3,200	+77	
	FTE	0	0	0	22	22	22	22	22	22	0	
TOTAL	\$\$\$	326	257	260	167,609	167,855	34,483	167,935	168,112	34,743	-133,369	
	FTE	1	1	1	90	90	90	91	91	91	0	
Impact of the CR						[-2,802]						

* FY 2006 includes actual civil penalty collections \$169,000. FY 2007 and 2008 include estimated civil penalty collections of \$100,000 for each year.

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

2008 PROGRAM PERFORMANCE ESTIMATES

Abandoned Mine Land Fund

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

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

Prior to the 2006 Amendments, SMCRA established that 50 percent of the fees collected were to 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 addition, the earlier law provided for the remaining 50 percent to be divided into three shares:

- (1) The Rural Abandoned Mine Program (RAMP) – 10% plus 20% of interest earned;
- (2) The Federal Expenses Share – 20% plus 40% of the interest earned; and
- (3) The Historical Share – 20% plus 40% of the interest earned.

OSM is receiving appropriated funds from the AML fund in FY 2007. However, the new law changed the distribution of funding.

The interest earned on the investment of the unspent portion of the AML Fund, will be used for making transfers to the United Mine Workers of America health benefit plans. These plans are 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.

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

The FY 2008 budget request from the AML fund for environmental restoration will cover discretionary spending for the following activities listed below and presented in detail in this section.

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

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

1. State and Tribal Funding

As discussed above, FY 2008 will change the way funding is distributed to the States and Tribes for reclamation. This request only provides for state emergency program grants as part of the current appropriation at a level of \$11.177 million. Also note the changes in the Clean Streams Program grants below.

a. State Emergency Program Grants

Under provisions of SMCRA, each State AML Reclamation Program may request authority from OSM to administer an AML Emergency Response Program within its borders. Emergencies are AML problems which occur suddenly and present high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately. Funding for this activity supports DOI's goal to protect lives, resources, and property under the Serving Communities mission component. Funding for State emergency program operations and emergency abatement projects originates in the Federal Share portion of the AML allocation and is provided to States as part of their allocation from the AML Fund. The following fourteen States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Virginia, and West Virginia. During 2006, OSM received an AML Plan Amendment from Texas requesting authority to implement the AML Emergency Program. OSM will publish a final decision in 2007 on the delegation of the AML Emergency Program to Texas.

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, Utah, and Wyoming). As noted above, Texas recently requested authority to take over the emergency program authority within its borders during FY 2007.

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 is having discussions with Colorado about assuming responsibility for the emergency program.

OSM's FY 2008 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.

b. Clean Streams Program Grants

Under the new law, States and Tribes will be receiving mandatory funding based on a new distribution and are allowed to continue to carry out Clean Streams projects associated with Priority 1 and 2 projects, as well as under the set aside program as modified by the new law. There is no discretionary funding requested in FY 2008 to fund grants to States for this purpose. OSM will continue with its Federal operations under Clean Streams initiatives as identified under the Federal Reclamation Program below.

2. State Program Evaluation

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

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

OSM, in consultation with States and Tribes, developed a review system that provides for enhancement and performance evaluation of programs, rather than oversight. This

system, which is based on principles of excellence, recognizes that evaluation involves an ongoing relationship between OSM and the State or Tribal agencies - which have the autonomy to run their programs. OSM is responsible for assisting in program enhancement while monitoring compliance with SMCRA.

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

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

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

3. Federal Reclamation Program

Through the Federal Reclamation sub-activity, funding of \$15.9 million are provided for the elimination of the highest priority environmental hazards associated with past mining in non-primacy States; and, elimination of hazards that pose imminent harm to people and property in States without an emergency program (Kentucky and Pennsylvania). These activities support the Department's Serving Communities goal. An additional \$1.576 million is provided for Watershed Cooperative Agreement Projects. This funding is attributed to the Resource Protection mission 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 about 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 schools, parks, playgrounds, and residential areas. These types of emergencies are most common in the Midwestern states and Anthracite regions of northeastern Pennsylvania.

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

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

During FY 2006, the Appalachian Region declared 134 emergencies. Most of the emergencies occurred in Pennsylvania and Kentucky. Pennsylvania emergencies required the most funding, over \$2.7 million was spent, generally related to lower-cost subsidence events. Pennsylvania had 104 declared emergency projects that included: 81 subsidence events, sealing 9 shafts and portal openings, abating 2 mine drainage problems, extinguishing 6 refuse or coal seam fires, 3 involving mine gas or hazardous building, 1 highwall and stabilizing 2 landslides. In Kentucky, OSM declared 28 emergencies comprised of: 1 portal, 2 dangerous highwalls, 6 subsidence problems, 6 refuse fires, and 13 landslides. Two landslides in Tennessee were also declared emergencies in FY 2006.

In the Western Region, five emergencies were declared and abated in Washington and one in Colorado during FY 2006. Each emergency involved subsidence-related collapse of old mine shafts.

Dolph Mine Fire Project: In Fiscal Year 2007, the Appalachian Region, in collaboration with the Commonwealth of Pennsylvania, will undertake reclamation of a mine fire project in Lackawanna County, Pennsylvania, called the Dolph Colliery Mine Fire. This project has an estimated cost of \$5.9 million, 49% of which will be funded by the Commonwealth of Pennsylvania. The fire started in an abandoned refuse pile and has now expanded extensively into adjacent abandoned underground workings. In addition to abating the emergency portion of the project, OSM is also providing technical assistance in the form of expert analysis, thermal imaging, geo-referenced imagery and detailed 3-D modeling of the extent of the fire.

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 2006, OSM completed one shaft project in Michigan at a cost of \$23,400. OSM also completed one project in Georgia reclaiming 600 feet of dangerous highwalls and 2.5 acres at a cost of \$82,952. Tennessee completed five projects and continued with six high priority projects. The completed projects in Tennessee reclaimed 442 acres of land at a cost of \$3.28 million funded over a three-year period. Three projects located in Oregon involved the closure of vertical shafts. In Washington, five projects were undergoing design and construction during the year and reclamation was completed to stabilize a dangerous highwall in South Dakota. OSM continued to inventory hazards in Washington and Oregon.

c. Watershed Cooperative Agreement Projects

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

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

The FY 2008 budget request includes \$1.5 million for Watershed Cooperative Agreements, and \$0.15 million for program management, maintenance and assistance in this area. A companion project, the Acid Drainage Technology Initiative (ADTI), is also

funded at almost \$0.2 million under the Technology Development and Transfer business line. See that business line section for further details on ADTI efforts.

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

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

One example of support for the Program is detailed in an excerpt from a letter received from the Executive Director of the Friends of the Cheat:

I would like to emphasize the importance of the Watershed Cooperative Agreement program to the work of Friends of the Cheat. WCAPs have been an essential funding component of our acid mine drainage treatment projects over the past seven years and continues to be an integral part of our reclamation planning.

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

Cessna Run AMD Treatment Project. On August 22, 2006, partners and friends gathered on Pennsylvania Game Commission lands in the Little Mahoning Creek watershed, northern Indiana County Pennsylvania, to dedicate the Cessna Run AMD treatment project. A high concentration of dissolved aluminum in the water was preventing colonization of the stream bed with macro-invertebrates, and re-population with fish from Little Mahoning Creek. The result of the project has been dramatic and rapid. In April of 2006, electro shocking of Cessna Run downstream of the project resulted in collection of 114 fish including native and stocked Brook Trout and Mottled Sculpin. This project has successfully restored the aquatic habitat of 1.5 miles of Cessna Run and also improved water quality in Little Mahoning Creek, a significant cold water fishery. This project represents the best in partnerships with at least 11 different agencies and organizations providing significant administrative and financial assistance.

The Roozeboom AML site in Iowa. This project was reclaimed as a partnership between the Pathfinders Resource Conservation and Development Organization, the Mahaska Soil and Water Conservation District, and the Iowa Division of Soil Conservation. The site was disturbed by mining practices in the 1960's. Its 20 acres of barren and acidic abandoned strip mine spoil piles and large erosion gullies, dangerous highwalls and clogged streams, threatened both public safety and environmental quality. The site was sparsely vegetated due to the acidity of the soils. Only one of the four ponds on the site had fair water quality, the others were poor. Reclamation activities on site eliminated the highwalls and returned the area to approximately contour. Terraces and other outlet structures were constructed to reduce erosion. Multiple wetlands were built and ponds were reestablished to meet the Army Corp of Engineers requirements. The acid water discharge was eliminated and the reclaimed area has enhanced the wildlife habitat of the region. Watershed cooperative agreement funding amounted to less than 1/6 of the overall project funding due to the partnership between the three organizations.

OSM has been able to maintain a viable program due to the use of carryover from the early years when the program was being established and fewer watershed groups had a structure in place to utilize the cooperative agreement funding. The program is now established and the carryover funding will be exhausted by the end of FY 2007. Therefore, in order to maintain a viable program and keep the momentum for the volunteerism shown thus far, the FY 2008 budget request is for a program increase of \$0.5 million.

d. 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, lighting, and campfires and occur mostly in the western States. The purpose of these projects is to prevent injury and loss of life, protect public health, conserve natural resources and protect public and private property. This program was originally authorized under the former Bureau of Mines and subsequently transferred to OSM.

During FY 2006, project funds were awarded to two western States and one Tribe. North Dakota received \$10,000 to extinguish coal outcrop fires in the badlands area of western part of the State. The fires are a potential hazard to grasslands and structures. Colorado received \$70,000 to abate a coal outcrop fire in Moffat County on BLM lands. The project involved excavating burning materials and creating a barrier to seal remaining coal from the atmosphere. The Navajo Nation received \$18,000 to abate the Shonto coal outcrop fire on the Navajo reservation in Arizona. The project involved excavating and extinguishing coal and creating a barrier against the seam to prevent future coal fires. Additional coal outcrop fire projects will be identified for funding in FY 2007 and 2008.

e. 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.

f. Civil Penalty Reclamation Projects

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

Since the major coal producing states administer their own programs, civil penalty revenues available to OSM have decreased to levels that are not sufficient for all emergency post act reclamation needs. In FY 2006, \$75,000 was awarded to Tennessee to perform remedial work at High Point Landslide in Scott County. It is affecting Smokey Creek which is a tributary within the Big South Fork National River and Recreation Area. The first phase of the work involves tree planting on the face of the slide to facilitate stabilization of the slide. The second phase of the project involves drainage control and revegetation above the slide to facilitate further stabilization of the slide.

Also in 2006, OSM provided \$23,000 of civil penalty money to remediate spillway erosion on the 434-acre, Clemens Coal Company Bond Forfeiture site in Kansas. The work is expected to be completed during the Spring of 2007. The Clemens site was originally reclaimed to the extent possible by Kansas using forfeited bond money. Reclamation consisted of dewatering and covering a large slurry pond, grading and revegetating acidic spoil piles, and backfilling and grading old mine pits. Following the initial bond forfeiture reclamation, the discharge spillway from the reclaimed slurry pond eroded badly during to a major runoff event. The Kansas Department of Health and Environment, Surface Mining Section (KDHE) requested assistance from OSM to repair and stop the erosion.

g. Bond Forfeitures

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

OSM anticipates reclaiming 63 acres in FY 2007 at a cost of \$450,000. The reclamation will consist of backfilling and grading, drainage control, and revegetation work. In FY 2008, it is planned that 20 acres will be reclaimed at a cost of \$42,000. The work on this site will involve reseeding, tree planting, and erosion control. The costs vary on each site depending on the type of work that needs to be performed.

4. Program Development and Maintenance

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

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

implementation of their AML programs through technical and program assistance as needed.

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

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

During FY 2006, the State Reclamation Plan amendment activity was as follows:

Table 2 – State Reclamation Plan Activity FY 2006				
<i>Number of Amendments</i>				
	Pending Oct. 1, 2005	Received FY 2006	Completed FY 2006	Pending Sept. 30, 2006
Total	0	3	2	1

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 eligible Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as unfunded, funded or completed. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

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

b. Grants Management

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

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

c. Abandoned Mine Land Reauthorization

OSM intends to issue proposed and final rules in FY 2007 implementing the Surface Mining Control and Reclamation Act Amendments of 2006. Those provisions were contained in the Tax Relief and Health Care Act of 2006. Among other things, the law extended the AML fee collection authority, with a phased-in fee reduction, to September 30, 2021. The new law also contains provisions for remining and other aspects of abandoned coal reclamation.

2007 PLANNED PROGRAM PERFORMANCE

- Through grants provided to States and Indian Tribes will reclaim 6,900 equivalent acres of abandoned coal mine sites.
- Continue partnerships and related reclamation by awarding approximately 15 watershed cooperative agreements.
- OSM, in partnership with the Commonwealth of Pennsylvania, will conduct the emergency portion of a large reclamation project to abate the Dolph Colliery Mine Fire, Lackawanna County, Pennsylvania.
- Mississippi has notified OSM that they plan to submit the remaining requirements for approval of their AML Reclamation Plan in 2007. During 2006, OSM approved a partial AML Plan consisting of Mississippi's statute authorizing development of such a plan. Once the AML Plan is approved, Mississippi will become eligible to receive AML reclamation funding.
- OSM will make a decision on an AML Reclamation Plan amendment from Texas requesting authority to administer the AML Emergency Program within its borders.

2006 PROGRAM ACCOMPLISHMENTS

In 2006, the major accomplishments in the Environmental Restoration program activity include:

- Declared about 140 emergencies under the Federal Program.
- Fully restored Missouri's Title V regulatory program on February 1, 2006. This has allowed the AML Program to regain full grant funding for new and existing AML projects.
- Met or exceeded the performance measures identified on the next page.
- Awarded about \$2 million in watershed cooperative agreement funds to 20 projects.

Office of Surface Mining Reclamation and Enforcement

ENVIRONMENTAL RESTORATION

Program Performance Overview										
End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
<i>End Outcome Measures</i>										
Number of Federal, private and tribal land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past mining. (Calculated equivalent acres) (SP)	F	---	---	---	---	---	6,900	6,900	0 (0%)	6,900
Total actual/projected cost (\$000)		\$188,055	\$186,147	\$163,160	\$185,379	\$186,068	\$186,068	-----	-----	-----
Actual/projected cost per acre (whole dollars)		\$27,000	\$28,493	\$1,020	\$26,867	\$26,966	\$26,966	-----	-----	-----
<i>Comments</i>		The three measures listed below, land acres reclaimed, stream miles, surface acres, are combined into this GPRA performance measure as presented in the DOI GPRA Strategic Plan FY 2007-2012. The target remains as 6,900 and will be revised as OSM reviews the impacts of the SMCRA Amendments of 2006 on State reclamation funding. Due to changes in law, i.e. SMCRA Amendment of 2006 (P.L. 109-432), funding was moved to permanent appropriation and therefore total cost and cost per acre are not presented for 2008. Dollars represent DOI mission component level								
Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres)	F	6,965	6,600	6,900	6,984	6,900	---	---	---	---
<i>Comments</i>		See comment above								
Number of stream-miles for which degradation from past surface coal mining has been improved	F	33	35	35	69	35	---	---	---	---
<i>Comments</i>		See comment above								

Office of Surface Mining Reclamation and Enforcement

ENVIRONMENTAL RESTORATION

Program Performance Overview										
End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
Number of surface acres of water for which degradation from coal mining has been improved.	F	36	35	35	32	35	---	---	---	---
<i>Comments</i>		See comment above								
Number of active partnering and leveraging agreements. (PART)	C	74	110	56	55	56	56	15	---	15
<i>Comments</i>		FY 2006 actual data: Represents cumulative data as opposed to new projects funded annually, 35 clean stream program projects and 20 watershed cooperative agreements. Only watershed cooperative agreements will be counted beginning in FY 2008 as we further review measures due to changes in the SMCRA Amendments of 2006.								
The amount of increased funds derived from active partnering and leveraging agreements. (PART)	A	8,179,634	27,692,333	70,000	\$5,800,000	70,000	70,000	3,750,000	---	3,750,000
<i>Comments</i>		FY 2006 actual data: Clean Stream program projects = \$3.8 million; Watershed Cooperative Agreements = \$2 million. Changes in funding for FY 2007 and 2008 are based on a ratio of 2.5/1 for Watershed Cooperative Agreements program. Only watershed cooperative agreements will be counted beginning in FY 2008 as we further review measures due to changes in the SMCRA Amendments of 2006.								

Office of Surface Mining Reclamation and Enforcement

ENVIRONMENTAL RESTORATION

Program Performance Overview										
End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
Number of people with reduced exposure potential to safety risks from abandoned mine lands. (PART)	F	160,257	2.244 million	160,000	393,728	160,000	160,000	160,000	0 (0%)	160,000
Total actual/projected cost (\$000)		\$188,055	\$186,147		\$185,379	\$186,068	\$186,068	-----	-----	-----
Actual/projected cost per acre (whole dollars)		\$1,173	\$83		\$1,159	\$1,163	\$1,163	-----	-----	-----
Comments		Data are recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management and agreed to by the participating states. Of the 393,728 people with reduced exposure, 93,922 were reported for 1 project in Alaska. An additional 144,375 people reported on 5 projects in Wyoming due to the sites' proximity to communities, recreational areas, schools, and a portion of a national park. States are provided the option of using data other than the calculated Census data due to site conditions that may impact more people such as those identified above, or less people as appropriate. If only the Census data calculation was used for all acres reclaimed in FY 2006, the total number of people associated with those acres would be 161,297. This is in line with our target. Dollars represent DOI mission component level.								
Percentage of declared emergencies abated within six months. (PART-EFFICIENCY)	A E	98%	96%	95%	97.8%	95%	95%	95%	0 (0%)	95%
Number of people directly affected by emergencies (Emergencies abated). (PART)	A	11,400	8,975	8,300	32,601	8,300	8,300	8,300	0 (0%)	8,300
Comments		A single emergency project in Illinois accounted for 15,000 of these people. Trend data will be reviewed for future revisions to the target.								

