

## **Office of the Administrator**

### **Proposed Appropriation Language**

*For necessary expenses of the Office of the Administrator in the National Nuclear Security Administration, including official reception and representation expenses (not to exceed \$12,000), \$347,980,000, to remain available until expended.*

Note.--- A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

### **Explanation of Change**

The only change from the language proposed in FY 2003 is the proposed funding amount.



## **Office of the Administrator NNSA Program Direction**

### **Program Mission**

The Office of the Administrator budget supports the Departmental Goal to strengthen national security through the military application of nuclear energy and by reducing the global threat from terrorism and weapons of mass destruction. The Office of the Administrator appropriation supports the Federal personnel and resources necessary to plan, manage, and oversee the operation of the National Nuclear Security Administration (NNSA). Program Direction funding necessary to support the Secure Transportation Asset and Naval Reactors is not included in this budget. To achieve our vision of operating an efficient and agile nuclear security enterprise recognized for world-class technical leadership and program management, we will: install new business systems and practices throughout the complex while ensuring an understanding of how individual contributions help accomplish our overall goals; assure individuals and teams take responsibility for efficiently achieving excellence in all we do; and ensure that progress can be assessed, feedback provided, and achievement rewarded so people recognize the advantage in performing well.

The NNSA Re-engineering efforts announced on December 17, 2002, are designed to implement the President's Management Agenda and create a more effective NNSA, the NNSA of the future, by implementing the following steps:

- # Removing a layer of management by disestablishing Operations Offices;
- # Locating NNSA support and oversight close to laboratories and plants by strengthening Site Offices;
- # Consolidating support functions in a single Service Center organization; and
- # Allowing NNSA to adopt challenging staff reduction targets to be achieved by the end of FY 2004.

At the end of FY 2002, the Office of the Administrator appropriation supported 2,003 onboard Federal personnel from NNSA's Program Direction budget. By the end of FY 2004, that number will be reduced to 1,634 onboard personnel (a decrease of 369 or 18.4 percent from the end of FY 2002). Within those staffing levels, critical requirements in program areas such as Defense Nuclear Nonproliferation and Emergency Operations will receive additional staff (with those areas excluded from reductions, NNSA Federal staffing will be reduced by over 20 percent).

### **Steps to create the NNSA of the Future**

- # On December 20, 2002, the Albuquerque Operations Office, Oakland Operations Office, and Nevada Operations Offices were formally disestablished.

- # A single NNSA Service Center was established, located in Albuquerque; physical consolidation to be completed by the end of FY 2004.
- # Existing area offices at Livermore, Los Alamos, Sandia, Kansas City, Pantex, Savannah River, and Y-12 were renamed as Site Offices.
- # A new Nevada Site Office was established.
- # Site Office Managers will report directly to the Principal Deputy Administrator when that position is filled; they report to the NNSA Chief Operating Officer during the interim.
- # The NNSA Headquarters organization was largely established in October of 2001, and adjusted to accommodate the Defense Programs' Program Integration Office last August.
- # The Offices of Defense Nuclear Security and Facilities and Operations will be combined and renamed on July 1, 2003, as the Office of Infrastructure and Security.

During the transition to the NNSA of the future, implementation of Re-engineering initiatives realigning personnel will require that funding estimates be refined periodically. Adjustments as we undergo this ambitious process are unavoidable due to factors beyond management control, such as the pace of retirements. Flexibility is needed, and understanding that our efforts are a work in progress. An example of the type of flexibility requiring adjustments in funding estimates is the area of Permanent Change of Station (PCS) moves; until we know how many people choose to retire or otherwise leave NNSA instead of relocating, we will be unable to know exactly the number of people requiring PCS funding versus hiring new people at the receiving personnel locations. NNSA has chosen to provide staff sufficient time to make important personal career decisions; this "humane" aspect of the process will delay our final answer to the PCS question.

An important assumption to understand is the timing of separations considered in the accelerated attrition staffing levels. In FY 2003, half of the reductions are projected to be realized by the end of the second quarter and the remaining reductions realized by the end of the third quarter. In FY 2004, all staff reductions are projected to be realized by the end of the second quarter. Separation from Federal service requires time for both planning and notification of effected personnel. If funds are not identified and provided to support separations with incentives in a timely manner, additional separations could be required beyond those assumed in order to live within the end state staffing levels or budget. Also, mortgages associated with occupancy of space may not be able to be reduced in the same proportion and on the same schedule as the assumed reduction in staff since most of the staff reductions occur after the start of the year. Unless alternative occupants can be quickly identified, additional lease and occupancy costs may be incurred.

Funding for buyouts and the legislative authority to implement those buyouts is critical to the accelerated attrition assumed in our staffing plans. NNSA managers are preparing managed staffing plans for both FY 2003 and FY 2004. Once approved, NNSA will begin reassigning staff to support critical needs. It is anticipated that most NNSA employees will be reassigned through voluntary means. When the voluntary means are exhausted,

management will begin directed reassignments to fill any remaining gaps. The pace of both voluntary and directed reassignments will be governed by funding availability. After the FY 2003 appropriation is enacted, any adjustments needed to implement Re-engineering in the Office of the Administrator will be pursued in accordance with Congressional direction on reprogramming and appropriation transfer actions and our goal is to complete all reassignments by the end of FY 2004.

