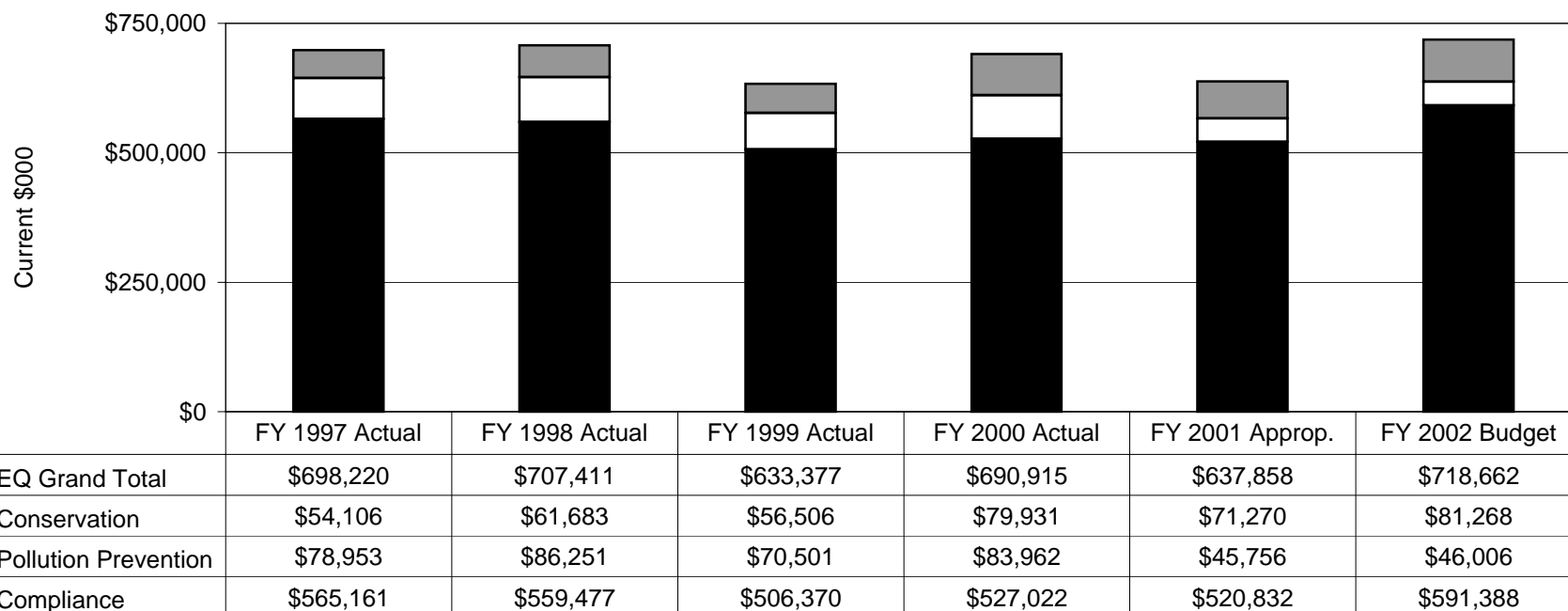


APPENDIX C
DEPARTMENT OF THE ARMY
BUDGET SUMMARY

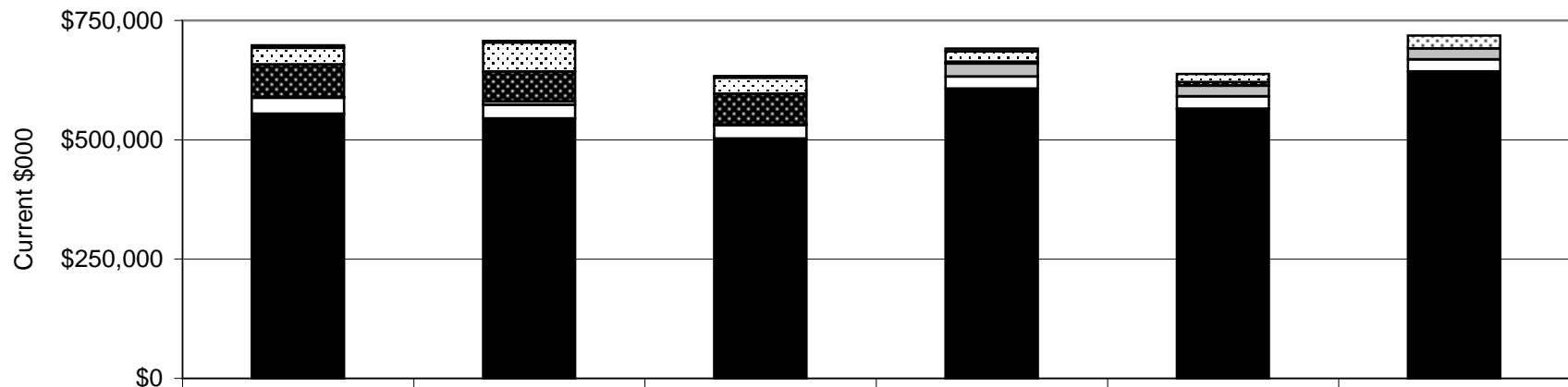
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Figure 1
Department of the Army Budget Summary
EQ Budget by Area



