
DEFENSE ENVIRONMENTAL RESTORATION PROGRAM FUNDING



We are constantly striving to improve our efficiency and effectiveness, and improve the management of our cleanup program. This is an exciting time for DoD's environmental restoration program, as we work to strengthen our mature restoration efforts and plan expanded efforts to deal with the unique problems associated with military munitions.

—John Paul Woodley, Jr., Assistant Deputy Under Secretary of Defense (Environment)

Conducting environmental restoration activities at each site at an installation requires accurate planning, funding, and execution of the plan. Addressing cleanup and response requirements at over 28,500 sites across the country requires careful coordination, prioritization, and tracking. To get the most from the taxpayer's money, the Department of Defense (DoD) must plan its activities years in advance to ensure that adequate funding is available and used most efficiently. Development of the overall Defense Environmental Restoration Program (DERP) budget begins at the site level and builds to the Component level. DoD's ability to plan and conduct cleanup activities depends on receiving stable and predictable funding from year to year.

Funding for cleanup is influenced by many factors, including changing priorities in the cleanup process, identification of new sites, and, sometimes, changes in national security priorities. In addition to these considerations, each site's sequencing for environmental restoration activities is based on overall site conditions and the factors related to the environmental and safety risks present.

To ensure that the program progresses smoothly toward meeting its environmental restoration

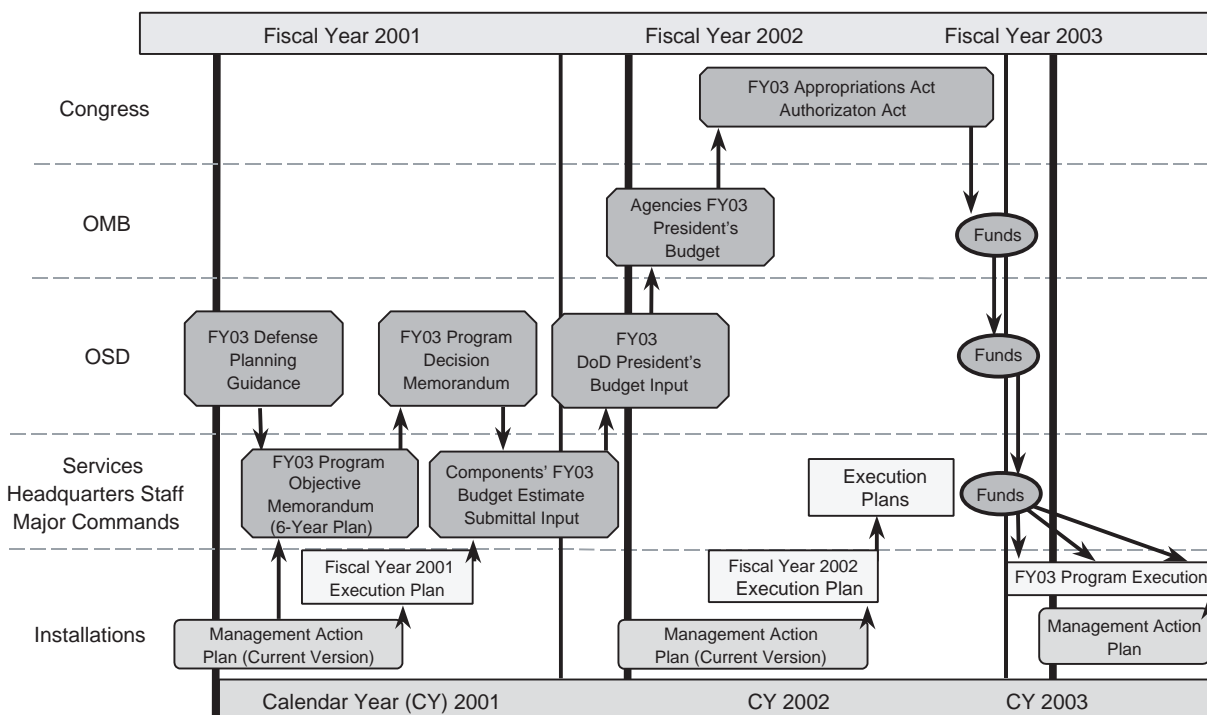
requirements and maintains continuity in changing circumstances, DoD must carefully and methodically plan its activities while remaining flexible and adaptable to changes. Preparation for the cleanup process consists of four interrelated phases—planning, programming, budget development, and program execution. Figure 2 illustrates this complex process.

