FY 2018
CONGRESSIONAL BUDGET JUSTIFICATION
BLACK LUNG DISABILITY TRUST FUND
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation Language</td>
<td>1</td>
</tr>
<tr>
<td>Amounts Available for Obligation</td>
<td>2</td>
</tr>
<tr>
<td>Summary of Changes</td>
<td>3</td>
</tr>
<tr>
<td>Budget Authority by Object Class</td>
<td>4</td>
</tr>
<tr>
<td>Authorizing Statutes</td>
<td>5</td>
</tr>
<tr>
<td>Appropriation History</td>
<td>6</td>
</tr>
<tr>
<td>Overview</td>
<td>7</td>
</tr>
<tr>
<td>Budget Activities</td>
<td>9</td>
</tr>
<tr>
<td>Black Lung Disability Trust Fund</td>
<td>9</td>
</tr>
</tbody>
</table>
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 2018 for expenses of operation and administration of the Black Lung Benefits program, as authorized by section 9501(d)(5): not to exceed $38,246,000 for transfer to the Office of Workers' Compensation Programs, "Salaries and Expenses"; not to exceed $30,595,000 for transfer to Departmental Management, "Salaries and Expenses"; not to exceed $330,000 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.

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.
## AMOUNTS AVAILABLE FOR OBLIGATION

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 Enacted</th>
<th>FY 2017 Full Year C.R.</th>
<th>FY 2018 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FTE</td>
<td>Amount</td>
<td>FTE</td>
</tr>
<tr>
<td>A. Appropriation</td>
<td>0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Definite</td>
<td>0</td>
<td>$66,206</td>
<td>0</td>
</tr>
<tr>
<td>Sequestration Reduction Pursuant to P.L. 114-113 for FY 2016</td>
<td>0</td>
<td>-$4,502</td>
<td>0</td>
</tr>
<tr>
<td>Sequestration Reduction Pursuant to P.L. 114-254 for FY 2017</td>
<td>0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Indefinite</td>
<td>0</td>
<td>$251,488</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal, Appropriation</strong></td>
<td>0</td>
<td>$313,192</td>
<td>0</td>
</tr>
<tr>
<td>Bond Repayment and Payment on Advances</td>
<td>0</td>
<td>$981,213</td>
<td>0</td>
</tr>
<tr>
<td>B. Gross Budget Authority</td>
<td>0</td>
<td>$1,294,405</td>
<td>0</td>
</tr>
<tr>
<td>Bond Repayment and Payment on Advances</td>
<td>0</td>
<td>-$981,213</td>
<td>0</td>
</tr>
<tr>
<td>C. Budget Authority Before Committee</td>
<td>0</td>
<td>$313,192</td>
<td>0</td>
</tr>
<tr>
<td>Bond Repayment and Payment on Advances</td>
<td>0</td>
<td>$981,213</td>
<td>0</td>
</tr>
<tr>
<td>D. Total Budgetary Resources</td>
<td>0</td>
<td>$1,294,405</td>
<td>0</td>
</tr>
<tr>
<td>E. Total, Estimated Obligations</td>
<td>0</td>
<td>$1,294,405</td>
<td>0</td>
</tr>
</tbody>
</table>
## SUMMARY OF CHANGES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>FY 2017 Base</th>
<th>FY 2018 Request</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE</td>
<td>Amount</td>
<td>FTE</td>
</tr>
<tr>
<td>Trust Funds</td>
<td></td>
<td>General Funds</td>
</tr>
<tr>
<td>Built-Ins Subtotal</td>
<td>0</td>
<td>$64,729</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$147,397</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$4,914</td>
</tr>
<tr>
<td>Programs Subtotal</td>
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<td>$4,914</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$39,570</td>
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<tr>
<td>Built-Ins Subtotal</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$160,481</td>
</tr>
<tr>
<td>Programs Subtotal</td>
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</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$2,663</td>
</tr>
<tr>
<td>Built-Ins Subtotal</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$160,481</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Increase</td>
<td>0</td>
<td>+$217,040</td>
</tr>
<tr>
<td>Total Decrease</td>
<td>0</td>
<td>+$160,481</td>
</tr>
<tr>
<td>Total Change</td>
<td>0</td>
<td>+$377,521</td>
</tr>
</tbody>
</table>

**FY 2018 Change**

**Explanation of Change**

**Increases:**

**A. Built-Ins:**
- To Provide For:
  - Costs of pay adjustments
    - Built-Ins Subtotal: 0 +$64,729

**B. Programs:**
- BLDTF Payment of Bond Interest
  - BLDTF Payment of Interest on Advances
  - Sequestration Restoration-BLDTF
    - Programs Subtotal: 0 +$39,570

