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DEPARTMENT OF
ENERGY

A Framework for
Restructuring DOE and
Its Missions





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To the President of the Senate and the
Speaker of the House of Representatives

This report on the need to reevaluate the missions of the U.S. Department of Energy is the final report in a series of GAO management reviews of the Department. The series of reports assessed the Department's management, analyzed problems and determined their underlying causes, and identified ways in which departmental management processes and structures could be improved. This final report discusses GAO's overall observations and emphasizes the Congress's important role, with the Secretary of Energy, in fundamentally reevaluating DOE's missions and alternatives.

We are sending copies of this report to the Secretary of Energy; the Director, Office of Management and Budget; interested congressional committees and subcommittees; individual Members of Congress; and others. Copies are available upon request.

This work was performed under the direction of Victor S. Rezendes, Director of Energy and Science Issues, who can be reached at (202) 512-3841. Other major contributors are listed in appendix IV.

A handwritten signature in black ink, reading 'Keith O. Fultz'.

Keith O. Fultz
Assistant Comptroller General

Executive Summary

Purpose

The U.S. Department of Energy (DOE) is at a critical juncture in its history. The Department's original core missions—to develop and test nuclear weapons, conduct basic energy research, and set national energy policy—are being replaced by major new challenges in environmental cleanup and the commercial applications of science. However, because of organizational structures and processes inherited from its emphasis on producing nuclear weapons during the Cold War, DOE faces a highly uncertain future as the Congress moves to reevaluate the Department as an institution—both its missions and its capacity to manage them effectively.

GAO has issued a series of reports on DOE that (1) analyzed underlying causes for the Department's management problems and (2) identified ways to improve organizational structures, management systems, and strategies for the Department's changing priorities. Building on those earlier reports, this report presents GAO's overall observations about DOE and its missions.

Background

Created in 1977 from several diverse agencies, DOE manages the nation's nuclear weapons production complex and conducts research and development on both energy and basic science. DOE operates an elaborate network of facilities, its core being the nuclear weapons complex—a collection of 17 major facilities in 13 states that design, develop, test, produce, and now dismantle the nation's vast nuclear arsenal. About half of DOE's resources are devoted to the nuclear weapons complex, an allocation that reflects both the buildup of these weapons through the 1980s and, more recently, the rapidly escalating cost of nuclear waste management and environmental restoration. DOE also maintains one of the world's largest networks of scientific laboratories, comprising nearly 30 sophisticated laboratories valued at over \$100 billion. Budgeted at \$17.5 billion for fiscal year 1995, DOE has nearly 20,000 federal employees and 140,000 contract workers.

Results in Brief

With the recent dramatic changes in national priorities, now is an ideal time to reevaluate DOE and its missions. DOE has begun to modify its Cold War organizational structures and processes to meet newer responsibilities, from environmental cleanup to industrial competitiveness. However, until a more fundamental reevaluation of DOE's missions and alternatives is undertaken—including opportunities to restructure and privatize operations—it is not clear if the Department and

its missions are still needed in their present form or could be implemented more effectively elsewhere in the public or private sectors.

Although DOE has begun several reinvention efforts, such as contract reform and a “Strategic Alignment and Downsizing Initiative” to improve long-standing management weaknesses, the Department has assumed that existing missions are still valid and are best managed by it. For some missions, such as those of the civilian nuclear waste program, experts have argued that DOE is not the best place to conduct them. For other missions, such as those of the power-marketing administrations (e.g., Bonneville and Alaska), petroleum reserves, and the national laboratories, changing conditions have led many policymakers (including the Congress) to seriously consider alternatives to DOE’s management.

As a first step in reevaluating DOE, each mission should be assessed to determine if it fulfills an inherently governmental role and what alternatives are available in the federal government or private sector to accomplish it most effectively. Criteria developed by a former DOE advisory panel can be used to evaluate the best organizational structure for each Departmental mission according to such factors as stability, cost-effectiveness, flexibility, responsiveness, and accountability. Experts GAO consulted, including former Energy Secretaries, offered many suggestions for restructuring DOE. Most urged that the Department be streamlined around fewer missions; a minority recommended eliminating DOE as a Cabinet department; and none argued for DOE’s remaining the same.

Principal Findings

DOE’s Changing Priorities

With the end of the Cold War, DOE’s missions have dramatically changed. Today, DOE is

- converting its massive nuclear weapons complex from producing weapons to cleaning up the environmental consequences;
- deciding on the appropriate weapons complex configuration in the post-Cold War era;
- expanding activities for its multibillion-dollar national laboratories, which are seeking new uses for their defense-oriented facilities;

- attempting to find a way to honor the long-delayed legislative mandate to develop and operate a civilian nuclear waste repository;
- developing a National Energy Policy Plan; and
- continuing traditional core responsibilities in energy policy, information, and research while defining new roles for itself in industrial competitiveness and science education.

