

FY 2016

CONGRESSIONAL BUDGET JUSTIFICATION

BLACK LUNG DISABILITY TRUST FUND

This page is intentionally left blank.

BLACK LUNG DISABILITY TRUST FUND

TABLE OF CONTENTS

Appropriation Language	1
Analysis of Appropriation Language.....	2
Amounts Available for Obligation.....	3
Summary of Changes	4
Budget Authority by Object Class	5
Authorizing Statutes.....	6
Appropriation History.....	7
Overview	8
Budget Activities	9
Black Lung Disability Trust Fund	9

This page is intentionally left blank.

BLACK LUNG DISABILITY TRUST FUND

(Including Transfer of Funds)

APPROPRIATION LANGUAGE

Such sums as may be necessary from the Black Lung Disability Trust Fund (the "Fund"), to remain available until expended, for payment of all benefits authorized by section 9501(d)(1), (2), (6), and (7) of the Internal Revenue Code of 1986; and repayment of, and payment of interest on advances, as authorized by section 9501(d)(4) of that Act. In addition, the following amounts may be expended from the Fund for fiscal year[2015]2016 for expenses of operation and administration of the Black Lung Benefits program, as authorized by section 9501(d)(5): not to exceed [\$33,321,000]\$35,244,000 for transfer to the Office of Workers' Compensation Programs, "Salaries and Expenses"; not to exceed [\$25,543,000]\$30,279,000 for transfer to Departmental Management, "Salaries and Expenses"; not to exceed \$327,000 for transfer to Departmental Management, "Office of Inspector General"; and not to exceed \$356,000 for payments into miscellaneous receipts for the expenses of the Department of the Treasury. (*Department of Labor Appropriations Act, 2015.*)

BLACK LUNG DISABILITY TRUST FUND

ANALYSIS OF APPROPRIATION LANGUAGE

“Such sums as may be necessary from the Black Lung Disability Trust Fund, to remain available until expended, for payment of all benefits authorized by section 9501(d) (1), (2), (6) and (7), of the Internal Revenue Code...”

This language provides indefinite budget authority for the payment of all benefits from the Trust Fund.

“...and repayment of advances and payment of interest on advances, as authorized by section 9501(d)(4) of that Act...”

This language provides for repayment of advances and interest payments on advances from the Trust Fund.

"... for expenses of operation and administration of the Black Lung Benefits program, as authorized by Section 9501(d)(5) of that Act..."

This language provides for the payment of administrative costs associated with the operation and administration of the Trust Fund.

BLACK LUNG DISABILITY TRUST FUND

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	2014		2015		2016	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation						
Definite	0	\$59,081	0	\$64,407	0	\$66,206
Sequestration Reduction Pursuant to P.L. 113-76	0	-\$4,254	0	\$0	0	\$0
Sequestration Reduction Pursuant to P.L. 113-235	0	\$0	0	-\$4,675	0	\$0
Indefinite	0	\$241,499	0	\$259,456	0	\$275,261
<i>Subtotal, Appropriation</i>	<i>0</i>	<i>\$296,326</i>	<i>0</i>	<i>\$319,188</i>	<i>0</i>	<i>\$341,467</i>
Bond Repayment and Payment on Advances	0	\$457,383	0	\$891,769	0	\$1,037,170
B. Gross Budget Authority	0	\$753,709	0	\$1,210,957	0	\$1,378,637
Bond Repayment and Payment on Advances	0	-\$457,383	0	-\$891,769	0	-\$1,037,170
C. Budget Authority Before Committee	0	\$296,326	0	\$319,188	0	\$341,467
Bond Repayment and Payment on Advances	0	\$457,383	0	\$891,769	0	\$1,037,170
D. Total Budgetary Resources	0	\$753,709	0	\$1,210,957	0	\$1,378,637
E. Total, Estimated Obligations	0	\$753,709	0	\$1,210,957	0	\$1,378,637

BLACK LUNG DISABILITY TRUST FUND

SUMMARY OF CHANGES

(Dollars in Thousands)

