



Appendix B: Environmental Management Budget Overview

The Department of Defense (DoD) commences long-term budget planning to anticipate and meet environmental requirements and accomplish program goals at its domestic and overseas installations. Through an effective planning, programming, budgeting, and execution process, factors that influence DoD's environmental funding levels can be accounted properly. Influential factors include new environmental laws and regulations, departmental and congressional priorities, progress toward program goals, emerging environmental challenges, and mission sustainability requirements.

The DoD budget process ensures that the President submits to Congress a funding request that meets all legal and regulatory requirements. The President presents Congress with an overall DoD budget, which includes funding estimates for environmental requirements provided by DoD Components to the Secretary of Defense. DoD Components—Army, Navy, Marine Corps, Air Force, and the Defense Agencies—calculate their budget estimates based on environmental needs at the installation.

DoD's environmental needs fall under one of the following program areas: Conservation, Restoration, Compliance, and Pollution Prevention. Within the Conservation, Compliance, and Pollution Prevention Programs, funding is distributed amongst Operation and Maintenance (O&M); Defense Working Capital Funds (DWCF); Procurement (PROC); Research, Development, Test, and Evaluation (RDT&E); Military Construction (MilCon); and Other appropriations. Funding for the Defense Environmental Restoration Program is divided between the Environmental Restoration (ER) and Base Realignment and Closure (BRAC) accounts. As the executive agent for formerly used defense sites (FUDS), the Army's budget includes costs to address cleanup resulting from historical DoD activities at properties no longer under the Department's control.

Summaries and figures in this appendix provide DoD's and the Component's Environmental Management funding history by program area and appropriation. Figure B-1 provides an overview of DoD's Environmental Management budget, including recurring costs. DoD Instructions (DoDIs) 4715.4, 4715.5, and 4715.6 define recurring costs for the Conservation, Pollution Prevention, and Compliance Programs, respectively. In general, these costs are for such items as permits

and fees; sampling, analysis, and monitoring; supplies; travel; data management; reporting; and updates for environmental management plans.

While all recurring costs associated with Manpower, and Education and Training were reported separately under compliance in previous years, these costs were distributed across the appropriate environmental program budgets beginning in Fiscal Year (FY) 2007. Manpower consists of all recurring government (both civilian and military) personnel and contractor costs applicable to management of these three programs. Education and Training costs provide for training of the personnel in these three programs. For graphic displays, Manpower, and Education and Training costs prior to FY2007 are included in recurring Compliance Program totals.

Figure B-1 DoD Total Budget Summary (millions)*

DoD Budget by Program Area[§]							
	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Estimated	FY2009 Requested	
Conservation	\$157.6	\$187.9	\$204.1	\$299.6	\$293.6	\$330.0	
ER†	\$1,338.0	\$1,348.2	\$1,376.7	\$1,383.0	\$1,484.5	\$1,505.8	
BRAC	\$384.8	\$250.4	\$569.2	\$492.7	\$550.6	\$454.8	
Compliance	\$1,654.9	\$1,684.9	\$1,542.5	\$1,430.8	\$1,596.8	\$1,660.3	
Pollution Prevention	\$116.1	\$124.8	\$125.2	\$130.2	\$157.9	\$162.6	
Total	\$3,651.4	\$3,596.2	\$3,817.7	\$3,736.4	\$4,083.5	\$4,113.5	

DoD Budget by Appropriation							
	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Estimated	FY2009 Requested	
BRAC	\$384.7	\$250.4	\$569.2	\$492.7	\$550.6	\$454.8	
ER†	\$1,338.0	\$1,348.2	\$1,376.7	\$1,383.0	\$1,484.5	\$1,505.8	
DWCF	\$191.7	\$210.1	\$207.8	\$199.3	\$213.1	\$214.2	
MilCon	\$47.9	\$93.8	\$37.7	\$43.2	\$174.9	\$152.5	
O&M	\$1,581.9	\$1,586.0	\$1,527.7	\$1,522.9	\$1,577.3	\$1,694.6	
PROC	\$78.3	\$80.5	\$71.4	\$65.6	\$53.5	\$59.2	
RDT&E	\$15.5	\$14.4	\$13.9	\$17.8	\$16.3	\$18.9	
Other	\$13.3	\$12.9	\$13.2	\$11.9	\$13.3	\$13.5	
Total	\$3,651.4	\$3,596.2	\$3,817.7	\$3,736.4	\$4,083.5	\$4,113.5	

DoD Recurring Costs^{‡§}							
	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Estimated	FY2009 Requested	
Manpower	\$511.9	\$547.4	\$542.8	--	--	--	
Education and Training	\$28.9	\$26.6	\$26.9	--	--	--	
Conservation	\$39.7	\$54.2	\$49.7	\$128.7	\$131.3	\$147.3	
Compliance	\$398.9	\$415.1	\$381.4	\$842.5	\$842.7	\$878.3	
Pollution Prevention	\$52.3	\$42.0	\$55.4	\$79.7	\$88.1	\$90.1	
Total	\$1,031.7	\$1,085.3	\$1,056.2	\$1,050.9	\$1,062.1	\$1,115.7	

* Due to rounding, subtotals may not equal fiscal year totals.

† Funding shown includes FUDS costs.

