National Nuclear Security Administration

Executive Summary

The National Nuclear Security Administration (NNSA) is in its second year of operation, focusing the management of the nations's defense nuclear security programs through a single organization. The new organization brings together Defense Programs, Defense Nuclear Nonproliferation, and Naval Reactors in a separately organized and managed agency within the DOE.

The first NNSA Strategic Plan was published in February 2002, and provides the overarching strategic guidance for the programs and budget request for FY 2004-2008:

- **Goal 1**: Maintain and enhance the safety, security and reliability of the nation's nuclear weapon stockpile to counter the threats of the 21st century.
- **Goal 2**: Detect, prevent and reverse the proliferation of weapons of mass destruction while promoting nuclear safety worldwide;
- **Goal 3**: Provide the Navy with safe, militarily effective nuclear propulsion plants and ensure their continued safe operation;
- **Goal 4**: Ensure the vitality and readiness of the NNSA nuclear security enterprise;
- **Goal 5:** Create a well-managed, responsive and accountable organization.

These five strategic goals are the framework within which NNSA carries out the national security responsibilities of the Department of Energy. The goals are also the focus of our recent organizational re-engineering, as well as the focal point for management and program execution supported by our new Planning, Programming, Budgeting and Evaluation – PPBE -- process, which is undergoing initial implementation in the FY 2004 budget process.

The standup of NNSA has been a complex undertaking for the past 24 months. NNSA is now fully operational and the programs are producing results for the citizens of the United States. In the past year, the Nuclear Posture Review reaffirmed the requirement for NNSA to maintain the viability of the nation's nuclear weapon capability without the use of underground nuclear testing, and confirmed the schedules for stockpile refurbishment activities to extend the lives of selected warheads. NNSA is also directed to maintain a science and technology base and a responsive infrastructure, with special emphasis on revitalizing laboratory and production complex facilities to ensure the reliability and long term sustainability of the nation's nuclear deterrent.

The Administration's review of nonproliferation programs confirmed the importance of their vital mission to reduce the risk posed by the proliferation of weapons of mass destruction and their components. The review also resulted in significant policy and program changes: in January, 2002, the

Administration announced plans to proceed with a workable, technologically possible, and affordable approach to disposal of surplus U.S. plutonium. DOE/NNSA is also a principal partner in the "Global Partnership Against the Spread of Weapons of Mass Destruction", agreed on June 27, 2002, by the Group of 7 and Russia (G-8), which will provide $20 billion over the next ten years for nonproliferation and threat reduction in Russia and the Former Soviet Union. The Administration has committed the United States to provide $10 billion over the next 10 years, to be matched by $10 billion from the other members, attesting to the belief that nonproliferation concerns are of the highest government priority and of paramount importance for the security of the nation and the world.

In response to the terrorist attacks on September 11, 2002, NNSA programs have addressed urgent, emergent concerns about the safeguards and security posture of our facilities and transportation systems, as well as upgraded our emergency response assets. We have accelerated research and development on chemical and biological agents as part of the expanded focus on Homeland Security across the government. NNSA has transferred three programs to the new Department of Homeland Security, as well as expertise and administrative support for startup of the new department.

Of the 32 performance targets for FY 2002 included in the FY 2003 President's Budget Request, the NNSA completed 12 annual targets prior to June 30, 2002, and an additional 17 by the end of September, for a cumulative 90 percent success rate. Successes span the scope of NNSA activities, including U.S. nuclear stockpile certifications, stewardship of the weapons-complex infrastructure, demonstrations of chemical, biological, and nuclear detection systems, international agreements with Russia, North Korea, China, and others on non-proliferation efforts, and meeting the needs of the U.S. Navy for safe and reliable nuclear propulsion systems. Three performance targets reflected mixed results, and one performance target was rated "behind" due to the suspension of activities with North Korea.

NNSA participated in the Administration's Performance Assessment Rating Tool (PART) analyses, encompassing four programs and about 20 percent of NNSA's annual funding.
The PART assessment noted that the NNSA programs were well managed and that NNSA management was proactively working to make additional improvements to program effectiveness and efficiency. Two of the four programs, Advanced Simulation and Computing and International Nuclear Materials Protection and Cooperation, received the highest PART ratings of "Effective" from the Office of Management and Budget.