Office of Surface Mining Reclamation and Enforcement

ENVIRONMENTAL RESTORATION

Program Performance Overview										
End Outcome Goal 1.1: Resource Protection – Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law regarding the Allocation and Use of Water										
End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President’s Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long- term Target 2012
Percent of AML grant funds obligated nationally by States and Tribes. (PART)	A	96%	95%	90%	95%	90%	90%	---	---	---
Comments		Deleted in FY 2008 due to amendments to SMCRA under P.L. 109-432.								
SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BUR = Bureau Measure See “Performance Measures” Tab for an explanation of targets and/or changes in the measures.										

ENVIRONMENTAL PROTECTION
(Dollars in Thousands)

				2008			
		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2007 (+/-)
Regulation & Technology	\$\$\$	78,395	80,965	651	2,194	83,810	+2,845
	FTE	190	195	0	0	195	0
Abandoned Mine Land	\$\$\$	0	0	0	0	0	
	FTE	0	0	0	0	0	0
TOTAL	\$\$\$	78,395	80,965	651	2,194	83,810	+2,845
	FTE	190	195	0	0	195	0
Impact of the CR			[-2,383]		[+2,383]		

Impact of 2007 Continuing Resolution (-\$2,383,000) The 2008 budget restores the priorities of the 2007 President’s budget by funding 2007 programmed fixed cost increases, and implementing program initiatives included in the 2007 President’s budget.

The FY 2008 budget request for Environmental Protection is \$83,810,000 and 195 FTE. This is a net increase of \$2,845,000 of which \$2.194 million is for a program change and \$651,000 is for fixed costs and related changes.

Summary of 2008 Program Changes for State and Tribal Regulatory Funding

Request Component	Amount	FTE
<u>State and Tribal Funding</u>		
• Increase State and Tribal Funding	+2,194	0
TOTAL Program Changes	2,194	0

Justification of 2008 Program Changes

The FY 2008 budget request for regulatory grant funding to States and Tribes is \$60.559 million, an increase of \$2.194 million from the FY 2007 level. This increase is being requested to meet States needs in addressing their fixed costs.

Increase in State and Tribal Funding (+\$2.194 million)

For FY 2008, OSM determined that States need \$2.194 million more than the FY 2007 budget request. By law, regulatory grants require a State/Federal 50 percent match except for Federal lands which are 100 percent funded. The eighteen month estimate for State/Tribal funding needs for FY 2008 totaled over \$67.0 million, significantly more than our proposed FY 2008 Budget request of \$60.559 million. OSM continually reviews the estimates States provide, and their obligations of previous grants, to determine appropriate grant amounts on an annual basis. This cost increase is needed for States' fixed costs. States must have sufficient staff to complete permitting and inspection and enforcement actions needed to protect citizens of the coal fields. 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.

GPRA goals for the SMCRA regulatory program are eliminating off-site impacts and restoring the land to full use. Providing adequate funding for state regulatory program grants is essential to OSM's efforts to achieve those goals. When funding falls below program needs, programs may be unable to keep active sites free of off-site impacts, reclaim mined acres, and prevent injuries. The current measures and targets for this program will remain the same as FY 2007 and can be found at the end of this section and under the "Goal Performance Table" Tab.

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 program was Re-PARTed during the FY 2008 budget process. The assessment included new program measures and program updates. The program was determined to be “Effective.” OSM will continue to work with the States and Tribes to obtain more detailed data to represent the new long-term performance measure established, and will continue to review baseline data and target for all performance measures.

For the FY 2006 budget process, OSM’s Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. OSM also conducted a Re-PART of this program during the FY 2008 budget process and incorporated new performance measures. As reported above, an “Effective” rating was received. OSM will continue to implement the established annual and long-term measures for the Federal regulatory and reclamation programs, and implement newly developed efficiency measures to ensure that targets are met and continue to be ambitious.

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

***ENVIRONMENTAL PROTECTION
ENCOMPASSES:***

State and Tribal Funding

- *State Grants*
- *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.

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

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 cooperative conversation through working in partnership with States and Tribes to carry out the mission of the SMCRA. The shift in OSM's role from direct enforcement to oversight has refocused actions on mission accomplishment while fostering better working relationships with States.

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

For FY 2008, the President's Budget requests \$60.6 million to fund 24 State regulatory programs at the maximum 50 percent Federal match level. Additionally, this amount will provide full funding for 14 Federal lands cooperative agreements with States and full funding of three Tribal regulatory program development grants.

The FY 2008 budget request includes \$8.5 million to continue its State program oversight activities and \$5.9 million to fund regulatory programs in non-primacy States like, Tennessee and Washington. Also included in the FY 2008 budget request is \$1.5 million for OSM to regulate Federal Lands, \$2.4 million for regulatory programs on Indian Lands, and \$4.8 million for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of cooperative work between OSM, States, and Tribes to regulate coal-mining activities that will continue in FY 2008 and support this budget request.

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

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

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	
State and Tribal Funding	\$\$\$	56,365	58,365	60,559	0	0	0	56,365	58,365	60,559	+2,194
	FTE	0	0	0	0	0	0	0	0	0	0
State Program Evaluation	\$\$\$	8,031	8,242	8,520	0	0	0	8,031	8,242	8,520	+248
	FTE	79	84	84	0	0	0	79	84	84	0
Federal Programs	\$\$\$	5,655	5,785	5,938	0	0	0	5,655	5,785	5,938	+153
	FTE	45	45	45	0	0	0	45	45	45	0
Federal Lands	\$\$\$	1,463	1,525	1,545	0	0	0	1,463	1,525	1,545	+20
	FTE	6	6	6	0	0	0	6	6	6	0
Indian Lands	\$\$\$	2,331	2,372	2,438	0	0	0	2,331	2,372	2,438	+66
	FTE	20	20	20	0	0	0	20	20	20	0
Program Dev/Maint.	\$\$\$	4,550	4,676	4,810	0	0	0	4,550	4,676	4,810	+134
	FTE	40	40	40	0	0	0	40	40	40	0
TOTAL	\$\$\$	78,395	80,965	83,810	0	0	0	78,395	80,965	83,810	+2,845
	FTE	190	195	195	0	0	0	190	195	195	0
Impact of the CR			[-2,383]								

2008 PROGRAM PERFORMANCE ESTIMATES

1. State and Tribal Funding

The \$60.6 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, and Navajo Nation 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.

The Surface Mining Control and Reclamation Act Amendments of 2006 provides for Indian Tribes to apply for, and obtain approval of, a tribal program regulating in whole, or in part, surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe. The legislation also provides for 100% funding of the costs of developing, administering, and enforcing an approved tribal program. Applications for tribal primacy could be submitted by tribes during the 2008 budget year. The FY 2008 budget request does not include funding for implementation of full or partial programs. However, it does continue to provide grants for developmental activities as described in the paragraph above.

**Table 4 – Fiscal Year 2008 State & Tribal Regulatory Funding Estimates
(Federal dollars only)**

These amounts are based on FY 2006 funding levels, and also FY 2008 State grant requests (18-month estimates). They represent 50% of the costs to regulate surface coal mining on non-federal lands and 100% of the costs on Federal and Tribal Lands. Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.

State/Tribe	Non-Federal Lands	Federal Lands	Total
Alabama	1,023,051	11,065	1,034,116
Alaska	197,321	0	197,321
Arkansas	155,609	0	155,609
Colorado	321,229	1,724,813	2,046,042
Illinois	2,434,504	118,926	2,553,430
Indiana	2,009,923	0	2,009,923
Iowa	134,747	0	134,747
Kansas	117,835	0	117,835
Kentucky	11,752,430	1,135,942	12,888,372
Louisiana	175,200	0	175,200
Maryland	613,246	0	613,246
Mississippi	119,040	0	119,040
Missouri	264,133	0	264,133
Montana	225,855	873,952	1,099,807
New Mexico	297,596	471,463	769,059
North Dakota	264,710	308,828	573,538
Ohio	2,114,370	0	2,114,370
Oklahoma	624,620	359,776	984,396
Pennsylvania	11,163,820	0	11,163,820
Texas	1,378,894	0	1,378,894
Utah	209,889	1,615,235	1,825,124
Virginia	3,411,640	0	3,411,640
West Virginia	12,036,523	0	12,036,523
Wyoming	264,066	1,954,971	2,219,037
Crow Tribe	0	30,174	30,174
Hopi Tribe	0	173,977	173,977
Navajo Nation	0	469,627	469,627
N. Cheyenne	0	0	0
TOTALS	51,310,251	9,248,749	60,559,000

2. State Program Evaluation

The \$8.5 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 84,000 in 2006. In contrast, OSM conducted 1,446 inspections in primacy States. See Table 5.

The projected FY 2007 and 2008 oversight inspection workload will be about the same as in FY 2006. 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

Office of Surface Mining Reclamation and Enforcement

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 2006 data on the number of State inspections and OSM oversight inspections conducted in primacy States. State data is for the time period of July 1, 2005, through June 30, 2006.

Table 5 – FY 2006 Primacy State and OSM Inspections				
	STATE			OSM TOTAL
	PARTIAL	COMPLETE	TOTAL	
Alabama	539	2,140	2,679	69
Alaska	57	27	84	0
Arkansas	98	48	146	3
Colorado	287	169	456	9
Illinois	868	403	1,271	101
Indiana	1,206	545	1,751	69
Iowa	8	20	28	0
Kansas	90	46	136	6
Kentucky	14,487	7,834	22,321	373
Louisiana	14	8	22	4
Maryland	613	364	977	38
Mississippi	10	4	14	2
Missouri ¹	116	86	202	47
Montana	118	79	197	8
New Mexico	80	40	120	4
North Dakota	534	127	661	19
Ohio	2,358	1,305	3,663	114
Oklahoma	390	263	653	15
Pennsylvania	9,183	6,695	15,878	273
Texas	247	123	370	11
Utah	224	117	341	7
Virginia	2,817	1,957	4,774	95
West Virginia	13,257	13,721	26,978	170
Wyoming	253	143	396	9
Total	47,854	36,264	84,188	1,446

¹ The State of Missouri reassumed full primacy effective February 1, 2006. Data in this row represent activity with the State as the regulatory authority.

3. Federal Programs

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

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

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include Georgia and Washington, with the bulk of that activity in Washington. Programs also are in place for Arizona, California, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, and South Dakota. The following bullets highlight key characteristics of two of the largest Federal programs, Tennessee and Washington:

- Tennessee: There are 21 active coal producing sites and 21 active non-producing, (tipples, prep plants, etc) sites in Tennessee. There are 125 mine sites that are inactive, (either in temporary cessation or undergoing reclamation activities), and 172 abandoned sites in Tennessee. Coal production has stabilized in recent years at approximately 3 million tons annually. While OSM has discussed the possible return of primacy to Tennessee with State officials on numerous occasions over the years, there continues to be no interest shown in assuming the program.
- Washington: There are two surface coal mines regulated under the Washington Federal Program. The Centralia Mine, a mine-mouth surface operation providing coal for the Centralia Power Plant, is located near Centralia, Washington, approximately 30 miles south of Olympia. The mine has been in existence since 1971. Production rates have been between 5.5 and 6 million tons per year. The Centralia Mine has operated under a permit issued by OSM (under the Washington Federal Program) since 1985. On November 27, 2006, TransAlta Corporation decided to stop mining in the current permit area because of high costs to recover the remaining coal. The company has secured a long-term contract for coal from Wyoming. OSM is working with the company to revise reclamation schedules and plans for the current permit, so that all reclamation will be accomplished as soon as possible. In addition, TransAlta is continuing to pursue the preparation of a new permit application for an adjacent area to the existing mine with potentially more favorable mining costs.

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

Table 6 provides inspection and enforcement data for Federal program States during FY 2006.

Table 6 - FY 2006 Federal Program States Inspection / Violation Data					
STATE	INSPECTIONS			NOV'S	FTA CO'S
	COMPLETE	PARTIAL	TOTAL	VIOLATIONS	VIOLATIONS
Georgia	1	0	1	0	0
Tennessee	558	805	1,361	75	12
Washington	8	21	29	6	0
Other *	20	32	52	0	0
TOTALS	587	858	1,443	81	12

* Reflects Federal inspections conducted by OSM staff in Missouri from October 1, 2005 – January 31, 2006. OSM returned full regulatory responsibilities to Missouri on February 1, 2006.

4. Federal Lands Program

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

Table 7 provides projected mining plan decision document workload data.

Table 7– Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year		
Mining Plans and Modifications to Existing Mining Plans		
Activity	FY 2006 Actual	FY 2007 Projected
In progress prior FY	14	8
Anticipated current FY	8	19
Total FY Workload	22	27
Completed in FY	14	16
Balance, end of FY	8	11

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

5. Indian Lands Program

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

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

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

Table 8 – FY 2006 Indian Lands Inspection Data				
TRIBE	INSPECTIONS			NOV'S
	COMPLETE	PARTIAL	TOTAL	VIOLATIONS
Crow Tribe	3	6	9	0
Hopi Tribe	6	7	13	0
Navajo Nation	64	37	101	11
Ute Tribe	4	6	10	0
TOTALS	77	56	133	11

Table 9-Permit and Permit Revision Workload where OSM is the Regulatory Authority, by Fiscal Year				
Activity	Federal Programs (Non-Primacy States)		Indian Lands	
	FY 2006 Actual	FY 2007 Projected	FY 2006 Actual	FY 2007 Projected
In progress previous FY	88	110	46	47
Anticipated current FY	130	135	121	120
Total FY workload	218	245	167	167
Completed in FY	108	130	120	125
Balance, end of FY	110	115	47	42

6. Program Development and Maintenance

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

a. Rulemaking

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

Rulemaking Associated with State Programs: OSM assists States with development, administration, implementation, and maintenance of their approved regulatory programs. Decisions affecting State programs are Federal rulemaking actions. OSM evaluates State-initiated program changes (statutory, regulatory, or changes in the program's provisions, scope, or objectives), as well as OSM required modifications that are a result of legal interpretations or changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the Federal Register, holds public meetings, maintains the administrative record, approves or does not approve proposed State program amendments, and publishes the decisions as final rules in the Federal Register. During FY 2006, OSM published 24 proposed and 20 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 2006, the State Program Amendment activity was identified as follows:

Table 10– FY 2006 State Program Amendment Activity				
<i>Number of Amendments</i>				
Amendment Type	Pending Oct. 1, 2005	Received FY 2006	Completed FY 2006	Pending Sept. 30, 2006
Pre-Submission Assistance	0	9	6	3
Formal	12	17	18	11
Total	12	26	24	14

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2006, OSM published one proposed rule in the Federal Register: the Tennessee Federal Program, April 6, 2006. OSM also published three final rules: Revisions to the State Program Amendment Process, October 20, 2006; Civil Penalty Adjustments, November 11, 2005; Top Soil Replacement and Revegetation Success Standards, August 30, 2006.

Key rulemaking initiatives for which OSM anticipates activity in FY 2007 and FY 2008 are described below.

- Ownership and Control Settlement and Transfer, Assignment, or Sale of Permits Rights Rule:* OSM negotiated an agreement with the National Mining Association (NMA) to settle litigation brought by NMA against certain provisions of our final ownership and control rule dated December 19, 2000. Under the terms of the agreement OSM proposed two separate rules: the Ownership and Control Settlement Rule, published December 29, 2003, and the Transfer, Assignment, or Sale of Permit Rights Rule, published January 26, 2005. Based on public comments received, OSM decided to modify the proposed rules in certain areas and combine the two proposals into one rule. The combined proposed rule was published in the Federal Register on October 10, 2006. We anticipate issuing a final rule during FY 2007.
- Excess Spoil and Stream Buffer Zone:* In June 2005, OSM announced that an environmental impact statement would be prepared to consider possible rule changes to address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. OSM anticipates that the revised rule would: (1) minimize the adverse environmental effects stemming from the construction of excess spoil fills, and (2) identify mining activities subject to the buffer zone requirement and the circumstances under which these activities may be allowed within 100 feet of waters of United States. By these changes, OSM intends to establish a consistent nationwide

goal to further reduce adverse impacts from coal mining and preparation activities, and to provide clear requirements regarding the stream buffer zone regulation that are consistent with SMCRA. The proposed rule and draft EIS are scheduled for release in FY 2007 and final rule and EIS in FY 2008.

