

A report on the Budget, Management, and Operations of the Office of Surface Mining

Since 1977 protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been required by the Surface Mining Control and Reclamation Act (SMCRA). Making sure those requirements are met is the responsibility of the Office of Surface Mining.

Functionally, the agency is organized around the two principal requirements of the surface mining law: regulating active coal mining and reclaiming abandoned mines.

Organization of the Office of Surface Mining

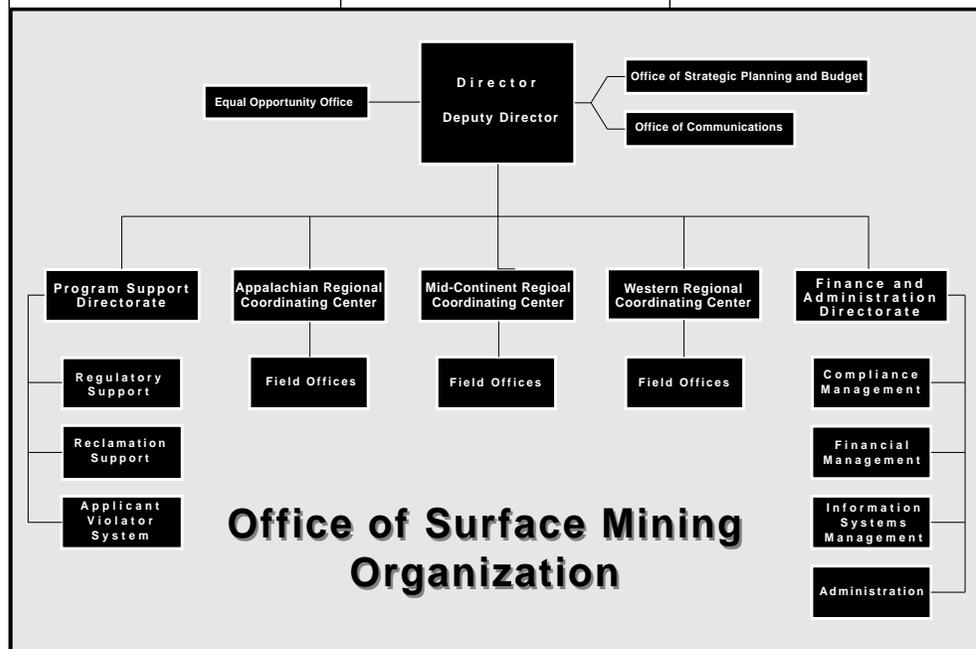
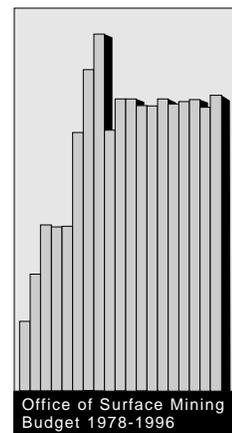
The Office of Surface Mining is field-oriented, with headquarters in Washington, D.C., three regional coordinating centers, 11 field offices, and

6 area offices. During 1996 the Office of Surface Mining implemented a major reorganization to incorporate new ways to accomplish the agency's mission more effectively and efficiently. Organizational changes made to achieve this goal included changing the Ashland and Wilkes-Barre Area Offices to team offices under the Appala-

chian Regional Coordinating Center, and the Olympia Area Office to a satellite office under the Casper Field Office.

Budget and Appropriations

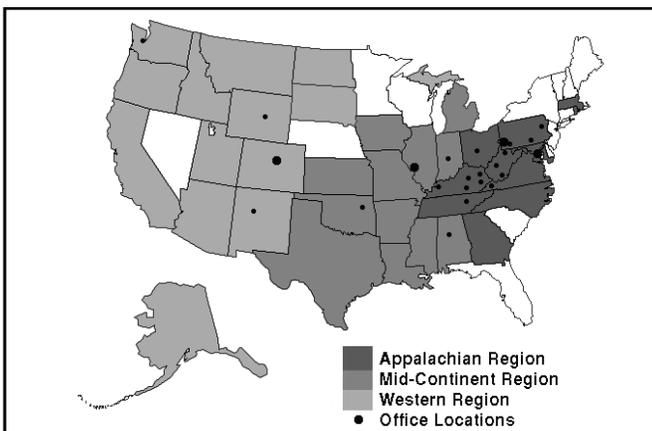
The Department of the Interior and Related Agencies Appropriations Act of 1996 (Public Law 104-134) appropriated



\$95,470,000 from the General Fund for the Office of Surface Mining's regulatory and enforcement activities.