Planning at the Installation Level

Each installation works toward completing its environmental restoration requirements by developing and maintaining a management action plan (MAP) or a base realignment and closure (BRAC) cleanup plan (BCP) for managing its individual environmental restoration activities.

A MAP contains information about an active installation's past activities and current status, presents a vision for future site-level requirements, establishes schedules, and identifies funding requirements through completion. The BCP is the equivalent planning document for installations undergoing base closure and transfer of property to the community. The comprehensive nature of a MAP or BCP requires installation environmental restoration personnel to detail requirements for response action under

**Figure 2
DERP Budget Process**



both the Installation Restoration and Military Munitions Response programs. Each installation updates its MAP or BCP at least once a year to reflect changes in priorities, additional cleanup information, policies, cleanup progress, and availability of funding. The best opportunity for stakeholder involvement and input is during this update process.

Programming at the Component Level

Components use the requirements identified in their installations' MAPs or BCPs to prepare long-range (5- to 6-year) plans called Program Objective Memorandums (POMs). The Office

of the Secretary of Defense (OSD) reviews the POMs and then issues Program Decision Memorandums to the Components, if necessary, to help them prepare their budget estimate submittals.

Budgeting at the Top

The Components develop and submit budget estimates to OSD for review and approval. Any issues are resolved during a rigorous 3- to 4-month review process. One of DoD's main concerns is making sure it can fulfill its Defense-wide requirements within the budget targets set

by the Office of Management and Budget (OMB). The Department believes it is critical that the Components receive adequate environmental restoration funding to meet their program goals and protect human health and the environment.

Once OSD has received and approved the Components' budget estimates, it develops the overall Defense budget and submits it to the Office of Management and Budget for review and approval before forwarding the budget to the President for signature. The President submits the full Federal budget to Congress early in the following calendar year. For a given fiscal year, Congress authorizes DoD's activities through the National Defense Authorization Act and provides funds through the National Defense Appropriations Act.

Program Execution

Once Congress has approved the budget, the environmental restoration funds for active installations and Formerly Used Defense Sites (FUDS) properties are appropriated into five specific accounts—

- ❑ Environmental Restoration (ER), Army
- ❑ ER, Navy
- ❑ ER, Air Force
- ❑ ER, FUDS
- ❑ ER, Defense-Wide (includes funding for the Defense Logistics Agency (DLA), the Defense Threat Reduction Agency, and the OSD Cleanup office).

Cleanup activities at BRAC installations are funded through the overall BRAC account,

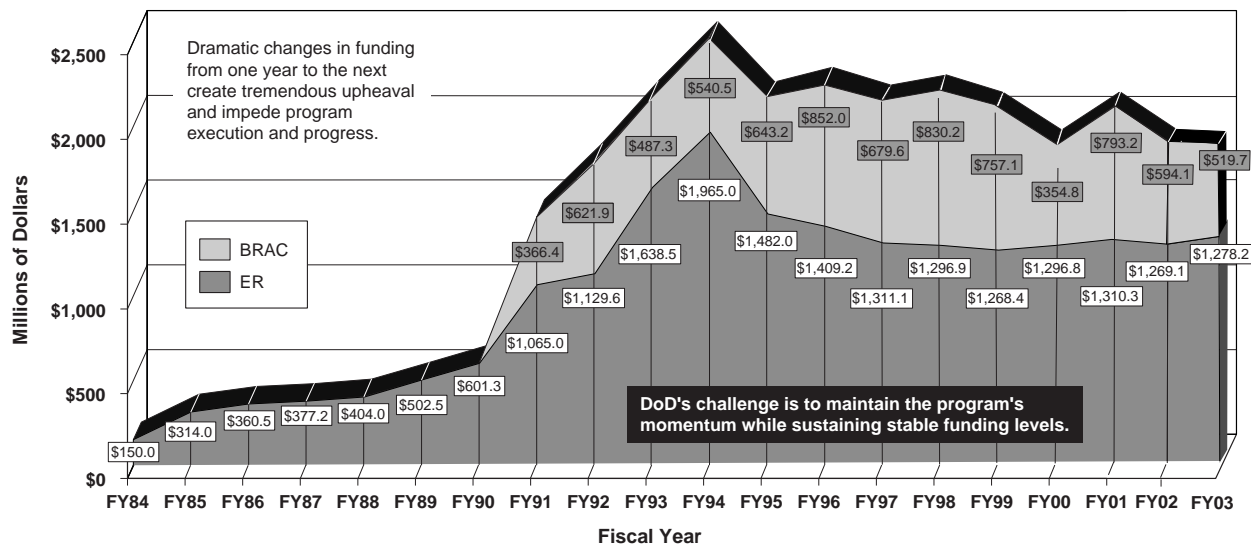
which was extended by Congress in 1999. This account also covers closure-related environmental compliance and environmental planning activities.

