

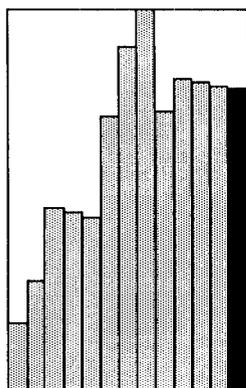
3. PROGRAM ADMINISTRATION & FINANCE

LEGISLATIVE INITIATIVES

The Office of Surface Mining provided legislative drafting services requested by the 101st Congress regarding reclamation through remining; the Centralia, Pennsylvania, mine fire; and authorization language to provide for certain uses of the Abandoned Mine Land (AML) fund.

House Resolution 4053, to amend SMCRA to provide for the remining of certain abandoned mine lands, was introduced by Congressman Rahall on February 21, 1990. H.R. 4053 was co-sponsored by Congressmen Boucher, Clinger, and Murphy. An amendment to Title V of SMCRA would assist small surface coal operators. The proposal, S. 1768, was introduced by Senator McConnell and co-sponsored by Senator Ford on October 18, 1989. No action was taken by the 101st Congress on either of these amendments.

BUDGET AND APPROPRIATIONS



OSM Budget 1978-90

The Department of the Interior and related agencies appropriations act of 1990, Public Law 101-121, signed by President Bush on 10/23/89, appropriated from the Treasury \$102,728,000 for FY 1990 regulatory and enforcement activities, plus an amount equal to the 1990 performance bond forfeitures. The bond forfeitures in 1990 were \$221,151. The appropriation language contained the following provisions:

- Federal civil penalties collected under Section 518 of SMCRA can be used to reclaim lands mined and abandoned after August 3, 1977. \$772,848 was collected from civil penalties in 1990, and \$679,043 was used for reclamation of these post-August 3, 1977, lands.
- The Secretary of the Interior must abide by and adhere to the terms of the Settlement Agreement in *NWF v. Miller*, C.A. No. 86-99 (E.D. Ky).
- Travel and per diem expenses of State and tribal personnel attending OSM-sponsored training can be paid from these appropriations.

OSM adhered to all terms and provisions.

In addition, \$192,772,000 was appropriated from the AML Fund, and up to 20 percent of the funds recovered from the delinquent debts was authorized to be used to con-

tinue collection of these debts. In 1990 the AML delinquent debt collection was \$4,856,044, and \$900,000 (19 percent) was spent on additional debt collection. The following provisions were included in the AML appropriation:

- Reclamation funding to States pursuant to Section 406(a) may not exceed 15 percent for administrative expenses.
- States shall not receive funding if they have not agreed to participate in the nationwide applicant violator system (AVS).
- 50 percent of the annual AML grant may be denied if the Secretary finds the State(s) failing to enforce provisions of the approved State regulatory program.

All of the provisions were met.

Table 1 provides a 1978-1990 appropriation history.

REORGANIZATION

On August 3, 1990, the Interior Department approved a new organizational structure for OSM, which is now essentially complete. This new structure was achieved without involuntary geographic reassignments of staff and has streamlined the organization for more effective operation.

Between August 3, 1990, and the end of the fiscal year, there were 10 voluntary geographic moves completed and/or approved. The estimated cost for relocation allowances was \$450,000. There have been no other tangible costs associated with the restructuring. Also during the year, a hiring freeze, coupled with an aggressive outplacement program and "Early-Out" retirement authority, reduced employment from a peak of 1,149 to 1,042, which was 44 below ceiling.

