

STATEMENT OF
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BEFORE THE

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ON THE
FISCAL YEAR 2017 BUDGET REQUEST

MARCH 23, 2016

Mr. Chairman and members of the subcommittee, thank you for inviting me to testify on the Fiscal Year 2017 budget request for the Office of Surface Mining Reclamation and Enforcement (OSMRE).

This is a responsible budget request that maintains core capabilities for the protection, preservation, and restoration of mined lands; restoration of lands left unreclaimed; and technical assistance and training to States and Tribes. The budget proposes targeted investments to advance the application of technology in the implementation of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and create youth employment opportunities, and legislative proposals to improve coal country communities, provide for economic development, and protect retired coal miners and their families.

The SMCRA established OSMRE for two primary purposes: first, to assure that the Nation's coal mines operate in a manner that protects citizens and the environment during mining operations and restores the land to productive use following mining; and second, to implement an Abandoned Mine Lands (AML) program to address the hazards and environmental degradation remaining from two centuries of loosely regulated mining. These tasks are vital to public health and safety, and the environmental well-being of the United States.

The SMCRA strikes a balance between the protection of the environment and the need for energy. Nearly 39 years after the passage of SMCRA, coal remains an important fuel source for our country, generating about 34 percent of our Nation's electricity. While new energy sources have been developed, conventional coal production is still a significant contributor to the Nation's energy requirements. In order to ensure that coal is produced in an environmentally responsible way, OSMRE is committed to carrying out the requirements of SMCRA in cooperation with States and Tribes.

Currently, 24 States have approved regulatory programs in place pursuant to Title V of SMCRA.

There are 25 States and 3 Tribes that administer approved AML programs pursuant to Title IV of SMCRA. The major tasks for OSMRE are to ensure that States and Tribes successfully address coal mining activities by ensuring they have high-quality regulatory and AML frameworks and to oversee implementation of their programs. Of the 28 States and Tribes that administer approved AML programs, 50 percent have 25 or fewer employees. Importantly, OSMRE provides technical assistance, funding, training, and technical tools to the States and Tribes to support their regulatory and reclamation programs.

Since enactment of SMCRA in 1977, OSMRE has provided reclamation grants to States and Tribes to clean up mine sites abandoned before passage of SMCRA. In the course of addressing health, safety, and environmental problems, over 380,000 acres of high priority abandoned coal mine sites have been reclaimed under OSMRE's AML Program, including problem types and units of 3,443,188 feet of dangerous highwalls; 19,547 acres of clogged stream lands; 13,068 acres of dangerous piles and embankments; 12,128 portals; and 6,761 vertical openings. Many sites still remain unfunded.

Fiscal Year 2017 Budget Request Overview

The FY 2017 budget request for OSMRE totals \$157.9 million in discretionary spending and supports 515 equivalent full-time positions. Compared with the 2016 enacted level of \$240.6 million, this represents a net decrease of \$82.6 million. The decrease is a result of a one-time \$90 million increase in FY 2016 discretionary appropriations which OSMRE received for grants to three States (KY, PA, WV) for the reclamation of AML sites in conjunction with economic and community development activities. The FY 2017 request includes a broader legislative proposal to promote reclamation and economic development that benefits all States and Tribes with AML programs.

The budget includes resources to fund Federal, State, and Tribal programs that permit and regulate domestic coal production and reclamation of abandoned coal mined lands to eliminate public health dangers and restore the environment; and to oversee and evaluate regulatory and reclamation programs and provide technical training and assistance.

Investments are requested for science and technology to build a landscape-level understanding of our resources and provide for science-based decision-making; to provide for dedicated staff and youth opportunities in reforestation of coal mined lands; and to support preparation and review of documents in accordance with the National Environmental Policy Act (NEPA).

OSMRE's budget also contains an estimated \$914.4 million in mandatory funding. This spending includes \$174.3 million for reclamation grants to non-certified States and Tribes (those with remaining abandoned coal mine problems) from the Abandoned Mine Reclamation Fund; and \$164.7 million for three health care plans that are part of the United Mine Workers of America (UMWA) Health and Retirement Funds for specified health benefits to miners and their families.

As part of the President's POWER+ Plan, an additional \$200 million for reclamation grants and

\$375.4 million for health care and pension plans within the UMWA Health and Retirement Funds is also requested. These proposals require legislative changes and will create new economic development opportunities and new jobs in communities impacted by coal abandoned mine lands, and strengthen the health and retirement security of coal miners and their families.

Current Appropriations

Regulation and Technology Appropriation

The OSMRE's overall FY 2017 budget request includes \$127.6 million for the Regulation and Technology appropriation, \$4.3 million above the 2016 enacted level. This includes funding for fixed costs for pay and other items, and funding for program monitoring and support services. The request of \$65.5 million for State and Tribal regulatory grants is \$3.1 million less than the 2016 enacted level and is expected to fully fund those programs based on the annual return of at least \$3 million in appropriated funds at the end of the grant cycles. A reduction in OSMRE's budget of \$1.9 million is proposed in anticipation of offsetting collections for processing coal mine permit applications and renewals, and related work performed as a service to the coal industry. For Federal Programs where OSMRE is the regulatory authority for coal mining operations, OSMRE is finalizing a new structure for recovering more of the costs to review, administer, and enforce permits for coal mining.