- *Abandoned Coal Refuse Sites:* The Energy Policy Act of 1992 required 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. A proposed rule was published on January 17, 2007. A final rule is expected to be completed in late 2007.
- *Bonding and revegetation changes in the Tennessee Federal program:* On April 6, 2006, we published a proposed rule requesting comments on changes to the Tennessee Federal program. These proposed revisions provide a mechanism to use our statutory authority to accept financial assurances in the form of trust funds and annuities in Tennessee to fund the treatment of long-term postmining pollutional discharges from surface coal mining operations and thus satisfy performance bond obligations for treatment of those discharges. We also proposed a number of steps to ensure the reestablishment of high quality hardwood forests for coal mines with a postmining land use related to forestry. A final rule is scheduled to be published in FY 2007.
- *Coal Combustion By-Products:* OSM, in consultation with the Environmental Protection Agency, intends to propose regulations pertaining to permit application requirements and performance standards related to the use of Coal Combustion By-Products (CCBs) in the reclamation of coal mining operations that are permitted under Title V of SMCRA or in the reclamation of abandoned coal mine sites funded under Title IV of the SMCRA. This action implements recommendations made by the National Academy of Sciences following a study of CCB placement at mines. We would base the proposed regulations on existing SMCRA authorities. We anticipate publishing a proposed rule during FY 2007.

b. *Grants Management*

OSM supports and participates in the Administration's e-Government initiative, and Health and Human Services' government-wide electronic grants application system (Grants.gov), and the Department of the Interior's (DOI) grants simplification efforts based on Public Law 106-107. OSM is currently using DOI's Financial and Business Management System (FBMS) financial assistance module for internal processing of all grant and cooperative agreement transactions. Recipients have been provided training,

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and will receive further training and assistance in using the system to expedite their applications and reports. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. This cooperative working relationship contributes to a streamlined application and awards process, faster obligation of Federal funds, innovative program monitoring, less paperwork, and intensive reporting and close-out of grants.

c. Special Projects

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

2007 PLANNED PROGRAM PERFORMANCE

- Propose and publish rulemakings as described under OSM rulemaking initiatives above.
- Continue to carry out the requirements of the law in inspections and enforcement. Anticipate the same rate of complete and partial inspections and oversight reviews as in FY 2006.
- Achieve the performance measures as shown on the next page.
- OSM published the Draft Environmental Impact Statement (EIS) for the Black Mesa Project in November 2006 and expects to prepare the final EIS in the summer of 2007.
- Review the SMCRA Amendments of 2006 for changes pertinent to this business line.

2006 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2006, the major accomplishments in the Environmental Protection program activity included:

- Issued about 290 new coal mining permits, in cooperation with state authorities, in 16 States.
- Performed over 36,900 complete mine inspections and over 48,760 partial inspections, in cooperation with state authorities, to ensure coal mines are operated safely and in accordance with environmental laws. (Figures include State and Federal inspections.)
- Achieved performance targets for measures identified on the next page.

ENVIRONMENTAL PROTECTION

PROGRAM PERFORMANCE OVERVIEW										
End Outcome Goal 2.1: Resource Use – Manage or Influence Resource Use to Enhance Public Benefit, Responsible Development, and Economic Value										
End Outcome Goal End Outcome Measure / Intermediate or PART Measure / PART Efficiency or other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual*	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long- term Target 2012
<i>End Outcome Measures</i>										
Percent of active coal mining sites that are free of off-site impacts. (SP) (PART)	C	93%	89% 7,436/ 8,335	93%	92% 7,454/ 8,142	93%	93%	93%	0 (0%)	93%.
Total actual/projected cost (\$000)		\$107,921	\$110,426	\$111,143	\$108,778	\$112,076	\$112,076	\$115,354	\$3,278	
Actual/projected cost per acre (whole dollars)		\$12,621 (8,551)	\$13,124 (8,414)	\$13,391 (8,300)	\$15,593 (6,979)	\$16,217 (6,911)	\$16,217 (6,911)	\$16,899 (6,811)	\$682	
Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. -(PART)	C	49,054	53,353	50,000	49,796	50,000	50,000	50,000	0 (0%)	50,000
Number of acres released from Phase I & II Performance Bonds. (PART)	C	90,040	88,869	80,000	89,894	80,000	80,000	80,000	0 (0%)	80,000
Percent of mined acreage reclaimed. (SP) (PART)	F		48% 1,535,201/ 3,225,161	45%	47% 1,534,301/ 3,225,261	45%	45%	45%	0	45%
Comments										
DOI Measure presented in the revised DOI Strategic Plan for FY 2007-2012. Percentages are rounded.										
*States provided data for the time period July 1, 2005, to June 30, 2006. Tennessee data submitted for the federal fiscal year. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BUR = Bureau Measure										

TECHNOLOGY DEVELOPMENT AND TRANSFER
(Dollars in Thousands)

				2008			
		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2007 (+/-)
Regulation & Technology	\$\$\$	14,903	15,101	+315	0	15,416	+315
	FTE	90	94	0	0	94	0
Abandoned Mine Land	\$\$\$	3,864	3,910	+73	0	3,983	+73
	FTE	17	20	0	0	20	0
TOTAL	\$\$\$	18,767	19,011	+388	0	19,399	+388
	FTE	107	114	0	0	114	0
Impact of the CR			[-509]		[+509]		

Impact of 2007 Continuing Resolution (-\$509,000) The 2008 budget restores the priorities of the 2007 President’s budget by funding 2007 programmed fixed cost increases.

The FY 2008 budget request for Technology Development and Transfer (TDT) is \$19,399,000 and 114 FTE. This is a net increase of \$388,000 for fixed costs and related changes, and no FTE change from the 2007 CR level. There are no program changes.

Overview

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 goals (Resource Use and Resource Protection) and implements the concepts of Cooperative Conservation through effective partnerships

with OSM's stakeholders. TDT is a nation-wide program that provides resources to States and Tribes that meet their specific technical and training needs in carrying out the requirements of the SMCRA.

In 2008, OSM will continue to promote the use of Technical Innovation and Professional Services (TIPS) in technical decision-making processes related to SMCRA; address the remediation of acid mine drainage through participation in the Acid Drainage Technology Initiative; finalize changes and provide training and technical assistance to meet identified needs of States and Tribes. Also, OSM's technology transfer program will continue its support for electronic permitting and mobile computing efforts, by sponsoring interactive technical forums and related workshops. In addition, OSM will continue to provide regional technical service, libraries, and more efficient access to COALEX (a computer-assisted library search service).

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

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

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

Technology Development

Technology Transfer

Technical Training

Electronic Permitting (EP)

Technical Innovation and Professional Services (TIPS)

Applicant Violator System (AVS)

The outcome of TDT program performance is ultimately measured by the success of the Surface Mining program in carrying out the environmental restoration and protection

missions. In addition, performance for the business line is measured through the number of staff technically trained (including knowledge and skills taught and applied), the utilization of automated technologies (such as TIPS), and the quality and timeliness of technical assistance provided by OSM, determined via evaluations and customer service surveys.

Actions Required to Achieve Annual Goals: In FY 2008, OSM plans continued improvements in this business line. As responses are received from the customer surveys, the activities within the business lines will be evaluated to identify any needed improvements or changes. Also, the National Technical Training Program (NTTP), TIPS, the National Mine Map Repository (NMMR), and AVS will increase access to users by continuing to provide material via the Internet and supporting the administration's e-government initiative. In addition, the NTTTT will continue to work with the Regional Technology Transfer Teams to provide direction, communication, and coordination efforts related to technical issues and studies.

Resources, Skills, and Technology Needed: An ongoing goal for FY 2008 is to continue ensuring States, Tribes, and OSM have the best available technical data and information needed to make good science-based decisions regarding mining plans, reclamation project design, permit reviews, and acid mine drainage remediation and prevention. To successfully implement the surface mining regulatory and reclamation programs, OSM, as well as the States and Tribes, must maintain multi-disciplinary staffs that are fully competent in addressing a wide variety of technical issues that impact these programs.

The total request for this business line is \$19.4 million. The FY 2008 President's Budget requests \$12.6 million for Technical Assistance (including the Applicant Violator System); \$3.5 million for Technical Training; and \$3.3 million for Technology Transfer efforts are allocated to meet the annual goals set forth above.

Included in the FY 2008 President's budget request for Technology Transfer program activity is almost \$200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academic, and industry. 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.

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

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	
Technical Assistance	\$\$\$	10,691	10,808	10,975	1,544	1,563	1,599	12,235	12,371	12,574	+203
	FTE	50	50	50	9	10	10	59	60	60	0
Training	\$\$\$	2,562	2,602	2,676	803	819	842	3,365	3,421	3,518	+97
	FTE	20	22	22	5	6	6	25	28	28	0
Technology Transfer	\$\$\$	1,650	1,691	1,765	1,517	1,528	1,542	3,167	3,219	3,307	+88
	FTE	20	22	22	3	4	4	23	26	26	0
TOTAL	\$\$\$	14,903	15,101	15,416	3,864	3,910	3,983	18,767	19,011	19,399	+388
	FTE	90	94	94	17	20	20	107	114	114	0
Impact of the CR			[-444]			[-65]			[-509]		

2008 PROGRAM PERFORMANCE ESTIMATES

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

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

1. Technical Assistance

This program activity provides assistance to State regulatory and reclamation staff, and to OSM staff that review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure such as TIPS, AVS, and technical training programs. Technical activities such as permit review, citizen complaint evaluation, and cumulative hydrologic impact assessment take place where OSM is the regulatory authority. Of the \$12.4 million requested, \$1.6 million support OSM's Environmental Restoration and \$10.8 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 or exceed its projected goal of 94 percent customer service rate for technical assistance efforts in FY 2007 and FY 2008. 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

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development; State program amendments; State mining permit evaluation; AML problem evaluation; blasting policy; prime farmland reclamation standards; soil substitution, coal combustion by-product placement; reclamation bonding sufficiency and bond release; threatened and endangered species; land unsuitability determinations; participation as technical experts on interagency committees; AMD prevention and remediation; Acid and Toxic Forming materials handling; stream and underground mine flooding; mountaintop mining and valley fills; permit findings; remining; impoundment stability; subsidence caused by underground mining; and assistance in fostering tribal primacy by helping tribes develop technical capabilities.

Examples of activities for FY 2007-2008 include:

Underground Mine Mapping: OSM and the States have actively inventoried AML features for years using the best available information and technologies. The inventory includes information about the location, size and type of AML feature and the priority for reclamation under the SMCRA AML program. Detailed mine maps are necessary in order to adequately evaluate the threat posed by these mines to the public, infrastructure and the environment. OSM and the States sponsored a series of regional workshops in 2006 focused on digital imaging, processing and the presentation of map images. OSM awarded funding of \$334,000 to 13 cooperative agreements in 11 States to scan abandoned mine maps to make these maps available to the public.

A good example of the type of projects submitted to OSM is Virginia's proactive efforts to acquire, preserve, and geo-reference a library of mine maps that lie within the vicinity of what will be the multi-billion dollar "Coal Fields Expressway". Virginia intends to use the geo-referenced maps as a tool to layout and design the expressway in such a manner that will ultimately reduce or eliminate future road maintenance issues as a result of abandoned mine subsidence.

OSM will continue to work with the States in setting priorities for similar activities in FY 2007.

Blasting: OSM is prototyping a database of Blasters Certification in Federal Program States in accordance with our policy statement. This effort will accurately provide the status of qualified, properly-trained blasters who handle explosives on mine sites in our Federal program states. The purpose of the endeavor is to establish one database from existing lists and make it available via an internet interface. The database will be initially used in Federal Program States. The other states have indicated their intent to utilize the national database to ensure that, across the country, one database of qualified blasters exists. FY 2007 will see the development of the internet interface. Future development in FY 2008 will adapt this database for the States' needs. TIPS continues to support the Blast Log Evaluation Program (BLEP) developed by agency personnel and delivered through instructor-led training as well as e-Training.

Designating Areas Unsuitable for Surface Coal Mining: Section 522 of SMCRA establishes a process by which the public may petition the regulatory authority to limit or

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prohibit all or certain types of surface coal mining operations on non-Federal lands to protect certain features or environmental values. OSM receives and processes these petitions for all lands for which it is the regulatory authority. The decision-making process includes preparation of an environmental impact statement and a takings implication assessment.

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

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

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

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

During FY 2007 and FY 2008, OSM will continue to participate in the ADTI, a collaborative effort among federal agencies, industry, the States, academia, and the National Mine Land Reclamation Center to promote communication and technology enhancement in the field of AMD. Examples of projects that OSM sponsored in FY 2006 that will continue or be completed in FY 2007 include:

- ❖ Examining long-term trends in AMD production from several types of underground coal mines to follow up on earlier work that suggested significant declines in AMD production over a 30-year period measured during a prolonged dry period. The current effort will evaluate whether the same trends are seen after a prolonged wet period, as well as study the mine water chemistry at both successful and unsuccessful passive treatment systems to identify the underlying site and construction factors.
- ❖ Finalizing standardized kinetic test procedures for evaluating coal-mine related AMD potential by more realistically simulating the chemical conditions under

which AMD forms. These procedures are being validated for adoption as a possible Environmental Protection Agency protocol and may eventually be submitted for consideration as an ASTM standard.

- ❖ 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.

Congressionally-Mandated Coal Study: In the FY 2005 Consolidated Appropriations Act, P.L. 108-447, Congress directed OSM to contract with the National Research Council (NRC) of the National Academy of Sciences to carry out a twenty-four month study on coal research, technology, and policy matters. OSM participated in the information gathering stage of the NRC's work during FY 2006 and made several technical presentations. The NRC committee's report is scheduled for completion in the Summer of 2007. OSM will use the recommendations in the report as a part of planning future technical activities in FY 2008 and beyond.

Technical Reference for the Mid-Continent Region: Hydrologic Considerations for Permitting and Liability Release: In FY 2006, OSM with its state partners began developing regional technical reference material for providing a systematic approach to predicting possible hydrologic impacts as a result of coal mining in its Mid-Continent Region. OSM hosted a workshop where State and Federal personnel came together to discuss current hydrologic issues facing the various States, methods currently used in predicting possible hydrologic impacts, and use of the regional reference document. OSM plans to finalize the reference document and make it available to the States during 2007. This reference document will be updated as technology and our understanding of mined hydrologic systems changes.

b. Site-Specific Technical Assistance

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

OSM and Mississippi Work Together to Solve Soil Substitution Issues: OSM is providing technical assistance to Mississippi in its efforts to ensure a productive natural resource (soil capability) with ongoing reclamation of a large multi-seam lignite coal mine. This mine will change the pre-mining land uses from unmanaged sloping woodland and poorly managed bottom land pastures to a post-mining land use of commercial forestry. OSM is helping develop a program of substitution that will replace thin topsoils with a ten foot thick layer of selected materials suitable for the post-mining

vegetation. This soils substitution will result in the best available materials and conditions for tree growth. Further, this mine is critical since it is the only source of coal for a newly constructed power plant that provides electricity for the rapidly growing and recently devastated Gulf Coast area.

Underground Mine Pools: 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.

During FY 2006 OSM continued to assist Pennsylvania in evaluating more effective and less expensive treatment options for millions of gallons of AMD discharging from the defunct Barnes & Tucker underground mine in Cambria County. This underground mine pool results in more than 7,200 gallons per minute of AMD into the west branch of the Susquehanna River. The Pennsylvania Department of Environmental Protection is evaluating the viability of utilizing the treated water from this and other mine pools as a source of industrial make-up or potable water supplies. OSM will continue to provide assistance in the form of mine pool modeling to the states during FY 2007 and 2008. This modeling not only provides a basis for analyzing the potential for marketing the water, but also for identifying various means to predict and minimize impacts. In 2007 new similar assistance projects were initiated in Maryland, West Virginia, Ohio and Virginia.

Blasting: OSM continues to receive many requests for regulatory and public relations presentations from blasting conferences across the country, including the Pennsylvania Drilling and Blasting conference, Kentucky Blaster’s conference, Best in the West conference, and the Mid-America Blaster’s conference. During FY 2006, OSM presented blasting information in support of Mine Safety Health Administration training initiatives and ATF enforcement of the Safe Explosives Act at coal mines. These relationships will continue through FY 2008.

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.

Hydrology Assistance: Over the years, the need to provide assistance in the area of hydrology continues to increase. The complexity of hydrology issues is increasing as new mining techniques are used to extract coal from older mining areas. This requires very specialized hydrology staff at a time when States are experiencing program cut-backs and are increasingly unable to retain highly trained hydrologists. Assistance has

been recently requested for projects in five States. In addition, OSM personnel are participating in a workgroup consisting of both federal and State employees that is developing regional guidelines for providing a systematic approach to predicting possible hydrologic impacts as a result of coal mining.

c. Mine Map Repository

OSM maintains the NMMR authorized under the former Bureau of Mines and subsequently transferred to OSM in the mid-1980's. This repository, located in OSM's Appalachian Regional Office in Pittsburgh, Pennsylvania, with a satellite repository for Anthracite coal mines of eastern Pennsylvania in Wilkes-Barre Pennsylvania, maintains the only national inventory of maps of more than 300,000 abandoned coal and non-coal underground mines throughout the United States. These maps and the associated information 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.

