

APPENDIX B: ENVIRONMENTAL MANAGEMENT BUDGET OVERVIEW

Budget

The Department of Defense (DoD) successfully fulfills its environmental responsibilities at installations in the United States (U.S.) and abroad through effective program planning, funding, management, and execution. DoD's Environmental Management Programs include Conservation, Environmental Restoration (ER), Compliance, and Pollution Prevention Programs. Many factors influence DoD's environmental funding levels, including environmental laws and regulations, departmental and congressional priorities, progress toward program goals, emerging environmental challenges, and new mission sustainability requirements. While many important programs require federal funds, the Department believes Components must receive adequate environmental management funding to ensure the protection of human health and the natural infrastructure.

The budget process requires that DoD Components identify and request adequate funding to meet all legal and regulatory environmental requirements of each environmental program. DoD Components—the Army, Marine Corps, Navy, Air Force, and the Defense Agencies—build their environmental budgets from the installation-level up. These installation-level estimates serve as the basis for Component environmental budget submissions to the Secretary of Defense. The Secretary includes these requirements as part of the overall Defense budget that the President submits to Congress.

Within DoD's environmental programs, funds are divided between Operation and Maintenance (O&M), Defense Working Capital Funds (DWCF), Procurement (PROC), Research Development Testing and Evaluation (RDT&E), Military Construction (MilCon), and other appropriations that fund the Compliance, Conservation, and Pollution Prevention Programs. The ER and Base Realignment and Closure (BRAC) accounts fund activities within the Defense Environmental Restoration Program (DERP).

This appendix separately outlines recurring costs for Conservation, Compliance, and Pollution Prevention Programs. The recurring costs associated with the DERP are detailed separately in Appendix D: Restoration Budget Overview.

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.

This appendix also lists recurring costs associated with Manpower, and Education and Training. The Manpower, and Education and Training costs apply to Conservation, Compliance, and Pollution Prevention Programs. 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 are included in recurring Compliance Program totals.

The following figures and text provide the funding summary of DoD's and each Component's Environmental Management by program area, appropriation, and recurring costs. Figure B-1 provides a complete overview of DoD's funding.

Figure B-1
DoD Total Budget Summary (millions)

DoD Budget by Program Area						
	FY2003 Actual	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Estimated	FY2008 Requested
Conservation	\$179.1	\$157.6	\$187.9	\$204.1	\$207.1	\$201.7
ER	\$1,307.9	\$1,338.0	\$1,348.2	\$1,376.7	\$1,403.3	\$1,456.9
BRAC	\$771.6	\$384.7	\$250.3	\$568.2	\$574.7	\$469.9
Compliance	\$1,811.0	\$1,654.9	\$1,684.9	\$1,542.5	\$1,552.3	\$1,705.6
Pollution Prevention	\$188.3	\$116.1	\$124.8	\$125.2	\$131.0	\$129.6
Total	\$4,257.9	\$3,651.3	\$3,596.1	\$3,816.6	\$3,868.5	\$3,963.7

DoD Budget by Appropriation						
	FY2003 Actual	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Estimated	FY2008 Requested
BRAC	\$771.6	\$384.7	\$250.3	\$568.2	\$574.7	\$469.9
ER	\$1,307.9	\$1,338.0	\$1,348.2	\$1,376.7	\$1,403.3	\$1,456.9
DWCF	\$217.5	\$191.7	\$210.1	\$207.8	\$214.8	\$210.7
MilCon	\$77.8	\$47.9	\$93.8	\$37.7	\$42.3	\$161.3
O&M	\$1,720.8	\$1,581.9	\$1,586.0	\$1,527.7	\$1,534.9	\$1,576.9
PROC	\$130.0	\$78.3	\$80.5	\$71.4	\$68.4	\$57.0
RDT&E	\$20.1	\$15.5	\$14.4	\$13.9	\$17.6	\$19.1
Other	\$12.3	\$13.3	\$12.9	\$13.2	\$12.5	\$11.8
Total	\$4,257.9	\$3,651.3	\$3,596.1	\$3,816.6	\$3,868.5	\$3,963.7

DoD Recurring Costs *						
	FY2003 Actual	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Estimated	FY2008 Requested
Manpower	\$435.7	\$511.9	\$547.4	\$542.8	\$533.8	\$544.9
Education and Training	\$30.7	\$28.9	\$26.6	\$26.9	\$27.7	\$28.7
Compliance	\$428.8	\$398.9	\$415.1	\$381.4	\$369.2	\$378.7
Conservation	\$66.3	\$39.7	\$54.2	\$49.7	\$50.1	\$53.3
Pollution Prevention	\$69.6	\$52.3	\$42.0	\$55.4	\$52.9	\$56.8
Total	\$1,031.2	\$1,031.7	\$1,085.3	\$1,056.2	\$1,033.7	\$1,062.4

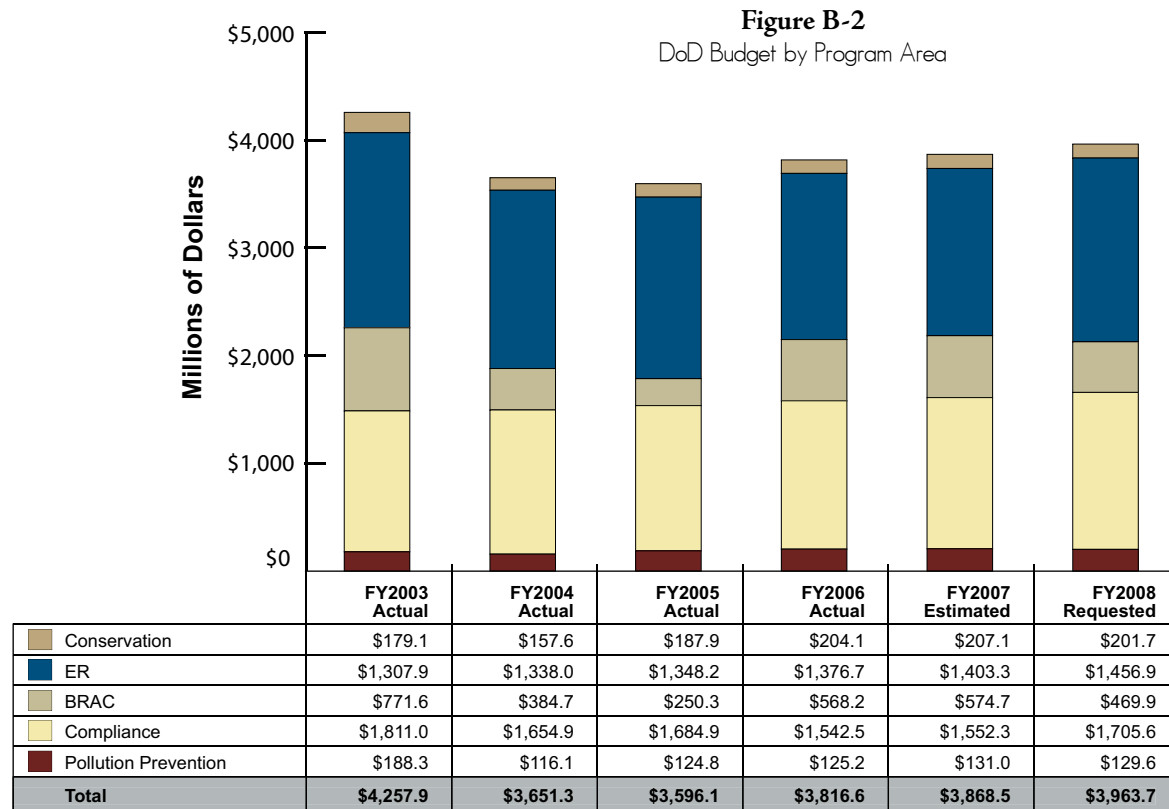
* ER and BRAC do not have recurring costs as defined in this chart. Recurring costs like program management and support costs associated with ER and BRAC are detailed in Appendix D: Restoration Budget Overview.

