

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

(\$ in Millions)

| | <u>FY 2002</u> | <u>Price</u> | <u>Program</u> | <u>FY 2003</u> | <u>Price</u> | <u>Program</u> | <u>FY 2004</u> | <u>Price</u> | <u>Program</u> | <u>FY 2005</u> |
|------------------------------|----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|
| | <u>Actual*</u> | <u>Growth</u> | <u>Growth</u> | <u>Estimate</u> | <u>Growth</u> | <u>Growth</u> | <u>Estimate</u> | <u>Growth</u> | <u>Growth</u> | <u>Estimate</u> |
| ER, Army | 387.1 | +4.3 | +2.3 | 393.7 | +5.9 | -3.6 | 396.0 | +5.9 | - | 401.9 |
| ER, Navy | 255.1 | +2.8 | -2.4 | 255.5 | +3.8 | -3.2 | 256.2 | +3.8 | +7.8 | 267.8 |
| ER, Air Force | 382.8 | +4.2 | +0.7 | 387.7 | +5.8 | -9.1 | 384.3 | +5.8 | +8.3 | 398.4 |
| ER, Defense-Wide | 23.3 | +0.3 | +0.7 | 24.3 | +0.4 | -0.6 | 24.1 | +0.4 | -0.8 | 23.7 |
| ER, Formerly Used Def. Sites | <u>220.7</u> | <u>+2.4</u> | <u>+23.8</u> | <u>246.9</u> | <u>+3.7</u> | <u>-38.0</u> | <u>212.6</u> | <u>+3.2</u> | <u>+1.7</u> | <u>217.5</u> |
| Total | 1,269.0 | +14.0 | +25.1 | 1,308.1 | +19.6 | -54.5 | 1,273.2 | +19.1 | +17.0 | 1,309.3 |

* Provided for comparison purposes only.

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, and contamination prior to FY 2003 from unexploded ordnance, discarded military munitions, and munitions constituents at other than operational ranges; correction of other environmental damage; 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 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 FY 2004 budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. The budget exhibits also clearly identify funding requirements for response actions to address UXO, discarded military munitions, and munitions constituents at other than operational ranges. As shown in the

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various Component DERA budget exhibits for FY 2004, Army, Navy, and Air Force cleanup programs are essentially on schedule to meet the Department's cleanup goals; DLA is 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 159 high relative risk sites have been identified for a total of 383 sites. Of the 383 FUDS sites categorized as high relative risk, 162 sites have been removed from the list as of February 2003. 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 this past year.

Between FY 2003 and FY 2004, the Department's Defense Environmental Restoration Program decreases by \$34.9 million, reflecting price growth of \$19.6 million and programmatic reductions of \$54.5 million (-4.2 percent). The program decrease of \$54.5 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2003 (\$-34.0 million) and deferment of some Air Force investments that will not impact their ability to meet the Department's cleanup goals.