EQ Budget by Pillar: The Army's EQ budget increases by 3% over the six-year period in the chart. Significant compliance budget increases in FY 2002 are largely the result of increases in funding for environmental compliance overseas, the impact area groundwater study at the Massachusetts Military Reservation, Clean Air Act requirements in the United States, transfer of the Defense Environmental Security Corporate Information Management program to the Army, and increasing manpower requirements for the Army National Guard to meet Sikes Act and Clean Water Act requirements. The decrease in the pollution prevention budget beginning in FY 2000 is possible through innovative programs that centralize hazardous material management and selected pollution prevention projects that provide a high return on investment. The Conservation budget increases in FY 2002 are due to Sikes Act requirements for the protection of natural resources and requirements related to managing cultural resources. Overall, the Army's EQ budget funds essential recurring and nonrecurring projects, program management, and training.

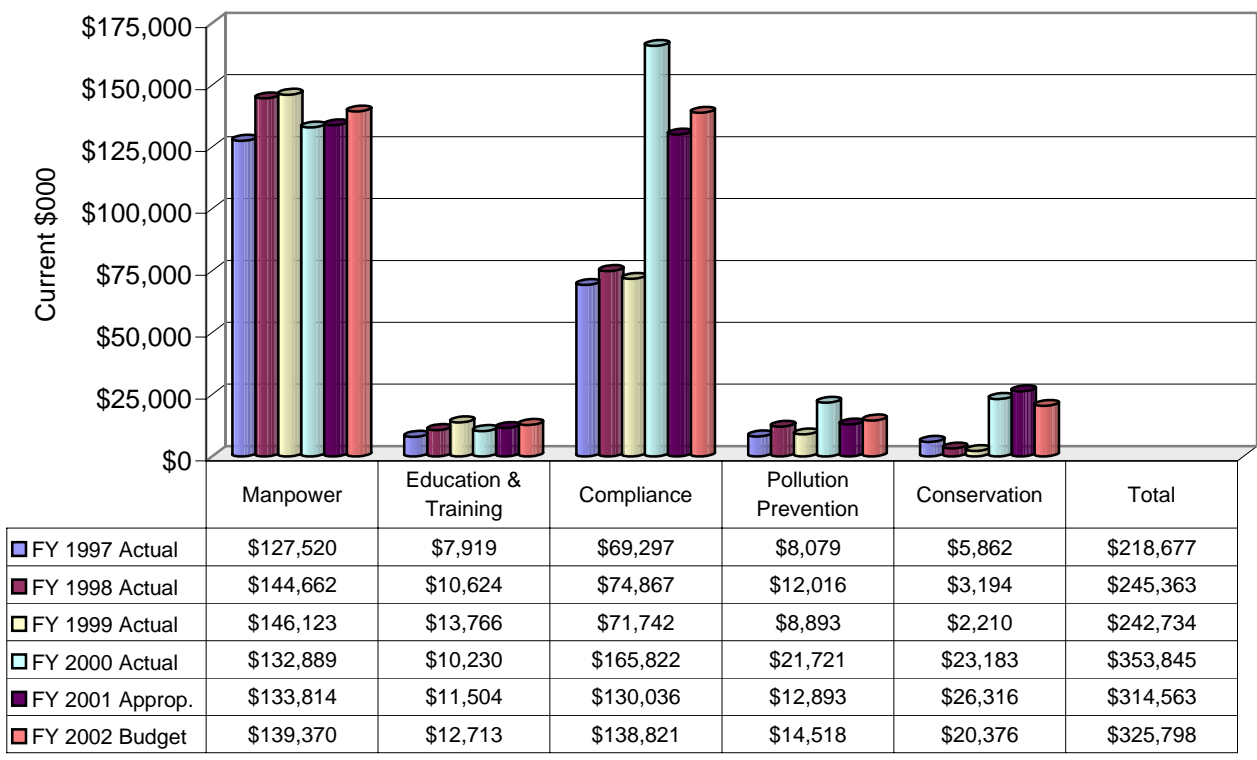
Figure 2
Department of the Army Budget Summary
EQ Budget by Appropriation



