



April 10, 1998

The Honorable Federico Peña
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Subject: FY2000 Budget

Dear Secretary Peña:

The Hanford Advisory Board has reviewed the DOE-Richland draft FY2000 budget and provides the following advice for your consideration.

For the past four years, the Hanford Advisory Board has conducted reviews of DOE's proposed budgets for Hanford cleanup. The advice from the Board has been the primary driver for significant cost savings and strategies for making cleanup more efficient, resulting in savings of millions of taxpayer dollars. We have worked with DOE-Richland to open the budget process to stakeholders and appreciate the cooperation and assistance of DOE-Richland's Chief Financial Officer and her staff. DOE has told us that the detailed reviews by the Board and its Dollars and Sense Committee to develop advice on budget priorities, cost savings and contract reforms is unprecedented. DOE-RL's willingness to provide for these reviews and inputs is appreciated and adds credibility to the Department's budget requests.

Our advice directs DOE toward keeping its Tri-Party Agreement (TPA) commitments, reducing costs, and making substantial funds available for safety and cleanup priorities.

We have continued to pursue the need for additional contractor efficiencies, such as reducing overhead and indirect costs, to allow more work to be done for less; this has helped to narrow funding shortfalls in recent years. We have also supported TPA changes to streamline cleanup costs and to change milestones when they make good sense and are prudent.

However, the "compliance gap" in budgets needed to comply with legal requirements at Hanford continues to grow. This is creating a backlog of delayed work and creating risks, threatening the very safety of Northwest citizens, the environment, and economy and violating legally binding Tri-Party Agreement milestones. This gap is growing from an estimated \$42.5 million this year to a projected \$124 million in the FY2000 budget. This is unacceptable.

In FY2000 and outyears, the "level" or declining target budgets without an inflation increase are unacceptable when considering major compliance capital requirements for tank wastes and spent fuel, deferred work from prior years, and potential cost overruns. Level funding as proposed in the "Accelerating Cleanup" documents would result in a reduction of over \$1 billion in real work funded through FY2006.

Board members urge that you give priority attention to these recommendations in the development and review of the FY2000 budget.

Very truly yours,

Merilyn B. Reeves, Chair
Hanford Advisory Board

cc: James Owendoff, Department of Energy-Headquarters
John Wagoner, Department of Energy
Tom Fitzsimmons, Washington Department of Ecology
Chuck Clarke, Environmental Protection Agency
Alice Murphy, Designated Federal Official
Randy Smith, Environmental Protection Agency
Dan Silver, Washington Department of Ecology

This advice represents HAB consensus for this specific topic. It should not be taken out of context to extrapolate Board agreement on other subject matters.

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For questions or comments, please send [email](mailto:Hanford_Advisory_Board@rl.gov) to Hanford_Advisory_Board@rl.gov
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