

**Statement of  
The Honorable Spencer Abraham  
Secretary  
U.S. Department of Energy  
before the  
Committee on Armed Services  
United States Senate**

March 14, 2002

Mr. Chairman and members of the Committee, it is a pleasure to appear before you today to discuss the Department's FY 2003 budget request for defense related programs.

On September 11<sup>th</sup> our Nation changed as did our national security challenges. The Department of Energy's \$21.9 billion budget responds to that change – in our focus as an agency and in the way we do business. This budget meets these challenges through investment in our national defense and in an important component of that, our Nation's energy security. This budget request also reflects the results and recommendations of several government-wide and DOE internal policy reviews recently completed. The incorporation of these broad strategic and policy reviews into the FY 2003 budget reflects our intention for serious reform in some important program areas and continue us on a course toward a comprehensive change in the way we do business.

**PRINCIPLES GUIDING THE FY 2003 DEPARTMENT OF ENERGY BUDGET**

Of the total FY 2003 budget request of \$21.9 billion for the Department, approximately 70 percent, or \$15.4 billion, is for programs within the jurisdiction of this Committee.

In October 2001, I laid out for the Department's managers and employees a strong statement of mission and purpose and a series of principles to guide the Department's programs and operations. With an emphasis on measurable performance objectives and accountability, I am holding Department of Energy (DOE) managers responsible for ensuring the safety of our employees and the communities surrounding our facilities, respecting and observing the highest standards of security, and building a culture where merit determines promotion and diversity is viewed as key to recruiting and retaining the best people. My vision for excellence requires that we set priorities, discipline our focus, and measure everything we do by reference to our missions and priorities.

To achieve this vision, the key is understanding our overarching mission. That mission, put simply, is national security. Our national security mission is readily apparent in the Department's National Nuclear Security Administration, but it is also inherent in our Energy and Science programs that advance the Nation's energy security, and in our Environmental Management programs that clean up our sites to ensure that legacies of the Cold War are resolved and meet our future responsibilities in a manner that protects the security and safety of

the individual American taxpayer, our environment, and our future. An effort is underway to review DOE activities, including those at the national laboratories, to ensure they adhere to the Department's core mission and objectives.

The Department is also addressing long-standing criticisms of DOE management and moving toward the Administration's model as set forth in the President's Management Agenda. With an emphasis on measurable performance objectives and accountability, we are holding DOE managers responsible for making these changes. We have set priorities, disciplined our focus and will measure everything we do by reference to our missions and priorities.

Last year's budget maintained the Administration's flexibility to respond to government-wide policy reviews then underway, including the Department of Defense Nuclear Posture Review, the National Security Council reviews of U.S. deterrence requirements and nonproliferation programs, as well as an internal review of the Office of Environmental Management. These reviews are now complete, and the results and recommendations are reflected in the FY 2003 budget request. We stand ready to work with you to address the recommendations from these reviews.

In addition, we are implementing the President's Management Agenda. The President has called for an active but limited government, one that empowers States, cities, and citizens, ensures results through accountability, and promotes innovation through competition. The Administration has targeted areas for improvement throughout the federal government. Our work to fully implement these initiatives will continue through FY 2004 and beyond, but we have a path forward and are making changes now.

#### *Human Capital*

In order to eliminate unnecessary layers of management, direct personnel to high-priority missions, address skill imbalances, and achieve a 5-10 percent savings in management expenses through comprehensive, creative management reform, DOE will accelerate workforce planning and work with the Office of Personnel Management to conduct complex-wide organizational surveys to analyze and evaluate DOE field and headquarters redundancies, fragmentation and duplication of effort.

#### *Competitive Sourcing*

We are initiating formal competitive sourcing reviews under the provisions of Office of Management and Budget Circular A-76 on approximately 1,000 positions. In addition, line managers are planning other reviews that may lead to formal studies. The longer-term goal is to conduct reviews on 50 percent of the Department's inventory of federal positions that are not inherently governmental.