On December 20, 2002, the NNSA began a fundamental restructuring of its management structure designed to implement the President's Management Agenda to create a more effective NNSA. The NNSA of the future will build upon the successes of the past by giving outstanding people the tools needed for strong and effective management of our vital national security mission, and sets us on a course to achieve a 20 percent reduction in Federal personnel by the end of FY 2004.

FY 2004-2008 President's Budget Request

The FY 2004-2008 NNSA budget request of $8.835 billion is $925 million, or 11.7 percent, above the FY 2003 request in direct support of the guidance in the Nuclear Posture Review. The associated five year funding targets are commensurate with this increase, demonstrating the Administration's commitment to build and maintain a stable and effective long-term national security program through the NNSA.

The **Defense Programs** primary mission of ensuring the safety, security and reliability of the nuclear stockpile is fully supported. Implementation of guidance in the Nuclear Posture Review is underway, and the resulting nuclear stockpile will satisfy the requirement that nuclear forces remain safe, reliable and effective. As in previous years, the plan is to maintain a safe and reliable stockpile in the absence of nuclear testing. The NNSA has recommended, and the Department of Defense agrees, that over the next five years, refurbishment of four warhead types is necessary to support our future deterrence posture. Stockpile refurbishment efforts are underway to extend the lifetimes for the W87, B61, W80 and W76 weapons that are key components of the nation's nuclear deterrent. More than 80 percent of the W87 refurbishments are complete. The near-term investment in the basic capacity and capability of the complex to carry out these refurbishments is largely independent of the total number of warheads to be refurbished. NNSA believes that maintaining current nuclear weapons capabilities, and restoring lost capabilities, will require substantial investment in R&D and infrastructure and people.

The Defense Programs budget justification will be supplemented with a classified annex that will address **Weapon System Costs**. Providing budget and cost by weapon system has been requested by the Congress and, for the FY 2004 budget, the four life extension programs (B61, W76, W80, and W87) will be reported in the Selected Acquisition Reports. The Selected Acquisition Reports will be developed in a format consistent with those submitted by the DoD, and will be certified by the Nuclear Weapons Council. Defense Programs' commitment includes providing performance measures, schedules, and deliverables for the life extension program weapon systems.

Although NNSA is fundamentally different from the DoD in weapon system acquisition, managing and budgeting by weapon system will improve our management focus and allow better traceability and visibility into weapon systems budgets and cost. NNSA established a team to review the management and budgeting by weapon systems to allow us to fully understand costs and characteristics of managing, budgeting, and reporting work by weapon system in time to revise assumptions and prepare for full implementation in FY 2005.

The FY 2004 Budget Request places a high priority on accomplishing near term workload; however, science and technology investments must also continue to ensure capability for the long term. Support for experimental and computational tools for stockpile certification is balanced with the directed stockpile workload. The upcoming five year period will see final system delivery and checkout of a

200 TeraOps computer located at the Los Alamos National Laboratory, needed to process the highly complex, three dimensional weapons-related simulations used for continuing stockpile certification. The National Ignition Facility, at the Lawrence Livermore National Laboratory, part of the Inertial Confinement Fusion Ignition and High Yield Campaign, achieved a major milestone in December 2002, activating the first 4 of 192 laser beams in the new facility ahead of schedule. The first experiments will occur in 2004, using 8 lasers to provide new physics knowledge to help model and simulate nuclear explosions, as well as provide a new state of the art experimental capability for the nation's nuclear weapon scientists. The Dual Axis Radiographic Hydrotesting Facility, located at Los Alamos National Laboratory, will be in full operation in FY 2004 and will enable better surveillance of the health of our nation's nuclear weapon stockpile by providing better visibility into the operation of some key weapon components. The Pit Manufacturing and Certification Campaign is well underway to restore capability to manufacture pits of all types required by the nuclear weapon stockpile, and will deliver a certifiable pit in FY 2003. We are continuing to plan for the design and construction of a modern pit facility to support long term manufacturing needs. We will maintain the ability to conduct underground nuclear testing at the Nevada Test Site, if necessary, and begin the transition to an 18-month readiness posture, consistent with the Nuclear Posture Review and the agreement between the DoD and the NNSA, upon completion of the FY 2003 appropriations.