Staffs from the NMMR and the regional offices are involved in several related important initiatives to improve mine map acquisition, archiving, and availability. These initiatives included OSM and the States sponsored regional workshops in 2006 focused on digital imaging, processing and the presentation of map images. The increased awareness of the value of historical mine maps has resulted in a large influx of new maps to the NMMR collection from public and private sources. The current collection and new acquisitions are gradually undergoing conversion to a digital format (in addition to the existing photographic record). Ultimately, the NMMR collection will allow retrieval of mine maps and related information more efficiently via the Internet.

d. Permitting

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

Tennessee GIS: 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. KFO plans to build on the capabilities of the existing geodatabase and GIS applications and integrate them into a new electronic permitting system with development beginning in FY 2007. Electronic

permitting will, in the long-term, reduce permitting costs for the industry; make the permitting process more transparent to citizens; and speed up the process and hold down the cost of the permit review. Currently, there are twenty-seven datasets in the geodatabase for use by KFO permit reviewers and inspectors. In 2006 KFO began a Mobile Computing GPS initiative to assist reviewers and inspectors in field work. KFO GIS is looking into the acquisition of GIS Server 9.2 software in 2007 which will provide the capability for geospatial data to be served on a web site for customers to view maps of the coal mining activity in the Tennessee coalfields.

e. Technical Innovation and Professional Services

The goal of TIPS is to provide State, Tribal, and OSM personnel with a comprehensive set of analytical tools to aid in technical decision-making processes related to the SMCRA. The services provided are centered around off-the-shelf scientific and engineering computer hardware and software supported by OSM in partnership with the states and tribes. This technical assistance has grown from a few applications available on a single specially designed shared workstation, to a suite of software on each user's desktop computer.

Currently the assistance consists of Windows-based computers at state, tribal, and OSM offices with access to the licensed servers via the Internet and OSM Wide Area Network. The 26 commercially available software applications cover a wide range of regulatory and AML subjects. During FY 2006, an average 180 customers used software provided by TIPS each workday. The customer base is composed of over 700 desktop computers at 24 state, three tribal, and 15 federal offices throughout the country.

In FY 2006, OSM began to implement the formation of primary technical working groups or teams. These teams were formed to address and implement the use of technology for SMCRA related issues throughout OSM, states and tribes. The primary TIPS technical teams include the Computer Aided Drafting Team, Geographic Information System Team, Hydrology Team, Mobile Computing Team, and the Remote Sensing Team.

Examples of OSM TIPS related initiatives include:

Mobile Computing Program - TIPS continues to expand the on-going mobile computing initiative by accelerating delivery of mobile computing technology to users. Recently purchased hand-held GPS/GIS equipment, ruggedized tablet computers, and sophisticated software and peripherals will enhance the ability of TIPS customers to take geospatial technology and data to the field. Following the direction provided by the TIPS Steering Committee, TIPS obtained a Real-Time Kinematic (RTK) Global Positioning System (GPS) for its customer use. RTK GPS allows the rapid acquisition of centimeter-precision locations to aid in georeferencing mining coordinate systems and in detailed mapping of minesite topography. In FY 2007, an on-the-job training session in use of the RTK GPS equipment and software was provided to GIS professionals from the Montana and New Mexico regulatory programs on two minesites in the Decker Coalfield of

southeastern Montana. The highly accurate data will be used to map the minesites in the Montana regulatory program's GIS. Montana has continued to use the system to georeference other coal mines. TIPS state customers in New Mexico and North Dakota also used the RTK system in FY 2007. We anticipate increased OSM and state usage of this equipment after an additional training session in FY 2008.

National Coal Mining Geospatial Committee: Under the TIPS Program, OSM created the National Coal Mining Geospatial Committee (NCMGC) to coordinate with the Enterprise Geographic Information Management (EGIM) effort and the Federal Geographic Data Committee to implement the National Spatial Data Infrastructure as it relates to the SMCRA community. OSM is pursuing international standardization of SMCRA related GIS data through an ASTM standards Task Group. The NCMGC will develop a national strategy to implement geospatial technology in coordination with the states, tribes, other bureaus, and the Department. The committee's work enables the GIS project work of OSM, the States, and Tribes to be coordinated and included in Geospatial One Stop, a DOI clearing house that improves public and government access to geospatial data. The committee consists of seven members with both state and OSM representation.

In FY 2007, the NCMGC will continue efforts to promote the use of geospatial technology to meet the business needs of SMCRA organizations. Planned activities include: the second annual National Meeting of SMCRA Geospatial Data Stewards; development of voluntary spatial data standards of national interest; creation of a geospatial infrastructure to exchange selected coal mining spatial datasets among networked servers outside OSM's WAN; outreach management through presentations at national meetings of SMCRA organizations and management briefings regarding NCMGC activities; participation with the Mine Safety Health Administration; and establishment of a planning sub-committee to begin preparations for an FY 08 National Meeting of SMCRA Geospatial Data Stewards with a theme of "Integrating GIS into SMCRA Business Processes".

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

Ongoing projects include the use of photography for acid mine drainage inventories, water quality and land use classifications, vegetation reclamation success with regards to bond release, and AML inventories. Initial project scoping, development of partnerships, identification of specific study areas, data acquisition and initial analysis are a few of the activities planned for FY 2007.

f. Reclamation Support Activities

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 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.

Silvas AML Water Project: OSM provided technical assistance to the Pennsylvania Bureau of Abandoned Mine Lands in remediation of an AMD discharge in a community in Southwestern Pennsylvania. The discharge was impacting a stream and a residence. OSM assisted by designing a complex treatment scheme for the discharge, which minimized impacts to the stream and routed the treated water clear of the residence.

g. Applicant/Violator System

The AVS is a National information database OSM maintains to support many types of research and program efforts, but primarily it supports permit eligibility determinations under section 510(c) of SMCRA. As part of the permit review process, State and Federal regulatory authorities use the information contained in the AVS to evaluate an applicant's mining and violation history in order to determine the applicant's eligibility to engage in surface coal mining operations. OSM responded to 3,938 requests during FY 2006 for these evaluation reports. The AVS is also used to determine the eligibility of potential recipients of AML reclamation contracts and grants under the Small Operator Assistance Program.

AVS Office staff provides services to other customers including the coal industry, citizens groups, and other Federal agencies. Some of the services provided include: providing technical assistance for customers accessing the AVS from a personal computer; updating information in the AVS for coal companies that mine in more than one State; providing basic and advanced system training; and providing investigative assistance to State regulatory authorities on complex ownership and control issues. These and other activities will continue through FY 2008.

AVS Redesign Activities: The AVS redesign project was initiated in October 2004 and the new system was made available in 2007. The redesign involved transforming the old system to a more user friendly, web-based system. This included a rewrite of the business processes and change in program language to allow for ease in future development and modification. Approximately 160 system users were provided training and an on online Users Guide was developed to assist with navigation of the new system.

Alternative Enforcement Initiative: During FY 2007, the AVS Office will continue to promote the use of alternative enforcement to compel compliance with SMCRA through outreach and marketing with the States. As part of this initiative, the AVS Office will

provide training classes, investigative services and specific recommendations for sites with outstanding violations.

Investigative Assistance – AVS staff will continue efforts to support States in developing strategies and responding to new bankruptcy cases filed during 2007 to ensure that outstanding reclamation obligations continue to be met.

2. Technical Training

Of the \$3.4 million for Technical Training, \$2.6 million of the funds support OSM's Environmental Protection activities and \$0.8 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 OSM and State staff to maintain the ability to gather and present information as an expert with the most recent data available. In addition, periodic training is needed to disseminate the latest technological and the other changes in regulatory and associated reclamation activities.

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

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

Comments on Student Evaluations:

“Pennsylvania AML students who attended the AML Design Workshop on Subsidence re-evaluated data and made a determination that, in fact, an extensive project was affordable. In lieu of addressing problems as they arose on a case by case basis the determination was made that cost could be lowered by addressing the problem on an area wide basis. Initial estimated costs would have precluded doing the project which would have left a dangerous situation to homeowners.” – **EMPLOYEE**

“I have a better understanding of what is expected from an inspector and how other inspectors across the nation perform their duties. This brings perspective to my inspections duties and consistency to inspections across the nation”. – **EMPLOYEE**

“My two employees are more cognizant of things they need to consider when designing a Passive Mine Drainage Treatment System. Both have begun to employ some of the latest sizing techniques for various passive system components. Both are also completing more post construction analysis of the treatment systems they have designed. Employees know what needs to be done and how to better inspect the construction passive systems” **SUPERVISOR**

“My inspector is more aware of what to look for in inspections. He has had to issue enforcement actions that resulted in penalty assessments and hearings. This course gave him the additional knowledge he needed to perform well during the proceedings.” **SUPERVISOR**

Meeting Office Specific Needs of Mining and Reclamation Staff through Special Sessions: In addition to regularly scheduled FY 2006 courses, in response to specific requests, NTTP offered a number of special course sessions. These included a session of the AML Realty Course for the Pennsylvania Department of Environmental Resources Watershed Academy; an Effective Writing course for OSM staff; AML Reclamation taught by Navajo staff for the Crow, Navajo, and New Mexico; a Coalfield Communications Course for Virginia; and Enforcement Tools and Applications for Utah. Ohio instructors who are part of the NTTP training corps, offered a session of the AML Drilling and Grouting class in Manchester, England at the request and expense of the Coal Authority of the United Kingdom This class enables students to evaluate when the commitment of expenditures to drilling and grouting is the appropriate response to subsidence events.

New Course Offerings: There were 154 requests for the Coalfield Communications Course: How to Get it Right. This course includes four modules: Managing Media; Extending the Reach: Effective Outreach; Designing Effective Public Meetings; and Building Trust through Effective Communication. The course contains dozens of practical exercises specific to the coalfield communities and has been very well received with many students advising that they were able to put what they learned to use as soon as they returned to their offices. In addition, development was completed for another new course, Geology and Geochemistry of Acid-Forming Materials. This course comprehensively addresses the hydrology and geology of acid-forming materials.

Benchmarking, Forums and Workshops: Some training needs are best met in benchmarkings, forums, and workshops where there are free-flowing discussions of unresolved issues, best practices, and exchanges that promote transfer of new technologies and development of shared solutions. Building on the success of the previous benchmarking sessions, a special hands-on workshop was hosted by Kentucky to demonstrate the technology and practices Kentucky currently uses to acquire, digitize, store, and manage their maps. This workshop was very well received by participants and a second workshop was held in West Virginia in Fall 2006. Sessions of this nature will continue in FY 2007 and 2008.

Plans for FY 2007 and 2008: NTTP received approximately 2000 requests for spaces in FY 2007. We anticipate that we will receive another 100 requests for special sessions, and 300 for workshops, forums, and benchmarking during the course of the year. We will work with the NTTP Steering Committee which is composed of OSM and State managers to determine exactly how needs will be met in addition to the 50 regular classes we have scheduled. In addition to these classes, to date, we are committed to working with the IMCC on benchmarkings on mine mapping, mine subsidence, and blasting, and with OSM regional offices on forums on Coal Combustion By-Products, Reforestation, and Coalfield Communications, including special sessions relating to Blasting.

Each Spring OSM conducts a Training Needs Survey for the following fiscal year to determine the training needs of the 1,800 State and Tribal regulatory and reclamation staff as well as the 530 OSM staff. The Survey for FY 2008 will be conducted in mid-FY 2007. NTTP analyzes the survey results to determine if there are sufficient students to hold a course, and if so, how many sessions of the course are needed. Over the summer, students are assigned to classes that are closest to their office in order to keep travel costs down and to provide students with field experience most similar to their geographic working conditions. The number of requests for courses usually exceeds the number of spaces available by 30-50% so students who are not assigned to classes can be put on a waiting list. Those on the waiting list are registered 30 days prior to class if space becomes available. And, to address changing on-the-ground needs, we will continue to work with offices to meet subject specific needs that arise subsequent to the Needs Survey. To assure that students are receiving the latest technical and programmatic information, we will review courses based on student, supervisor, and instructor feedback and revise or add courses accordingly.

b. TIPS Software Application Training

Training of State, Tribal, and OSM personnel in the practical application of analytical software is an integral part of the technical assistance function. The tools TIPS provides to these agencies ensures that all with SMCRA responsibilities are using the same advanced technology tools to conduct the business required by SMCRA. TIPS also provides specialized training to use these tools in mining and reclamation applications. Although most of the TIPS tools are off-the shelf applications, TIPS training courses are tailored exclusively to mining and reclamation uses; this kind of tailored training can be found nowhere else. TIPS works with customers to identify specific training needs and on occasion schedules on-site customer classes.

In addition, 85 online courses provide students with just-in-time-training and prepares the learner for TIPS instructor-led GIS, Remote Sensing, and Mobile Computing classes. TIPS provided online courses giving students additional choices and resources to enhance their expertise using TIPS software. During FY 2006, 72 students enrolled in on-line courses, and 51 completed their course work. Plans are in place to continue the expansion of on-line training initiatives in FY 2008.

TIPS TRAINING COURSES INCLUDE:

Geospatial Technology

ArcGIS	ArcGIS Spatial Analyst
ArcPad	GeoExplorer
GPS Analyst	GPS Garmin
Image Analysis	Trimble GeoXT
Underground Mine Mapping	

Engineering & CAD

Autodesk Map	Autodesk Map Raster Design
AutoCAD	Advanced AutoCAD
SurvCADD	Advanced SurvCADD
Galena	SDPS
StatGraphics	

Inspection & Enforcement

Blasting Log & Evaluation Program

Hydrology & Hydrologic Modeling

AMD Treat	AQTESOLV
AQUACHEM	Groundwater Vistas
SEDCAD	Statistics Workshop

c. Regional/Site Specific Training

OSM has regional training centers, which offer classes on customer requested topics and provide facilities for the national training program to minimize expenses. Site specific training also occurs to better demonstrate instructional applications. Examples of such training in FY 2007 and FY 2008 include:

Interactive National Forum on Channel Reconstruction and Geomorphic Approach to Fluvial Hydrology: In FY 2006, OSM's National Technology Transfer Team, the National Technical Training Program and Western Region sponsored a forum in Farmington, New Mexico, in conjunction with visits to mine sites with award winning reclamation using new principles of designing overall surface water hydrology patterns based on stream classification criteria, using geomorphic approaches. Technology transfer of the FY 2006 forum in the form of video taping and streaming media, conference proceedings, and additional workshops are planned for FY 2007.

Mid-Continent Region Probable Hydrologic Consequences and Cumulative Hydrologic Impact Assessment (PHC/CHIA) Workshop: In FY 2006, OSM's Mid-Continent Region Technology Transfer Team and the National Technical Training Program conducted a technical workshop that included State case studies on PHC/CHIA determinations in the region. Presentations were made on specific hydrologic issues within the region. The event concluded with a presentation of the revised draft hydrology issues technical resource document and discussion for its use as a model and reference document within the region. OSM plans to publish and distribute the final document in FY 2007.

Appalachia Regional Workshops - Slurry Injection: This 1 1/2-day workshop presented the technical aspects of injecting coal slurry and coal-combustion byproduct wastes into underground mine voids as a way of permanently disposing of these materials. The workshop brought together various aspects of this procedure including physical processes, use of chemical additives and their fate in the environment. Several states presented their permitting requirements for underground injection. The interactive forum involved 40 representatives of state regulatory authorities, MSHA, industry and OSM.

Stream Restoration: In FY 2006, OSM, in partnership with the Pennsylvania Department of Environmental Protection, sponsored a 2 1/2-day forum on the restoration of streams impacted by mining. A total of 75 representatives from industry, academia, State regulatory authorities, OSM, U. S. Army Corps of Engineers, U. S. Fish & Wildlife Service, U. S. Department of Agriculture and the Environmental Protection Agency attended the workshop. The workshop consisted of four sessions that included presentations by recognized experts. The topics included stream restoration design, regulatory requirements, case studies and a field trip to a reconstructed stream that had been impacted by underground mining.

3. Technology Transfer

Of the \$3.3 million requested, \$1.8 million of the funds for technical transfer support OSM's regulatory program activities and \$1.5 million support OSM's abandoned mine land program. Technology transfer is an integral component of OSM's Restoration and Protection business lines providing national support to State and Tribal programs. Through the development of new technology and experimental practices this activity supports the DOI Resource Protection and Resource Use goal areas.

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

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. OSM achieved an 89.3 percent customer service rate for technology transfer in FY 2006. OSM plans to attain its goal of a 92 percent service rate in FY 2007 and FY 2008.

a. Technology Development

One of OSM's most important missions is to advance and transfer technologies that will improve the effectiveness and efficiency of the science of mine land reclamation. Advancement of this technology will result in better mining and reclamation practices, thus being conducive to better environmental protection and less off-site impacts. The Applied Science program specifically addresses the needs of individual State programs as well as national interests. OSM selected 12 Applied Science projects for funding during FY 2006. This was accomplished through the solicitation and review process. The projects, sponsors, and funding are provided at the end of this section.

b. Technology Transfer and Publications

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

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

Reforestation Initiatives: 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 to communicate reforestation information, staff presentations at professional meetings, and publications that transfer state-of-the-art science and technology to mining and reclamation professionals around the world. The environmental and economic benefits of this approach include higher quality reclamation, an increase in the number of sites reclaimed, economic opportunities for local communities, aesthetic and recreational improvements, sale of forest products by landowners, 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, and environmental organizations.

