



Department of Energy
Richland Operations Office
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96-BUD-093

Ms. Marilyn B. Reeves, Chair
Hanford Advisory Board
800 N.W. Sixth Avenue
Suite 342
Portland, Oregon 97209-3715

Dear Ms. *Marilyn* Reeves:

THE BUDGET DEVELOPMENT PROCESS (ADVICE #49)

Thank you very much for the Hanford Advisory Board's (HAB) input concerning the budget development process. We feel that the HAB's input concerning our budget has been very helpful.

The Environmental Management budget development process is presently in the midst of significant change as we move toward implementation of Assistant Secretary Alm's 10-Year Plan. We are providing Eli Bronstein, Director, Office of Financial Management, U.S. Department of Energy (DOE), Headquarters (HQ), with a copy of this letter as well as your Advice #49 letter for his use as his office develops revised budget formulation guidance. However, we can, at this time, provide a response to some of the items of specific advice included in Advice #49.

1. It is our policy to develop "success oriented budgets." It is also our policy to only submit change requests that we feel have a reasonable chance for acceptance by our regulators (State of Washington Department of Ecology and U.S. Environmental Protection Agency, Region 10). Therefore, we feel that it is necessary that our budget submittals to DOE-HQ reflect anticipated changes to the Hanford Federal Facility Agreement and Consent Order (Tri-Party Agreement), e.g., Tank Waste Remediation System Characterization. However, we will work with the Dollars and Sense Committee to find a way that we can better identify priority list items that are based on an anticipated Tri-Party Agreement (TPA) change. Should a TPA change request be denied, we will alter our budget request in order to fulfill the requirements of the TPA.
2. In development of the revised budget formulation guidance, we have discussed with DOE-HQ the need for early field office management decisions concerning prioritization strategy. We have also discussed the need for allowing sufficient time for stakeholder review of prioritization strategies. We will keep you informed as to developments concerning this issue.

AUG 21 1996

3. Your comment concerning having a column added to the priority list which answers the question "what are we buying?" is an excellent comment. You will find that column included in the FY 1997 priority list that we will be sharing with you when we discuss the allocation of the FY 1997 appropriation.
4. We do not feel that the priority list is the appropriate place to identify overhead, indirect, management and support costs. The priority list is a management tool that assists us in the allocation of either actual appropriations or budget targets. Thus, it is necessary that each item in the priority list reflects its full cost. However, we look forward to discussing this matter with the Dollars and Sense Committee in order that we may find a way to better identify these costs for the HAB.
5. The subject of integrating the Activity Data Sheet and Risk Data Sheet development processes is under very active consideration as the budget formulation process is revised. Again, we look forward to working with the Dollars and Sense Committee in the implementation of this revised process.

We appreciate the HAB's continued involvement in the development of the 10-Year Plan and Multi-Year Work Plans. Should you desire to discuss this matter further, please feel free to contact me or Jim Peterson of the Budget Division on (509) 376-6731.

Sincerely,



John D. Wagoner
Manager

BUD:JMP

cc: C. Clarke, EPA
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