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Good News: Nuclear Weapons Contractors' Performance Reports Released Bad News: They Receive Millions Without Performance Benchmarks

Santa Fe, NM - After much watchdogging from Nuclear Watch New Mexico and a new statutory requirement in the FY 2013 National Defense Authorization Act, the annual federal award assessments that determine the profits of the nation's nuclear weapons contractors will be publicly released. This follows NukeWatch's Freedom of Information Act request last year that succeeded in obtaining only heavily redacted award reports. We subsequently 1) sued to successfully obtain the reports in full, and 2) asked the Senate Armed Services Committee to require their annual release, now codified in the final Act signed by the President.

The National Nuclear Security Administration (NNSA), a semi-autonomous agency within the Department of Energy (DOE), is in charge of contractor oversight and pays performance awards to the private, for-profit corporations that manage and operate the U.S. nuclear weapons complex. The award fees are a 2-step process. First, at the beginning of every federal fiscal year, NNSA and the contractors negotiate a Performance Evaluation Plan that lays out the expectations and goals for the year. At the end of the fiscal year NNSA judges what percentage of the plan was accomplished and determines an award fee.

On the face of it, the release of these Performance Evaluation Plans and Reports is a significant step toward promoting contractor accountability. But unfortunately NNSA has been taking an increasingly hands-off approach to federal oversight. The Performance Evaluation Plans (PEPs) have become much shorter, more subjective and very generalized. For example, the FY 2012 Los Alamos Lab PEP was 88 pages with specific performance benchmarks, but the FY 2013 PEP is only 9 pages. Nevertheless the contractor's award fee has grown 10-fold since the management contract was privatized in 2006.

In addition to award fees, the NNSA contractors are in line to receive additional years added to their contracts. In a January 12 article, the Los Alamos Monitor reports that NNSA issued a waiver to Los Alamos National Laboratory and gave a one-year extension to the contract despite the fact that the Lab did not meet all of NNSA's pre-determined criteria. This means that the Lab was given another pass for poor performance.

Worse yet, the FY 2013 PEPs for all eight NNSA sites have been gutted of concrete performance metrics. Instead they only require the contractors to perform such generalized tasks as "Demonstrate effective operations and implementation of policy for mission success." (LANL FY 2013 PEP, Pg. 5) This started in July 2010 when the Sandia Lab News openly stated, "Whereas

previously the PEP model included detailed performance measures and targets prescribed by the government to assess the Labs' performance, the performance objectives in the new PEP are unconstrained by measures. The idea... is to promote an "eyes-on/hands-off" approach to oversight and performance evaluation."

This decreasing of its own performance measures come at a time when the NNSA has continued to experience significant cost and schedule overruns on its major projects for more than a decade. DOE is the largest non-Defense Department contracting agency in the federal government and about 90 percent of its annual budget is spent on contractors. Given NNSA's record of weak management of major projects, the Government Accountability Office (GAO) believes careful federal oversight of NNSA will be critical to ensure that resources are spent in as an effective and efficient manner as possible.

Scott Kovac, Nuclear Watch NM Program Director, commented, "By getting these performance evaluations released publically, Nuclear Watch expects that outraged taxpayers will demand more NNSA oversight and an end to the federal government paying the usual nuclear weapons contractors millions without enforcing performance accountability. NukeWatch is going back to Congress to demand that it require measurable performance benchmarks before enriching the nuclear weapons contractors. In these tough economic times Americans should expect nothing less."

Unless changes are made, this trend of decreasing federal oversight and less return on the taxpayer dollar is likely to accelerate as management contracts continue to consolidate, leading to still less transparency and accountability. For example, the giant contractors Lockheed Martin and Bechtel already run the three nuclear weapons labs at Los Alamos, Lawrence Livermore and Sandia. NNSA has now awarded a joint Lockheed-Bechtel team a contract for nuclear weapons production that combines management of the Y-12 and Pantex Plants.

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The NNSA Performance Evaluation Plans and Performance Evaluation Reports are available at <http://www.nnsa.energy.gov/aboutus/ouoperations/apm/perfevals>

The Sandia Lab News July 2010 article New Performance Evaluation Plan marks maturation of Sandia/NNSA relationship is available at <http://www.sandia.gov/LabNews/ln07-30-10/labnews07-30-10.pdf>

Observations on NNSA's Management and Oversight of the Nuclear Security Enterprise GAO-12-473T, Feb 16, 2012 <http://www.gao.gov/products/GAO-12-473T>

LAMonitor, "Lab received NNSA waiver," by John Severance, January 12, 2013 <http://www.lamonitor.com/content/lab-received-nnsa-waiver>

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