	FY 1997 Actual	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Approp.	FY 2002 Budget
EQ Grand Total	\$698,220	\$707,411	\$633,377	\$690,915	\$637,858	\$718,662
■ Other	\$5,601	\$3,688	\$3,685	\$6,225	\$0	\$112
▨ PROC	\$34,803	\$61,060	\$33,519	\$21,090	\$17,071	\$27,244
▩ RDT&E	\$68,003	\$62,266	\$64,066	\$3,986	\$7,845	\$0
■ MilCon	\$2,000	\$7,400	\$2,000	\$27,500	\$22,000	\$23,000
□ DWCF	\$33,628	\$28,806	\$27,768	\$24,981	\$26,405	\$25,334
■ O&M	\$554,185	\$544,191	\$502,339	\$607,133	\$564,537	\$642,972

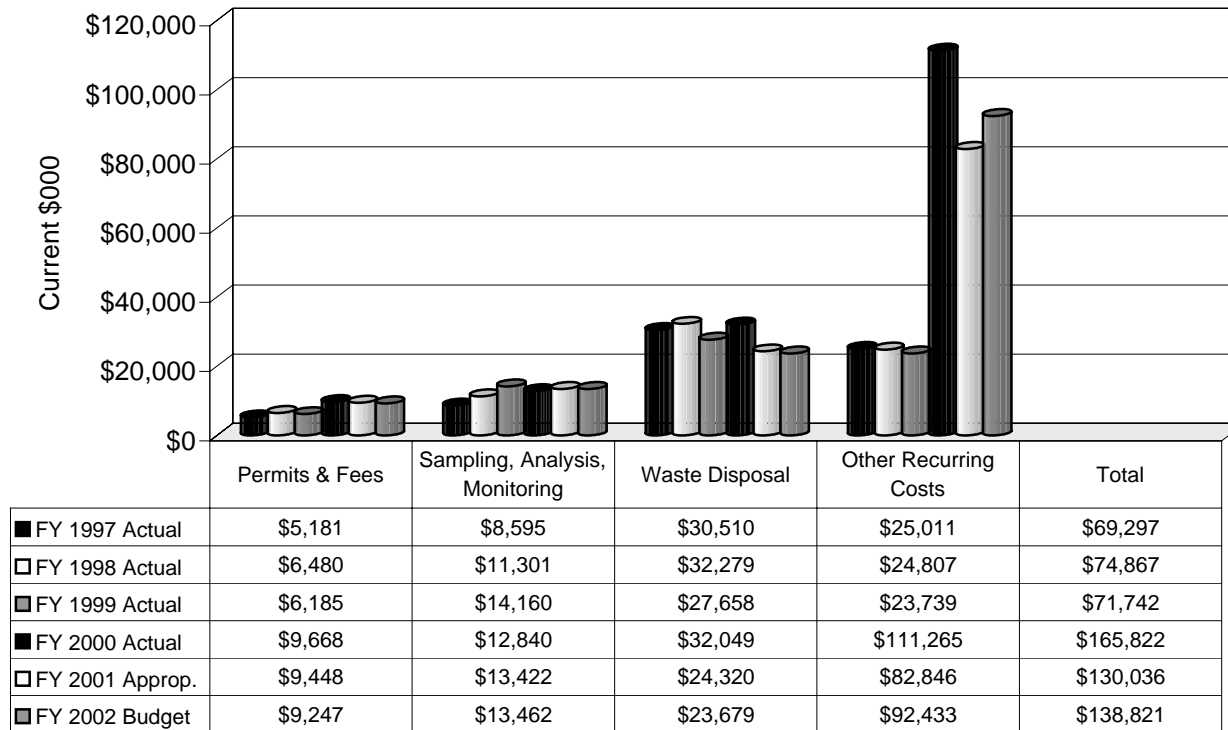
EQ Budget by Appropriation: The O&M funding increases by 16% over the six-year period in the chart. This reflects rolling the remainder of the RDT&E budget into O&M in FY 2002 and increases in funding for environmental compliance overseas, the impact area groundwater study at the Massachusetts Military Reservation, Clean Air Act requirements in the United States, transfer of the Defense Environmental Security Corporate Information Management program to the Army, and increasing manpower requirements for the Army National Guard to meet Sikes Act and Clean Water Act requirements. MilCon and PROC costs are generally driven by relatively few, but large, nonrecurring projects that can fluctuate substantially from year to year.