## **Goals and Objectives**

The NNSA is adopting a number of enhanced business systems to make sure that we are excellent stewards of U.S. national nuclear security matters. We are implementing a disciplined planning, programming, and budgeting process to assure taxpayers that these programs are integrated and cost effective. We are adopting information and acquisition management tools and practices to do our job better and more efficiently. We will use creative personnel practices to ensure the best talent is recruited, retained, and rewarded, and all employees are accountable to the NNSA Administrator for performance in achieving their elements of the NNSA's mission. As we continue standing up the new NNSA organization, we are reducing management layers and improving reporting relationships. The Re-engineering concept that has been developed jointly by managers throughout the organization will redeploy technical staff to where the work is performed, and centralize common business and administrative functions to improve the quality of oversight and increase efficiency. Congressional approval to expand excepted service authority will permit us to recruit and retain the highest quality technical managers into the NNSA; and implementation of Planning, Programming, Budgeting, and Evaluation (PPBE), as the core business practice, will facilitate linkage of program performance with managerial appraisals.

## **Program Strategic Performance Goal**

Create a well-managed, responsive, and accountable organization.

## **Performance Indicators**

Number of Federal employees.

Percentage of NNSA Federal employees whose career paths are governed by managed staffing plans.

Percentage of NNSA programs "on-track" to meet integrated budget and performance goals, and the average NNSA program score on the OMB Program Assessment Rating Tool (PART) assessments.

Number of procurement actions awarded as a result of NNSA's Strategic Sourcing initiative.

Number of Information Technology integration projects.

## Annual Performance Results and Targets

FY 2002 Results	FY 2003 Targets	FY 2004 Targets
<p>Implemented a single integrated NNSA wide personnel control system that included a hiring freeze, staffing ceilings, and an exception process that allowed senior management to approve exceptions for critical skill replacements or improvements.</p>	<p>Realize accelerated attrition reductions of about 200 NNSA employees, over 10 percent from the end of year onboard levels for FY 2002, aligning Federal staffing with Re-engineering goals.</p>	<p>Reduce staff by about 150 positions, decreasing total to about 1,600 Federal employees.</p>
<p>Provided the February 25<sup>th</sup> "Report to Congress on the Organization and Operations of the National Nuclear Security Administration."</p>	<p>Implement the standup and geographical realignment of personnel consistent with the Service Center and fully empowering Site Offices.</p>	<p>Complete a comprehensive workforce plan that identifies succession targets, mobility logistics targets, and training curricula.</p>
<p>Initiated development and deployment of an integrated Planning, Programming, Budgeting, and Evaluation system at Headquarters.</p>	<p>Fully implement an integrated Planning, Programming, Budgeting, and Evaluation system at Headquarters and begin to develop new field linkages.</p>	<p>Over 70 percent of NNSA's 43 programs on-track to meet integrated budget and performance goals, and OMB Program and Assessment Rating Tool (PART) scores average at least 70.</p>
<p>No previous target.</p>	<p>Complete definition and define process for NNSA's Strategic Sourcing Initiative.</p>	<p>Award three contracts at a minimum cost savings of ten percent.</p>
<p>Consolidated six legacy Headquarters computer networks to a single upgraded system.</p>	<p>Staff at NNSA landlord facilities brought under a single information technology Enterprise Service Level Agreement.</p>	<p>Initiate seven primary common environment foundation technology projects.</p>

## Significant Program Shifts

- # Re-engineering of the NNSA Federal workforce will result in a decrease in staffing levels across the complex of over 18 percent by the end of FY 2004, which equates to 369 fewer NNSA personnel funded from the Office of the Administrator than were onboard at the end of FY 2002. When Defense Nuclear Nonproliferation and Emergency Operations are excluded, staffing levels achieve over a 20 percent reduction by the end of FY 2004.
- # The FY 2004 budget transfers \$3,700,000 and 22 Full Time Equivalents or FTE's to the new Department of Homeland Security.
- # The budget request associated with the Continuity of Operations (COOP), Continuity of Government (COG) and the Emergency Operations Center (\$4,138,000 and 26 FTE's in FY 2004), has been transferred to the Office of Security Operations, in the Other Defense Activities appropriation.
- # The budget request associated with the Salaries and Benefits for personnel transferred to Defense Nuclear Security in the NNSA (\$526,000 in FY 2004), has been transferred from the Office of Security Operations to the Office of the Administrator budget.

