

Hanford Cost Saving Goal Within Reach

RICHLAND, Wash., February 1, 1996 -- The U.S. Department of Energy's (DOE) Richland Operations Office has authorized Westinghouse Hanford Company to begin taking actions that, when complete, will slice an additional \$18 million from its fiscal year (FY) 1996 overhead and support budget. The effort is part of a DOE-led sitewide goal of reducing Hanford's annual overhead and support costs by \$200 million from the 1994 spending levels by October 1996.

The \$200 million savings goal stems from the January 1994, amendment to the Tri-Party Agreement, signed by DOE, the U.S. Environmental Protection Agency and the Washington State Department of Ecology. It committed DOE to cut the cost of Hanford cleanup by \$1 billion over five years, while maintaining steady cleanup progress.

Similar efficiency initiatives to reduce overhead and support costs are underway at the Richland Operations Office, Pacific Northwest National Laboratory, and Bechtel Hanford Company. Combined with the latest Westinghouse cuts, Hanford has achieved an estimated \$173 million (86% of the \$200 million target) in savings to date. The \$18 million in FY 1996 cuts will bring Hanford close to the target of \$200 million in annual savings. The FY 1996 \$18 million in cuts will save \$50 million annually thereafter, since the \$18 million is based on the reductions occurring during the middle of FY 1996.

"These are tough cuts that affect people," said Hanford Manager John Wagoner. "It's clear the direct result of achieving these savings is employment reductions. But the process must continue -- we have to become vigilant about stretching each and every taxpayer dollar. That's essential for us to retain the support of the American taxpayer and the Congress, particularly at a time when the nation is trying to achieve a balanced budget."

The job impacts associated with this latest round of cost cutting are included in the 450 reductions announced earlier this month by Westinghouse and DOE. That will bring job reductions sitewide to the 4,800 estimated last year as part of Hanford's initial workforce restructuring effort.

The 1996 workforce restructuring announced January 10, 1996, will lead to an additional 300 to 500 job losses this year across the site. That will bring the total projected workforce reductions from October 1994 to 5,100-5,300 by October 1, 1996. These additional employee impacts result from Congressional cuts in DOE's FY 1996 appropriation request and the implementation of additional efficiencies and productivity improvements still under development. Westinghouse and DOE jointly reviewed the areas to make these cuts with the least impact to cleanup progress. Some reductions will take place in infrastructure areas such as building maintenance, telephone and computer services. Others will take place in administrative areas such as human resources, safeguards and security, and administrative support in the various departments.

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