**Total Increase**

**Decreases:**

**A. Built-Ins:**
- To Provide For:
  - Built-Ins Subtotal: 0 $0

**B. Programs:**
- BLDTF Benefits
  - Reduction to Absorb Inflationary Costs
    - Programs Subtotal: 0 -$2,663

**Total Decrease**

**Total Change**

---

**Budget Authority**

<table>
<thead>
<tr>
<th>FY 2017 Full Year C.R.</th>
<th>FY 2018 Request</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Trust Funds</td>
<td>$377,521</td>
<td>$415,162</td>
</tr>
<tr>
<td>Total</td>
<td>$377,521</td>
<td>$415,162</td>
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</table>

**Full Time Equivalents**

<table>
<thead>
<tr>
<th>FY 2017 Base</th>
<th>FY 2018 Request</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE</td>
<td>Amount</td>
<td>FTE</td>
</tr>
<tr>
<td>General Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>FY 2016 Enacted</td>
<td>FY 2017 Full Year C.R.</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------------</td>
<td>------------------------</td>
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<tr>
<td>Departmental Management</td>
<td>28,220</td>
<td>28,484</td>
</tr>
<tr>
<td>Treasury Administrative Costs</td>
<td>332</td>
<td>331</td>
</tr>
<tr>
<td>Office of Inspector General</td>
<td>305</td>
<td>307</td>
</tr>
<tr>
<td>OWCP- Division of Coal Mine Workers</td>
<td>32,847</td>
<td>35,607</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>61,704</strong></td>
<td><strong>64,729</strong></td>
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<tr>
<td>Benefits</td>
<td>128,262</td>
<td>160,481</td>
</tr>
<tr>
<td>Payment of Bond Interest</td>
<td>121,295</td>
<td>147,397</td>
</tr>
<tr>
<td>Payment of Interest on Advances</td>
<td>1,931</td>
<td>4,914</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>313,192</strong></td>
<td><strong>377,521</strong></td>
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### BLACK LUNG DISABILITY TRUST FUND

#### AUTHORIZING STATUTES

<table>
<thead>
<tr>
<th>Public Law / Act</th>
<th>Legislation</th>
<th>Statute No. / US Code</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUB. L. 107-275</td>
<td>Black Lung Consolidation of Administrative Responsibility Act and Section 3615 of the Emergency Supplemental Appropriations Act, 2003, PUB. L. 108-83</td>
<td></td>
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<tr>
<td>PUB. L. 110-343</td>
<td>Emergency Economic Stabilization Act of 2008</td>
<td></td>
<td>N/A</td>
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<tr>
<td>Year</td>
<td>Budget Estimates to Congress</td>
<td>House Allowance</td>
<td>Senate Allowance</td>
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<tr>
<td>------</td>
<td>------------------------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td>2008</td>
<td>Base Appropriation $1,068,000</td>
<td>$1,066,000</td>
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<tr>
<td></td>
<td>Legislative Proposal $2,315,000</td>
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<tr>
<td>2009</td>
<td>Base Appropriation $1,074,000</td>
<td>$1,072,000</td>
<td>$9,320,683</td>
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<tr>
<td></td>
<td>Legislative Proposal $2,288,000</td>
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</tr>
<tr>
<td>2010</td>
<td>Base Appropriation...1/ $300,099</td>
<td>$302,408</td>
<td>$302,408</td>
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<tr>
<td>2011</td>
<td>Base Appropriation...2/ $367,452</td>
<td>$297,686</td>
<td>$297,686</td>
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<tr>
<td>2012</td>
<td>Base Appropriation...3/ $300,495</td>
<td>$301,415</td>
<td>$301,415</td>
</tr>
<tr>
<td>2013</td>
<td>Base Appropriation...4/ $307,806</td>
<td>$292,669</td>
<td>0</td>
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<tr>
<td>2014</td>
<td>Base Appropriation...5/ $316,559</td>
<td>$312,305</td>
<td>0</td>
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<tr>
<td>2015</td>
<td>Base Appropriation...6/ $321,087</td>
<td>$321,092</td>
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<tr>
<td>2016</td>
<td>Base Appropriation...7/ $341,467</td>
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<td>$341,467</td>
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<tr>
<td>2017</td>
<td>Base Appropriation...8/ $371,641</td>
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<tr>
<td>2018</td>
<td>Base Appropriation $415,162</td>
<td>0</td>
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</tr>
</tbody>
</table>

