

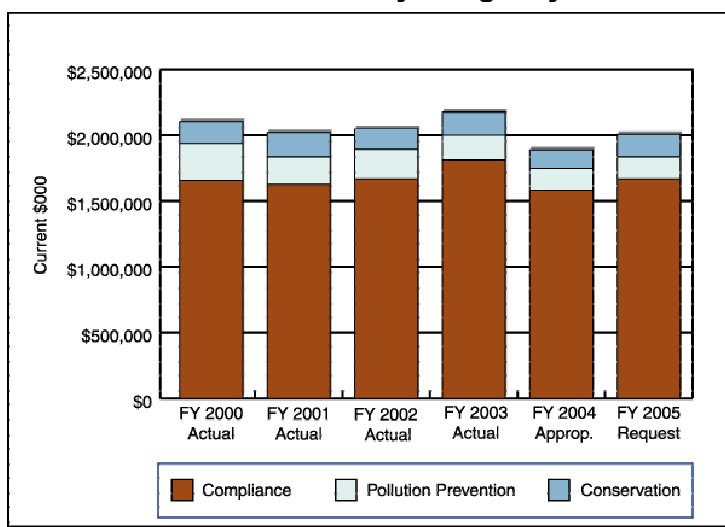
THE ENVIRONMENTAL QUALITY BUDGET

The Environmental Quality Program budget includes funding for the three main areas of the Environmental Quality Program—pollution prevention, compliance, and conservation. The pollution prevention budget includes funds to reduce or eliminate pollution at the source. The Department of Defense invests conservation funds in natural, historical, and cultural resource conservation. The compliance budget includes funds for maintaining clean air and water, managing of solid and hazardous wastes, conducting required compliance training, and paying environmental staff. Figures 1, 2, and 3 illustrate budget trends within the Environmental Quality Program. The figures show FY 2000–2003 actual, FY 2004 appropriated, and FY 2005 budgeted funds. Appendices C through G of this report include graphs illustrating the FY 2000 through FY 2005 President’s budget data by DoD Component in current year dollars. Appendix H provides FY 2000 through FY 2005 Environmental Quality Program budget totals in current dollars and constant FY 2005 dollars. This appendix provides information to compare investment levels after accounting for inflation.

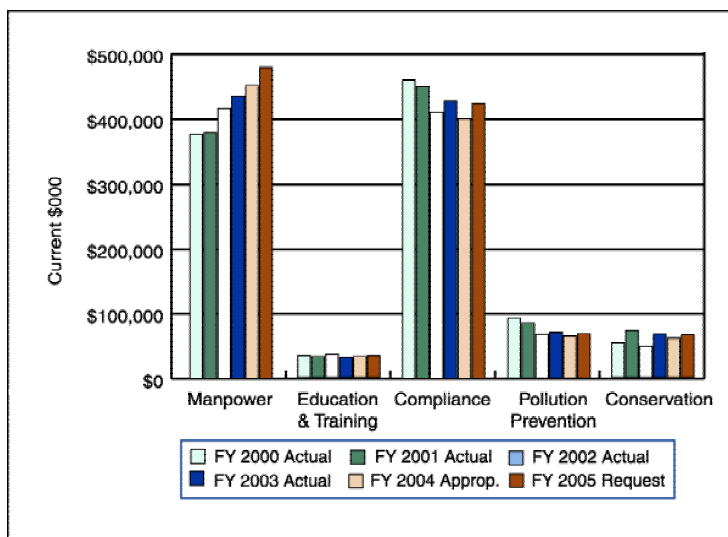
FY 2003 EQ BUDGET EXECUTION

In FY 2003, DoD invested approximately \$2.2 billion in Environmental Quality Program activities. DoD invested approximately 83 percent, or \$1.8 billion, to fulfill compliance requirements; 9 percent to