#### *Improved Financial Management*

We will continue to build on the Department's unqualified audit opinion on the consolidated financial statements and work to integrate better financial, budget, and program information in order to provide costs information related to performance. Key to the success of this Initiative is

the completion of the Financial Management module of the Department's Corporate Management Information System (CMIP).

#### *E-Government*

To make better use of computer information systems to improve management, promote efficient use of resources, and make our systems provide more people friendly information, the Department will strengthen its Information Technology investment portfolio by linking investment control processes, using enterprise architecture, and improving security policies and capital planning.

#### *Budget and Performance Integration*

We have strengthened the Department's ability to measure performance by establishing the Program Analysis and Evaluation Office and developing a five-year planning, programming, budgeting and evaluation process for the entire Department. Building on the integration of performance metrics into our FY 2003 budget submission, we are improving the performance measures contained in our FY 2003 budget request and will continue to improve performance measures and their integration into the FY 2004 budget. These improvements will provide clear, quantifiable outcomes to support budget requests.

Now I will turn to the details of the Department's FY 2003 budget submission for defense related programs.

### NATIONAL NUCLEAR SECURITY ADMINISTRATION

The National Nuclear Security Administration (NNSA) is in its third year of implementation. Created by Congress to respond to the changing and complex set of challenges in the national security environment, this year the NNSA takes on a national security role in a way Congress could not have envisioned. The FY 2003 budget request for programs within the National Nuclear Security Administration (NNSA) totals \$8.0 billion, a \$433 million increase over the FY 2002 appropriation, and includes:

- *Weapons Activities* (\$5.9 billion)
- *Defense Nuclear Nonproliferation* (\$1.1 billion)
- *Naval Reactors* (\$708 million)
- *Office of the NNSA Administrator* (\$348 million)

The Administration's national security strategy is transforming to meet the threats of the 21<sup>st</sup> century. The NNSA is intimately involved in the formulation of the Administration's strategy through participation in the Strategic Review, Nuclear Posture Review and the review of nonproliferation programs. We have accelerated research and development into technologies to detect and deter weapons of mass destruction. We responded swiftly and comprehensively to the terrorist events of September 11<sup>th</sup>, protecting our valuable national security assets and employees, and offering our unique capabilities to the national response. We have contributed directly to the Homeland Security needs of Governor Ridge with our technology and scientific staff. Work such as this will extend into FY 2003 and beyond.

While policies and priorities established by the Administration and the Congress will determine the scope of our work over the years to come, nuclear deterrence remains the cornerstone of our national defense strategy for the foreseeable future. The NNSA will also be deeply involved in arms reduction and nonproliferation activities, and will make significant contributions to the Administration's new capabilities-based national security strategy that requires us to maintain our military advantages in key areas while developing new capabilities. The NNSA will continue to be involved in the nation's Homeland Security efforts. The Naval Reactors program will continue to be responsible for all naval nuclear propulsion work.

The NNSA faces major challenges during the next five-year period in responding to evolving customer requirements while maintaining and improving the health of the nation's national security enterprise. The expanded focus on international terrorism following the September 11<sup>th</sup> attacks underscores the importance of maintaining a strong capability in the science and technology of national security.

NNSA's ability to perform its national security functions depends upon renewing our internal capabilities. As we conduct our daily technical work of maintaining the reliability, safety, and security of the Nation's nuclear weapons and developing the scientific tools necessary to perform our work, we need to ensure that our national security enterprise remains capable. Both the physical and intellectual infrastructure of the national security enterprise were built during the era of underground nuclear testing, and have eroded to the point that we are no longer able to perform some essential tasks. It is imperative that we address these issues during the upcoming five year period. NNSA's program and budget planning emphasizes maintaining an adequate workforce of scientific, technical and business skills, and building a diverse, multi-talented leadership. We must be able to recruit, train, and develop quality employees throughout our organizations in a highly competitive employment environment. We must implement our plans to renew the physical infrastructure to ensure adequate capability and capacity as well as compliance with environment, safety, health and security standards.