Responding to these changing missions and new priorities within existing organizational structures is a daunting task. For example, DOE's contract management approach, which it is only now changing, was first put in place during the World War II Manhattan Project. In contrast to the past practice of allowing private contractors to manage and operate billion-dollar facilities with minimal direct federal oversight (yet reimbursing them for all costs regardless of their actual achievements), DOE now needs to impose modern standards for accountability and performance. Also, because management and information systems were never adequate, DOE has been prevented from exercising effective contractor oversight. In addition, DOE's elaborate and highly decentralized field structure is slow to respond to changing conditions and priorities, fraught with communication problems, and poorly positioned to tackle difficult issues requiring a high degree of cross-cutting coordination.

DOE's Reforms Do Not Resolve Fundamental Issues of Core Missions

DOE is grappling with its long-standing internal management problems while at the same time realigning itself for changing missions and priorities among these missions. The Department has launched an aggressive effort to define its core missions around five "business lines": industrial competitiveness, energy resources, science and technology, national security, and environmental quality. DOE is also identifying ways to reduce overlap and duplication in policy and administrative functions through its Strategic Alignment and Downsizing Initiative. In addition, the Secretary has a total quality management initiative and is increasing stakeholders' participation in decision-making. These and other reinvention efforts to modify its management structure, processes, and policies to pursue changing missions and new priorities reflect a strong commitment by leadership to improve and will likely strengthen DOE's capacity to better manage its responsibilities.

However, resolving internal issues without first evaluating and achieving consensus on missions is not the best approach to restructuring DOE. For example, although DOE's reinvention efforts have assumed that existing missions are still valid government responsibilities and are still best

implemented by the Department, some experts have argued that DOE is not the best place to manage the civilian nuclear waste mission, which has struggled to meet its goals under DOE. Some experts have also questioned whether DOE is the best place to manage the cleanup of defense nuclear waste. Responsibilities in science education and industrial competitiveness have raised additional questions among experts about their placement in the Department.

Once agreement is reached on which missions are appropriate to the government, a practical set of criteria, such as those developed by a former DOE advisory panel, can be used to evaluate the best organizational structure for each mission. These criteria allow for rating each alternative structure according to its ability to promote cost-effective practices, attract technical talent, be flexible to changing conditions, and be accountable to stakeholders. These criteria could help identify more effective ways to implement DOE's missions, particularly those that might be privatized or reconfigured under alternative government organizations. In addition, a panel convened by the National Academy of Public Administration developed criteria that could be used to determine if DOE should remain a Cabinet-level department. These criteria center on such questions as the following: "Is there a sufficiently broad national purpose for the Department?" "Are Cabinet-level planning, executive attention, and strategic focus necessary to achieve the goals of DOE's missions?" "Would a non-Cabinet-level agency be able to recruit and retain sufficient technical talent to implement DOE's missions?"

Many experts GAO consulted—including four former Energy Secretaries, business leaders, and specialists on DOE's issues—believed that redefining DOE's missions to focus on essential energy activities was the best way to help the Department achieve future success. Experts had wide-ranging opinions about the Department's missions. Most favored streamlining missions, and some suggested major realignments to other agencies or to new public-private entities. None of the experts wanted DOE to remain the same, although most preferred that it continue as a Cabinet-level department. Overwhelmingly, former DOE executives and energy experts recommended retaining the following four responsibilities within DOE: energy policy-making, energy information, the Strategic Petroleum Reserve, and research and development to increase energy supplies. Most considered moving weapons-related functions to the Department of Defense and environmental cleanup to other agencies or a new structure and sharing the national laboratories with other federal agencies or perhaps privatizing them.

Because transferring missions and their related statutory requirements from DOE to other agencies has broad effects, reevaluating DOE (including proposals to dismantle it) should be considered as part of an overall governmentwide restructuring effort. It is imperative that the Congress and the administration form an effective working relationship on restructuring initiatives.

Recommendations

Because the Congress is actively examining DOE and its missions, GAO is not making any recommendations at this time. In other reports in this series, GAO has made several recommendations to strengthen DOE's management—for contracting, environmental cleanup, financial and information management, and the national laboratories.

Agency Comments

DOE commented that it would have welcomed a thoughtful and timely analysis of options for change within the Department. DOE also commented that many of its reform efforts were not adequately recognized by GAO and that the survey of former DOE executives and other experts reflected outdated opinions.

GAO's intent was to show how changing missions and priorities over time require a fundamental reassessment of missions and alternatives. GAO did not set out to develop specific options for DOE. Resolving internal issues without first evaluating and achieving consensus on missions is not, in GAO's opinion, the best approach to restructure DOE. This report provides a framework—drawn from a former DOE advisory panel—to assess alternatives and points to the need for a governmentwide approach to restructuring. GAO's purpose in surveying former DOE executives and experts—all of whom have substantial knowledge of DOE's operations either as contractors, advisers, or long-time observers of the Department's performance—was to focus on fundamental issues related to the Department's missions and structures. GAO believes that resurveying the experts would serve little useful purpose because DOE is essentially the same now as it was when that survey was conducted; its missions and structures have not changed.

The report has been updated to include the additional reforms mentioned by DOE, specifically the initiatives by the Galvin Task Force and the Yergin Task Force on Strategic Energy Research and Development.

