

**STATEMENT OF
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U.S. DEPARTMENT OF THE INTERIOR
BEFORE THE
COMMITTEE ON RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
U. S. HOUSE OF REPRESENTATIVES
ON THE
DOI FISCAL YEAR 2006 BUDGET FOR ENERGY AND MINERAL PROGRAMS
MARCH 10, 2005**

Mr. Chairman and Distinguished Members of the Subcommittee, I am pleased to present to you the Fiscal Year (FY) 2006 budget request of the Office of Surface Mining Reclamation and Enforcement (OSM).

In August, OSM will mark the 28th year since its creation. OSM was established with the passage of the Surface Mining Control and Reclamation Act of 1977 (SMCRA). Since then, working closely with the States and Tribes, OSM has been responsible for assuring that coal mines are operated in a manner that protects citizens and the environment and that the land is restored to beneficial use following mining. Additionally, we are responsible for reclaiming and restoring lands and water degraded by past mining operations.

Since the enactment of SMCRA, OSM has provided about \$1 billion in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Also, since that time, OSM has provided about \$3 billion in grants to States and Tribes to clean up mine sites abandoned before the passage of SMCRA.

More than 225,000 acres of abandoned coal mine sites have been reclaimed under OSM's Abandoned Mine Land (AML) Program. However, this program still has work to be done. With the expiration of AML fee collection authority pending on June 30, 2005, the Administration remains committed to reauthorizing AML fee collection authority and to bringing reform to the AML program that expedites the elimination of high priority health and safety abandoned coal mines as well as provides for the expedited payment of unappropriated balances to certified States and Tribes within the President's mandatory and discretionary spending limits.

In order to maximize the effectiveness of our program, OSM must also take advantage of the tools modern science and technology have to offer. We propose to increase our efforts in several areas to increase the technical capacity of our staff and State and Tribal partners, apply current technology to mining issues, and pursue new ways to solve technical issues.

Fiscal Year 2006 Budget Request

To address the issues I have just outlined, I would like to present some highlights of our FY 2006 budget proposal. OSM's FY 2006 budget request totals \$356.5 million in current authority. This represents a total increase of \$60 million over our FY 2005 enacted level. In addition, we have a continuing obligation under the Coal Act of 1992 to make payments from interest earned on the AML Fund to the United Mine Workers of America Combined Benefit

Fund (UMWACBF). These payments, paid under permanent authority, help defray the health care costs of retired coal miners and their dependents where the employing company or related entity for which they worked has gone bankrupt or is no longer in business.

The FY 2006 request will enable OSM to provide sufficient financial support for 24 State regulatory programs, and for the AML programs implemented by 23 States and three Tribes. It will also enable OSM to continue to administer directly Federal regulatory and reclamation programs in states that do not operate their own programs and on Federal and Tribal lands.

Most of the funding appropriated to OSM is passed on to the States and Tribes in the form of regulatory and reclamation grants. For FY 2006, our request includes \$147.5 million in reclamation grants to non-certified States, \$58.0 million in reclamation grants for certified States and Tribes, and \$57.2 million for regulatory grants. These grants, along with Federal emergency and high priority project funding, and watershed cooperative agreement funding, account for almost 77 percent of OSM's budget. The remaining portion of the budget provides funding for OSM's internal operations including operation of Federal programs, technical training, and other technical assistance to the States and Tribes.

OSM's overall FY 2006 request includes \$110.5 million for the Regulation and Technology (R&T) appropriation and \$246 million for the AML appropriation. This request represents an increase of \$2.2 million for the R&T program and an increase of \$57.8 million for the AML program, thus accounting for a total increase of \$60 million from the FY 2005 enacted level.

In the Abandoned Mine Lands Program, the budget requests an increase of \$58 million in AML grants. This increase supports the implementation of the Administration's vision for reauthorizing the AML program. The proposed budget provides for increasing the percentage of appropriated AML funds for reclamation of high priority abandoned coal mine sites and honoring the long-standing commitments to States and Tribes that have already achieved their reclamation goals by providing for the repayment of State shares to certified States and Tribes. Also, under the AML Program, the budget proposes increases of \$1.092 million for watershed cooperative agreements and \$1.0 million for Federal high priority projects. In FY 2005, these two programs were reduced due to funding being available from carryover funds. It is now necessary to restore a portion of that funding as carryover funds have become depleted.

Another important increase for FY 2006 is \$2.5 million for technology development and transfer initiatives. This includes \$500,000 for OSM's technical training program, \$1.0 million for the Technical Innovation and Professional Services Program, and \$1.0 million for applied sciences initiatives. The enhanced training, transfer of technology, and technical studies provided by these initiatives would allow more efficient on-the-ground operations and consistent application of SMCRA nationwide.

Two other increases over our FY 2005 enacted level include \$405,000 for Federal program activities and \$79,000 for enterprise information technology investments.

To offset some of the increases, the budget proposes decreases of \$2.3 million due to a one-time

increase in FY 2005 to redesign the fee billing and collection system; \$986,000 for a coal study report which was also a one-time addition to the FY 2005 level for a 24-month study; \$1.478 million for the Small Operator Assistance program; and \$300,000 for efficiencies from information technology. There are also savings of \$95,000 for space management and \$20,000 for fleet management.

The budget also requests a non-discretionary fixed cost increase in the amount of \$2.080 million.

Our FY 2006 budget is a fiscally responsible proposal that enables OSM to implement its mission goals effectively and efficiently.

Government-wide Management Reforms

This budget supports the Administration's Government-wide management reforms by integrating budget and performance measures; improving capital asset planning and control, strategic management of human capital and financial performance; and expanding electronic government. OSM's budget proposals have integrated strategic goals and associated measures with OSM's budget structure for the past several fiscal years and in 2006, and it fully supports the Department's Strategic Plan. OSM also has developed a business-line based accounting system to determine the cost of each program activity, provide a mechanism for linking costs to performance outputs, and enhance OSM's management decision-making process. Furthermore, OSM has developed a succession plan to help strategically manage its human resources. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Finally, because of OSM's expanded electronic government initiatives, greater opportunities exist for citizens to access OSM provided information.

I thank the Subcommittee for providing this opportunity to present OSM's FY 2006 budget request. And I look forward to your questions.