Figure B-2 shows the DoD budget by program area. In Fiscal Year (FY) 2006, DoD obligated \$3.8 billion for environmental programs. Overall, funding for environmental programs has remained stable, with the majority of funding designated for completing Compliance and ER Program requirements. Slight fluctuations in funding for all five programs reflect evolving requirements to continually help DoD protect human health and the environment.

ER efforts have continued to advance and this progress is reflected in the decreasing financial requirements from FY2003 to FY2004. The increase in ER funding from FY2005 through FY2008 reflects the addition of munitions constituents to the ER Program. Completion of restoration and decrease in financial requirements is also occurring for BRAC rounds I-IV. Despite

this progress, BRAC shows an increased funding requirement in FY2006. The increased BRAC budget reflects the additional 2005 BRAC round that Congress approved in November 2005. This new BRAC round contributed to the significant increase in the BRAC funding amounts in FY2006, FY2007, and FY2008. Large portions of the BRAC funding are estimated to come from land sale revenue and the Components can still obligate funds against prior year BRAC balances. The changes in funding levels for FY2006 and FY2007 reflect the completion of some one-time efforts, new changes to reflect the 2005 BRAC round, dedication to meet the cleanup goals for high relative risk sites by FY2007, and continuing efforts to protect installations from encroachment. Changes to Component programs will be 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 RDT&E show steady funding from FY2003 through FY2008. The O&M and PROC appropriations gradually decrease through FY2008 due to the completion of some one-time projects in O&M and because of the completion of Navy's purchase and installation of pollution control devices in ships. The MilCon appropriation shows significant one-time increases to \$93.8 million and \$161.3 million in FY2005 and FY2008, 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-4 shows DoD's recurring environmental costs by program area. Education and training, conservation, and pollution prevention costs remain stable. Manpower costs increased slightly in FY2005 and FY2006 to reflect the pay raises of civilian and military personnel. Overall, recurring compliance costs show a slight decrease in FY2006, reflecting the positive effects of DoD's Pollution Prevention Program.

Figure B-3
DoD Budget by Appropriation

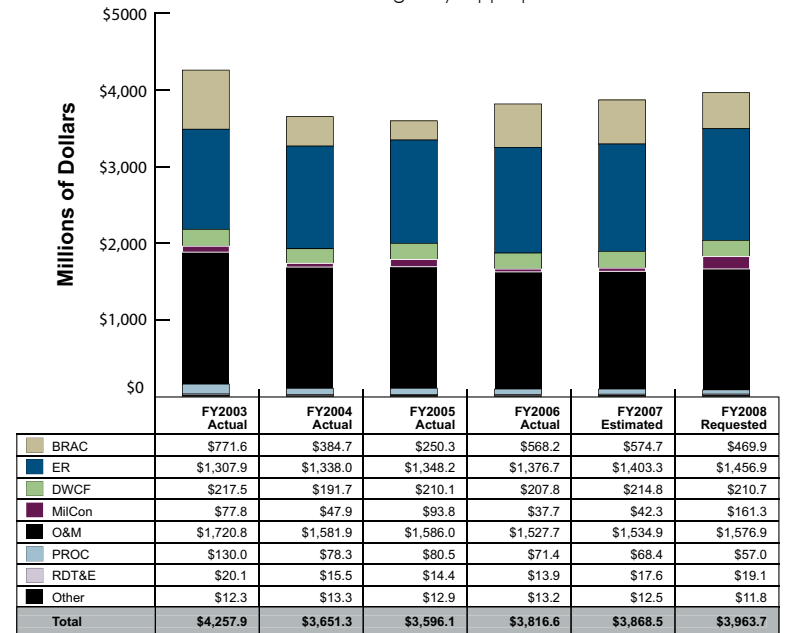
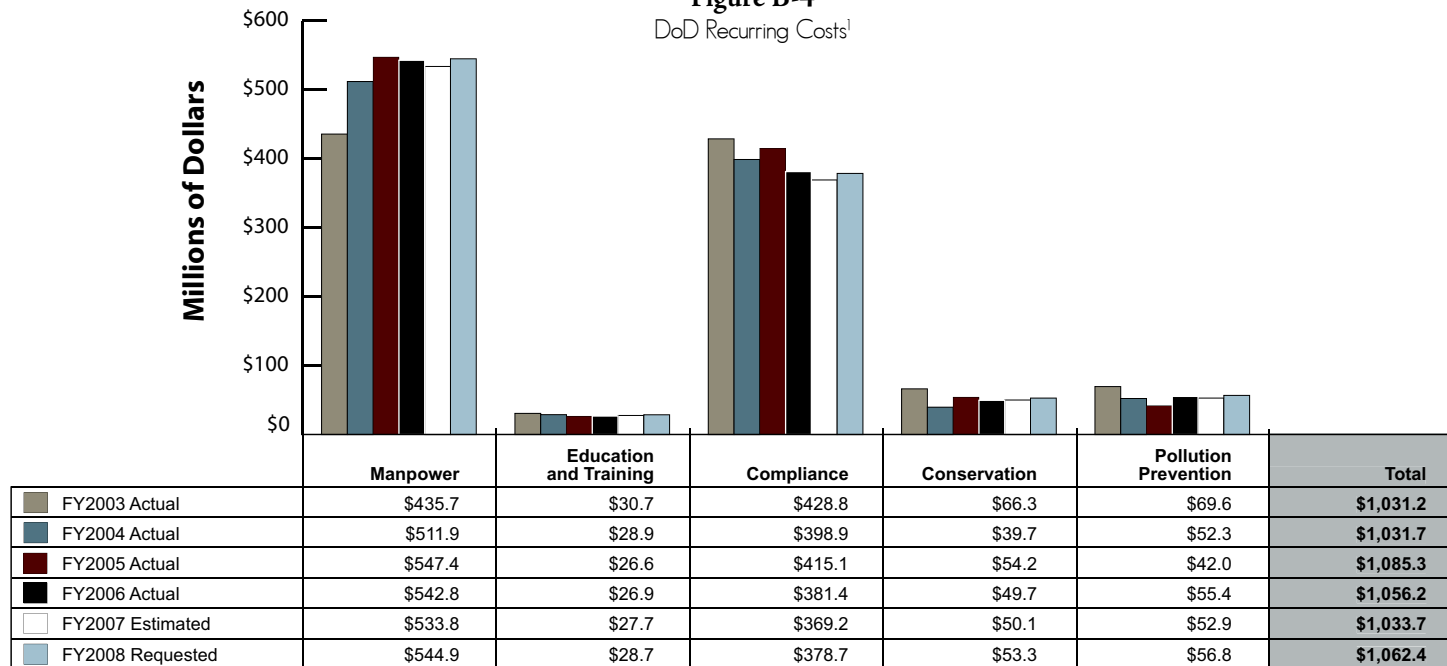


Figure B-4
DoD Recurring Costs¹



¹ 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.

Army

Figure B-5 shows the Department of the Army's budget by area, which includes funds to restore Formerly Used Defense Sites (FUDS) that the Army, as the executive agent, identifies to address DoD's restoration responsibilities where past DoD activities caused environmental damage. In FY2006, Army obligated \$1.5 billion for environmental programs and this budget continues to provide sufficient funds to meet all legal requirements.

There has been an overall decrease in funding required to meet these requirements. Funding for the Conservation Program has remained stable; the Compliance Program shows a projected decrease towards FY2008; and

the Pollution Prevention Program shows a projected increase in FY2007 and FY2008. The decrease in compliance funding is due to success of pollution prevention projects. The decrease in pollution prevention funding in FY2006, represents integration of portions of the program into other business processes. 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.

