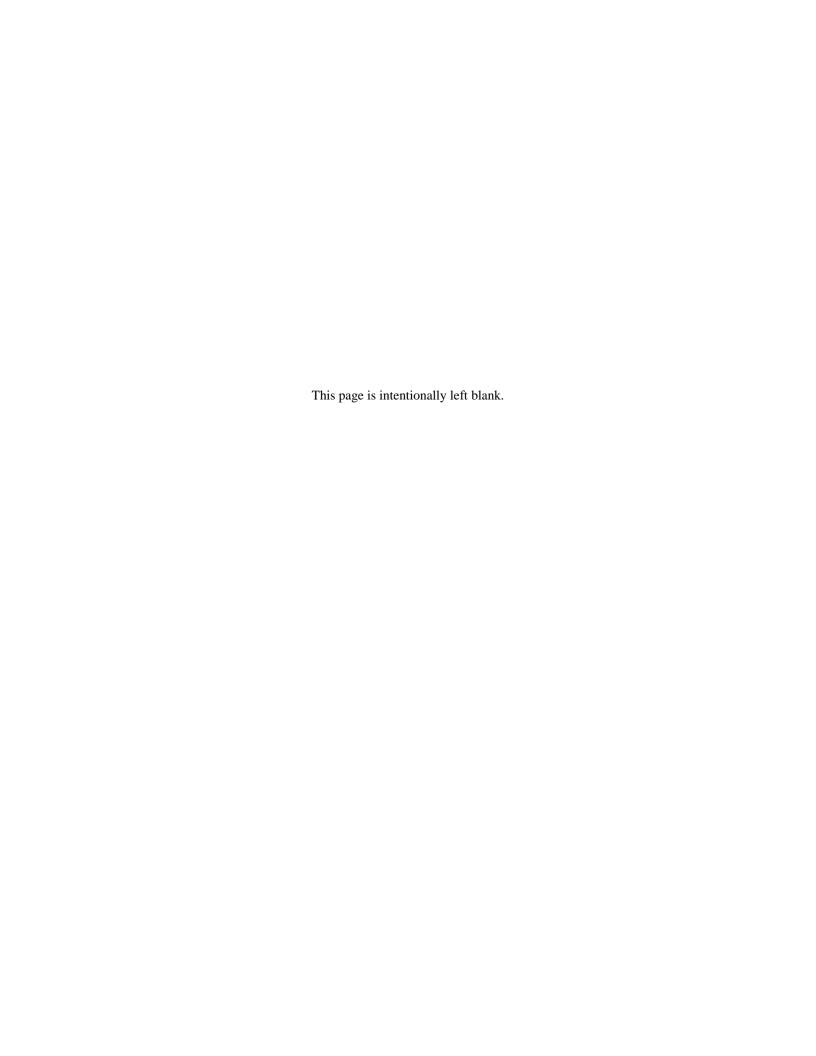
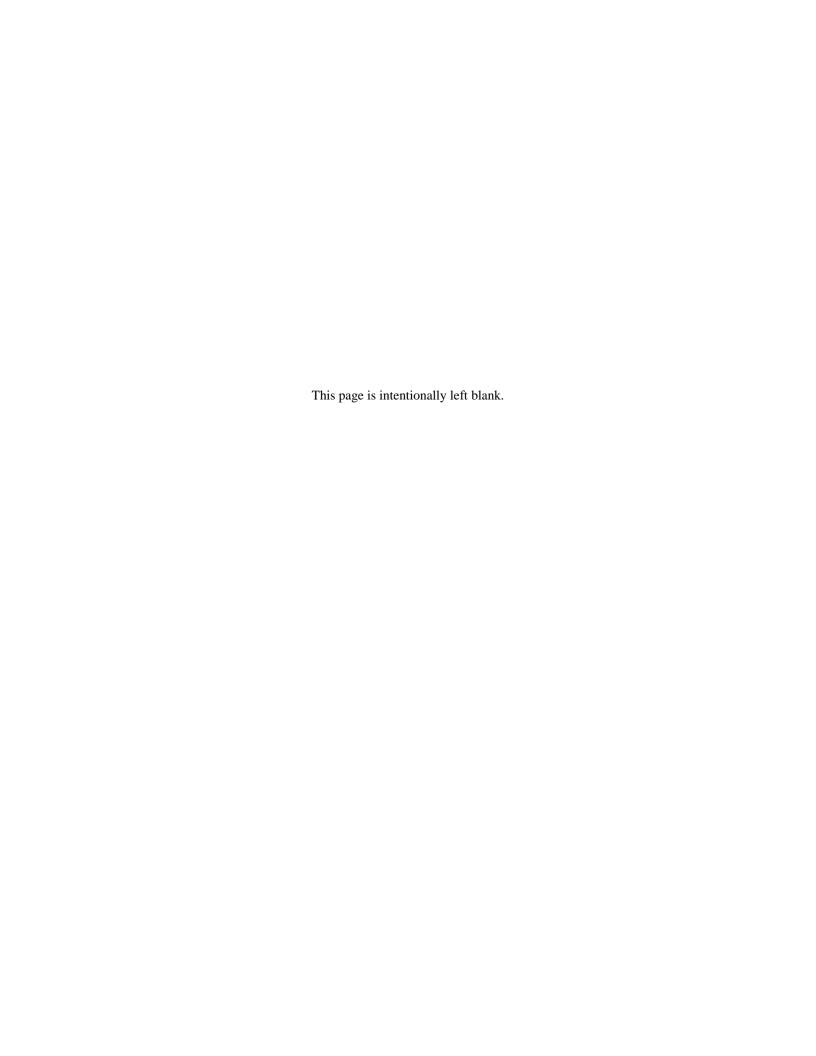
# FY 2018 CONGRESSIONAL BUDGET JUSTIFICATION BLACK LUNG DISABILITY TRUST FUND



