Committee Discussion

Mr. Lopez began discussion by noting there is a $200 million per year increase in SRS pension funding needed, and SRNS pays 25% of the site pension while EM pays 75%. He went on to note that there would potentially be two missions affected by increased pension funding; LW & NM. He further noted that with the pension funding increase, the site would not be able to continue all projects, and this would impact site employees. Also with this pension increase, Mr. Lopez noted the site would not be able to meet regulatory commitments or accept fuel from other parts of the US and the globe. He continued by acknowledging that better returns in the market would cause a little gain for the pension budget, but through legislative relief or increased funding is the only fix. He ended by drawing attention to the fact that the site starts planning for FY 20 in the Spring of 2018.

Mr. French asked if “minimum safe” would mean there would be no pouring of glass, which Mr. Lopez answered yes, the melter is still running but no glass is being produced.

Mr. Allensworth asked how set in stone the pension contributions in future years, which Mr. Lopez replied once a year the actuary updates it and takes into account the market impact. Mr. Allensworth then noted that if there’s a bad year with the market that could be scary for the site pension, which Mr. Lopez responded saying not all of the pension funding is tied to the market.

Mr. Doerr asked what other costs are in the pension budget. Jim Barry, SRNS, answered that the pension plan is private and run by contractors; it’s subject to rules and regulations related to pensions, premiums are paid into a pension guarantee fund to insure benefits which is required by law which is paid for by contractors & reimbursed by the federal government.
Ms. Williams asked when did the increases stop for pension benefits. Mr. Lopez replied that increases were made to pension budget not benefits to employees. Joe Davia, DOE-SR, also added that the only cost of living adjustment was done in 2002 which was the only increase to pension benefits. Ms. Williams continued by asking if there is no consideration for inflation, for example her insurance increases each year. Mr. Davia responded no.

Ms. Gillas made the comment that $8 million was paid by the site to protect the pension for 40 years but they never had to use it, so what would be the backlash from the site not paying it. Mr. Davia answered that he had no idea. Ms. Gillas then asked for research on the topic.

Ms. Underwood asked if the site can borrow against the insurance plan, to which Mr. Davia replied no.

Mr. Allensworth asked if “min safe” means no fuel is received, what does that mean to other EM sites and where would it go. Mr. Lopez responded that he did not know the answer. Mr. Allensworth then asked if H Canyon is offline during min safe operations, to which Mr. Lopez answered yes. Mr. Allensworth continued by asking if that would cause a choke point for DOE EM. Mr. Lopez replied that he did not know. Mr. Allensworth continued again by asking for a number of layoffs which would be implemented, to which Mr. Lopez replied that it would be a $150 million impact at about $125,000 per person salary including benefits. Mr. Allensworth responded that would be over a thousand people, which Mr. Lopez agreed with and further noted that there are about 11,000 site employees and of those about 8,000 are under EM. Mr. Allensworth further questioned by asking what the economic impact of that would be. Rick McLeod, SRSCRO, answered that it would be about $250 million.

Mr. Kaminski asked if the projected impact is based on the FY18 budget, to which Mr. Lopez replied yes. Mr. Kaminski asked further if the NNSA could be encouraged to contribute more. Mr. Lopez responded not necessarily, it’s based on the number of employees within the plan.

Ms. Spinelli asked if material does come to SRS, can SRS go to Congress to get the NNSA to increase and share their budget. Mr. Lopez answered that it is possible to figures of material amounts to ask for funding but he hasn’t seen any other agency giving DOE funds because it’s DOE’s mission, and creating a PBS for the pension would also create a risk factor.

Mr. Kaminski suggested asking for the minimum mission budget plus min safe.

Mr. French noted that the CAB needed to discuss what SNF provides SRS as far as income.

Mr. Allensworth asked how long would the site need to be in min safe. Mr. Lopez noted the site would need to start taking programs to min safe level FY19 until the pension is funded or until the budget is increased. He further noted that it takes about two years to hire and train someone to work in H Canyon. Mr. Davia also noted that $1.6 billion would be needed to fix this and that’s more than the site budget is allocated in a year. Mr. Allensworth asked when SWPF startup is schedule for, to which Mr. Lopez responded that it is scheduled for December of 2018. Mr. Allensworth then asked the same for SDU 6, to which Mr. Lopez replied SDU 6 is complete and SDU 7 is currently being worked on, and the flow rate of SWPF depends on how fast the SDUs fill. He further noted that at min safe SWPF would not start up. Mr. Allensworth then asked how much has been invested in SDU 7, to which Mr. Lopez answered about $2 billion.
Mr. French noted that at the next meeting what the vulnerabilities and positives of making a PBS for the pension would be helpful to have. Mr. Lopez noted that it is very hard for the site to get a new PBS, and they have been denied for multiple others which were proposed.

Public Comment
Jon Plodinec stated the site would not be able to get anything out of the pension protection insurance, and he feels this committee should be dissolved and the topic addressed at SLM.

Rick McLeod stated the site didn’t get the budget they asked for this year, and yet SRS is the only site with this issue. He further noted that min safe is not where we want to be, and SRS should ask for EM budget with no operations cuts and pension funding. He posed the question where HQ would get the money for pension. He also noted that HQ won’t ask Congress so it would come from other sites, but Congress can provide the funds needed without HQ asking them for it, and money could be put in yearly instead of all at once. He then posed the question as to what happens when the new M&O contractor comes in when the pension increase happens.

Joe Ortaldo thanked Mr. Lopez for the information he provided, and stated that nobody expects there to be an easy fix to the pension funding needed. He went on to state that a solution needs to be a longer range solution, and asked what the risk is to SRS retirees’ pension vs other sites where the pension is fully funded. He further asked how we can get SRS employees’ pension to that same level of risk. He ended by stating all site retirees’ pensions should be at equal risk.

~Meeting Adjoumed