

STATEMENT OF
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U.S. DEPARTMENT OF THE INTERIOR
BEFORE THE
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES
ON H.R. 5479
COAL ACCOUNTABILITY AND RETIRED EMPLOYEE ACT OF 2010
JUNE 23, 2010

Mister Chairman and Members of the Committee, thank you for the opportunity to testify on behalf of the Office of Surface Mining Reclamation and Enforcement (OSM) regarding H.R. 5479, the Coal Accountability and Retired Employee Act of 2010.

H.R. 5479 would require that the unused portion of U.S. Treasury funds below the annual cap of \$490 million established by the 2006 Amendments to the Surface Mining Control and Reclamation Act (SMCRA) be paid each year to trustees of the 1974 United Mine Workers of America (UMWA) Pension Plan. While we recognize the importance of ensuring that retired miners receive their pensions, we have serious concerns with this bill. We believe the AML program should remain focused on reclaiming high priority abandoned coal mine sites, and further, this bill is inconsistent with the President's Budget and goals of ensuring greater fiscal responsibility during today's challenging economic times.

Background

SMCRA established OSM for two basic purposes. First, to ensure that the Nation's coal mines operate in a manner that protects citizens and the environment during mining operations and to restore the land to beneficial use following mining. Second, to implement an AML program to address the hazards and environmental degradation created by centuries of weakly regulated coal mining that occurred before SMCRA's enactment.

Title IV of SMCRA created an AML reclamation program funded by a reclamation fee assessed on each ton of coal produced. The fees collected have been placed in the Abandoned Mine Reclamation Fund (the Fund). OSM, either directly or through grants to states and tribes with approved AML reclamation plans under SMCRA, has been using the Fund primarily to reclaim lands and waters adversely impacted by coal mining conducted before the enactment of SMCRA and to mitigate the adverse impacts of mining on individuals and communities. Eligible lands and waters were those that were mined for coal or affected by coal mining or coal processing, were abandoned or left inadequately reclaimed prior to the enactment of SMCRA on August 3, 1977, and for which there was no continuing reclamation responsibility under state or other Federal laws.

Historically, Congress appropriated far less money from the Fund than the total fees collected and deposited into the Fund on an annual basis. This allowed the Fund to grow considerably in years past. Beginning in Fiscal Year 1996, an amount equal to the interest earned by and paid to the Fund has been available for direct transfer to the United Mine Workers of America Combined Benefit Fund (CBF) to defray the cost of providing health care benefits for certain retired coal miners and their dependents. Prior to 2006, OSM's annual payments to the CBF were limited to the lesser of the interest earned on the AML fund, or \$70 million.

In 2006, Congress amended SMCRA as part of the Tax Relief and Health Care Act of 2006, (2006 Amendments). The amendments removed the \$70 million cap, and added funding for two additional UMWA health care plans. With the 2006 Amendments, OSM became responsible for transferring an annual amount based on the estimated expenses of three UMWA Health Care Plans. Any shortfall between the amount of interest earned by OSM, and the amount of the transfer estimated by health care plan trustees would be funded from the U.S. Treasury's General Fund.

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As noted earlier, the 2006 amendments capped SMCRA expenditures from the Treasury General Fund at \$490 million per year. In the current fiscal year, approximately \$227 million of the Treasury General Fund was distributed through mandatory AML grants to states and tribes and approximately \$108 million was transferred to the three health care plans. Thus, OSM expended \$336 million from the Treasury General Fund in fiscal year 2010.

H.R. 5479 would require an amount representing the difference between the SMCRA transfer from the Treasury General Fund and the \$490 million cap to be transferred every fiscal year to the 1974 UMWA Pension Plan. As a result, this bill would significantly increase expenditures from the Treasury under SMCRA.

This bill would also most likely eliminate all of the savings to be achieved through reductions proposed in the President's Fiscal Year 2011 budget. For example, the President's FY 2011 Budget proposes to eliminate AML payments to states and tribes that have been certified as completing reclamation of their high priority AML coal problems. Under the proposal, the eliminated payments would remain in the treasury; however, this bill would require that the full amount of the cap on SMCRA Treasury allocations be spent every year, eliminating any savings.

The Administration takes seriously the financial problems facing many multiemployer pension plans, including those sponsored by the UMWA, and understands the valuable benefits that these plans provide to millions of workers and retirees. When people retire, they deserve to know that they will receive the benefits they were promised. The Administration is committed to working with the Congress to find solutions that address the long-term solvency of these plans and protects the retirement security of workers and retirees. However, we have serious concerns that H.R. 5479, if enacted, would add significant new costs, and eliminate savings sought by the Administration's FY 2011 budget

Thank you for the opportunity to appear before the Subcommittee today and testify on this bill. I look forward to working with the Committee to ensure that the Nation's abandoned coal mine lands are adequately reclaimed.