Personnel actions effected since August 3, when placement in the new structure began, include the following:

- 47 reassignments (includes 10 relocations)
- 46 promotions
- 6 Early-Out retirements
- 7 optional retirements
- 10 voluntary transfers to other federal agencies
- 6 resignations
- 14 appointments (new outside hires)
- 16 GS/GM 13-15 positions eliminated

Table 1
OSM Appropriation History
1978-1990
(Dollars in Thousands)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Regulation & Technology													
State Regulatory Grants	\$8,600	\$18,900	\$21,680	\$35,000	\$24,432	\$32,150	\$38,100	\$36,734	\$35,387	\$45,110	\$40,359	\$41,910	\$41,910
Regulatory Program Operations									17,704	19,221	20,078	20,310	20,450
Tech. Services, Training & Research									12,642	13,681	13,670	13,470	13,026
Kentucky Settlement Agreement											3,685	4,425	3,772
Assessments and Collections						10,493	13,776	23,729	6,938	7,929	10,502	8,981	9,100
Program Operations & Inspections													
State & Federal Programs	3,300	4,007	14,352	22,492	15,246								
Inspection & Enforcement	7,520	13,360	16,622	15,717	12,193								
Technical Support	3,260	6,872	7,033	6,841	6,644	10,903	12,551	12,890					
Applied Research	2,500												
Mineral Institutes	5,700	5,800	10,000	9,629									
SOAP		5,000	15,000										
General Administration						7,332	6,268	6,994	8,103	14,062	13,831	11,999	12,970
Executive Direction									[1,359]	[1,664]	[1,677]	[1,761]	[1,589]
Administrative Support									[3,425]	[6,297]	[6,856]	[5,649]	[6,487]
General Services									[3,319]	[6,101]	[5,209]	[4,589]	[4,894]
Subtotal	30,880	53,939	84,687	89,679	58,515	60,878	70,695	80,347	80,774	100,003	102,125	101,095	101,228
Abandoned Mine Reclamation Fund													
State Reclamation Grants		10,000	25,000	26,200	46,936	173,528	233,100	236,840	149,441	160,600	159,660	151,660	145,780
Fund Management	4,784	8,680	9,124	9,987	6,794	5,131	6,498	6,599					
Fee Compliance									2,680	3,482	5,588	5,681	5,720
Reclamation Program Operations	15,875	21,835	39,376	29,364	41,680	23,064	26,452	39,371	26,715	24,592	13,662	19,005	22,264
AML - Technical Support	998	808	1,237	1,652	1,584	991	1,221	1,955					
RAMP	5,000	10,128	10,106	10,280	18,339	6,155	10,582	9,800	9,019	9,400	15,000	12,000	12,000
SOAP	10,000	10,000	10,000	5,000			(11,499)	(2,000)	2,949				2,000
General Administration						4,210	4,874	4,376	4,473	5,646	5,470	4,814	5,006
Executive Direction									[794]	[625]	[880]	[866]	[873]
Administrative Support									[1,912]	[1,992]	[2,311]	[1,692]	[1,711]
General Services									[1,767]	[2,829]	[2,279]	[2,256]	[2,424]
Subtotal	36,647	61,451	94,843	82,485	115,333	213,079	271,228	296,941	197,277	203,720	199,380	193,160	192,772
Total	\$67,527	\$115,390	\$179,530	\$177,964	\$173,848	\$273,957	\$341,923	\$377,288	\$278,051	\$303,723	\$301,505	\$294,255	\$294,000

Operating under this new organizational structure, OSM has improved responsiveness to its field offices, and, through them, to its clients. In addition, a secondary benefit of reorganization will be to stabilize the budget, which will improve operations by enabling managers to remain aware of the amount of resources available to achieve OSM's mission.

DEBT MANAGEMENT

OSM continues to process civil penalty debt. In 1990, OSM collected approximately \$800,000 and reclassified as uncollectible over \$7 million. The outstanding debt balance at the end of 1990 was \$38 million. Records of uncollectible debts are retained in OSM's Applicant Violator System to prevent violators from receiving new mining permits.

In 1990, the collection of delinquent AML fees continued to be an OSM Headquarters function. The AML fee program collection rate is currently over 99 percent. Since inception of OSM, the agency has collected over \$2.6 billion in AML fees. The unpaid principal for the same period amounted to about \$21 million. During 1990, OSM collected about \$8 million in delinquent AML fees (including \$3.1 million in audit fees). The current outstanding AML debt balance is approximately \$58 million, including \$13 million in audit debt. About 10 percent of the delinquent AML fees are collected as a result of permit blocks flagged by the Applicant Violator System. OSM has also initiated a new policy to permit the issuance of a Notice of Violation or Failure-to-Abate cessation order for non-payment of AML fees.