Figure 3
Department of the Army Budget Summary
EQ Recurring Costs



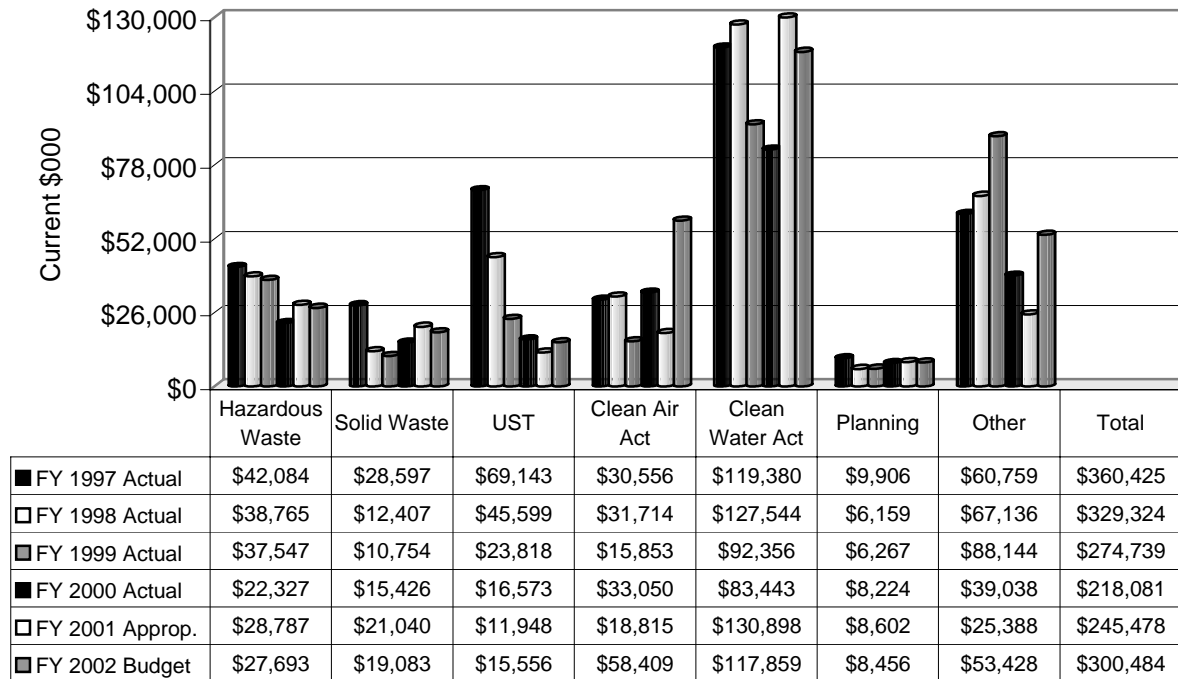
EQ Recurring Costs: Recurring costs account for an average of 42% of the total EQ costs from FY 1997 to FY 2002. Maintaining a professional staff and providing environmental training and education at all Army installations and headquarters accounts for approximately 52% of the recurring costs. The remaining recurring costs include routine operations at numerous facilities, such as issuing permits, sampling, monitoring, developing management plans, and disposing of hazardous waste.