In FY 2006, the Appalachian Regional Reforestation Initiative (ARRI) continued its efforts to restore active and abandoned surface mine lands to productive, useful forests through promoting the Forest Reclamation Approach (FRA). The FRA is a series of techniques developed through research and field experience to prepare minesites for tree planting and methods of selecting and planting trees. We established an Academic Team comprised of twenty team members representing ten universities. The Academic Team provides the credentials and technical guidance for ARRI and research to improve the science behind the FRA. The Academic Team published two bulletins describing ARRI and the FRA and has several more in draft.

ARRI has also enlisted individuals and groups into promoting the initiative through signing a Statement of Mutual Intent. To date, we have 209 signatories to the Statement of Mutual Intent representing 118 diverse groups including the Governor of Kentucky, the American Chestnut Foundation, the Rocky Mountain Elk Foundation, the National Mining Association, major coal producing companies, researchers from universities across the country, environmentalists, and representatives from state, local, and federal government.

In FY 2007 and 2008, OSM will continue to promote ARRI through Arbor Day events, enlisting additional signatories to the Statement of Mutual Intent and creation of promotional materials such as newsletters, brochures and Forest Reclamation Advisories. We will increase training to the state regulatory authorities, industry and public on the advantages of reclaiming mines using the FRA and continue to recognize, through our awards program, those who best put those techniques to use in the field.

Coal Combustion By-Products (CCB): OSM has successfully pioneered numerous technology transfer events and products on this topic. In FY 2006, OSM held its sixth Technical Interactive Forum on “Flue Gas Desulfurization (FGD) By-Products at Coal Mines and Responses to the National Academy of Sciences Final Report “Managing Coal Combustion Residues in Mines” in Columbus, Ohio. The four topics of the forum were: FGD Placement at Mines; Leachate Protocols of Hydrologic Assessment; Peer Review of National Academy of Science CCB and Mining Report; and Regulatory Status. There were 124 participants registered for the event. Eighty people participated in the FGD field trip. The field trip was highly praised as a very important highlight of the forum. Based on the participant surveys 100 percent of the participants rated the forum as very satisfied.

Bat Conservation and Mining: In recent years, OSM has stepped up its activities in protecting the endangered Indiana bat (*Myotis sodalis*) during Mining and reclamation activities. The endangered Indiana bat is found in more than half of the States with SMCRA regulatory programs. Since 2005, OSM lead an effort by Federal and State wildlife agencies, State SMCRA programs and academics and mining industry representatives to address issues related to Indiana bats and mining. During FY 2006, OSM worked with the States and industry to develop a workshop where all interested parties can be informed and provide comment on the draft Revised Recovery Plan for the Indiana Bat to be published by the USFWS in early FY 2007. OSM plans to hold the workshop later in FY 2007.

OSM was requested by Bat Conservation International during 2006 to assist it with editing and producing a publication titled “Bats and Mines.” This project will continue into FY 2007.

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. We expect to publish proceedings from the above “Flue Gas Desulfurization By-Products at Coal Mines and Responses to the National Academy of Sciences Final Report “Managing Coal Combustion Residues in Mines” forum in 2007. The agency publishes these proceedings, reports and notices in paper copy, on CD, and over the Internet to reach the widest audience possible. During FY 2007 and FY 2008, OSM will continue to develop, distribute, and communicate these products.

OSM Technical Library: OSM maintains a technical library in the Western Region to provide access to technical, scientific, and legal information for the agency nationwide, as well as the States, Tribes, industry, citizen groups, and the public through a variety of services: reference assistance, technical research, document delivery, and the dissemination of critical current awareness information. The library generally fields between 200 and 300 requests for reference and research assistance each year. In addition, it will fill approximately 300-400 article requests in FY 2008. The technical library also shares its collection and borrows needed materials through interlibrary loans

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with libraries around the world (predicted to be around 300 total transactions for FY 2008). And in order to provide worldwide access to the specialized information resources in the collection, the library maintains a web-accessible bibliographic catalog of materials.

c. Educational Outreach

To make the public and students aware of OSM's responsibilities and its environmental stewardship mission, OSM staff provides educational outreach to science teachers associations, science classes, educational fairs, Earth Day events, career days, foreign visitors, grassroots organizations, and professional associations and societies. This outreach includes demonstrating phases of surface mining reclamation using an open-pit mine model with reclamation equipment and activities in place, as well as providing educational posters and materials involved in permitting, monitoring and reclaiming a mine site. Additional outreach is provided through publications and distribution of forum proceedings. Outreach efforts expanded in FY 2006 with OSM's support of American Geological Institute's *Coal and the Environment* publication and the National Energy Foundation's *Coal-K through 12 Educational Poster*. Outreach is to continue and expand in FY 2007 and FY 2008.

2007 PLANNED PROGRAM PERFORMANCE

- OSM will achieve the performance measures and targets for measures identified under this business line.
- OSM will develop one new TIPS eTraining course for Surface Deformation Prediction System software that assists in evaluating impacts of underground mining.
- ARRI will sponsor a national forestry symposium titled “Mined Land Reforestation: Science and Practice” August 7 – 8, 2007 in Abingdon, Virginia.
- OSM is prototyping a database of Blasters Certification in the Federal Program to provide the status of qualified, properly-trained blasters that handle explosives on mine sites in our federal program States. FY 2007 will see the development of the internet interface for certification information.
- OSM will continue to solicit proposals for its technical studies initiatives in FY 2007.

2006 PROGRAM ACCOMPLISHMENTS

In 2006, the major accomplishments in the Technology Development and Transfer program activity include:

- In FY 2006, three hundred and sixty-two students attended 33 instructor-led TIPS classes, a 39 percent increase of students trained over the prior year.
- NTTP conducted 52 regularly scheduled courses as well as 8 regional and national benchmarking, forums, and workshops. Additionally, 5 sessions were held to meet State and Tribal specific needs. Over 1,440 students were trained. In addition, two new courses were developed.
- OSM supported 12 Applied Science projects that addressed our major environmental issues as identified on the next page.

2006 APPLIED SCIENCE PROJECTS FUNDED

Project Title/Contractor	Purpose/Funding
Influence of Plant Community Structure and Topsoil Handling Method on Soil Structure Development and Microbial Community Recovery in Reclaimed Soil. By: University of Wyoming	Determine the influence of topsoil handling practices and plant community types on soil structure development and microbial community recovery on reclaimed surface mines. Funding: \$78,004
A System to Evaluate Prime Farmland Reclamation Success Based on Spatial Soil Properties. By: University of Illinois	A soil property based formula would be developed to ensure the most efficient process to return the productive soil resource to the landowner. This method also will identify problem fields immediately after reclamation. These funds will test and refine the model on a wide variety of soils. Funding: \$24,153
A method for identifying critical wildlife habitats and outstanding natural areas through spatial analysis utilizing remote sensing and aerial survey data in combination with existing GIS coverage of ecological data. By: Kentucky Nature Preserve	This project will address the need for a fast and reliable method that will generate spatially and ecologically accurate and current critical wildlife habitat and natural areas data that can be used for mining permit evaluation. Funding: \$29,610
Development of a Rapid Geomorphic Assessment Technique to Support the Probable Hydrologic Consequences/ Cumulative Hydrologic Impact Assessment Process: A Focus on Model Improvement for Estimating Sediment Loads. By: University of Tennessee	The study examines a rapid geomorphic assessment technique to identify whether a channel is stable or not and to what degree different types of landscape disturbances have contributed to any instability. Funding: \$89,825
An Evaluation of Best Management Practice Efficiencies in Reducing Total Dissolved Solid Loads from Active and Abandoned Mine Lands By: Map Tech	The study will evaluate the effectiveness of Best Management Practices in controlling delivery of Total Dissolved Solids and its constituent elements to receiving streams. Funding: \$83,430
<u>IN-situ Mitigation of Iron in a Net-alkaline Environment.</u> By: West Virginia Water Research Institute	The study will demonstrate the <i>in situ</i> oxidation of iron laden net alkaline mine water and subsequent settling of the iron precipitate within the mine using hydrogen peroxide. This should result in more effective treatment at the mine. Funding: \$100,000
Establishing Shrubs to Achieve Bond Release on Colorado Coal Mines: A Demonstration of Methods. By: Colorado State University	A long term study to evaluate native shrub establishment on reclaimed coal-mined lands. The data collected in 2007 from plantings begun in 2000 will result in informed recommendations to mine operators. This will result in fewer planting failures and reduced reclamation costs. Funding: \$35,044
Robotic Survey and Mapping of Mines. By: Carnegie Mellon University	The study will continue to develop and demonstrate scientific methods for the mapping of underground mines through the application of scanning sensors, survey methods, and robotic technologies. Funding: \$99,989
Hydrology Issues-Acid Mine Drainage-Prevention and Treatment. By: Indiana Geological Survey	The project will test and demonstrate sulfate-reducing bioreactor cell technology on low-flow, metal-rich acid seeps in the Midwest. Funding: \$95,381
Response of Transplanted Aspen to Drip Irrigation on Reclaimed Mine Lands. By: USDA Forest Service	This study builds on work previously funded by the Seneca Coal Company in western Colorado to identify factors that limit the growth and survival of planted aspen. Funding: \$99,929

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Mine Land Reclamation and American Chestnut Restoration: Bring Technologies Together. By: Ohio University	The project will evaluate the most suitable soil preparation methods for reclaimed mine land for planting blight resistant American Chestnut seedlings. Funding: \$99,971
Improved Static Test Prediction of Acid Generation Potential: A Surface Analysis Approach. By: Prairie View A & M University	This proposal addresses the problem of acid mine drainage from tailings, open pits, and underground shafts, resulting from the mineralogy and mining activities. The project will improve the predictive tests and models used by regulators to assess the long-term potential for acid generation at mines. Funding: \$99,963

TECHNOLOGY DEVELOPMENT AND TRANSFER

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

PROGRAM PERFORMANCE OVERVIEW

Bureau Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
End Outcome Measures										
Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	100%	99%	94%	99.6%	94%	94%	94%	0 (0%)	96%
Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	93%	92%	89.3%	92%	92%	92%	0 (0%)	94%
Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	97%	98%	93%	97%	93%	93%	93%	0 (0%)	93%
Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	916	957	1,200	1,446	1,200	1,200	1,200	0 (0%)	1,100
Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)	A	90%	91%	89%	91%	90%	90%	90%	0 (0%)	90%
Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)	A	98%	97%	95%	97%	95%	95%	95%	0 (0%)	95%

FINANCIAL MANAGEMENT

(Dollars in Thousands)

				2008			
		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Request	Change from 2007 (+/-)
Regulation & Technology	\$\$\$	481	485	+6	0	491	+6
	FTE	2	2	0	0	2	0
Abandoned Mine Land	\$\$\$	6,142	6,253	+155	0	6,408	+155
	FTE	44	46	0	0	46	0
TOTAL	\$\$\$	6,623	6,738	+161	0	6,899	+161
	FTE	46	48	0	0	48	0
Impact of the CR			[-118]		[+118]		

Impact of 2007 Continuing Resolution (-\$118,000) The 2008 budget restores the priorities of the 2007 President’s budget by funding 2007 programmed fixed cost increases.

The FY 2008 budget request for Financial Management is \$6,899,000 and 48 FTE. This is a net increase of \$161,000 for fixed costs and related changes, and no FTE change from the 2007 CR level. There are no program changes.

Overview

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

- Fee compliance covers the collection, accounting, audit and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.
- Grants management includes accounting for and reporting on grants awarded to State and Tribes for AML and regulatory purposes.

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

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

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

<p style="text-align: center;"><i>Fee Compliance</i></p> <ul style="list-style-type: none">• <i>Company Reporting</i>• <i>Collection</i>• <i>Accounting</i>• <i>Audits</i>• <i>Investment of AML Fees</i>• <i>Compliance Assistance to Operators</i>• <i>Regulatory and Policy</i>• <i>Development on Fee compliance issues</i> <p style="text-align: center;"><i>Grants Management</i></p> <ul style="list-style-type: none">• <i>Accounting and Reporting</i> <p style="text-align: center;"><i>Revenue Management</i></p> <ul style="list-style-type: none">• <i>Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)</i>

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.

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

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

In FY 2008, OSM will continue to pursue opportunities to participate in e-government projects, such as coordinating the use of the Single Source Coal Reporting System, a node off the Small Business Administration's Business Gateway. OSM also expects to complete 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 converted to a new grant disbursement system in FY 2007 with the implementation of the new Departmental core accounting system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer service. OSM has over 128 grants and cooperative agreements with the States and Tribes, accounting for over \$261 million.

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

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

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

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

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/ Dec (+/-)
		2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	
Fee Compliance	\$\$\$	0	0	0	6,056	6,166	6,318	6,056	6,166	6,318	+152
	FTE	0	0	0	43	45	45	43	45	45	0
Revenue Management	\$\$\$	389	391	394	0	0	0	389	391	394	+3
	FTE	1	1	1	0	0	0	1	1	1	0
Grants Financial Management	\$\$\$	92	94	97	86	87	90	178	181	187	+6
	FTE	1	1	1	1	1	1	2	2	2	0
TOTAL	\$\$\$	481	485	491	6,142	6,253	6,408	6,623	6,738	6,899	+161
	FTE	2	2	2	44	46	46	46	48	48	0
Impact of the CR			[-14]			[-104]			[-118]		

2008 PROGRAM PERFORMANCE ESTIMATES

1. Fee Compliance

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

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2006, the program achieved a 99.9 percent collection rate resulting in \$302.9 million in total collections. The program achieved a 99.8 percent compliance rate for operators filing their tonnage reports after working closely with the industry. OSM also increased the percentage of permits that filed OSM-1 Reports electronically, from 58 percent in FY 2005 to 64 percent in FY 2006. OSM's goal is to increase the percent of permits that file electronically, to provide better service to coal companies and to realize the benefits of E-government. We expect similar increases in filings in FY 2007 and FY 2008 to meet our target goal of 70 percent in FY 2008. 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 2008 include:

- Completing the replacement of 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) with 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.
- Continuing the coordination and enhancement of the consolidated coal data reporting system (Single Source Coal Reporting System). This project is being coordinated with other Federal and state agencies that collect information from the coal industry. This system allows 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.

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

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

a. AML Fee Collection

The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2006 OSM collected 99.9 percent of the AML Fees due during the year. Total AML Fee collections were \$302.9 million.

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

OSM-1 Reports covering over 2,700 permits are processed each quarter. OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. Companies report that the system saves them time and money. This is evidenced by the fact that over 380 companies voluntarily use the E-filing system. The companies use the system to report on over 1,800 permits and over 90% of the coal tonnage produced in the country. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported. The system also allows companies to make payment online, using the Treasury Department's Pay.Gov payment method. This new feature saves companies time and wire transfer costs, while providing OSM with faster information about collections for investment purposes. Over 38 percent of reclamation fees were paid electronically using Pay.Gov, in the third quarter of 2006. During FY 2007 and 2007, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM will implement the first phase of the Coal Fee Collection Management System (CFMS) in 2007. The acquisition stage of the project was delayed in 2005 because OSM was unable to find the best value for the government. OSM has divided the project into two phases to implement a modular approach to the project. The modular approach reduces the risk to the government and vendors. The first phase will replace the Audit Fee Billing and Collection System and the Civil Penalty Accounting and Control System. The second phase of the project will replace the Fee

Office of Surface Mining Reclamation and Enforcement

Billing and Collection System by FY 2008. The redesigned system will assure the ongoing support for the Fee Compliance Program and reduce costs by:

- 1) Averting a system failure to business processes that generate approximately \$302 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 \$755,000 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 is migrating its administrative accounting system to a new Department-wide Financial and Business Management System. 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 recurring annual maintenance costs (current dollars). The redesign will also create software maintenance efficiencies. The 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 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 of \$81,000 would be an estimate at this time.
- 2) Replacing three outdated systems with one system.
- 3) Potentially reducing the cost of data collection by partner agencies.

In another effort, OSM has developed a consolidated single reporting form for coal companies to use to report to multiple Federal and State agencies and reduce the reporting burden on industry. During FY 2006, OSM continued working with the partner agencies and the Small Business Administration (SBA) to plan and coordinate the enhancement and deployment of the system with SBA's Business Gateway initiative. The system became operational in March 2006.

b. AML Fee Audit

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the compliance program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments. In addition to conducting a comprehensive

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

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

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors will conduct more than 150 audits and compliance checks in FY 2008. 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 2008.

- *Increasing audit automation:* By applying computer techniques to the data gathering, analysis, and reporting function, the audit staff has been able to maintain a high compliance level despite limited resources. To further improve efficiency, OSM has initiated a paperless audit process, which will be enhanced in FY 2008 through automatic data transfers from coal companies' computer systems. Combined, these efforts will provide the capability to ensure a high compliance level with greater transaction testing in less time.
- *Continue audit support to the Department of Justice:* In 2005, a court ruling held that assessing reclamation fees on exported coal is unconstitutional. Since then, OSM has conducted audits of selected plaintiffs in the case to provide information for the government's litigation efforts. Additional audits may be necessary in FY 2008 depending on the final resolution of damages and appeal issues.
- *Examining all permit transactions recorded by regulatory authorities:* The audit staff will need to review more than 2,000 newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees. Nearly 2,000 were handled in FY 2006. 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 and process:* The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees, and to

minimize the compliance burden. A substantial effort will be needed to incorporate the 2006 SMCRA amendments regarding new fee rates in FY 2008.