‡ ER and BRAC do not have recurring costs as defined in this chart. Recurring costs like program management and support costs associated with ER and BRAC are detailed in Appendix D: Restoration Budget Overview.

§ Beginning in FY2007, Manpower, and Education and Training are included under recurring costs for the appropriate environmental program budgets.

DoD

In FY2007, DoD obligated \$3.7 billion for environmental programs, as shown in Figure B-2. Overall, funding for environmental programs continues to increase gradually, with the majority of funding designated for completing ER and Compliance Program requirements. Slight fluctuations in funding for all five programs reflect evolving requirements to continually help DoD protect human health and the environment.

While the ER Program continues to advance and demonstrate progress, funding has increased from FY2004 through FY2008 due to the addition of munitions requirements and impending cleanup goals. Completion of restoration activities and decreasing financial requirements is occurring for BRAC rounds I-IV. Despite this progress, BRAC also shows an increased funding requirement in FY2006. The increased BRAC budget reflects the additional 2005 BRAC round that Congress approved in November 2005. Changes in BRAC funding levels for FY2007 through FY2009 reflect the completion of one-time efforts, dedication to meet the cleanup goals, and continuing efforts to protect installations from encroachment. Changes to Component programs are addressed in the program-specific budget appendices.

Figure B-3 illustrates DoD funding by appropriation. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-2. The DWCF and O&M show steady funding from FY2004 through FY2009. The PROC appropriations gradually decrease through FY2008 due to the completion of Navy's purchase and installation of pollution control devices in ships. The MilCon appropriation shows significant one-time increases to \$174.9 million and \$152.5 million in FY2008 and FY2009, respectively. These increases are a result of construction projects to build drinking water facilities, wastewater treatment facilities, and aboveground fuel storage tanks that comply with Clean Water Act requirements.

Figure B-2 DoD Budget by Program Area*

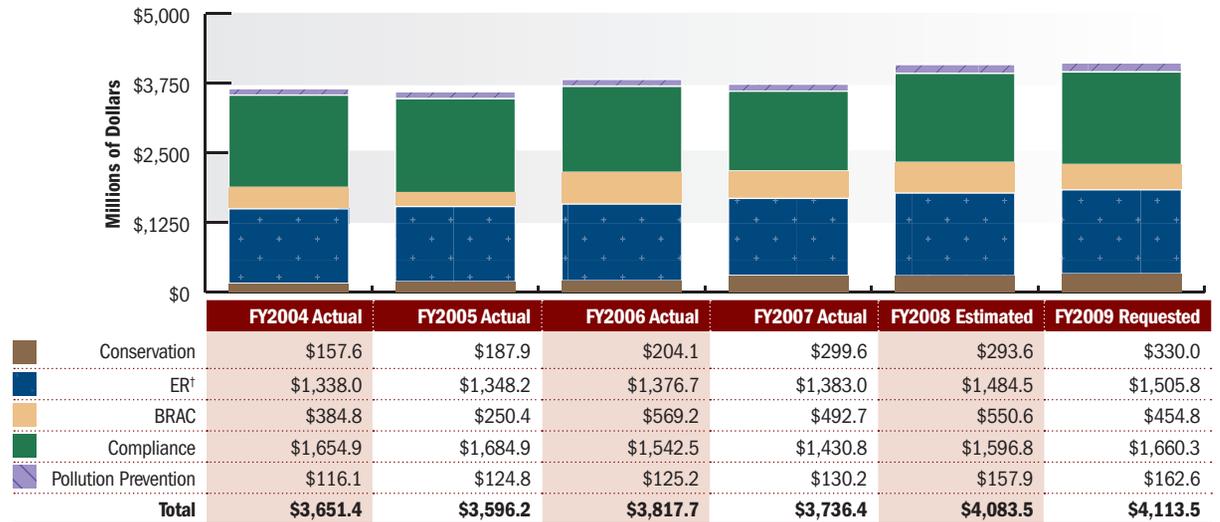
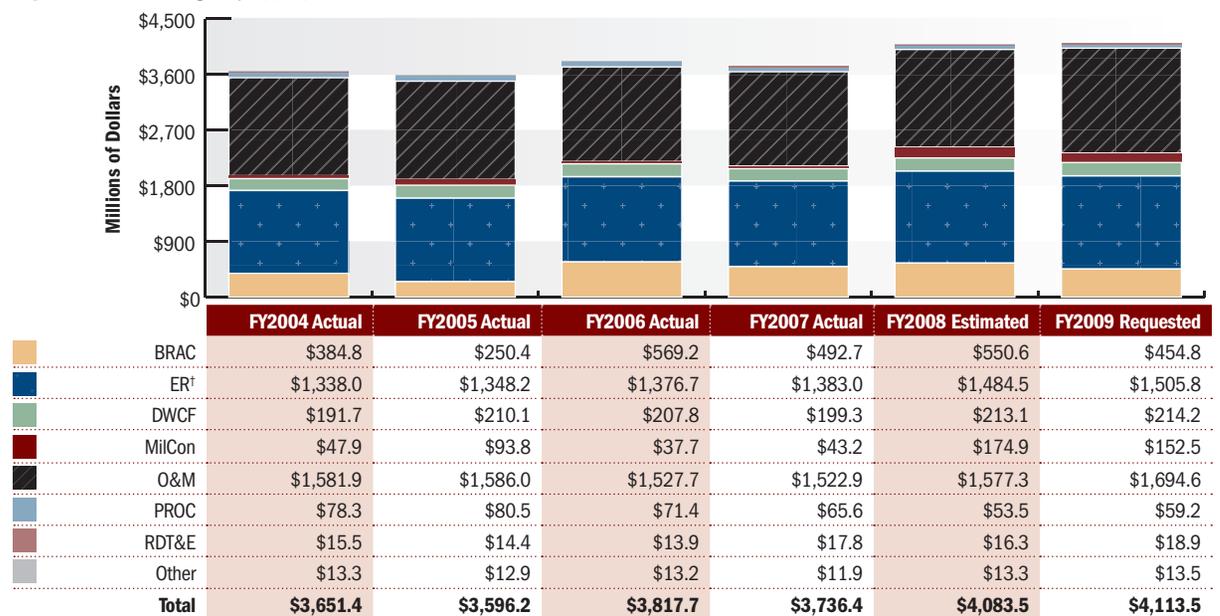


