

Interim Report of the Congressional Advisory Panel on the Governance of the Nuclear Security
Enterprise

Prepared Statements by the Co-Chairmen, Mr. Norman Augustine

and

Admiral Richard Mies, U.S. Navy (Retired)

Mr. Augustine:

Mr Chairman and Ranking Member Cooper, thank you for the opportunity to present the findings to date of the Congressional Advisory Panel on the Governance of the Nuclear Security Enterprise. As you know, Admiral Rich Mies and I serve as its co-chairmen.¹

Congress tasked our Panel to broadly examine the performance of the Nuclear Security Enterprise and to consider alternatives.

Let us state at the outset: The current viability of our nuclear deterrent is not in question. At the same time, the existing governance structures and practices are most certainly inefficient and in some instances ineffective, putting the entire Enterprise at risk over the long term.

During the past five months, the Panel has focused attention on the National Nuclear Security Administration (NNSA) – both headquarters and field, including the laboratories, production plants, and Nevada National Security Site. We have also examined the current situation from the perspective of the national leadership in the Legislative and Executive branches and from the perspective of customers of the NNSA in DOD, State, the intelligence community, and the Department of Homeland Security. We have benchmarked NNSA against proven management approaches used by other high-performing, high-technology organizations both in the private sector and in government.

The Panel's work has relied on our twelve members' decades of experience of a broad scope dealing with Nuclear Enterprise issues; we have reviewed thousands of pages of previous studies; we have conducted on-site visits to numerous installations; and we have benefitted from the views of dozens of

¹ The other Panel members are: Dr. Michael Anastasio, Admiral Kirkland Donald, U.S. Navy (ret.), Mr. T.J. Glauthier, The Honorable David Hobson, Dr. Gregory Jaczko, Dr. Franklin Miller, Dr. William Schneider, Jr., The Honorable John Spratt, Jr., The Honorable Ellen Tauscher, and The Honorable Heather Wilson.

expert witnesses. We appreciate the active engagement of our colleagues on the Panel and the candor of those we have interviewed.

Today we will summarize our Panel's findings on the current health of the NNSA and the root causes of its challenges. We are only now beginning to formulate the recommendations that we will provide in our final report.

Unfortunately, the unmistakable conclusion of our fact-finding is that, as implemented, the "NNSA experiment" involving creation of a semi-autonomous organization has failed. The current DOE-NNSA structure has not established the effective operational system that Congress intended. This needs to be fixed as a matter of priority, and these fixes will not be simple or quick, and they need to recognize the systemic nature of the problem.

Despite the flaws, we have found examples of success in NNSA's endeavors. To date, Science-Based Stockpile Stewardship has succeeded in sustaining confidence in our nuclear deterrent. Unmatched technical innovation on the part of NNSA's scientists and engineers has produced dramatically increased understanding of our aging nuclear weapon stockpile. The labs and plants are providing solid support to non-proliferation efforts and unique expertise to the Intelligence Community. NNSA's Naval Reactors organization continues to provide world class performance in the development and support of the most advanced naval nuclear propulsion systems in the world.

But, NNSA as a whole continues to struggle to meet fundamental commitments. To the point: it has lost credibility and the trust of the national leadership and customers in DOD that it can deliver needed weapons and critical nuclear facilities on schedule and on budget. Simply stated, there is no plan for success with available resources. NNSA is on a trajectory towards crisis unless strong leadership arrests the current course and reorients its governance to better focus on mission priorities and deliverables.

At the root of the challenges are complacency and the loss of focus on the nuclear mission by the Nation and its leadership following the end of the Cold War. Although the national leadership has provided strong policy statements and substantial sums of money to the Enterprise, it is evident that follow-through has been insufficient. The Congress' current focus on the issue is a welcome development.

Over the decades this changed situation has translated into the absence of a widely accepted understanding of, and appreciation for, the role of nuclear weapons and nuclear technology in the 21st century, with the resultant well-documented and atrophied conditions of plans for our strategic deterrent's future—in DOD as well as in DOE. Within the Nuclear Enterprise this has been reflected as a lack of urgency and need for a compelling mission focus.