The Office of the Administrator's NNSA Program Direction budget provides funding to support NNSA Federal staff in each of the following categories:

- # **Salaries and Benefits** supports the Federal workforce at Headquarters, in the field, and in the international offices, for a total of 1,634 NNSA Federal employees onboard by the end of FY 2004. This also includes funding for foreign service nationals supporting the International Offices.
- # **Information Technology** includes software procurement, systems maintenance, and computer acquisitions. This includes Federal Department-wide systems, site-wide systems and networks, and desktop computers and software. This includes both Support Services and Other Related Expenses.
- # **Travel** includes domestic and foreign trips by Federal staff necessary to carry out program oversight which spans the U.S., Europe, Asia, Russia, and the Newly Independent States (NIS). Travel is a key element in the success of the nonproliferation mission; international travel is necessary to execute existing treaties and agreements as well as negotiate new or expanded ones.
- # **Support Services** includes technical, management, and administrative support. Functions are provided such as project scheduling, quality assurance, program integration, and management support.

# **Other Related Expenses** includes rental space for Federal employees in the field; operation and maintenance of rented and owned Federal space; reception and representation expenses; support to the New Mexico Pueblos; foreign service national support; records storage; and other miscellaneous procurements, contracts, and services. Training provides for necessary acquisition and maintenance of skills vital to the NNSA Federal staff's ability to support the NNSA mission. Working Capital Funds provide NNSA's Headquarters contribution to the DOE working capital fund for: space, utilities, printing, graphics, copying, supplies, and telephones. The working capital fund also supports contract closeout audits, office moves (including the move of Defense Nuclear Nonproliferation staff to L'Enfant Plaza), furniture, safes, and office equipment.

**Re-engineering** estimates, although not split out in a separate control, are included in each of the previous budget categories and are summarized in a non-add table for presentation purposes following the NNSA Program Direction Mission Supporting Goals and Comparability Matrices.

### **FY 2004 Budget Summary**

The Office of the Administrator is requesting an increase in new budget authority of \$19,254,000 or 5.9 percent above the Comparable FY 2003 Congressional Budget Request. The FY 2003 column of this budget request reflects figures comparable to the FY 2004 budget request. Pending enactment of a final FY 2003 appropriation, the FY 2003 program level will be supplemented by \$9,125,000 in prior year funds that were requested as a FY 2002 appropriation transfer, but not approved until December 2002. The FY 2003 program level will also include \$713,000 in prior year deobligations to support Competitive Sourcing studies, and \$4,601,385 in planned use of unobligated carryover. If the FY 2003 appropriation provides the comparable FY 2003 funding request a total of \$343,165,385 will be available (including \$14,439,385 in prior year funds). If this projected amount is provided in FY 2003, the FY 2004 Budget Request would represent an increase of only \$4,814,615 or 1.4 percent.

The FY 2004 Budget Request includes \$15,801,000 for Re-engineering initiatives necessary to achieve the end of year FY 2004 Federal staffing targets and other vital investments required to create the NNSA of the Future. The remainder of the increase provides a slight increase (1.8 percent), from the Comparable FY 2003 Congressional Budget Request in Information Technology and Support Expenses to support Re-engineering and integration activities, which is more than offset by the decrease in Salaries and Benefits resulting from the reduction in NNSA staffing levels. No Re-engineering funds were included in the FY 2003 Congressional Budget Request. After the FY 2003 appropriation is enacted, any adjustments needed to implement Re-engineering in the Office of the Administrator will be pursued in accordance with Congressional direction on reprogramming and appropriation transfer actions.



## Funding Profile

(dollars in thousands)

	FY 2002 Comparable Appropriation	FY 2003 Request	FY 2004 Request	\$ Change	% Change
<b>Office of the Administrator</b>					
NNSA Program Direction .....	307,418 <sup>abcd</sup>	328,726 <sup>ef</sup>	347,980	19,254	5.9%
Additional net budget authority to cover the cost of fully accruing retirement (non-add) .....	11,690	11,776	13,422	1,646	14.0%

**Public Law Authorization:**

Public Law 107-314, Bob Stump National Defense Authorization Act for FY 2003

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- <sup>a</sup> Reflects \$ 3,000,000 from the FY 2002 emergency supplemental funding contained in Public Law 107-117 for 24 additional FTE's for Defense Nuclear Nonproliferation.
  - <sup>b</sup> Reflects a \$255,000 adjustment for the rescission of funds in the Office of the Administrator account required by section 1403 of the FY 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States (P.L. 107-206).
  - <sup>c</sup> Reflects comparability adjustments of \$3,700,000 transferred to the Department of Homeland Security, \$3,196,000 transferred to the Office of Security Operations in Other Defense Activities for COOP/COG/Emergency Operations Center, \$800,000 transferred to the Office of Aviation in Departmental Administration, and \$493,000 transferred from the Office of Security Operations for staff transferred to NNSA.
  - <sup>d</sup> The FY 2002 program level for NNSA Program Direction was achieved through the planned use of prior year unobligated balances in the amount of \$16,130,853. The FY 2002 program level was \$16,130,853 higher than the new budget authority reflected in this table.
  - <sup>e</sup> Pending enactment of a final FY 2003 appropriation, this amount does not include \$9,125,000 from prior year funds that were requested as a FY 2003 appropriation transfer for 29 additional FTE's and the move to L'Enfant Plaza for Defense Nuclear Nonproliferation, but not approved until December 2002. The FY 2003 program level will also include \$713,000 in prior year deobligations to support Competitive Sourcing studies, and \$4,601,385 in planned use of unobligated carryover. If the FY 2003 appropriation provides the FY 2003 funding request a total of \$343,165,385 will be available (including \$14,439,385 in prior year funds). If this projected amount is provided in FY 2003, the FY 2004 Budget Request would represent an increase of only \$4,814,615 or 1.4 percent.
  - <sup>f</sup> FY 2003 Request reflects figures comparable to the FY 2004 budget request; including comparability adjustments of \$3,700,000 transferred to the Department of Homeland Security, \$4,014,000 transferred to the Office of Security Operations in Other Defense Activities for COOP/COG/Emergency Operations Center, \$511,000 transferred from the Office of Security Operations for staff transferred to NNSA, and a reduction of \$11,776,000 for the Government's share of increased costs associated with pension and annuitant health care benefits.