	2015	2016	Net Change
Budget Authority			
General Funds	\$0	\$0	\$0
Trust Funds	\$319,188	\$341,467	+\$22,279
Total	\$319,188	\$341,467	+\$22,279
Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2016 Change							
	FY 2015 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	0	\$59,732	0	\$698	0	\$0	0	\$698
One day more of pay	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	0	+\$59,732	0	+\$698	0	\$0	0	+\$698
B. Programs:								
Payment of Bond Interest	0	\$96,840	0	\$24,455	0	\$0	0	\$24,455
BLDTF Sequestration Restoration	0	\$0	0	\$4,135	0	\$0	0	\$4,135
Payment of Interest on Advances	0	\$546	0	\$2,723	0	\$0	0	\$2,723
IT Modernization of OWCP's claim processing system	0	\$0	0	\$1,641	0	\$0	0	\$1,641
Programs Subtotal	0	\$97,386	0	+\$32,954	0	\$0	0	+\$32,954
Total Increase	0	+\$157,118	0	+\$33,652	0	\$0	0	+\$33,652
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Benefits Decrease	0	+\$162,070	0	-\$11,373	0	\$0	0	-\$11,373
Programs Subtotal	0	+\$162,070	0	-\$11,373	0	\$0	0	-\$11,373
Total Decrease	0	+\$162,070	0	-\$11,373	0	\$0	0	-\$11,373
Total Change	0	+\$319,188	0	+\$22,279	0	\$0	0	+\$22,279

BLACK LUNG DISABILITY TRUST FUND

BUDGET AUTHORITY BY OBJECT CLASS				
(Dollars in Thousands)				
	2014	2015	2016	Diff. 2016 / 2015
Departmental Management	23,539	28,184	30,279	2,095
Treasury Administrative Costs	330	356	356	0
Office of Inspector General	303	303	327	0
OWCP- Division of Coal Mine Workers	30,655	30,889	35,244	4,355
<i>Subtotal</i>	<i>54,827</i>	<i>59,732</i>	<i>66,206</i>	<i>5,373</i>
Benefits	165,640	162,070	150,697	-11,373
Payment of Bond Interest	75,466	96,840	121,295	24,455
Payment of Interest on Advances	393	546	3,269	2,723
Total	296,326	319,188	341,467	22,279

BLACK LUNG DISABILITY TRUST FUND

AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 91-173	Federal Coal Mine Health and Safety Act of 1969, (now called Federal Mine Safety and Health Act of 1977), Title IV, Black Lung Benefits Act, PUB. L. 91-173, Black Lung Benefits Revenue Act of 1977, PUB. L. 95-227, as amended in 1981 by PUB. L. 97-119	30 U.S.C. 901, et seq.			N/A
PUB. L. 107-275	Black Lung Consolidation of Administrative Responsibility Act and Section 3615 of the Emergency Supplemental Appropriations Act, 2003, PUB. L. 108-83				N/A
PUB. L. 110-343	Emergency Economic Stabilization Act of 2008				N/A

BLACK LUNG DISABILITY TRUST FUND

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2006					
Base Appropriation	\$1,068,000	\$1,068,000	\$1,068,000	\$1,056,342	0
2007					
Base Appropriation	\$1,071,000	\$1,070,432	\$1,070,432	\$1,065,434	0
2008					
Base Appropriation	\$1,068,000	\$0	\$0	\$1,066,000	0
2009					
Base Appropriation	\$1,074,000	\$0	\$1,072,000	\$9,320,683	0
2010					
Base Appropriation...1/	\$300,099	\$302,408	\$302,408	\$302,494	0
2011					
Base Appropriation...2/	\$367,452	\$297,686	\$297,686	\$296,152	0
2012					
Base Appropriation...3/	\$300,495	\$301,415	\$301,415	\$295,000	0
2013					
Base Appropriation...4/	\$307,806	\$0	\$0	\$292,669	0
2014					
Base Appropriation...5/	\$316,559	\$0	\$0	\$296,326	0
2015					
Base Appropriation...6/	\$321,095	\$0	\$0	\$319,188	0
2016					
Base Appropriation	\$341,467	\$0	\$0	\$0	0

^{1/} Appropriation does not include amount for exchange of assets transactions of \$353,424 for bond principal.

^{2/} Appropriation does not include amounts for exchange of assets transactions of \$379,286 for bond principal and \$60,000 for short-term advances.

^{3/} Appropriation does not include amounts for exchange of assets transactions of \$394,297 for bond principal and \$107,749 for short-term advances.

^{4/} Appropriation includes sequestration amount of -\$2,999 and does not include amounts for exchange of assets transactions of \$396,403 for bond principal and \$214,000 for short-term advances.

^{5/} Appropriation includes sequestration amount of -\$4,254 and does not include amounts for exchange of assets transactions of \$397,383 for bond principal and \$60,000 for short-term advances.

^{6/} Appropriation includes sequestration amount of -\$4,675 and does not include amounts for exchange of assets transactions of \$395,769 for bond principal and \$496,000 for short-term advances.

