



**Remarks by Spencer Abraham
FY 2003 Budget Rollout
February 4, 2002**

Introduction

I'm pleased to provide an overview of our budget for the next fiscal year. But before I do that, let me say that this year calls for more than a recitation of numbers from the top line down.

Given what we have been through over the last 12 months - a severe energy supply shortage in our largest state, heating oil, natural gas, and gasoline price spikes, the attacks of 9/11, the collapse of the nation's largest energy trader - given all this, I think it's the right time to discuss the state of this Department, its missions and its priorities.

And the place to start is with the men and women of DOE. They sounded warnings on energy supply shortages long before California's blackouts. They issued warnings about shortfalls in oil and gas and the depletion of our refinery capacity long before last summer's price spikes. They were concerned with energy markets long before the issue moved from the trade press to the national news. They were working on energy security and homeland defense long before the terrorists attacked - and they were prepared to deal with the consequences. I know the President was glad he had this Department and its talents to turn to in the year just past.

Over the last 12 months, we have clarified the Department's mission and set in motion a process that will change the way DOE does business.

And we have not turned our backs on the tough decisions.

We've accelerated nonproliferation programs with Russia, improved the plutonium disposition program, and helped to protect Americans from future terrorist attacks.

After enormous study, we are poised to recommend a permanent disposal site for nuclear waste, we moved ahead to cure the persistent Path 15 bottleneck in California, we challenged old ideas in our environmental cleanup program, and we set a new course for automobile transportation with FreedomCAR.

So I want to make clear how proud I am to serve with the outstanding professionals in this Department. And let me say I think the role this Department plays in a host of critical areas is becoming better known around the nation and indeed the world.

It's my opinion, that owing to the talents of the professionals here in the Department, and the leadership provided by our President, we have never had a brighter future.

The Department's Mission and Priorities

Still, many people have said that this Department has no core mission and that it has become unmanageable. I don't believe that. In fact, the place and role of DOE have never been clearer.

Our core mission is national security, which is itself founded in large part on energy security. Since 9/11, that mission has been given greater urgency with the war against terrorism - a war, I might add, for which this Department was well prepared.

Clearly, the defense side of our business fits well within this mission. But our other programs do as well. Our energy and science programs should be judged by whether they advance our Nation's energy - and hence, national security. Our cleanup programs are resolving the legacy of the Cold War and showing that we take responsibility for the environmental effects of our national security programs.

To accomplish our overarching national security mission we have set priorities in each major program area - to which we will set goals and against which we will measure our performance.

For our national security programs -

We will ensure that we can guarantee the safety, security, and reliability of the nuclear stockpile. And we'll make sure future research, development, and production plans are geared to the Administration's defense strategy.

We will address the threat of weapons of mass destruction and continue to provide safe, efficient, and effective nuclear power plants for our Navy.

The Department's energy programs will further our mission by providing a foundation for energy security.

We will ensure that America's energy infrastructure is secure and protected.

We will implement the President's National Energy Plan.

We will direct our R&D toward new ideas that will bring us tomorrow's energy and we will move mature technologies from the laboratory to the marketplace for today's energy needs.

With respect to our environmental management programs, we are going to close the circle on Cold War weapons production. Having done our job to produce the weapons that helped deter aggression over the half-century of the U.S.-Soviet standoff, it is

now our responsibility to take care of the by-product of this essential work. If we cannot do this responsibly, we would betray the trust of communities around this country who made the sacrifice and welcomed the weapons industry into their towns because they believed that is what good citizens do.

And knowing that our safety and the future of our ability to use nuclear power depend on it, we also have a responsibility to find a permanent disposal site for nuclear waste.

Now let me turn to our science programs and particularly to our national labs.

A little while ago I attended the retirement ceremony of a long-time DOE employee. He told the audience that he felt our national labs were one of America's best kept secrets. I agree.