As earlier reviews have concluded, and this Panel endorses: this is no time for complacency about the nuclear deterrent. America's deterrent forces remain of utmost importance; they provide the ultimate guarantee against major war and coercion. Further, our allies depend on these forces and capabilities for extended deterrence and could well pursue their own nuclear weapon capabilities if they perceive the US commitment or competency to be weakening. Other countries carefully measure US resolve and technological might in making their own decisions about proliferation and nuclear force sizing. US leadership in nuclear science is something we cannot afford to lose. We, along with our allies, are in a complex nuclear age; with several nuclear powers modernizing their arsenals, new nuclear technologies emerging, and potential new actors—as well as regional challenges—raising significant concerns. This would be a dangerous time to stumble.

Fundamental reform will be required to shape an Enterprise that meets all of the Nation's needs and rebuilds the essential infrastructure that is required. But while the technical work is rocket science, the management and cultural issues are not as complex—albeit, in the case of the latter, not easily rectified. What is needed is to issue clear plans and provide sufficient resources for success; assign and align responsibility, along with the necessary authority; and provide strong, accountable leadership and management at all levels to execute the mission. The Panel believes such reform is possible, but it will demand determined and sustained high-level leadership.

The changes we will recommend undoubtedly will be difficult to implement regardless of where the Enterprise is located within the government's structure, since the fundamental problems are cultural more than organizational. Organizational change, while not unimportant, is only a small portion—the easy portion—of the revisions that must be made. Previous efforts to reform and previous studies calling for action have largely failed due to lack of leadership follow-through, a lack of accountability for enacting change, and, we might add, the lack of effective, sustained top-level demand for change from the national leadership.

The Department of Energy by itself would be challenged to oversee the radical steps that will be needed. Success is imaginable only with the strong and active engagement of a knowledgeable Secretary, supported by the White House and Congress, and a structure that removes impediments and that aligns to mission priority. The Panel believes the Enterprise today benefits immensely from the political leadership of an engaged Secretary of Energy and the strong science and engineering of the national laboratory system.

Each successive administration since that of President Eisenhower has reaffirmed the need to sustain a credible nuclear deterrent that is safe, secure and reliable. But sustained national commitment and focus on the entirety of the mission and the Enterprise charged with its execution has been lacking since the end of the Cold War, as evidenced by the condition in which the Enterprise finds itself today. DOE and the NNSA have failed to act with a sense of urgency at obvious signs of decline in key areas. Five systemic disorders have taken root that we found to be at the heart of the problem. With your permission, Admiral Mies will briefly outline those issues.

Thank you.

Admiral Richard Mies:

Mr Chairman and Ranking Member Cooper, let me add my thanks as well for being here today. My remarks are intended to provide some specifics on the Panel's findings within the context of my Co-Chair's overall characterization of health surrounding the Enterprise.

The Panel has identified five "systemic disorders" which result from the fundamental causes outlined in the preceding testimony. The causes and the disorders are inseparable. Most, if not all, of these disorders can be traced back to national complacency—the lack of a compelling national narrative and a widely accepted understanding— regarding the role of our nuclear deterrent in this century.

Today I would like to offer a synopsis of the Panel's key findings, specifically focusing on the five "systemic disorders" we have identified.

Loss of Sustained National Leadership Focus. Since the end of the Cold War, we have experienced significant erosion in our abilities to sustain our nuclear deterrent capabilities for the long term. The atrophy of our capabilities has been well documented in numerous reports over the past decade. The fundamental underlying cause of this erosion has been a lack of attention to nuclear weapon issues by senior leadership—both civilian and military — across both past and present Administrations and Congresses. This lack of attention has resulted in public confusion, Congressional distrust, and a serious erosion of advocacy, expertise, and proficiency in the sustainment of these capabilities. Absent strong national leadership, NNSA (as well as the whole Nuclear Security Enterprise) has been allowed to "muddle through." First and foremost, we must consolidate and focus national-level support.

A Flawed DOE/NNSA Governance Model. Second, the current NNSA governance model is fundamentally flawed. NNSA has not established effective leadership, policy, culture or integrated decision-making. Indeed, the design and implementation of NNSA has led to redundancies, confused authorities, and weakened accountability.

Sound Management Principles are Lacking. Third, NNSA, and the associated policy-setting and oversight organizations in DOE, reflect few of the characteristics of a successful organization. An entrenched bureaucracy lacks a shared vision for, and unified commitment to, mission accomplishment

and hence they do not act as a team. Both DOE and NNSA lack clearly defined and disciplined exercise of roles, responsibilities, authorities, and accountability aligned to NNSA's mission deliverables. Too many people can stop mission essential work for a host of reasons and those who are responsible for getting the work done often find their decisions ignored or overturned. Chains of command are not well defined. Resources are micromanaged. Personnel management and development programs, issue resolution processes, and deliverable aligned budgets are deficient. Shortfalls in project management and cost-estimating are well-documented and acute.