Another key element to NNSA's ability to perform its national security functions is an organizational plan to achieve greater effectiveness and efficiency. Last month, Under Secretary John Gordon submitted NNSA's "Report to Congress on the Organization and Operations of the NNSA" describing our accomplishments to date and our strategy for operating an integrated national security enterprise.

## WEAPONS ACTIVITIES

In spite of the many challenges we are facing, the NNSA has continued to meet the core Stockpile Stewardship mission – that is to maintain the safety, reliability, and performance of the nuclear stockpile to meet national security requirements.

As stated earlier, the NNSA actively participated in the strategic reviews of national-security related activities conducted by the Administration. Participation by NNSA ensured that the choices, plans, and requirements being developed were within the realm of the technical and

production capabilities of the NNSA. It also increased the awareness of our issues and technical capabilities by the Administration's national security senior management team.

While there are many important points and conclusions in the Nuclear Posture Review (NPR) including the goals to reduce operationally deployed nuclear weapons to between 1,700 and 2,200 by calendar year 2012 and the maintenance of a "responsive force" for use as a hedge against unforeseen problems, several points are of particular relevance to the NNSA:

- First, nuclear weapons, for the foreseeable future, remain a key element of U.S. national security strategy. The NPR reaffirms that NNSA's science-based Stockpile Stewardship Program is necessary to assure the safety and reliability of the nuclear stockpile in the absence of nuclear testing. This includes basic surveillance of our aging weapons, systems refurbishment, chemistry and metallurgy of materials aging, detailed understanding of weapons physics, reestablishment of warhead advanced concepts teams, and development of additional diagnostic and predictive tools for long-term stewardship. The NPR revalidated the stockpile refurbishment plan previously developed and approved by the NNSA and the Department of Defense.

The FY 2003 budget request for Directed Stockpile Work is \$1.2 billion, an increase of \$190 million, or about 18 percent over last year. Principally, this increase allows us to support life extension activities for the W80, W76, and B61 warheads, including supporting research and development and additional hydrodynamic testing for assessment and certification. Also, \$2.1 billion is requested for the 17 scientific and engineering campaigns that provide the knowledge, technologies and capabilities to address current and future stockpile issues.

- Second, more than any previous review, the NPR's concept of a New Triad emphasizes the importance of a robust, responsive research and development and industrial base. This calls for a modernized nuclear weapons complex, including contingency planning for a Modern Pit Facility, which will provide the nation with the means to respond to new, unexpected, or emerging threats in a timely manner. The FY 2003 budget request supports our industrial base in two key ways: a request of \$1.7 billion for Readiness in Technical Base and Facilities, a 10 percent increase supporting the operations of weapons complex facilities; and, a \$243 million request for the Facilities and Infrastructure Recapitalization program to continue this important multi-year initiative into its third year.
- Third, a study examining the aspects of reducing test readiness lead time below the 24 to 36 month requirement for a fully diagnosed test – the NPR states that the lead time needs to be shortened out of prudence, not because there is a current need to test. In FY 2002, the NNSA and the DoD will study the optimum test readiness time that best supports the new triad as directed by the NPR. Pending the outcome of the study, the FY 2003 request includes \$15 million for Enhanced Test Readiness activities at the Nevada Test Site.

- Finally, the NPR calls for a stable, adequately funded Future-Years Nuclear Security Program (FYNSP). The NNSA's costs will not be reduced in the immediate future as a result of NPR. Near-term costs are driven by restoring production capabilities and revitalizing the infrastructure, not by the number of warheads in the stockpile or even the number to be refurbished. In fact, we expect that cost savings from refurbishment of a smaller number of weapons will not be realized until about FY 2010. The NNSA enterprise's capacity will be stretched, approaching maximum capacity while our systems are on the process line for refurbishment, thereby limiting our ability to dismantle significant numbers of weapons over the next ten years. The FYNSP document is in final preparation and is expected to be provided shortly.

Another result of the conduct of the NPR has been improved cooperation and coordination between the NNSA and DoD. The Nuclear Weapons Council is working, policy levels between the agencies are effective, and the DoD has offered strong support for needed programs in NNSA.