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 $401,000 for short-term advances.
6/ Appropriation includes sequestration amount of -$4,701 and does not include amounts for exchange of assets transactions of $395,769 for bond principal and $541,696 for short-term advances.
7/ Appropriation includes sequestration amount of -$4,502 and does not include amounts for exchange of assets transactions of $396,213 for bond principal and $585,000 for short-term advances.
8/ A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.
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 shift 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 domestically; 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 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, $1,641,777,000 in short-term borrowing authority will be required in FY 2018 to fund obligations and exchange of assets amounts. This is a projected increase in borrowing authority necessitated by a combination of level coal tax revenue estimates and increasing interest rates. This amount plus estimated interest of $29,224,000 will be repaid in FY 2019.
Introduction

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 Trust Fund also pays for the costs incurred by the Department of Treasury collecting the coal excise tax and 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 Inspector General (OIG). Black Lung benefits for 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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Funding</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Dollars in Thousands)</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$292,669</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>$312,305</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>$321,092</td>
<td>0</td>
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<tr>
<td>2016</td>
<td>$313,192</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>$0</td>
<td>0</td>
</tr>
</tbody>
</table>

NOTE: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

FY 2018

In order to meet estimated obligations for Part C of the Black Lung Program, the FY 2018 Request is $415,162,000. The amounts for definite obligations include the following amounts to be transferred: $38,246,000 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; $30,595,000 for the administrative costs of the Departmental Management (DM) account including adjudication activities and legal services which are discussed in the DM section of the budget; $330,000 for OIG administrative costs; and $356,000 for the Department of Treasury. Estimated amounts for indefinite obligations include: $158,552,000 for benefit payments; $174,680,000 for payments of bond interest; and $12,403,000 for interest on short-term advances.

The requested amount does not include amounts for exchange of assets transactions. These include $385,968,000 for payment of bond principal and $1,265,647,000 for repayment of...
BLACK LUNG DISABILITY TRUST FUND

estimated short-term advances. In addition to coal tax receipts and other income, an estimated $1,641,752,000 in short-term advances will be required to fund obligations and exchange of assets transactions.

While beneficiary counts have been declining in the Black Lung Program, the average number of incoming claims received remains high. New claims volumes for FY 2018 are expected to be 7,500, near the FY 2017 estimate of 8,000. BLDTF's FY 2018 budget request will provide necessary funding to keep pace with high workload volumes.

FY 2017

Figures shown for FY 2017 reflect the annualized Continuing Resolution level, as a full-year appropriation had not been enacted at the time the budget was produced. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.
## Detailed Workload and Performance

<table>
<thead>
<tr>
<th>Black Lung Disability Trust Fund</th>
<th>FY 2016 Target</th>
<th>FY 2016 Result</th>
<th>FY 2017 Request</th>
<th>FY 2018 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Black Lung Disability Trust Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BLDTF WL 1 Number of Claims Received</td>
<td>7,400[p]</td>
<td>7,478</td>
<td>8,000[p]</td>
<td>7,500[p]</td>
</tr>
<tr>
<td>BLDTF WL 2 Number of Trust Fund Beneficiaries</td>
<td>16,000[p]</td>
<td>16,047</td>
<td>15,600[p]</td>
<td>15,100[p]</td>
</tr>
<tr>
<td>BLDTF WL 3 Number of Beneficiaries Paid by Responsible Operators</td>
<td>5,200[p]</td>
<td>4,704</td>
<td>5,500[p]</td>
<td>5,000[p]</td>
</tr>
<tr>
<td>BLDTF WL 4 Number of Medical Benefits Only Recipients</td>
<td>700[p]</td>
<td>562</td>
<td>500[p]</td>
<td>450[p]</td>
</tr>
</tbody>
</table>

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

In FY 2018, the Trust Fund request will continue to provide for the payment of benefits and ongoing medical treatment costs and the administrative expenses of Black Lung Part C program operations, adjudicatory and litigation costs. Monthly compensation and ongoing medical treatment benefits will be paid from the BLDTF to an estimated average of 15,100 recipients in FY 2018. The program will monitor cash and medical treatment payments disbursed in the private sector by coal mine operators to approximately 5,000 additional recipients under Part C; and will process an estimated 7,500 incoming claims in FY 2018. Greater detail on workload associated with this program can be found in the workload summary discussion for the Division of Coal Mine Workers’ Compensation (DCMWC).