## FTE and Staffing Levels FY 2002 through FY 2004

	FY 2002 Actual FTEs	FY 2002 Actual End of Year Headcount	FY 2003 Projected FTEs	FY 2003 Projected End of Year Headcount	FY 2004 Request FTEs	FY 2004 Projected End of Year Headcount
<b>Office of the Administrator</b>						
Washington Headquarters . . . . .	645	719	639	628	593	573
NNSA Service Center . . . . .	679	683	651	591	534	500
Livermore Site Office . . . . .	82	82	82	81	81	80
Los Alamos Site Office . . . . .	81	75	80	85	90	95
Sandia Site Office . . . . .	63	63	66	69	72	75
Nevada Site Office . . . . .	148	148	138	114	93	80
Pantex Site Office . . . . .	75	75	77	78	79	80
Y-12 Site Office . . . . .	75	74	76	77	79	80
Kansas City Site Office . . . . .	55	52	52	48	47	45
Savannah River Site Office . . . . .	26	25	25	23	22	20
Chicago Operations Office . . . . .	7	7	7	7	7	6
<b>Total, Office of the Administrator . . . . .</b>	<b>1,936</b>	<b>2,003</b>	<b>1,893</b>	<b>1,801</b>	<b>1,697</b>	<b>1,634</b>
<b>NON-ADD (FTE's included in other NNSA budget requests)</b>						
<i>Naval Reactors . . . . .</i>	178	181	191	191	191	191
<i>Secure Transportation Asset . .</i>	334	364	471	471	539	539
<b>TOTAL, NNSA Staffing . . . . .</b>	<b>2,448</b>	<b>2,548</b>	<b>2,555</b>	<b>2,463</b>	<b>2,427</b>	<b>2,364</b>

## Funding by Site

(dollars in thousands)

Office of Administrator	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Washington Headquarters .....	112,874	123,934	148,213 <sup>a</sup>	24,279	19.6%
NNSA Service Center .....	114,331	118,362	111,107	-7,255	-6.1%
Livermore Site Office .....	9,150	11,785	12,332	547	4.6%
Los Alamos Site Office .....	10,262	10,780	12,942	2,162	20.1%
Sandia Site Office .....	8,620	9,055	10,505	1,450	16.0%
Nevada Site Office .....	20,251	21,271	17,356	-3,915	-18.4%
Pantex Site Office .....	10,262	10,780	11,876	1,096	10.2%
Y-12 Site Office .....	10,125	10,635	11,724	1,089	10.2%
Kansas City Site Office .....	7,115	7,473	7,308	-165	-2.2%
Savannah River Site Office .....	3,420	3,594	3,501	-93	-2.6%
All Other Sites .....	1,008	1,057	1,116	59	5.6%
<b>Total, Office of Administrator .....</b>	<b>307,418<sup>b</sup></b>	<b>328,726<sup>cd</sup></b>	<b>347,980</b>	<b>19,254</b>	<b>5.9%</b>
End of year onboard staffing levels .....	2,003	1,801	1,634	-167	-9.3%
Full Time Equivalentents (FTEs) .....	1,936	1,893	1,697	-196	-10.4%

<sup>a</sup> Includes \$15,801,000 for Re-engineering activities, funding estimates by site have not been finalized.

<sup>b</sup> The FY 2002 program level for NNSA Program Direction was achieved through the planned use of prior year unobligated balances in the amount of \$16,130,853. The FY 2002 program level was \$16,130,853 higher than the new budget authority reflected in this table.

<sup>c</sup> Pending enactment of a final FY 2003 appropriation, this amount does not include \$9,125,000 from prior year funds that were requested as a FY 2003 appropriation transfer, but not approved until December 2002. The FY 2003 program level will also include \$713,000 in prior year deobligations to support Competitive Sourcing studies, and \$4,601,385 in planned use of unobligated carryover. If the FY 2003 appropriation provides the FY 2003 funding request a total of \$343,165,385 will be available (including \$14,439,385 in prior year funds). If this projected amount is provided in FY 2003, the FY 2004 Budget Request would represent an increase of only \$4,814,615 or 1.4 percent.