Figure B-5
Army Budget by Program Area

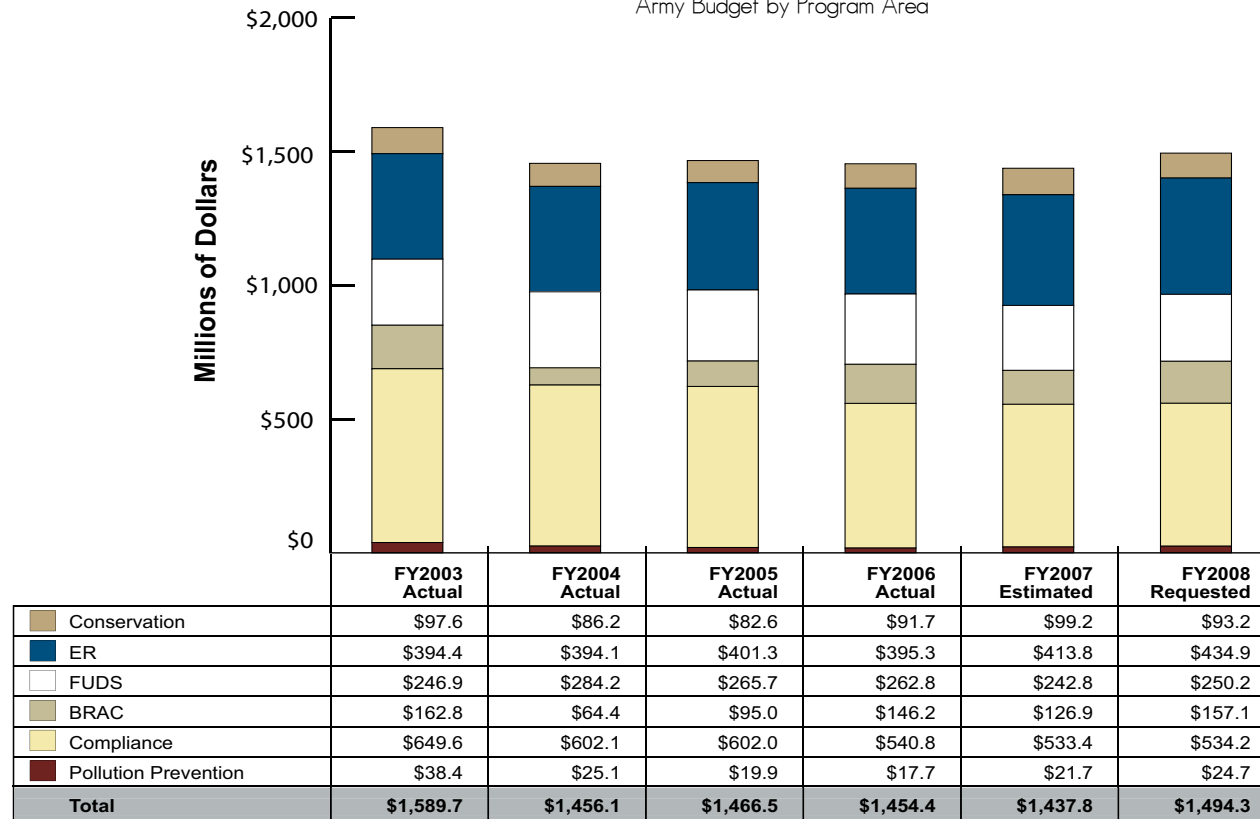


Figure B-6 shows funding for the Department of the Army by appropriation, which remains relatively stable. As the ER and BRAC accounts fund activities within the DERP, these appropriations show a similar pattern as in Figure B-5. The costs associated with restoration at FUDS properties are included in 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. DWCF appropriations show an anticipated decreased funding requirement due to less investment needed in the well-functioning Compliance and Pollution Prevention Programs.

The Department of the Army's recurring environmental costs by program area are illustrated in Figure B-7. Recurring costs continue to decrease across most program areas. This decrease is a result of consistent, standardized business practices under the Installation Management Agency versus the 14 Major Commands.

Figure B-6
Army Budget by Appropriation

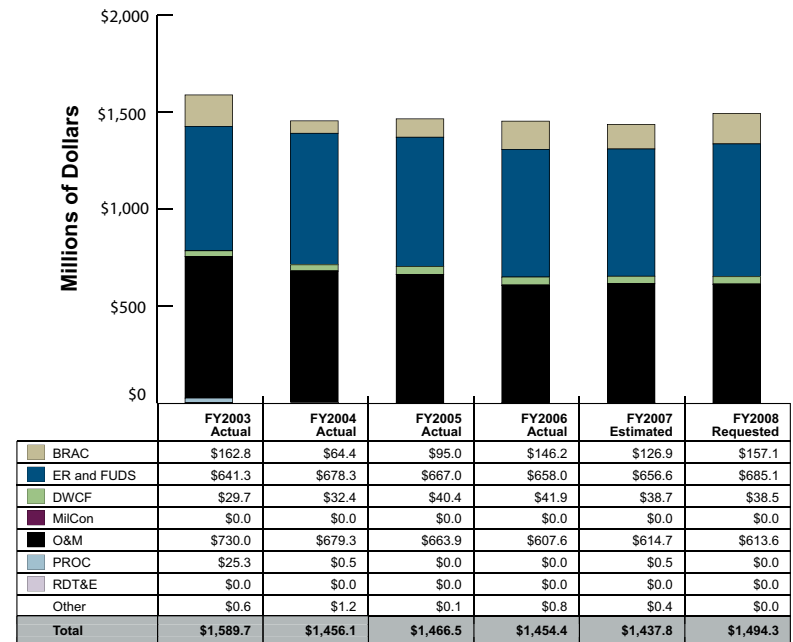
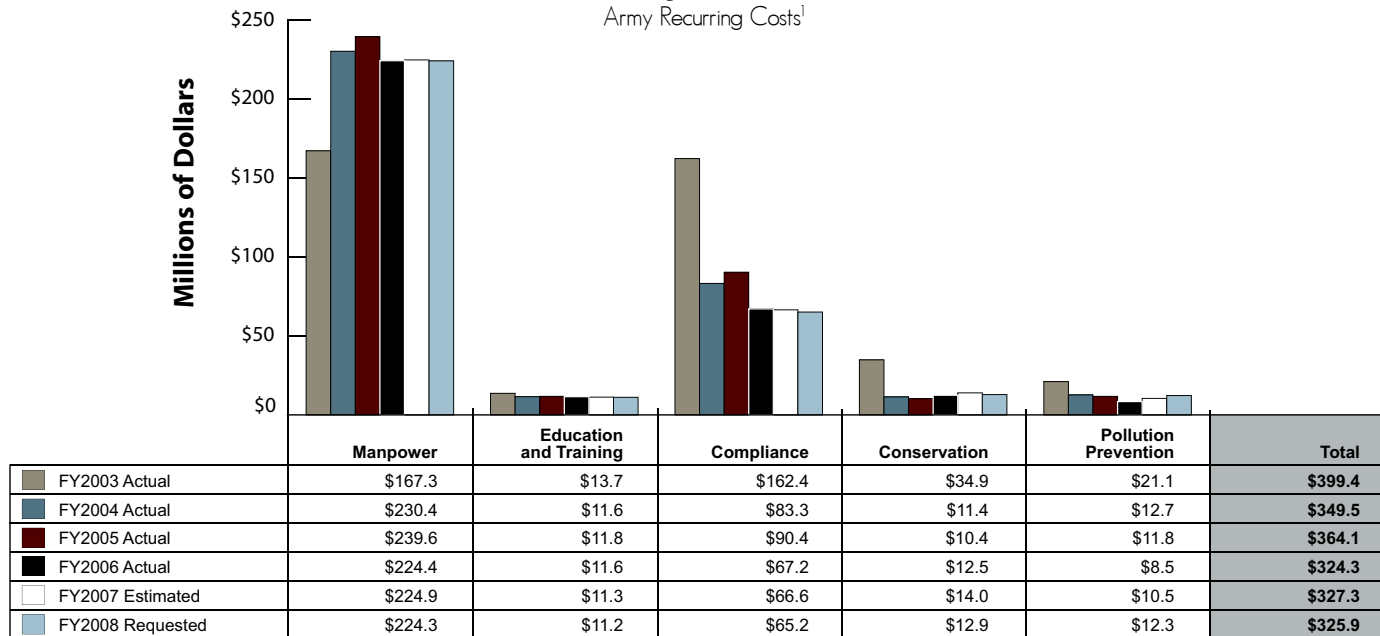