Special emphasis is placed on revitalizing laboratory and production complex infrastructure. NNSA spends about $1 billion annually for ongoing operations of NNSA facilities at government-owned, contractor operated national laboratories and production plants. In FY 2004, eight new construction starts are requested ($144 million), and we will continue construction of a major new microsystems capability at Sandia National Laboratory-Albuquerque to ensure that the refurbishment efforts we undertake use the most modern components possible to extend safely the life of the stockpile for the future. Facilities recapitalization continues through the **Facilities and Infrastructure Recapitalization** Program (FIRP), which is now in its third year. The FY 2004 request for this program is $265 million to restore, rebuild and revitalize the physical infrastructure. Efforts have now been integrated into an NNSA-wide site management effort for our complex infrastructure that plans activities in detail for the five year period, and extends for 10 years into the future.

Security continues to be one of the highest NNSA priorities. The NNSA **Safeguards and Security** (S&S)program employs a comprehensive and robust security posture designed to protect national security assets at our sites and facilities. The terrorist attacks on September 11, 2001 had an immediate impact on the level of S&S requirements needed to ensure the security of NNSA sites, facilities and nuclear assets. In addition to the basic ongoing security functions, the NNSA immediately implemented additional security measures to upgrade its overall security posture, including the hiring and training of additional protective force personnel, physical security upgrades, cyber security infrastructure upgrades, and increased education and awareness activities for our employees. The FY 2002 Emergency Supplemental provided additional funding to address the most immediate post-9/11 security needs.

The FY 2004 Request for Safeguards and Security is $586 million. This will provide S&S protection at the NNSA sites and facilities consistent with the current security posture. The NNSA will continue to provide a high level of security and to ensure that all NNSA sites and interests are ready to address current and any new emerging threats. The NNSA will be looking at new ways to address the security threats and associated risks to ensure that the overall NNSA enterprise approach to security provides a consistent, cost-effective approach to protection of some of the country's most valuable assets and materials.

Nuclear Weapons Incident Response provides funding for emergency management and response activities that ensure a central point of contact and an integrated response to emergencies requiring Departmental assistance. Specific attention is focused on providing an appropriate technical response to any nuclear or radiological emergency within the Department, the United States and abroad. This is accomplished through seven unique Departmental assets with the ability to monitor and predict environmental impacts of radiation in the event of a radiological accident, or provide medical and health physics support for incident resolution. This requires a close working relationship with federal agencies and the military to support the operations, exercise and training of technical assistance teams.

In response to the September 11th attacks, the deployment of DOE's Emergency Response assets has accelerated dramatically. As a result, the FY 2004 Budget Request is increased 7 percent above the FY 2003 level. The resources of this program were used not only to respond directly to the events of September 11th but they continue to support search missions throughout the country. The FY 2004 request also reflects several changes driven by an internal reorganization of functions and the establishment of the Department of Homeland Security.

The FY 2004 budget request of $1.340 billion for **Nuclear Nonproliferation** reflects the Administration's full commitment to reducing the global nuclear danger and participating in the Global Partnership to sustain nuclear nonproliferation initiatives in Russia and the former Soviet Union. This request supports Departmental programs to enhance U.S. capability to detect nuclear weapons proliferation, prevent and reverse proliferation of weapons of mass destruction, protect or eliminate weapons and weapons-usable nuclear material and/or infrastructure, redirect excess foreign weapons expertise to civilian enterprises, and reduce the risk of accidents in nuclear fuel cycle facilities worldwide.

The DOE has joined in the "Global Partnership Against the Spread of Weapons of Mass Destruction", agreed on June 27, 2002, by the Group of 7 and Russia (G-8), which will provide $20 billion over the next ten years for nonproliferation and threat reduction in Russia and the Former Soviet Union. The United States is committed to provide $10 billion over the next 10 years, to be matched by $10 billion from the other members. NNSA's efforts cut across all the nuclear nonproliferation programs, totaling $459.4 million in FY 2004, and growing to over $500 million in FY 2008. This cooperation will at first involve specific projects in Russia, but will be expanded to five other countries and will work toward

developing a set of global standards for safety and materials protection to prevent theft, sabotage or diversion of the world's nuclear reactors and materials.

The FY 2004 Budget Request continues most nonproliferation programs at about the FY 2003 level. Key program and funding changes include: a $309 million increase to begin construction of the Mixed Oxide Fuel Fabrication facility for disposition of surplus U.S. plutonium; $30 million for accelerating materials disposition in accordance with the G-8 Summit; improving security at Russian Federation Strategic Rocket Forces nuclear warhead sites; reducing the threat of a radiological attack against the U.S.; development and delivery of tools to meet ongoing and longstanding requirements to detect, understand and verify dismantlement of foreign clandestine nuclear programs, and implementation of the additional protocol at DOE/NNSA sites.

