

GAO Highlights

Highlights of [GAO-16-290](#), a report to congressional committees

Why GAO Did This Study

Nuclear weapons are an integral part of the nation's defense strategy. Since 1992, the United States has shifted from producing new nuclear weapons to maintaining the stockpile through refurbishment. The 2010 *Nuclear Posture Review*—which outlines U.S. nuclear policy, strategy, capabilities, and force posture—identified long-term stockpile modernization goals for NNSA that include sustaining a safe, secure, and effective nuclear arsenal and investing in a modern infrastructure.

The National Defense Authorization Act for Fiscal Year 2011 included a provision for GAO to report annually on NNSA's nuclear security budget materials. These materials are composed of NNSA's budget request justification and its *Stockpile Stewardship and Management Plan*, which describes modernization plans and budget estimates for the next 25 years. This report assesses (1) changes in the estimates in the 2016 budget materials from the prior year's materials and (2) the extent to which NNSA's 2016 budget materials align with plans for major modernization efforts.

GAO analyzed NNSA's fiscal year 2015 and 2016 nuclear security budget materials, which describe modernization plans and budget estimates for the next 25 years. GAO also interviewed NNSA officials.

What GAO Recommends

GAO is not making any new recommendations in this report. In response to GAO's draft report, NNSA provided technical comments, which were incorporated as appropriate.

View [GAO-16-290](#). For more information, contact David C. Trimble at (202) 512-3841 or trimbled@gao.gov.

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MODERNIZING THE NUCLEAR SECURITY ENTERPRISE

NNSA's Budget Estimates Increased but May Not Align with All Anticipated Costs

What GAO Found

In the National Nuclear Security Administration's (NNSA) fiscal year 2016 budget materials, the estimates for efforts related to modernizing the nuclear weapons stockpile total \$297.6 billion for the next 25 years—an increase of \$4.2 billion (1.4 percent) in nominal dollar values (as opposed to constant dollar values) compared with the prior year's budget materials. However, for certain program areas and individual programs, budget estimates changed more significantly than the overall estimates. NNSA's modernization efforts occur in four areas under the Weapons Activities appropriation account: stockpile; infrastructure; research, development, testing, and evaluation; and other weapons activities. For the stockpile area, budget estimates over 25 years increased by 13.2 percent over the nominal values in the *Fiscal Year 2015 Stockpile Stewardship and Management Plan*. Within the stockpile area, the estimates for life extension programs (LEP), which refurbish nuclear weapons, increased by 19.6 percent compared with the prior year's estimate, in part because of changes in the scope and schedule for some programs. In contrast, estimates for the other weapon activities area decreased by 18.1 percent, mainly because NNSA shifted two counterterrorism programs out of the Weapons Activities budget and into NNSA's separate Defense Nuclear Nonproliferation budget.

The estimates in NNSA's 2016 nuclear security budget materials may not align with all elements of modernization plans for several reasons. First, the *Fiscal Year 2016 Stockpile Stewardship and Management Plan* includes estimates for 2021 through 2025 that are \$4.4 billion higher than the same time period in a set of out-year projections for funding levels that were included in a joint report by the Department of Defense and Department of Energy. NNSA noted this issue in the 2016 plan and stated that it will need to be addressed as part of fiscal year 2017 programming. In addition, in some years, NNSA's budget estimates for certain weapons refurbishment efforts are below the low point of the programs' internally developed cost ranges. For example, the W88 Alteration 370 budget estimate of \$218 million for 2020 was below the low end of the internal program cost range of \$247 million. NNSA officials stated that the total estimates for this program are above the total of the midpoint cost estimates for 2016 through 2020 and that funding for 2016 to 2019 is fungible and could be carried over to cover any potential shortfall in 2020. GAO also identified instances where certain modernization costs were not included in the estimates or may be underestimated, or where budget estimates for some efforts could increase due to their dependency on successful execution of other NNSA programs. For example, an NNSA official said that budget estimates for the IW-1 LEP—which is NNSA's first interoperable ballistic missile warhead LEP—are predicated on NNSA successfully modernizing its plutonium pit production capacity. This official stated that if there are delays in modernizing this capacity, the IW-1 LEP could bear greater costs than currently estimated. In August 2015, GAO recommended that NNSA provide more transparency with regard to shortfalls in its budget materials. NNSA agreed and said that it plans to implement this recommendation starting in its 2017 budget supporting documents.