

**FY 2027**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**BLACK LUNG DISABILITY TRUST FUND**

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# BLACK LUNG DISABILITY TRUST FUND

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# BLACK LUNG DISABILITY TRUST FUND

## APPROPRIATION LANGUAGE

*(Including Transfer of Funds)*

*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 Title 26, United States Code; 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 2027, for expenses of operation and administration of the Black Lung Benefits program, as authorized by section 9501(d)(5): not to exceed \$49,984,000 for transfer to the Office of Workers' Compensation Programs, "Salaries and Expenses"; not to exceed \$39,086,000 for transfer to Departmental Management, "Salaries and Expenses"; not to exceed \$373,000 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.*

# BLACK LUNG DISABILITY TRUST FUND

## AMOUNTS AVAILABLE FOR OBLIGATION

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>Budget Authority Before Committee</b>	<b>0</b>	<b>\$93,879</b>	<b>0</b>	<b>\$90,499</b>	<b>0</b>	<b>\$89,799</b>
Spending Authority from Offsetting Collections: Black Lung Disability Trust Fund	0	393,335	0	394,726	0	406,212
Bond Repayment and Payment on Advances	0	3,155,688	0	3,525,014	0	3,924,477
Sequestration	0	-5,351	0	-5,158	0	0
<b>Total Budgetary Resources</b>	<b>0</b>	<b>\$3,637,551</b>	<b>0</b>	<b>\$4,005,081</b>	<b>0</b>	<b>\$4,420,488</b>

# BLACK LUNG DISABILITY TRUST FUND

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2026 Enacted	FY 2027 Request	Net Change
<b>Budget Authority</b>			
Black Lung Disability Trust Funds <sup>1</sup>	\$485,225	\$496,011	\$10,786
<b>Total</b>	\$485,225	\$496,011	\$10,786
<b>Full Time Equivalents</b>			
<b>Total</b>	0	0	0

### Explanation of Change

	FY 2026 Enacted		Trust Funds		Federal Funds		FY 2027 Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
Total personnel compensation	0	\$29,328	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$10,628	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$165	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,424	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$5	0	\$0	0	\$0	0	\$0
Communications, utilities, and misc.	0	\$802	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$56	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$595	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$6,073	0	\$0	0	\$0	0	\$0
Other goods and svcs. from Fed. sources	0	\$25,573	0	\$0	0	\$0	0	\$0

<sup>1</sup>Administrative amounts for this appropriation are subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All administrative amounts displayed are pre-sequestration levels.

## BLACK LUNG DISABILITY TRUST FUND

Operation and maintenance of facilities	0	\$7	0	\$0	0	\$0	0	\$0
Operation and maint. of equipment	0	\$3,191	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$223	0	\$0	0	\$0	0	\$0
Equipment	0	\$12	0	\$0	0	\$0	0	\$0
Depreciation expense - funded	0	\$356	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$114,835	0	\$0	0	\$0	0	\$0
Interest and dividends	0	\$279,891	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$11,061	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$485,225</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Increase</b>	<b>0</b>	<b>+\$485,225</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>B. Programs:</b>								
BLDTF 3/4 Gap Funding for Pharmacy Bill Processing			0	-\$700	0	\$0	0	-\$700
<b>Programs Subtotal</b>			<b>0</b>	<b>-\$700</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$700</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$700</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$700</b>
<b>Total Changes for Econ. Assumptions</b>			<b>0</b>	<b>+\$11,486</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$11,486</b>
<b>Total Change</b>	<b>0</b>	<b>+\$485,225</b>	<b>0</b>	<b>+\$10,786</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$10,786</b>

# BLACK LUNG DISABILITY TRUST FUND

## BUDGET AUTHORITY BY PROGRAM<sup>2</sup>

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
DM, Legal Services and Adjudication	41,570	39,086	39,086	0
OIG, Program Activities	373	373	373	0
OWCP, Coal Mine Workers' Compensation	51,580	50,684	49,984	-700
Treasury Department Administrative Costs	356	356	356	0
<i>Subtotal</i>	<i>93,879</i>	<i>90,499</i>	<i>89,799</i>	<i>-700</i>
Benefits	131,888	114,835	115,283	448
Payment of Bond Interest	142,126	154,536	166,716	12,180
Payment of Interest on Advances	119,321	125,355	124,213	-1,142
<b>Total</b>	<b>487,214</b>	<b>485,225</b>	<b>496,011</b>	<b>10,786</b>

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<sup>2</sup> Administrative amounts for this appropriation are subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All administrative amounts displayed are pre-sequestration levels.