BLACK LUNG DISABILITY TRUST FUND

Overview

The Black Lung Disability Trust Fund (BLDTF) was established by the Black Lung Benefits Revenue Act of 1977, as amended December 29, 1981, companion legislation to the Black Lung Benefits Reform Act of 1977, to implement the shift of fiscal responsibility for Black Lung benefit payments from the Federal Government to the coal industry. The BLDTF is jointly administered by the Secretaries of Labor, Treasury, and Health and Human Services and provides for payment of benefits, administrative expenses, and interest on advances related to the operation of the program. Resources for the Trust Fund are derived from an excise tax on each ton of coal sold or used; reimbursements from responsible mine operators for interim payments; interest, fines and penalties assessed to responsible mine operators; and short-term advances from the Treasury. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), enacted April 7, 1986, raised excise tax rates from \$1.00 to \$1.10 per ton on underground-mined coal and from 50 to 55 cents per ton on surface-mined coal, in either case not to exceed 4.4 percent of the sale price, through December 31, 1995. The legislation also provided for a five-year moratorium on interest payments that ended on September 30, 1990. The Omnibus Budget Reconciliation Act of 1987 continued that tax structure until 2014.

The Emergency Economic Stabilization Act of 2008 (the EES Act), enacted on October 3, 2008, authorized the restructuring of the BLDTF debt by (1) extending current coal excise tax rates of \$1.10 per ton on underground-mined coal and \$0.55 per ton on surface-mined coal until December 31, 2018 (and then reverting to the 1978 levels, or \$0.50 per ton on underground coal, and \$0.25 per ton on surface coal); (2) providing a one-time appropriation for the BLDTF to repay the market value of parts of the outstanding repayable advances and accrued interest; and (3) refinancing the remainder of the outstanding debt through the issuance of zero-coupon bonds. Pursuant to the Act, these amounts are to be retired using the BLDTF's annual operating surpluses until all of its remaining obligations have been paid. Pre-payments will be made when operating surpluses exceed the amount of the zero-coupon bond, and short-term borrowing authority will be utilized if operating surpluses are not sufficient. Based on the current law estimates for coal tax receipts, \$825,636,000 in short-term borrowing authority will be required in FY 2016 to fund obligations and exchange of assets amounts. This is a projected increase in borrowing authority necessitated by a combination of level coal tax estimates and increasing interest rates. This amount plus estimated interest of \$14,366,000 will be repaid in FY 2017.

The payment of benefits directly supports the Secretary's vision of *Promoting and Protecting Opportunity* and the Department's *Strategic Goal 4: Secure retirement, health, and other employee benefits and, for those not working, provide income security, and Strategic Objective 4.1: Provide income support when work is impossible or unavailable and facilitate return to work* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease.

BLACK LUNG DISABILITY TRUST FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	Diff. 2016 / 2015
Activity Appropriation	296,326	319,188	341,467	22,279
FTE	0	0	0	0

Introduction

The Black Lung Disability Trust Fund (BLDTF) is jointly administered by the Secretaries of Labor, Treasury, and Health and Human Services and provides for payment of benefits, administrative expenses, and interest on advances related to the operation of the program. Resources for the Trust Fund are derived from an excise tax on each ton of coal sold or used, reimbursements and interest, fines and penalties assessed responsible mine operators, and short-term advances from the Treasury.

The Trust Fund pays all Part C Black Lung benefits, including income maintenance and medical benefits, when no coal mine operator can be held liable for payments. Income maintenance payments are based on 37.5 percent of the GS-2, Step 1 salary level. The payment of benefits directly supports the Secretary's vision of *Promoting and Protecting Opportunity* and the Department of Labor's *Strategic Goal 4: Secure retirement, health, health, and other employee benefits and, for those not working, provide income security, and Strategic Objective 4.1: Provide income support when work is impossible or unavailable and facilitate return to work* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease. The Trust Fund also pays for the costs incurred by the Department of the Treasury in the collection of the coal excise tax and for managing the Trust Funds, for the costs of the appeals process to the Office of Administrative Law Judges (OALJ) and the Benefits Review Board (BRB), legal costs associated with the Solicitor of Labor (SOL), and for costs incurred by the Office of the Inspector General (OIG). Black Lung Program benefits which pertain to Black Lung claims filed on or before December 31, 1973 are paid under the appropriation for Special Benefits for Disabled Coal Miners, also referred to as Black Lung Program Part B.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2011	\$296,152	0
2012	\$295,000	0
2013	\$292,669	0
2014	\$296,326	0
2015	\$319,188	0

BLACK LUNG DISABILITY TRUST FUND

FY 2016

The FY 2016 Request is \$341,467,000 to meet estimated obligations for Part C of the Black Lung Program. This represents a total increase of \$22,279,000 from FY 2015 enacted level. The amounts for definite obligations include the following amounts to be transferred,: \$35,244,000 for the Office of Workers' Compensation Programs' (OWCP) Salaries and Expenses costs associated with administering the Black Lung Program which are discussed in OWCP's Salaries and Expenses section of the budget ; \$30,279,000 for the administrative costs of the Departmental Management (DM) account including adjudication activities which are discussed in the DM section of the budget; \$327,000 for OIG administrative costs; and \$356,000 for the Department of Treasury. Estimated amounts for indefinite obligations include: \$150,697,000 for benefit payments; \$121,295,000 for payments of bond interest; and \$3,269,000 for interest on short-term advances. The requested amount does not include amounts for exchange of assets transactions. These include \$396,213,000 for payment of bond principal and \$640,957,000 for repayment of estimated short-term advances. In addition to coal tax receipts and other income, an estimated \$825,636,000 in short-term advances will be required to fund obligations and exchange of assets transactions.