Figure B-3 DoD Budget by Appropriation*



* Due to rounding, subtotals may not equal fiscal year totals.

† Funding shown includes FUDS costs.

Army

Figure B-4 shows the Department of the Army's budget by program area, including funds to address DoD's restoration responsibilities at FUDS properties. In FY2007, the Army obligated \$1.5 billion for environmental programs and this budget continues to provide sufficient funds to meet all legal requirements.

While overall funding has remained relatively stable to meet these requirements, specific programs show significant changes as a result of the redistribution of Manpower, and Education and Training costs. This redistribution caused the increase in funding for the Conservation and Pollution Prevention Programs in FY2007 and the corresponding decrease in the Compliance Program funding; however, funding for the Compliance Program decreased by 9 percent. Funding for the ER program shows a gradual increase due to increased investments to meet upcoming performance goals, which are to achieve remedy in place (RIP)/ response complete (RC) at all high relative-risk sites by the end of FY2007 and all medium relative-risk sites by the end of FY2011. Additionally, the increase in ER funding is for munitions cleanup and property disposal at selected installations. BRAC funding from FY2006 onward includes restoration and program management funds, as well as planning and compliance costs for all BRAC installations, including BRAC 2005 activities.

Figure B-5 shows funding for the Department of the Army by appropriation, which remains relatively stable. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-4. The costs associated with restoration at FUDS properties are included in the ER account. Environmental activities for MilCon, PROC, and RDT&E show a decreasing trend towards \$0.0 funding because they are being integrated into appropriate program business practices.

Figure B-4 Army Budget by Program Area*

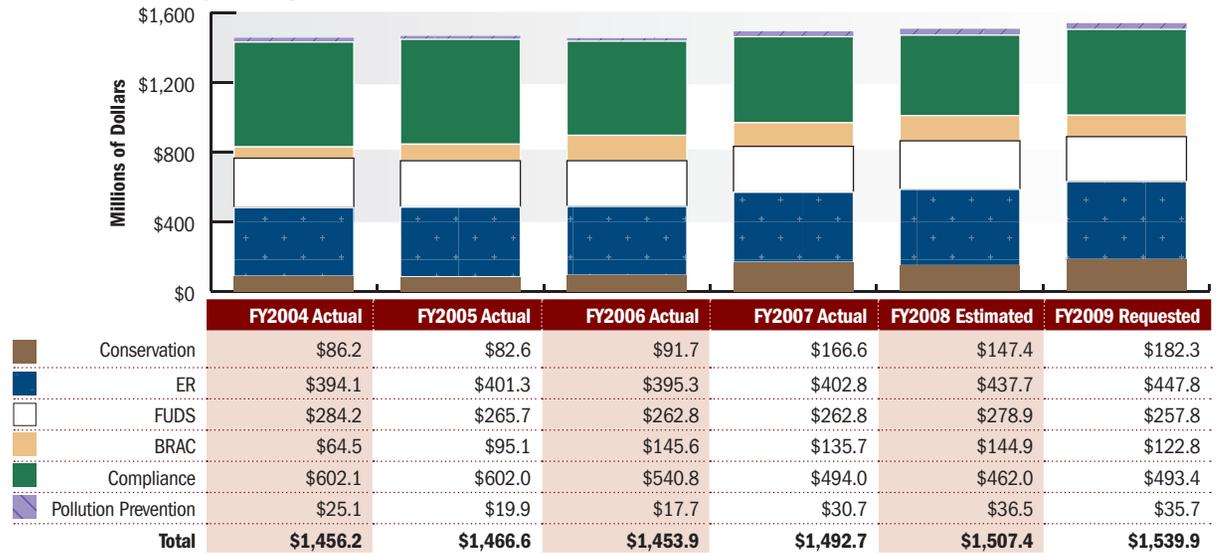
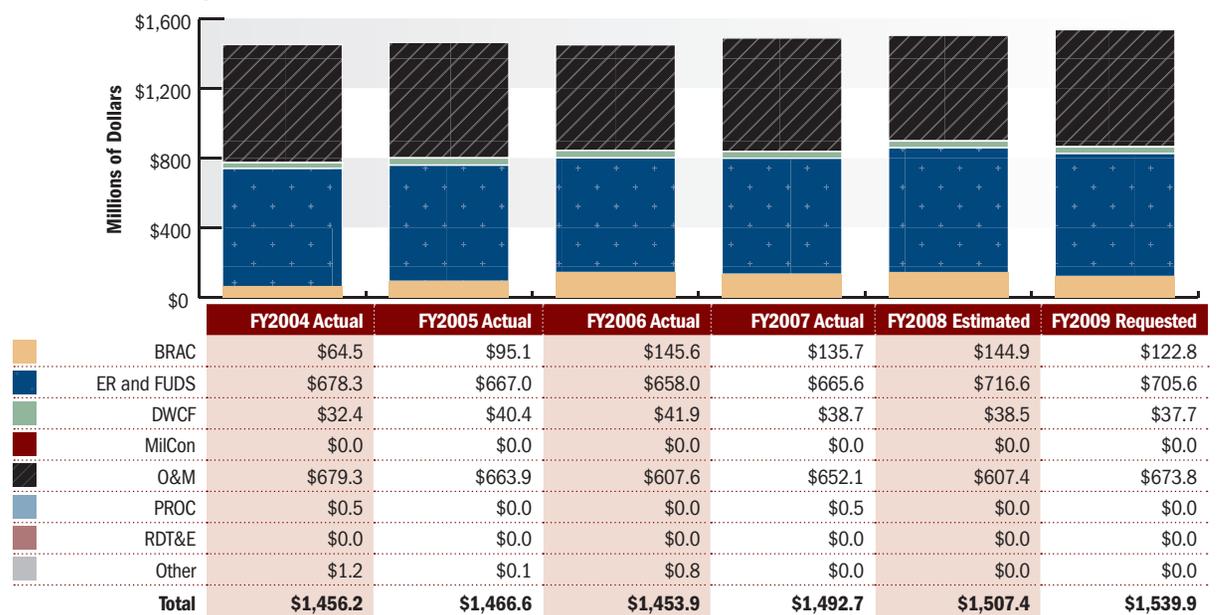