In the past 17 years, DoD has spent almost \$25 billion on the DERP. In FY01 alone, Congress appropriated \$1.3 billion for environmental restoration activities at active installations and FUDS properties. In addition, Congress appropriated over \$793 million for environmental activities, including compliance and planning, at BRAC installations.

Figure 3 shows DoD's funding through FY03. DoD requires predictable funding levels for accurate planning and estimation of future costs and activities. As the DoD Components draw nearer to achieving their Installation Restoration program (IRP) goals and work to develop the Military Munitions Response program, DoD will depend more heavily on congressional support to ensure stable and predictable funding for environmental restoration activities.

The President's Management Plan, released in Summer 2001, noted the DERP's success and the importance of the program to the health and safety of service members, their families, and surrounding communities. It attributed this success to program management and to performance metrics the Department developed for tracking program progress. The President's Management Plan identifies government-wide initiatives, such as formally integrating performance with budget decisions, and agency-specific management reforms aimed at improving administration of the Federal Government. As requested in the President's Management Plan, DoD will provide explicit links between

Figure 3
Environmental Restoration (ER) and BRAC Environmental Funding Trends
 (in millions of dollars)

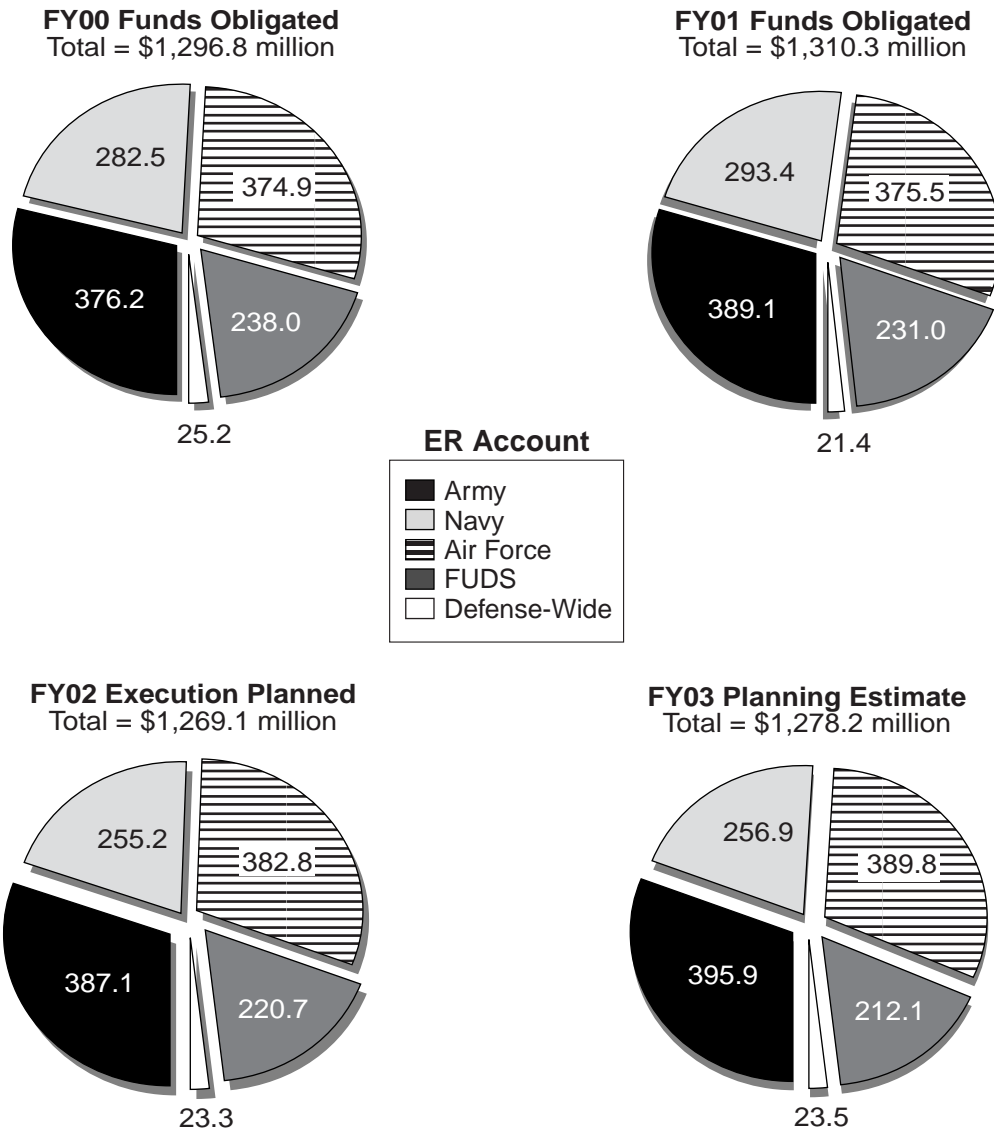


budgetary resources and DERP performance goals in its FY03 budget.

Figure 4 shows actual and requested FY00, FY01, FY02, and FY03 DoD funding by Component for environmental restoration activities at active installations and FUDS properties. For FY01, Congress appropriated \$389 million to Army, \$293 million to Navy, \$376 million to Air Force, \$231 million to FUDS, and \$21 million for Defense-wide active-installation restoration activities. Once funds have been allocated, the Components are responsible for distributing the funds to their individual major commands and installations for program execution.

