



## NNSA FY14 BUDGET REQUEST

**We're keeping the American people safe.** President Obama has laid out the most ambitious view of nuclear security in decades. Our nonproliferation, counterterrorism, and modern-day nuclear deterrent programs keep the American people safe every day.

- **The President remains committed to a safe, secure, and reliable nuclear deterrent, and his FY14 budget provides \$7.9 billion for NNSA's weapons activities.**
  - **Our Life Extension Programs (LEPs) are moving forward to ensure the aging American nuclear weapons deterrent remains safe, secure, and effective.** \$1 billion is requested in FY14 to directly support these programs. The W76-1 LEP, now in Phase 6.6 full production, is meeting all operational requirements for Navy deployments. The B61-12 LEP is now in Phase 6.3 development engineering, and NNSA is on track to produce the first unit in 2019. The W78/88-1 LEP is currently undergoing a feasibility study, with a first unit expected in 2025.
  - **We're dismantling and eliminating nuclear weapons at a rate faster than even we had planned.** Dismantlement rates have exceeded our targets three years in a row now. In FY12, NNSA had a 112% dismantlement rate, reducing the number of nuclear weapons in the world faster than expected. The President has requested \$49 million for dismantlements in FY14, and all weapons retired prior to 2009 will be disassembled by 2022.
  - **We're solving complex scientific challenges in support of national security.** Over \$1.7 billion is requested for NNSA's science and engineering efforts. The FY14 request also reflects NNSA's commitment to diversifying the use of the National Ignition Facility and sharing the costs of scientific discovery. This long-planned shift will cost NNSA less while providing more value to researchers across the country.
  - **In the same year we celebrated 20 years since the last underground nuclear test, our supercomputers continue to evolve and set records.** In FY12, our Sequoia system became the fastest supercomputer in the world. It's now running classified calculations for the weapons program, ensuring that the United States never again has to return to underground nuclear testing. \$564 million is requested in FY14 to continue our efforts.

- **To protect against the spread of nuclear weapons and the threat of nuclear terrorism, the President has allocated \$2.1 billion for NNSA's nonproliferation programs.**
  - **Since President Obama shared his vision in Prague in 2009, NNSA has led the way in implementing his nuclear security agenda.** Ten countries are now free of highly enriched uranium, and NNSA will complete three more by the end of 2013. However, we still have work to do. The President has requested \$342.6 million toward our ongoing efforts in FY14.
  - **We're looking toward the future with our partners in Russia.** An ongoing, productive conversation with the Russian government has strengthened our partnership and will become a force multiplier in the years to come. As the discussions continue, our shared values and solid working relationship will help advance our nonproliferation agenda across the globe.
  - **We continue to lead global efforts to produce critical medical isotopes without the use of highly enriched uranium.** We continue to work tirelessly to reduce the role HEU plays in medical procedures. By working with other nations and facilitating the use of low enriched uranium (LEU) instead of highly enriched uranium (HEU) in Molybdenum-99 production, NNSA is ensuring that people stay healthy while also making them safer.
  - **We've also streamlined our accounting to put all of our nonproliferation, counter proliferation, counterterrorism, and emergency response funding in one place.** This change in budget structure underscores the priority NNSA places on these programs, which together address the most immediate and dangerous nuclear threats facing the country.
- **To ensure the continuity of the sea-based deterrent and stewardship of our naval nuclear infrastructure, the President includes \$1.2 billion in his FY14 budget to support the U.S. Navy's nuclear-powered fleet.**
  - **Continued safe and reliable naval nuclear propulsion requires that NNSA's Naval Reactors maintain the capability to anticipate and immediately respond to small problems before they become larger.** Our technical base and laboratory design, test, and analysis infrastructure is required for us to thoroughly and quickly evaluate technical issues that arise from design, manufacture, operations, and maintenance, ensuring crew and public safety without impeding the mission of our nuclear-powered fleet.
  - **Naval Reactors continues efforts on its three important new projects.** The design of the OHIO Replacement reactor plant, the refueling overhaul for the S8G Land-based Prototype reactor, and recapitalization of our naval spent nuclear fuel infrastructure. Each of the projects is critical to fulfillment of the Navy's longer term needs.

**We're modernizing in every way.** We left behind the Cold War over twenty years ago, and we're shaking off any lasting pieces. From rethinking stale ideas to modernizing our approach to

budgets and planning, we're building modern nuclear security capabilities and ensuring long-term stability in everything we do.