Figure B-5 Army Budget by Appropriation*



* Due to rounding, subtotals may not equal fiscal year totals.

Navy

Figure B-6 illustrates the Department of the Navy's (DON's) budget by program area. In FY2007, DON obligated \$1.1 billion for environmental programs to have sufficient funds to meet federal, state, and local requirements.

Fluctuations in conservation funding reflect the need for projects required to implement Integrated Natural Resources Management Plans (INRMPs) and Integrated Cultural Resource Management Plans (ICRMPs). Funding changes in the ER Program reflect accelerated cleanup efforts at large facilities to meet the upcoming RIP/RC goals. While FY2005 restoration work at BRAC installations totaled \$102.5 million, Navy's BRAC funding was offset due to revenue generated from the previous year's land sale of BRAC property. FY2006 through FY2008 BRAC funds include continuation of environmental efforts at BRAC 2005 installations. In FY2007, DON invested \$476.9 million and \$33.2 million to the Compliance and Pollution Prevention Programs, respectively.

DON funding by appropriation is displayed in Figure B-7. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-6. DWCF, O&M, and RDT&E funding is projected to remain stable, while the fluctuations in MilCon appropriations are from normal variations in the need for construction investments to meet environmental standards. The PROC appropriation has experienced gradual declines due to realignment of funding out of the Pollution Prevention Equipment Program between FY2003 and FY2004, the completion of the Pollution Prevention Afloat Program between FY2005 and FY2006, and the completion of converting aircraft carriers from CFC-114 to HFC-236fa between FY2005 and FY2007.