The 1996 Regulation and Technology appropriation included the following provisions:

Performance bonds forfeited under Section 509 of SMCRA can be used to reclaim lands where the mine operator did not meet all the requirements of SMCRA and the permit where the Office of Surface Mining is the regulatory authority. In 1996, performance bond forfeitures received and credited to this account totaled \$61,065. No obligations of prior- or current-year bond forfeitures were incurred in 1996.



Federal civil penalties and related interest collected under Section 518 of SMCRA can be used to reclaim lands abandoned after August 3, 1977. In 1996, \$28,100 in collections for late penalties and administrative costs were transferred to the U.S. Treasury general fund. Civil penalty collection available for reclamation purposes totaled \$352,698

which do not include interest and administrative charges on late penalties paid. Of current- and prior-year collections, \$10,720 was obligated for reclamation in 1996.

State regulatory program grants were funded at \$50,762,000, which was \$800,000 less than 1995.

In addition, \$173,887,000 was made available for obligation from the Abandoned Mine Reclamation Fund (\$8,499,000 less than 1995), and up to 20 percent of the funds recovered from delinquent debts was authorized for contracting the collection of other delinquent debts. In 1996, the Office of Surface Mining spent \$604,661 to collect \$6,435,163 million in delinquent AML fees and delinquent audit bills. The AML appropriation included the following provisions:

State reclamation grants were funded at \$140,000,000, which was \$4,266,000 more than 1995.

Federal emergency program expenditures were limited to \$11,000,000, which was the same amount appropriated in 1995.

No more than 25 percent of total newly appropriated funds available for emergency reclamation projects could be used in any one state.

All appropriations provisions were met.

Financial System: Electronic Improvements

The Office of Surface Mining continues to apply the latest technology to enhance its financial and administrative management. Automated payment and revenue tracking systems have been upgraded in the accounting system, which provides on-line access to accurate, up-to-the-minute financial and administrative management information. Added improvements and initiatives started in 1996 include:

The Civil Penalty Accounting and Control System (CPACS) became operational in October 1996, replacing the interim Civil Penalties Accounting and Information Database (CPAID). The Civil Penalty Accounting and Control System accounts for and provides financial information on civil penalty assessments made by the Office of Surface Mining.

**TABLE 1
APPROPRIATIONS***

	1996	1995
Regulation & Technology		
State Regulatory Grants	\$50,762,000	\$51,562,000
Regulatory Program Operations	16,087,000	22,594,000
Tech. Services, Training & Research	11,597,000	14,702,000
Assessments & Collections	5,735,000	7,747,000
General Administration	11,289,000	13,090,000
Executive Direction	[1,729,000]	[2,027,000]
Administrative Support	[3,962,000]	[5,174,000]
General Services	[5,598,000]	[5,889,000]
Subtotal:	95,470,000	109,695,000
Abandoned Mine Reclamation Fund		
State Reclamation Grants	140,000,000	135,734,000
Fee Compliance	6,000,000	6,453,000
Reclamation Program Operations	23,000,000	24,829,000
Rural Abandoned Mine Program	0	7,853,000
Small Operator Assistance Program	0	1,757,000
General Administration:	4,887,000	5,760,000
Executive Direction	[699,000]	[774,000]
Administrative Support	[1,703,000]	[2,175,000]
General Services	[2,485,000]	[2,811,000]
Subtotal	173,887,000	182,386,000
Transfer to United Mine Worker Fund	47,183,764	0
Total	\$316,540,764	\$292,081,000

*The appropriation figures for both years include rescissions.

During 1996 the Office of Surface Mining converted to the Electronic Certification System (ECS) developed by the Department of the Treasury. ECS enables the Office of Surface Mining to send payment information directly to the Department of the Treasury rather than using traditional methods such as magnetic tape. The net result of this change has been quicker payments to vendors and employees.