But I think people are starting to take notice. Ever since the anthrax letters, people have asked, "Where will we get the technology to combat bioterrorism?" When they hear about a new computer virus, they wonder, "How do we protect ourselves from hackers?" And when they enter an airport they ask, "Will I be safe?" Many of the answers to these questions are in the technology developed by our national labs.

In fact, a few months ago I had the chance to show off our wizardry to Tom Ridge, our homeland security chief. He was deeply impressed.

We will focus science on meeting the threat of weapons of mass destruction - nuclear, chemical, and biological - that is posed by determined terrorists or nation-states. We also want to use the talents nurtured by our science program to leapfrog today's energy security problems by finding new sources of energy.

And lastly, as the irreplaceable foundation for tomorrow's security demands we need a strong physical science program - a program that is the seed for energy sources as yet undiscovered and for the technologies of national defense that will keep us secure.

Management Reviews, the Foundation for Change

So, we've clarified our mission and set our priorities. With regard to managing this agency, let me be equally clear. We came into office with the goal to change the way we do business here. We have begun that process. We are participating in a government-wide effort to improve performance, we are performing our own internal strategic management review, and we have done extensive reviews of key programs.

Let me briefly outline each of these efforts.

First, we are closely following the President's Management Agenda, which challenges all federal agencies to make improvements in human capital, competitive sourcing, e-government, budget and performance integration, and financial management. In each of these areas we are making progress. For example, we will reduce layers of management and initiate competitive sourcing reviews for about 1,000 positions. We have hired a new Chief Information Officer reporting directly to the Office of the

Secretary, and we have revamped our budget, planning, and project management process.

Second, we have taken additional steps to improve the way we do business. Deputy Secretary Blake is conducting a thorough strategic management review of the entire Department. His review is identifying programs and projects that fall outside our mission, as well as those that support our major priorities. It's a thorough review, and absolutely necessary if we are to ensure that all our programs are aligned with our vision.

And third, we've taken a thorough look at key programs.

There are two exceptions. In our fossil energy program and our science program, top political leadership has either just come on board, or has yet to be confirmed by the Senate, and so we've been unable to perform major reviews. But reform is on the way.

In our major programs, the Department and the Administration have completed critical policy and management studies and factored the outcome into the budget.

In the defense area the Department played a key role in setting America's new nuclear defense policy. The Administration undertook two major policy and program reviews: The Nuclear Posture Review, sponsored by the Department of Defense, and the review of our deterrence and nonproliferation efforts, under the aegis of the National Security Council. These reviews are completed. They will result in a sharper focus in our policy and major increases in both our weapons programs and in our nonproliferation programs.

Turning to the Department's energy programs, the energy task force has given us a blueprint for energy security in the 21st Century and it's a blueprint that clearly impacts our budget. And we completed a review of our energy efficiency and renewables program, which will change the way we fund R&D, through stronger management principles and an emphasis on future technologies with great promise.

And finally, we have just completed a comprehensive no-holds-barred review of our environmental management activities, which gives us the tools we need to get our cleanup job done faster, cheaper and better.

The FY 2003 Budget: Programs and Priorities

Let me now turn to this year's budget numbers.

Our 2003 budget request totals \$21.9 billion. This is an increase from last year of over \$580 million, a \$3 billion increase from the last Clinton budget, and is the largest amount ever requested for the Department.

National Security

Let me now briefly walk you through our budget, beginning with our national security responsibilities.

Under the direction of the National Nuclear Security Administration, this area has enormous responsibilities for our safety here at home and for our national defense. Under DOE's Defense Programs, we maintain America's nuclear deterrence through our stockpile stewardship program. We also play a critical role in nonproliferation, counterterrorism and homeland security, and we provide the power plants for our fleet of nuclear powered submarines and aircraft carriers. I am pleased to announce that each of these areas sees budget increases in our 03 request.

Overall, we are requesting just over \$8 billion for NNSA, a \$433 million increase over the 02 level, signaling a major boost in support for security programs and a broader role for this agency in support of the Administration's nuclear defense requirements. It also reflects a broadening scope of responsibilities for homeland security in the aftermath of September 11.