The **Naval Reactors** program is responsible for all naval nuclear propulsion work, beginning with technology development, and continuing through reactor operation and ultimately, reactor plant disposal. The program ensures the safe operation of reactor plants in operating nuclear-powered submarines and aircraft carriers (constituting 40 percent of the Navy's combatants), and fulfills the Navy's requirements for new nuclear propulsion plants that meet current and future national defense requirements. The program is beginning development and will deploy, later this decade, a new design reactor core to meet the demands of longer, harder ship deployments. The FY 2004 Budget Request totals $768.4 million, an increase of $62 million from last year's request, and allows Naval Reactors to fund this transitional technology.

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. At the end of FY 2002, the Office of the Administrator appropriation supported 2,003 onboard personnel. By the end of FY 2004, that number is projected at 1,634 onboard personnel, a decrease of over 18 percent from the end of FY 2002. Within those staffing levels, critical staffing will increase in the Defense Nuclear Nonproliferation and Emergency Operations programs. With the exception of those areas excluded from reductions, NNSA staffing will be reduced by over 20 percent.

The FY 2004 Budget Request for the Office of the Administrator account is $348 million, an increase of $19 million, over the comparable FY 2003 request. The FY 2004 request includes $15.8 million for re-engineering initiatives, including Salaries and Benefits funding for buyouts and severance costs necessary to achieve the accelerated attrition assumed in the end of year FY 2004 Federal staffing levels; support for costs associated with permanent change of station moves; and other investments required to create the NNSA of the Future. No re-engineering funds were included in the FY 2003 request. The latest estimate of FY 2003 re-engineering-related costs is $13.7 million; this remains unfunded and we may propose a request for reprogramming.

Treatment of Homeland Security Programs

Programs totaling $87.0 million have been transferred to the new Department of Homeland Security. These programs include research and development to counter the chemical, biological, nuclear, and radiological threat, $77.3 million; the nuclear assessments program, $6 million; and program direction in support of these programs, $3.7 million.

Per the legislation establishing the new department, the nation's radiological response capabilities will remain under the direction of the Secretary of Energy/NNSA Administrator. Funding for the radiological assets will remain within Nuclear Weapons Incident Response ($90 million in FY 2004). The assets will continue to respond to radiological accidents at Departmental facilities and will support federal law enforcement activities where nuclear materials may be involved. NNSA's Office of Emergency Operations will work cooperatively with the Department of Homeland Security and when deployed in formally designated situations, the radiological assets will take direction from the Secretary of Homeland Security as the Lead Federal Agency.

President's Management Agenda

NNSA is participating fully in the implementation of the President's Management Agenda. Highlights of activities for each initiative follow.

Expanding Electronic Government

NNSA has named its own Chief Information Officer who integrates all NNSA activities with a strategic vision of providing all of NNSA with a single, integrated, seamless information technology environment. Recent activities in support of this vision have focused on implementing, consistent with OMB and Congressional guidance, a common NNSA-wide capital planning and investment control process and in initiating the process of integrating the federal information technology (IT) environment.

In order to support the implementation of a common planning process, the NNSA CIO has initiated the development of an NNSA IT strategic plan and Enterprise Architecture, that will tier from Department level documents and will incorporate all of NNSA's IT activities. A comprehensive IT portfolio inventory system has been put in place that provides the data necessary to support a coordinated capital planning and investment control process.

Recent efforts to integrate the federal IT environment have focused on integrating and upgrading the five legacy Headquarters networks inherited by NNSA from its predecessor organizations. FY 2003 and FY 2004 activities will focus on initiating the technology upgrades necessary to support a single, seamless IT environment, consistent with the NNSA re-engineering effort.

The NNSA is also champion for two of the Department's IDEA/E-Government initiatives. Specific efforts on these initiatives are expected to start no earlier than FY 2005, consistent with the Department's coordinated IDEA/E-Government schedule, although previously ongoing activities supporting these initiatives continue. The **Secure Networks Initiative** will build off NNSA's capabilities to provide non-NNSA organizations, primarily at HQ, with the ability to process and transmit classified information. The implementation of these secure networking capabilities will greatly improve the speed and efficiencies of our collaborative efforts, but will also have the additional benefit of improving upon the overall security of large volumes of classified information. The **Nuclear Materials Accountability Project** is intended to provide a flexible and integrated knowledge management resource that meets current and future programmatic and operational nuclear materials information needs of the Department.