In addition to the activities discussed above, the FY 2003 budget request for the Stockpile Stewardship Program will support:

- Assessment of manufacturing concepts for a Modern Pit Facility.
- Production of tritium in Tennessee Valley Authority reactors beginning in FY 2003.
- Manufacture of a certifiable pit, and the capability to certify a pit by 2009 with the goal of achieving an earlier date of 2007.
- Maintenance of ability to conduct underground testing.
- Complete National Ignition Facility internal infrastructure required for "first light", eight beam, stockpile stewardship experiments in FY 2004.

## NONPROLIFERATION ACTIVITIES

At \$1.114 billion, the FY 2003 budget request for nonproliferation related activities is the highest at which these programs have ever been funded.

When I came into office I began working closely with the White House to review our cooperative assistance programs with Russia. It was important that nonproliferation programs were responsive to the new strategic environment being shaped by Presidents Bush and Putin. At the Crawford summit, the two Presidents called for improved cooperation with respect to the protection and accounting of nuclear materials, and the prevention of illicit nuclear trafficking.

Shortly after the Bush/Putin summit, I met with Russian Minister of Atomic Energy Rumyanstev to accelerate and expand cooperative measures on materials security and accountability. This

meeting with the Russian minister was a major success. Agreement was reached on the need for greater cooperation, improved steps for protection of dangerous materials, enhanced safeguards of fissile materials, and ways to boost safety and security in the peaceful use of atomic energy. The Administration is fully committed to the success of this deepening cooperation.

This commitment is reflected in the diversity of our programs to address non-proliferation concerns in Russia and indeed, throughout the world. NNSA uniquely integrates technical and policy expertise to guide and implement the full range of U.S. nonproliferation priorities and initiatives. Whether ensuring that former Russian weapons experts are able to put their skills to use on peaceful and commercial initiatives, reducing the footprint of Russia's "closed" nuclear cities, or leading on-the-ground programs to secure at-risk nuclear materials in Russia, North Korea, or elsewhere, NNSA is at the forefront of U.S. efforts to halt the proliferation of weapons of mass destruction and advance U.S. nuclear security interests. As a scientific organization and working closely with our national laboratories, NNSA brings to the table unique assets that have allowed us unprecedented access to foreign scientific communities. In Russia and other former Soviet states, for example, the great strides that have been made to secure nuclear materials and WMD expertise or improve reactor safety are made possible by the access NNSA has to its counterpart organizations in these countries.

The Administration's strategic review of NNSA's nonproliferation programs with Russia confirmed the importance of these programs and resulted in a significant policy change reflected in the FY 2003 budget request. In January 2002, the Administration announced plans to proceed with a workable, technologically possible, and affordable approach to disposal of surplus U.S. plutonium. The United States plans to dispose of 34 metric tons of surplus weapons grade plutonium by turning the material into mixed oxide fuel (MOX) for use in commercial nuclear reactors. This decision follows a review by the Administration of alternative technologies to dispose of surplus plutonium to meet the nonproliferation goals agreed to by the U.S. and Russia while making the program less costly and more effective.

In September 2000, the U.S. and Russia signed the Plutonium Management and Disposition Agreement committing each country to dispose of 34 metric tons of surplus weapons-grade plutonium each, in rough parallel. With the U.S. decision, we will be able to move forward on meeting our obligations under this agreement.

Previously the U.S. government endorsed a dual-track approach to dispose of the plutonium by turning some of the material into MOX reactor fuel and immobilizing the remaining plutonium for long-term storage. Eliminating immobilization from the disposition pathway saves nearly \$2 billion in life cycle funding, decreases plutonium storage costs, and facilitates closure of the former nuclear weapons complex sites. Importantly, the MOX fuel technology is proven, having been used by European countries in their reactors for more than 20 years.

The MOX conversion process is expected to cost \$3.8 billion over 20 years, including the construction of new disassembly and fuel fabrication facilities at the Savannah River Site in South Carolina. Construction of the facilities is set to begin in FY 2004. The Department of State and the NNSA will work with their counterparts in Russia to achieve the disposition of

Russian surplus weapons-grade plutonium through the MOX process. Bilateral cooperation and inspections will assure progress and compliance with the agreement. The FY 2003 budget request for the Fissile Materials Disposition program, including both Operating and Maintenance and Construction funding, is \$384 million.