<sup>d</sup> FY 2003 Request reflects figures comparable to the FY 2004 budget request; including comparability adjustments of \$3,700,000 transferred to the Department of Homeland Security, \$4,014,000 transferred to the Office of Security Operations in Other Defense Activities for COOP/COG/Emergency Operations Center, \$511,000 transferred from the Office of Security Operations for staff transferred to NNSA, and a reduction of \$11,776,000 for the Government's share of increased costs associated with pension and annuitant health care benefits.



# **Office of the Administrator**

## **NNSA Program Direction**

### **Mission Supporting Goals**

**NNSA Program Direction** supports the Federal workforce responsible for oversight of the operation of the National Nuclear Security Administration (NNSA) and the NNSA Strategic Objective to create a well-managed, responsive, and accountable organization. The NNSA created the Management and Administration organization to improve the management of core business practices and ensure that each organizational element of the NNSA receives the support necessary to accomplish our mission. The challenge in standing up our new organization is to provide employees at all levels with the tools, initiatives, and processes to assure the public and ourselves that the NNSA is operating efficiently and effectively. We will capitalize on the expertise of our laboratories and plants; streamline NNSA administrative requirements and oversight; establish strong program integration and clear roles; reinvigorate, train, and right size our NNSA Federal workforce; and, develop an integrated NNSA information environment.

The FY 2004 Congressional Budget Request provides estimates for the new NNSA structure, as announced on December 17, 2002, designed to implement the President's Management Agenda and create a more effective NNSA. In addition to the Washington Headquarters, there is now a consolidated NNSA Service Center to be located in Albuquerque. Eight Site Offices have been established to provide on-site Federal oversight of operational and programmatic activities at Livermore, Los Alamos, Sandia, Nevada, Pantex, Y-12, Kansas City, and Savannah River. FY 2002 and FY 2003 budget estimates provide figures comparable to FY 2004, as if the new structure had existed in those years. During the implementation of Re-engineering activities moving us to the NNSA of the future, adjustments to estimates will be required as we undergo this ambitious process, but given the appropriate flexibility, those adjustments should not present any obstacles in reaching our end state goals:

- # Treating individuals with dignity and respect.
- # Streamlining the organization through eliminating one layer of management.
- # Providing Site Office Managers with support through the creation of a new Service Center.
- # Shifting to a more effective model of oversight.
- # Creating a world-class business environment, while eliminating duplication and micro-management.

## Staffing Comparability Matrices

<b>FY 2002</b>	Old Structure							<b>TOTAL</b>
	Headquarters	Albuquerque	Nevada	Oakland	Oak Ridge	Chicago	Savannah River	
<b>New Structure</b>								
Headquarters	610	97	-	-	-	-	12	719
NNSA Service Center	-	423	94	166	-	-	-	683
Livermore Site Office	-	-	-	82	-	-	-	82
Los Alamos Site Office	-	75	-	-	-	-	-	75
Sandia Site Office	-	63	-	-	-	-	-	63
Nevada Site Office	-	-	148	-	-	-	-	148
Pantex Site Office	-	75	-	-	-	-	-	75
Y-12 Site Office	-	-	-	-	74	-	-	74
Kansas City Site Office	-	52	-	-	-	-	-	52
Savannah River Site Office	-	-	-	-	-	-	25	25
All Other Sites	-	-	-	-	-	7	-	7
<b>Total</b>	<b>610</b>	<b>785</b>	<b>242</b>	<b>248</b>	<b>74</b>	<b>7</b>	<b>37</b>	<b>2,003</b>

<b>FY 2003</b>	Old Structure							<b>TOTAL</b>
	Headquarters	Albuquerque	Nevada	Oakland	Oak Ridge	Chicago	Savannah River	
<b>New Structure</b>								
Headquarters	527	90	-	-	-	-	11	628
NNSA Service Center	-	366	81	144	-	-	-	591
Livermore Site Office	-	-	-	81	-	-	-	81
Los Alamos Site Office	-	85	-	-	-	-	-	85
Sandia Site Office	-	69	-	-	-	-	-	69
Nevada Site Office	-	-	114	-	-	-	-	114
Pantex Site Office	-	78	-	-	-	-	-	78
Y-12 Site Office	-	-	-	-	77	-	-	77
Kansas City Site Office	-	48	-	-	-	-	-	48
Savannah River Site Office	-	-	-	-	-	-	23	23
All Other Sites	-	-	-	-	-	7	-	7
<b>Total</b>	<b>527</b>	<b>736</b>	<b>195</b>	<b>225</b>	<b>77</b>	<b>7</b>	<b>34</b>	<b>1,801</b>

