

Abandoning Responsible Program Management

THE ABANDONED MINE LANDS (AML) RECLAMATION PROGRAM

The mismanagement of the Abandoned Mine Land (AML) Reclamation Program has resulted in squandering billions on projects and activities unrelated to the AML Fund's primary purpose of restoring historic abandoned coal mine sites.



The coal industry has paid more than \$9.5 billion into the AML fund to reclaim legacy abandoned mines only to see the majority of those funds disappear. Just one in three dollars spent by the fund has gone to priority coal projects that the fund was intended to rehabilitate.

While today's mining industry plans for the restoration and reclamation of mined land even before mining occurs, decades ago, that was not always the case. To address the issue of legacy mining sites, since 1977, modern coal mining companies have been paying fees on each ton of domestically-produced coal into a fund – the AML Reclamation Fund – to reclaim high-priority coal mines abandoned or not sufficiently reclaimed before 1977. Unfortunately, after 40 years and nearly \$10 billion paid into the fund, little has been accomplished to restore priority sites.

Approximately \$8.5 billion has been spent from the fund. But just \$2.8 billion of priority abandoned coal mined lands were reclaimed as of September 30, 2016, according to the Office of Surface Mining (OSM). The \$5.7 billion gap between spending and actual reclamation of priority coal AMLs reveals that only one of every three dollars has reached the priority coal projects they were intended to remediate.

The AML fund has become a target for diverting coal industry funds to purposes not intended under the law. According to the Department of the Interior's Inspector General, the lack of oversight, the absence of sound data management, and an unreliable AML database have resulted in:

- (1) states diverting AML money to non-coal projects notwithstanding the continued presence of high priority coal projects in the state;
- (2) some states expending substantial sums on administrative costs without completing any AML projects; and
- (3) the inability to deliver accurate or useful cost accounting for AML projects.

High administrative costs have also diverted funds from their core purpose. A General Accounting Office (GAO) report found that between 1985-1990 \$360 million, or 28 percent, of the \$1.3 billion spent during that period was used for federal and state administrative expenses.

By the time the AML fee expires in 2021, the fund will have been in existence for almost 45 years—30 years beyond its intended lifespan—and will have achieved little of its intended purpose.

Many of the issues surrounding the diversion and inefficient use of coal AML fees are not new; they have plagued the program for decades, and they have been examined in congressional hearings, through inspectors general reports, and by other government bodies, all with no improvement.

The eight extensions of the fee since it was created have only enabled the continuation of suboptimal business-as-usual practices.

Instead of focusing on how to continue to tax an industry that cannot afford it, focus and discipline should be brought to delivering the remaining AML funds to priority coal projects, as the law intended.

The 2021 expiration of the fee provides an end-date that should carry a sense of urgency for reforming the administration of the program to deliver the funding to its intended purpose. A plan should be developed now for the distribution of AML funds accompanied by firm conditions on their use for actual remediation of priority coal AMLs.