- **We've modernized field-headquarters coordination.** We've continued to develop our Infrastructure and Operations organization, which has led to more coordination and better use of NNSA facilities.
  - **In FY14, we've made some budgetary changes to reflect our growth.** Our Infrastructure and Operations organization will take responsibility for the overall health and viability of NNSA's nuclear security enterprise while bringing focus to long term sustainment of our facilities and infrastructure. This shift of responsibilities will leave Defense Programs free to focus on keeping America's nuclear deterrent safe, secure, and effective.
- **We're also reviewing our plutonium disposition strategy.** The United States is firmly committed to disposing of excess weapons plutonium, and we owe it to the American people to continually review our work and make strategic decisions for the future. The budget environment has changed, and we have to make tough long-term decisions.
  - MOX is a major, one-of-a-kind, complex civilian nuclear project that was started at a time when the U.S. nuclear industry had atrophied and there hadn't been a major civilian nuclear project in several decades. In an environment where the Budget Control Act and sequestration severely curtail our resources, we need to step back and review all available options.
- **We're modernizing our uranium capabilities.** We don't always need a new construction project to get things done, but when it comes to ensuring the United States' uranium capabilities, we do. Replacing the decaying 9212 facility at the Y-12 National Security Complex is a critical investment in our future, and we're close to beginning work on the new Uranium Processing Facility that will take its place. As we near 90% design completion, we have continued to better refine our needs, how we'll meet them, and exactly how much it will cost. To help us get there, the President has requested \$326M in FY14 for the Uranium Capabilities Replacement project.
- **We're also modernizing our plutonium strategy.** We're looking at alternatives that are smaller, cheaper, and reuse existing resources. Our capabilities will meet our needs, but we'll do it all with less – saving money and flexibility for years to come.
- **We're modernizing our high explosives capabilities.** The High Explosive Pressing Facility (HEPF) at the Pantex Plant will ensure that we are able to keep the stockpile safe, secure, and effective. Building a modern facility with a modern approach to project management is paying off: HEPF is ahead of both cost and schedule requirements.
- **We're modernizing the entire Kansas City Plant.** In FY12, we signed the lease on the new LEED-certified National Security Campus, which was completed on-time and on-budget. In FY14, we'll continue one of the largest industrial moves in the world. The new facility will save \$100 million annually in operating costs, and cut energy consumption by 50%.

- **We've modernized our supply chain.** Our supply chain management center again saved taxpayers millions of dollars. In FY12, NNSA saved \$519 million through a modern approach to strategic sourcing. We will see those savings continue to grow in FY14, protecting American taxpayer dollars through smarter sourcing and economies of scale.
- **We've modernized our contracting approach.** With the award of the combined contract for nuclear production at Pantex and Y-12, NNSA did something that has never been done before – it looked strategically at its approach to managing and operating sites in the nuclear security enterprise, and projects billions in savings over the next decade. And we're not done -- we're looking toward the future, and have asked for big ideas on how to handle the contract to operate Sandia National Laboratories and Kansas City Plant.

**We're holding our people accountable.** We've changed the way we operate and demand accountability for failures, both with our federal workforce and our M&O partners. A strong oversight culture and commitment to accountability is driving fundamental change that the nuclear weapons complex hasn't seen since it was created.

- **For the second straight year, all NNSA projects completed in FY12 were on or under budget.** Several ongoing projects were also on or under budget. Since the establishment of NNSA's Acquisition and Project Management organization, projects have finished an average of 7% under budget. Prior to APM, projects were completing an average of 12% over budget.
- **When contractual issues occurred, we held people accountable.** In FY12, NNSA withheld \$69 million in available fee from its contractors. On top of that, NNSA either clawed back or settled for an additional \$20 million from its contracting partners, bringing a total accountability savings of \$89 million to the American taxpayers.
- **Our security culture has seen a dramatic shift toward accountability and vigilance.** NNSA has established clear lines of authority in the wake of the Y-12 security incident in 2012, with the Office of Infrastructure and Operations and the Office of Defense Nuclear Security having clear and complementary responsibilities. No-notice inspections of our security forces by trained, dedicated Federal staff have put our security contractors on notice. We've reacted swiftly and strongly to security lapses, and have put in place rigorous and unprecedented controls that will expand accountability and cooperation across the enterprise.
- **We are also enhancing our program analysis and planning capabilities.** NNSA will revitalize our Planning Programming Budgeting and Evaluation process by standing up a new, independent program analysis and evaluation team, similar to that employed by the Department of Defense. This will allow us to better plan for the long-term, challenge ideas and assumptions, and think more strategically about how we allocate our money.