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(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 \$330,595,000 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 A			BLIG	ATION			
	`	n Thousands)	_		_		
	FY 2016 Enacted		FY 2017		FY 2018 Request		
	FTE	Amount	FTE	Full Year C.R.  FTE Amount		•	
	FIE	Amount	FIE	Amount	FTE	Amount	
A. Appropriation	0	\$0	0	\$0	0	\$0	
Definite	0	\$66,206	0	\$69,526	0	\$69,527	
Sequestration Reduction Pursuant to P.L. 114-113 for FY 2016	0	-\$4,502	0	\$0	0	\$0	
Sequestration Reduction Pursuant to P.L. 114-254 for FY 2017	0	\$0	0	-\$4,797	0	\$0	
Indefinite	0	\$251,488	0	\$312,792	0	\$345,635	
Subtotal, Appropriation	0	\$313,192	0	\$377,521	0	\$415,162	
Bond Repayment and Payment on Advances	0	\$981,213	0	\$1,303,126	0	\$1,651,615	
B. Gross Budget Authority	0	\$1,294,405	0	\$1,680,647	0	\$2,066,777	
Bond Repayment and Payment on Advances	0	-\$981,213	0	-\$1,303,126	0	-\$1,651,615	
C. Budget Authority Before Committee	0	\$313,192	0	\$377,521	0	\$415,162	
Bond Repayment and Payment on Advances	0	\$981,213	0	\$1,303,126	0	\$1,651,615	
D. Total Budgetary Resources	0	\$1,294,405	0	\$1,680,647	0	\$2,066,777	
E. Total, Estimated Obligations	0	\$1,294,405	0	\$1,680,647	0	\$2,066,777	

### **SUMMARY OF CHANGES**

(Dollars in Thousands)

		FY 201' Full Year (			Z 2018 equest		Net Cha	ange
<b>Budget Authority</b>								
General Funds			\$0			\$0		\$0
Trust Funds		\$	377,521		\$415	5,162		+\$37,641
Total		\$	5377,521		\$415	5,162		+\$37,641
Full Time Equivalents								
General Funds			0			0		0
Total			0			0		0
					FY 20	18 Change		
<b>Explanation of Change</b>	FY 20	017 Base		st Funds		ral Funds	,	Total
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
<b>A. Built-Ins:</b> To Provide For:								
Costs of pay adjustments	0	\$64,729	0	\$734	0	\$0	0	\$734
Built-Ins Subtotal	0	+\$64,729	0	+\$734	0	\$0	0	+\$734
<b>B. Programs:</b> BLDTF Payment of Bond Interest BLDTF Payment of Interest on	0	\$147,397	0	\$27,283	0	\$0	0	\$27,283
Advances	0	\$4,914	0	\$7,489	0	\$0	0	\$7,489
Sequestration Restoration-BLDTF	0	\$0	0	\$4,798	0	\$0	0	\$4,798
Programs Subtotal			0	+\$39,570	0	\$0	0	+\$39,570
<b>Total Increase</b>	0	+\$217,040	0	+\$40,304	0	\$0	0	+\$40,304
Decreases:								
<b>A. Built-Ins:</b> To Provide For:								
Built-Ins Subtotal	0	<b>\$0</b>	0	\$0	0	<b>\$0</b>	0	\$0
<b>B. Programs:</b> BLDTF Benefits Reduction to Absorb Inflationary	0	\$160,481	0	-\$1,929	0	\$0	0	-\$1,929
Costs	0	\$0	0	-\$734	0	\$0	0	-\$734
Programs Subtotal			0	-\$2,663	0	\$0	0	-\$2,663
<b>Total Decrease</b>	0	+\$160,481	0	-\$2,663	0	\$0	0	-\$2,663
<b>Total Change</b>	0	+\$377,521	0	+\$37,641	0	\$0	0	+\$37,641

