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on the
Fiscal Year 2012 President's Budget Request
Before The
Senate Appropriations Committee
Subcommittee on Energy and Water Development

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Thank you for the opportunity to present the Fiscal Year (FY) 2012 President's Budget Request for the National Nuclear Security Administration (NNSA). This budget request will allow the NNSA to meet its commitments to the American people and our international partners to provide for nuclear deterrence, to reduce nuclear dangers around the world, and to provide the capabilities to address the broader national security challenges of the 21st century.

The vision of NNSA is to make the world a safer place. **NNSA's mission is to enhance global security through nuclear deterrence, nonproliferation, counterterrorism, naval nuclear propulsion, and to support national leadership in science and technology.**

Recognizing the economic challenges facing our nation and the budget pressures being felt throughout the federal government, the President demonstrates through this FY 2012 budget request his strong commitment to the nuclear security of our country and our allies by proposing an unprecedented investment in NNSA's mission. This investment is a commitment to recapitalize the nuclear security enterprise and do it in a way that makes sense.

The FY 2012 President's Budget Request provides \$11.78 billion to **invest in a modern, 21st century nuclear security enterprise, implement the President's nuclear security agenda, and improve the way the NNSA does business and manages its resources.**

The FY 2012 request represents an increase of 5.1 percent over the \$11.2 billion requested for FY 2011, reflecting a commitment to investing in a modern enterprise that can support the full range of nuclear security missions. The request highlights the vital role NNSA plays in implementing the President's nuclear security agenda and the broad, bipartisan consensus that has developed over the last two years regarding the role NNSA plays in enhancing our nation's security and the resources needed to get the job done.

Investing in the Future

Secretary of Energy Chu and I work closely with Secretary of Defense Gates and other Defense Department (DoD) officials to ensure that NNSA remains focused on a strong interagency partnership that meets our national security requirements and promotes NNSA's sustainability. As a result, the President's request includes \$7.6 billion for the **Weapons Activities** appropriation, an 8.9 percent increase over the President's FY 2011 request and a 19.5 percent increase over the FY 2010 appropriation to **invest in the future of the nuclear security enterprise.** These resources will

support, among other things, the operation and construction of the modern research facilities needed to do cutting edge science and attract the next generation of nuclear security experts. It continues implementation of the President's commitment to invest \$85 billion over the next decade to sustain the nuclear deterrent and to modernize the infrastructure that supports it, as well as to implement the agenda outlined in the Nuclear Posture Review, the Stockpile Stewardship and Management Plan and the updated Section 1251 Report submitted to Congress.

NNSA's budget request also includes associated out-year projections in the Future-Years Nuclear Security Program (FYNSP) that identifies resources needed to meet the continuing requirements for significant long-term investments in the deliverables, capabilities and infrastructure of the enterprise.

These resources will help us invest in a modern, 21st century Nuclear Security Enterprise that can sustain the stockpile and support our full range of nuclear security missions. With these investments, NNSA will be able to continue to move toward an enterprise that is safer, smaller, more secure, more efficient, more sustainable, and more adaptable.

The request includes an increase of 3.1 percent over the FY 2011 level to protect and advance the scientific capabilities at the U.S. national security laboratories and a 21 percent increase for infrastructure improvements, including continuing work on the Uranium Processing Facility (UPF) at the Y-12 National Security Complex and the Chemistry and Metallurgy Research Replacement facility (CMRR) at Los Alamos National Laboratory. These capital projects are key for ensuring safe, secure, and reliable uranium and plutonium capabilities for nuclear security and other important missions.

To power the nuclear navy, the budget request includes \$1.2 billion for the NNSA's **Naval Reactors** program, an increase of 7.8 percent over the FY 2011 President's Request. The programs in this appropriation support the U.S. Navy's nuclear fleet. Specifically, the request supports the Administration's decision to recapitalize the sea-based strategic deterrent. The OHIO Class ballistic submarines, the most survivable leg of the nation's strategic deterrent, are reaching the end of their operational life. The request will enable Naval Reactors to continue reactor plant design and development efforts begun in 2010 for procurement of long-lead reactor plant components in 2017, in support of Navy procurement of the first OHIO Class submarine replacement in 2019. Providing the OHIO Class replacement a life-of-the-ship reactor core will require substantial advances in manufacturing technology to provide a new cladding and a new fuel system. The request also supports the refueling of a land based prototype reactor, providing a cost effective test platform for these new technologies.

Increased funding is also requested for the Spent Fuel Handling Recapitalization Project (SFHP), which will replace the over 50-year old Expended Core Facility (ECF) as the location for naval spent nuclear fuel receipt, inspection, dissection, packaging, and secure dry storage. FY 2012 funding continues the conceptual design for the facility, equipment, and related systems, as well as continues meeting the National Environmental Policy Act's requirements and project oversight (e.g., engineering procurement and construction management). Detailed project engineering and design work will commence in FY 2013 and construction will commence in FY 2015.

These vital projects will replace facilities that date back to the dawn of the Cold War with modern facilities that can support the full range of nuclear security missions – including maintaining the nuclear deterrent, preventing proliferation, securing vulnerable nuclear material, powering the nuclear Navy and providing the nation with the best emergency response and counterterrorism capabilities possible. They will also ensure that NNSA can continue to work with the Department of Defense and other interagency partners to keep the nation safe.