Figure B-6 Navy Budget by Program Area**

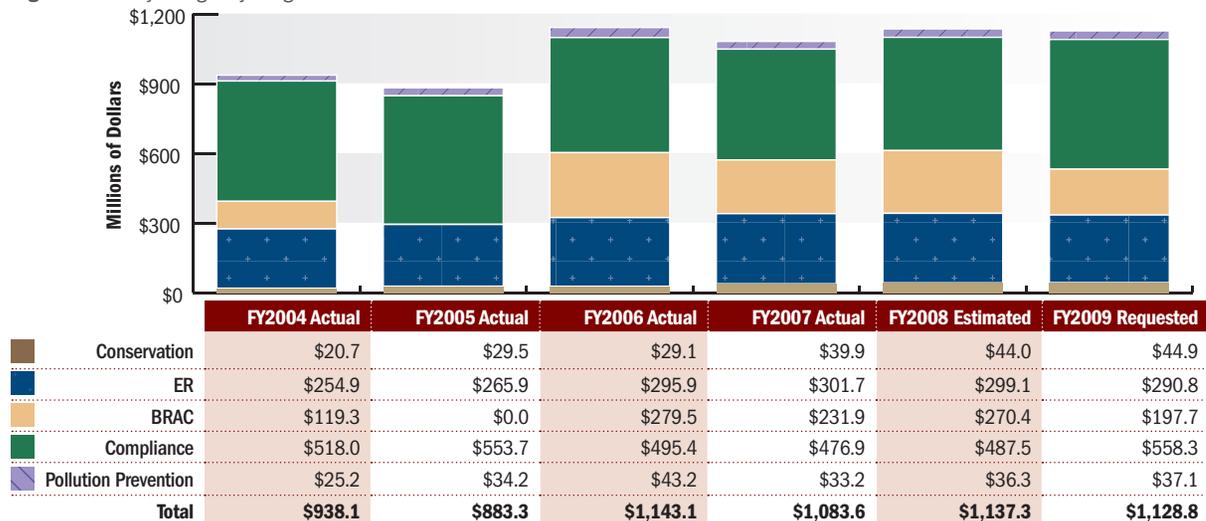
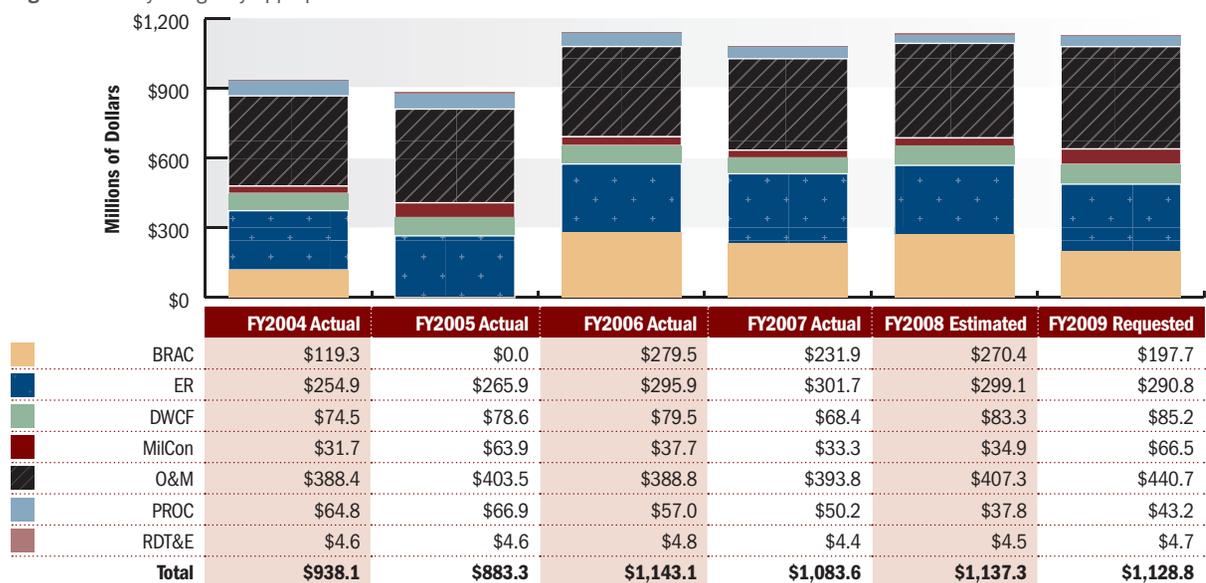


Figure B-7 Navy Budget by Appropriation**



* Department of the Navy includes Navy and Marine Corps.

† Due to rounding, subtotals may not equal fiscal year totals.

Air Force

Figure B-8 displays the Air Force's budget by program area. In FY2007, the Air Force obligated \$923.9 million for environmental programs and this budget includes sufficient funds to meet all federal, state, and local environmental quality requirements.

The Air Force budget is relatively stable. Stable funding allows the Air Force to sustain natural infrastructure for operational needs and compliance with applicable laws, regulations, Executive Orders, DoD policies, and international standards. However, funding shifts within the Conservation, Compliance, and Pollution Prevention Programs in FY2007 reflect the redistribution of Manpower, and Education and Training costs. The general decrease in BRAC costs reflects completing requirements from prior BRAC rounds and the minimal requirements resulting from the BRAC 2005 round. Increases in ER funding represent the addition of munitions constituents to the program.

Figure B-9 shows Air Force's funding by appropriation. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-8. Environmental activities for DWCF and RDT&E appropriations were integrated into appropriate program business practices. The decrease to zero in the MilCon appropriation is caused by the completion of one-time projects to provide wastewater treatment and drinking water facilities. No additional investments required to meet environmental standards, which qualify for MilCon funding, have been identified. The fluctuations in O&M reflect one-time repairs in compliance and pollution prevention technologies. The Air Force PROC appropriation shows a gradual funding increase over the displayed 6-year period reflecting an investment in pollution prevention.