Figure B-7
Army Recurring Costs¹



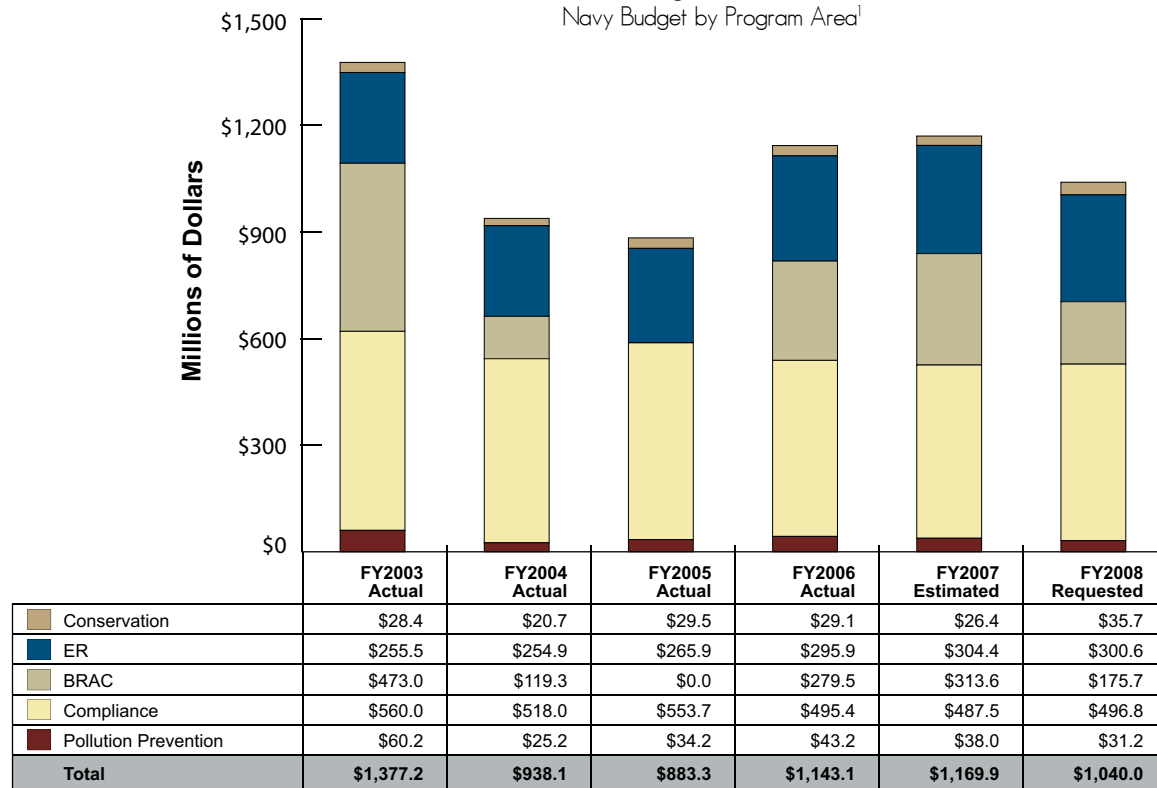
¹ ER and BRAC do not have recurring costs as defined in this chart. Recurring costs like program management and support costs associated with ER and BRAC are detailed in Appendix D: Restoration Budget Overview.

Figure B-8 shows the Department of the Navy's (DON's) budget by program area. In FY2006, 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 for ER shows increases in FY2006 through FY2008 to accelerate the cleanup of Naval Facilities on Vieques and to meet the upcoming RIP/RC goals. FY2005 BRAC cleanup work required no funding. 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. The increases in BRAC funding in FY2006 and FY2007 do not reflect additional land sale revenue that will be used to entirely finance and accelerate cleanup at BRAC locations from rounds I-IV. FY2006 through FY2008 BRAC funds also include continuation of environmental efforts at BRAC 2005 locations. DON increased its compliance budget for FY2005 to complete environmental documentation for F/A-18 E/F Supplemental Environmental Impact Statement for outlying landing field and MMA P3 replacement air frames. Other compliance fluctuations are due to one-time projects for drinking water and wastewater treatment facilities and the changing of heating ventilation and air condition systems in Navy Surface Ships. Pollution prevention funding decreased in FY2004 due to the realignment of funding to other environmental requirements. Pollution prevention funding remains stable for FY2005 through FY2008.

Figure B-8
Navy Budget by Program Area¹

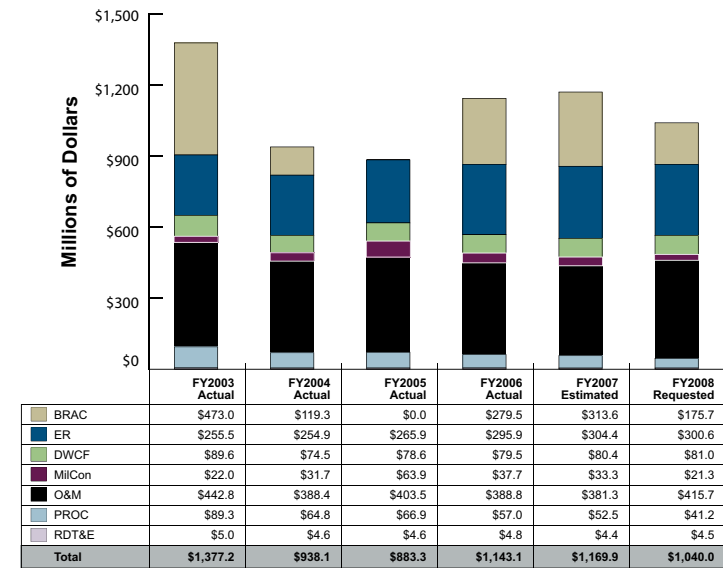


¹ Department of the Navy includes Navy and Marine Corps.

Figure B-9 shows DON 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. 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.