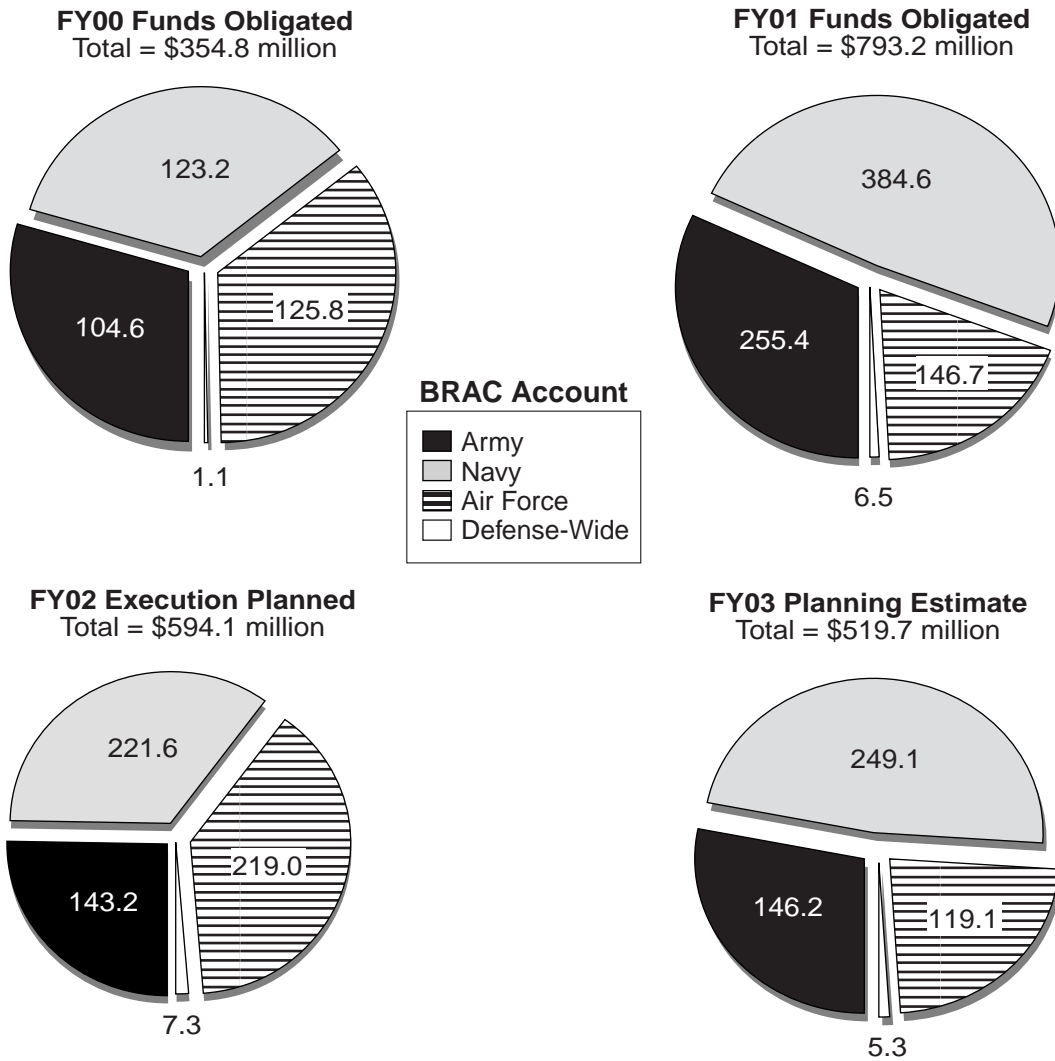
Figure 5 shows actual and estimated FY00, FY01, FY02, and FY03 DoD funding by Component for environmental restoration activities, including compliance and planning in addition to restoration, at BRAC installations. As part of the FY01 BRAC appropriation, \$255 million was provided to Army, \$385 million to Navy, \$147 million to Air Force, and \$7 million to DLA for their environmental efforts. As is the case with active installations and FUDS properties, once BRAC funds have been appropriated to the Components, they are responsible for allocating the funds to their major commands and installations for program execution.

Figure 4
Environmental Restoration Funding Profile for
Active Installations and FUDS Properties*
 (in millions of dollars)



*Due to rounding, Component subtotals may not equal Fiscal Year totals.

Figure 5
BRAC Environment Funding Profile for
BRAC Installations*†
 (in millions of dollars)



