

**STATEMENT OF
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DEPUTY SECRETARY
OF THE DEPARTMENT OF THE INTERIOR
BEFORE THE
SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
ON
CONSOLIDATION OF CERTAIN FUNCTIONS OF THE
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
AND THE
BUREAU OF LAND MANAGEMENT
NOVEMBER 17, 2011**

Introduction

Chairman Bingaman, Ranking Member Murkowski, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Department of the Interior's consolidation and integration of the Office of Surface Mining Reclamation and Enforcement (OSM) into the Bureau of Land Management (BLM) as contemplated by Secretarial Order No. 3315, dated October 26, 2011.

As Secretary Salazar stated in announcing the Order, the Secretary has asked the leadership in the Department of the Interior to evaluate a potential consolidation of OSM and BLM to determine whether the Department can advance the Congressionally-mandated missions of both bureaus more efficiently and cost-effectively by combining expertise and resources of the bureaus in areas that make sense, and reducing the drain on OSM resources that is associated with maintaining stand-alone support services for a bureau that has a small employee and budget base. The Secretary's goal is to make government work better, to build on our strengths, and to get the most out of the limited resources we have.

At the outset, I want to emphasize that the Department is fully committed to the OSM mission and to continued compliance with the Surface Mining Control and Reclamation Act (SMCRA). The Secretary's Executive Order makes it clear that the OSM's duties and responsibilities prescribed by SMCRA will remain intact, under the exclusive purview of the OSM Director, who will retain autonomy over those issues. The hope and expectation is that the consolidation process that the Department is now launching will strengthen the OSM's capabilities by making the most of available efficiencies in organizations, aligning programs where possible and appropriate, eliminating duplication and optimizing effectiveness. The enforcement and regulatory functions of the OSM would remain separate from BLM's leasing activities. The focus of the consolidation is on those OSM and BLM functions that are complementary, including environmental restoration activities and administrative support functions.

As the Secretary noted in his Order, we look forward to Congress' input as we move forward with this process, along with the input of our employees, the Office of Management and Budget, and interested stakeholders.

Background

OSM was established in 1977 as a regulatory agency to oversee state surface coal mining regulatory and reclamation programs and to develop tools to ensure that states and tribes administer their programs effectively. OSM seeks to ensure that coal mining operations are conducted in a manner that protects citizens and the environment during mining, to ensure that the land is restored to beneficial use after mining, and to mitigate the effects of past mining activity by pursuing reclamation of abandoned coal mines. OSM also provides support and assistance to states in implementing state regulatory programs and reclaiming abandoned mine lands.

The OSM has a modest operating budget of about \$160 million and a staff that has been decreasing in number steadily over the past ten years. Since 2002, the OSM's staff has been reduced by 17 per cent. OSM's 525 employees are headquartered in Washington, DC, and throughout three coal-producing regions: Appalachia, Mid-Continent, and Western.

The BLM was established in 1946 and manages more than 245 million acres of public land, known as the National System of Public Lands. Although the large majority of lands managed by BLM are located in 12 western states, BLM manages approximately 15,000 surface acres in the eastern United States. In addition, BLM manages approximately 40 million acres of federal mineral estate in the eastern United States, including approximately 30 million acres under our National Forests. In total, BLM administers 700 million acres of sub-surface mineral estate throughout the Nation. As a land manager with responsibility for overseeing both surface and sub-surface mining activities on public lands, BLM has a number of responsibilities associated with mining-related activities, including establishing reclamation requirements for current mining operations, and administering BLM's Abandoned Mine Lands (AML) program, a mining restoration program that was established in 1997 to address high priority watersheds impacted by abandoned mines.

The consolidation proposed under the Secretarial Order is intended to build on the strengths and expertise of both bureaus, to capture the benefit of synergies from integrating BLM and OSM reclamation efforts, to strengthen OSM's oversight of surface coal mining and reclamation operations, to ensure efficiencies in revenue collection and enforcement responsibilities, and provide strong and independent safety and environmental oversight of these activities.

