

EMPLOYMENT STANDARDS ADMINISTRATION

BLACK LUNG DISABILITY TRUST FUND

BLACK LUNG DISABILITY TRUST FUND

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BLACK LUNG DISABILITY TRUST FUND

(Including Transfer of Funds)

APPROPRIATION LANGUAGE

In fiscal year [2009 and thereafter] 2010, such sums as may be necessary from the Black Lung Disability Trust Fund (“Fund”), to remain available until expended, for payment of all benefits authorized by section 9501(d) (1), (2), (4) and (7), of the Internal Revenue Code of 1954; and interest on advances, as authorized by section 9501(c) (2) of that Act. In addition, the following amounts may be expended from the Fund for fiscal year [2009]2010 for expenses of operation and administration of the Black Lung Benefits program, as authorized by section 9501(d)(5): not to exceed[\$32,308,000] \$32,720,000 for transfer to the Employment Standards Administration, “Salaries and Expenses”; not to exceed [\$24,694,000]\$25,091,000 for transfer to Departmental Management, “Salaries and Expenses”; not to exceed [\$325,000]\$327,000 for transfer to Departmental Management, “Office of Inspector General”; and not to exceed \$356,000 for payments into miscellaneous receipts for the expenses of the Department of the Treasury.

(Department of Labor Appropriations Act, 2009.)

BLACK LUNG DISABILITY TRUST FUND

EXPLANATION OF LANGUAGE CHANGE

The appropriations language provides for such sums as may be necessary from the Black Lung Disability Trust Fund, to remain available until expended, therefore, the phrase “and thereafter” is not needed.

BLACK LUNG DISABILITY TRUST FUND

ANALYSIS OF APPROPRIATION LANGUAGE

"In fiscal year 2010, such sums as may be necessary from the Black Lung Trust Fund, to remain available until expended, for payment of all benefits authorized by section 9501(d) (1), (2), (4) and (7), of the Internal Revenue Code..."

This language provides indefinite budget authority for the payment of all benefits from the Trust Fund.

"... and interest on advances as authorized by section 9501(c)(2) of that Act..."

This language provides for interest payments on advances from the Trust Fund.

"... for expenses of operation and administration of the Black Lung Benefits program as authorized by Section 9501(d)(5) of that Act..."

This language provides for the payment of administrative costs associated with the operation and administration of the Trust Fund.

BLACK LUNG DISABILITY TRUST FUND

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation								
Definite								
Administrative Expenses	0	58,237	0	57,683	0	0	0	58,494
One-time Payment to Treas.	0	0	0	6,497,989	0	0	0	0
Indefinite								
Benefits	0	268,740	0	255,317	0	0	0	241,605
Interest on Advances	0	739,023	0	0	0	0	0	0
Subtotal, Appropriation	0	1,066,000	0	6,810,989	0	0	0	300,099
B. Gross Budget	0	0	0	0	0	0	0	0
Authority	0	1,066,000	0	6,810,989	0	0	0	300,099
C. Budget Authority	0	0	0	0	0	0	0	0
Before Committee	0	1,066,000	0	6,810,989	0	0	0	300,099
D. Total, estimated								
Obligations ^{1/}	0	1,066,000	0	6,810,989	0	0	0	300,099

^{1/} Appropriation includes \$6,497,989 for a one-time intergovernmental transfer to Treasury for repayment on the BLDTF debt. The amount also includes payment of accrued interest on advances from 10/01/08 through 10/07/08.

BLACK LUNG DISABILITY TRUST FUND

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2009 Enacted		FY 2010 Request		Net Change		
Budget Authority							
General Funds	0		0		0		
Trust Funds	6,810,989		300,099		-6,501,890		
Total	6,810,989		300,099		-6,501,890		
Full Time Equivalents							
General Funds	0		0		0		
Trust Funds	0		0		0		
Total	0		0		0		
Explanation of Change	FY 2009 Base		Trust Funds		FY 2010 Change	Total	
	FTE	Amount	FTE	Amount	General Funds FTE Amount	FTE Amount	
Increases:							
A. Built-Ins:							
To Provide For:							
Program Overhead	0	57,683	0	811	0 0	0 811	
Built-Ins Subtotal	0	57,683	0	811	0 0	0 811	
B. Program:							
C. Financing:							
Total Increase	0	57,683	0	811	0 0	0 811	
Decreases:							
A. Built-Ins:							
To Provide For:							
Benefit Payments	0	255,317	0	-13,712	0 0	0 -13,712	
One-time Payment to Treasury	0	6,497,989	0	-6,497,989	0 0	0 -6,497,989	
Built-Ins Subtotal	0	6,753,306	0	-6,511,701	0 0	0 -6,511,701	
B. Program:							
C. Financing:							
Total Decrease	0	6,753,306	0	-6,511,701	0 0	0 -6,511,701	
Total Change	0	6,810,989	0	-6,510,890	0 0	0 -6,510,890	