The total amount outstanding for civil penalty, AML, and audit debt combined is approximately \$96 million. Over 70 percent of this total, or \$67 million (excluding bankruptcies), has been referred to the Interior Department Solicitor for legal action. Of the balance remaining, \$19 million (20 percent) is owed by companies in bankruptcy. OSM is currently processing \$10 million of remaining delinquent AML, audit, and civil penalty debt. For both the civil penalty and AML delinquent debt programs, OSM utilizes private contractors to attempt collection. At the end of 1990, about 20 percent of the debt was in the collection process with private collection agencies.

NET WORTH REPORTS

OSM also uses private contractors to determine the net worth of individuals and businesses with unpaid obligations. Net worth reports are requested to determine the ability of businesses and individuals to pay money owed to OSM for unpaid civil penalties and AML fees, as well as their ability to pay for the cost of reclaiming old mining sites. Net worth information is also used by legal staff to aid in determining whether litigation would be cost-effective.

During 1990, OSM obtained net worth reports on 359 companies and individuals.

LEGAL ACTION AGAINST DEBTORS

When OSM exhausts its avenues of debt collection, delinquent debts are referred to the Interior Solicitor for legal action. During 1990, OSM referred about 400 civil penalty cases worth over \$9 million, and 1,800 AML cases worth \$11 million, to the Solicitor's Office.

FEE COMPLIANCE AUDIT

OSM maintains regional and area audit offices in 12 cities throughout the coal-producing regions of the United States. Through audits and related activities conducted by these offices, OSM provides reasonable assurance that coal operators are properly reporting the quantity of coal that is produced and subsequently sold, used, or transferred, and on which AML fees are owed to the government. In 1990, OSM conducted 430 audits and audit-related projects and identified \$7.3 million in underreported or nonreported AML fees. OSM collected \$3.1 million in audit-related debt during the year.

FINANCIAL ACCOUNTING SYSTEM

In early 1990, the Department of the Treasury notified all federal agencies of the planned discontinuance of the Treasury Financial Communication System (TFCS) on December 31, 1990. TFCS was the system that all States and Tribes used to receive their grant funds (drawdowns). After examining the viable alternatives for continuing drawdowns, OSM decided to use its own accounting system (ABACIS) as the servicing network.

A Grants Information Fund Tracking System (GIFTS) module will be available as part of the ABACIS Service Network early in 1991. This will allow grantees access to more detailed information on their grants than is currently available.

TECHNICAL INFORMATION PROCESSING SYSTEM (TIPS)

The Technical Information Processing System (TIPS) is a computer system which has been jointly developed by OSM and the States. TIPS provides State surface mine regulatory authorities with a comprehensive set of analytical tools to aid in technical decision-making processes related to SMCRA. TIPS gives technical specialists automated software support for the full range of engineering, hydrological, and scientific applications required in mine permitting, abandoned mine land reclamation projects, designation of lands unsuitable for mining, and NEPA compliance.

In 1990, all State regulatory authorities with primacy under SMCRA became fully operational with TIPS. Several states determined that the value of TIPS was so great that they purchased additional TIPS work stations with their own funds. Pennsylvania has installed TIPS work stations in all seven of its field offices; West Virginia has installed TIPS-like work stations in each of its six field offices; and New Mexico has installed two additional TIPS work stations for AML support. During 1990, OSM provided the States with extensive additional training on the use of TIPS, including use of the state-of-the-art geologic modeling software and a multi-dimensional geographic information application, which is resident at the TIPS minicomputer facility in Denver. The objectives of TIPS are:

To enhance technical effectiveness and user efficiency. Broader use of advanced computer applications through TIPS has increased the technical knowledge and capabilities of the States and OSM. The use of proven computer applications has allowed conclusive technical and scientific results to be achieved faster and more efficiently than non-automated methods. This result in significant time savings in making SMCRA-related technical findings available.