## SECURITY AND COMBATING TERRORISM

The NNSA employees and assets responded aggressively and immediately in the aftermath of the terrorist attacks on September 11, 2002. Specifically, the NNSA:

- Strengthened physical security at our sites to assure the safety and security of nuclear weapons, the weapons complex and its employees, special nuclear material and other high value assets in custody of NNSA.
- Provided technical assets and staff to aid in the recovery efforts in New York City and at the Pentagon.
- Worked closely with intelligence and law enforcement by providing NNSA experts in their facilities, on the working groups, on the White House Counter Terrorism Task Force, and in the Office of Homeland Security.
- Began studies to analyze the potential of high-energy, high-velocity attacks at key nuclear material and nuclear material storage locations.
- Established NNSA's Combating Terrorism Task Force to coordinate a systematic review of twelve key areas of NNSA security and operational responsibilities to recommend immediate improvements.
- Established a working group, drawing from all the work at NNSA facilities, to define what capabilities we can bring to bear on the problems at hand, and not just in the nuclear arena. NNSA has capabilities in many technical areas ranging from chemical/biological weapons to sensors, to aircraft and airport security. In the area of sensors, we have the best capability in the world and are working to promote greater integration across our research and development programs.
- Responded to the changed threat by joining with the DoD in an immediate review of the "design basis threat."
- The NNSA laboratories are being used to improve homeland security in ways that are not perhaps fully recognized by the public. The laboratories develop advanced technologies that detect chemical, biological and nuclear agents. These technologies help protect us today. Chemical and biological technologies and agents developed by the NNSA laboratories were used to help cleanup the Congressional office buildings of anthrax.



In the aftermath of the September 11<sup>th</sup> attack, the NNSA efforts required substantial additional funding in order to achieve a safer security posture. This needs to be considered when making comparisons between the FY 2003 request and the total FY 2002 available funds. The FY 2002 emergency supplemental appropriation for terrorism related activities provided \$357 million to the NNSA. Weapons Activities Safeguards and Security program received \$106 million to hire and train additional protective force personnel, initiate physical security upgrades, and to address cyber-security infrastructure upgrades. The Secure Transportation Asset program received supplemental funding of \$25 million to enhance security against the emerging threat.

The Defense Nuclear Proliferation program account received \$226 million in supplemental funding to accelerate priority efforts in Nonproliferation Research and Development, International Nuclear Materials Protection and Cooperation, International Nuclear Safety and Cooperation, and additional Federal staffing.

The FY 2003 budget request continues to emphasize NNSA's security and nonproliferation programs. The Weapons Activities Safeguards and Security program request is \$510 million. This allows for continued enhancements to protective forces and security systems. The National Center for Combating Terrorism at the Nevada Test Site is separately requested in FY 2003 at \$10 million.

#### FACILITIES AND INFRASTRUCTURE RECAPITALIZATION

Improving the condition of the nuclear weapons complex facilities and infrastructure remains a priority effort. Your support for these efforts is both necessary and timely. The restoration, revitalization, and rebuilding of the physical infrastructure is key to the maintenance of mission-capable facilities which contribute to credible nuclear deterrence. Recently, the NPR validated the findings of the NNSA regarding the condition of the complex and our path forward.

Currently, Defense Programs acts in a landlord capacity and manages the complex day-to-day through its Readiness in the Technical Base and Facilities activities. From internal studies, we have determined that the complex deteriorates by about \$200 million annually. To arrest this deterioration and eventually begin to improve the condition of the weapons complex, the NNSA established the Facility and Infrastructure Recapitalization Program. The FY 2003 budget request places a high priority on this activity, with a request of \$243 million – a 23 percent increase over the FY 2002 level.