BLACK LUNG DISABILITY TRUST FUND

BUDGET AUTHORITY by OBJECT CLASS (Dollars in Thousands)				
	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Request	FY 10 Request/FY 09 Enacted
Other Services	\$58,237	\$57,683	\$58,494	\$811
Benefits 1/	268,740	255,317	241,605	-13,712
Interest and dividends 1/	739,023	0	0	0
Retirement of Zero Coupon Bonds	0	0	0	0
One-time intergovernmental transfer to Treasury	0	6,497,989	0	-6,497,989
Total	\$1,066,000	\$6,810,989	\$300,099	-\$6,510,890

^{1/}Beginning in FY 2003, the benefit and interest amounts became indefinite appropriations and all administrative costs, definite appropriations.

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 91-173	Federal Coal Mine Health and Safety Act of 1969, (now called Federal Mine Safety and Health Act of 1977), Title IV, Black Lung Benefits Act, PUB. L. 91-173, Black Lung Benefits Revenue Act of 1977, PUB. L. 95-227, as amended in 1981 by PUB. L. 97-119	30 U.S.C. 901, et seq.			N/A
PUB. L. 107-275	Black Lung Consolidation of Administrative Responsibility Act and Section 3615 of the Emergency Supplemental Appropriations Act, 2003, PUB. L. 108-83				N/A

BLACK LUNG DISABILITY TRUST FUND

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2000	1,013,644	1,012,910	1,013,644	1,013,277	0
2001.... ^{1/}	1,028,000	1,028,000	995,310	1,027,544	0
2002.... ^{2/3/}	1,036,000	1,036,115	1,036,115	1,035,878	0
2003	1,035,000	1,035,000	1,035,000	1,043,247	0
2004	1,043,000	1,043,000	1,043,000	1,055,000	0
2005	1,059,000	1,059,000	1,059,000	1,059,701	0
2006	1,068,000	1,068,000	1,068,000	1,068,000	0
2007	1,070,432	1,070,432	1,070,432	1,070,432	0
2008	1,068,000	0	0	1,068,000	0
2009.... ^{4/}	1,072,000	0	1,072,000	6,810,989	0
2010	300,099	0	0	0	0

^{1/} Reflects a reduction of \$100,000 pursuant to P.L. 106-554.

^{2/} Reflects a reduction of \$181,000 pursuant to P.L. 107-116.

^{3/} Reflects a reduction of \$51,000 pursuant to P.L. 107-206.

^{4/} Appropriation includes \$6,497,989 for a one-time intergovernmental transfer to Treasury for repayment on the BLDTF debt.

BLACK LUNG DISABILITY TRUST FUND

Overview

Introduction

The Black Lung Disability Trust Fund (BLDTF) was established by the Black Lung Benefits Revenue Act of 1977, as amended December 29, 1981, companion legislation to the Black Lung Benefits Reform Act of 1977, to implement the shift of fiscal responsibility for Black Lung benefit payments from the Federal Government to the coal industry. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), enacted April 7, 1986, through December 31, 1995, raised excise tax rates from \$1.00 to \$1.10 per ton on underground-mined coal and from 50 to 55 cents per ton on surface-mined coal, in either case not to exceed 4.4% of the sale price. The legislation also provided for a five-year moratorium on interest payments that ended on September 30, 1990. The Omnibus Budget Reconciliation Act of 1987 continued the current tax structure until 2014; Most recently, the Emergency Economic Stabilization Act of 2008 (the Act), enacted on October 3, 2008, authorized restructuring of the BLDTF debt by (1) extending current coal excise tax rates of \$1.10 per ton on underground-mined coal and \$0.55 per ton on surfaced-mined coal until December 31, 2018 (and then reverting to the 1978 levels, or \$0.50 per ton on underground coal, and \$0.25 per ton on surface coal); (2) providing a one-time appropriation for the BLDTF to repay the market value of parts of the outstanding repayable advances and accrued interest; and (3) refinancing the remainder of the outstanding debt through the issuance of zero-coupon bonds. Pursuant to the Act, these amounts are to be retired using the BLDTF's annual operating surpluses until all of its remaining obligations have been paid.