**Figure 1
DoD Budget Summary:
Environmental Quality Budget by Area**

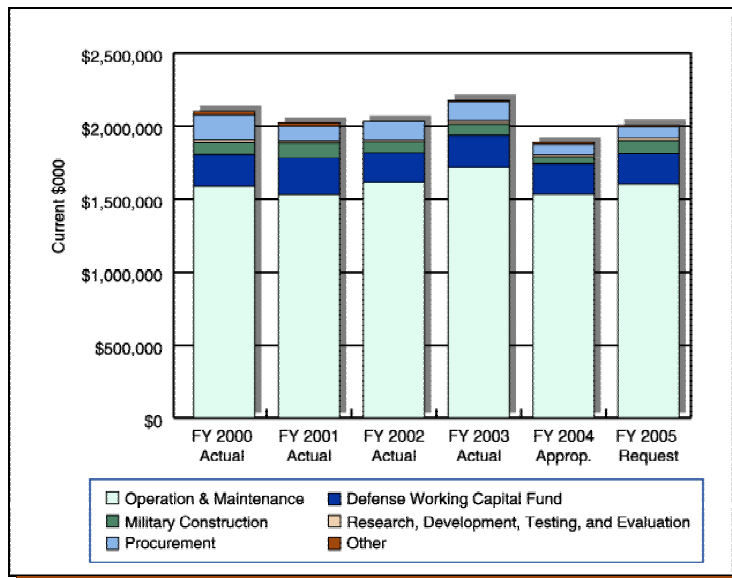


**Figure 2.
DoD Budget Summary:
Environmental Quality Recurring Costs**



conduct pollution prevention activities; and 8 percent to support natural and cultural resource conservation. DoD invested approximately 53 percent of the FY 2003 Environmental Quality

**Figure 3
DoD Budget Summary
Environmental Quality Budget by Appropriation**



Program budget in one-time projects, or nonrecurring activities, and 47 percent in recurring activities, or the relatively constant costs of maintaining Environmental Quality programs at DoD installations (Figure 2).

Figure 3 illustrates the FY 2003 Environmental Quality Program budget by appropriation —Operation and Maintenance, Defense Working Capital Fund, Research, Development, Testing and Evaluation, Military Construction, Procurement, and Other.

FY 2004 EQ Appropriations

For FY 2004 DoD is investing approximately 84 percent of the appropriations in the Compliance Program, 9 percent in the Pollution Prevention Program, and seven percent in the Conservation Program. About 53 percent of the total Environmental Quality investment is in the recurring area, and about 47 percent in the non-recurring or one time project area.

FY 2005 EQ Budget Request

The President’s FY 2005 budget request for the Environmental Quality Program is about \$2.0 billion, a \$118 million increase from the FY 2004 budget, as appropriated by Congress, of \$1.89 billion.

POLLUTION PREVENTION BUDGET

Pollution prevention efforts at military installations reduce health and safety risks to DoD personnel and nearby communities. Pollution prevention is DoD’s preferred strategy for meeting its compliance requirements. By preventing pollution, such as reducing or eliminating the use of hazardous materials, DoD decreases the growth of environmental budget requirements. DoD also

reduces the number of accidents that can occur when using these materials and, thus, associated cleanup costs.

A pollution prevention project that eliminates the use of a hazardous material also reduces the generation of water pollution, air pollution, and hazardous wastes. As a result, DoD potentially reduces compliance costs in all three areas. In addition, the project could eliminate the costs to buy, store, and deliver the hazardous material.

FY 2003 Pollution Prevention Budget Execution

During FY 2003, DoD invested \$188 million in pollution prevention activities. DoD invested about \$70 million, or 37 percent, of its pollution prevention budget in recurring costs, including managing recycling programs and Toxic Release Inventory reporting. DoD invested the remaining \$118 million, or 63 percent, in one-time, nonrecurring projects, such as purchasing new pollution prevention equipment.

DoD's FY 2003 Pollution Prevention Program execution was 18 percent less than pollution prevention investments in FY 2002, allowing for inflation. This is due to the completion of many one-time projects that addressed hazardous material usage and hazardous waste reductions.

Hazardous material reduction and Clean Water Act (CWA) requirements are the areas of greatest emphasis within the Pollution Prevention Program. In addition, DoD funds efforts to prepare source reduction plans through the Pollution Prevention Program. During FY 2003, DoD invested 25 percent of pollution prevention nonrecurring funds in reducing the use of hazardous materials; 10 percent in managing hazardous waste; 13 percent in reducing Clean Air Act (CAA) pollutants, including the use of ozone depleting substances; 8 percent in reducing municipal solid wastes and establishing recycling and composting programs; and 22 percent in reducing CWA pollutants. DoD invested the remaining 22 percent in other efforts, primarily preparing pollution prevention and source protection plans for drinking water resources.