The budget also includes a corporate facilities management program that complements the infrastructure spending and addresses a major concern regarding responsible fiscal accountability. We have instituted Ten-Year Comprehensive Site Planning, established industry standard performance measures, and accurate reporting measures that now provide for measuring progress.

The recapitalization program will focus on working off maintenance backlogs, prioritized to reduce or eliminate the risk of unplanned operational downtime due to equipment failure, extend the expected effective life span of equipment, optimize facility efficiencies, and repair, renew

and refurbish existing structures. Also, the program supports dismantlement and removal of deactivated facilities and infrastructure that are excess to current and future mission requirements, and infrastructure planning activities to prepare and develop necessary plans for the execution of outyear Facilities and Infrastructure Recapitalization Program projects.

The condition of the nuclear weapons complex is poised for improvement across its eight sites. The response has been substantial. The NNSA will continue this initiative until the complex has restored lost capabilities, modernized other capabilities, and is sound, safe, and secure.

## NAVAL REACTORS

The Naval Reactors program, which supports the nuclear powered submarines and carriers now on station around the world, remains a critical part of the national security mission. This program is requesting the smallest increase in the NNSA's FY 2003 budget. We are requesting \$707 million, an increase of about 3 percent. The increase will help to maintain the constant progress and consistent contribution to the nation's nuclear deterrent force that we have come to rely upon from the Naval Reactors program. The small increase above inflation is primarily for work to bring the dry spent fuel storage facility in Idaho online while continuing Naval Reactors activities to ensure the safety and reliability of the 102 Naval reactor plants, upgrade and improve existing reactor plants, and develop new reactor plants.

## OFFICE OF THE ADMINISTRATOR

The budget request for the Office of the Administrator, is 6 percent higher than the FY 2002 appropriation – a \$21.2 million increase. This account provides corporate direction and oversight of NNSA operations consistent with the principles of protecting the environment and safeguarding the safety and health of the public and the workforce of the NNSA. The FY 2002 Energy and Water Development Appropriations Act consolidated the program direction funds from weapons activities and defense nuclear nonproliferation within the Office of the Administrator appropriation. The Naval Reactors program direction and the Secure Transportation Asset program direction retain separately funded program direction accounts. The increase in the Program Direction budget supports annual cost-of-living increases in salaries and benefits while support services and other related expenses remain at their FY 2002 program levels.

## NNSA ORGANIZATION STANDUP

At the beginning of this testimony, I noted that management reforms are underway and they include the NNSA organization. Under Secretary Gordon approached an NNSA organization standup by implementing a two-phase plan. The first phase, essentially complete, focused on creating an integrated Headquarters organization, and defining the structural relationship between the Federal elements at Headquarters and the field locations. The second phase focuses on realigning our field structure and improving efficiencies through eliminating overlaps in responsibilities within the Federal structure and reducing unnecessary administrative burdens placed on those performing the mission.

Last month, the Department submitted a “Report to Congress on the Organization and Operations of the NNSA” describing accomplishments to date, a plan for assigning roles and responsibilities to and between Headquarters and field organizational units, and the strategy for operating an integrated national security enterprise.

The recently released report summarizes the first-ever NNSA Strategic Plan, provides a detailed plan for assigning roles and responsibilities between Headquarters and field elements, and discusses our objectives in FY 2002 and beyond. We plan to eliminate a layer of management and oversight over the nuclear weapons complex by removing the Operations Offices from the NNSA chain of command and converting these offices to service centers providing support services such as procurement and human resources. Each of the eight NNSA contractors will report to eight site offices which will in turn report to the Administrator. This locates NNSA support, decision making and oversight close to the contractor, consolidates service functions, and allows staff reductions downstream.

Contract and project management will rest with each NNSA site office. Integration of weapons production activities will be performed in Albuquerque, New Mexico. Headquarters staff will continue to be responsible for program planning, budgeting, policy development, and management of weapons research and development and nonproliferation activities.

NNSA will launch a systematic re-engineering campaign to reduce the number of separate offices and layers of Federal management, reduce the overall number of Federal employees, and correct skills mismatches. Federal staff not performing core functions will be redeployed and retrained as necessary. We intend to use incentives to encourage higher-than-average attrition, career development, and retention of highly skilled employees to right-size and reinvigorate our staff.