Strategic Management of Human Capital

Re-engineering – NNSA of the Future

The Administrator approved a fundamental and significant reorganization of NNSA in December 2002. This reorganization eliminated a layer of federal management oversight in the field by disestablishing NNSA's three Operations Offices at Albuquerque, Nevada, and Oakland; shifting the locus of federal management oversight to eight Site Offices; and, consolidating all business and administrative support functions into a Service Center to be located in Albuquerque. These changes were the culmination of nine months of functional and business process re-engineering, as first described in the Administrator's February 2002 ***Report to Congress on the Organization and Operations of the National Nuclear Security Administration***.

The stand-up of the new NNSA has resulted in the elimination of a confusing management layer in the field and the clarification of relative roles and responsibilities between Headquarters components, the Site Offices, and the contractors across the NNSA enterprise. The Administrator's management and organizational reforms strengthen NNSA's management of Site Offices and laboratories by shifting program management authority closer to where actual work is performed, while at the same time consolidating and centralizing common business and administrative functions in the Service Center to increase overall efficiency. These management and organizational reforms are expected to permit NNSA to achieve significant federal staff reductions across the enterprise by the end of FY 2004.

Expanded Use of NNSA's Excepted Service Authority from 300 to 800 in FY 2004

One of the key management initiatives related to revitalizing and rightsizing NNSA's federal workforce is seeking to expand the current limited excepted authority from 300 to 800 positions to cover its entire scientific and engineering workforce. This authority will be used to recruit and/or retain accomplished senior professionals to upgrade NNSA's technical capabilities immediately, retain current technical talent, and seek to attract and retain top technical prospects from the nation's best colleges and universities.

Section 3241of the *National Defense Authorization Act for Fiscal Year 2002,* Public Law 106-65, authorizes the Administrator to establish not more than 300 scientific, engineering, and technical positions and to appoint individuals and fix their compensation without regard to the civil service laws. As of September 2002, NNSA has used this authority for over 280 positions of the 300 allocated to fill scientific and engineering positions primarily at the eight site offices. This decision is in line with NNSA's aggressive reorganization and re-engineering reforms. NNSA's plans for expanded use of excepted service authority was more fully summarized in the Administrator's July 2002 ***Report to Congress on the Adequacy of Federal Pay and Hiring Authorities to Meet National Nuclear Security Administration Requirements***. This report highlighted the criticality of the excepted service personnel authority and NNSA's intent to use the authority judiciously to attract and retain critical technical talent to meet current and, in particular, future employment needs. While in the process of re-engineering and fully anticipating a leaner staff, NNSA must be in a recruitment posture in the near future to address current skills gaps and the aging workforce.

There are additional factors to consider in expanding the excepted service authority. It is anticipated that some employees will be redeployed from current geographic locations and that the pay and performance incentives that would be a part of NNSA's expanded excepted service authority would be the cornerstone to providing an incentive to persuade employees to relocate.

To meet this human capital challenge, it is essential to the success of NNSA's new organizational model to expand the Administrator's excepted service authority from 300 to 800 positions. Without the additional 500 NNSA Act excepted service positions, the NNSA will be severely hampered in its efforts to reorganize and to recruit and retain critical scientific and engineering skills.

Improved Financial Performance

NNSA is participating fully with the DOE in its implementation of new financial management initiatives. Within the NNSA complex, continued implementation of PPBE, and more standardization of business practices through re-engineering the business function will result in improved financial management of NNSA Federal and M&O contractor operations. Professional financial and business staff must be recruited and retained to reestablish skills eroded by retirements over the past 10 years. We remain optimistic that our re-engineering efforts will begin to demonstrate results in this area in the near future, starting with efficiencies from consolidating business operations into a Service Center in January 2003.

Budget and Performance Integration

Planning, Programming, Budgeting and Evaluation Process Implementation

Implementation of a Planning, Programming, Budgeting and Evaluation process as NNSA's core business practice is designed to improve budget and performance integration throughout the organization. During the past 12 months, NNSA has been involved in an intensive effort to design and

implement a PPBE framework simultaneously with the standup of the new NNSA organization. The processes have been designed in-house, along the lines of the DoD's PPBS system. We are adapting processes to address NNSA's emerging organization and unique business operations, and working within limited administrative staffing levels. The processes are in the initial stage of implementation with the FY 2004-2008 budget cycle, starting with the approved Future Years Nuclear Security Program (FYNSP) in March 2002. This was followed by a disciplined four month programming process and Program Decision Memorandum (PDM) for FY 2004-2008 that was signed by the Administrator on July 3, 2002. This PDM presented a realistic, adequately resourced, integrated NNSA program addressing current mission within the agreed FYNSP multi-year funding envelope. The PDM was the basis and framework for NNSA's interaction on the budget with the Department of Energy in July and August, and with the Administration in the fall.