For Weapons Activities we are requesting \$5.9 billion, an increase of over \$300 million from last year's level. This budget request was shaped, as I've said, by the Nuclear Posture Review, which set out the role of nuclear forces over the next five to ten years. In essence, this review determined that nuclear forces require a healthy stockpile stewardship program, a comprehensive weapons certification program, and a robust infrastructure for nuclear weapons production. Our budget supports each of these areas.

The highest priority of our Stockpile Stewardship program is ensuring the readiness of nuclear weapons through maintenance, design, life extension and manufacturing. Funding for the Directed Stockpile Program will increase by 18 percent.

We also have begun a concerted - and believe me, much needed - effort to address a serious maintenance and modernization backlog at our weapons facilities. After years of neglect, our scientists and engineers are forced to work in buildings where ceilings can literally fall in on them. This is a disgrace. We are requesting a 23 percent increase over last year's appropriated level ... a boost of \$46 million ... which will provide \$243 million for infrastructure modernization.

For nonproliferation and related activities we are requesting \$1.2 billion, the highest amount at which these programs have ever been funded.

When we came into office we began working closely with the White House to review nonproliferation programs with an eye toward a new nonproliferation agenda. Presidents Bush and Putin further shaped that agenda when they met and agreed to share information and expertise to counter bioterrorism, improve protection and accounting of nuclear materials, and prevent illicit nuclear trafficking.

Shortly after the Bush/Putin agreement, I met with Russian Minister of Atomic Energy Rummyantsev to accelerate, perfect, and expand cooperative measures on materials security and accountability.

Our meeting was a major success. We agreed on the need for greater cooperation, improved steps for protection of dangerous materials, enhanced safeguards of fissile materials, and ways to boost safety and security in the peaceful use of atomic energy.

This Administration is fully committed to the success of this deepening cooperation between former foes. We are asking for \$800 million to support our nonproliferation programs with Russia, an increase of \$115 million ... 17 percent above the 02 appropriated level.

The Department of Energy is also on the cutting edge of homeland security in ways that are perhaps not fully appreciated. We develop advanced technologies that detect chemical, biological, and nuclear agents. We are deploying these technologies now to protect us today. Chemical and biological agents we developed, for example, were used to help rid the Capitol Hill buildings of anthrax. We have requested \$283 million for Nonproliferation R&D to continue this type of research.

We are also taking the lead to protect the Nation's energy infrastructure. As we saw from the problems in the West last year - reliable energy makes a real difference in our lives. And now energy supplies are further threatened by the potential of terrorism. DOE is taking action to secure the Nation's energy.

Our budget includes over \$27 million for an expanded Energy Security and Assurance effort. This group will work with the private sector and local officials to identify vulnerabilities in our energy system, work to resolve them, and anticipate and respond to energy emergencies.

And our Naval Reactors program, which supports the submarines and carriers now on station around the world, remains a critical part of our security mission. We are requesting over \$700 million for this program, an increase of nearly \$19 million.

Finally, I know there has been concern expressed for security at our facilities. Our 03 request for all safeguards and security is over \$1 billion, which represents a steady ramp up over the last three years. Not counting the \$117 million supplemental we received for these programs last year, the 03 request represents a \$74 million increase. It is clear as the war against terrorism goes forward that we will continually update the threat assessment and make adjustments accordingly.

Energy Programs

Let me turn now to our energy programs. As I hardly need remind anyone in this audience, this has been a year for the record books. We experienced the full scope of price volatility, huge business failures, and yet the energy markets continued to function well and prices have eased. Most significant, the Administration issued a National Energy Plan to address these and other challenges and to help build a strong foundation for energy security.

We are requesting nearly \$2.4 billion to support the President's energy plan with investments in today's and tomorrow's energy solutions. This is a diverse area of responsibilities for us ... allow me to touch on just a few key areas.