<b>FY 2004</b>	Old Structure							<b>TOTAL</b>
	Headquarters	Albuquerque	Nevada	Oakland	Oak Ridge	Chicago	Savannah River	
<b>New Structure</b>								
Headquarters	480	82	-	-	-	-	11	573
NNSA Service Center	-	310	68	122	-	-	-	500
Livermore Site Office	-	-	-	80	-	-	-	80
Los Alamos Site Office	-	95	-	-	-	-	-	95
Sandia Site Office	-	75	-	-	-	-	-	75
Nevada Site Office	-	-	80	-	-	-	-	80
Pantex Site Office	-	80	-	-	-	-	-	80
Y-12 Site Office	-	-	-	-	80	-	-	80
Kansas City Site Office	-	45	-	-	-	-	-	45
Savannah River Site Office	-	-	-	-	-	-	20	20
All Other Sites	-	-	-	-	-	6	-	6
<b>Total</b>	<b>480</b>	<b>687</b>	<b>148</b>	<b>202</b>	<b>80</b>	<b>6</b>	<b>31</b>	<b>1,634</b>

## Re-engineering Estimates

(dollars in thousands)

	<u><b>FY 2004</b></u>
<b>Salaries &amp; Benefits</b>	
PCS Moves	9,764
Pay Incentives	956
	<u><b>10,720</b></u>
<b>Information Technology</b>	
Systems/IT Movement	345
<b>Support Expenses</b>	
Travel	
PCS Moves	3,255
Re-engineering support	106
	<u><b>3,361</b></u>
Training	151
Support Services	
Personnel Services	220
Baseline Efforts	300
	<u><b>520</b></u>
Working Capital Fund	
Construction/Office Modifications	704
	<u><b>4,736</b></u>
<b>Subtotal, Support Expenses</b>	
	<u><b>4,736</b></u>
<b>Total, Re-engineering Estimate</b>	<u><b>15,801</b></u>

\* No funds were requested for Re-engineering in the FY 2003 Congressional Budget Request. The latest estimates remain unfunded, and are being considered for a Congressional reprogramming request.

## Funding Schedule

(dollars in thousands)

Office of the Administrator	FY 2002	FY 2003	FY 2004	\$ Change	% Change
<b>NNSA Program Direction</b>					
Salaries & Benefits .....	203,927	219,795	226,865	7,070	3.2%
Information Technology .....	36,756	33,740	34,692	952	2.8%
Travel .....	11,142	11,697	15,456	3,759	32.1%
Support Services .....	16,416	18,538	20,546	2,008	10.8%
Other Related Expenses .....	39,177	44,956	50,421	5,465	12.2%
<b>Total, NNSA Program Direction .....</b>	<b>307,418<sup>a</sup></b>	<b>328,726<sup>bc</sup></b>	<b>347,980<sup>d</sup></b>	<b>19,254</b>	<b>5.9%</b>

<sup>a</sup> The FY 2002 program level for NNSA Program Direction was achieved through the planned use of prior year unobligated balances in the amount of \$16,130,853. The FY 2002 program level was \$16,130,853 higher than the new budget authority reflected in this table.

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<sup>c</sup> FY 2003 Request reflects figures comparable to the FY 2004 budget request; including comparability adjustments of \$3,700,000 transferred to the Department of Homeland Security, \$4,014,000 transferred to the Office of Security Operations in Other Defense Activities for COOP/COG/Emergency Operations Center, \$511,000 transferred from the Office of Security Operations for staff transferred to NNSA, and a reduction of \$11,776,000 for the Government's share of increased costs associated with pension and annuitant health care benefits.

<sup>d</sup> Includes \$15,801,000 for Re-engineering activities.



## Detailed Program Justification

(dollars in thousands)

	FY 2002	FY 2003	FY 2004
<b>Salaries and Benefits</b> .....	<b>203,927</b>	<b>219,795</b>	<b>226,865</b>
# Provides support for the National Nuclear Security Administration (NNSA) Federal staff (1,634 onboard staff by the end of FY 2004, or 1,697 FTEs), including annual cost of living adjustments, expected step increases, grade promotions, performance awards, health and retirement benefits, and other compensation adjustments. The request continues support for the international offices, including the foreign service nationals supporting those offices.			
# The salary portion of this budget consumes approximately 80 percent of the estimate, leaving about 20 percent for benefits. A cost of living adjustment or COLA, of 3.1 percent is reflected in the salary calculations as of January 2003, and another 2.4 percent is included in the salary estimates as of January 2004. Benefits escalation, particularly the Government's share of health insurance premiums, has proven to be much more costly than average cost of living increases.			
# Reflects funding for buyouts and severance costs of \$13,220,000 associated with accelerated attrition; and also provides \$9,854,000 for Salaries and Benefits associated with the first two quarters of the fiscal year assuming all accelerated attrition will be achieved by the end of the second quarter; net savings in FY 2004 from accelerated attrition of NNSA staff is estimated at \$16,255,000.			
# Provides NNSA Re-engineering funding of \$10,720,000 for benefits associated with Permanent Change of Station (PCS) moves (\$9,764,000), and salary funding for pay incentives to facilitate the relocation of staff (\$956,000).			
<b>Information Technology</b> .....	<b>36,756</b>	<b>33,740</b>	<b>34,692</b>
# Provides information technology support for the NNSA Federal staff, including network services, maintenance and equipment; help desk support; and user equipment and software. Also included is support for Department-wide systems such as the financial information reporting systems (\$29,347,000). This amount includes \$24,993,000 for Support Services.			
# Provides \$5,000,000 for implementation of capital planning and investment control processes and investment in technologies to provide efficiencies through enhanced program integration.			
# Reflects NNSA Re-engineering funding of \$345,000 for costs associated with movement and modification of Information Technology systems.			

