

**Statement of Bill Banig  
Director of Governmental Affairs  
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**before the  
Committee on Energy and Natural Resources  
United States Senate**

**Oversight Hearing on  
The Surface Mining Control and Reclamation Act of 1977:  
Policy Issues Thirty Years Later  
November 13, 2007**

Chairman Bingaman, members of the Committee, I am Bill Banig, director of Governmental Affairs for the United Mine Workers of America (UMWA). The UMWA is a labor union that has represented the interests of coal miners and other workers and their families in the United States and Canada for over 117 years. We appreciate the opportunity to appear before the Committee to celebrate the thirtieth anniversary of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), an historic piece of legislation that continues to be of vital importance to coal mining communities across this nation.

When enacting the Surface Mining Control and Reclamation Act in 1977, Congress found that "surface and underground coal mining operations affect interstate commerce, contribute to the economic well-being, security, and general welfare of the Nation and should be conducted in an environmentally sound manner." That statement is as true today as it was in 1977. Coal mining contributes significantly to our national economy by providing the fuel for about half of our nation's electricity generation. Coal miners are proud to play their part in supplying our nation with domestically-produced, cost-effective, reliable energy. We also live in the communities most affected by coal mining and support the intent of Congress that coal mining must be conducted in an environmentally sound manner.

Throughout our 117 year history, the UMWA has been in the forefront of bringing social, economic and environmental justice to our members and the nation's coal fields. Our members toil in the nation's coal mines to provide domestically-produced energy that helps fuel our economy. The UMWA's goal is to protect the interests of our members on the job and when they return home to their families after a hard days work. The UMWA has led the fight

throughout our history to enact tough mine health and safety laws to protect miners on the job. Unfortunately, advancements in health and safety too often happen only after miners are killed on the job, as we all witnessed again last year at the Sago Mine in West Virginia where twelve miners died and recently at the Crandall Canyon mine in Utah where nine miners lost their lives. We have fought for compensation laws to assist those who are injured and occupational disease laws to provide for those whose health has been taken from them. The UMWA has also been in the forefront of providing health care and pensions to workers, establishing one of the first industry-wide multi employer benefit plans. Through the historic 1946 Krug-Lewis Agreement—signed in the White House between Secretary of the Interior Julius Krug and UMWA President John L. Lewis—the UMWA, the coal industry and the federal government created the UMWA Health and Retirement Funds. Over the last 60 years the UMWA Funds has provided pensions and health care to hundreds of thousands of our nation’s coal miners and helped to modernize the delivery of health care in coal field communities across the nation.

Indeed, years ago the Funds established ten regional offices throughout the coal fields with the direction to make arrangements with local doctors and hospitals for the provision of “the highest standard of medical service at the lowest possible cost.” One of the first programs initiated by the Funds was a rehabilitation program for severely disabled miners. Under this program over 1,200 severely disabled miners were rehabilitated. The Funds identified disabled miners and sent them to the finest rehabilitation centers in the United States. At those centers, disabled miners received the best treatment that modern medicine and surgery had to offer, including artificial limbs and extensive physical therapy to teach them how to walk again. After a period of physical restoration, the miners received occupational therapy so they could provide for their families.

The Funds also made great strides in improving overall medical care in coal mining communities, especially in Appalachia where the greatest inadequacies existed. Recognizing the need for modern hospital and clinic facilities, the Funds constructed ten hospitals in Kentucky, Virginia and West Virginia. The hospitals, known as Miners Memorial Hospitals, provided intern and residency programs and training for professional and practical nurses. Thus, because of the Funds, young doctors were drawn to areas of the country that were sorely lacking in medical professionals. A 1978 Presidential Coal Commission found that medical care in the coal field communities had greatly improved, not only for miners but for the entire community, as a result of the UMWA Funds. “Conditions since the Boone Report have changed dramatically, largely because of the miners and their Union--but also because of the Federal Government,

State, and coal companies.” The Commission concluded that “both union and non-union miners have gained better health care from the systems developed for the UMWA.”

Coal miners value the natural resources that God has given us. In their free time, you will find many of them fishing in the streams and hunting in the forests throughout the coalfields. Because of their love of the land, they are strong defenders of the need responsible reclamation laws. Because they work in a vital energy industry, they also know that the nation needs the product of their labor. Perhaps more than most, they understand the need for responsible policies that balance our need for energy with our need to protect the environment. We believe the 1977 Surface Mining Act struck the right balance and the authors and supporters of that effort should be proud of their accomplishments. We are proud to say that the UMWA has been a steadfast supporter of SMCRA throughout its 30 year history.

