



97-0002206

The Secretary of Energy
Washington, DC 20585

June 4, 1997

The Honorable Strom Thurmond
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Section 3140 of the fiscal year 1997 National Defense Authorization Act (Public Law 104-201) and section 302 of the fiscal year 1997 Energy and Water Development Appropriation Act (Public Law 104-206) require the Secretary of Energy to develop a plan to reorganize the field activities and management of the Defense Programs functions of the Department of Energy. The purpose of this letter is to explain the actions we took in response to that requirement, to describe the key elements of our reorganization plan, and to outline our implementation plans for that reorganization.

The Office of Defense Programs contracted with the Institute for Defense Analyses to take a fresh look at the management structure of Defense Programs throughout the Department's Headquarters and field complex, to establish a baseline of functions and responsibilities and where they are performed, and to develop realignment options for the Department to consider in developing a reorganization plan. The final report by the Institute for Defense Analyses is enclosed. Draft versions of this report were distributed and briefed throughout the Department, to our key customers in the Department of Defense, to the Defense Nuclear Facilities Safety Board, and Congressional staff offices.

Key Changes and Plans for Implementation

To address the implementation of the Institute for Defense Analyses report, we convened a group of senior DOE federal and contractor managers from around the country to review the findings, management principles, and organizational principles in the Institute for Defense Analyses report, and to recommend management and organizational changes based on the report. The recommendations of the DOE review group led to the following key changes to our organizational and management structures for Defense Programs:

1. We are shifting primary responsibility for management and execution of environment, safety and health operations to the area and site offices, with limited oversight by Headquarters and the operations offices. Confusion in the authority and accountability for these functions, coupled with inefficient management processes, was highlighted by the Institute for Defense Analyses as our single largest problem. Authority for managing and executing most facility operations at a plant or laboratory will reside with the applicable area office or site office

manager, but accountability for performance results will be retained by each manager up the line, including the applicable operations office manager and Headquarters program manager. Implementation of this change could require revisions in Departmental directives, and development of new and more efficient information flow systems.

2. We are establishing a Core Technical Group to provide technical support to line managers throughout the Defense Programs complex. This Core Technical Group will be managed by the Albuquerque Operations Office. The Core Technical Group personnel, however, would not all be physically located at Albuquerque. For instance, technical support personnel currently assigned to Headquarters offices are expected to remain in their current locations, but would be organizationally assigned to Albuquerque. The Albuquerque manager of the Group will be responsible for assignment of personnel to tasks in support of line managers, and for determining technical support requirements for safe and effective management and operation of the weapons complex in the future.

3. We are forming a Stockpile Management Integration Council to facilitate and assist in the development of unified direction from Headquarters to the field on the Stockpile Management Program. This action addresses a major finding in the Institute for Defense Analyses report on the perception of two Headquarters for stockpile management. This change will ensure the development of unified policy and program guidance, and resource allocation by Headquarters. Implementation of the program will be largely accomplished by field elements. The Council's first activities are focused on execution of the FY 1997 budget and development of the FY 1999 budget. Council membership includes senior Federal Headquarters and field managers in the Defense Programs complex with stockpile management responsibilities.

4. A systems analysis organization -- known as the Defense Programs Analysis Group -- is being established at Albuquerque to provide Federal decision makers with information necessary for complex-wide execution of the Stockpile Stewardship and Management Plan. We must improve our ability to integrate the broad range of activities comprising the Stockpile Life Extension Program. This program will ensure that our products (and their technology and scientific engineering and process bases from which the products are derived) continue to meet the requirements of our Department of Defense customers far beyond their original design lifetimes. There are some limitations in the experience and technical knowledge of the existing Federal work force that cannot be solved by reorganization alone. Sandia National Laboratories will provide a permanent home for the organization, and the majority of staffing. Additional staff members will be provided by the Los Alamos and Lawrence Livermore National Laboratories, the four production plants, and other sources, such as military organizations.

I have directed Defense Programs to begin implementation of the changes described in 1 through 4 above, and all supporting actions necessary to transition to the new organizational structure. As we proceed with implementation the findings and principles developed by our senior DOE review group (attached at Exhibit 1), will serve as guidelines for our efforts to improve the management and organization of Defense Programs.

Other Organizational Arrangements Under Consideration

Finally, the Department is continuing evaluation of several options presented in the Institute for Defense Analyses Report regarding the reporting relationship between two of DOE's operations offices (Albuquerque and Nevada Operations Offices) and the Assistant Secretary for Defense Programs. The IDA report proposed to establish a direct reporting line from the Operations Offices to the Assistant Secretary, which would constitute a change from current policy where the operations office managers report to the Associate Deputy Secretary for Field Management. I plan to make a decision on this option by September 1, 1997, after considering its full ramifications with regard to organizational roles and responsibilities within the Department as a whole.