During 1996, the Office of Surface Mining began designing and developing a computer system that will allow data entry of purchases made using the small purchase card program. The program is designed to reduce the paperwork and time involved in purchasing

goods and services within the federal government. This computer system will enable card holders to enter data directly into the accounting system at the time of purchase and to automatically match this data with invoice data from the vendor for payment processing. By automating this payment process, known as "fast pay," the Office of Surface Mining may earn rebates from the vendor, reducing the cost of goods and services provided to the federal government. The proposed system implementation date is targeted for mid-1997.

Fee Compliance and Debt Management

Thirteen offices throughout the coal-producing regions of the country conduct on-

site fee compliance audits of coal companies. In 1996, 395 audits and audit-related projects identified \$5.2 million in under-reported or non-reported Abandoned Mine Reclamation Fund fees, interest, and penalties. The findings covered about 15.2 million tons of coal. More important, the comprehensive audit program was critical in

achieving a voluntary payment compliance rate in excess of 98 percent. The Office of Surface Mining also verifies, and corrects the ownership and control information in the Applicant Violator System as part of every audit. This

ensures that operators are not unduly delayed when obtaining mining permits.

The Office of Surface Mining pursues delinquent debtors owing civil penalties for mine site environmental

**TABLE 2
COLLECTION MANAGEMENT**

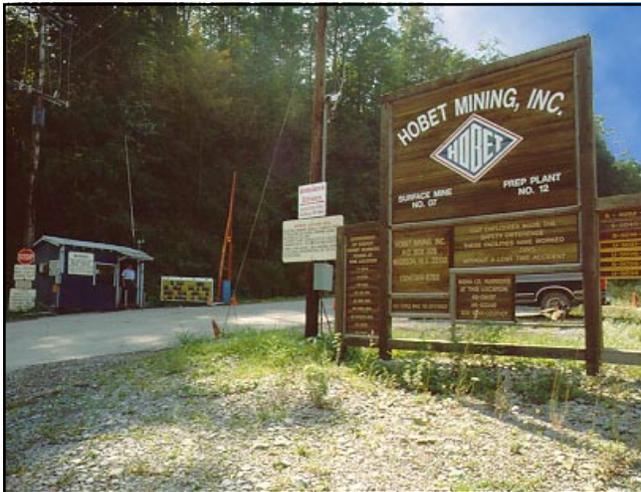
Category	Amount Collected	Balance Owed
Civil Penalties	\$360,846	\$27,301,855
AML & Audit Fees	256,450,733	41,692,795
Other Debt	608,170	147,322
Total	\$257,419,749	\$69,141,972
Debt Not Delinquent		12,505,225
Total Delinquent		\$56,636,747

violations and unpaid Abandoned Mine Reclamation Fund fees, including unpaid fees resulting from Office of Surface Mining compliance audits. Table 2 shows 1996 collections and year end debt. Delinquent debt information is retained in the Applicant Violator System to prevent violators from receiving new mining permits until their accounts are settled. Of the \$69.1 million 1996 year-end debt balance, \$37.6 million (54 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on unpaid balances.

When all agency debt collection avenues have been exhausted, delinquent debts are referred to the Department of the Treasury for additional collection efforts, and to the Department of the Interior's Solicitor for appropriate legal action or bankruptcy



Office of Surface Mining inspector at work in Tennessee testing acidity of water in the mine pit.



The first stop during a mine inspection. Here permit numbers are checked.

proceedings. The Office of Surface Mining had \$56.6 million in delinquent debt at the end of 1996. Of this amount \$34.4 was referred to the Solicitor, \$14.8 was referred to the Department of Justice, and \$7.4 was being pursued by the Office of Surface Mining. Debt at the Solicitor's office consists of \$13.4 million involving bankruptcy proceedings and \$21 million under litigation.

Audited Financial Statements

Since 1990, the Office of Surface Mining has prepared an Annual Financial Statement after the close of each fiscal year, as required by the Chief Financial Officers Act of 1990 (Public Law 101-576). These statements are audited by the Department of the Interior's Office of Inspector General to ensure that financial results are fairly stated and conform with generally accepted accounting principles for federal agencies. The Office

of Surface Mining has received six consecutive unqualified ("clean") audit opinions from the Inspector General. The 1996 opinion is on page 50 of this report.



Trees planted on reclaimed land create vegetation that will grow into productive forests.