The Department is proceeding with this consolidation exercise under the authority of Section 2 of the Reorganization Plan No. 3 of 1950. That law gives the Secretary broad reorganization

authority across the Department subject, of course, to any relevant statutory limitations. In this case, any reorganization must accommodate SMCRA's explicit requirements that OSM maintain a separate regulatory and enforcement function, that it not promote the development of coal or other mineral resources, and that it be led by a Director who is appointed by the President, with the advice and consent of the Senate. In that regard, one of the critical components of our reorganization plan is that OSM's enforcement mission will remain independent from the coal leasing functions administered by the BLM. Under the reorganization plan, there will be no consolidation of those functions.

As described in the Secretary's Order, which is due to become effective on December 1, 2011, we will be evaluating four key areas for potential consolidation: (1) administrative functions; (2) revenue functions; (3) mine reclamation programs; and (3) inspection and enforcement.

Administrative Functions

We believe that a consolidation of BLM and OSM can avoid duplicative administrative support services that currently reduce OSM's effective spending power. Although it is a small bureau, OSM currently is supporting a variety of separate administrative support functions, including a Communications and Legislative Affairs Office, an Office of Information Resources, an Office of Equal Opportunity, an Office of Planning, Policy and Budget and a Division of Administration. Consolidation with BLM would enable OSM to take advantage of existing BLM and OSM administrative resources in all of these areas. By taking advantage of these efficiencies, a larger portion of the OSM budget could be dedicated to accomplishment of its core mission.

Revenue Functions

The Secretary's consolidation plan anticipates moving OSM's revenue collection function to the Department's Office of Natural Resource Revenue (ONRR) – an existing office within the Department whose sole mission and expertise is the efficient collection of revenue from various leasing and permitting activities conducted throughout the Department. By way of example, ONRR currently manages the revenue collection functions associated with BLM and the Bureau of Ocean Energy Management (BOEM). Integration of the OSM's fee collection and distribution functions that are ministerial in nature into the ONRR would take advantage of ONRR's existing expertise and resources in this area. ONRR, in turn, would benefit from incorporating OSM's high quality and efficient compliance program, with an established record of collection success.

Mine Reclamation Programs

The BLM and OSM both have resources and expertise devoted to the reclamation of current and abandoned mining activities. OSM, for example, has significant expertise in the reclamation of ongoing coal mining operations, expertise that could augment the BLM's efforts to require

ongoing reclamation efforts at hard rock mines. The OSM also has significant expertise in abandoned coal mine reclamation, including its AML grants to states and tribes and the creation and administration of its Abandoned Mine Land Inventory System. During the consolidation process, the Department will be exploring the potential to merge the BLM's AML program into the OSM's abandoned mines program, so as to capitalize upon the synergies that would result in increased capability and, we expect, improved performance of both programs. We also believe that such a consolidation would improve the BLM's mine and surface reclamation programs for existing mining operations.

Inspection and Enforcement

The OSM and the BLM both maintain inspection and enforcement programs. As we move forward with developing our plan, we will consider consolidation of the BLM's reclamation and inspection and enforcement functions related to coal mining with OSM's surface coal mining regulation, inspection and enforcement program. Consolidating these two functions could result in strengthening what are now two relatively small, separate programs, creating a more robust program that would operate under the supervision of the OSM and include their extensive institutional knowledge.

Conclusion

Mr. Chairman, we believe that in these times of limited budgets and resources, it is important to fully explore how government services can be delivered in the most efficient and effective manner. That is why we are considering consolidation of certain functions currently administered by OSM and the BLM. We recognize that both bureaus carry out important functions, have vital missions, and are staffed by tremendous public servants. Our goal is to build on these strengths as we consider how we might better deliver the services that the American people expect of us.

We will rely on the ideas and input of employees and many others, including the Congress, at every step of the process so that we ensure that this integration is successful and consistent with our authorities under the law.

This concludes my statement, and I am happy to answer any questions you or other Members of the Committee may have.