We will need your support in funding the Office of the Administrator Program Direction request of \$348 million to implement the re-engineering campaign. Successful re-engineering cannot be accomplished without adequate resources to retain highly skilled employees, retrain employees with skills mismatches, recruit the right technical skills, and to cover the significant costs associated with separation incentives.

NNSA has instituted an Administrative Workload Reduction Initiative using comprehensive input from the laboratories and plants, with task forces identifying specific improvement and reducing administrative burdens. As a result, NNSA contractors will be given clearer and more consistent expectations. They will also continue to comply with all environment, safety and health and security policies.

When these changes are fully implemented, we will realize the goals set by Congress in establishing the NNSA. By clearly defining roles and responsibilities, we will increase accountability and reduce duplication. By reducing administrative burdens on the NNSA contractors, we will operate more efficiently and hold the contractors accountable for delivering on our expectations.

## OTHER DEFENSE ACTIVITIES

The FY 2003 request for Other Defense Activities is \$472 million which is allocated as follows:

- *Energy Security and Assurance* (\$27.7 million)
- *Office of Security* (\$187.2 million)
- *Intelligence* (\$41.6 million)
- *Counterintelligence* (\$46.1 million)
- *Independent Oversight and Performance Assurance* (\$22.6 million)
- *Defense Environment, Safety and Health* (\$99.9 million)
- *Worker and Community Transition* (\$25.8 million)
- *National Security Programs Administrative Support* (\$25.6 million)
- *Office of Hearings and Appeals* (\$3.1 million)

Of prime importance is \$27.7 million requested for Energy Security and Assurance, an essential, expanded national security program to help reduce America's energy supply vulnerability from severe disruptions due to natural or malevolent causes. An additional \$2 million is requested in the Departmental Administration account for Energy Assurance policy analysis in the Office of Policy and International Affairs. The program will work in close cooperation with the private energy sector by providing technical expertise to correct or mitigate disruption vulnerabilities, plan for response to and recovery from disruptions, and provide technical response support during energy emergencies. The tragic events of September 11 justify the need for this program aimed to protect our Nation's critical energy infrastructure.

## SAFEGUARDS AND SECURITY CROSSCUT

The Department's request for Safeguards and Security is \$1.01 billion. Excluding FY 2002 supplemental appropriations that provided one-time funding of \$108.5 million to bolster security in the aftermath of the September 11 attacks, the FY 2003 request is 7.0 percent higher than the FY 2002 enacted level. The FY 2003 request reflects both increased and decreased safeguards and security needs. In particular, increased requirements in the NNSA are reflected in a \$61.1 million increase over FY 2002 funding level, excluding supplemental appropriations, or a 13.6 percent increase. Reduced safeguards and security requirements in Environmental Management Defense Facilities Closure Projects are reflected in a 31.2 percent decrease commensurate with the planned removal of special nuclear materials from the Fernald and Rocky Flats sites, and completion of security upgrades in Miamisburg this year.

## DEFENSE ENVIRONMENTAL MANAGEMENT

The budget request for Defense Environmental Management activities totals \$6.7 billion, including privatization, essentially the same as the comparable FY 2002 appropriation. The budget request is composed of two parts: a base budget request and a new Environmental Management Cleanup Reform appropriation request of \$800 million. Should this new program be successful, the Administration is prepared to request additional funds for it in FY 2003. The request consists of:

- *Defense Environmental Restoration and Waste Management* (\$4.6 billion)
- *Defense Facilities Closure Projects* (\$1.1 billion)
- *Defense Environmental Management Privatization* (\$158 million)
- *Environmental Management Cleanup Reform* (\$800 million)

The Environmental Management (EM) program was created in 1989 to safely manage the cleanup of the environmental legacy from 50 years of nuclear weapons production and nuclear energy research at 114 sites around the country. The program manages the remediation of sites contaminated by defense and civilian activities, and receives appropriations in separate defense and non-defense accounts. The current cleanup program is projected to cost in the area of \$220 billion and take 70 years to complete. Costs have continued to increase annually while schedules slip. Consequently, EM completed a top-to-bottom review of the program to find ways to achieve greater risk reduction and cleanup more efficiently and cost effectively.