While more than \$5.7 billion has been appropriated for mine site reclamation since 1978, there are many more sites still requiring attention. With the reauthorization of the AML program as part of the Tax Relief and Health Care Act last December, Congress extended the AML Fund for 15 years. States and tribes will finally start to receive the resources they need to take care of the reclamation projects within their respective jurisdictions. The 2006 AML reauthorization also provided the long term financial solution for the health care of the thousands of abandoned retired coal miners and their dependents whose employers went out of business and ceased fulfilling their contractual promises to pay for their retirees’ health care.

Coal miners especially appreciate the substantial financial support SMCRA has provided through the Abandoned Mine Land Fund (AML) to reclaim abandoned coal mines in the coal field communities. Through the AML Fund, mining communities across this country have received *billions* of dollars—monies collected through fees imposed on a per ton basis for all coal that is mined in the United States—to clean up abandoned coal mines. While the overwhelming majority of these funds have paid for the reclamation of abandoned mines, with the passage of the 1992 Coal Act, interest earned on the AML principal since 1995 has been used to help support the health care needs of abandoned retired coal miners. In other words, the Surface Mining Control and Reclamation Act has provided essential support for both the needs of abandoned coal mines and abandoned retired miners and their dependents. I want to thank the members of this Committee who played a vital role in ensuring that the needs of abandoned coal miners were not forgotten.

When Congress authorized the use of AML interest to help finance the cost of health care for retired coal miner, it was a logical extension of the original intent of Congress when the AML Fund was established. Congress joined these two programs together for a specific reason—they both represent legacy costs of the coal industry that compelled a national response. When Congress created the AML Fund in 1977, it found that abandoned mine lands imposed “social and economic costs on residents in nearby and adjoining areas.” When Congress enacted the Coal Act in 1992, it also was attempting to avoid unacceptable social and economic costs associated with the loss of health benefits for retired coal miners and widows. Moreover, as the U.S. Government Accountability Office (GAO) found in its 2002 report on the Coal Act entitled “*Retired Coal Miners’ Health Benefit Funds: Financial Challenges Continue*,” UMWA retirees traded lower pensions over the years for the promise of their health benefits and engaged in considerable cost sharing by contributing \$210 million of their pension assets to help finance the CBF.

Although some criticized the use of AML interest money to help cover the cost of coal miners’ retiree health care, this marriage proved to be the catalyst for last year’s reauthorization of the AML program which successfully addressed the varied—and sometimes conflicting—needs of the many interested parties. With all parties with a stake in the SMCRA debate—states and tribes, coal companies, environmental groups, and UMWA members—working together for the passage of the Tax Relief and Health Care Act last year, Congress was able to forge a political consensus that had eluded us for many years, allowing us to achieve goals that many of us have been pursuing since the passage of SMCRA in 1977 and the Coal Act in 1992. Not only did that legislation succeed in securing the long term financial support for retired coal miners’ health care, the legislation also provided relief to operators by reducing the AML fees by 20%, modified the AML formulas to provide historic production states that have the most serious reclamation problems with higher allocations, and mandated that minimum program states are guaranteed at least \$3 million each year for reclamation efforts. In addition, the legislation took a portion of the AML fees collected off budget and over a seven year period, all states and tribes will receive from the General Treasury an amount equivalent to their unappropriated balances in the AML fund. The end result of the legislation is that it resolved many longstanding disputes that had blocked AML reform for several years. More importantly, the legislation will mean more funds will be available to address vital reclamation needs in the coal fields.

In terms of abandoned retiree health care, the passage of the Tax Relief and Health Care Act has addressed the financial problems that have plagued the Coal Act since its passage in

1992. As many are aware, adverse court decisions and an unanticipated series of bankruptcies in the coal and steel industries had eroded the original financial mechanism Congress intended to fund Coal Act health care obligation. As a result, on three separate occasions Congress had to provide emergency appropriations, using unused AML interest money, to keep health care benefits from being cut. With passage of last year's AML reauthorization, these and many other issues have been resolved.

Mr. Chairman, the UMWA and its members are grateful that Congress forged a bipartisan consensus to reauthorize the AML Program and provide a long-term solution to the coal industry retiree health care financial crisis. We have in previous appearances before the Committee provided the historic context for the government's unique promise of health care to coal miners. You know all too well that over their working lives, these retirees traded lower wages and pensions for the promise of retiree health care that began in the White House in 1946 when the Krug-Lewis agreement was signed. In 1992, miners willingly contributed \$210 million of their pension money to ensure that the promise would be kept. Everything that this nation has asked of them—in war and in peace—they have done. They are part of what has come to be called the "Greatest Generation" and deservedly so. They have certainly kept their end of the bargain that was struck with President Truman. In 2006 we were delighted that Congress forged the political consensus that allowed the federal government to keep its promise once again.

Today, we appreciate having this opportunity to thank every member of Congress for remembering the plight of our retired miners and widows. I come before you to convey a heartfelt thank you from all the retirees, including the original 112,000 beneficiaries, for the hard work of this Committee in keeping that promise.

I would be happy to answer any questions you may have.