Budgeting structures are being updated and aligned with management structures in areas where they have not been in the past. We are making excellent progress in finalizing the cascade of performance metrics linked from the NNSA Strategic Plan to the individual budget and reporting (accounting) codes and contractor work authorizations. There is a very significant improvement in the Performance Measures across all programs for FY 2004. Program Managers have made progress in conceptualizing "strategic goals, performance indicators and annual targets" as opposed to merely listing activities to be carried out during any one year. Evaluation is becoming formalized through linkage with the budget, and improved by the realignment of roles and responsibilities for program managers and financial managers across the complex.

We are pleased with the early progress of PPBE in becoming the core operating philosophy for NNSA. The first year was spent on process design, integration of the NNSA programs primarily at Headquarters, and in consultations and coordination of our efforts with the DOE Office of Management, Budget and Evaluation and the Administration. The DOE Inspector General is currently auditing the first year's implementation, with a report expected in March 2003. Our goal for FY 2003 is to extend more formalized PPBE roles and missions from our Headquarters organizations to the new NNSA Federal field structure and the M&O contractors as the NNSA re-engineering proceeds during the next 12-18 months. It will take several budget cycles and lessons learned to complete the culture change, and to properly staff the organization to fully realize the benefits of PPBE. NNSA remains committed to this goal.

Performance Assessment Rating Tool (PART)

NNSA participated in the OMB's Performance Assessment Rating Tool analyses for the fall budget review, encompassing about 20 percent of NNSA's annual funding. Four NNSA programs were reviewed by OMB using the PART; Advanced Simulation and Computing Program (ASCI); Facilities and Infrastructure Recapitalization Program (FIRP); Safeguards and Security Program; and, International Nuclear Materials Protection and Cooperation Program (MPC&A).

The PART assessment noted that NNSA programs were well managed and that NNSA management was proactively working to make additional improvements to program effectiveness and efficiency. Two of the four programs, ASCI and MPC&A, received the highest PART rating of "Effective". Because FIRP is a new program, with only limited measurable results to date, it received a rating of "Moderately Effective" reflecting its high marks on planning and program management. OMB noted that NNSA has one of the most secure sets of facilities in the country; however, the Safeguards and Security Program only received a rating of "Adequate" because the program had not yet developed and published clear, measurable goals that will better guide future decisions. OMB did acknowledge that NNSA is aggressively working to develop new measures for the Safeguards and Security Program, and these are included in the FY 2004 Budget Request.

Other actions being taken by NNSA to address OMB PART recommendations to further strengthen program effectiveness include a review of all NNSA infrastructure programs to identify and reduce any overlaps between FIRP and other NNSA Programs; an independent review of stockpile computational requirements to ensure no unneeded redundancy with ASCI work; and an improvement in MPC&A's accounting structure to enable tracking expenditures by country.

The PART analysis tool embodies and reinforces the PPBE processes and discipline we are implementing throughout NNSA. We plan to incorporate the PART assessment for all NNSA's programs as part of our annual Programming cycle, starting with the FY 2005 budget this summer.

Competitive Sourcing

The Competitive Sourcing Initiative represents the Administration's commitment to simplifying and improving the procedures for evaluating public and private sources, publicizing the activities subject to competition, and ensuring senior level agency attention to the promotion of competition. The goal is to achieve efficient and effective competition between public and private sources, providing quality service at reasonable cost.

The Department of Energy currently is conducting eight ongoing OMB Circular A-76 studies of functional areas which crosscut organizational lines and geographic locations. Currently, there are four major studies covering about 220 NNSA positions which represent about 25 percent of the total under study in the Department. We are actively participating in the Department's overall activities in managing the overall process through the Executive Steering Group and the Team Leaders forum. In addition, the NNSA representatives will be included in each discrete phase of the studies in order to assure that the unique organizational nature of NNSA is taken into consideration. The NNSA fully supports the Competitive Sourcing initiative, viewing it as complementary to our own re-engineering efforts which led to the December 2002 announcement of the new organizational model. We believe that the combination of the new organizational model and the continuing efforts under Competitive Sourcing will realize NNSA's long term goals of a more effective and efficient organization.