The review indicates that the EM program has failed to significantly reduce the risk presented to the public and the environment by the Cold War's nuclear legacy. If the program continues along the present path, DOE will not accomplish the very goal EM was originally established to achieve, the cleanup of the former weapons complex and closure of sites with no continuing mission. The report describes the program's weaknesses and provides specific proposals for improving EM's performance. The goal is to quickly and markedly improve the program's performance in achieving cleanup and closure, and ensure that the Department is reducing risk to its workers, the public, and the environment. Over the next 18 months, the Department will pursue implementing proposals, many of which will require reaching new understandings with State and Federal regulators, as well as fundamental changes in how DOE conducts its business.

Therefore, the EM FY 2003 budget request has been structured to begin this process. But it is only a beginning and must be viewed as the first step in the transition between the program left by previous Administrations and where the Department will head in FY 2004 and beyond when the recommendations of the top-to-bottom review are implemented. An integral part of the reform is EM's commitment to the President's emphasis on performance-based budgeting.

The budget request will allow the program to continue to protect worker and public health and safety and the environment; continue surveillance, maintenance, and support activities needed to maintain waste, materials, facilities, and sites in a safe and stable condition; fully protect nuclear materials from terrorist threats; support accelerated cleanup and closure of the Rocky Flats Environmental Technology Site in Colorado, Fernald Environmental Management Project in Ohio, and the Mound Site in Ohio; achieve the increased numbers of shipments to WIPP, critical to meeting cleanup and closure goals; and continue to make progress in completing cleanup projects in accordance with existing approaches and under existing agreements.

A major new aspect of this budget request that will begin the immediate implementation of the recommendations of the top-to-bottom review, is the new Environmental Management Cleanup Reform appropriation. The new account is designed to enable the Department, the states, and the American taxpayer to begin realizing the benefits of alternative cleanup by making funds available to those sites that both demonstrate their ability to realign to a more risk-based

approach and that provide to DOE specific proposals that achieve greater risk reduction, faster. This account will provide the stimulus necessary to encourage DOE sites and headquarters, contractors, and state and federal regulators to quickly forge agreements to enable more effective cleanup approaches. Once agreement is reached, funds will be made available from the Cleanup Reform Appropriation to fund these new approaches or supplement existing funding from the base budget.

Consistent with the recommendations from the review, the EM budget also reflects a refocusing of the Science and Technology program to address specific, short-term applied technology needs for cleanup and closure. Longer-term and more basic research and technology activities will be transferred to the Office of Science. In addition, the Savannah River Ecology Laboratory will also be transferred to the Office of Science. The FY 2003 request also includes the transfer of safeguards and security responsibility for Argonne National Laboratory-West from the Office of Science to EM.

#### DEFENSE NUCLEAR WASTE DISPOSAL

The Office of Civilian Radioactive Waste Management FY 2003 budget request is \$527 million, an increase of \$150 million above the comparable FY 2002 appropriation. Within this total is \$315 million requested for Defense related Nuclear Waste Disposal activities. The request supports my recommendation to President Bush that the Yucca Mountain site is scientifically sound and technically suitable for development as the Nation's long-term geological repository for nuclear waste. On February 15, 2002, after receiving my recommendation, President George W. Bush considered the Yucca Mountain site qualified for an application for the authorization of construction of a repository, and recommended the Yucca Mountain site to the U.S. Congress for this purpose. A repository at Yucca Mountain would help ensure America's energy and national security, homeland security, nuclear nonproliferation policy, secure disposal of nuclear waste, and ongoing efforts to clean up the environment at former nuclear weapons production sites.

#### CONCLUSION

Mr. Chairman and Members of this Subcommittee, this concludes my prepared statement. I will be glad to answer any questions you may have at this time.