Human Resources Management

The year ended with 204 fewer full-time permanent employees than when it

began (from 842, to 638 employees). Headquarters decreased by 69; the coordinating centers by 40; and the field offices by a total of 95. A Memorandum of Agreement was signed in 1996 to provide personnel operational and policy services to the Bureau of Indian Affairs (BIA). Under this agreement the Office of Surface Mining provides headquarters personnel advisory service to BIA employees and managers nationwide and daily operational services to approximately 160 employees assigned to the BIA Central Office. In these times of reduced administrative employees and budget, competitive marketing for service within departments will increase,

resulting in improved personnel service and greater economy.

The Office of Surface Mining successfully implemented an Automated Time and Attendance System in 1996. This system provides timekeepers with an electronic means of transmitting time and attendance records, and allows managers to certify accuracy by reviewing two or three computer screens and making two or three key strokes. Implementation of this system is resulting in more accurate and timely record keeping and significant time savings.

The Department of the Interior has gained a reputation as a recognized leader in the field of personnel automation. For its part, the Office of Surface Mining has begun a pilot project to automate each employee's Official Personnel Folder. These employee records contain documents related to civilian employment with the federal government under Title 5, U.S. Code. The pilot project is designed to streamline operations to accommodate shrinking resources and to improve service to both employees and managers by providing direct on-line access to their Personnel Folders or those of the employees they supervise.

Monitoring Potential Conflicts of Interests

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 interests in underground or surface coal mining operations." The Office of Surface Mining monitors compliance to prevent financial conflicts. In 1996, 653 Office of Surface Mining, 1,641 other federal, and 2,349 state employees filed financial disclosure statements. One violation was identified and resolved.

The first was established in 1994 at Washington, D.C., headquarters with the National Federation of Federal Employees, Local 1993.

In June 1995, the president of Local 2148 of the National Federation of Federal Employees (Albuquerque, New Mexico) and the Office of Surface Mining established a Labor Management Partnership.

A third agreement is being developed with Local 2159 in Casper, Wyoming.

Equal Opportunity

During 1996 significant personnel changes resulted from the Reduction-In-Force and many minorities, women, and disabled employees were removed from the workforce. There were a total of 31 counseling activities, which resulted in 22 formal complaints. The total cost for processing discrimination complaints during 1996 was \$67,164. This cost includes attorney fees, contract investigations, settlements, and hearings. Open communication and the use of alternative dispute resolution methods allowed the Office of Surface Mining to resolve many potential disputes before they became formal complaints.

Government Performance and Results Act

The Government Performance and Results Act (Public Law 103-62), enacted to improve the efficiency and effectiveness of federal programs, requires agencies to prepare strategic and annual performance plans, and to submit annual program performance reports. In 1996, the Office of Surface Mining developed a mechanism to tie its core functions, called *business lines*, to its budget. The intent of the business lines structure is to explain more clearly to citizens how the Office of Surface Mining's budget and resources are

tied to the agency's mission, goals, and objectives. The new structure focuses on the identification of four core business lines and an administrative business line. The Office of Surface Mining's FY 1997 budget justifications were submitted both by conventional budget activities and in an alternative format based on the business lines structure. The Interior Department, the Office of Management and Budget, and Congressional appropriations staffs have approved plans to submit the FY 1998 budget justification using the business lines structure.

The Office of Surface Mining was the first Interior Department agency to brief the Office of Management and Budget on an agency strategic plan. Once the Office of Surface Mining's 1997 strategic plan has been submitted to the Office of Management and Budget for review, the focus will shift to development of the FY 1998 plan, which will include output indicators and success measures. In 1996, the Office of Surface Mining also began updating information gathering capabilities to ensure that the cost accounting data and program data will be available to measure accomplishments and provide reliable information for the annual planning and budget submission process for FY 1998 and beyond.