Outyear Budgets

The outyear budget estimates and associated programmatic information for NNSA programs are contained in the Future-Years Nuclear Security Program document which is transmitted separately to the Congress by the NNSA Administrator. A summary table containing the outyear estimates by appropriation is included in this section. Estimates by program are contained in each appropriation overview.

Table 1
Budget Summary
(Dollars in Millions)

	FY 2002 Comparable Appropriation	FY 2003 Request	FY 2004 Request	$ Change	% Change
Office of the Administrator	307	329	348	19	5.8%
Weapons Activities	5,542	5,846	6,378	532	9.1%
Defense Nuclear Nonproliferation	1,048[a]	1,028	1,340	312	30.4%
Naval Reactors	688	707	768	62	8.8%
Total	**7,585**	**7,909**	**8,835**	**925**	**11.7%**

Table 2
Outyear Budget Summary
(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Office of the Administrator	348	337	344	353	355	362
Weapons Activities	6,378	6,661	6,961	7,277	7,518	7,651
Defense Nuclear Nonproliferation	1,340	1,356	1,371	1,389	1,322	1,346
Naval Reactors	768	808	795	811	819	834
Total	**8,835**	**9,162**	**9,471**	**9,830**	**10,014**	**10,193**

[a] Does not include $10 million appropriated as part of the FY 2002 supplemental (P.L. 107-206) for Domestic Sealed Sources Recovery in the Environmental Management program.

Table 3
Funding By Program
(Dollars in Millions)

	FY 2002 Comp Approp	FY 2003 Request	FY 2004 Request	$ Change	% Change
Office of the Administrator					
NNSA Program Direction	**307**	**329**	**348**	**19**	**5.8%**
Weapons Activities					
Directed Stockpile Work	1,109	1,301	1,365	64	4.9%
Campaigns	2,189	2,166	2,396	229	10.6%
Readiness in Technical Base and Facilities	1,377	1,502	1,614	111	7.4%
Secure Transportation Asset	159	153	182	29	19.2%
Facilities and Infrastructure Recapitalization Program	197	243	265	23	9.3%
Safeguards and Security	554	510	586	76	14.9%
Adjustments	(42)	(29)	(29)	0	0.0%
Subtotal, Weapons	**5,542**	**5,846**	**6,378**	**532**	**9.1%**
Defense Nuclear Nonproliferation					
Nonproliferation and Verification R&D	259	204	204	0	0.0%
Nonproliferation and International Security	83	93	102	9	9.7%
Russian Transition Initiatives	57	39	40	1	1.8%
HEU Transparency Implementation	14	17	18	1	4.7%
Elimination of Weapons Grade Pu Production	14	49	50	1	1.4%
International Nuclear Safety and Cooperation	54	15	14	(1)	-4.1%

	FY 2002 Comp Approp	FY 2003 Request	FY 2004 Request	$ Change	% Change
International Nuclear Material Protection and Cooperation	315	227	226	(1)	-0.4%
Accelerated Material Disposition	0	0	30	30	NA
Fissile Materials Disposition	252	384	657	273	71.0%
Subtotal, NN	**1,048[a]**	**1,028**	**1,340**	**312**	**30.4%**
Naval Reactors	**688**	**707**	**768**	**62**	**8.8%**
Total	**7,585**	**7,909**	**8,835**	**925**	**11.7%**

[a] Does not include $10 million appropriated as part of the FY 2002 supplemental (P.L.107-206) for Domestic Sealed Sources Recovery in the Environmental Management program.

Table 4
Federal Personnel
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
Office of the Administrator						
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
Total, Office of the Administrator	**1,936**	**2,003**	**1,893**	**1,801**	**1,697**	**1,634**
NON-ADD (FTE's included in other NNSA budget requests)						
Naval Reactors	178	181	191	191	191	191
Secure Transportation Asset	334	364	471	471	539	539
TOTAL, NNSA Staffing	***2,448***	***2,548***	***2,555***	***2,463***	***2,427***	***2,364***

Table 5
Site Funding Estimates, Total NNSA Programs
(Dollars in Millions)