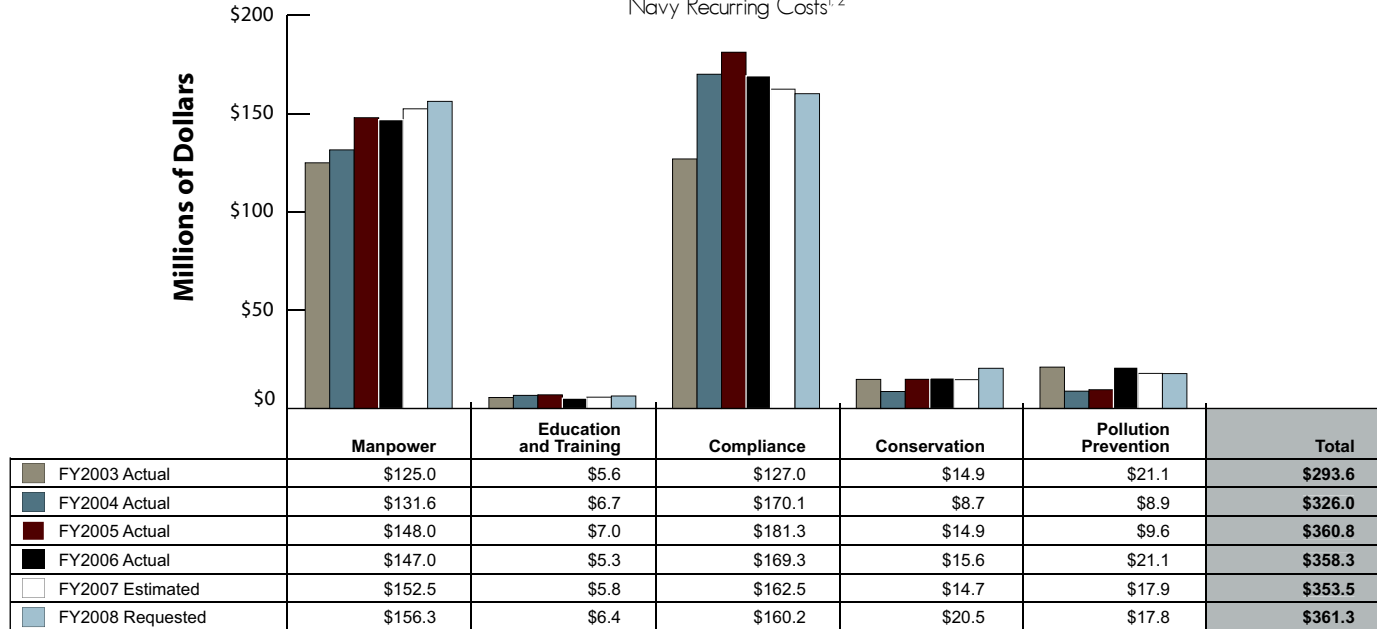
DON's recurring environmental costs by program area are depicted in Figure B-10. The small growth in Manpower costs is primarily due to higher salary costs for all federal employees. Compliance recurring costs increased in FY2004 and FY2005 because environmental costs for range sustainment are now included in this category. Conservation funding has increased from FY2004 to the FY2008 request, reflecting the need to continuously update INRMPs and ICRMPs.

Figure B-9
Navy Budget by Appropriation²



² Department of the Navy includes Navy and Marine Corps.

Figure B-10
Navy Recurring Costs^{1,2}



¹ 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.

² Department of the Navy includes Navy and Marine Corps.

Air Force

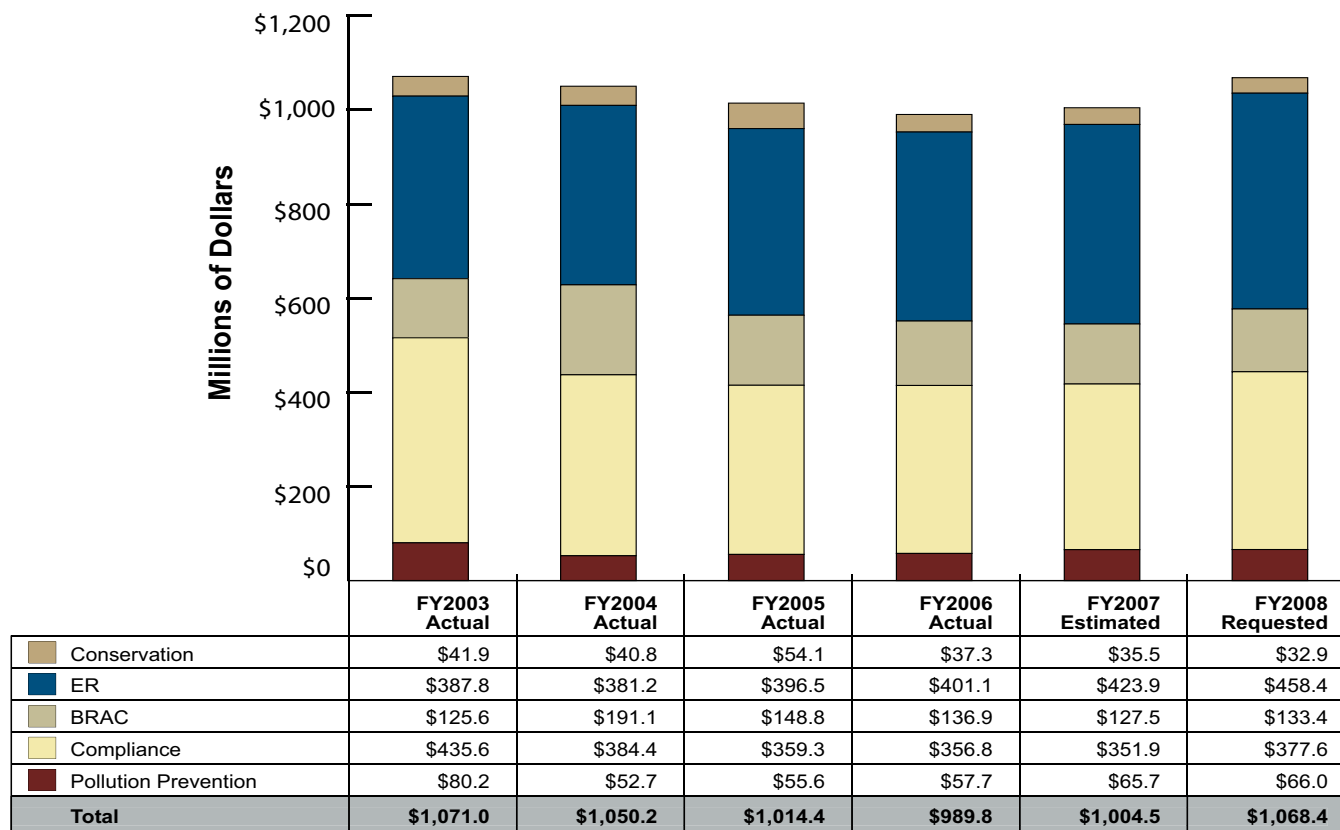
Figure B-11 shows the Air Force's budget by area. In FY2006, the Air Force obligated \$989.8 million for environmental programs and this budget includes sufficient funds to meet all federal, state, and local environmental quality requirements.

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. General decreases in BRAC and Conservation Program costs are

offset by increases in ER and Compliance Program 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. Other funding increases from FY2006 to FY2008 are caused by inflation adjustments and the inherent fluctuations in environmental requirements.

Figure B-12 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-11. Environmental activities for DWCF and RDT&E appropriations were integrated into appropriate program

Figure B-11
Air Force Budget by Program Area



business practices. The fluctuations in the MilCon appropriation are caused by the completion of one-time projects to provide wastewater treatment and drinking water facilities. The fluctuations in O&M address one-time repairs in compliance and pollution prevention technologies. The Air Force procurement appropriations-funded amounts remain stable.

Figure B-13 shows Air Force's recurring environmental costs by program area. FY2008 requirements are stable from the FY2007 program. Despite increasing regulatory requirements, recurring costs associated with compliance, conservation, and pollution prevention remain stable. The stable funding requirement reflects the Air Force's emphasis on using pollution prevention investments to achieve and maintain compliance.