First is energy security. In the wake of 9/11, we worked with other agencies and the White House to boost our energy security, and at the direction of the President, the Strategic Petroleum Reserve will be filled to capacity. We are asking for almost \$190 million in fiscal 2003 to begin a process that will be completed in the next three years.

And we are looking out for the energy security of those dependent on heating oil in the northeast with our heating oil reserve program, which we fund at the \$8 million level.

Now, for all the debate surrounding our National Energy Policy, little of it focused on one of its most central themes - the need to build our energy future on the strength of American science and technology.

For example, as a result of one of our major top-to-bottom reviews, we are making a significant investment - over \$1.3 billion - in energy efficiency and renewables to develop diverse sources of energy that are at the same time abundant, affordable, and clean. This funding level includes new initiatives in transportation, superconductivity and wind.

And as a consequence of our major review of this program, we will improve the way we fund R&D and focus on cutting-edge technologies that may fuel the 21st Century and beyond. If the Congress accepts our proposal, this will be the largest amount of funding these programs have received in over 20 years.

One of those new sources is hydrogen. Not long ago I announced the FreedomCAR program - a forward-looking R&D effort that builds on the success of the Partnership for a New Generation of Vehicles. But it looks to hydrogen, not gasoline, to power the engine. This budget has \$150 million for FreedomCAR - a nearly \$23 million increase over funding provided last year for PNGV.

We are also investing in technologies like high-temperature superconductivity that will dramatically improve our ability to move electricity and help us ultimately to modernize our ailing grid system. We are asking for a \$15 million increase in program, for a total of over \$48 million.

We are also working to encourage the efficient use of energy. So we will continue to invest in programs that assist working families to weatherize their homes and reduce energy bills. This budget includes \$277 million to continue the President's \$2 billion commitment to weatherize over one million homes over the next decade. Our Energy Star Program enhances consumer choice by promoting efficient appliances and machines, and we are increasing funding of this and similar programs.

The National Energy Plan recommended the expansion of nuclear energy in the United States as a source of clean, affordable, and virtually limitless electric power. Following on that recommendation, our budget includes an important new initiative on nuclear energy - the 2010 Initiative. Nuclear power now generates 20 percent of America's electricity and makes a critical contribution to our energy security by allowing us to diversify our energy mix. It must remain a strong part of that mix.

The objective of the new initiative is really quite dramatic -- to bring new U.S. nuclear plants on-line in far less time than it now takes. The \$38 million program will, among other things, push design completion, and look at ways to enhance security.

The Department's energy programs are focused on America's long-term energy security. We have a strong and diverse investment portfolio that is focused on tomorrow's energy solutions.

Environmental Management

Let me take a minute now and discuss our Environmental Management program.

When I became Energy Secretary - a little more than a year ago today -- I was presented with the old plan for cleaning up our sites, which called for a timetable of some 70 years to complete and at a cost of \$300 billion. That is not good enough for me, and I doubt it is good enough for anyone who lives near these sites.

So last year, we began a top-to-bottom review of the environmental management mission. Our objective was to develop a new plan to swiftly clean up serious problems at sites and also reduce the risks to human health, safety and the environment.

The new plan, which I announced last Thursday, emphasizes three basic goals: 1) eliminate significant health and safety risks as soon as possible; 2) review remaining risks on a case-by-case basis working with state and local officials to determine the most appropriate remediation schedules and approaches; and 3) streamline cleanup so that funding spent on routine maintenance and security - which the program estimates accounts for two-thirds of the total EM budget - will be put to use for further expedited cleanup.

Further, this plan fully incorporates the Department's Homeland Security Strategy, which is to significantly accelerate the consolidation of nuclear material and waste into more secure locations and configurations

On the basis of this review, we are requesting \$6.7 billion for this program in 2003. This budget will have two categories: one for basic funding at every site --- and an \$800 million Expedited Cleanup Account out of which those sites who agree to participate in the new plan will receive additional funds to fast-track cleanup.

This initial \$800 million Expedited Cleanup Account represents our current estimate of the number of sites, which will agree to move to new cleanup agreements this year. However, we are ready to expand this account with more money as additional sites agree to move to expedited schedules.