# BLACK LUNG DISABILITY TRUST FUND

## AUTHORIZING STATUTES

<b>Public Law / Act</b>	<b>Legislation</b>	<b>Statute No. / US Code</b>	<b>Expiration Date</b>
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, <i>et seq.</i>	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	30 U.S.C. 801 note	N/A
PUB. L. 110-343	Emergency Economic Stabilization Act of 2008	26 U.S.C. 4121, 9501	N/A

# BLACK LUNG DISABILITY TRUST FUND

## APPROPRIATION HISTORY

(Dollars in Thousands)

	Budget Estimates to Congress	Appropriations <sup>3</sup>	FTE <sup>4</sup>
2017			
Base Appropriation	\$371,641	\$382,739	292
2018			
Base Appropriation	\$415,162	\$401,322	293
2019			
Base Appropriation	\$328,182	\$326,364	293
2020			
Base Appropriation	\$365,240	\$317,552	273
2021			
Base Appropriation	\$382,991	\$346,787	274
2022			
Base Appropriation	\$331,505	\$331,505	277
2023			
Base Appropriation	\$405,201	\$394,896	296
2024			
Base Appropriation	\$452,867	\$445,009	298
2025			
Base Appropriation	\$485,706	\$487,214	280
2026			
Base Appropriation	\$477,295	\$485,225	243
2027			
Base Appropriation	\$496,011	\$0	243

<sup>3</sup> Administrative amounts for this appropriation are subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed are pre-sequestration levels and does not include amounts for exchange of assets for bond principal or short-term advances.

<sup>4</sup> FTE included in this exhibit are also represented in the OWCP's Coal Mine Workers' Compensation as well as DM's Adjudication and Legal Services activities. A portion of the BLDTF appropriation is transferred from BLDTF to these activities to support administration.

# 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 more effectively shift 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 BLDTF are derived from: an excise tax on each ton of coal sold and used domestically; reimbursements from responsible mine operators for interim payments; interest, fines, and penalties assessed to responsible mine operators; and short-term advances from 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 then-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 EES Act, these amounts were to be retired using the BLDTF's annual operating surpluses until all of its remaining obligations had been paid. Pre-payments were to be made when operating surpluses exceeded the amount of the zero-coupon bond, and short-term borrowing authority was to be utilized if operating surpluses were not sufficient. However, the BLDTF has run at a deficit virtually since its inception. The BLDTF's primary income source is an excise tax on coal mined in the United States for domestic sale. Though the tax rates have varied over the years, the Inflation Reduction Act of 2022 permanently extended the rate at \$1.10 per ton on underground-mined coal and \$0.55 per ton on surface-mined coal.

In 2008, a portion (\$6.4 billion) of the BLDTF's legacy debt was forgiven, and the remainder (\$6.5 billion) was refinanced. However, excise tax receipts, which have decreased since 2008 due to a decline in domestic coal production, are insufficient to service that debt. As a result, the BLDTF relies on annual advances from Treasury. The appropriations language for the BLDTF authorizes "such sums as may be necessary" for payment of benefits and interest. It also authorizes definite amounts which are appropriated for administration of the program. In FY

## **BLACK LUNG DISABILITY TRUST FUND**

2025, receipts covered all administrative costs and benefits payments and 10 percent of interest payments on advances and bond repayments. The remaining 90 percent was covered by borrowing authority. In FY 2026, current estimates project that excise tax receipts will cover all administrative costs and benefits payments and approximately 2 percent of interest payments on advances and bond repayments. In FY 2027, current estimates project that excise tax receipts will cover all administrative costs, 44 percent of benefits payments, and no interest payments. The remaining 56 percent for benefits payments and amounts for interest payments on advances and bond repayments will rely on annual advances from Treasury. Advances to the BLDTF from short-term borrowing authority are projected to increase to cover the balance of amounts necessary for the obligations of the indefinite appropriation for benefits payments, interest payments on advances and bond repayment costs, and for repayment of advances to service the debt.

The Office of Workers' Compensation Programs (OWCP) has engaged in initiatives to protect the BLDTF, which have yielded nearly \$85 million in savings to the BLDTF through the end of FY 2025.



# BLACK LUNG DISABILITY TRUST FUND

## BUDGET AUTHORITY BEFORE THE COMMITTEE<sup>5</sup>

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
<b>Activity Appropriation</b>	487,214	485,225	496,011	10,786
FTE	0	0	0	0

### **Introduction**

The BLDTF pays all Part C Black Lung benefits, including monthly compensation and medical benefits, when no coal mine operator can be held liable for payments or the liable operator refuses to pay. Monthly compensation payments are based on 37.5 percent of the GS-2, Step 1 salary level without locality adjustment. The BLDTF also pays for the costs incurred by the Department of Treasury collecting the coal excise tax and managing the BLDTF, for the costs of the appeals processed by the Office of Administrative Law Judges and the Benefits Review Board, for 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 Part B of the Black Lung Program.