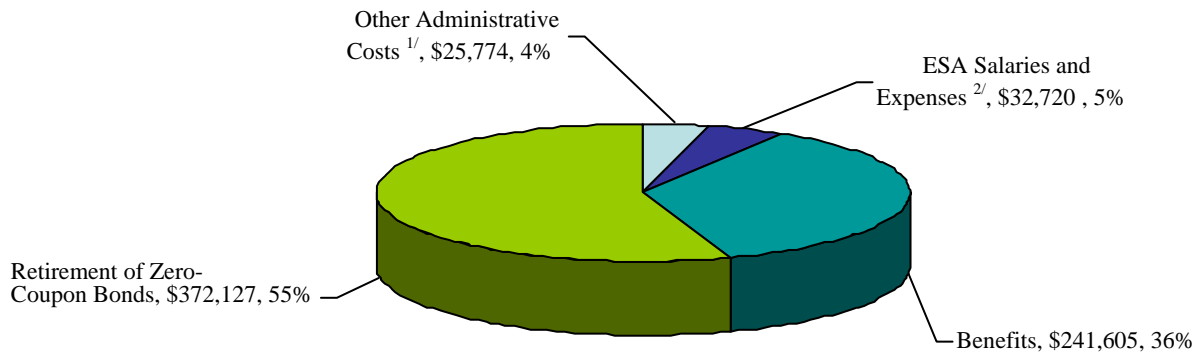
Cost Model

ESA requests a total of \$300,099,000 to meet FY 2010 obligations for Part C, a decrease of \$6,510,890,000 under the FY 2009 enacted level, including: \$241,605,000 for benefit payments; \$32,317,000 for Division of Coal Mine Workers' Compensation (DCMWC) Black Lung III Salaries and Expenses costs; \$403,000 for Program Direction and Support-BL IV (PDS); \$25,091,000 for the administrative costs of the Solicitor, Office of Administrative Law Judges and Benefits Review Board; \$327,000 for the Office of Inspector General; and \$356,000 for the Department of Treasury. Pursuant to the debt restructuring provided in the Emergency Economic Stabilization Act of 2008, ESA will use operating surpluses from coal excise tax revenues to retire zero-coupon bonds.

The Trust Fund mission supports the Department of Labor's strategic goal to reduce the consequences of work-related injuries for workers and their families. The spread of requested funds across all components of the BLDTF is displayed below.

BLACK LUNG DISABILITY TRUST FUND

BLACK LUNG DISABILITY TRUST FUND Total BLDTF Annual Expenditures \$672,226 ^{3/} (Dollars in Thousands)



^{1/} Includes amounts transferred to: Departmental Management (\$25,091,000); Office of Inspector General (\$327,000); Treasury (\$356,000).

^{2/} Includes DCMWC Black Lung III Salaries and Expenses (\$32,317,000) and ESA Program Direction and Support-BL IV (\$403,000).

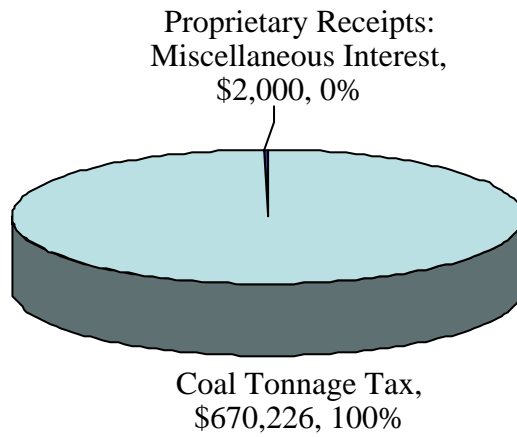
^{3/} Pursuant to the Emergency Economic Stabilization Act of 2008, enacted on October 3, 2008, the estimated amounts for repayment of zero coupon bonds are derived from coal excise tax revenue, and provided from the BLDTF's annual operating surpluses.

BLACK LUNG DISABILITY TRUST FUND

BLACK LUNG DISABILITY TRUST FUND

Total BLDTF Annual Income \$672,226

(Dollars in Thousands)



BLACK LUNG DISABILITY TRUST FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	1,066,000	6,810,989	5,744,989	0	300,099	-6,510,890
Benefits	268,740	255,317	-13,423	0	241,605	-13,712
Admin. Expenses ^{1/}	58,237	57,683	-554	0	58,494	811
Interest on Advances	739,023	0	-739,023	0	0	0
One-time Appropriation for Treasury	0	6,497,989	6,497,989	0	0	-6,497,989
FTE	0	0	0	0	0	0

NOTE: FY 2008 reflects actual FTE. Authorized FTE for FY 2008 was 0.