Figure B-8 Air Force Budget by Program Area*

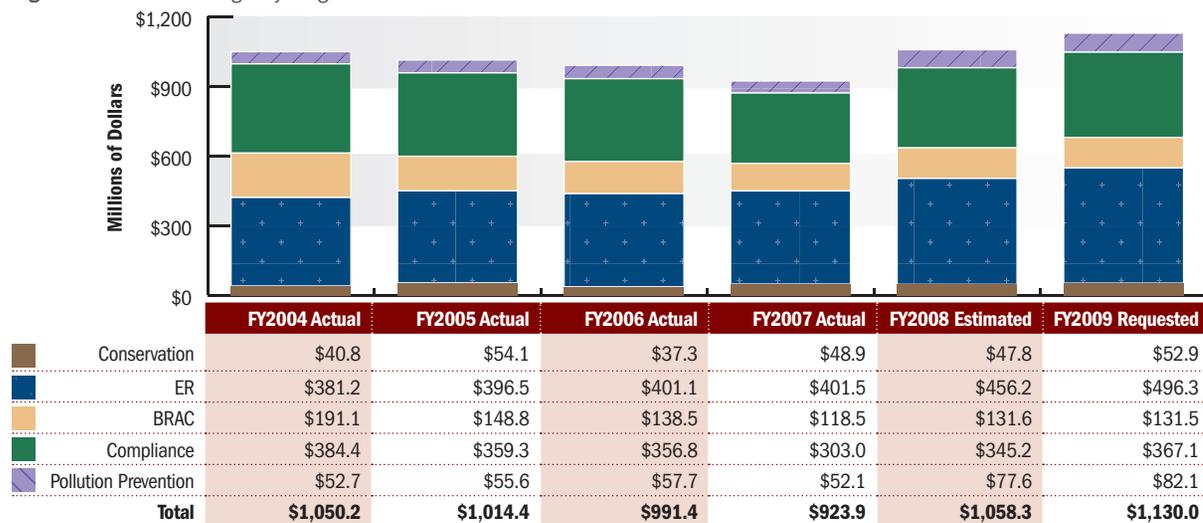
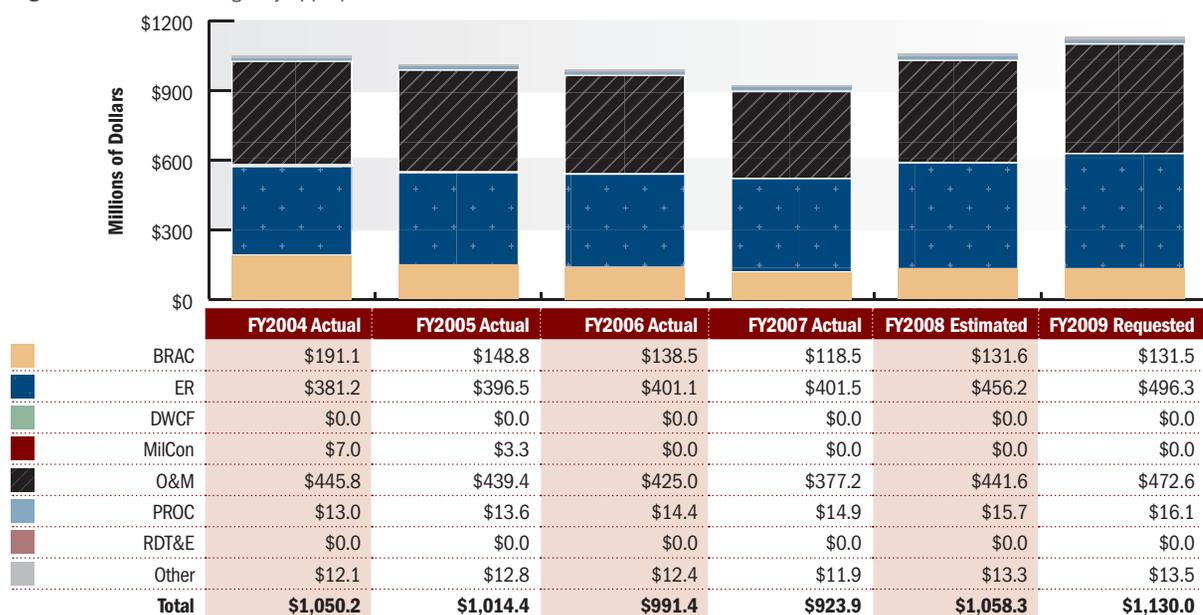


Figure B-9 Air Force Budget by Appropriation*



* Due to rounding, subtotals may not equal fiscal year totals.

DLA

The Defense Logistics Agency's (DLA's) budget by program area is illustrated in Figure B-10. In FY2007, DLA obligated \$128.9 million for environmental programs, a \$8.0 million increase compared to the previous year. DLA expects an additional \$129.0 million in FY2008 primarily in response to additional compliance requirements.

DLA funding requirements increased slightly for conservation. Annually, more than 70 percent of the DLA budget funds compliance activities. The large fluctuations in the Compliance Program budget are driven by one-time projects, that increase mission responsiveness, eliminate environmental hazards, and improve facility readiness. Pollution prevention funding requirements continue to decline because of reduced requirements in the National Stockpile Centers.

Figure B-11 provides a graphical representation of DLA's budget by appropriation. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-10. Funding is stable for all appropriations other than MilCon, which had no identified requirements for FY2006. Increased funding requested for FY2008 and FY2009 are significantly higher than for FY2007 due to MilCon projects in support of Clean Water Act (CWA) requirements at Defense Energy Support Center locations for CWA conforming facilities.