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<sup>5</sup> Administrative amounts for this appropriation are subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All administrative amounts displayed are pre-sequestration levels.

## **BLACK LUNG DISABILITY TRUST FUND**

### **FY 2027**

In order to meet estimated obligations for Part C of the Black Lung Program, the FY 2027 Request Level is \$496,011,000. The amounts for definite obligations include the following amounts to be transferred from the BLDTF to General Funds:

- \$49,984,000 for the Division of Coal Mine Workers' Compensation's (DCMWC) costs associated with administering the Black Lung Program, which are discussed in the Federal Programs for Workers' Compensation Salaries and Expenses section of the Congressional budget justification. The request includes three-quarters of the 2026 Enacted stopgap funding amount to maintain pharmacy bill processing services, which are critical to ensuring claimants receive timely and accurate payment of medical and pharmacy bills, until a new contract is in place in the third quarter of FY 2027.
- \$39,086,000 for the administrative costs of the Departmental Management account, which covers Adjudication activities and legal services.
- \$373,000 for OIG administrative costs; and
- \$356,000 for the Department of the Treasury.

This appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All administrative amounts displayed in the budget are pre-sequestration levels.

Estimated amounts for indefinite obligations include:

- \$115,283,000 for benefit payments.
- \$166,716,000 for payments of bond interest; and
- \$124,213,000 for interest on short-term advances.

The requested amount does not include amounts for repayment of bond principal and advances, which are exchange of assets transactions. These include \$125,912,000 for payment of bond principal and \$3,798,565,000 for repayment of estimated short-term advances. In addition to coal tax receipts and other income, an estimated \$4,239,519,000 in short-term advances will be required to fund obligations and exchange of assets.

The BLDTF budget request will support the priority of delivering accountable, timely, and accurate Federal services by providing the necessary funding to handle a significant incoming workload volume projected to reach 6,500 claims in FY 2027, while maintaining a balanced approach to claims inventory management; advancing modernization and standardization initiatives designed to optimize overall efficiency, improving customer experience and service delivery, and minimizing improper payments.

## **BLACK LUNG DISABILITY TRUST FUND**

### **FY 2026**

In FY 2026, the Black Lung program will adjudicate claims and administer benefit payments from the BLDTF in a timely, quality, and professional manner while ensuring accountability throughout the organization. Using targeted performance metrics and automated Power Business Intelligence dashboards, the program will execute a balanced approach to claims inventory management that optimizes overall efficiency and delivers high-quality service to stakeholders. In addition, the program will continue to ensure robust oversight and effective internal controls over financial processes and payment protocols to minimize improper payments.

### **FY 2025**

During FY 2025, the Black Lung program continued its efforts to ensure accurate and timely benefit payments while protecting the financial stability of the BLDTF. The program leveraged modern technology to increase efficiency and accuracy in benefit payments by continuing to optimize its use of artificial intelligence to review the program's annual benefit evaluation forms. These forms document any changes that may have occurred to change a beneficiary's status, so prompt and accurate review protects the BLDTF. Further, the program also began implementation of Executive Order 14247: Modernizing Payments To and From America's Bank Account by working to eliminate paper checks to the fullest extent permitted by law. Additionally, DCMWC directed its resources and strategies towards eliminating fraud by continuing to utilize Treasury's Do Not Pay report, by adding an additional Do Not Pay analytics report, and making all efforts to protect the BLDTF. These efforts aim to defend against financial fraud and improper payments, reduce costs, and enhance the security of benefit payments

## BLACK LUNG DISABILITY TRUST FUND

WORKLOAD AND PERFORMANCE SUMMARY				
	FY 2025 Enacted		FY 2026 Enacted	FY 2027 Request
	Target	Result	Target	Target
<b>Black Lung Disability Trust Fund</b>				
BLDTF WL 1	Number of Claims Received			
	6,500[p]	5,662	6,250[p]	6,500[p]
BLDTF WL 2	Number of Trust Fund Beneficiaries			
	9,024[p]	8,939	8,803[p]	8,601[p]
BLDTF WL 3	Number of Beneficiaries Paid by Responsible Operators			
	7,100[p]	6,767	6,800[p]	7,000[p]

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

# **BLACK LUNG DISABILITY TRUST FUND**

## **Workload and Performance Narrative**

In FY 2027, the requested resources 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, including adjudicatory and litigation costs. DCMWC expects to pay monthly compensation and/or ongoing medical treatment benefits from the Black Lung Disability Trust Fund to an estimated 8,601 beneficiaries in FY 2027.

Additionally, DCMWC will monitor cash and medical treatment payments disbursed in the private sector by coal mine operators to approximately 7,000 additional beneficiaries under Part C, and will receive an estimated 6,500 incoming claims in FY 2027.