The Affordable Care Act (ACA) of 2010 reinstated two provisions in the Act that had been removed in 1981 for claims filed on or after January 1, 1982. Both of these provisions, including automatic entitlement to benefits for survivors of miners who have been awarded benefits, and a presumption that a miner who has at least 15 years of qualifying coal mine employment and has a totally disabling lung condition has pneumoconiosis (black lung disease) even in the absence of a negative x-ray, are favorable to claimants.

While beneficiary counts have been declining in the Black Lung Program, the number of new claims is increasing. The average number of incoming claims received over the last four years was 6,310, a 38 percent increase over the average number of claims received during the preceding four years (4,575). The requested increase for administrative costs in FY 2016 will provide necessary funding to keep up with claims workload.

FY 2015

The FY 2015 enacted level is \$319,188,000 to meet estimated obligations for Part C of the Black Lung Program. The amounts for definite obligations include the following amounts to be transferred: \$30,889,000 for OWCP Salaries and Expenses costs to administer the program; \$28,184,000 for the administrative costs of the Departmental Management account; \$303,000 for OIG administrative costs; and \$356,000 for the Department of Treasury. Estimated amounts for indefinite obligations include: \$162,070,000 for benefit payments, \$96,840,000 for payments of bond interest and \$546,000 for interest on short-term advances. The requested amount does not include amounts for exchange of assets transactions of \$395,769,000 for payment of bond principal and \$496,000,000 for repayment of estimated short-term advances. In addition to coal tax receipts and other income, an estimated \$640,957,000 in short-term advances will be required to fund obligations and exchange of assets transactions.

BLACK LUNG DISABILITY TRUST FUND

FY 2014

The FY 2014 Enacted funding level was \$296,326,000 to meet estimated obligations for Part C of the Black Lung Program. The amounts for definite obligations include the following amounts transferred: \$30,655,000 for OWCP Salaries and Expenses costs; \$23,539,000 for the administrative costs of the Departmental Management account; \$303,000 for OIG administrative costs; and \$330,000 for the Department of Treasury. Amounts for indefinite obligations include: \$165,640,000 for benefit payments, \$75,466,000 for payments of bond interest and \$393,000 for interest on short-term advances. The requested amount does not include amounts for exchange of assets transactions of \$397,383,000 for payment of bond principal and \$60,000,000 for repayment of short-term advances. In addition to coal tax receipts and other income, \$496,000,000 in short-term advances was required to fund obligations and exchange of assets transactions.

BLACK LUNG DISABILITY TRUST FUND

DETAILED WORKLOAD AND PERFORMANCE					
	2014		2015	2016	
	Target	Result	Target	Target	
Black Lung Disability Trust Fund					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
BLDTF WL 1	Claims Received	7,300	7,394	7,700	7,700
BLDTF WL 2	Trust Fund Beneficiaries	18,800	17,369	17,580	16,500
BLDTF WL 3	Beneficiaries Paid by Responsible Operators	4,500	4,763	4,370	4,600
BLDTF WL 4	Medical benefits only recipients	1,100	871	1,100	1,000

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

BLACK LUNG DISABILITY TRUST FUND

In FY 2016, the Trust Fund request will continue to provide for the payment of benefits and ongoing medical treatment costs and the administrative expenses of Part C program operations, adjudicatory and litigation costs in support of the Secretary's vision of *Promoting and Protecting Opportunity* and the Department's *Strategic Goal 4: Secure retirement, health, and other employee benefits and, for those not working, provide income security, and Strategic Objective 4.1: Provide income support when work is impossible or unavailable and facilitate return to work*. Monthly compensation and ongoing medical treatment benefits will be paid to an estimated average of 16,500 recipients from the BLDTF. The program will monitor cash and medical treatment payments disbursed by coal mine operators in the private sector to approximately 4,600 additional recipients under Part C; and will process an estimated 7,700 incoming claims. Greater detail on workload associated with this program can be found in the workload summary discussion for Disabled Coal Mine Workers Compensation (DCMWC).