Figure B-12
Air Force Budget by Appropriation

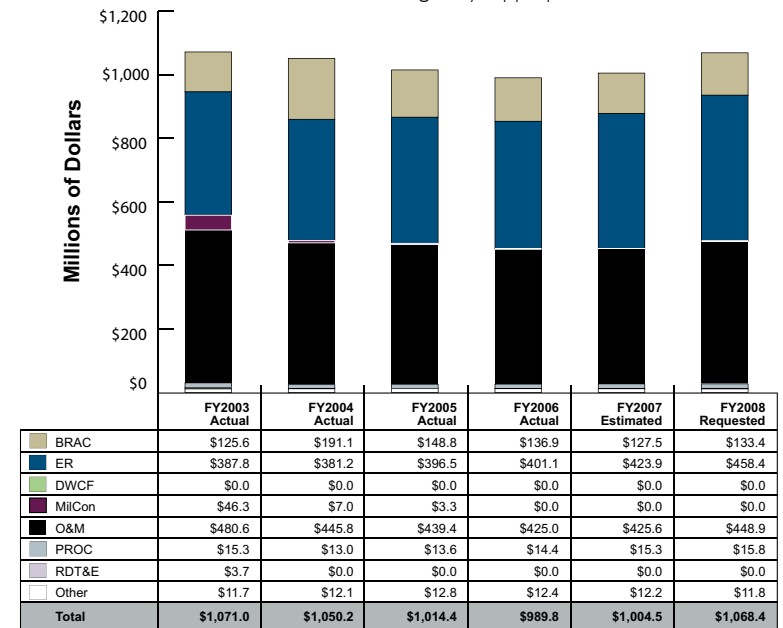
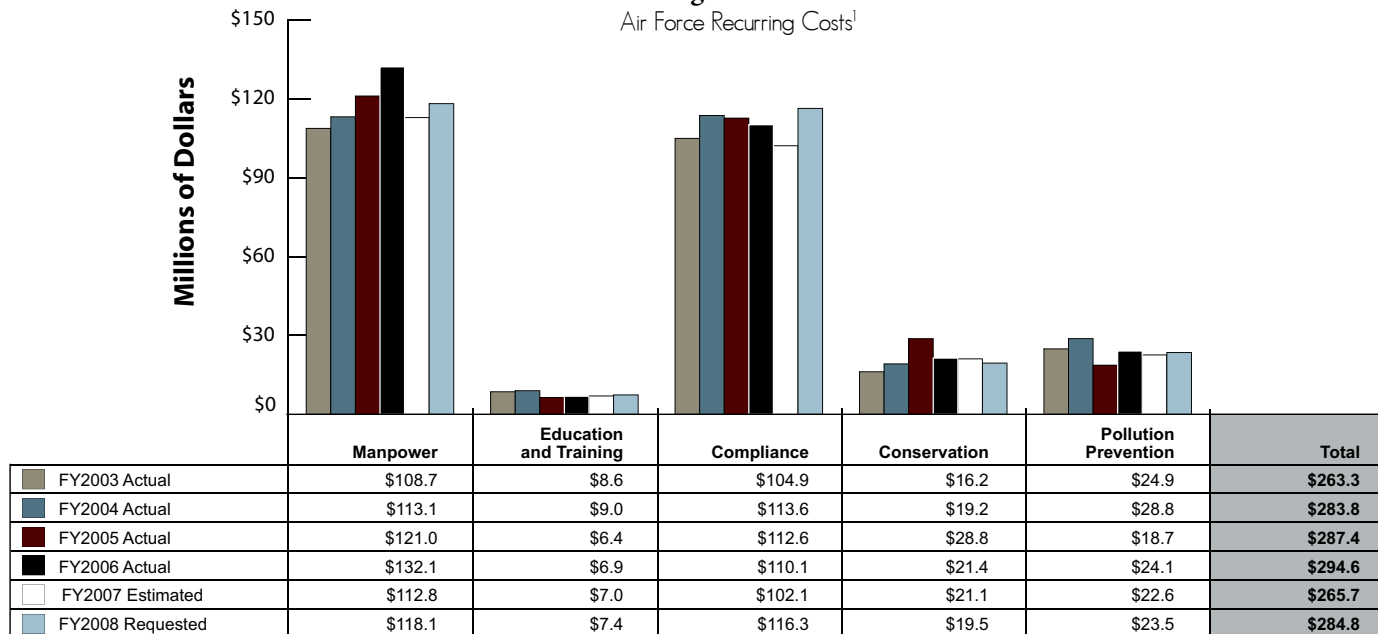


Figure B-13
Air Force Recurring Costs¹



¹ 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.

DLA

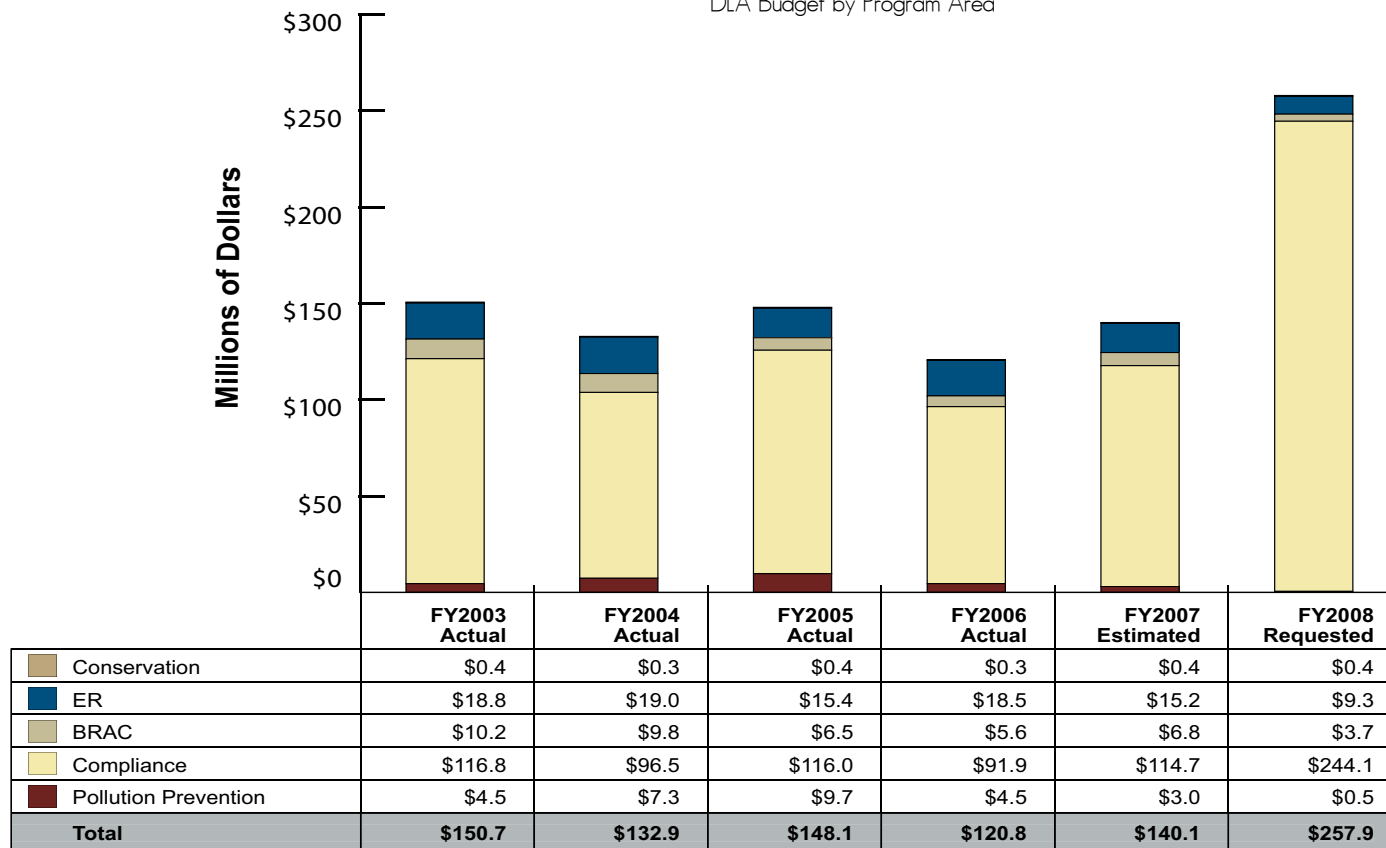
Figure B-14 shows the Defense Logistics Agency's (DLA's) budget by area. In FY2006, DLA obligated \$120.8 million for environmental programs, which includes sufficient funds to meet all federal, state, and local environmental requirements.

DLA funding requirements are stable for conservation. Decreases in the ER and BRAC budgets reflect the continued completion of restoration activities. 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-15 shows DLA'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-15. Funding is stable for all appropriations other than MilCon, which had no identified requirements for FY2006. Increased funding requested for FY2008 are significantly higher than for FY2007 due

Figure B-14
DLA Budget by Program Area



to MilCon projects in support of Clean Water Act requirements at Defense Supply Center locations.