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Abbreviations

DOD	Department of Defense
DOE	Department of Energy
EPA	Environmental Protection Agency
ERDA	Energy Research and Development Administration
GAO	General Accounting Office
M&O	management and operating
NAPA	National Academy of Public Administration
PMA	power marketing administration
R&D	research and development

DOE's Changing Missions and Priorities

Today's DOE bears little resemblance to the Department that the Congress created in 1977. Established from many diverse agencies, DOE manages the nation's nuclear weapons complex and funds research and development on both energy and basic science through its multibillion-dollar national laboratories. It manages the five power marketing administrations (hydroelectric producers, such as Bonneville) and maintains petroleum reserves for military and civilian use. To perform these missions, DOE was authorized to spend \$17.5 billion in fiscal year 1995 and has nearly 20,000 federal employees and 140,000 contract workers.

The Evolution of DOE

The end of the Cold War has dramatically altered DOE's missions and priorities. Making nuclear weapons, which dominated DOE's budget for years, has largely given way to environmental cleanup. The national laboratories are now highly diversified. Furthermore, DOE has new or expanded missions in industrial competitiveness; science education; environment, safety, and health; and nuclear arms control and nonproliferation.

Table 1.1: Comparison of DOE'S Traditional and New and Emerging Missions

DOE's traditional missions ^a	DOE's new and emerging missions
Nuclear weapons production	Dismantling nuclear weapons
Energy and technology research	Environmental cleanup
Energy policy development	Industrial competitiveness
Civilian nuclear waste	Environment, safety, and health
	Nuclear arms control and nonproliferation
	Science education

^aDOE also has nominal responsibilities for the Navy's nuclear reactor program and in the Federal Energy Regulatory Commission.

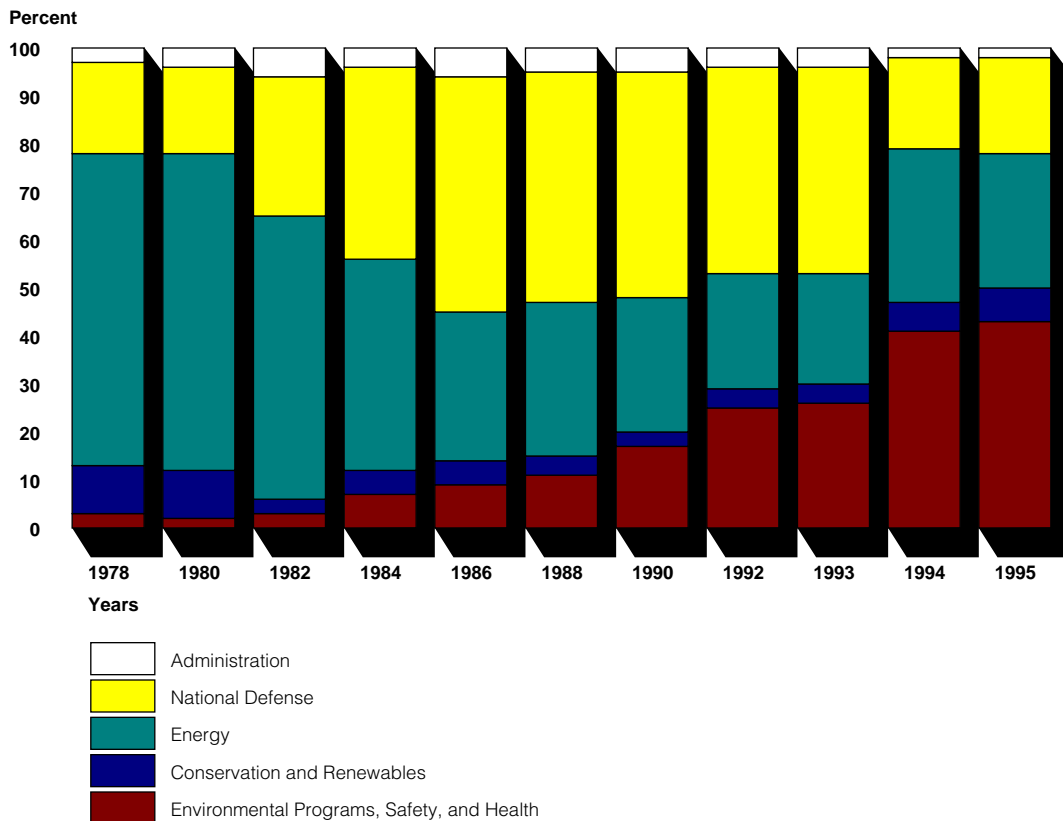
Almost from the time of its creation in 1977, DOE has been in transition. For its first 3 years, DOE's programs emphasized research and initiatives to cope with a global energy crisis that disrupted U.S. and world markets and economies. By the mid-1980s, accelerating nuclear weapons production and expanding space-based defense research dominated DOE's budget resources. Since the late 1980s, DOE's budget has reflected a growing emphasis on solving a half-century's environmental and safety problems caused by the nuclear weapons and research activities of DOE and its predecessors.