Figure 4
Department of the Army Budget Summary
Compliance Recurring



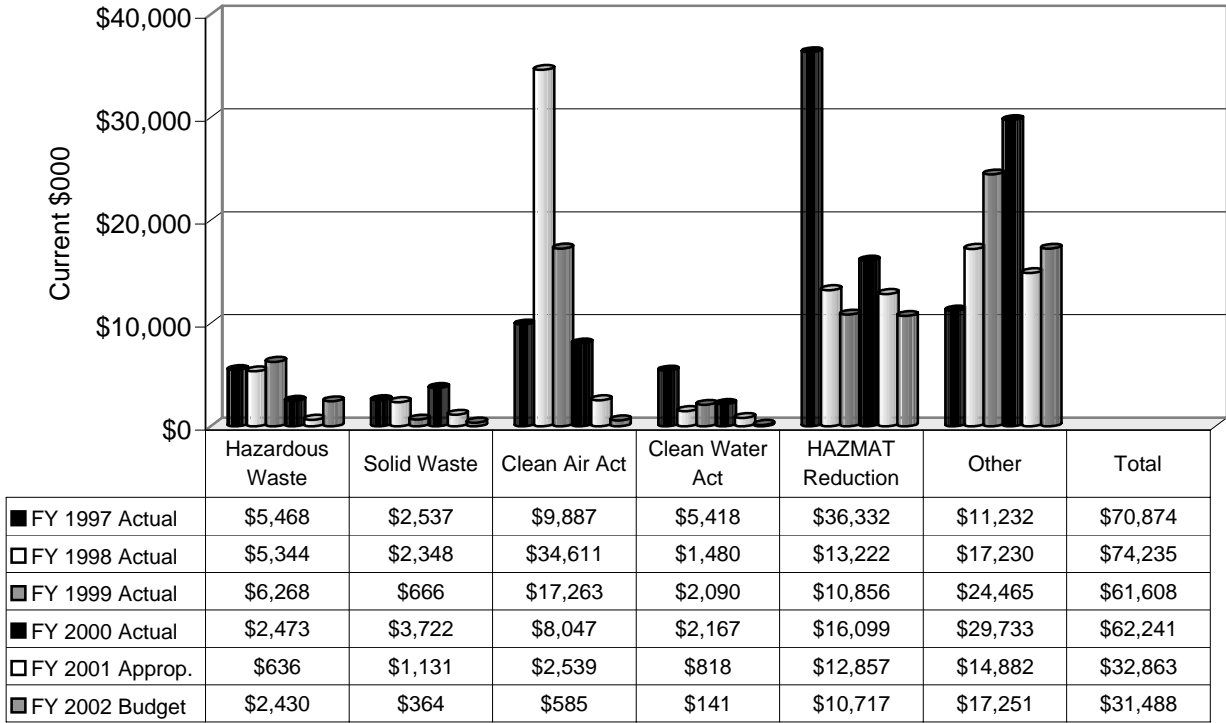
Compliance Recurring Costs: Recurring compliance costs remained relatively stable from FY 2001 to FY 2002. Permits and fees; sampling, analysis, and monitoring; and waste disposal remained virtually unchanged from FY 2001 to FY 2002. The increase in other recurring costs was largely related to the transfer of 13 systems/applications of the Defense Environmental Security Corporate Information Management Program from the Office of the Secretary of Defense to the Army.

Figure 5
Department of the Army Budget Summary
Compliance Nonrecurring



Compliance Nonrecurring Costs: Compliance nonrecurring costs increased by 22% from FY 2001 to FY 2002. Increases in UST projects are largely related to the repair and replacement of leaking and failing systems in Korea. The Clean Air Act increase is related to a \$23 million MilCon project to upgrade a cooling system for a heating plant at Fort Wainwright, Alaska and implementation of National Emission Standards for Hazardous Air Pollutants (NESHAPs). The Clean Water Act decrease from FY 2001 to FY 2002 is related to a \$22 million MilCon project for FY 2001 with no Clean Water Act MilCon projects in FY 2002, which is offset by increases in requirements for the Massachusetts Military Reservation impact area groundwater study. The increase in other nonrecurring costs is largely related to requirements for ammunition production facilities and overseas installations.

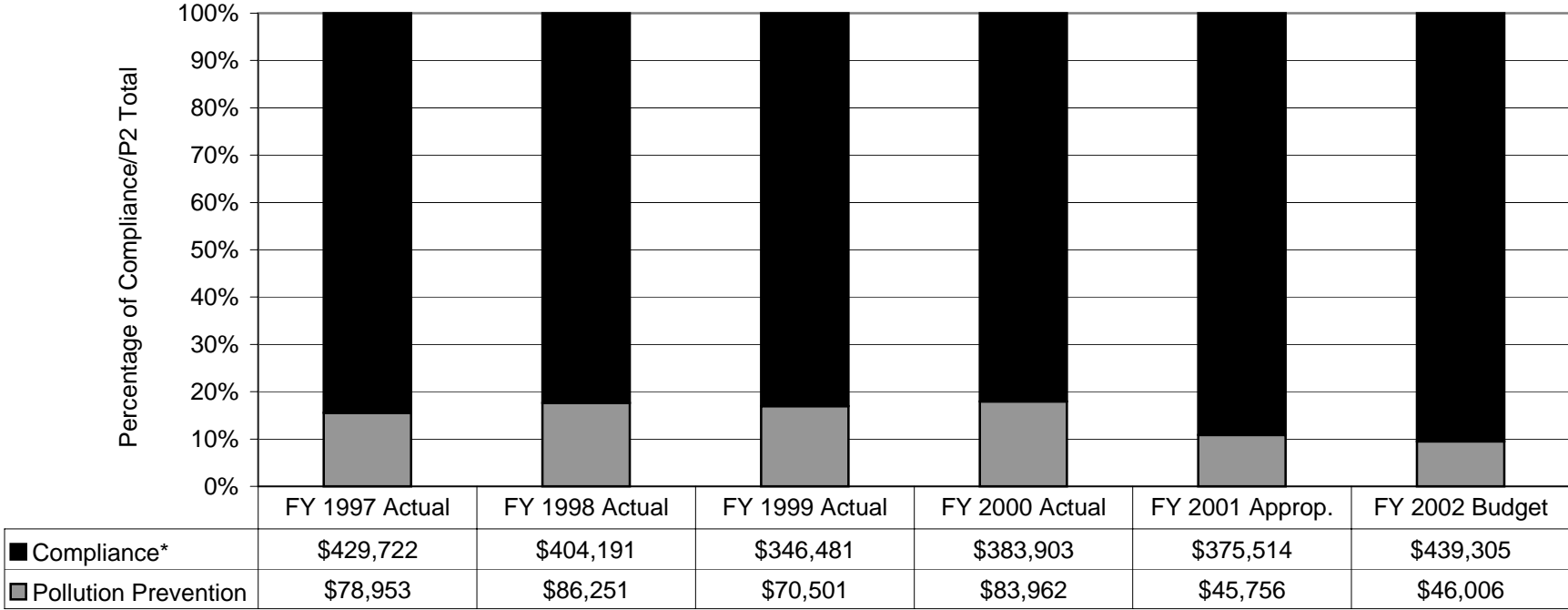
Figure 6
Department of the Army Budget Summary
Pollution Prevention Nonrecurring