Figure B-10 DLA Budget by Program Area*

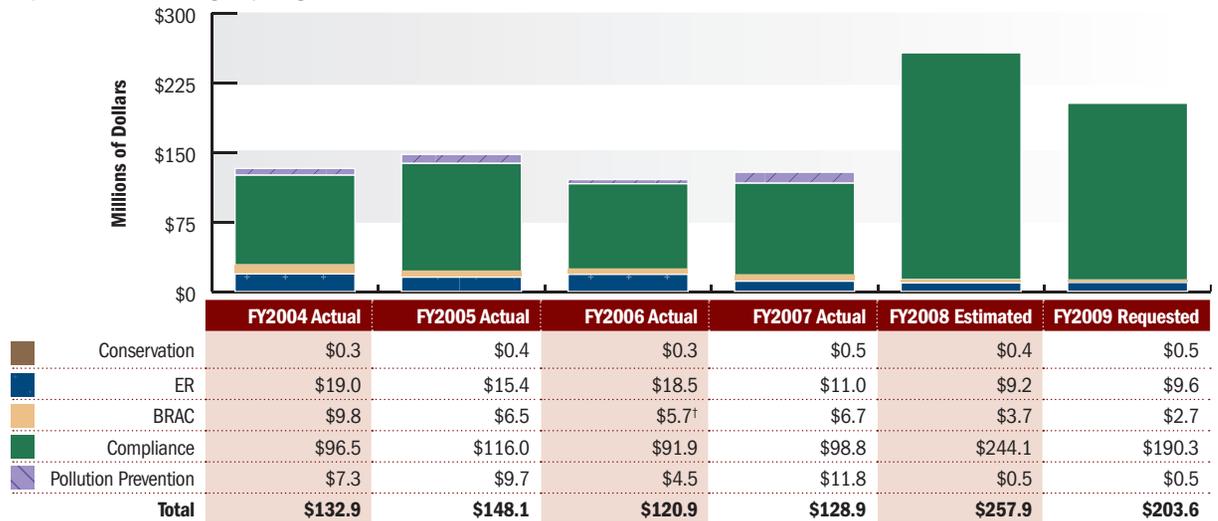
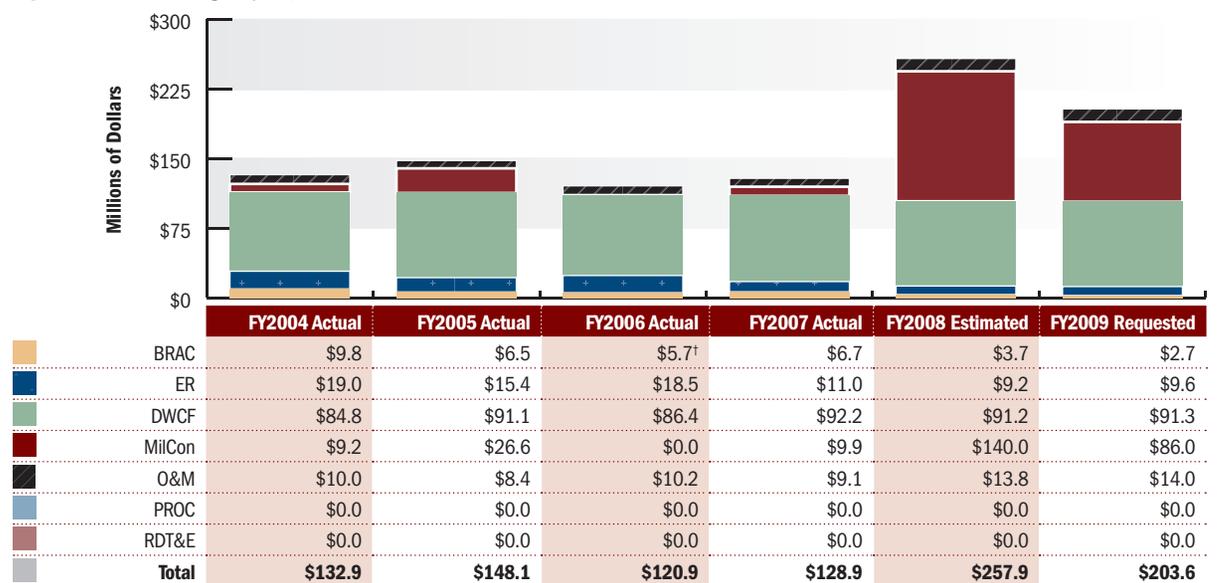


Figure B-11 DLA Budget by Appropriation*



* Due to rounding, subtotals may not equal fiscal year totals.

† Includes other Defense-wide program costs of \$0.3 million.

Other Defense-Wide Programs

Other Defense-wide programs include the Under Secretary of Defense for Acquisition, Technology, and Logistics; Missile Defense Agency; Defense Health Program, and other Defense agencies. In FY2007, other Defense-wide programs obligated \$107.3 million for environmental programs, as illustrated in Figure B-12.

The large funding increase in the Conservation Program budget from FY2004 to FY2005 reflects the \$11.7 million appropriated for the DoD initiative for Readiness and Range Preservation Initiative to evaluate requirements on DoD's active ranges. The Readiness and Environmental Protection Initiative is the reason for the increase in conservation funding in FY2006. Other Defense-wide programs do not manage BRAC installations; therefore, the BRAC funding level for all years remains at \$0.0. The decrease in the Compliance Program from FY2008 to FY2009 is the result of the Congressional add in prior years for the Native American Lands Environmental Mitigation Program (NALEMP). The budget for Pollution Prevention programs is expected to significantly increase from FY2008 through FY2009 due to increased funding to manage hazardous waste and address emerging contaminants.

Figure B-13 shows other Defense-wide programs funding by appropriation. As the ER and BRAC accounts fund activities within the DERP, these appropriations show the same pattern as in Figure B-12. O&M appropriations remain relatively high compared to earlier years as the Department addresses encroachment issues at affected installations and ranges. FY2009 O&M funding anticipates a gradual decrease due to NALEMP budget fluctuations. Funding for RDT&E shows a slight increase in response to Missile Defense Agency requirements. Appropriations for DWCF, MilCon, and PROC are not applicable to other Defense-wide programs and therefore not included in Figure B-13.