With the end of the Cold War, DOE's missions and priorities have changed dramatically. Today, DOE is

- converting its massive nuclear weapons complex from producing weapons to cleaning up the environmental consequences;
- deciding on the appropriate weapons complex configuration in the post-Cold War era;
- expanding activities for its multibillion-dollar national laboratories, which are seeking new uses for their defense-oriented facilities;
- attempting to find a way to honor the long-delayed legislative mandate to develop and operate a civilian nuclear waste repository;
- developing a National Energy Policy Plan; and
- continuing traditional core responsibilities in energy policy, information, and research while defining new roles for itself in industrial competitiveness and science education.

Since 1978, DOE's budget priorities have gradually shifted from energy policy to defense, and since 1989 they have rapidly shifted from defense to the environment. (See fig. 1.1) We defined "missions" as the responsibilities the Department is expected to perform. We considered DOE's "priorities" as those missions receiving the highest levels of funding: at first such programs as energy conservation and renewable resources, more recently environmental waste and restoration projects. Changes within DOE's budget have also been notable. For example, weapons production has given way to dismantling nuclear warheads and explosive testing of nuclear weapons has ceased.

Figure 1.1: DOE's Changing Budget Priorities



Note: Percentages from 1992 to 1995 are presented in 1-year increments to more clearly show recent trends.

Objectives, Scope, and Methodology

This is one in a series of reports that identify ways in which DOE can make and sustain management improvements that will clarify and meet the Department's fundamental missions. (See the list of related GAO products at the end of this report.) This report presents overall observations on DOE's major activities and evolution, including its missions, changing priorities, and management initiatives.

This report draws on the results of our past, as well as ongoing, work on various aspects of DOE's operations. Over the past 3 years, GAO conducted hundreds of interviews with DOE staff in its headquarters, field offices, and

national laboratories. GAO also interviewed many contractors and policy experts in both the public and private sectors.

For this report, GAO studied DOE's current management reforms, particularly contracting and strategic alignment and downsizing activities. To gain a perspective on DOE and its missions, GAO surveyed nearly 40 former DOE officials (including four former DOE Secretaries) and energy and science policy experts from the public, academic, and private sectors. (See app. I for a list of the experts we consulted.) This survey was completed by mid-1994, before the current debate about whether to abolish the Department.

We obtained comments on a draft of this report from DOE. DOE's comments and our response to them appear in appendix III and are discussed, as relevant, at the end of chapters 2 and 3.

We conducted our work from December 1993 through June 1995. Our work was performed in accordance with generally accepted government auditing standards.

DOE's Reforms Are Based on Existing Missions

Recognizing that the Energy Department needs to change, current leadership has set a course to manage DOE's missions more efficiently and effectively. DOE's Strategic Plan and Strategic Alignment and Downsizing Initiative, as well as new efforts in contract reform, are the foundation of the current leadership's vision to improve the Department. Although these efforts are important and much needed, they are based on the assumption that existing missions are still valid in their present form and that DOE is the best place to manage them.

Strategic Plan and Strategic Alignment and Downsizing Initiative

The need to better match resources to missions and build a more integrated department led DOE to publish its Strategic Plan in April 1994. This Plan cited five "business lines" that DOE's leaders consider the Department's principal missions: industrial competitiveness, energy resources, science and technology, national security, and environmental quality. These five missions could succeed, DOE maintained, only if four critical factors were integrated with them: communication and trust; human resources; environment, safety, and health; and management practices.

After the Strategic Plan's release in April 1994, DOE launched a Strategic Alignment and Downsizing Initiative, which was designed to reorient the Department's resources and functions around the Strategic Plan's concepts as well as to streamline operations and find ways to reduce its budget. (As part of this initiative, DOE renamed "industrial competitiveness" as "economic productivity" and "environmental quality" as "weapons site cleanup.") In late 1994, DOE's Deputy Secretary said that the Strategic Alignment and Downsizing Initiative promised to "fundamentally alter how we look and how we conduct business...."¹ On May 3, 1995, the Secretary announced a variety of actions, such as the following, that resulted from this initiative:

- reducing DOE employment,
- consolidating functions,
- closing several small offices,
- selling surplus materials,
- removing the Federal Energy Regulatory Commission from the Department, and
- privatizing the power marketing administrations (PMA), as well as the Naval Petroleum and Oil Shale Reserves.

¹Memorandum from William H. White, Deputy Secretary of Energy, to Heads of Department Elements, Nov. 4, 1994.

The Energy Secretary stated that the alignment and downsizing actions, excluding privatization of the PMAs and Naval Petroleum and Oil Shale Reserves, would save \$1.7 billion over 5 years. Sale of the PMAs and Oil Shale Reserves would bring an additional \$5.3 billion, with other reforms underway providing the balance of \$14.1 billion in savings over 5 years.

Contract Reform

In 1994, DOE's Contract Reform Team,² which was created to identify basic contracting weaknesses and determine fundamental improvements, reported that DOE needs to make major changes to its unique contracting system to accomplish its changing missions. The Team's basic premise was that DOE's contracting suffers from an over-reliance on cost-based contracts, a lack of well-defined performance criteria and measures, and weaknesses in oversight. To correct these conditions, the Team set goals calling for

- more flexibility in contracting by increasing competition and making wider use of performance measures,
- wider use of financial incentives for contractors in return for having them assume greater risks, and
- a willingness to experiment with new types of contracts and contractors.