Figure B-16 shows DLA's recurring environmental costs by program area. The decrease in compliance funding is due to the lack of MilCon projects in FY2006. The small growth in Manpower costs from year to year results from salary increase for all federal employees. All other recurring costs remain stable through FY2008.

Figure B-15
DLA Budget by Appropriation

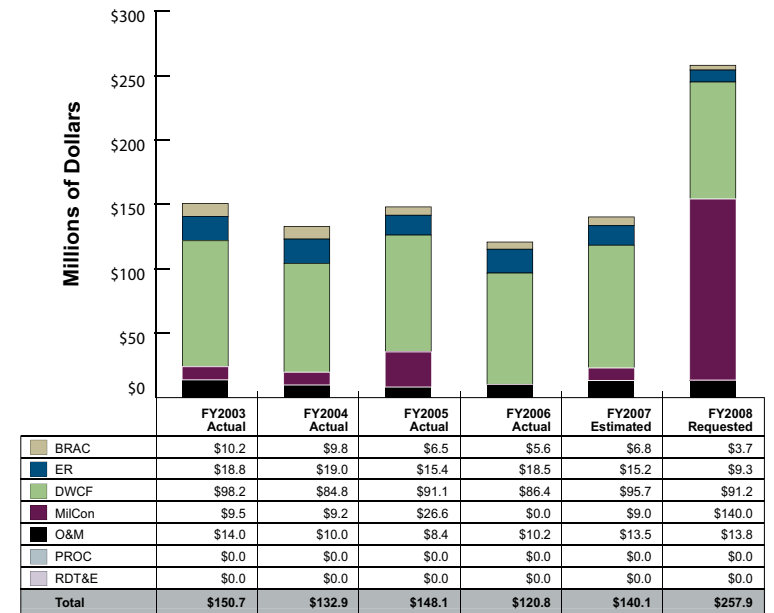
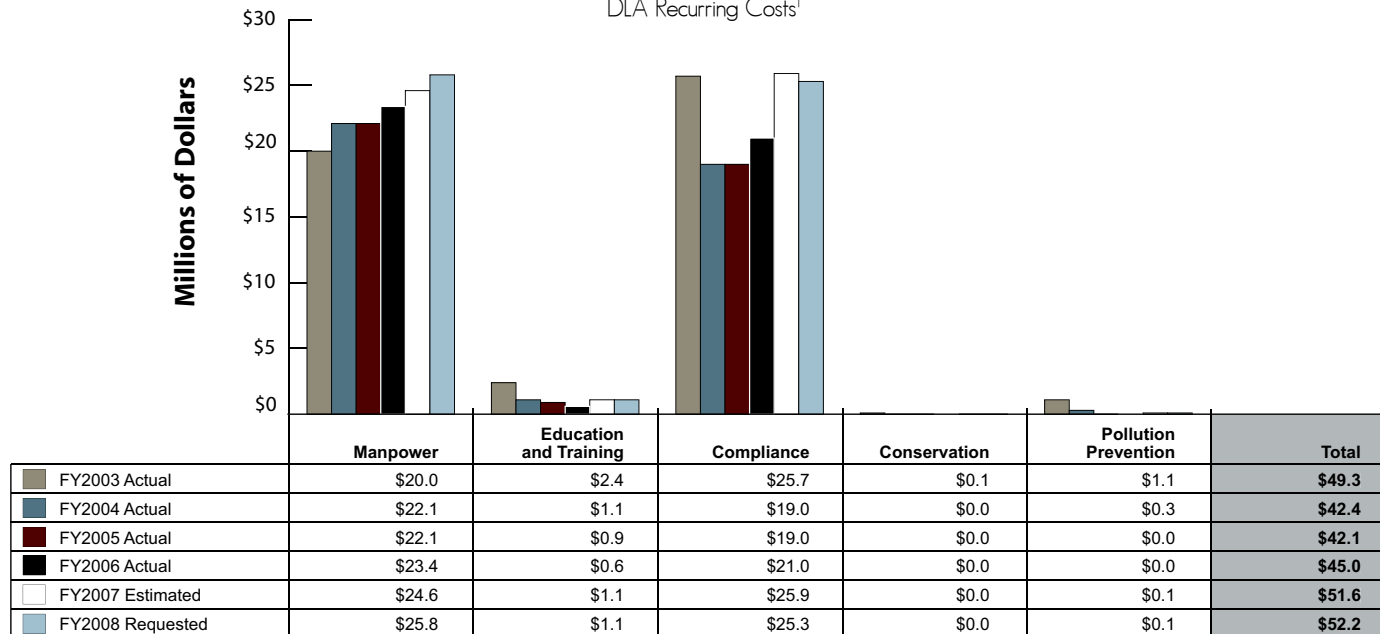


Figure B-16
DLA Recurring Costs¹



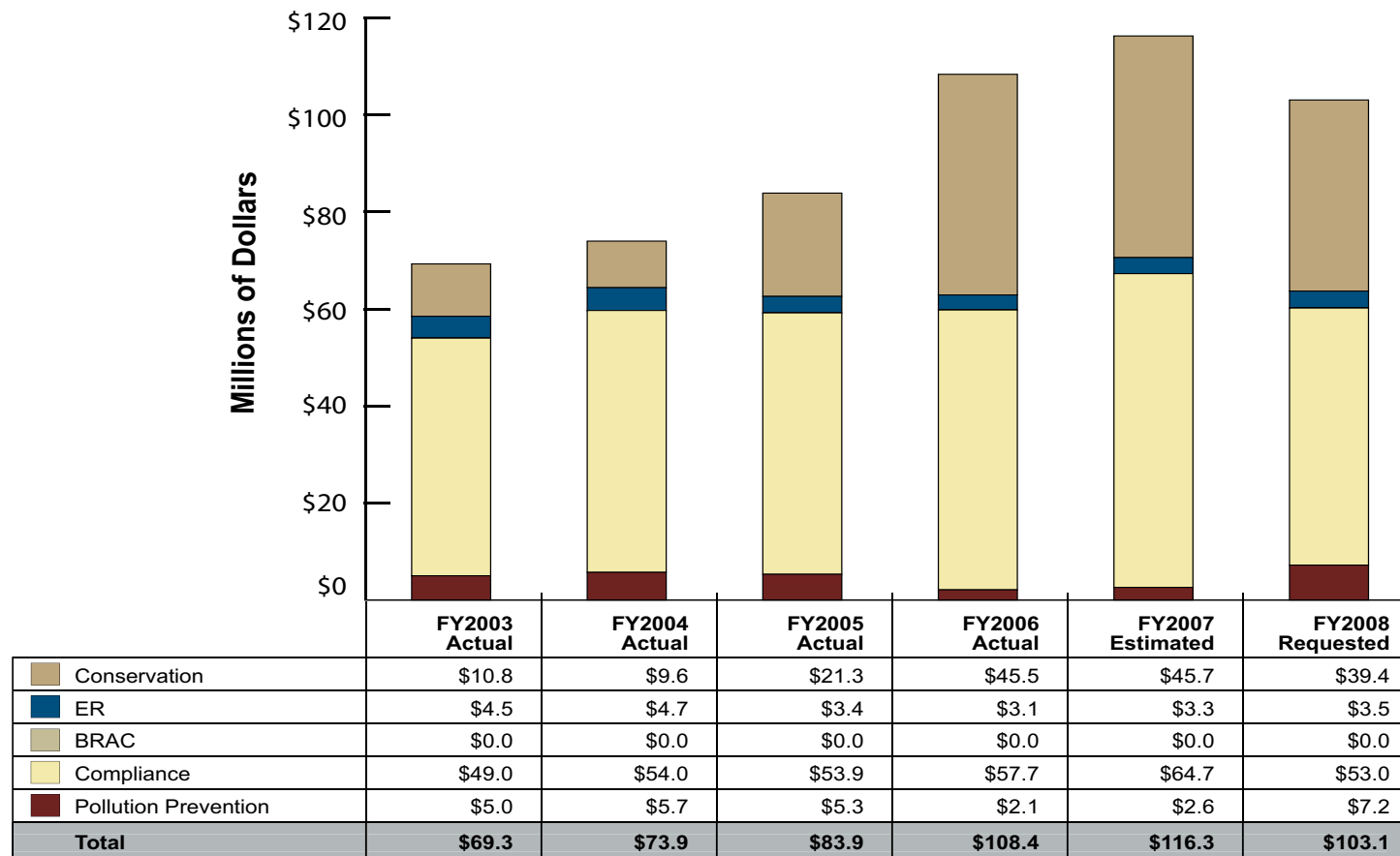
¹ ER and BRAC do not have recurring costs as defined in this chart. Recurring costs like program management and support costs associated with ER and BRAC are detailed in Appendix D: Restoration Budget Overview.