FY 2004 Pollution Prevention Appropriations

The FY 2004 Pollution Prevention Program budget, as appropriated by Congress, is \$165 million. DoD is investing more than \$101 million of this amount, or 61 percent, in nonrecurring projects. The remaining 39 percent, or \$64 million, is for recurring costs.

FY 2005 Pollution Prevention Budget Request

DoD is requesting \$170 million to fund the Pollution Prevention Program in FY 2005. The request is \$5 million more than Congress appropriated in FY 2004, which is an increase of 2 percent after allowing for inflation.

COMPLIANCE BUDGET

The Compliance Program has matured and has improved each year. Through FY 2004, DoD continues to increase the use of emerging pollution prevention technologies and practices to reduce compliance costs.

FY 2003 Compliance Budget Execution

During FY 2003, DoD invested \$1.8 billion in compliance activities. Of this amount, DoD invested \$429 million in recurring compliance costs, excluding manpower and education and training. Recurring compliance costs are those relatively constant activities that an installation must accomplish to support the mission and maintain compliance with environmental regulations and permit requirements. These activities include routine sampling and analysis of discharges to air and water and hazardous waste disposal. Other recurring costs include purchasing supplies, maintaining and operating equipment, managing National Pollutant Discharge Elimination System permits and CAA inventories, and conducting self-assessments. Of the remaining recurring investments, manpower is the single largest cost. Manpower and education and training costs, totaling \$466 million, support pollution prevention, compliance, and conservation. Note that FY 2003 manpower and education and training costs are not included in compliance totals in Figure 2.

DoD invested 51 percent, or \$916 million, of FY 2003 Compliance Program funds in nonrecurring projects, or one-time events, such as projects to upgrade wastewater treatment facilities or install air pollution controls to meet current standards. The largest nonrecurring investment each year is compliance with CWA regulations, which requires substantial infrastructure investments in wastewater treatment plants and storm water management. Other non-recurring projects, such as the Navy's Kaho'olawe restoration efforts, are frequently as large as the Clean Water Act area.

FY 2004 Compliance Appropriations

The FY 2004 Compliance Program budget, as appropriated by Congress, totals \$1.6 billion. About 56 percent is for recurring costs. The two largest recurring costs are for personnel and other

recurring costs, including preparing and updating management plans and implementing Final Governing Standards (FGS) at installations outside the United States.

The nonrecurring portion of the Compliance Program budget is \$696 million, approximately 44 percent. The largest amount of funding is for Clean Water Act-related efforts such as repairing wastewater treatment facilities.

FY 2005 Compliance Budget Request

The Compliance Program budget request of \$1.7 billion is \$85 million more than the FY 2004 budget as appropriated by Congress. This increase is largely due to the increase in Clean Water Act and personnel costs.

CONSERVATION BUDGET

DoD is committed to protecting the natural, historical, and cultural resources located on and near its installations. The Department seeks to comply with the letter and the spirit of such statutes as the Archaeological Resources Protection Act, the Endangered Species Act, the Migratory Bird Treaty Act, the National Historic Preservation Act, and the Sikes Act. Conservation investments are essential to the long-term success of DoD's mission. The goals of DoD's investments in the Conservation Program are to support the military mission by providing for the sustained use of land, sea, and air resources; protecting valuable natural and cultural resources for future generations; meeting all legal requirements; and promoting compatible uses of those resources.

FY 2003 Conservation Budget Execution

In FY 2003, DoD invested approximately \$179 million in conservation efforts. Of this amount, DoD invested approximately \$113 million, or 63 percent, in supporting nonrecurring, innovative conservation projects. Of this nonrecurring budget, DoD invested approximately \$73 million in natural resource initiatives and \$40 million in historical and cultural resource initiatives.