Figure B-12 Other Defense-Wide Programs Budget by Program Area*

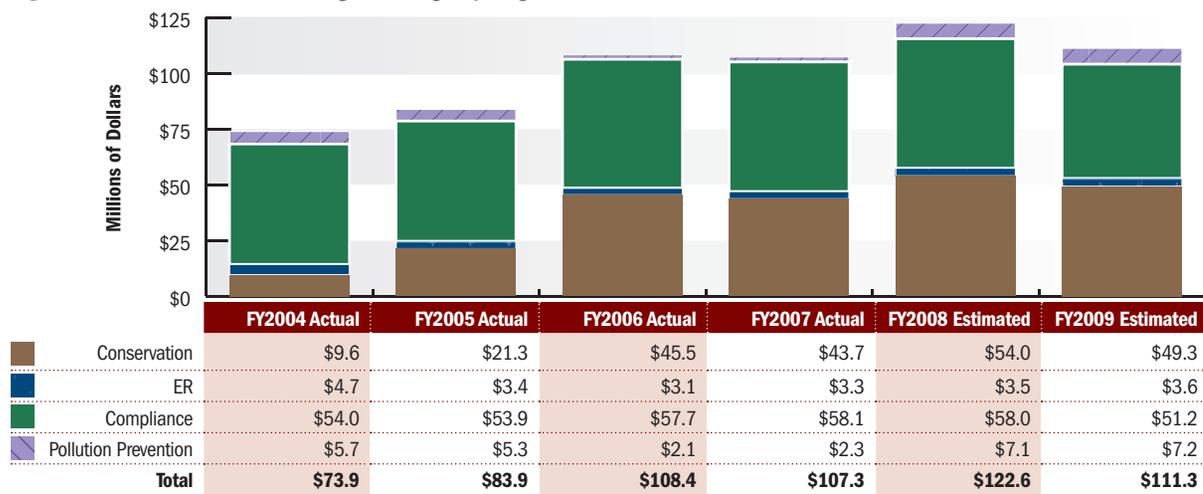
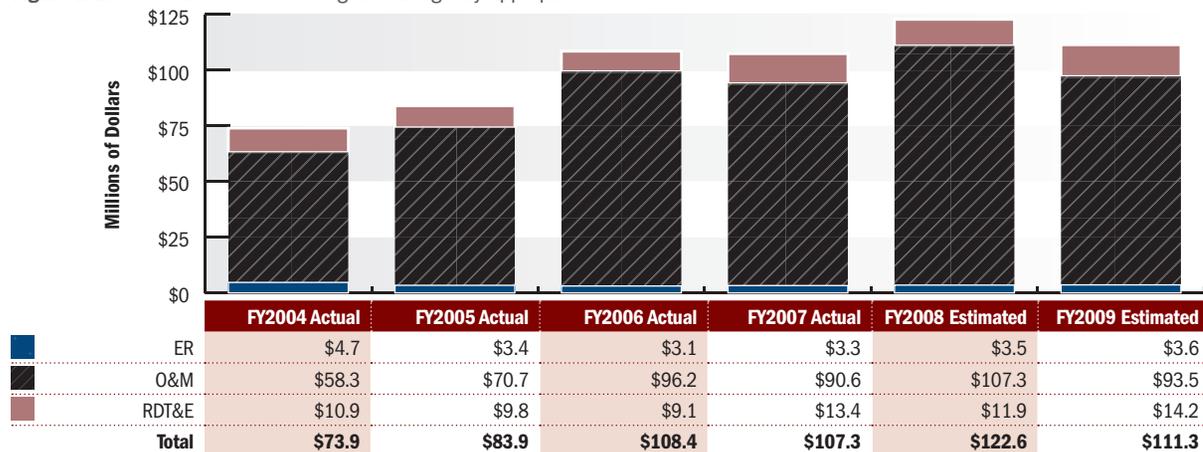


Figure B-13 Other Defense-Wide Programs Budget by Appropriation*



* Due to rounding, subtotals may not equal fiscal year totals.

Overseas

DoDI 4715.5 outlines the management of environmental compliance at overseas installations. DoD installations operate overseas activities which may have an impact on the natural environment of the host nation, the health and safety of DoD personnel and local national employees, or the dependent resident families. Those potential effects could be of significance to mission readiness or even continued access to the installation. Therefore, success in managing environmental stewardship at DoD installations worldwide is directly related to the ability to support national security interests.

Funding for remediation activities is included in the overseas compliance activities budget, since the ER and BRAC accounts are reserved for installations inside the U.S. and its territories. DoD's Overseas Program experienced a spike in FY2005 to address one-time water quality requirements for the Navy. As shown in Figure B-14, DoD invested \$154.4 million in environmental efforts abroad in FY2007. Of this total, the Department obligated \$14.3 million in conservation, \$25.1 million in remediation, \$102.2 million in compliance, and \$12.7 million in pollution prevention activities. All funding for overseas efforts are included in the totals in the conservation, compliance, and pollution prevention appendices.

The increase in FY2008 Overseas funding addresses hazardous waste requirements for the Air Force. The FY2009 increase is to fund a CWA compliant project for DLA's Defense Energy Support Center.

Figure B-14 Overseas Budget