	FY 2002	FY 2003	FY04 OA	FY04 WA	FY04 NN	FY04 NR	Total FY2004
Chicago Operations Office							
Ames Laboratory	0.2	0.2			0.2		0.2
Argonne Nat. Laboratory	27.2	21.4		1.1	26.9		28.0
Brookhaven National Laboratory	50.5	52.0		0.6	51.1		51.8
Chicago Operations Office	103.5	168.5	1.1	27.6	430.5		459.2
Environmental Measurements Laboratory	1.1	0.1			0.1		0.1
New Brunswick Laboratory	1.2	1.1			1.1		1.1
Idaho Operations Office							
Idaho National Engineering and Environmental Laboratory	57.2	57.5			1.5	61.2	62.7
Idaho Operations Office	1.0	0.9		0.6	0.6		1.2
Kansas City Site Office							
Kansas City Plant	356.8	380.6		395.3	0.3		395.6
Kansas City Site Office	7.1	7.5	7.3				7.3
Livermore Site Office							
Lawrence Livermore National Laboratory	1,066.8	1,025.0		941.4	82.3		1,023.7
Livermore Site Office	9.2	11.8	12.3				12.3
Los Alamos Site Office							
Los Alamos National Laboratory	1,315.4	1,352.0		1,312.8	157.7		1,470.5
Los Alamos Site Office	10.2	10.7	12.9				12.9
National Engineering Technology Laboratory	8.5	0.0					0.0

	FY 2002	FY 2003	FY04 OA	FY04 WA	FY04 NN	FY04 NR	Total FY2004
NNSA Service Center							
Atomic Energy of Canada, Ltd.	0.7	1.0			1.1		1.1
General Atomics	12.0	9.7		10.9	1.1		12.0
Lawrence Berkeley National Laboratory	4.2	5.0			5.1		5.1
Naval Research Laboratory	21.3	10.0		10.5			10.5
NNSA Service Center (all other sites)	192.0	215.4	111.1	22.7	72.0	2.3	208.2
Nonproliferation and National Security Institute	0.3	0.1			0.1		0.1
University of Rochester/LLE	34.7	36.4		40.1			40.1
Nevada Site Office							
Nevada Site Office	329.7	331.1	17.4	303.5	22.4		343.2
Remote Sensing Laboratory	4.8	0.7			0.8		0.8
Oak Ridge Operations Office							
Oak Ridge Institute for Science and Engineering	9.3	9.2		8.2			8.2
Oak Ridge National Laboratory	92.5	71.3		6.8	67.6		74.4
Office of Science and Technical Information	0.1	0.1		0.1			0.1
Y-12 Site Office	13.1	16.3	11.7	6.4			18.1
Y-12 National Security Complex	597.1	682.6		670.6	78.3		748.9
Pantex Site Office							
Pantex Plant	371.2	380.2		424.1	9.3		433.5
Pantex Site Office	10.3	10.8	11.9				11.9
Pittsburgh Naval Reactors Office							
Bettis Atomic Power Laboratory	357.5	360.9				392.2	392.2

	FY 2002	FY 2003	FY04 OA	FY04 WA	FY04 NN	FY04 NR	Total FY2004
Pittsburgh Naval Reactors Office	7.4	7.6				8.1	8.1
Richland Operations Office							
Richland Operations Office	0.4	0.3		0.6			0.6
Pacific Northwest National Laboratory	131.9	84.4		12.1	67.1		79.2
Sandia Site Office							
Sandia National Laboratories	1,162.5	1,261.0		1,215.3	127.5		1,342.8
Sandia Site Office	8.6	9.1	10.5				10.5
Savannah River Operations Office							
Savannah River Operations Office	11.9	13.6		0.6	27.1		27.7
Savannah River Site Office	4.4	3.6	3.5				3.5
Savannah River Site	289.6	312.0		244.5	63.1		307.6
Savannah River Technology Center	8.3	5.7			5.8		5.8
Schenectady Naval Reactors Office							
Knolls Atomic Power Laboratory	254.0	263.8				287.5	287.5
Schenectady Naval Reactors Office	6.0	6.3				6.5	6.5
Washington DC Headquarters	643.5	706.1	148.2	750.4	24.4	10.6	933.6
Russian Federation	42.0	64.0			0.0		0.0
Other	48.3	34.8	0.1		15.1		15.1
Subtotal, NNSA	**7,685.5**	**8,002.4**	348.0	6,407.0	1,340.2	768.4	**8,863.6**
Adjustments	**(100.5)**	**(93.0)**	0.0	(29.0)	0.0	0.0	**(29.0)**
Total, NNSA	**7,585.0**	**7,909.4**	348.0	6,378.0	1,340.2	768.4	**8,834.6**