Implementing the President’s Nuclear Security Agenda

The FY 2012 budget request also provides the resources required to continue **to work toward the President’s commitment to secure vulnerable nuclear material around the world within four years, a key national security goal.** The budget request includes \$2.5 billion for **Defense Nuclear Nonproliferation** in FY 2012 and \$14.2 billion over the next five years to reduce the global nuclear threat by detecting, securing, safeguarding, disposing and controlling nuclear and radiological material worldwide, as well as promoting the responsible application of nuclear technology and science.

This request reflects the significant accomplishments of NNSA’s nuclear nonproliferation programs in the past year, and seeks the resources needed to complete the President’s goals. This budget request provides the resources required to meet commitments secured from international partners during the 2010 Nuclear Security Summit to remove all remaining highly enriched uranium (HEU) from Belarus, Ukraine, Mexico, and other countries by April 2012 and to work with the Defense Department to improve international nuclear security cooperation.

The request of \$2.5 billion is a decrease of 5.1 percent from the FY 2011 President’s Request, but an increase of 19.6 percent over the FY 2010 appropriation. This 5.1 percent or \$138 million decline flows logically from the FY 2011 request which was ‘front loaded’ to accelerate the effort to secure vulnerable nuclear materials within the President’s stated timeframe. Even with this decrease, the NNSA’s budget request remains consistent with our overall strategy to ensure that programs supporting the President’s commitment to lead an international effort to secure all vulnerable nuclear materials around the world in four years are fully funded in the Request. The Global Threat Reduction Initiative efforts related to radiological material, as well as the International Nuclear Material Protection and Cooperation program’s activities to enhance the ability of our foreign partners to detect nuclear smuggling at border crossings and in megaports have been prioritized to accommodate accelerated nuclear material lockdown efforts. The decrease in the request for Fissile Materials Disposition reflects the completion of long-lead procurements for the MOX and Waste Solidification projects, as well as the decision to wait to request additional funds associated with the \$400 million U.S. pledge for the Russian program until agreement is reached on milestones for the program.

Improving the Way NNSA Does Business

Consistent with the President’s commitment to deliver on critical national nuclear security missions at the best value to the American taxpayer, the FY 2012 budget request will enable NNSA to continue to **improve the way it does business and manages resources.** The President’s Budget Request for Federal oversight and staff included in the **Office of the Administrator** appropriation is \$450.1 million, an increase of 0.4 percent over the FY 2011 request and an increase of 7 percent over the FY 2010 appropriation.

NNSA recognizes that the FY 2012 budgetary investments come at time of severe economic challenge for our country and a renewed commitment to reduce the deficit. To maintain bipartisan support for the NNSA programs, the enterprise has a responsibility to work together as “One NNSA,” a fully integrated enterprise that operates efficiently, is organized to succeed, that performs its work seamlessly, and speaks with one voice. This “One NNSA” needs to be a true partnership among Headquarters, the Site Offices and our Management & Operations (M&O) partners.

Changing the way NNSA does business is an important part of the effort to transform a Cold War nuclear weapons complex into a 21st Century Nuclear Security Enterprise. NNSA simply cannot expect Congress to support major investments in its programs and its facilities unless the enterprise can demonstrate that the Department of Energy is a responsible steward of the taxpayer’s money.

NNSA needs to do better, which is why the federal sector leadership is working with its M&O partners to streamline the enterprise governance model in order to devote more resources to critical mission work and maximize NNSA’s ability to complete its mission safely and securely.

NNSA is making sure that it has the right contracting strategy in place. The agency is improving its project management by, for example, ensuring that NNSA no longer sets cost and schedule performance baselines on construction projects until design work is 90 percent complete, ensuring it has the right leadership teams in place, and performing independent cost reviews. NNSA has also created a new policy and oversight office for managing major projects. The new office reports directly to the Administrator. This will help ensure that project management gets the high level focus it requires.

We are already beginning to see results. NNSA is increasingly recognized for its efforts to be an effective steward of tax dollars. For example, since 2007, NNSA’s Supply Chain Management Center has saved \$213 million by using pooled purchasing power to drive efficiencies across the enterprise. In the last year NNSA’s Kansas City Plant won the prestigious Malcolm Baldrige Award, America’s highest honor for innovation and performance excellence. Two other NNSA programs were recognized with Project Management Institute (PMI) awards. In 2010, the Global Threat Reduction Initiative became the first federal project to receive PMI’s Distinguished Project Award, while the National Ignition Facility at Lawrence Livermore National Laboratory received PMI’s project of the year.

Conclusion

The Nation has carefully evaluated its security needs in an international landscape that remains challenging and uncertain. NNSA has charted a path forward that shows our unwavering commitment to the Nation’s security and enhances our formidable capabilities to address broader security challenges.

The NNSA is a technically based organization with a strong nuclear heritage that serves as the base for our contribution to a wide range of national security solutions. NNSA is rooted in the management of our Nation’s nuclear weapons stockpile and the application of nuclear energy for naval propulsion. Additionally, NNSA capabilities support a broad range of U.S. and international

activities that address existing dangers, identify and prepare for future challenges, and advise the U.S. Government and our international partners on nuclear security matters.

This budget request takes the NNSA into the next decade and strengthens the capabilities that are themselves integral elements of our nuclear deterrent. The challenge is to retain the capabilities that continue to be essential, and to identify and develop those needed for the future.