- *Promoting E-government:* This work will cover promoting electronic tonnage reporting and fee payment by demonstrating the systems for companies during audits and notifying the collection staff of those interested in enrolling.
- *Coordinating work with the Internal Revenue Service:* OSM will continue working with the IRS to ensure that the fee compliance and coal excise tax compliance programs function together more efficiently. SMCRA requires OSM to forward audit results to the IRS and both agencies coordinate issues affecting the industry.

Overall, there also will be a continued emphasis on customer service in FY 2008. Industry feedback on the FY 2006 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

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

	2006 “Actuals”	2006 Projections <i>(as submitted in FY 2006)</i>		2007 Projections		2008 Projections		2009 Projections	
		DOE	OSM	DOE	OSM	DOE	OSM	DOE	OSM
Production *									
Underground	350	362	368	353	342	354	342	358	346
Surface	690	720	676	790	767	790	767	801	778
Lignite	84	85	86	85	84	82	81	81	80
AML Fees **	\$303	\$299.8		\$328.3		\$295.4		\$299.2	

**DOE Production is based on the Department of Energy (DOE) Table 111 “Annual Energy Outlook 2006, Reference Case Forecast”. OSM tonnage uses the last reported production (Fiscal Year 2005) and then increases or decreases based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

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

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

Fiscal Year	Receipts and Interest Income			Appropriations				Cumulative	Cumulative Unappropriated AML Fund Balance
	Amount	Interest Earned	Cumulative	Amount Appropriated from AML Fund /1	footnote	Appropriations from Other Sources /2	Transfer To UMWACBF		
1978	105,444		105,444	36,647				36,647	68,797
1979	184,433		289,877	61,451				98,098	191,779
1980	199,000		488,877	94,843				192,941	295,936
1981	192,657		681,534	82,485				275,426	406,108
1982	222,644		904,178	115,333				390,759	513,419
1983	197,196		1,101,374	213,079				603,838	497,536
1984	216,554		1,317,928	271,228				875,066	442,862
1985	226,426		1,544,354	296,941				1,172,007	372,347
1986	219,162		1,763,516	197,277				1,369,284	394,232
1987	215,304		1,978,820	203,720				1,573,004	405,816
1988	229,890		2,208,710	199,380	/1	7,000		1,772,384	436,326
1989	235,493		2,444,203	193,160				1,965,544	478,659
1990	243,519		2,687,722	192,772				2,158,316	529,406
1991	243,761		2,931,483	198,955				2,357,271	574,212
1992	241,954	39,328	3,212,765	187,803				2,545,074	667,691
1993	238,153	30,633	3,481,551	187,930				2,733,004	748,547
1994	244,296	40,090	3,765,937	190,107	/2	7,200		2,923,111	842,826
1995	255,416	61,730	4,083,083	182,386				3,105,497	977,586
1996	256,451	69,383	4,408,917	173,887			47,184	3,326,568	1,082,349
1997	266,783	81,006	4,756,706	177,085			31,374	3,535,027	1,221,679
1998	273,039	67,031	5,096,776	177,624	/3	3,163	32,562	3,745,213	1,351,563
1999	276,674	82,831	5,456,281	185,392			81,766	4,012,371	1,443,910
2000	274,297	94,370	5,824,948	195,873	/4		108,959	/4 4,317,203	1,507,745
2001	284,044	103,496	6,212,488	215,038	/5		182,018	/5 4,714,259	1,498,229
2002	287,066	43,278	6,542,832	203,455	/6		90,179	/6 5,007,893	1,534,939
2003	282,555	23,620	6,849,007	190,499	/7		89,858	/7 5,288,250	1,560,757
2004	287,023	45,694	7,181,724	190,591			14,966	5,493,807	1,687,917
2005	293,604	75,017	7,550,345	188,205			66,533	5,748,545	1,801,800
2006	302,992	95,687	7,949,024	185,248			59,004	5,992,797	1,956,227
2007	313,634	95,100	8,357,758	0			68,865	6,061,662	2,296,096
2008									

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

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

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

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

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

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

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

Notes: FY 2006 figures are estimates except for appropriations and transfers.

FY 2007 figures are estimates.

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 (\$0.93 million) supports DOI's Resource Use goal and \$0.87 million supports DOI's Resource Protection goal.

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

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

The Table on the following page details the AML Unappropriated Balance as of September 30, 2006, by a description of its allocation.

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**Office Of Surface Mining
AML Unappropriated Balance
September 30, 2006
Prepared by the Division of Financial Management**

Total Funds to be Allocated: \$1,956,225,224.49

Description of Allocation	Balance as of 10/01/05 1/	LESS: 2006 Appropriation	LESS: 2006 5/ UMWBF Transfer	Post Appr. & Trans. Balance	Investment Int. 10/01/05-8/31/06	Collections for 10/01/05-8/31/06	Balance As Of 8/31/06
RAMP Allocation 6/	\$0.00	\$0.00	\$0.00	\$0.00	\$19,137,368.34	\$29,938,076.25	\$49,075,444.59
Federal Expense 2/ 6/	\$484,953,126.55	(\$62,676,906.00)	(\$35,402,299.64)	\$386,873,920.91	\$38,274,736.68	\$59,876,152.48	\$485,024,810.07
Historical Coal 3/	\$176,810,237.30	(\$50,703,786.00)	(\$23,601,533.09)	\$102,504,918.21	\$38,274,736.68	\$59,876,152.48	\$200,655,807.37
Total Fed Share 1/ and 4/	\$661,763,363.85	(\$113,380,692.00)	(\$59,003,832.73)	\$489,378,839.12	\$95,686,841.70	\$149,690,381.21	\$734,756,062.03
Total State Share	\$1,140,034,909.00	(\$71,867,170.00)	\$0.00	\$1,068,167,739.00	\$0.00	\$153,301,423.46	\$1,221,469,162.46
Total	\$1,801,798,272.85	(\$185,247,862.00)	(\$59,003,832.73)	\$1,557,546,578.12	\$95,686,841.70	\$302,991,804.67	\$1,956,225,224.49

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

#N/A

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 \$466,646 at the end of FY 2006, including interest and late charges. New civil penalties recorded in FY 2006 totaled \$506,879.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

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

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

During 2007-2008 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 2006, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

2007 PLANNED PROGRAM PERFORMANCE ACTIVITIES

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

- Review the SMCRA Amendments of 2006 to determine the regulatory, procedural, and system changes needed to incorporate the amendments in fee collections and disbursements processes.
- Complete the conversion to paperless audits which will reduce audit preparation and review time.
- Complete the development of Phase 1 of the Coal Fee Collection Management System.

2006 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2006, the major accomplishments in the Financial Management program activity include:

- Collected \$302.9 million resulting in a fee collection rate of 99.91 percent.
- Enrolled more than 64 percent of the active coal producing permits in the electronic filing program.
- OSM received its 16th consecutive unqualified audit opinion on our FY 2006 financial statements. No material weaknesses identified.
- Achieved 100% customer satisfaction rate for grants financial services.

FINANCIAL MANAGEMENT

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

PROGRAM PERFORMANCE OVERVIEW										
Bureau Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President’s Budget	2007 Plan	2008 Plan	Change from 2007 to 2008	Long-term Target 2012
<i>End Outcome Measures</i>										
Increase the number of permits reporting by e-filing. (BUR)	C	44%	58%	50%	64.2%	65%	65%	70%	+5%	90%
AML Fee Collection rate. (BUR)	A	99.9%	99.9%	99%	99.9%	99%	99%	99%	(0%)	99%
Customer satisfaction with Grants Financial Services. (BUR)	A	98%	100%	95%	100%	95%	95%	95%	(0%)	95%

EXECUTIVE DIRECTION
(Dollars in Thousands)

				2008			
		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Change from 2007 (+/-)
Regulation & Technology	\$\$\$	14,875	15,401	0	82	15,483	+82
	FTE	60	62	0	0	62	0
Abandoned Mine Land	\$\$\$	7,633	7,918	-8	51	7,961	+43
	FTE	34	34	0	0	34	0
TOTAL	\$\$\$	22,508	23,319	0	133	23,444	+125
	FTE	94	96	0	0	96	0
Impact of the CR			[-585]		[+585]		

Impact of 2007 Continuing Resolution (-\$585) The 2008 budget restores the priorities of the 2007 President’s budget by funding 2007 programmed fixed cost increases included in the 2007 President’s budget.

The FY 2008 budget request for Executive Direction is \$23,444,000 and 96 FTE. This is a net increase of \$125,000 which includes a decrease of \$8,000 in fixed costs and related changes and a program increase of \$133,000. Note that fixed costs and related change in the Regulation and Technology appropriation are a net decrease of \$1,000 (and increase of \$210,000 for pay-related costs and a decrease of \$211,000 in non-pay related costs); and a net decrease in the AML appropriation of \$7,000 (an increase of \$121,000 for pay-related costs and a decrease of \$128,000 for non-pay related costs).

Justification of 2008 Program Change.

The 2008 budget request includes an increase of \$133,000 for implementation of a Department-wide Financial and Business Management System (FBMS), to support the Bureau’s share of the 2008 charge from the Centralized Billing Working Capital fund. The Department-wide Programs budget justification includes additional materials supporting this Department-wide request for FBMS under the Working Capital Fund.

Office of Surface Mining Reclamation and Enforcement

In addition to the increase for FBMS implementation noted above, the budget request reflects a reallocation from Administrative Support and General Services sub-activities to reflect changes from ABACIS/IDEAS to FBMS Hosting of \$530,000. This amount will likely be reduced based upon final agreement reached between OSM and the Department on what level can be redirected.

Overview

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

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

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

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

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

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

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

In FY 2007 and 2008, OSM will continue to support the Department's progress in the implementation of the President's management agenda. Our performance in the five management improvement areas will be reported through the internal DOI scorecard rating system. All scorecards were modified in FY 2006 to more closely mirror the criteria used in the overall Department ratings, and to make adjustments to the agenda item categories. In addition, several new scorecards were developed by not included in Bureau ratings at the end of FY 2006. One pertinent to OSM in the future will be related to transportation and energy management. As of the last internal rating period ending September 30, 2006, the bureau received "green" scores for progress for all agenda items listed below. The status of three scorecards was "yellow" due to the new criteria. The status scores are provided below for the agenda items pertaining to OSM for FY 2006. The work evaluated under the agenda items supports the Department's Management Excellence mission goal.

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<i>OSM SCORECARD RATINGS</i>		
<i>DOI Mission Goal</i>	<i>Agenda Item</i>	<i>OSM Score</i>
Management Excellence Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services.	Strategic Management of Human Capital	Green
	Competitive Sourcing	Green
	Improved Financial Management	Yellow
	Budget and Performance Integration	Yellow
	Real Property	Yellow
	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 and improve its “yellow” scores.

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

FY 2008 Budget Request: The FY 2008 President’s Budget requests \$23.4 million for Executive Direction and Administrative activities. Of this total, \$3.9 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 \$6.3 million and basic bureau-wide fixed overhead costs in general services will cost \$13.2 million.

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

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

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

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

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

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Table 15– Justification of Program and Performance
 Executive Direction
 Summary Increases/Decreases for FY 2008
 (Dollars in Thousands)

Program Activity		Regulation & Technology			Abandoned Mine Lands			Total			Inc/Dec (+/-)
		2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	2006 Actual	2007 CR	2008 Request	
Executive Direction	\$\$\$	2,461	2,510	2,588	1,310	1,328	1,371	3,771	3,838	3,959	+121
	FTE	23	23	23	12	12	12	35	35	35	0
Administrative Support	\$\$\$	4,260	4,345	4,155	2,223	2,274	2,179	6,483	6,619	6,334	-285
	FTE	37	39	39	22	22	22	59	61	61	0
General Services	\$\$\$	8,154	8,546	8,740	4,100	4,316	4,411	12,254	12,862	13,151	+289
	FTE	0	0	0	0	0	0	0	0	0	0
TOTAL	\$\$\$	14,875	15,401	15,483	7,633	7,918	7,961	22,508	23,319	23,444	+125
	FTE	60	62	62	34	34	34	94	96	96	0
Impact of the CR			[-453]			[-132]			[-585]		

Numbers may not add due to rounding.

NOTE: Reductions to Administrative Support subject to change pending discussions on FBMS off-set systems with DOI.

2008 PROGRAM PERFORMANCE ESTIMATES

1. Executive Direction

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

a. Office of the Director

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

In FY2007 and 2008, OSM will continue outreach efforts which promote public participation in policy making. The arena for such participation includes public meetings on proposed rulemaking and conferences, which promote discussion and exchange of information on the current state of the coal industry and OSM's evolving role. OSM will continue to take positive steps to contact States, Tribes, citizens, and industry and encourage their participation.

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

b. Office for Equal Opportunity (EO)

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

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

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

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

c. Office of Communications (OC)

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

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

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

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

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

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

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

e. Office of the Chief Information Officer (OCIO)

In FY 2005, OSM established the Office of the Chief Information Officer to emphasize the importance of IT functions within the bureau. OCIO provides advice and assistance to the Deputy Director and other senior OSM officers to ensure that information technology is acquired and information resources are managed for the bureau in a manner that is consistent with the requirements of the Information Technology Management Reform Act of 1996, the Government Information Security Reform Act of 2000, and Chapter 35 of Title 44 USC and industry best practices.

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

- Provides advice and assistance to management and employees on IT policy, applicable laws, regulations, and directives;
- Establishes a management framework for and coordinates OSM's nationwide IT capital planning and investment control activities, including approval of IT expenditures within OSM; and

- Develops and implements IT strategic planning to ensure that all of OSM's electronic information systems are administered and developed in accordance with policies, long-range systems and strategic planning;

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

2. Administrative Support

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

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

a. Administration

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

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

The Division of Administration also provides administrative support to headquarters offices. These support activities include office moves, provision of general supplies, and

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

In accordance with various Executive Orders, as well as Departmental policy, the Office of Surface Mining initiated development of its 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.

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

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

b. Human Resources (HR)

The Division of Human Resources develops and implements policies, standards and systems for the effective use of 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 retirements. This office has increased the use of automated systems such as SMART and its updated version of XI QuickHire, the Federal Personnel and Payroll System (FPPS), Employee Express, Learning Management System (LMS), Personnel Investigative Processing System (PIPS), TSP (Thrift Savings Plan) and the e-QUIP web

site linking employees to security forms needed for background investigations. These improvements provide direct on-line personnel history files, human resources information and services directly to the manager, employee and applicant. The Division of Human Resources continues to expand and implement human resources systems 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:

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

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

- Work Force Planning: OSM continues to implement its workforce plan. The Plan links to individual hiring decisions made during the course of the year, thus empowering managers to focus on developing competencies and skills needed to accomplish OSM mission goals. In addition, OSM established a Leadership, Education and Development Program to enhance career advancement within the Bureau. This will be announced in FY 2007 and continue through FY 2008.
- Automated On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently. OSM upgraded to the new QuickHire XI version to ensure that our customers have the best access possible to this data and that our recruitment program is at its highest efficiency.
- Five-level non-SES performance appraisal system: OSM implemented the five (5)-level performance system for all employees. This system allows for distinctions in the levels of performance. The performance plans are written to align with and support organizational goals and are results-focused.

c. Administrative Financial Management

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

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

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

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

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

d. Information Technology (IT)

OSM is heavily automated and dependent upon information technology to provide efficient and accurate Management Information to assist OSM's program managers in accomplishing the agency's mission. Under the direction of the OCIO, OSM established an Information Technology Management Team (ITMT) providing agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems.

OSM's Enterprise Architecture will undergo significant definition and refinement during FY 2007 – 2008. Efforts are underway to conduct an OSM Bureau Modernization

Blueprint, which will consist of defining the business, data, application and technology architectures for the current (as-is) state, target (to-be) state along with a strategy to transition between them. By conducting an initial current state analysis of OSM's business, a preliminary blueprint is derived that includes prioritized recommendations on OSM's business line focus area(s).

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

OCIO is also responsible for the administration of the agency's Information Technology (IT) Security Plan ensuring the safety of OSM's IT information and computer technology hardware and software resources. Employee compliance is monitored with OSM's information technology security training program. The 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.

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

OSM has made considerable progress in Capital Planning and Investment Control (CPIC) process maturity, and making substantial headway in progressing from Stage 2 to Stage 3 of the Government Accountability Office (GAO) Investment Management Information Maturity (ITIM) model. The FY 2008 investment portfolio has been significantly updated and now fully integrates and aligns with the bureau's budget process. OCIO anticipates that OSM will fully achieve Stage 3 maturity in the FY 2007 timeframe. The progress made to date has yielded considerable improvements in project selection and management and has initiated the development and continued maturity of a capital investment portfolio, which aids OSM in information management lifecycle planning and execution for the current year and out-years.

OSM will continue to participate in the following management programs and initiatives: E-Government, Enterprise Architecture, and the Government Paperwork Elimination Act. OCIO will continue to operate and maintain Intranet connectivity, develop IT strategic planning, implement IT policy, and coordinate compilation of the IT budget.