	FY 2002	FY 2003	FY 2004
<b>Travel</b> .....	<b>11,142</b>	<b>11,697</b>	<b>15,456</b>
# Includes \$12,095,000 for domestic and foreign travel necessary to conduct NNSA business, including Permanent Change of Station (PCS) expenses. Domestic travel supports management oversight, public outreach, and national security assistance and interface with field offices, laboratories and local governments. International travel is a key element of the nonproliferation work with international agencies and the Former Soviet Union republics.			
# Reflects NNSA Re-engineering funding of \$3,361,000 for travel costs associated with Permanent Change of Station (PCS) moves (\$3,255,000), and extra travel associated with Re-engineering efforts (\$106,000).			
<b>Support Services</b> .....	<b>16,416</b>	<b>18,538</b>	<b>20,546</b>
# Provides technical support for highly specialized analytical expertise required to address critical technical program issues in nonproliferation and national security. Includes management support for studies and review of NNSA corporate policies and procedures concerning management operations and planning. Also provides administrative support and other non-technical support such as operation of mail rooms and maintenance of various databases.			
# Reflects NNSA Re-engineering funding of \$520,000 for support costs associated with personnel services (\$220,000), and costs involved with the baseline Re-engineering efforts (\$300,000).			
<b>Other Related Expenses</b> .....	<b>39,177</b>	<b>44,956</b>	<b>50,421</b>
# Provides for necessary training and skills maintenance of the NNSA Federal staff.			
# Reflects NNSA Re-engineering funding of \$151,000 for training costs associated with increased training needs for NNSA Federal staff.			
# Provides the working capital fund contribution of \$15,561,000 for NNSA's share of the common Washington Headquarters infrastructure support charged by the DOE working capital fund (e.g., rents and utilities), as well as procurement of specific NNSA Headquarters infrastructure requirements through the Department (e.g., telephone lines, printing and reproduction, supplies, general office space modifications and construction). This includes costs associated with the space at L'Enfant Plaza.			
# Includes working capital fund support of \$2,500,000 for office moves, office renovation, furniture replacement, and basic office equipment (everything from safes to adding machines).			
# Reflects NNSA Re-engineering funding of \$704,000 for working capital fund costs associated with office modifications.			
# Supports largely fixed costs associated with rental space for Federal employees; facility operations charge-back costs at DOE/Contractor shared space (e.g., DOE share of facility costs associated with the Kansas City Site Office within the Bannister Federal Complex); and operations and maintenance of rented and owned Federal space, including utilities, telecommunications, and minor construction costs (e.g., office space reconfiguration, wall painting, and heating and cooling system upgrades).			

FY 2002	FY 2003	FY 2004
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- # Provides all other activities required to support NNSA’s Federal personnel. Activities include: minor procurements (e.g., library subscriptions); the National Archives and Records Administration (NARA) records center; the Diversity Partnership program; temporary change of duty station for the international offices; and Small Business Administration Certification.
- # Provides \$12,000 for official reception and representation expenses for NNSA activities.
- # Supports the continued payment of \$750,000 to the Northern New Mexico tribal governments (Pueblos), to aid them in their ongoing efforts to protect Tribal rights and assist departmental decision-making relative to the Los Alamos National Laboratory.

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**Total, NNSA Program Direction . . . . . 307,418<sup>a</sup> 328,726<sup>bc</sup> 347,980**

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<sup>a</sup> The FY 2002 program level for NNSA Program Direction was achieved through the planned use of prior year unobligated balances in the amount of \$16,130,853. The FY 2002 program level was \$16,130,853 higher than the new budget authority reflected in this table.

<sup>b</sup> Pending enactment of a final FY 2003 appropriation, this amount does not include \$9,125,000 from prior year funds that were requested as a FY 2003 appropriation transfer, but not approved until December 2002. The FY 2003 program level will also include \$713,000 in prior year deobligations to support Competitive Sourcing studies, and \$4,601,385 in planned use of unobligated carryover. If the FY 2003 appropriation provides the FY 2003 funding request a total of \$343,165,385 will be available (including \$14,439,385 in prior year funds). If this projected amount is provided in FY 2003, the FY 2004 Budget Request would represent an increase of only \$4,814,615 or 1.4 percent.