The Team made more than 45 recommendations, including a call for more performance-based management contracts. The Team recommended new incentives to reduce costs, increased use of fixed-price contracts, and more objective performance criteria by which DOE's administrators could judge results. The Team also urged that contracts be competed more frequently. DOE has started to implement most of these recommendations and reports that some savings have already been achieved.

We believe these measures will give DOE a stronger basis for selecting and evaluating its contractors when deciding and budgeting its mission needs. The major question surrounding the contract reform's success will be how effectively the Department will be able to administer them.

²Making Contracting Work Better and Cost Less, Report of the Contract Reform Team, U.S. Department of Energy (Feb. 1994).

Refocusing Research and the National Laboratories

DOE created a task force to examine options for the future of the national laboratories.³ The Task Force's basic findings—that the laboratories' missions should be redefined and their management should be improved—are largely consistent with the results of our work.⁴ DOE believes that adopting the Task Force's recommendations could save up to \$1.4 billion.

Perhaps the most far-reaching recommendation made by the Task Force is to create one or more nonprofit corporations to operate these laboratories under the direction of a board of trustees that would channel funding to various laboratories to meet the needs of both government and nongovernment entities. DOE disagreed with this recommendation, choosing instead to rely on a board of experts for advice.

To assess DOE's research and development (R&D) program, the Department also created what is known as the "Yergin Task Force."⁵ Although its June 13, 1995, report advised against cutting R&D deeply, it concluded that DOE could reduce costs by 15 percent through management improvements and the application of "best practices."

Conclusions

DOE has many ambitious programs, and the current leadership has expended considerable effort toward achieving its new priorities. Especially noteworthy activities are now under way for contract reform and strategic alignment, two important areas in which marked improvements could greatly increase DOE's ability to better manage its diverse missions more effectively. Even with these improvements under way, however, DOE has little assurance that its proposed reforms are the best approach for implementing its missions.

Agency Comments and Our Evaluation

In commenting on a draft of this report, DOE stated that GAO had little appreciation for the many reforms undertaken over the past 2 years. Our earlier reports and the draft of this report discussed DOE's major reforms,

³The Secretary of Energy asked Robert Galvin to chair a task force to analyze the national laboratories. Its report was officially titled *Alternative Futures for the Department of Energy National Laboratories*, Secretary of Energy Advisory Board, Task Force on Alternative Futures for the Department of Energy National Laboratories (Feb. 1995).

⁴Department of Energy: *National Laboratories Need Clearer Missions and Better Management* (GAO/RCED-95-10, Jan. 27, 1995).

⁵Energy R&D: *Shaping Our Nation's Future in a Competitive World*, Final Report of the Task Force on Strategic Energy Research and Development, chaired by Daniel Yergin, President of Cambridge Energy Research Associates (June 1995).

except for the report from the Yergin Task Force, which was not released until after our draft was prepared. We have expanded our discussion of the work of the Galvin Task Force in this report, which also was the subject of our testimony before the Congress in March 1995.⁶ We have also expanded our discussion of DOE's reform efforts to better recognize DOE's actions to date.

This report focuses on the Strategic Plan and Strategic Alignment and Downsizing Initiative because these had been promoted by DOE to fundamentally change the Department's way of doing business. While we believe these efforts are important and much needed, we have concluded that neither effort was preceded by a fundamental rethinking of the Department's missions and that neither one made a case that DOE is the best place to accomplish them.

⁶Department of Energy: Alternatives for Clearer Missions and Better Management at the National Laboratories (GAO/T-RCED-95-128, Mar. 9, 1995).

Reevaluation of DOE's Missions

While DOE's 1994 Strategic Plan and 1995 Strategic Alignment and Downsizing Initiative—as well as other reinvention activities—may lead to a more efficient Department, DOE did not thoroughly reevaluate its missions. A basic tenet of reinvention is determining which missions still make sense and where each should be implemented.

Reevaluating missions would help ensure that DOE's Strategic Plan and Strategic Alignment and Downsizing Initiative (as well as other reforms) meet the challenges that will face the Department and its missions. Because a major restructuring of DOE's missions would affect other agencies and institutions—to the extent they would gain these missions—reevaluating DOE should ideally be part of a governmentwide restructuring effort with the Congress and the administration working together to achieve consensus on DOE's missions.

The following two questions form an essential framework for evaluating DOE's missions:

- Which missions should be eliminated because they are no longer a valid government function?
- For those missions that are governmental, what is the best organizational placement of responsibilities?

DOE Needs to Change

DOE's structures, systems, and processes are not well matched with its changing missions and new priorities, as the following examples show:

- DOE's highly decentralized field network, established to manage nuclear weapons production during the Cold War, has changed little in terms of contractors or their staffs, even though mission objectives have shifted dramatically. DOE still employs many contractors—often the same organizations for decades, despite changing skill requirements.
- Attempts to establish direct accountability among program offices at headquarters, administrative units, field offices, and the national laboratories have been especially difficult. Reporting relationships changed often and sometimes have been confusing.
- The emergence of important new missions with cross-cutting responsibilities, such as those in environment, safety, and health matters, has resulted in additional redundancies that further complicate DOE's structures and add to communication and oversight confusion while causing organizational tensions.