Other Defense-Wide Programs

Other Defense-wide programs include the Under Secretary of Defense for Acquisition, Technology, and Logistics, Missile Defense Agency, the Defense Health Program, and other small agencies. Figure B-17 shows the budget for other Defense-wide programs by environmental program area. In FY2006, other Defense-wide programs obligated \$108.4 million for environmental programs. This budget includes sufficient funds to meet all federal, state, and local environmental requirements.

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 Environmental Protection Initiative to evaluate requirements on DoD's active ranges. The Readiness and Range Preservation Initiative is the reason for the increases in conservation funding in FY2006 through FY2008. 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 FY2007 to FY2008 is the result of the Congressional add in prior years for the Native American Lands

Figure B-17
Other Defense-Wide Programs Budget by Program Area



Environmental Mitigation Program (NALEMP). All other environmental program areas show stable funding.

Figure B-18 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-17. The fluctuations in the O&M appropriation are the result of increases from the Department's initiative to address encroachment that is affecting installations and ranges, and the lower funding for NALEMP in FY2008. Appropriations for DWCFE, MilCon, and PROC are not applicable to other Defense-wide programs and therefore not included in Figure B-18.

Other Defense-wide programs recurring environmental costs by program area are illustrated in Figure B-19. Recurring costs are relatively stable for the other Defense-wide program activities, with small changes in compliance caused by fluctuations in waste disposal by the Defense Health Program and in Manpower costs associated with salary increases for federal employees.

Figure B-18

Other Defense-Wide Programs Budget by Appropriation

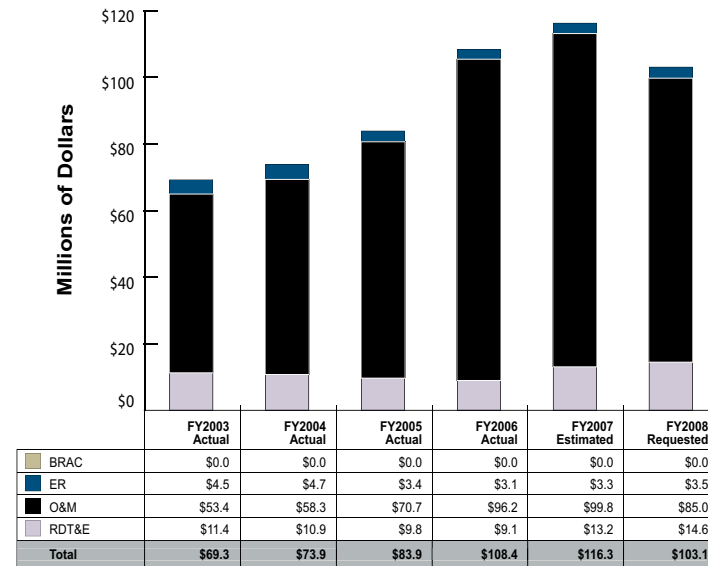
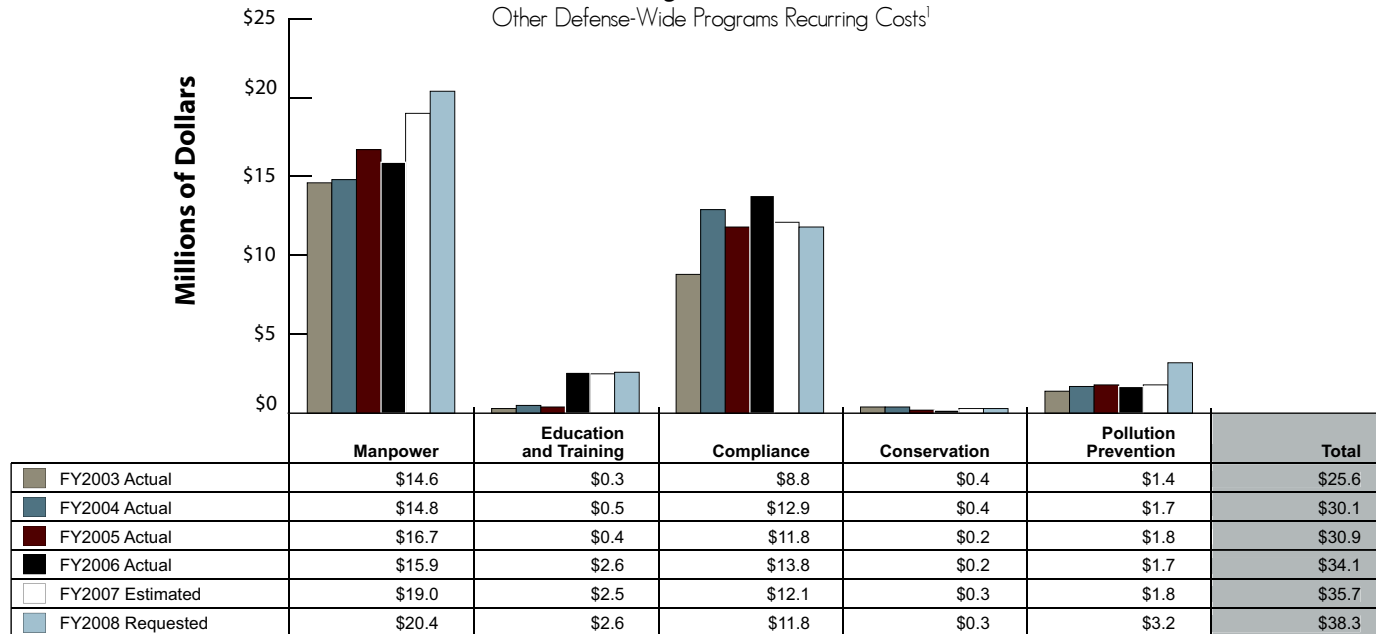


Figure B-19

Other Defense-Wide Programs Recurring Costs¹



¹ 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.

Overseas

DoDI 4715.5 outlines the management of environmental compliance at overseas installations. Overseas investments are necessary to sustain use of, and access to, the natural resources needed to meet the military mission and to comply with environmental requirements determined after a review of existing treaties, laws, and other agreements. The Department complies with environmental requirements overseas using the similar programs to those that are successful domestically. Overseas funding is devoted to compliance, conservation, cleanup, and pollution prevention.

Funding for remediation activities is included in the overseas compliance activities budget, since the ER accounts are for use inside the U.S. and its territories. DoD's Overseas Program had been relatively stable since FY2003, with a spike in FY2005 to address one-time water quality requirements for the Navy. In FY2006, DoD invested \$110.2 million in compliance, \$24.1 million in remediation, \$12.6 million in pollution prevention, and \$8.3 million in conservation activities. All of the overseas amounts are included in the totals in the compliance, pollution prevention, and conservation appendices.

Figure B-20
Overseas Budget