Dysfunctional M&O Relationship. Fourth, the trusted partnership that historically existed between the laboratories and DOE/NNSA headquarters has eroded over the past two decades to an arm's length, customer-to-contractor adversarial relationship, leading to a significant loss in the benefits of the federally funded research and development centers (FFRDC) model. The "trust" factor essential to this model -- and underscored by the National Academy's study² -- results from unclear accountability for risk, a fee structure and contract approach that invites detailed transactional compliance-based oversight rather than a more strategic approach with performance-based standards. Atomized budget and reporting lines also confound effective and efficient programmatic management and further erode any sense of trust.

Additionally, there is no Enterprise-wide approach. While there are examples where the relationship has improved (such as at the Kansas City Plant), overall this government-M&O "partnership" remains highly inefficient and in many cases, severely fractured.

Uneven Collaboration with Customers. The fifth and final issue is NNSA's relationship with customers. The issues we have identified are mainly with the DOD weapons customers. There is no affordable, executable joint DOD-DOE vision, plan, or program for the future of nuclear weapons capabilities. This is, at once, a cultural and communications divide. But there is also a fundamental lack of mechanisms to ensure requisite collaboration and consensus to address core mission requirements. Other customers say they are satisfied. But here, too, a more strategic approach could strengthen capabilities and the services provided.

² Charles Shank and C Kumar Patel, et al., *Managing for High Quality Science and Engineering at the NNSA National Security Laboratories*, The National Academies Press, 2013.

Lasting reform requires aggressive action and sustained implementation in all five of these areas. But, national leadership engagement is the common theme. Improvement is possible, but it will demand strong leadership and proactive implementation of the Panel's recommendations by The President, the Congress, and an engaged DOE Secretary.

Thank you for your time and we look forward to your questions.

Mr. Norman R. Augustine

Norman R. Augustine, retired chairman & CEO of Lockheed Martin, has held positions in government, industry, academia, and the nonprofit sector. He has served as undersecretary and acting secretary of the Army, chairman and CEO of Martin Marietta, and lecturer with the rank of Professor at Princeton University. He has been chairman of the National Academy of Engineering and was a 16-year member of the President's Council of Advisors on Science and Technology.

Mr Augustine chaired the Congressionally-mandated National Academies' committee that produced the Gathering Storm report on education and competitiveness, and is a Regent of the University System of Maryland, a former trustee of MIT and Princeton, a trustee emeritus of Johns Hopkins, and holds 30 honorary degrees. He has been a member of the Department of Energy Advisory Board, chairman of the Lawrence Berkley National Laboratory Advisory Board, and a member of the Y-12 Incident Investigation Group.

Admiral Richard W. Mies, U. S. Navy (Retired)

Admiral Mies is the CEO of The Mies Group, Ltd. and provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues.

A distinguished graduate of the Naval Academy, Admiral Mies completed a 35-year career as a nuclear submariner in the US Navy and commanded US Strategic Command for four years prior to retirement in 2002.

Admiral Mies served as a Senior Vice President of Science Applications International Corporation and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of SAIC from 2002-2007. He also served as the Chairman of the Department of Defense Threat Reduction Advisory Committee from 2004-2010 and as the Chairman of the Board of the Navy Mutual Aid Association from 2003-2011. He presently serves as the Chairman of the Strategic Advisory Group of US Strategic Command and Chairman of the Naval Submarine League. He is a member of the Committee on International Security and Arms Control of the National Academy of Sciences, a member of the Boards of Governors of Los Alamos National Laboratory and Lawrence Livermore National Laboratory, and a member of the Board of Directors of Mutual of Omaha, Babcock and Wilcox, Exelon, and the US Naval Academy Foundation. He also serves on numerous advisory boards.

Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University. He holds a Masters degree in government administration and international relations.

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Neither Mr. Norman Augustine nor ADM (Ret) Richard Mies have had federal grants, sub-grants, contracts or sub-contracts with the federal government over the last three fiscal years.

A handwritten signature in blue ink, appearing to read "D. Graham".

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