Pollution Prevention Nonrecurring Costs: Pollution prevention nonrecurring costs decreased 66% from FY 1997 through FY 2002. A shift in funds from nonrecurring to recurring enabled centralized funding of cost-effective, high-return pollution prevention investments. Pollution prevention funding from FY 1997 through FY 2002 allowed the Army to achieve and exceed the DoD goals for toxic chemical releases, solid waste reduction, and solid waste recycling. The Army continues to fund centralized hazardous material management at the installation level, to emphasize pollution prevention as the preferred approach to achieving environmental compliance, and to make pollution prevention an integral part of business in all mission areas.



Figure 7
Department of the Army Budget Summary
P2 vs. Compliance

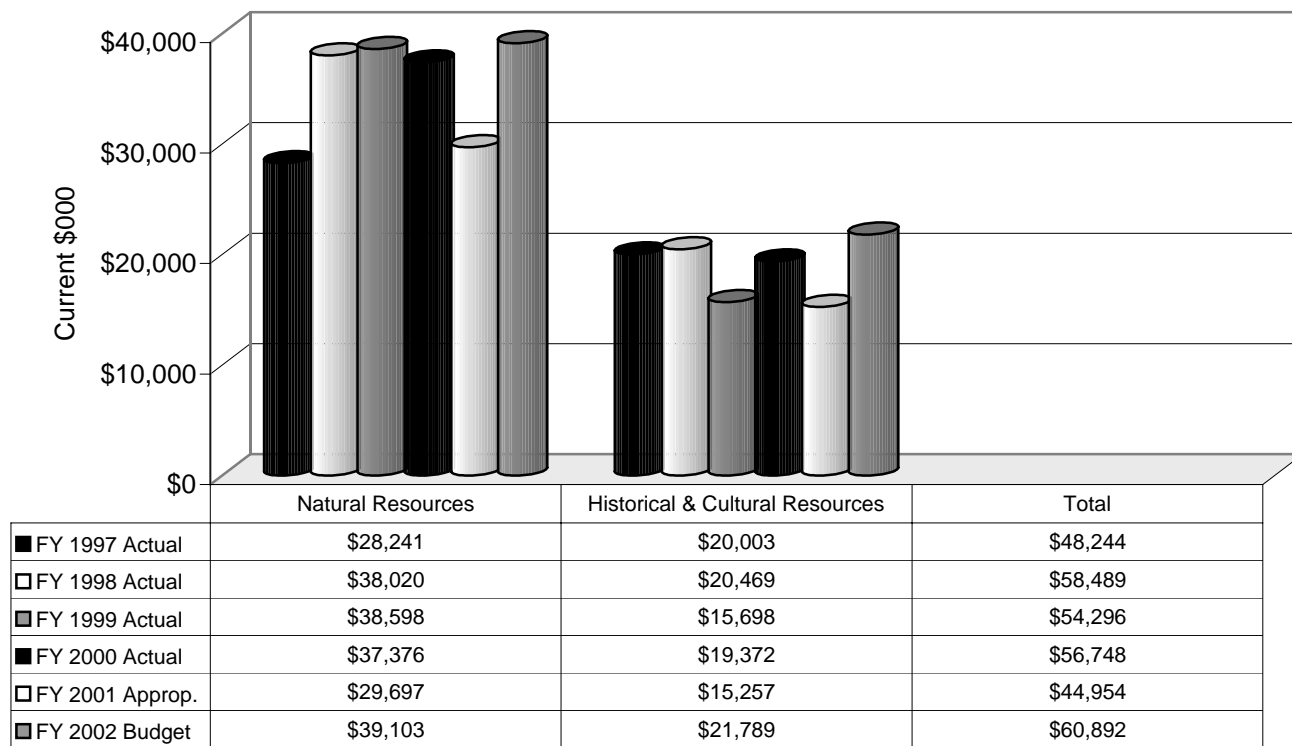


* Compliance totals do not include Manpower and Education & Training.