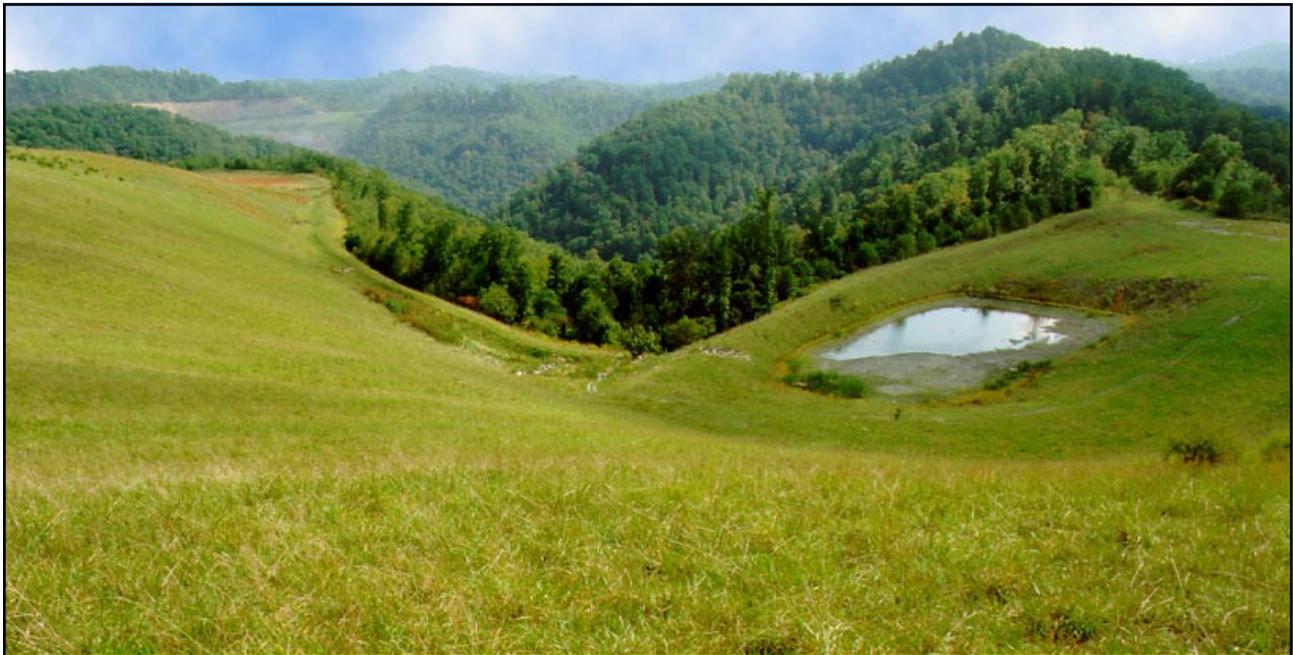


Reclamation of a sediment pond is begun when the mine site is revegetated and the need to control water runoff is no longer required.

Labor-Management Partnership

The Office of Surface Mining continues to maintain two labor-management partnerships, created in response to Executive Order 12871.

The Office of Surface Mining, in accordance with a Memorandum of Agreement with the Bureau of Indian Affairs, is also providing labor relations support services to the BIA Central Office in Washington, D.C.



Properly reclaimed mine land blends into the existing landscape and provides a productive long-term land use.

The Office of Surface Mining continues to be a leader within the Interior Department on strategic planning and GPRA implementation. Several agency products served as examples in Interior Departmental meetings and training sessions. In 1996, presentations on the process were made to external parties such as the National Academy of Public Administrators and the National Mining Association.

The primary business lines:

1. Environmental restoration. *Goal:* To permanently reclaim abandoned mine sites by abating hazards, reducing and mitigating adverse effects from past mining, and restoring adversely affected lands and water to beneficial use.

Program activities are:

- State funding.
- State performance evaluation.
- Emergencies.
- Federal/Indian lands.
- Program development and maintenance.

2. Environmental protection. *Goal:* In cooperation with the states and Indian tribes, we will prevent environmental problems in the coal fields. We will protect the environment, property, water and citizens from current mining and reclaim the land after the mining is completed.

Program activities are:

- State funding.
- State performance evaluation.
- Federal programs.
- Federal lands.
- Indian lands.
- Program development

and maintenance.

- Applicant violator system.

3. Technology development and transfer. *Goal:*

Assure that states and Indian Tribes, federal agencies, industry, and citizen organizations have the highest possible level of technical capacity and capability needed to protect the public, property, and the environment, and to restore damaged coal mined lands and waters to productive use.

Program activities are:

- Training.
- Technical assistance.
- Technology transfer.

4. Financial management. *Goal:* Maintain the financial integrity of SMCRA appropriations and the \$1.4 billion Abandoned Mine Land Fund by:

properly and promptly accounting for funds; maximizing voluntary compliance with reclamation fee provisions; providing grants to states and Indian Tribes; and maximizing collections through fair and consistent policies and procedures.

Program activities are:

- Revenue management.
- Fee compliance.
- Financial management.