Of the \$73 million to support natural resource protection, DoD invested \$9 million in wetlands protection—an increase of 52 percent compared to FY 2002, allowing for inflation. DoD invested \$15 million in managing and protecting threatened and endangered species in FY 2003—a decrease of 26 percent compared with FY 2002, allowing for inflation. In addition, DoD invested \$48 million in protecting other natural resources.

DoD invested approximately \$66 million, or 37 percent, of the Conservation Program budget in recurring costs. These activities include preparing and updating integrated natural and cultural resource management plans, coordinating with other conservation regulatory agencies, and other management actions.

FY 2004 Conservation Appropriations

The FY 2004 Conservation Program budget, as appropriated by Congress, is to \$141 million. The FY 2004 Conservation Program budget is less than amount invested in FY 2003 due to the completion of several one-time projects by the Army, Navy, and Air Force.

FY 2005 Conservation Budget Request

The President's FY 2005 Environmental Quality Program budget request includes \$168 million for DoD conservation initiatives. This request is \$27 million, more than Congress appropriated in FY 2004. This increase is mostly due to new funding for a range environmental protection initiative.

DoD invests in Conservation Program efforts to develop innovative processes and technologies to improve efficiency. In FY 2005, DoD will continue to lead stewardship efforts through collaborative planning, process improvements, and comprehensive resource management.

OVERSEAS ACTIVITIES BUDGET

Subparagraph (2)(F) of subsection 2706(b) in Title 10, United States Code of Federal Regulations, requires DoD to report on overseas environmental investments. These investments are necessary to comply with environmental requirements under standing treaties, laws, contracts, or other agreements. Final Governing Standards establish the investment requirements for overseas military installations. DoD must include environmental restoration activities in its investments for overseas military activities.

The Department includes restoration funds in the overseas activities budget because Defense Environmental Restoration Act funds only apply to United States based activities. DoD identified the amounts invested overseas for the past four years in the three main Environmental Quality areas—pollution prevention, compliance, and conservation—plus investments in cleaning up past contamination. The overseas budget is a subset of the overall DoD Environmental Quality Program budget. Figure 4 illustrates the amounts invested in each of those areas.

**Figure 4
Oversea Budget by Area (Current \$000)**

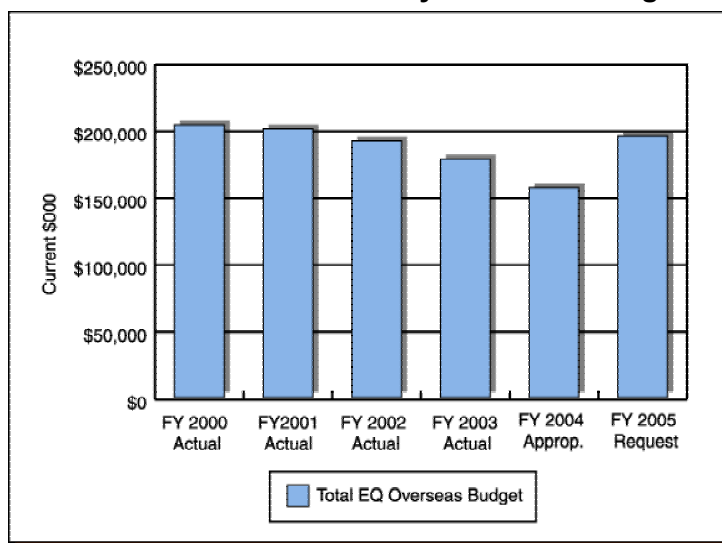
	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Approp.	FY 2005 Request
Remediation	\$12,554	\$19,603	\$23,791	\$18,982	\$19,529	\$20,025
Compliance	\$168,560	\$148,140	\$147,291	\$141,310	\$124,082	\$157,497
Conservation	\$5,153	\$7,679	\$3,053	\$3,628	\$2,599	\$3,666
Pollution Prevention	\$17,054	\$24,635	\$16,613	\$13,394	\$9,865	\$13,506
TOTAL	\$203,321	\$200,057	\$190,748	\$177,314	\$156,075	\$194,694

FY 2003 Overseas Activities Budget Execution

During FY 2003, DoD invested \$177 million in Environmental Quality programs overseas (Figure 5). In FY 2003, DoD invested approximately \$19 million to clean up past contamination, \$141

million to ensure that current operations meet environmental standards, \$13 million to prevent pollution, and \$4 million to conserve natural and cultural resources.