Introduction

The Black Lung Disability Trust Fund (BLDTF) was established by the Black Lung Benefits Revenue Act of 1977 to assign responsibility for Black Lung benefit payments with the coal industry. The BLDTF is jointly administered by the Secretaries of Labor, Treasury, and Health and Human Services. The Fund provides for payment of benefits, administrative expenses, and interest on advances related to the operation of the program. Resources for the Fund are derived from an excise tax on each ton of coal sold or used, reimbursements and interest, fines and penalties assessed responsible mine operators, and funds transferred from the Advances to the Unemployment Trust Fund and Other Funds appropriations account.

The Trust Fund pays all Part C Black Lung benefits, including income maintenance and medical benefits, when no coal mine operator can be held liable for payments. Income maintenance payments are based on thirty-seven and a half percent of the GS-2, Step 1 salary level. The Fund also pays all Social Security Administration costs in administering Part C of the Black Lung benefits program and the costs incurred by the Department of the Treasury in the collection of the coal excise tax and for managing the Trust Fund.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	1,059,701	0
2006	1,068,000	0
2007	1,070,432	0
2008	1,068,000	0
2009	6,810,989	0

1/ Includes \$6,497,989 for a one-time intergovernmental transfer to Treasury for repayment on the BLDTF debt.

BLACK LUNG DISABILITY TRUST FUND

FY 2010

A total of \$300,099,000 is needed to meet FY 2010 estimated obligations for Part C, including: \$32,317,000 and 178 FTE for Division of Coal Mine Workers' Compensation (DCMWC) Salaries and Expenses costs; \$403,000 and 3 FTE for ESA Program Direction and Support (PDS); \$25,774,000 for the administrative costs of the Departmental Management account, the Inspector General, and the Department of Treasury; and \$241,605,000 for benefit payments.

In FY 2010, monthly compensation and ongoing medical treatment benefits of approximately \$242 million will be paid to an estimated 28,675 recipients under Part C. The program will monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to approximately 4,825 additional recipients under Part C; and will process an estimated 4,600 incoming claims.

FY 2009

The enacted funding level for FY 2009 is \$6,810,989,000. This amount includes \$31,915,000 and 178 FTE for DCMWC's Salaries and Expenses. Also included are the following: \$393,000 and 3 FTE for ESA Program Direction and Support (PDS); \$25,375,000 for the administrative costs of the Departmental Management account, the Inspector General, and the Department of Treasury; \$255,317,000 for benefit payments; and \$6,497,989,000 for a one-time intergovernmental transfer to Treasury for repayment on the BLDTF debt.

In FY 2009, the Division will pay monthly compensation and ongoing medical treatment benefits to an estimated 29,415 recipients under Part C, and will monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an estimated 5,120 additional recipients under Part C. DCMWC also process an estimated incoming 4,700 claims.

The Emergency Economic Stabilization Act of 2008, enacted on October 3, 2008, authorized restructuring of the Black Lung Disability (BLDTF) debt by (1) extending the current coal excise tax rates of \$1.10 per ton on underground-mined coal and \$0.55 per ton on surfaced-mined coal until December 31, 2018; (2) providing a one-time appropriation for the BLDTF to repay the market value of parts of the outstanding repayable advances and the accrued interest; and (3) refinancing the remainder of the outstanding debt through the issuance of zero-coupon bonds, to be retired using the BLDTF's annual operating surpluses until all of its remaining obligations have been paid.

FY 2008

The enacted funding level for FY 2008 was \$1,066,000,000. This amount included \$32,365,000 and 184 FTE for DCMWC's Salaries and Expenses. Also included are the following: \$396,000 and 3 FTE for ESA Program Direction and Support (PDS); \$25,476,000 for the administrative costs of the Departmental Management account, the Inspector General, and the Department of Treasury; \$268,740,000 for benefit payments; and \$739,023,000 for interest charges on the BLDTF debt.

BLACK LUNG DISABILITY TRUST FUND

In FY 2008, the Division paid monthly compensation and ongoing medical treatment benefits to 32,380 recipients under Part C, and monitored cash and medical treatment benefits disbursed by coal mine operators in the private sector to 5,435 additional recipients under Part C. DCMWC also processed 4,270 claims.

WORKLOAD SUMMARY			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Black Lung Disability Trust Fund (BLDTF)			
Claims Received	4,270	4,700	4,600
<u>Claims in payment status</u>			
Trust Fund Beneficiaries	32,380	29,415	26,700
Beneficiaries Paid by Responsible Operators	5,435	5,120	4,825
Medical benefits only recipients	2,822	2,360	1,975

Workload Summary

In FY 2010, monthly compensation and ongoing medical treatment benefits will be paid to an estimated 28,675 recipients under Part C. The program will monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to approximately 4,825 additional recipients under Part C; and will process an estimated 4,600 incoming claims.