

STATEMENT OF SAMUEL W. BODMAN

SECRETARY OF ENERGY

before the

SUBCOMMITTEE ON STRATEGIC FORCES

of the

COMMITTEE ON ARMED SERVICES

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Madam Chairman and members of the subcommittee, I am pleased to appear before you to provide my assessment of the Department's progress in implementing Title 32 - the National Nuclear Security Administration Act. This is the first opportunity I have had to testify before this subcommittee specifically on this subject since assuming office as Secretary of Energy some two years ago. But this is a subject on which I have spent a considerable amount of time since my arrival at the Department.

Let me begin by saying that the men and women of the NNSA complex are a key national asset. The work that they do is critical to our nation's security, defense, and scientific capabilities, and it is among the most sensitive work performed by our government.

While we grapple with some of the challenges it presents, I continue to be committed to administering the NNSA Act, as written, to the best of my abilities.

The impetus for adoption of the NNSA Act in 1999 was a security lapse at Los Alamos National Laboratory that implied possible espionage by a laboratory employee. It was coupled with a highly critical report by the President's Foreign Intelligence Advisory Board. That report lauded the quality of the science

practiced at the laboratory, but depicted its security lapses as the product of a “dysfunctional DOE management structure and culture.” Given the chain of events that preceded NNSA’s creation, I can see how many believed providing NNSA more flexibility and independence from the larger organization seemed a logical course of action.

And in fact, I believe that the legislation has had some positive impacts on the execution of the work for which NNSA is responsible. As a semi-autonomous agency, its singular mission has led to greater focus. As an organization, NNSA has implemented innovative budget practices. And by overseeing their own personnel function, they are able to respond more quickly to staffing needs at the operational level. Their semi-autonomy can also provide greater flexibility and speed of action when responding to emerging issues.

However, as recently as last July, based on a recommendation by the Department’s Inspector General following a security lapse at Los Alamos National Laboratory, I convened a task force to review the separate organization of NNSA within the Department. The Deputy Secretary led the team that included the Administrator of the NNSA, the Under Secretary for Science, and the General Counsel. The Task Force members identified language within the Act that prohibited the delegation of

authority beyond the Deputy Secretary as having created a significant obstacle to realizing the benefits of functional accountability and sound management between the NNSA and the broader Department.

After careful consideration of their review, I concluded that while certain elements of the NNSA Act present obstacles to management success across the weapons complex, we would continue to work within the limits of the Act. However, it remains my belief that the creation of NNSA as a separately organized entity within the Department has not yielded all the beneficial results that the legislation's authors intended.

I am aware that the GAO just today has released a report in which it concludes that there continue be serious flaws in the management practices across the weapons complex, particularly in the area of security. And while I have not reviewed it in any detail yet, I can say generally that I agree that problems persist. While we have much more to do, we have made it a top priority to improve management and we are making progress toward that goal.

The existence of discrete, separately-organized operational entities within executive departments is not unusual, but the NNSA Act is unique in that it

imposes severe limitations on the Secretary of Energy's management authority, and in my view, impedes the Secretary's ability to manage the organization effectively. For example, the Secretary is prohibited from directing subordinate NNSA federal or contractor personnel or authorizing anyone other than the Deputy Secretary to exercise authority, direction, or control over them. This prohibition precludes me and my line managers' from many logical and effective workings with NNSA's Deputy Administrators, Associate Administrators, or their subordinate employees. Further, the resulting insularity and redundancy implicit in the Act impair the Department's ability to commit its most proficient resources to redress problems and deficiencies arising from NNSA activities – areas in which NNSA does not necessarily have special institutional expertise including but not limited to cyber security.

The NNSA Act also withholds from the Secretary the authority to direct any internal reorganization of the NNSA, authority that has been a fixture of the Department's organic act since 1977. This authority provides a management tool widely available to the heads of other federal agencies and is used effectively when circumstances change and the redeployment of assets is warranted.

Without this customary authority granted to the Secretary, accountability for activities at the weapons laboratories—which themselves were made part of NNSA—has been seriously hampered and the anticipated improvements in security performance have not come to pass.

Over the past six years, an array of security breaches has continued to occur in the weapons laboratory complex, most of which involved management of the Los Alamos National Laboratory. The extent, nature, and impact of the 2006 incident are currently being assessed, but these incidents call into question whether the arm's length management model prescribed by the Act is a workable and effective management tool.

In my opinion, I think it only prudent that we examine that question. And I would note that I did not arrive at this conclusion in a vacuum, rather I am aided by insights formed before becoming Secretary of Energy two years ago. From 2001 to 2005 I served as Deputy Secretary in two other cabinet departments—Commerce, and then Treasury. Each of these departments contains large, separately organized elements within it, one of which (the National Oceanic and Atmospheric Administration within the Department of Commerce) was held out as a model for what became NNSA in the 1999 report by the President's Foreign

Intelligence Advisory Board. None of the legal charters establishing these organizations imposes the sorts of management restrictions on the Secretary of the relevant department as does the NNSA Act. My assessment is also informed by my experience for 14 years as chief executive officer of a publicly-traded business corporation that, like the Department of Energy, has multiple business lines and personnel situated at locations throughout the country, as well as overseas.

In each of these settings the cabinet secretary or the chief executive officer, as the case may be, has full authority to marshal and direct any and all of the resources of the entire organization and to harmonize the workings of its separate elements.

This includes the authority to delegate necessary authority to subordinates of his or her own selection, because the secretary or chief executive cannot do it all alone in a complex organization. The Secretary must be able to delegate full authority to individuals in whom he or she has confidence to direct or control the actions of any components of the organization for which he or she is held accountable. Through this means, the sorts of impasses identified by the GAO report about the conduct of activities of equal concern to both the NNSA and the non-NNSA elements of the Department can most effectively be resolved for the benefit of the entire organization. Despite some of these challenges, I have resolved to work within the

existing structure and will continue to strive for improved communication and accountability with NNSA.

Among my personal objectives over the remaining time I have at the Department of Energy is to leave my successor with an NNSA that performs effectively in carrying out its important operational national security responsibilities, and is widely understood to be effective in that enterprise. I am committed to abiding by the law and implementing the act as the Congress has written it, and hope we can have a constructive dialogue about the best ways to ensure continued improvement of NNSA and DOE's management relationship and continued success in the pursuit of our shared mission.

Madame Chairman, in the past, our partnership has led to constructive changes with large beneficial impacts to the organization. The merger of intelligence and counterintelligence functions department-wide is a good example of that type of cooperation and I look forward to asking for your support in the future when similar opportunities are identified.

This concludes my statement. I will be pleased to respond to your questions.

Thank You.