The request includes programmatic increases which support improvements and investments in technology to implement SMCRA and support State and Tribal programs. These include: \$2.3 million for technical assistance to States, Tribes, and OSMRE programs; \$2.5 million for expansion of the GeoMine Project (a coal mining geographic information system) to share data among States, governments, industry and the public to provide for more efficient and effective decisions; \$1.2 million for funding to provide to States and universities for technical studies specific to coal mining activities; and \$1 million to expand reforestation of reclaimed coal mine sites and provide opportunities for youth engagement. In addition, the request includes increases of \$1.8 million for additional program staff to support improvements in the implementation of existing laws and assistance to States and Tribes; and \$1 million for NEPA compliance documentation support.

The remaining portion of the request for the Regulation and Technology account provides funding for OSMRE's regulatory operations on Federal and Indian lands, evaluation and oversight of State regulatory programs, technical training, solicitor support, and other technical assistance to the States and Tribes as well as administrative and executive activities.

Abandoned Mine Reclamation Fund Appropriation

The request includes \$30.4 million for the AML appropriation, which is \$86.9 million below the 2016 enacted level. The budget supports OSMRE's program evaluations and reclamation operations, watershed cooperative agreement projects, fee compliance and audits, technical training and other technical assistance to the States and Tribes as well as administrative and executive activities. A \$90.0 million decrease is due to a shift from the limited pilot project for reclamation and economic development enacted in FY 2016 to the broader proposal for economic and community development activities under the Administration's POWER+ Plan. Increases are proposed for \$1.5 million for technical assistance to States, Tribes, and OSMRE programs; \$0.5 million for funding to provide to States and universities for technical studies specific to coal mining activities; and \$0.8 million to enhance the mine map repository for digitizing underground mine maps.

The remaining portion of the request for this account provides funding for OSMRE's Federal reclamation operations, evaluation and oversight of State reclamation programs, cooperative agreement funds to watershed public interest groups, technical training, solicitor support, and other technical assistance to the States and Tribes, reclamation fee collection and audits, and other administrative and executive activities.

Legislative Proposals

The budget request includes proposals to improve major components of the AML program to accelerate the completion of priority abandoned coal problems, create jobs, and revitalize communities impacted by this legacy of historic mining practices by increasing total funding available to the States for the reclamation of abandoned mines. In addition to proposals to strengthen the AML Program, the budget includes a proposal to provide security for retired coal miners and their families who are at risk of losing their health and pension benefits.

The first legislative proposal supports reclamation and economic and community development nationwide under the Administration's POWER+ Plan. This proposal will accelerate the disbursement to States and Tribes of \$1 billion dollars, over 5 years, from unappropriated balances in the Abandoned Mine Reclamation Fund to create new economic development opportunities and new jobs in communities impacted by abandoned coal mine lands and recent adverse job impacts. This accelerated AML funding will be used by States and Tribes for the reclamation of abandoned coal mine land sites and associated polluted waters in a manner that promotes economic diversification and development in economically distressed coal country communities.

As part of the Power+ Plan, the Administration proposes to provide security for retired coal miners and their families by revising the formula for general fund transfers to the 1993 UMWA Health Benefits Plan. All beneficiaries enrolled in the Plan as of enactment of the proposal will be covered, as well as those retirees whose health benefits were denied or reduced as the result of a bituminous coal industry bankruptcy proceeding commenced in 2012. Additionally, the proposal will transfer funds through the Pension Benefit Guaranty Corporation to the trustees of the 1974 UMWA Pension Plan and Trust (1974 Pension Plan) to protect the 1974 Pension

Plan's long-term solvency. The 1974 Pension Plan, which covers more than 100,000 mineworkers, is underfunded and approaching insolvency. The new formula will provide an additional \$375.4 million to these health and pension plans within the UMWA Health and Retirement Funds in 2017.

The second Administration proposal is to end the current permanent appropriation payments to States and Tribes that certified to the Federal government they have finished restoring their abandoned coal mines, eliminating payments of \$61 million in 2017 and saving the taxpayer \$520 million over the next ten years. Presently, these payments can be used for any purpose and therefore may not, necessarily, contribute to the goal of addressing abandoned mine hazards.

The third legislative proposal is to restore coal reclamation fees to the 1977 levels which were in effect until the 2006 amendments to SMCRA reduced the fees. This proposal will return the reclamation fees to historic levels and generate an additional \$49 million in 2017 that will be used by States to reclaim priority abandoned mine sites and address more of the remaining \$6 billion in high priority AML sites nationwide.

Fourth, the budget includes a legislative proposal to build on the successes of the coal AML program to create a parallel program for hardrock AML reclamation. Similar to the coal industry, the hardrock industry has left a legacy of abandoned mine sites that create health, safety, and environmental hazards. Currently, no hardrock reclamation fee exists that provides revenue to a dedicated hardrock reclamation fund, which leaves States, Tribes, and Federal land managers to address these sites as part of their general revenue budgets or with funds from the coal AML Fund when possible. The coal industry should not be paying to clean up the abandoned mine problems created by the hardrock mining industry.

Conclusion

Thank you for the opportunity to appear before the subcommittee today and testify on OSMRE's FY 2017 budget request.