To provide technology transfer between TIPS users and industry. Certain intricate applications, such as determining reclamation feasibility, sediment pond design, and ground water modeling, require training and support to be used effectively. TIPS, through user support and training provided by OSM, has been used to solve complex mining and reclamation problems while enabling other interested parties to share the results. In addition, the computer provides a common medium whereby complex data can be submitted to the State regulatory authority on a magnetic medium for faster and more efficient review.

To improve communication with outside interest groups and the public through graphic displays of complex technical data. Complex issues, such as NEPA compliance, evaluation of unsuitability petitions, and experimental practices, have been clarified and explained through the use of computer-assisted mapping and computer graphics. Technical concepts on such topics as blasting, hydrology, and mine subsidence are more easily understood when presented graphically.

To contribute to fiscal responsibility in coal mining regulation and reclamation. As a single, adaptive computer system which is coordinated and supported and allows the selection of alternatives, TIPS has encouraged a more cost-effective approach to managing the technical data required to regulate coal mining.

In 1990, several large projects were completed by OSM with the use of TIPS. These include the Black Mesa-

Kayenta EIS and permitting effort, the Flat Fork Unsuitability EIS, and the New River Gorge National River Minerals Resource Assessment. Project-specific assistance on the use of TIPS was provided to Alaska, Colorado, Iowa, Kansas, Missouri, Montana, New Mexico, Ohio, Pennsylvania, and West Virginia. The TIPS staff was invited to provide workshops and demonstrations to industry and the environmental community on the use of TIPS applications for performing environmental analysis of impacts related to surface mining, ground water pollution, and hazardous waste remediation. These workshops included presentations in Denver to representatives from Australia, Brazil, Canada, India, and Venezuela. TIPS staff is currently working with the Hungarian government to assist Hungary in developing automated techniques for assessing ground water contamination.

Initial feasibility studies were performed for the upgrading of TIPS to conform to the Department of the Interior computer standard and for replacing the existing mini-computer at the TIPS National Computer Facility in Denver.

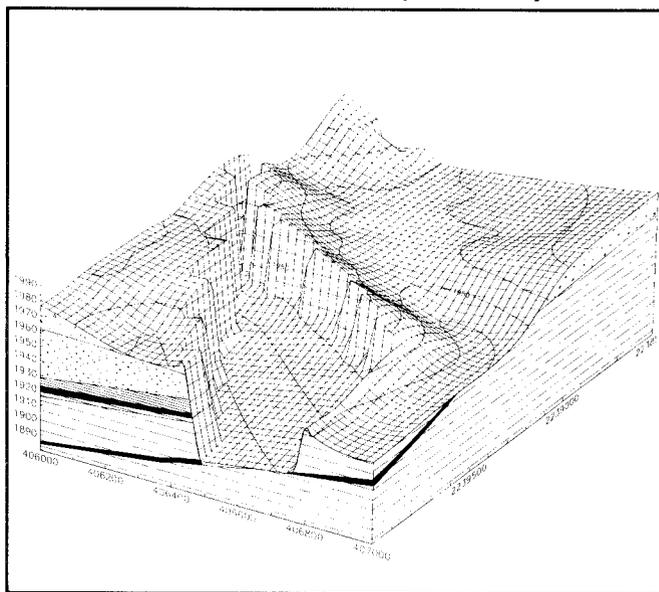


Figure 1. Three-dimensional graphic visualization of the relationship between proposed surface mining operation and toxic overburden zones. Graphic visualization assists in predicting post-mining water quality.

SMCRA MODERNIZATION PLAN (SMP) AND MANAGEMENT OF COAL DATA INFORMATION

OSM had been operating under a long-term information system goal designed to standardize and modernize all major mission support computer systems and applications on a common architecture, or blueprint, that is technically compatible and capable of having all the pieces work together for the efficient enforcement of SMCRA. An appropriate acronym for this visionary system improvement plan is SMP, for SMCRA Modernization Plan.