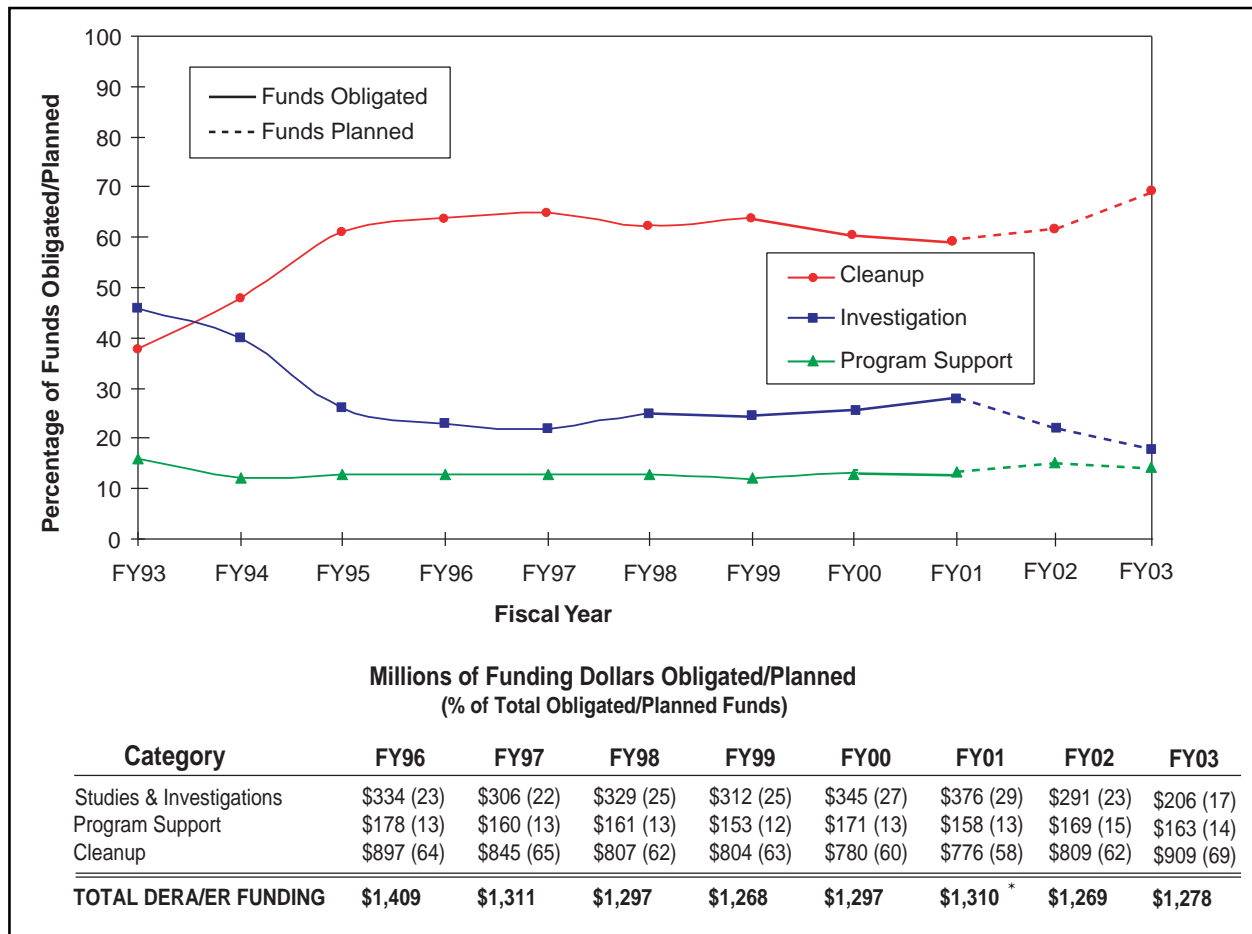
*Due to rounding, Component subtotals may not equal Fiscal Year totals.
 †Funding shown includes compliance, planning, and program management in addition to restoration.

Progressing Toward Program Completion

As the DERP continues to mature and the majority of sites progress from the investigation phases into cleanup phases, DoD aims to spend