To have access to the Expedited Cleanup Account, a site and DOE will have to reach agreement on an expedited schedule that shows measurable gains and can be held accountable. Therefore, a site that agrees to participate in the new expedited cleanup plan will receive more resources in the near term than in previous years. After the level of funds ramps up at one of these sites and problems get addressed, the level of funding will of course ramp back down accordingly. And, once an agreement is reached there will be a roadmap for activity and budgets through the 2008 fiscal year. That means predictable funding levels.

However, this new approach is about more than just increased budgets. Put simply, what I am proposing is a new way of doing business that brings with it

responsibilities and opportunities - for both States and communities, and for the Department of Energy.

Certainly, some cleanup sites will be eligible for increased, accelerated cleanup funds going far beyond what some might have imagined possible even a year ago. However, there comes with this a responsibility to understand that this is not a license for unending cleanup and open-ended budgets.

But the Department of Energy has to step up to the plate, too. Reviewing the history of cleanups at a variety of sites, as we did in our Top-to-Bottom review, leads one inescapably to the conclusion that the Department of Energy has entered into agreements, with aggressive milestones, that simply were not likely to be achievable. We have to change this.

We will ensure that agreements and milestones we set are achievable and realistic. We will take responsibility for carrying out those agreements and for successfully meeting our milestones. Promoting compliance and ensuring that key milestones are met must be our focus.

Turning now to our civilian radioactive waste management program, we are requesting \$527 million, an increase of over \$150 million from last year's level, to move forward with finding a permanent disposal site for nuclear waste. We have taken no job more seriously than this one.

Science Programs

Finally, let me discuss our Science Programs. DOE's program in science is a story of immense accomplishments and vast promise. We are the third-largest government sponsor of basic research. We are leaders in pursuit of the basic understanding of matter and physical science. We operate state-of-the-art facilities in high-energy, nuclear physics, and fusion that host nearly 20,000 researchers each year. Our work to better understand the fundamentals of energy production and its impacts has had far-reaching applications in biology, chemistry, nuclear medicine, and materials science. One of the most exciting areas of exploration is in the study of microbes - bugs, that withstand extreme environments and may one day solve our energy production problems, and eat their way through our toughest environmental cleanup areas. Our Genomes for Life project will receive an increase of \$15 million for a total of \$37 million to continue and enhance this groundbreaking research.

We are requesting \$3.3 billion for science in the 03 budget. These funds will support our core science programs - and maintain the critical infrastructure of our facilities. Our science will be focused - to further understanding leading to future solutions in energy and national security.

For example, our work in nanotechnology will receive \$129 million, an increase of \$44 million. Nanotechnology is just as amazing as the word sounds - imagine tiny machines the size of human cells used to solve sophisticated medical, environmental, or energy problems. New funds will go toward construction of the first of several planned Nanoscale Science Research Centers, where research could lead to revolutionary breakthroughs with real benefit to our lives.

The science budget continues construction for the Spallation Neutron Source, which will lead to discoveries in materials science. And we will continue support for the Large Hadron Collider, an international effort seeking to unfold the secrets of the atom.

Our science program will benefit from the kinds of policy and management reviews that have been successfully completed in other programs. This review, which will take place once our Director has been confirmed, will no doubt present new opportunities for this critical program, and reveal ways for our efforts in science to yield even greater benefits in the future.

Conclusion

In conclusion, let me just say that this Department is strong and getting stronger. We have an extraordinarily talented and dedicated work force that has been ahead of the curve during a difficult and challenging year. We have a budget that fully funds critical tasks ... and accelerates work on key priorities.

As a Department we are poised to increase our contribution to the war on terrorism, enhance deterrence, and build a stronger foundation for energy security in the 21st Century.

And we will begin the fiscal year having completed a truly historic set of management and policy reviews ... reviews that provide the footings for future budgets ... and much future progress.

[Back to Previous Page>](#)