3. General Services

This is a funding activity, which includes essential fixed costs to support OSM's program missions. No personnel or operational activities are funded by this component. The costs below are estimates based on FY 2006 actual obligations in the areas below and Working Capital Fund centralized and direct billings expected in FY 2007 and 2008 as identified in Budget Exhibit B.

<i>Line Item</i>	<i>FY 2007 Estimates</i>	<i>FY 2008 Estimates</i>	<i>Change</i>
Rent	6,207,200	6,440,685	+233,485
Telecommunications	505,000	475,000	-30,000
Postage	95,000	95,000	0
DOI Working Capital Fund	3,420,100	3,490,500	+70,400
DOI Program Requirements	78,885	81,000	+2,115
Unemployment Compensation	15,480	8,480	-7,000
Worker's Compensation	328,224	348,224	+20,000
Bureau-wide Printing/Supplies	350,000	355,000	+5,000
Service Contracts	385,000	380,000	-5,000
GSA Work Authorizations	35,000	35,000	0
Operational Support Contracts	342,000	342,000	0
Enterprise Information Technology	1,100,111	1,100,111	0
<i>Total</i>	<i>12,862,000</i>	<i>13,151,000</i>	<i>+289,000</i>

DOI Working Capital Fund Changes

The 2008 budget request includes an increase of \$ 133,000 for implementation of a Department-wide Financial and Business Management System (FBMS), to support the Bureau's share of the 2008 charge from the Centralized Billing Working Capital fund. Department-wide, the 2008 budget includes \$40.4 million in appropriated funding for implementation of FBMS. The 2008 request supports implementation of new modules for property and initial budget formulation. Core financials and e-Grants were implemented in the first bureaus in 2006, and the acquisition module is scheduled for 2007. The Department is implementing the system in phases by Bureaus, with the all bureaus scheduled to be implemented by the end of 2011. The 2008 request will support

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implementation of the new modules for the Office of Surface Mining and Minerals Management Service, and all modules for the Bureau of Land Management. The 2008 request represents the peak funding year for the project, as it involves the implementation of the remaining modules, and would allow the Department to retire eleven additional legacy systems.

The Department-wide Programs budget justification includes additional materials supporting this Department-wide request for FBMS under the Working Capital Fund.

In addition to the increase for FBMS implementation noted above, the budget request reflects a reallocation from Administrative Support and General Services sub-activities to reflect changes from ABACIS/IDEAS to FBMS Hosting of \$530,000. This amount will likely be reduced based upon final agreement reached between OSM and the Department on what level can be redirected.

2007 PLANNED PROGRAM PERFORMANCE

- Financial Management – Implemented the core financial module of the FBMS system in November, 2007.
- Enterprise Antivirus and Enterprise Messaging - OSM will identify, define, and establish these services. Once implemented, OSM will monitor the performance throughout the remainder of FY2007.
- E-Rulemaking - OSM will use the e-Rulemaking system implementation to simultaneously ‘pilot’ its e-Records Management procedures. OSM anticipates that DOI bureaus will be provided access to the Federal Docket Management System (FDMS) by June 2007. OSM’s implementation of FDMS is planned for the December 2007 timeframe.
- Budget and Performance Integration – Conduct quarterly reviews and participate in measuring performance under the revised scorecard.
- Continue to evaluate all programs on at least a semi-annual basis under the revised scorecard criteria.

2006 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2006, the major accomplishments in the Executive Direction program activity include:

- Information Technology – Completed Certification and Accreditation (C&A) on 100% of our Headquarters and Regional enclaves and our six major IT investments.
- Financial Management – Received its 16th consecutive unqualified audit opinion on its FY 2006 financial statements.
- Budget/Performance – Integrated budget and performance measures continue to be reported in the budget justification.
- Human Resources – Updated Workforce Plans which outline human resource strategies for the period 2006 through 2009.
- Capital Planning and Investment Control (CPIC) – Completed required evaluations for all IT programs and major investments.
- OSM completed its implementation of the initial hardware and software installations supporting the HSPD-12 mandate. These capabilities will be further extended into the OSM information technology architecture throughout FY2007.

EXECUTIVE DIRECTION PERFORMANCE OVERVIEW

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

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

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

Note: The figures presented in this section are estimates and may change as we further review the law and FY 2007 collection data.

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

Permanent Appropriation	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	Change from 2007
Payments to States in Lieu of Coal Fee Receipts (Treasury Funds)	N/A	N/A	194.1	+194.1
Mandatory Grants to States and Tribes (AML Funds)	N/A	N/A	94.3	+94.3
Subtotal, Payments to States			288.4	+288.4
Payments to United Mine Workers of America Health Benefit Plans (AML Fund Interest)*	59	97	112.2	+15.2
Payments to United Mine Workers of America Health Benefits Plans (AML Fund, prior RAMP balance)	N/A	N/A	0.8	+0.8
Subtotal, Payments to UMWA	59	97	113.0	+16.0
Total, Permanent Appropriations	59	97	401.4	+304.4

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

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

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

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

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

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annual payments beginning with FY 2018. *Section 411(h)(3)(B) and (C) of SMCRA.*

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

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

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

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

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

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

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

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

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

Distribution of Funds to States and Tribes

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

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

In the 2006 amendments to SMCRA, an authorized allocation level of at least \$3 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites, to be phased-in over four years. For FY 2008 the minimum funding level request is \$1.5 million, which is consistent with the authorized amount provided for in past years.

OSM is currently reviewing the new law and, during FY 2007, will be developing an appropriate method to distribute funding to States and Tribes in FY 2008.

Abandoned Mine Land Funds

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

Most expenditures from AML fee collections are for mandatory spending for distribution to States and Indian Tribes. Approximately 83 percent of the fees collected will be allocated to States and Tribes that have remaining coal problems to be addressed (non-certified States and Tribes), including minimum program States. Due to restrictions in the law, only 50 percent of that amount will be distributed in FY 2008. Minimum program States will receive \$1.5 million in FY 2008. The remaining funds collected will be available for discretionary appropriations as discussed under "Environmental Restoration."

The amount estimated in FY 2008 for this allocation is \$94.3 million. This amount is subject to change as we further review the new law.

Treasury Funds

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

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

The amount estimated for FY 2008 is \$194.1 million. This amount is subject to change as we further review the new law.

United Mine Workers of America Payments

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

The estimate for FY 2008 for these payments is \$113.0 million.

Budget Exhibit A
Use of Research and Development Criteria

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

To assure the best value of its limited R&D resources, the Department has created an R&D Council to assist in the planning, coordinating, and assessing of agency R&D activities. When necessary, the R&D Council will recommend the redirection of resources or a change in the scope of activities if it believes it is warranted. Council membership includes one program and one budget representative from each bureau, as well as representatives from the Department. The Assistant Secretary for Water and Science heads the Council. As part of the 2008 budget process, the bureaus were asked to identify their research and development activities and present their budget requests for such activities to the Council, and to explain their use of the investment criteria when making budgetary recommendations.

OSM has participated on the DOI R&D council since its formation in January 2005. The Chief, Division of Regulatory Support represents OSM on the Council. OSM has no line item for a Research and Development program in its FY 2008 budget submission. However, consistent with the definitions of R&D contained within OMB Circular A-11 Section 84, OSM conducts a number of activities within other program elements that could be considered as R&D related expenditures. Among these are base funding for the Acid Drainage Technology Initiative (ADTI), Applied Science Funding (including the Underground Mine Mapping Initiative) and some Technical Innovation and Professional Services (TIPS) activities. In FY 2008, OSM's base budget contains approximately \$1.5 million to support the technical components of these initiatives. The FY 2008 budget request is at the same funding level as FY 2007.

The Consolidated Appropriations Act of 2005 (P.L. 108-447), which became law on December 8, 2004, directed the Office of Surface Mining Reclamation and Enforcement to contract with the National Research Council to carry out a 24-month study of coal research, technology, and policy matters, with a goal of facilitating development of a roadmap for future needs and improving integration and coordination of existing research activities. The study should help define and construct a national strategy for coal research and development activities and resource assessments. The recommendations from this study may affect OSM's R&D activities. The study was initiated during the first half of calendar year 2005 and OSM provided information to the committee. The report is on schedule to be completed by the middle of calendar year 2007, but printing and dissemination of the report may take another six months.

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OSM Science Funding (FY 2006 – FY 2008)

(dollars in thousands)

	FY 2006	FY 2007 Budget Request	FY 2008 Budget Request
Technology Development and Transfer Technical Assistance Subactivity			
Various Applied Science Projects as described in narrative	1,470	1,470	1,470
Environmental Protection Program Development and Maintenance Subactivity			
Coal Study	0	0	0

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Budget Exhibit B

**WORKING CAPITAL FUND REVENUE - Centralized billing
FY 2008 President's Budget
OFFICE OF SURFACE MINING AND RECLAMATION
(\$ in thousands)**

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
Other OS Activities			
Invasive Species Program	18.3	21.8	23.0
Invasive Species DOI Coordinator	3.0	3.6	3.8
Secretary's Immediate Office	21.3	25.4	26.8
Secretary's Immediate Office			
Secretary's Immediate Office			
Secretary's Immediate Office			
Document Management Unit	3.1	3.7	0.0
Office of the Executive Secretariat	3.1	3.7	0.0
Departmental News and Information	19.5	27.6	0.0
Departmental Newsletter	9.4	2.7	0.0
Hispanic Media Outreach	3.3	3.5	0.0
Departmental Communications Office	0.0	0.0	6.0
Office of Communications	32.1	33.8	6.0
Policy, Management and Budget			
Office of Policy Analysis			
Electronic Records Management (ERM)	0.0	0.0	8.9
Office of the Executive Secretariat	0.0	0.0	8.9
Financial Management Training	27.4	30.2	0.0
Travel Management Center	1.6	1.6	1.7
Office of Financial Management	28.9	31.8	1.7
Activity Based Costing/Management	9.5	9.5	8.6
Office of Financial Management	9.5	9.5	8.6
Quarters Program, Space Mgmt Initiative, and Interior Collections	0.0	0.0	0.0
DOI Space Management Initiative	2.1	2.1	2.2
Renewable Energy Certificates	0.0	0.0	1.6
Office of Property and Acquisition Management	2.1	2.1	3.8
Planning and Performance Management	63.9	66.3	10.5
Office of Planning and Performance Management	63.9	66.3	10.5
Center for Competitive Sourcing Excellence	0.0	4.0	6.0
Office of Competitive Sourcing	0.0	4.0	6.0
DOI wide OWCP Coordination	0.0	0.9	0.8
Partnership Coordination	1.3	0.9	0.9
CLC - Human Resources	0.3	0.3	0.3
OPM Federal Employment Services	1.5	3.7	3.7
Office of Human Resources	3.1	5.8	5.7
Special Emphasis Program and EEO Complaints Tracking System	4.9	4.9	4.9
EEO Complaints Tracking System	0.0	0.0	3.0
Office of Civil Rights	4.9	4.9	8.0
Occupational Health and Safety	7.2	7.3	7.2
Health and Safety Training Initiative	1.8	1.8	1.6
SMIS	5.0	5.1	5.0

Office of Surface Mining Reclamation and Enforcement

WORKING CAPITAL FUND REVENUE - Centralized billing
 FY 2008 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
Office of Occupational Health and Safety	13.9	14.2	13.8
Classified Information Facility	3.1	4.6	2.7
Emergency Preparedness	8.4	8.7	11.0
Law Enforcement Coordination and Training	3.2	3.3	4.6
Watch Office	9.6	10.0	9.9
Office of Law Enforcement and Security	24.2	26.6	28.2
IT Security	44.2	216.1	219.1
IT Security Certification & Accreditation	88.5	88.5	88.5
OS-HSPD12 (e-Authentication)	21.1	103.4	103.4
Information Technology Architecture	33.2	392.2	32.8
Capital Planning	111.7	131.9	160.6
Enterprise Resource Management	0.0	27.8	4.3
Data Resource Management Program	3.7	18.2	18.2
Office of the Chief Information Officer	302.5	978.1	627.0
DOI-wide Telecommunications Initiatives			
Messaging	0.0	32.6	0.0
Enterprise Services Network (ESN)	165.1	280.9	281.5
ESN - Program Change	408.1	0.0	0.0
Active Directory	15.3	15.3	14.1
Office of the Chief Information Officer	588.6	328.8	295.6
Web & Internal/External Comm	5.4	4.9	4.9
GPEA	4.8	38.7	38.7
DOI FOIA Tracking & Reporting System	3.4	4.2	4.6
Office of the Chief Information Officer	13.6	47.8	48.2
Ethics Training	0.5	0.5	0.4
ALLEX Database	0.2	0.2	0.2
FOIA Appeals	0.0	7.1	7.1
Solicitor	0.7	7.8	7.7
CFO Financial Statement Audit	332.4	351.2	254.0
Departmentwide Activities	332.4	351.2	254.0
E Government Initiatives	48.8	48.8	31.1
Office of Planning and Performance Mgmt.	48.8	48.8	31.1
Appraisal Services			
Appraisal Services			
CPIC	0.0	12.1	13.2
DOI Geographic Info Mgmt EGIM	4.8	13.7	13.3
SBA Certifications	0.2	0.0	0.1
Contingency Reserve	11.9	11.9	1.3
Departmentwide Activities	16.9	37.8	27.9
FBMS Program Change	0.0	0.0	133.0
FBMS Redirection from Enterprise Messaging System	0.0	0.0	32.6
Central Services	0.0	0.0	165.6
Subtotal Other OS Activities	1,510.7	2,028.5	1,585.0

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Centralized billing
FY 2008 President's Budget
OFFICE OF SURFACE MINING AND RECLAMATION
(\$ in thousands)**

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
National Business Center			
Cultural Resources & Events Management	3.3	3.9	3.9
Partnership Schools & Commemorative Programs	3.3	3.7	3.8
Departmental Museum	12.3	12.3	12.1
Departmental Library	27.1	27.1	27.7
Learning and Performance Center Management	3.1	5.3	5.4
SESCDP & Other Leadership Programs	4.7	1.6	1.6
Washington Learning & Performance Center	19.2	19.9	23.4
Albuquerque Learning & Performance Center	4.0	4.5	4.5
Denver Learning & Performance Center	15.9	11.5	11.5
On-Line Learning	4.0	3.8	3.0
Financial Management Training	0.0	0.0	31.7
NBC Human Capital Directorate	96.9	93.7	128.8
Desktop Services	8.2	8.3	8.6
Telecommunications services	151.0	149.7	154.2
Voice/data switching	37.6	37.3	38.2
Integrated Digital Voice Communications System	62.9	89.2	108.4
Information Mgt. - FOIA and Records Management	14.9	15.4	15.9
NBC IT Security Improvement Plan	0.0	9.4	7.7
NBC Information Technology Directorate	274.6	309.4	332.9
FPPS - Application Mgmt Office	8.2	0.0	0.0
FPPS - Payroll Operations	47.3	0.0	0.0
FPPS - Payroll Systems	54.8	0.0	0.0
FPPS/Employee Express - O&M	0.0	113.3	117.1
HR LOB W2 Surcharge	0.0	0.0	7.4
NBC FPPSS Directorate	110.4	113.3	124.5
Vehicle fleet	2.4	2.5	2.5
Interior Complex Management & Svcs	64.8	60.0	66.5
Family Support Room	1.3	2.1	2.4
Moving Services	18.9	12.7	14.2
Shipping and Receiving	31.4	29.6	32.9
Space Management Services	19.3	23.4	23.8
Security	422.0	400.0	456.7
Accessible Technology Center	2.6	2.7	2.7
Federal Executive Board	2.1	2.2	2.2
Health Unit	17.3	19.6	22.3
Transportation Services (Household Goods)	2.5	5.4	5.6
Passport & Visa Services	5.4	4.2	4.3
Blue Pages	31.9	33.5	19.2
Mail Policy	2.7	2.7	2.8
Mail and messenger services	43.3	46.1	49.3
Special Events Services	0.0	2.4	2.5
NBC Administrative Operations Directorate	668.1	649.0	709.8
Financial Systems (inc Hyperion)	16.9	17.5	17.9
IDEAS	33.8	33.9	34.8
FBMS Hosting	0.0	0.0	503.0

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Centralized billing
FY 2008 President's Budget
OFFICE OF SURFACE MINING AND RECLAMATION
(\$ in thousands)**

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
NBC Budget and Finance	50.7	51.4	555.7
Aviation Services	27.1	32.3	53.8
NBC Aviation Management Directorate	27.1	32.3	53.8
Subtotal National Business Center	1,227.8	1,249.1	1,905.5
TOTAL	2,738.5	3,277.5	3,490.5

Office of Surface Mining Reclamation and Enforcement

**WORKING CAPITAL FUND REVENUE - Direct billing
 FY 2008 President's Budget
 OFFICE OF SURFACE MINING AND RECLAMATION
 (\$ in thousands)**

