

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

	(\$ in Millions)						
	FY 2001 <u>Actual*</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2002 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>
ER, Army	389.1	+6.2	-8.2	387.1	+5.8	+3.0	395.9
ER, Navy	293.4	+4.7	-42.9	255.2	+3.8	-2.1	256.9
ER, Air Force	375.5	+6.0	+1.3	382.8	+5.7	+1.3	389.8
ER, Defense-Wide	21.3	+0.3	+1.7	23.3	+0.3	-0.1	23.5
ER, Formerly Used Def. Sites	<u>231.0</u>	<u>+3.7</u>	<u>-14.0</u>	<u>220.7</u>	<u>+3.3</u>	<u>-11.9</u>	<u>212.1</u>
Total	1,310.3	+20.9	-62.1	1,269.1	+18.9	-9.8	1,278.2

* Provided for comparison purposes only. These funds were transferred and obligated in the Components' appropriations. During FY 2001, all of the funds were transferred to the Components' active O&M appropriations except for \$13.2 million of the Army's ER appropriation, which was transferred to the Military Construction, Army appropriation for execution.

The Department's Environmental Restoration program focuses on reducing the risks to human health and the environment at active installations and Formerly Used Defense Sites (FUDS), while ensuring that DoD environmental cleanup policy conforms to existing laws and regulations. The five DoD Environmental Restoration appropriations provide for: the identification, investigation, and cleanup of past contamination (prior to 1986) from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnance; and the demolition and removal of unsafe buildings, structures, and debris. These five appropriations are transfer accounts that have their own special transfer authority that allows the Department to transfer funds from these appropriations to any other appropriation of the Department of Defense in order to finance environmental restoration efforts.

Until 1994, the Department spent the majority of the resources documenting the magnitude of the cleanup problem on DoD lands, a significant but necessary investment. In 1994, DoD turned the corner, by devoting more resources to actual cleanup than to studies. As a result, the pace of restoration has increased while more sites continue to be cleaned up and closed out. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. The relative risk process is now one of the key tools used by the Department in the planning, programming, and budgeting of the cleanup program as well as its execution.

Also in FY 1996, the Department developed specific clean-up goals that have been briefed to the Congress, the regulator community, and the public. Accordingly, the Department funds its environmental restoration program to ensure the Military Departments and

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Defense Agencies meet all legal agreements and ensure compliance with DoD cleanup goals. As required by the Presidential Management Plan and the Office of Management and Budget (OMB) FY 2003 budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. As shown in the various Component DERA budget exhibits for FY 2003, Army and Navy cleanup programs are essentially on schedule to meet the Department's cleanup goals; Air Force and DLA are ahead of schedule which is necessary in some cases to meet legal requirements and agreements with states and regulatory agencies; and FUDS is falling behind. The FUDS program is unique in that there are no physical boundaries such as a military installation fence line to establish a finite limit of potential contaminated sites and the number of potential new FUDS sites is boundless. While investigations and analyses have been completed for most potential cleanup sites at our military installations, FUDS is still adding new sites. The FUDS baseline number of high relative risk sites for measuring against the DoD cleanup goals initially contained 224 sites in FY 1998. Since that time, an additional 149 high relative risk sites have been identified for a total of 373 sites. Of the 373 FUDS sites categorized as high relative risk, 126 sites have been removed from the list as of February 2002. Had the number of sites not increased, FUDS would have met the Department's FY 2002 cleanup goal of 50 percent of relative high risk sites. In response to increased FUDS sites, and cleanup costs, the Department increased FUDS resources by about \$20 million per year in the recent program review.

Between FY 2002 and FY 2003, the Department's Defense Environmental Restoration Program increases by \$9.1 million, reflecting price growth of \$19.0 million and programmatic reductions of \$9.9 million (-0.8 percent). The program decrease of \$9.9 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2002 (\$-30.4 million) and an increase in the Department's FY 2003 budget request for FUDS to meet emergent requirements related to unexploded ordnance (\$+18.2 million).