The single-purpose SMCRA support systems currently in place were originally developed independently of one another and at different stages in OSM's existence, without the benefit of common ground rules regarding the administration of data and without the compatible interfaces available in today's computer hardware and software products. Lacking common threads of a blueprint strategy to follow for a global SMCRA data administration plan and modern specifications for hardware and software interfaces, the current systems evolved into separate computer mainframes and into diverse, incompatible programming languages. The SMCRA Modernization Plan was conceived as a better way for OSM to refocus on efficient program enforcement and mission support.

The SMCRA Modernization Plan will be followed over the next several years until OSM's information system support capability matches the common architecture blueprint established during SMP planning efforts for 1990 and 1991. The initial phase of this architecture, completed during 1989, analyzed the mission of SMCRA and established the need for common data administration and modern hardware and software interfaces. A geographically distributed blueprint architecture was selected to capitalize on the SMCRA strength of enforcement through the States' program primacy at the regulatory authorities' level of data capture and validation. OSM's oversight responsibility includes establishing the standards and ground rules for SMCRA data definition and setting the specifications for modern hardware and software interfaces. These initiatives were begun in 1990 and are to be completed during 1991. Once the conceptual work of refining the modernized architectural blueprint is completed during 1991, OSM will be positioned to redirect its annual mission support operations and maintenance spending. This will move from patching and band-aiding existing systems to reshaping modern mission support systems that are portable across different modern computer hardware and software languages and capable of operating with other OSM mission support systems. Overall, the benefits of the SMCRA Modernization Plan will increase the accuracy, credibility, and timeliness of mission support information at OSM, while improving cost containment and reducing long-term costs.

APPLICANT VIOLATOR SYSTEM (AVS)

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773) prohibit the issuance of permits to applicants with previous uncorrected violations and to applicants related to violators through ownership and control. The Applicant Violator System was developed to assist OSM and the State regulatory authorities in complying with these requirements. AVS identifies possible associations between permit applicants or their affiliates and uncorrected violations of SMCRA. This information is

then used by OSM and State authorities, who determine whether a permit should be issued or denied. AVS was redesigned during 1990. The new system became available nationally on May 1. Overall, user comments have been favorable. The new version is easier to use and produces recommendations much more quickly than the previous system did.

In January, the Department of the Interior signed a settlement agreement with two environmental plaintiffs. Under this agreement, OSM will make further enhancements in AVS, conduct research to ensure that all individuals and companies who should be listed as violators on AVS are listed, and propose regulations governing principles of ownership and control and how companies and individuals can rebut or refute identified ownership and control links. OSM has already implemented many of the agreement's requirements, such as negotiating a Memorandum of Understanding with the Tennessee Valley Authority (TVA) under which TVA will use AVS to check the violation status of potential suppliers of coal. Data from the Labor Department's Mine Safety and Health Administration and the Energy Department's Energy Information Administration have been made available on-line to AVS users.

AVS is being used effectively to ensure that individuals and companies associated with outstanding violations of the Surface Mining Act, or with outstanding penalties or fees, are not being issued new permits to mine. In some instances, violators have agreed to abate violations or pay fees owed in order to remove the AVS permit block.

MONITORING POTENTIAL CONFLICTS OF INTEREST

Sections 201(f) and 517(g) of SMCRA prohibit any federal or State employee "performing any function or duty under this Act" from having "direct or indirect financial interest in underground or surface coal mining operations." In monitoring these provisions, OSM provides oral and written guidance and assistance to personnel of affected State and federal agencies, including OSM's own employees. Through this process, OSM has increased awareness and understanding of these provisions, and violations have steadily decreased. In 1990, four divestiture orders were issued and four remedial actions were taken. All cases were favorably resolved.

GOVERNMENT ACCOUNTING OFFICE (GAO) AUDITS

During 1990, GAO initiated four audits of OSM functions and completed one follow-up report containing no recommendations for improvements. Table 2 lists the audits active during 1990 and their status.