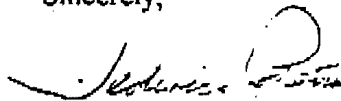
Concluding Thoughts -- Putting Change into Perspective

The weapons program has gone through dramatic change since the end of the Cold War. With the President's support and commitment to our program, and the cooperation and assistance of Congress and our other customers in the Department of Defense, we were able to transform the program from one of ongoing research, development and production of new weapon designs verified by underground nuclear tests, to a science-based stockpile stewardship and management program that will assure the continuing performance, reliability and safety of an aging weapons stockpile without nuclear testing. This major program transformation necessitates that we take strong measures to better align our management structure to our revised mission and program attributes.

We must also ensure, to the maximum extent possible, that we retain critically skilled resources as we realign. Moreover, we believe we have an obligation to provide assistance to Federal employees who may be separated as a result of this realignment. Consistent with Section 3161 of the National Defense Authorization Act for fiscal year 1993 (Public Law 102-484), which requires a plan for work force changes at defense nuclear facilities, we will develop by December 1997, in conjunction with the FY1999 budget, a Work Force Restructuring Plan to mitigate the impacts of staffing changes on affected employees, and to meet the objective of retaining critically skilled resources as we realign. I look forward to your support for this effort.

If you have any further questions about this report or need additional information, please contact me, or have a member of your staff contact Dr. Victor H. Reis, Assistant Secretary for Defense Programs, (202) 586-2181.

Sincerely,



Federico Peña

Enclosure

cc The Honorable Carl Levin
Ranking Minority Member

Exhibit 1

FINDINGS AND PRINCIPLES GUIDING MANAGEMENT AND ORGANIZATION CHANGESAdjusted¹ FINDINGS from Institute for Defense Analyses Report:

- The *preparation, review and approval processes for operational support functions are inefficient and are overloading the system. This is especially true for Environment, Safety and Health operations.*
- There are too many people *for a streamlined structure, and too many of them are giving direction.*
- There are concerns over *the pipeline of talent and the deployment of expert and trained people. This problem could be one of skill mix, or ineffective use of people. A process for determining need for, and utilization of personnel competencies is required.*
- There is a general lack of clarity on *authorities, roles, and responsibilities.*
- *There is a perception that there are two headquarters for stockpile management.*
- There is a need for improved integration *and balance* of programs within Defense Programs, and more focus on complex trusteeship.
- There is weak integration of programs across the Department.
- There is a weak link between requirements and budget.
- *There is a need for more consistent approaches to site operations; one clear example is the facility representative program.*

Adjusted Management Principles from the Institute for Defense Analyses Report:

- *Headquarters must have confidence in the field -- trust but verify, and the field must have confidence in Headquarters. The interests of both Headquarters and the field should coincide.*
- The transition of Environment, Safety and Health activities from a management overlay to an embedded part of line management must be completed as part of the implementation of Integrated Safety Management.

¹ Adjustments made by senior DOE review group to Institute for Defense Analyses report are shown in *italics*.

Exhibit 1 (Cont)

- Long-term military requirements must drive the Stockpile Stewardship and Stockpile Management programs.
- Complex Trusteeship should be *integrated with the core mission, and the program Deputy Assistant Secretaries should be held accountable.*
- Fewer people in a streamlined system can do a better job.
- Strong management is needed to integrate across programs and functions.
- *Headquarters verifies performance of field federal employees; field federal employees verify performance of contractors. This requires effective systems that provide ongoing operational awareness to managers.*
- *Responsibility and resources should be close to the work.*
- *Area offices manage contracts and all contractual direction comes through area office manager.*

Adjusted Organizational Principles from the Institute for Defense Analyses Report:

- *In general, functions and positions that could be done in field should move to field, or be managed from the field.*
- *There must be dramatic improvements in Environment, Safety and Health management.*
- *Ensure a competent federal staff; reduce reliance on support service contractors.*
- Establish an organizational focal point to manage the workload associated with Department of Energy Headquarters, Congress, White House, and others.
- The exchange of field *and headquarters* personnel should be increased.
- *Department of Energy Headquarters and field staffing should be reduced -- this includes federal personnel and support service contractors. The re-engineering process should determine what and how many people are needed.*

Identical letters were sent to:

The Honorable Strom Thurmond
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate
Washington, D.C. 20510-6050

The Honorable Robert C. Smith
Chairman
Subcommittee on Strategic Forces
Committee on Armed Services
United States Senate
Washington, D.C. 20510

The Honorable Jeff Bingaman
Ranking Minority Member
Subcommittee on Strategic Forces
Committee on Armed Services
United States Senate
Washington, D.C. 20510