P2 vs. Compliance: The ratio of pollution prevention versus compliance budgets averages approximately 17% over the six-year period in the chart. Efforts to seek greater efficiencies through innovative pollution prevention programs that centralize hazardous materials management at the installation and fund projects that provide a high return on investment will allow the Army to advance the program goal to maximize pollution prevention as the preferred means to achieve compliance.

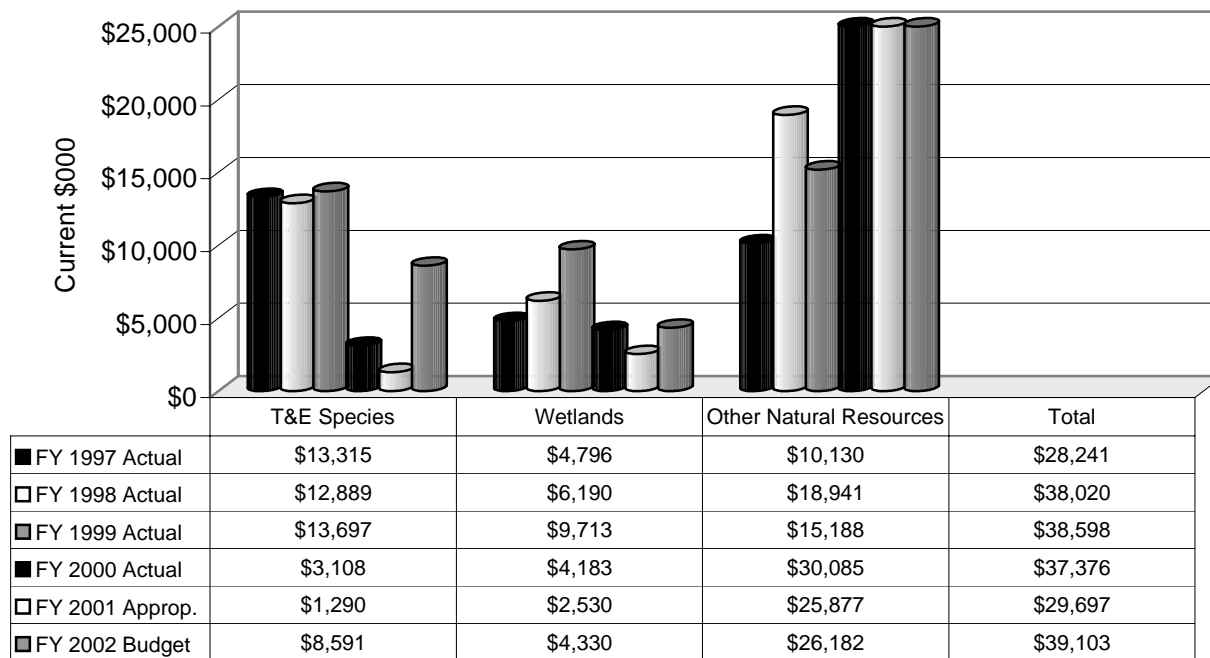


Figure 8
 Department of the Army Budget Summary
 Natural Resources vs. Historical and Cultural Resources