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
Other OS Activities			
Departmental Direction Activity Coordination			
OEPC - 516 DM Chapters	3.0	3.0	0.0
Census - Single Audit Clearing House	0.3	0.0	0.0
Departmental Medals	4.0	4.1	4.0
OPM Leadership 360 Assessment	1.6	0.0	0.0
Human Capital Conf - Sep 2006	2.7	0.0	0.0
EEO Investigations	1.5	1.5	1.5
OLES Conference	0.1	0.0	0.0
Management and Coordination Initiatives	13.2	8.6	5.5
Financial and Business Management System (FBMS)			
HSPD-12	0.0	65.0	55.0
HSPD-12	0.0	65.0	55.0
Oracle License & Support Contract	12.3	22.0	12.6
Enterprise Architecture Services	1.3	123.8	0.0
Microsoft Enterprise Licenses	301.3	150.9	150.9
Anti-Virus Software Licenses	15.8	19.1	15.8
Popkin System Architect Licenses	0.4	1.1	1.5
Karta GoLearn Licenses	7.5	0.0	7.5
HSPD12 Compliance	46.0	0.0	0.0
OCIO Conference - Reno NV	2.3	0.0	0.0
Information Resources Initiatives	386.9	316.9	188.4
ESN	0.0	375.1	400.0
ESN	170.1	0.0	0.0
Enterprise Services Network (ESN)	170.1	375.1	400.0
Cobell - Live E-mail	16.0	54.5	36.0
Search Request [non-zantaz]	0.0	2.2	1.1
Cobell - Security (Audit)	0.0	2.2	1.1
FY 2004 KPMG Audit	2.9	0.0	0.0
Cobell - Professional Services	0.0	1.3	0.0
FY 2006 KPMG Audit	73.8	10.7	0.0
FY 2007 KPMG Audit	0.0	73.0	10.7
FY 2005 KPMG Audit	21.4	0.0	0.0
Federal FSA Program	11.4	10.6	10.6
Central Services	125.5	154.6	59.4
Subtotal Other OS Activities	695.7	920.2	708.3

Office of Surface Mining Reclamation and Enforcement

WORKING CAPITAL FUND REVENUE - Direct billing
FY 2008 President's Budget
OFFICE OF SURFACE MINING AND RECLAMATION
(\$ in thousands)

Activity/Office	2006 Actual	2007 Estimate	2008 Estimate
National Business Center			
NBC header CB			
Training Services			
Career, Balance, & Diversity Forums	2.3	2.2	2.0
Washington Learning & Performance Center	15.1	3.6	3.6
Denver Learning & Performance Center	4.7	0.0	0.0
Online Learning	0.1	5.2	5.2
NBC Human Capital Directorate	22.2	11.0	10.8
Information Technology Services			
Technology Services		32.8	33.8
NBC- IT		32.8	33.8
Human Resources Management			
FPPS - Application Mgmt Office	19.0	0.1	0.1
FPPS - Payroll Systems		18.1	21.4
NBC - E-Payroll	19.0	18.2	21.5
DOI Support Services			
Facilities Reimbursable Services		22.9	22.6
Building Alteration Services	1.9		
Reimbursable Moving Services	12.8		
Creative Communications	110.0	144.2	139.3
Family Support Room	0.3	0.0	0.0
NBC - Administrative Operations	125.0	167.1	161.9
Financial Management Services			
Aviation Services			
Aviation Management Directorate			
NBC-Appraisal Services			
NBC Direction			
Solutions Coordination Office (LOB Funded)			
NBC - Management			
Subtotal National Business Center	166.2	229.1	228.0
TOTAL	861.9	1,149.3	936.4

Office of Surface Mining Reclamation and Enforcement

Budget Exhibit C
MAX Tables/Budget Schedules

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

14-1801-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
<u>Obligations by program activity:</u>			
00.02 Environmental Protection	79	79	84
00.03 Technology Development & Transfer	15	15	15
00.04 Financial Management	1	1	1
00.05 Executive Direction & Administration	14	14	15
09.01 Reimbursable Program	1		
10.00 Total Obligations	110	109	115
<u>Budgetary resources available for obligation</u>			
21.40 Unobligated balance available, start of year: Uninvested balance	1		
22.00 New budget authority (gross)	109	109	115
23.90 Total budgetary resources available for obligation	110	109	115
23.95 New obligations	-110	-109	-115
<u>New budget authority (gross), detail</u>			
Current:			
40.00 Appropriation (general fund)	110	109	115
40.35 Appropriation permanently reduced	-2		
4300 Appropriation (total discretionary)	108	109	115
Permanent:			
58.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	
70.00 total new budget authority (gross)	109	109	115

Office of Surface Mining Reclamation and Enforcement

14-1801-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
<u>Change in unpaid obligations</u>			
72.40 Unpaid obligations; start of year: obligated balance, start of year	38	36	36
73.10 Total new obligations	110	109	115
73.20 Total outlays (gross)	-111	-109	-113
73.40 Adjustments in expired accounts (net)	-1		
74.40 Unpaid obligations, end of year: Obligated balance, end of year	38	38	39
<u>Outlays (gross), detail</u>			
86.90 Outlays from new discretionary authority	77	74	78
86.93 Outlays from discretionary balances	34	35	35
87.00 Total outlays (gross)	111	109	113
<u>Offsets</u>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	1		
<u>Net budget authority and outlays</u>			
89.00 Budget authority	108	109	115
90.00 Outlays	110	109	113
95.02 Unpaid obligation, end of year	36		

Office of Surface Mining Reclamation and Enforcement

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

14-5015-0-1-302	2006 Actual	2007 Estimate	2008 Estimate
<u>Obligations by program activity:</u>			
00.01 Environmental Restoration	200	196	63
00.02 Technology Development & Transfer	4	4	4
00.03 Financial Management	8	6	6
00.04 Executive Direction & Administration	8	8	8
00.05 AML Funded Grants to States			94
00.06 UMWA and other benefits	59	97	51
10.00 Total Obligations	279	311	288
<u>Budgetary resources available for obligation</u>			
21.40 Unobligated balance available, start of year:	33	35	23
22.00 New budget authority (gross)	244	280	260
22.10 Resources available from recoveries	37	19	19
23.90 Total budgetary resources available for obligation	314	334	302
23.95 Total new obligations	-279	-311	-288
24.40 Unobligated balance available, end of year	35	23	14
<u>New budget authority (gross), detail</u>			
Discretionary:			
40.20 Appropriation (special fund, definite)	188	183	53
40.37 Appropriation temporarily reduced	-3		
40.20 Appropriation (total discretionary)	185	183	53
Mandatory:			
60.20 Appropriation (AML & RAMP transfers to UMWA)	59	97	113
70.00 Total new budget authority (gross)	244	280	260

Office of Surface Mining Reclamation and Enforcement

14-5015-0-1-302	2005 Actual	2006 Estimate	2007 Estimate
<u>Change in unpaid obligations</u>			
Unpaid obligations, start of year:			
72.40 Obligated balance, start of year	300	274	291
73.10 Total new obligations	279	311	288
73.20 Total outlays (gross)	-268	-275	-319
73.45 Recoveries of prior year obligations	-37	-19	-19
Unpaid obligations, end of year:			
74.40 Obligated balance end of year	274	291	241
<u>Outlays (gross), detail</u>			
86.90 Outlays from new discretionary authority	51	51	45
86.93 Outlays from discretionary balances	158	127	135
86.97 Outlays from new mandatory authority	59	97	139
87.00 Total outlays	268	275	319
<u>Net budget authority and outlays</u>			
89.00 Budget authority	244	280	260
90.00 Outlays	268	275	319
92.01 Total investments, start of year: par value	2,135	2,266	2,378
92.02 Total investments, end of year: par value	2,266	2,378	2,490

Office of Surface Mining Reclamation and Enforcement

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

Object Class	FY 2007 Estimate		Fixed Costs and Related Changes		Program Changes		FY 2008 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-time Permanent	343	30					343	31
11.X All other salaries								
Total Personnel Compensation	343	29	2	0	0	0	343	31
<u>Other Object Classes</u>								
12.1 Personnel Benefits		6						6
21.0 Travel and transportation of persons		2						2
23.1 Rental Payments to GSA		4						3
23.2 Rental Payments to Others		1						1
25.2 Other Services		6						6
26.0 Supplies and materials		2						2
31.0 Equipment		1						1
41.0 Grants, subsidies and contributions		56						62
99.0 Subtotal obligations Direct obligations		108						114
<u>Reimbursable obligations</u>								
11.1 Personnel compensation: Full-time permanent								
99.0 Subtotal, obligations, Reimbursable								
99.5 Below reporting threshold		1						1
99.9 Total requirements	343	109	0	0	0	0	343	115

Office of Surface Mining Reclamation and Enforcement

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

Object Class	FY 2007 Estimate		Fixed Costs and Related Changes		Program Changes		FY 2008 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11 Personnel Compensation								
11.1 Full-Time Permanent	190	16					190	16
Total Personnel Compensation	190	16					190	16
<u>Other Objects</u>								
12.1 Personnel Benefits		3						3
21.0 Travel and trans of persons		1						1
23.1 Rental Payments to GSA		2						2
23.3 Communications, utilities and misc.		1						1
25.2 Other Services		105						113
31.0 Equipment		1						1
41.0 Grants, subsidies and Contributions		179						148
99.9 Below reporting threshold								
Total Requirements	190	308	0	0	0	0	190	285

Office of Surface Mining Reclamation and Enforcement

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

14-1801-0-1-302	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Direct Obligations:			
Personnel Compensation:			
1111 Full-time permanent	29	30	31
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	29	30	31
1121 Personnel Benefits	6	6	6
1130 Benefits for former Personnel	*	*	*
1210 Travel and Transportation of Persons	2	2	2
1220 Transportation of Things	*	*	*
1231 Rental Payments to GSA	4	4	3
1232 Rental Payments to Others	1	1	1
1233 Communications, Utilities and Misc. Charges	*	*	*
1240 Printing and Reproduction	*	*	*
1251 Advisory and assistance services	*	*	*
1252 Other Services	6	6	6
1257 Operation and maintenance of equipment	*	*	*
1260 Supplies and Materials	2	2	2
1310 Equipment	2	1	1
1410 Grants, Subsidies and Contributions	57	56	62
1420 Insurance Claims	*	*	*
1430 Interest and Dividends	*	*	*
<i>9900 Subtotal, Direct Obligations</i>	<i>109</i>	<i>108</i>	<i>114</i>
Reimbursable Obligations:			
2111 Full-time permanent (Reimbursable)	1		
2252 Other Services	*	*	*
9995 Below reporting threshold		1	1
9999 Total Obligations	110	109	115

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 2006 Actual	FY 2007 Estimate	FY2008 Estimate
Direct Obligations:			
<u>Personnel Compensation:</u>			
1111 Full-time permanent	16	16	16
1113 Positions other than full-time permanent	*	*	*
1115 Other Personnel Compensation	*	*	*
1119 Total Personnel Compensation	16	16	16
1121 Personnel Benefits	3	3	3
1210 Travel and Transportation of Persons	1	1	1
1231 Rental Payments to GSA	2	2	2
1232 Rental Payments to Others	*	*	*
1233 Communications, Utilities and Misc. Charges	1	1	1
1252 Other Services	68	105	113
1260 Supplies and Materials	*	*	*
1310 Equipment	1	1	1
1410 Grants, Subsidies and Contributions	184	179	148
9995 Below reporting threshold	3	3	3
9999 Total Obligations	279	311	288

Budget Exhibit D

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

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Executive Level	1	1	1
SES.....	6	6	6
subtotal.....	7	7	7
GS/GM-15.....	31	31	31
GS/GM-14.....	53	53	53
GS/GM-13.....	155	157	157
GS-12.....	155	163	163
GS-11.....	24	27	27
GS-10.....	0	0	0
GS-9.....	30	33	33
GS-8.....	11	11	11
GS-7.....	33	33	33
GS-6.....	15	15	15
GS-5.....	7	7	7
GS-4.....	6	6	6
GS-3.....	1	1	1
GS-2.....	0	0	0
subtotal.....	521	537	537
Other Pay Schedule Systems.....			
Total employment (actual/projected) at end of fiscal year.....	528	544	544

* CA - DOI Board Member

** AL - Administrative Law Judge

*** SL - Senior-Level/Scientific Professionals

Office of Surface Mining Reclamation and Enforcement

AML Reclamation Accomplishments Historical Data Through September 30, 2006 Priority 1, 2, and 3 Problems					
Problem Type	Units	Number of Units	GPRA Acres	Cost of Completed Reclamation	Remaining Reclamation Costs
Bench	Acres	658	658	2,847,656	12,698,349
Clogged Streams	Miles	394	1,934	44,159,904	52,182,583
Clogged Stream Lands	Acres	19,176	19,176	186,647,329	198,413,010
Dangerous Highwalls	Feet	2,476,795	35,353	296,028,277	656,309,306
Dangerous Impoundments	Count	745	4,464	27,408,146	22,796,080
Industrial/Residential Waste (Priority 1 & 2)	Acres	265	265	1,440,013	816,056
Dangerous Piles & Embankments	Acres	11,554	11,554	196,966,137	244,420,281
Dangerous Slides	Acres	3,127	3,127	134,474,202	84,183,234
Equipment/Facilities	Count	643	68	6,253,640	4,764,476
Gases: Hazardous Explosive	Count	32	32	485,195	2,384,304
Gobs (Coal waste piles)	Acres	6,083	6,083	74,387,512	53,685,066
Highwalls	Feet	176,978	2,528	11,822,218	1,214,744,303
Hazardous Equipment & Facilities	Count	4,461	1,155	24,645,677	26,327,671
Haul Road	Acres	504	504	3,531,289	4,235,040
Hazardous Water Body	Count	659	3,489	36,871,995	56,903,048
Industrial/Residential Waste (Priority 3)	Acres	712	712	3,784,103	11,222,511
Mine Opening	Count	462	46	1,114,025	8,157,803
Other	-----	108,251,639	*	7,699,764	129,781,157
Polluted Water: Agricultural & Industrial	Count	329	1,618	39,095,952	110,850,530
Polluted Water: Human Consumption	Count	25,359	125,032	149,469,785	3,730,160,166
Portals	Count	9,484	948	41,124,447	26,687,074
Pits	Acres	2,276	2,276	12,392,028	39,465,048
Subsidence	Acres	6,107	6,107	258,705,373	495,860,035
Spoil Area	Acres	25,231	25,231	66,850,970	291,261,227
Surface Burning	Acres	1,314	1,314	38,942,108	16,595,262
Slurry	Acres	2,379	2,379	23,418,936	4,663,686
Slump	Acres	101	101	1,157,935	109,352,207
Underground Mine Fire	Acres	1,427	1,427	81,543,250	844,144,657
Vertical Opening	Count	4,615	515	28,103,290	32,801,877
Water Problems	Gal/Min	5,864,620	*	9,268,925	95,309,968
Total			258,096	1,810,640,081	8,581,175,744
* Not converted to GPRA acres.					
Note: GPRA Acres are non-acre measures (feet of highwalls or number of portals that are converted by formula to acres. GPRA acres are used to measure program performance). Includes Acid Mine Drainage, Coal Interim Site Funding, Coal Insolvent Surety Site Funding, and Pre-SMCRA Coal State/Tribe Programs,					
Source: Abandoned Mine Land Inventory System (AMLIS).					

Office of Surface Mining Reclamation and Enforcement

By State and Tribe Funding Data											
FY 2006 Obligations for Grants, Cooperative Agreements and Federal Project Spending											
(DOLLARS IN THOUSANDS)											
STATE	Environmental Restoration			Environmental Protection				Tech. Dev. &Trans		Admin	
	AML Funding		Federal Reclamation		Regulatory		SOAP	Electronic	WAN		
TRIBE	Reclamation	Emergency	Clean	Program	Emergency	Grants/Agreements		Permitting	&	TOTAL	
	Projects	Projects	Streams	High Priority	Projects	Non-Federal	Federal		Related		
				Projects	Projects	Lands	Lands		Support		
Alabama	2,939	400	174			1,022		35		4,570	
Alaska	1,500	25				184				1,709	
Arkansas	1,500	15				145				1,660	
California				10						10	
Colorado	3,189				10	1,904	1,398			6,501	
Georgia				83						83	
Illinois	10,634	950	374			2,376	324			14,658	
Indiana	4,472	315	189			1,788				6,764	
Iowa	1,500	60	122			125				1,807	
Kansas	1,516	465				110				2,091	
Kentucky	13,657		368		2,060	11,992	1,050			29,127	
Louisiana	114					163				277	
Maryland	1,650		117		286	576				2,629	
Michigan				24						24	
Mississippi						13				13	
Missouri	2,440	50				246				2,736	
Montana	3,242	125				1,043				4,410	
New Mexico	3,098					718	443			4,259	
North Dakota	1,519	100				514	237			2,370	
Ohio	5,793	2,996	268			1,967				11,024	
Oklahoma	1,387	180	113			919				2,599	
Oregon				63						63	
Pennsylvania	27,407		985		2,701	10,388		80		41,561	
Rhode Island											
South Dakota				37						37	
Tennessee				1,008	162					1,170	
Texas	2,937					1,399				4,336	
Utah	1,853					1,698	1,475			5,026	
Virginia	3,665	1,700	182			3,174				8,721	
Washington				240	186					426	
West Virginia	20,982	4,500	609			11,200		35		37,326	
Wyoming	37,930					2,065	1,767			41,762	
Crow	738					29				767	
Hopi	449					169				618	
Navajo	2,788					437				3,225	
N. Cheyenne											
Total	158,901	11,881	3,500	1,465	5,405	56,365	6,695	150	0	244,362	