**Figure 5
DoD Budget Summary:
Total Environmental Quality Overseas Budget**



FY 2004 Overseas Activities Appropriations

The FY 2004 Environmental Quality Program budget, as appropriated by Congress, includes over \$156 million for environmental efforts overseas. DoD is investing approximately \$20 million to clean up past contamination,

\$124 million to comply with current standards, \$10 million to prevent pollution, and more than \$2 million for conservation.

FY 2005 Overseas Activities Budget Request

The FY 2005 Environmental Quality Program budget includes a request for \$195 million for environmental activities that DoD will conduct overseas. This amount includes approximately \$20 million to clean up past contamination, \$157 million to comply with current environmental standards, \$14 million to prevent pollution, and \$4 million for conservation initiatives.

RESEARCH AND DEVELOPMENT

New technologies are important tools for meeting environmental requirements more efficiently and effectively. Accelerating the development and use of new environmental technologies results in reduced costs to comply with environmental, safety, and health laws; more efficient conservation initiatives; and a greater ability to prevent pollution at the source.

DoD's research and development (R&D) strategy is to address environmental needs through investments in technology; to identify technologies that provide the highest return on investment; to engage in partnerships that encourage the development of innovative technologies that can be used for more than one purpose; and to accelerate the use and commercialization of these technologies. DoD has established a process to coordinate, integrate, and prioritize environmental technology R&D projects across the DoD Components.

FY 2003 Research and Development Budget Execution

In FY 2003, DoD invested approximately \$224 million in basic and applied research, advanced development, demonstration, and validation of technologies to support overall environmental functions. Of this amount, DoD invested approximately 70 percent to directly support the Environmental Quality Program, the remaining 30 percent is dedicated to improving cleanup technologies. From the amounts dedicated to the EQ Program, DoD allocated \$80 million for pollution prevention, \$62 million for compliance, and \$14 million for conservation R&D activities. Specifically—

- The Army invested \$83 million
- The Navy invested \$70 million
- The Strategic Environmental Research and Development Program (SERDP) invested \$51 million
- The Environmental Security Technology Certification Program (ESTCP) invested \$20 million

Although there was no direct R&D project funding under the environmental technology program in FY 2003, the Air Force continues to maintain a robust Environmental Quality program that benefits from technology advancement by leveraging other programs and sources of funds.

R&D investments support the Environmental Quality Program but are not part of the Environmental Quality Program budget. Therefore, these investments are not included in Appendices C through G, which summarize Environmental Quality Program requirements.

FY 2004 Research and Development Appropriations

The FY 2004 appropriations provided by Congress total \$250 million, of which \$161 directly supports the Environmental Quality program, with another \$5 for force protection. Approximately \$56 million is for Compliance, \$91 million for pollution prevention, and \$14 million for conservation. The Armed Forces Pest Management Board is administering the force protection initiative. In FY 2004 the Deployed Warfighter Protection (DWFP) initiative will investigate alternative clothing treatments that discourage both biting and filth flies, try new chemistries and application methods for insecticides, and test new methods of applying public health insecticides. DoD Component R&D funding requests directed to Environmental Quality programs for FY 2004 are—

- Department of the Army: \$103 million
- Department of the Navy: \$60 million
- SERDP: \$47 million
- ESTCP: \$35 million
- DWFP: \$5 million

FY 2005 Research and Development Budget Request

The President's FY 2005 budget requests \$186 million for research, development, testing, and evaluation to create new technologies to support the Installations and Environment Program's goals and objectives. Of this amount, DoD requested approximately \$115 million to directly support the Environmental Quality Program: DoD will allocate \$54 million for pollution prevention, \$45 million for compliance, and \$16 million for conservation R&D activities. DoD Component R&D funding requests directed to Environmental Quality programs for FY 2005 are—

- Department of the Army: \$52 million

- Department of the Navy: \$39 million
- SERDP: \$57 million
- ESTCP: \$33 million
- DWFP: \$5 million.

The Air Force will continue to leverage other programs and sources of funds like SERDP and ESTCP to maintain a robust Environmental Quality Program.