- Begun under the Manhattan Project's wartime conditions as an expedient way to build the world's first nuclear weapons, management and operating (M&O) contracts have survived for more than half a century and still persist as DOE's principal way to conduct its missions. But the Department's M&O contracts have proven to be both difficult to administer and unsuited to changing conditions. Decades of relying heavily on contractors to conduct most of DOE's work, often in strict secrecy and under minimal oversight, has hampered the Department's ability to quickly and decisively redirect itself toward new priorities and new ways to conduct its business.
- Management information systems, particularly financial systems to support contracting oversight, have only recently received serious attention from DOE's leadership. In addition, the Department's internal directives have long been characterized as costly, inefficient, and onerous in their implementation.

DOE has launched many initiatives to resolve some of these issues, including those aimed at improving its management systems and internal directives. Of all these efforts, the Strategic Alignment and Downsizing Initiative, and contracting reform hold the most potential to influence DOE's future.

Evaluating DOE's Missions

Clearly, many of DOE's present functions and programs are activities that only the government can perform, such as stewardship over the nuclear weapons stockpile. Other activities may qualify as functions and programs with debatable relevance to inherently governmental missions.

Even without a complete restructuring, some dismantling has already occurred within DOE, and additional actions such as the following have been proposed:

- Under the Energy Policy Act of 1992, the federal uranium enrichment program was transferred to the United States Enrichment Corporation, a government corporation, with the expectation that it will be privatized later.
- As early as 1989, the Congress held hearings on whether to create a separate environmental cleanup commission that would be responsible for DOE's facilities.
- The congressional Office of Technology Assessment has developed cleanup options, including a separate commission to regulate and enforce cleanup of federal radioactive contamination at federal facilities. This idea is similar to one supported by DOE's previous environmental administrator.

- A RAND study sponsored by the Defense Department recommended consolidating within DOD all activities related to U.S. nuclear weapons.⁷
- Because of DOE's inability to manage waste storage effectively, state regulators have called for a separate civilian nuclear waste agency.
- DOE's own study of the future of the national laboratories by the Galvin Task Force has suggested creating private or federal-private corporations to manage most or all of them.

Without responding to these and other basic mission issues in a systematic manner, DOE has little assurance that its current Strategic Plan and Strategic Alignment and Downsizing Initiative are the best ways to accomplish its missions. DOE alone cannot make these determinations. They require a cooperative effort among all stakeholders with the Congress and the administration responsible for deciding which missions are needed and how best to implement them.

Those missions that should continue should be analyzed to determine which public and private sector alternatives would best achieve them. For example, although over a decade has passed since the Congress established the repository program for disposing of civilian nuclear waste and several billion dollars have been spent, siting a repository seems no closer than when that program was first started. Last year, 39 Members of Congress called for a presidential commission to review the nuclear waste program; others have proposed legislation to change the program; and some experts, including a former DOE internal advisory panel, have called for moving the entire program out of the Department.⁸

Various types of alternative organizations for administering a particular mission might include

- the present DOE cabinet structure,
- another federal subcabinet office,
- an independent federal commission,
- a mixed government-private corporation, or
- a private corporation.

⁷An Assessment of Defense Nuclear Agency Functions: Pathways Toward a New Nuclear Infrastructure for the Nation, National Defense Research Institute, RAND (MR-442-OSD, 1994).

⁸Managing Nuclear Waste—A Better Idea: A Report to the U.S. Secretary of Energy, Advisory Panel on Alternative Means of Financing and Managing Radioactive Waste Facilities (Dec. 1984).

DOE Criteria for Evaluating Alternative Institutions

Each of these organizational alternatives has variations that could be defined more precisely to meet particular needs. The following criteria, adapted from a former advisory panel that examined DOE's civilian nuclear waste program, offers a useful framework for evaluating alternative ways to manage the Department's missions:

- Mission orientation and focus: Will the institution be able to focus on its mission(s) or will it be encumbered by other priorities? Which organizational structure will provide the greatest focus on its mission(s)?
- Credibility: Will the organizational structure be credible, thus gaining public support for its actions?
- Stability and continuity: Will the institution be able to plan for its own future without undue concern for its survival?
- Programmatic authority: Will the institution be free to exercise needed authority to accomplish its missions without excessive oversight and control from external sources?
- Accessibility: Will stakeholders (both federal and state overseers as well as the public) have easy access to senior management?
- Responsiveness: Will the institution be structured to be responsive to all its stakeholders?
- Internal flexibility: Will the institution be able to change its internal systems, organization, and style to adapt to changing conditions?
- Political accountability: How accountable will the institution be to political sources, principally the Congress and the President?
- Immunity from political interference: Will the institution be sufficiently free from excessive and destructive political forces?
- Ability to stimulate cost-effectiveness: How well will the institution be able to encourage cost-effective solutions?
- Technical excellence: Will the institution attract highly competent people?
- Ease of transition: What will be the costs (both financial and psychological) of changing to a different institution?