<sup>c</sup> FY 2003 Request reflects figures comparable to the FY 2004 budget request; including comparability adjustments of \$3,700,000 transferred to the Department of Homeland Security, \$4,014,000 transferred to the Office of Security Operations in Other Defense Activities for COOP/COG/Emergency Operations Center, \$511,000 transferred from the Office of Security Operations for staff transferred to NNSA, and a reduction of \$11,776,000 for the Government’s share of increased costs associated with pension and annuitant health care benefits.

## Explanation of Funding Changes from FY 2003 to FY 2004

FY 2004 vs FY 2003 (\$000)
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### Salaries & Benefits

#	Reflects support for buyouts and severance costs associated with the accelerated attrition of NNSA staff, assuming all attrition will be achieved by the end of the second quarter of the fiscal year resulting in a net savings from the FY 2003 Budget Request .	-3,650
#	Provides NNSA Re-engineering funding for benefits associated with Permanent Change of Station (PCS) moves and salary funding for pay incentives to facilitate the relocation of staff . . . . .	10,720

### Information Technology

#	Savings achieved (Return on Investment) through completion of integration projects in FY 2002 and FY 2003 . . . . .	-1,368
#	Increased technology integration efforts to support enhanced program management oversight solutions . . . . .	1,975
#	Reflects NNSA Re-engineering funding for information technology solutions associated with the movement and modification of systems . . . . .	345

### Travel

#	Reflects a slight increase supporting critical requirements in program areas such as Defense Nuclear Nonproliferation and Emergency Operations, and program escalation, offset partially by savings resulting from the reduction in NNSA Federal staffing . . . . .	398
#	Reflects NNSA Re-engineering funding for Permanent Change of Station (PCS) moves and travel supporting Re-engineering efforts . . . . .	3,361

### Support Services

#	Reflects an increase in contract costs due increasing needs for technical support in the highly specialized analytical expertise required to address critical technical program issues in nonproliferation and national security, and program escalation . . . . .	1,488
#	Reflects NNSA Re-engineering funding for personnel support and support for the baseline Re-engineering efforts . . . . .	520

FY 2004 vs FY 2003 (\$000)
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**Other Related Expenses**

#	Reflects an increase due to the FY 2003 Defense Nuclear Nonproliferation costs for the move to L'Enfant Plaza (\$4,400,000) not being reflected in the FY 2003 budget request. Other program escalation is partially offset by savings resulting from the Re-engineering efforts .....	4,610
#	Reflects NNSA Re-engineering funding for office modification costs and increased training needs .....	855
<b>Total Funding Change, NNSA Program Direction .....</b>		<b>19,254<sup>a</sup></b>

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<sup>a</sup> Pending enactment of a final FY 2003 appropriation, this change amount does not reflect \$9,125,000 from prior year funds that were requested as a FY 2003 appropriation transfer for 29 additional FTE's and the move to L'Enfant Plaza for Defense Nuclear Nonproliferation, but not approved until December 2002. The FY 2003 program level will also include \$713,000 in prior year deobligations to support Competitive Sourcing studies, and \$4,601,385 in planned use of unobligated carryover. If the FY 2003 appropriation provides the FY 2003 funding request a total of \$343,165,385 will be available. If this projected amount is provided in FY 2003, the FY 2004 Budget Request would represent an increase of only \$4,814,615 or 1.4 percent.

## Support Services

(dollars in thousands)

NNSA Program Direction	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Technical Support .....	10,441	11,609	12,579	970	8.4%
Management Support .....	2,365	2,742	3,247	505	18.4%
Administrative Support .....	3,610	4,187	4,720	533	12.7%
<b>Subtotal, Support Services .....</b>	<b>16,416</b>	<b>18,538</b>	<b>20,546</b>	<b>2,008</b>	<b>10.8%</b>
ADP Support (Information Technology) .....	20,057	23,256	24,993	1,737	7.5%
<b>Total, Support Services .....</b>	<b>36,473</b>	<b>41,794</b>	<b>45,539</b>	<b>3,745</b>	<b>9.0%</b>

## Other Related Expenses

(dollars in thousands)

NNSA Program Direction	FY 2002	FY 2003	FY 2004	\$ Change	% Change
Rental Space/Facility Maintenance .....	9,946	10,000	10,000	0	0.0%
Miscellaneous Procurements/Other .....	9,023	13,015	17,471	4,456	34.2%
Training .....	1,797	1,900	2,000	100	5.3%
Working Capital Fund (WCF) .....	17,649	19,279	20,188	909	4.7%
Reception and Representation .....	12	12	12	0	0.0%
Northern New Mexico Pueblos .....	750	750	750	0	0.0%
<b>Subtotal, Other Related Expenses .....</b>	<b>39,177</b>	<b>44,956</b>	<b>50,421</b>	<b>5,465</b>	<b>12.2%</b>
Information Technology .....	16,699	10,484	9,699	-785	-7.5%
<b>Total, Other Related Expenses .....</b>	<b>55,876</b>	<b>55,440</b>	<b>60,120</b>	<b>4,680</b>	<b>8.4%</b>



