

Opening Statement of Chairman Bart Stupak
Oversight & Investigations Subcommittee
"DOE's Response to Ongoing Mismanagement at the
Los Alamos National Labs"
April 20, 2007

Los Alamos National Laboratory is home to many of our nation's most secretive weapons programs, yet it is also home to some of the worse security breaches in our nation's history. This is our 13th hearing on security problems at Los Alamos in just the past 8 years and I have a list of those hearings that I will enter into the record.

For 63 years, the University of California operated Los Alamos, but after numerous high profile security lapses, the Department of Energy was urged to competitively bid the contract for operation of the lab. In June of last year, the University of California was again awarded the contract under a limited liability consortium known as Los Alamos National Security (LANS). This committee anxiously awaits proof that this "new" contractor will result in significant changes at Los Alamos and not just put new drapes over a broken window.

At our January 30th hearing, we investigated the October 2006 case of classified documents that were removed from Los Alamos by a contractor. We learned at that hearing the security lapse would probably not have been discovered if it had not been for a domestic disturbance at the contract employee's home. The resulting investigation led to the discovery of drug paraphernalia and the discovery of classified paper and electronic files at the residence.

The female contract employee was not adequately watched by her escort. The employee also had access to open ports on classified computers which enabled her to download and remove classified documents. We heard the Department of Energy's Inspector General testify in January that they do not know how much other classified information may have been removed using this gaping hole in security. We don't know where this classified material has ended up. We hope to learn the answers to these questions from the FBI's investigation, but they will not brief committee Members until their investigation is complete.

Many of the Members of this committee were shocked that the National Nuclear Security Administration (NNSA) approved a security clearance for this employee even though she admitted to using illegal drugs within 30 days of her security clearance being approved. We were equally shocked at the fact that there was no follow-up evaluation or testing of this individual after she was granted her security clearance. Apparently, her promise to not use drugs in the future was good enough for NNSA.

This security breakdown took place against a backdrop of previous degraded security performance. In 2006, the Department of Energy's Office of Health, Safety and Security documented substandard to failing performance in 14 out of 17 key security areas at Los Alamos. The poor grades were in categories such as classified matter protections and control, cyber security, and emergency management. Performance in 2006 had sharply deteriorated since the

previous review in 2002 which had cited serious problems. I will be placing into the record summaries of those oversight reports.

In today's hearing I hope to focus on a number of issues including:

- What is the Department of Energy's system to issue classified security clearances?
- What led DOE to grant a security clearance to an individual who admitted using illegal drugs within 30 days of her clearance being issued?
- What lessons are learned from this security lapse?
- What steps have been taken to correct the security deficiencies in the Department of Energy and at Los Alamos so we do not have to hold our 14th Los Alamos hearing later this year?

At the January 30 hearing, DOE testified that the Secretary convened two Task Forces. One to examine Cyber Security and a second Task Force to look at Personnel Security issues raised by the latest security breach. Today we will hear the results of these task force reports.

A key finding by the Personnel Security Task Force was that at least 2 additional employees admitted to illegal drug use in the 30 days prior to security clearance approval. Eighteen (18) other employees had similar information in this same 12 month period between 2001 and 2002, thereby causing DOE to re-examine their security clearances. We look forward to hearing what Secretary Bodman plans to do about this and other security problems his task forces uncovered. We also look forward to hearing how he plans to hold the contractors accountable.

The Department of Energy has various tools, including enforcement actions and reducing award fees, to hold its contractors accountable. Nonetheless, the Committee was disturbed to learn just this week that the Department of Energy apparently forgot to put legal requirements in its contract with the lab operator LANS (Los Alamos National Security). These legal requirements would have obligated the contractor to comply with the Department of Energy's stringent Safeguards and Security Order—known as DOE Order 470. This omission was discovered after the October 2006 incident, which leaves open the question of whether the Department of Energy's contracting officer may have handed LANS a “get-out-of-jail-free card” if and when DOE attempts to bring an enforcement action for the multiple security violations associated with the October 2006 incident.

The Committee wants to know when the Department of Energy learned of this contract omission. Was it before our last hearing where DOE officials swore they had all the necessary tools to enforce the new security standards? If so, why weren't we informed of this problem? When was this Committee going to be told of this issue and what plans has the Department made to fix it?

After our January hearing, I, along with my Republican colleagues, asked the Government Accountability Office (GAO) to evaluate whether the security footprint at Los

Alamos is simply too large to manage classified information effectively. We also asked GAO to evaluate the possibility of consolidating and moving classified operations at Los Alamos to another Lab, such as Sandia, where security is managed more effectively. GAO is moving forward on this evaluation, despite requests by some legislators to delay the analysis.

In addition the Committee is reviewing HR 703, legislation introduced on a bipartisan basis with my colleagues Mr. Barton and Mr. Whitfield to move responsibility for overseeing safety and security out of the NNSA and place it under the direct control of the Secretary of Energy. We would welcome hearing Secretary Bodman's views on that legislation.

Secretary Bodman, and his predecessors have come before this Committee with commitments to improve the security culture at Los Alamos. Despite the creation of security czars and task forces, the end result has been a litany of security breaches and mismanagement. To say the least, the Committee is skeptical. Today, Mr. Secretary, we will want to know: what is different? Why are your proposals more likely to succeed than your predecessors' proposals? What assurances can DOE give us that these new reforms will work? What resources and from whom will DOE look to pay for these new security measures at Los Alamos?

I can assure Secretary Bodman and the American public that this Committee will continue its oversight at Los Alamos. I can also assure you that this oversight will continue, just as it has in the past, in a truly bipartisan basis. When it comes to Los Alamos and security at the nuclear labs, this Committee is united in its oversight. I appreciate the assistance and cooperation of my Republican colleagues lead by my friend Mr. Whitfield and his staff.