BUDGET AUTHORITY BY OBJECT CLASS (Dollars in Thousands)							
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.			
Departmental Management	28,220	28,484	30,595	2,111			
Treasury Administrative Costs	332	331	356	25			
Office of Inspector General	305	307	330	23			
OWCP- Division of Coal Mine Workers	32,847	35,607	38,246	2,639			
Subtotal	61,704	64,729	69,527	4,798			
Benefits	128,262	160,481	158,552	-1,929			
Payment of Bond Interest	121,295	147,397	174,680	27,283			
Payment of Interest on Advances	1,931	4,914	12,403	7,489			
Total	313,192	377,521	415,162	37,641			

# **AUTHORIZING STATUTES**

Public Law /		Statute No. / US	Expiration
Act	Legislation	Code	Date
	Federal Coal Mine		N/A
	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,	30 U.S.C. 901, et	
	as amended in 1981 by	seq.	
PUB. L. 91-173	PUB. L. 97-119		
	Black Lung		N/A
	Consolidation of		
	Administrative		
	Responsibility Act and		
	Section 3615 of the		
	Emergency		
	Supplemental		
	Appropriations Act,		
PUB. L. 107-275	2003, PUB. L. 108-83		
	Emergency Economic		
PUB. L. 110-343	Stabilization Act of 2008		N/A

		PRIATION HIS			
		ollars in Thousand	s)	Г	
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2008					
Base Appropriation	\$1,068,000			\$1,066,000	0
Legislative Proposal	\$2,315,000				0
2009					
Base Appropriation	\$1,074,000		\$1,072,000	\$9,320,683	0
Legislative Proposal	\$2,288,000				0
2010					
Base Appropriation1/	\$300,099	\$302,408	\$302,408	\$302,494	0
2011					
Base Appropriation2/	\$367,452	\$297,686	\$297,686	\$296,152	0
2012					
Base Appropriation3/	\$300,495	\$301,415	\$301,415	\$295,000	0
2013					
Base Appropriation4/	\$307,806			\$292,669	0
2014					
Base Appropriation5/	\$316,559			\$312,305	0
2015					
Base Appropriation6/	\$321,087			\$321,092	0
2016					
Base Appropriation7/	\$341,467	\$341,466	\$341,467	\$313,192	0
2017					
Base Appropriation8/	\$371,641				0
2018					
Base Appropriation	\$415,162				0

<sup>&</sup>lt;sup>1</sup>/Appropriation does not include amount for exchange of assets transactions of \$353,424 for bond principal.

<sup>&</sup>lt;sup>2</sup> Appropriation does not include amounts for exchange of assets transactions of \$379,286 for bond principal and \$60,000for short-term advances.

<sup>&</sup>lt;sup>3/</sup> Appropriation does not include amounts for exchange of assets transactions of \$394,297 for bond principal and \$107,749 for short-term advances.

<sup>&</sup>lt;sup>4/</sup> 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.

<sup>&</sup>lt;sup>5/</sup>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.

<sup>&</sup>lt;sup>6</sup>/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.

<sup>&</sup>lt;sup>7/</sup> 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.

<sup>&</sup>lt;sup>8</sup> A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

### 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 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 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. Prepayments 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.

BUDGET AUTHORITY BEFORE THE COMMITTEE (Dollars in Thousands)						
FY 2017 FY 2016 FY 2018 FY 2018 FY 2018 FULL Year Enacted FULL Year FY 2018 FULL Year						
Activity Appropriation	313,192	377,521	415,162	37,641		
FTE	0	0	0	0		

### 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

Fiscal Year	<b>Funding</b>	<b>FTE</b>
	(Dollars in Thousands)	
2013	\$292,669	0
2014	\$312,305	0
2015	\$321,092	0
2016	\$313,192	0
2017	\$0	0

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

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							
				FY 2017				
		FY			FY 2018			
		Ena	cted	C.R.	Request			
		Target	Result	Target	Target			
Black Lung Disability Trust Fund								
BLDTF WL 1	Number of Claims Received	7,400[p]	7,478	8,000[p]	7,500[p]			
BLDTF WL 2	Number of Trust Fund Beneficiaries	16,000[p]	16,047	15,600[p]	15,100[p]			
BLDTF WL 3	Number of Beneficiaries Paid by Responsible Operators	5,200[p]	4,704	5,500[p]	5,000[p]			
BLDTF WL 4	Number of Medical Benefits Only Recipients	700[p]	562	500[p]	450[p]			

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).