

Recommendation #267  
**Speed-up Stimulus Budget “Burn Rate”**

**Background:**

The Department of Energy (DOE) Savannah River Site (SRS) has been allocated substantial stimulus funding under the American Recovery and Reinvestment Act (ARRA) to accelerate cleanup activities. The period of performance for \$1,615M of planned stimulus funding began on March 22, 2009, and ends on September 30, 2011, a total of 905 days.

In DOE’s presentation on July 28, 2009, to the SRS Citizens Advisory Board (CAB) on expenditures by SRS under the ARRA [1], DOE noted that SRS was on day 111 of the ARRA period of performance. This represents 12.2% of the total time available. At this same time, the budget obligated stood at \$51M out of a total of \$1,274M to be obligated, or about 4% (and about 3% of the total \$1,615M available). These percentages indicate that the spend-out at SRS is running well below a straight-line spend-out matched against the time elapsed (i.e., 12% funds expended should equal about 12% clock-time elapsed). In this same presentation, DOE indicated that SRS was the leader in spending stimulus funds in the DOE complex.

A subsequent DOE presentation indicated that the work to return Tank 48 to service would be delayed until FY2011 [2].

Informal discussions have been held to determine whether it would be a better policy to spend cautiously or aggressively. The evidence suggests that some agencies may not spend all of their allotted ARRA funds. This means that if SRS can expend all of its allotted funds aggressively, effectively, and safely, then more funds may come its way. Supporting this possibility, at the more recent August 25, 2009, SRS CAB Strategic and Legacy Management (S&LM) Committee Meeting, DOE distributed a memorandum on the participation of CAB members, stakeholders, and regulators in EM Budget requests [3]. On page 2 of its memorandum, DOE wrote: "While specific American Recovery and Reinvestment Act (ARRA) projects have already been identified, progress and performance will determine the ultimate amount of funding provided to a site."

**Comments:**

Of concern to the CAB is the recent news [4] that Savannah River Nuclear Solutions (SRNS), the lead Management and Operating (M&O) contractor at SRS [5] "is set to lose \$200 million in ARRA funds because of performance concerns ..." Of the \$320 million kept in reserve to be spent at SRS pending the contractor’s performance, that means that SRNS could lose the remaining \$120 million if its performance does not improve.

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A non-linear spending plan is not in itself indicative of a problem, but a report of performance concerns on ARRA projects suggests that their rate of spending is, in fact, below the line. Although SRS is the leader in spending stimulus funds across the DOE complex [1], it appears that SRS could significantly increase its budget "burn rate". This is crucial for jobs and local businesses in the community.

After its presentation on the budget [2], DOE indicated that the new Savannah River Remediation (SRR) contract for the new "liquid waste contractor" [6] was designed to produce efficiencies. One interpretation is that Savannah River Remediation (SRR)'s contract was designed to generate money for the SRS budget that can be described as "fungible" or available to offset possible future operational shortfalls. A budget shortfall identified at the July 28, 2009 CAB meeting was for Tank 48, which was shown to be below the funding cut-line (slides 4 & 5 [2]); however, tank 48 is on the critical path for the liquid waste program.

The CAB also understands that the DOE-Inspector General (IG) is conducting an investigation of ARRA funding activities at SRS.

**Recommendations:**

The SRS CAB recommends that DOE:

1. Explain and justify deviations from the DOE-SRS ARRA spending plan; in addition to written explanations, please display this information graphically. Present this information at every future full CAB meeting through the end of FY2011.
2. Compare the percentage of stimulus funds obligated to the percentage of ARRA period of performance elapsed. Present this information at every future full CAB meeting through the end of FY2011.
3. Provide the “lessons learned” from operational problems that have affected the ARRA “burn rate” along with the plans to bring ARRA back on track at SRS.
4. At each future CAB meeting, report on operational efficiencies achieved by SRR and any dollars saved to date.
5. Devise and report by January 2010 on a strategy to address the possible shortfall in the budget to keep the Tank 48 project fully funded.
6. Keep the CAB informed about the results of the ARRA investigation by DOE-IG consistent with DOE regulations.

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**References:**

1. Helen Belencan DOE Presentation (2009, July 28), Recovery Act Project Update.
2. Lance Schlag, DOE-SR (2009, July 28) FY2009 and FY2010 Funded Integrated Priority List.
3. Department of Energy (2009, Jun 1), Memorandum: Participation of the Environmental Management Site Specific Advisory Board, Stakeholders, and Regulators in Environmental Management Budget Requests.
4. Weapons Complex Monitor, Special Bulletin (2009, 8/26) □ □ Savannah River Nuclear Solutions to lose some Recovery Act funds.
5. DOE defines its M&O contractors as the lead management & operating contractor at each of its sites ([govinfo.library.unt.edu/npr/library/reports/doe03.html](http://govinfo.library.unt.edu/npr/library/reports/doe03.html)).
6. Jim French, CEO, Savannah River Remediation, presentation (2009, July 28), Overview of Savannah River Remediation.

## **Agency Responses**

[Department of Energy - SR](#)