**TABLE 2
ACTIVE AND COMPLETE GAO REVIEWS 1990**

Audit or Review Title	Status
Interior Is Acting to Improve Its Applicant Violator System	Completed, GAO/AFMD-90-63
Interior's Automated Information System and Automation Issues	Active
OSM's Reconciliation of the AML Inventory	Active
OSM's Efforts to Improve Its Applicant Violator System	Active
OSM's Methodology to Determine the Cost of Purchasing Mineral Rights	Active
The Department's Efforts to Implement the Federal Financial System (FES)	Active
State and Local Nonpoint Pollution Control Efforts	Active
Subsidence Insurance	Active
Interior's Information Resources Management Program	Active
Abandoned Mine Land Fund	Active
Evaluate State Certifications on Coal Related Reclamation Projects	Active

**FIGURE 2
OSM ORGANIZATION**

The Office of Surface Mining Reclamation and Enforcement

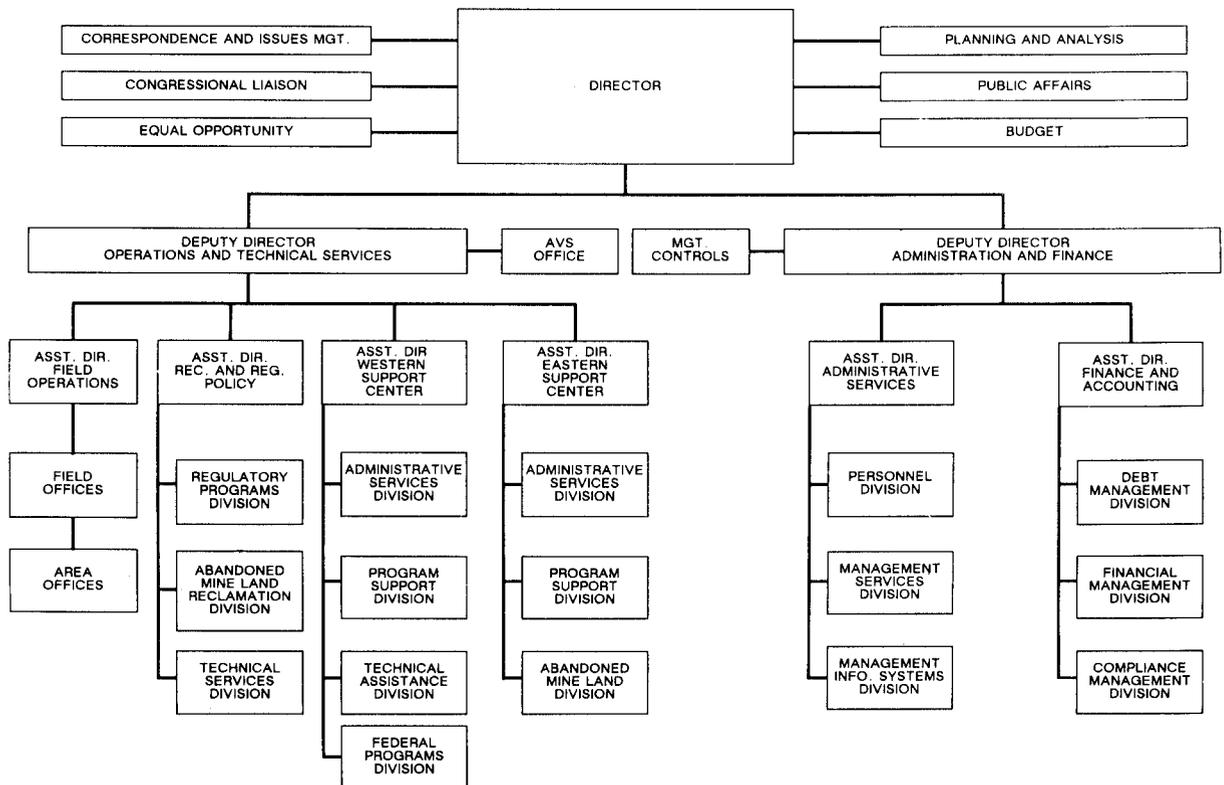


FIGURE 3
OSM OFFICE LOCATIONS