The Honorable Floyd Spence
Chairman
Committee on National Security
U.S. House of Representatives
Washington, D.C. 20515-6035

The Honorable Ronald V. Dellums
Ranking Democrat
Committee on National Security
U.S. House of Representatives
Washington, D.C. 20515-6035

The Honorable Duncan Hunter
Chairman
Subcommittee on Military Procurement
Committee on National Security
U.S. House of Representatives
Washington, D.C. 20515-6035

The Honorable Ike Skelton
Ranking Minority Member
Subcommittee on Military Procurement
Committee on National Security
U.S. House of Representatives
Washington, D.C. 20515-6035

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

The Honorable Robert Byrd
Ranking Minority Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

The Honorable Pete V. Domenici
Chairman
Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Harry Reid
Ranking Minority Member
Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Robert Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-6015

The Honorable David Obey
Ranking Minority Member
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Washington, D.C. 20515-6015

The Honorable Joseph McDade
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Subcommittee on Energy
and Water Development
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Vic Fazio
Ranking Minority Member
Subcommittee on Energy
and Water Development
U.S. House of Representatives
Washington, D.C. 20515

The Honorable William Thornberry
Subcommittee on Military Procurement
Committee on National Security
U.S. House of Representatives
Washington, D.C. 20515-6035

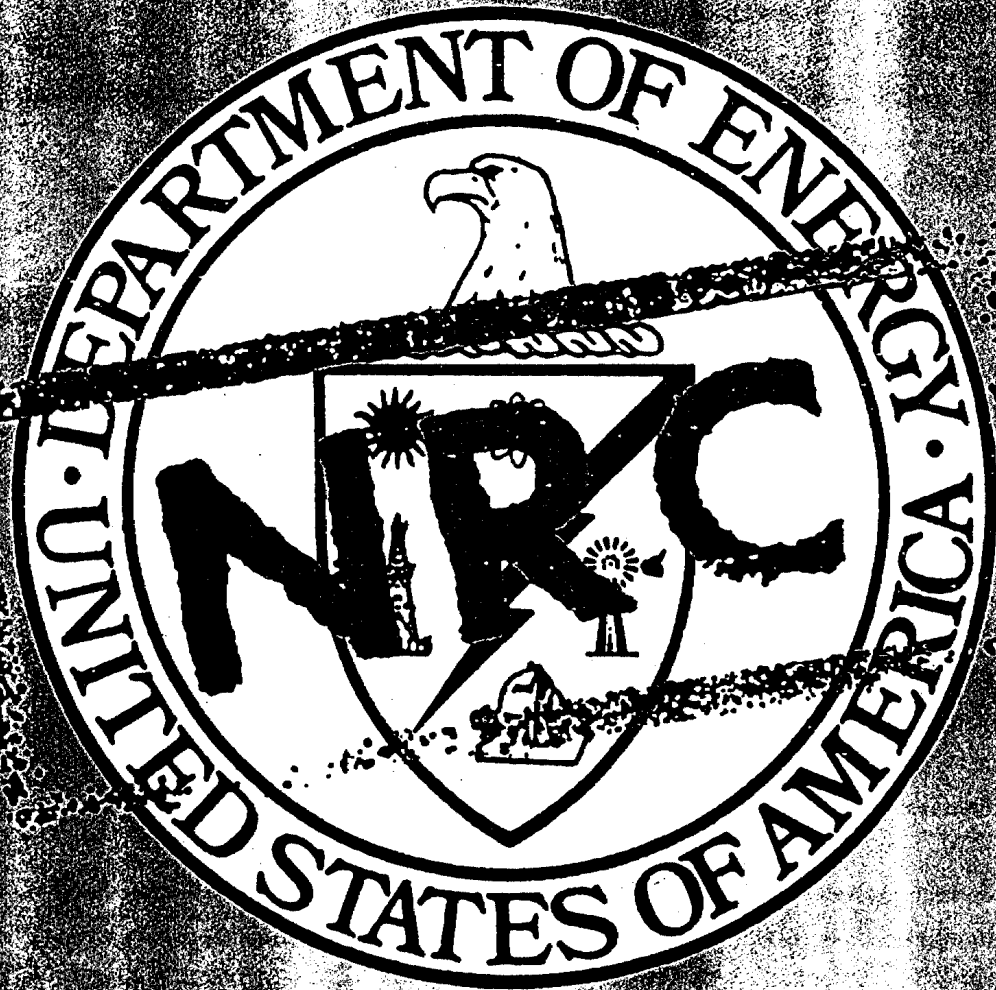
Nuclear News

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May 1997

NRC Regulation

NRC Regulation



of DOE Facilities

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