GAO's Observations on Using Evaluation Criteria

Deciding the best place to manage specific DOE missions involves assessing the advantages and disadvantages of each alternative institution on the basis of its potential to achieve that mission and improve efficiency. Potential efficiency gains (or losses) that might result from transferring a part of DOE to another agency need to be balanced against the policy reasons that first led to placing that mission in DOE. While the substantial short-term costs of a transfer may be offset by long-term gains in efficiency, in some cases shifting a mission would likely become a contentious exercise, especially with DOE's major responsibilities for the

nuclear weapons complex and its cleanup. For example, transferring the nuclear weapons complex to the Defense Department would require carefully considering many management and policy issues. Because of the apparently declining strategic role of nuclear weapons, some experts argue that in the long term consolidating all nuclear weapons activities within DOD is the best option for maintaining the infrastructure for nuclear weapons. Others argue, however, that civilian agency control over nuclear weapons has functioned well and should continue. Some experts advocate creating a new federal agency for weapons production.

Similarly, moving the responsibility for cleaning up DOE's defense facilities to another agency or to a new institution, as proposed by some experts, requires close scrutiny. For example, a new agency concentrating its focus on cleanup exclusively would not need to allocate its resources for competing programs. Furthermore, such an agency could maximize federal research and development investments by achieving economies of scale in technology. On the other hand, separating cleanup responsibility from the agency that created the waste may limit its incentives to reduce waste and to promote other environmentally sensitive approaches. In addition, considerable startup time and costs would accompany a new agency, at a time when the Congress is interested in reducing the federal government. Shifting responsibility to an existing agency, such as the EPA or DOD, also raises complications from the effects of assuming new responsibilities.

Need for a Governmentwide Perspective

Because transferring missions and their related statutory requirements from DOE to other agencies will have far-reaching effects, any proposal to dismantle DOE should be considered as part of an overall governmentwide restructuring effort. It is imperative that the Congress and the administration form an effective working relationship on restructuring initiatives.⁹

DOE's Future as a Cabinet-level Department

Streamlining DOE's missions raises the question of whether, in a reduced form, it should remain a Cabinet-level department. To help answer this question, a NAPA panel has developed 14 criteria for determining if an

⁹The Comptroller General of the United States recently testified on the need for an integrated approach to government reorganization. See [Government Reorganization: Issues and Principles](#) (GAO/T-GGD/AIMD-95-166, May 17, 1995).

agency is appropriate for Cabinet status.¹⁰ The following three criteria directly apply to any decision that might be made about today's DOE.

- Is there a sufficiently broad national purpose for the Department? Integrating national energy policy was the dominant reason for creating DOE in 1977 and remains a core mission that would become critical in the event of another oil supply disruption. As much as any other Cabinet-level issue, energy policy directly affects all Americans and the U.S. economy.
- Are Cabinet-level planning, executive attention, and strategic focus necessary to achieve DOE's missions? We have previously recommended that DOE develop a strategic approach to managing its changing missions and believe this is essential to its future success.¹¹ The federal role in both energy policy and environmental restoration of the nuclear weapons complex will likely continue to be long-term national priorities.
- Would a non-cabinet-level agency be able to recruit and retain sufficient technical talent to implement DOE's missions? Most of DOE's technical work is performed by contractors, and this source of talent is unlikely to be lost to any federal management entity. Cabinet status provides only marginal benefits for recruiting these specialists.

Expert Opinions on DOE's Missions

To gain perspective on DOE and its missions, we asked experts on energy policy and former DOE executives about the need and proper place for the Department's missions. We received responses from 35 individuals. Although 12 respondents had DOE experience (including four former Energy Secretaries), there was little difference between their responses and those from the others. In addition, two other individuals offered opinions on their views about DOE's future and its missions. Former President Jimmy Carter, under whose administration DOE was created, also sent comments on the Department and its development.

All respondents agreed that DOE needs to change, beyond simply streamlining operations, and no one believed that the Department should remain as it is today. A majority also believed that DOE should remain a Cabinet department but with attention refocused on its original core missions, which were identified by most respondents as energy policy-making; energy information; energy-supply research and