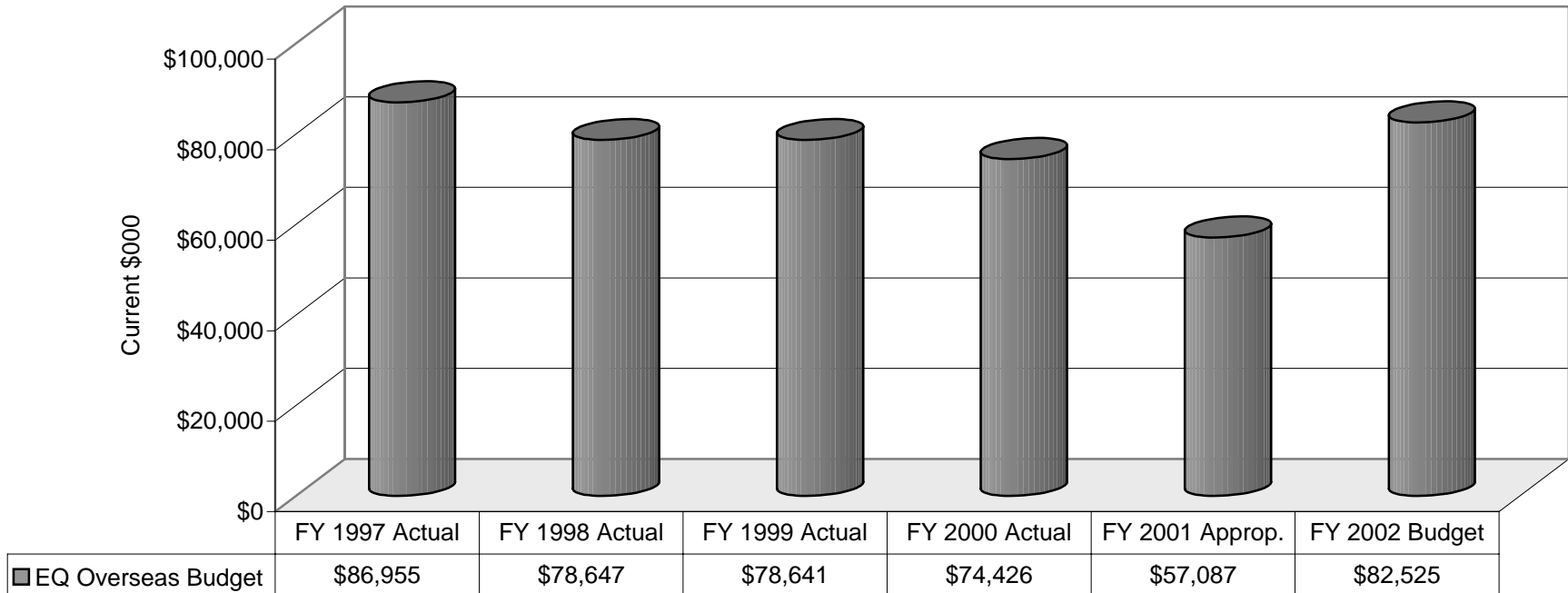
Natural Resources vs. Historical and Cultural Resources: Actual expenditures for natural and cultural resources nonrecurring costs have remained relatively stable from FY 1998 through FY 2000, ranging from a low of \$54 million in FY 1999 to a high of \$58 million in FY 1998. Appropriated amounts in FY 2001 (\$45 million) are less than executed amounts because commanders migrate money into the program during the year of execution (FY 1997 to FY 2000). Annually, the natural resources program accounts for about 40% to 50% of the total conservation budget.

Figure 9
Department of the Army Budget Summary
Natural Resource Investment by Category



Natural Resource Investment by Category: For T&E species and wetlands compliance nonrecurring costs, there appears to be a dramatic decrease in funding from FY 1999 (about \$23 million) to FY 2000 – 2002 (FY 2000: \$7.3 million; FY 2001: \$3.8 million; FY 2002: \$12.9 million). However, in reality, the field is now identifying most of these costs as recurring (class 0). Recurring cost estimates increased from \$2.2 million in FY 1999 to about \$23 million for FY 2000, \$26 million in FY 2001, and \$20 million in FY 2002. Nonrecurring costs for the category "Other Natural Resources," which includes the costs for preparing Integrated Natural Resource Management Plans, shows a significant increase from FY 1999 (\$15 million) to FY 2002 (\$26 million). This increase is a reflection of Army installation efforts to complete all plans by the FY 2001 compliance date and increased funding for soil erosion control.

Figure 10
Department of the Army Budget Summary
EQ Overseas Budget



EQ Overseas Budget: Budgeting for overseas EQ program costs in Europe, Korea, Japan, and Kwajalein Atoll averages approximately \$76 million from FY 1997 to FY 2001. The budget supports minimum essential EQ program requirements at U.S. installations in these countries. The majority of the costs are associated with Final Governing Standards compliance requirements. The decrease in the budget from FY 1999 to FY 2000 is partially due to the end of funding for Panama after FY 1999. The decrease in funding from FY 2000 to FY 2001 is partly attributable to a decrease based on upward currency fluctuation in Europe. Increases in FY 2002 are largely related to increased costs to address the repair and replacement of leaking and failing underground storage tank systems in Korea, upgrading Clean Water Act systems to address more stringent requirements and systems that have begun to degrade, and other nonrecurring requirements. Only 5% of funding from FY 2000 to FY 2002 is associated with cleanup costs.