

Recommendation 355
Budget Pension & Scope Recommendations

Background

The sun setting of certain Congressional actionsⁱ have artificially held the IRS discount rates at a high level for the past 5 years and have left the SRS pension at a funding level that is around 85%. Federal law requires that regulated pensions need to move to 100% funding level of future pension demands. Without a significant increase in the site budget or congressional action to keep the discount rate at its current level, the decreasing discount rates and the requirement to get to 100% funding will drive the annual pension payments to a level that will threaten maintaining the Environmental Management (EM) mission at its current level and by FY 2019 the EM mission may have to move a min safe operating posture. Min safe conditions would maintain all safety, maintenance, and infrastructure requirements. However, production activities may be curtailed or stopped.

Based on information presented by DOE, the funding for the pension is projected to be \$177M in FY 2019 and will rise to a peak of \$297M in FY 2024. The funding requirements after FY 2024 will begin to decrease but will still be a significant portion of the site budget until FY 2028 when the pension should reach a 100% funding level. EM operations could be placed in min safe conditions starting in FY 2019 and stay there through FY 2026.

Recommendation

The SRS Citizens Advisory Board recommends that DOE increase the SRS budget to fund the EM mission at currently planned levels and to fully fund the SRS pension. Additionally, the board recommends that:

1. DOE conduct presentations to educate the public about the increasing demands of funding the SRS pension and its potential impact on the site EM mission.
2. DOE brief political leaders in South Carolina and Georgia on the funding demands of the SRS pension and potential future impact on the EM mission.
3. DOE conduct a study to determine the funding levels of the pensions at the various other DOE operating sites.
4. DOE re-evaluate setting up a separate PBS for the pension funding. Currently the pension is a tax on the various site PBSs and the payments are invisible to anyone not intimately involved in the site management.
5. DOE should evaluate if there are other funding sources in the system, like site carry over funds or funds from canceled capital projects.

ⁱ Moving Ahead for Progress in the 21st Century Act (MAP-21) – 2012
Highway and Transportation Funding Act of 2014 (HATFA) Extended MAP-21
Bipartisan Budget Act of 2015 added an additional extension to MAP-21 and HATFA interest smoothing provisions for 3 years.