an increasing amount of funding on cleanup activities while decreasing the amount spent on investigation. Figure 6 shows actual and planned funding for cleanup, investigation, and program support.

Figure 6
ER Active Installations and FUDS Cleanup, Investigation, and Program Support Obligations and Planning Estimates



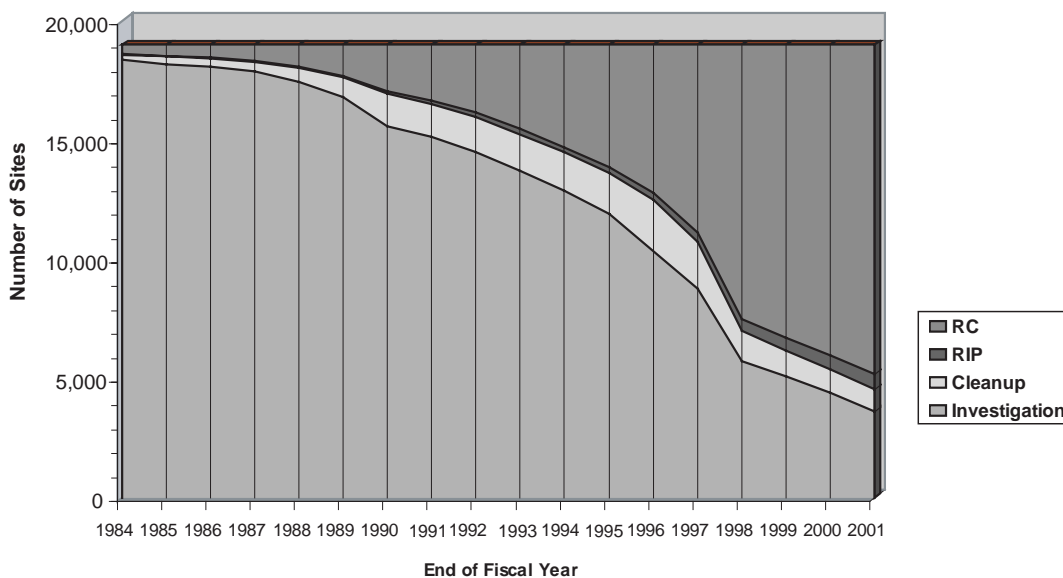
*Does not include \$1.2 million applied against prior year DLA Huntsville U.S. Army Engineering and Support Center obligations.

Figure 7 displays program progress over time, as the majority of DERP sites have moved from investigation into RC. DoD continues to make progress in its commitment to human health and the environment, which can be further demonstrated by the data presented in Figure 8. DoD's cost-to-complete funding estimates continue to decline as DoD completes its DERP requirements at an increasing number of sites.

Figures 9 and 10 show BRAC site progress over time and cost-to-complete funding estimate

trends, respectively. BRAC funding estimates for FY95 and FY96 included not only restoration funding, but also compliance funding estimates, causing them to increase significantly. After FY96, Compliance estimates were removed to provide a more accurate picture of restoration program funding requirements. Corollary to this, activities at military munitions response sites were previously funded through BRAC compliance; with the transition of this response

Figure 7
Active Installation Site Progress Over Time
 (Excluding FUDS)



Based on DoD-wide ER Site inventory of 18,961 sites
 Includes all site types

Figure 8
Active Installation Cost-to-Complete Trends
 (Excluding FUDS, in \$000)

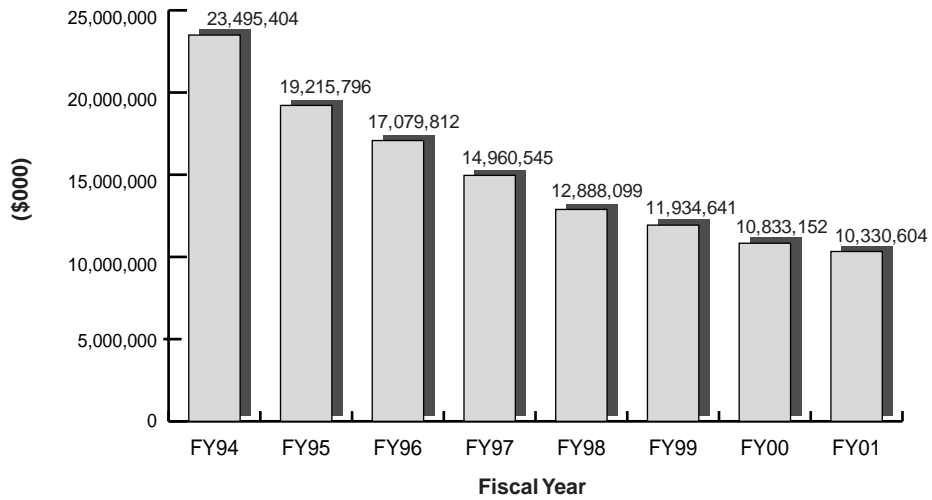
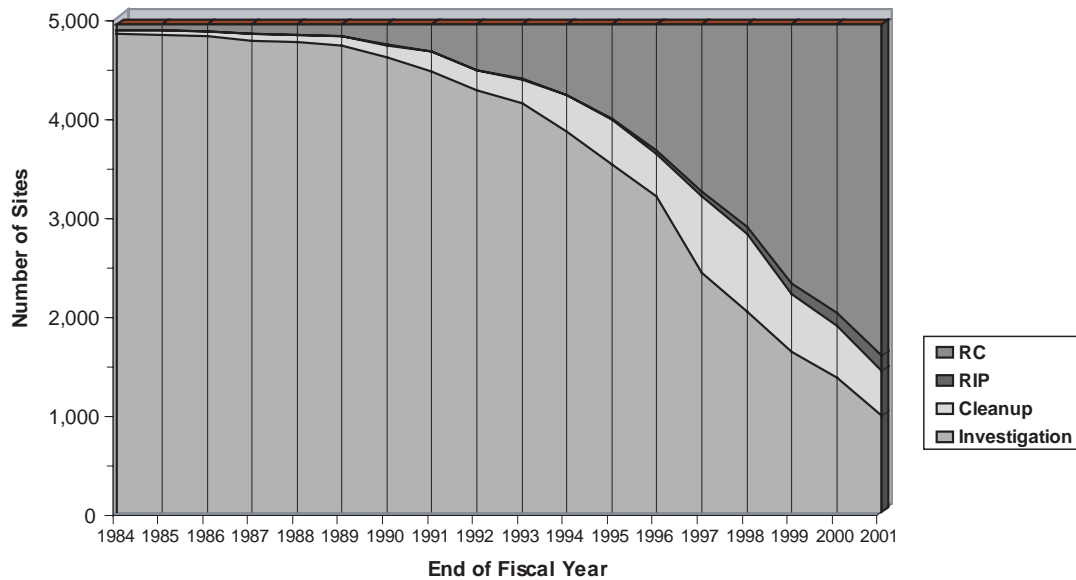
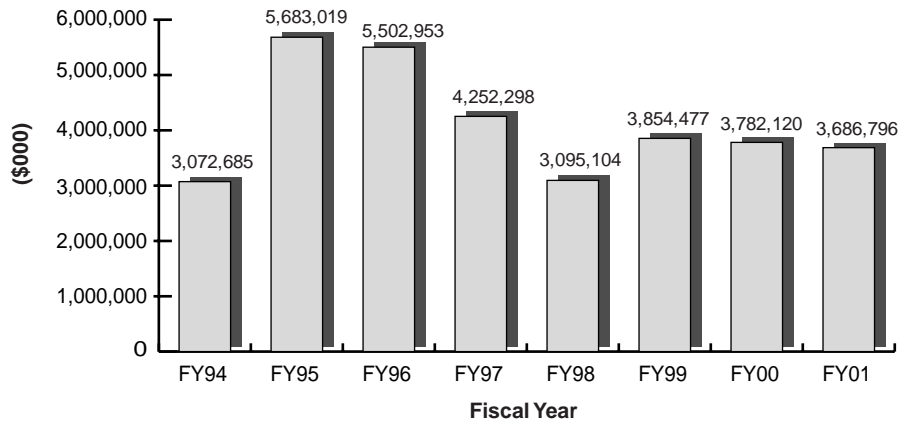


Figure 9
BRAC Installation Site Progress Over Time



Based on DoD-wide BRAC Site inventory of 4,928 sites
 Includes all site types

Figure 10
BRAC Installation Cost-to-Complete
Estimate Trends*†
 (in \$000)



*FY95 and FY96 funding includes compliance in addition to restoration funding.

†Based on the Department's agency-wide FY01 financial statements, the unfunded BRAC environmental liability (Cost-to-complete) was approximately \$4 Billion as of Sept. 30, 2001.

into restoration in FY98, additional funding was required, as shown by the increase in cost-to-complete estimates from FY98 to FY99.

BRAC cost-to-complete estimates are not declining at the same rate as the estimates for active installations. This is attributed, among other reasons, to a greater proportion of sites in study or cleanup phases, and a greater range of contaminants considered in the environmental restoration process. Requirements to address these issues to a greater extent at BRAC installations than active installations has impacted BRAC funding requirements and cost-to-complete estimates.



In this chapter, DoD presented a comprehensive overview of the resources that have allowed the Department to achieve its current successes protecting human health and the environment and the resources it will need to guide the program to completion.

The next two chapters provide an in-depth look at the status and progress and differing requirements of the DERP's Installation Restoration and Military Munitions Response sub-programs.