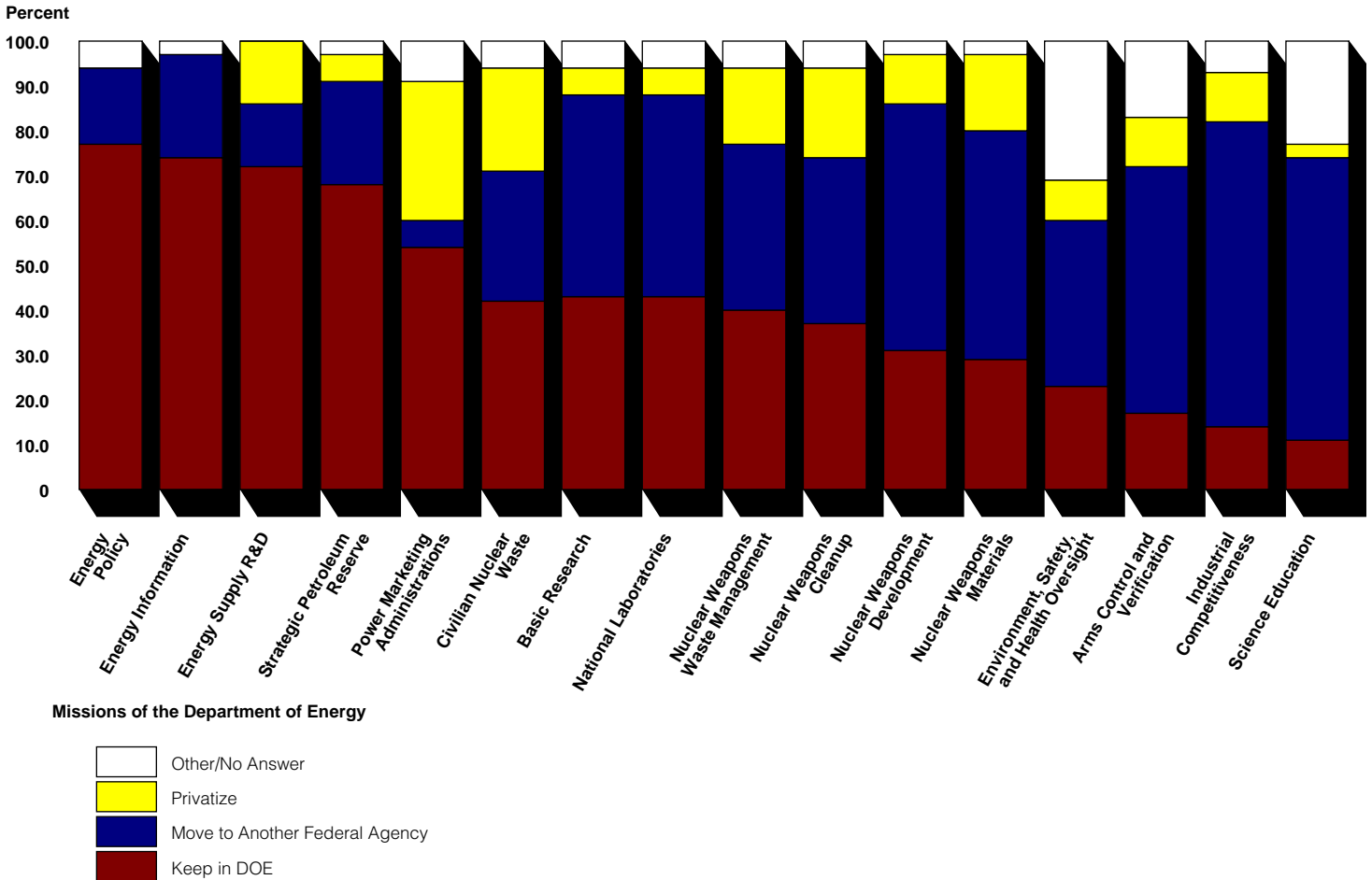
¹⁰Evaluation of Proposals to Establish a Department of Veterans Affairs, National Academy of Public Administration (Mar. 1988). See app. II for a complete list of these criteria.

¹¹Department of Energy: Management Problems Require a Long-Term Commitment to Change (GAO/RCED-93-72, Aug. 31, 1993).

development; and operation of the Strategic Petroleum Reserve as an instrument of energy policy.

Our respondents were divided about evenly over whether to keep certain missions within the Department, move them elsewhere, or sell them to private administrators. (See fig. 3.1.) For example, the power marketing administrations now within the Department could be managed by other institutions. But a clear majority favored moving the remaining nonenergy missions from DOE or sharing a few of them with other departments and agencies. A decisive majority favored shifting DOE's new mission to improve U.S. industrial competitiveness to the Commerce Department—especially its National Institute of Standards and Technology.

Figure 3.1: Results of Survey of Experts' Opinions on Accomplishing DOE's Missions



There was no clear consensus on where to locate the various basic research functions now performed by the national laboratories. About half of our respondents favored retaining these functions within DOE but with the laboratories restructured along clearer mission lines. Others expected more direction and focus if many basic research functions were moved to the National Science Foundation or divided among different non-DOE agencies. The majority of respondents indicated that science education and some basic research functions now performed by the national

laboratories should be moved from DOE to the National Science Foundation.

The majority of respondents also preferred that nuclear weapons cleanup and waste management for active nuclear weapons sites should be moved from DOE to the Defense Department or to a new federal agency. "The Energy Department should get out of the weapons and weapons cleanup business," said one respondent. "DOD has many program managers familiar with handling large programs. DOE has none. The weapons were made for DOD—they should now handle the cleanup." But other respondents favored DOE's continued role in cleanup because of its traditional expertise. For civilian nuclear waste, some favored DOE's continued management, but more preferred to place these facilities under other federal or federal-private institutions.

Conclusions

Now is an ideal time to fundamentally reevaluate DOE and its missions. While current reform efforts will strengthen DOE's management capacity, such efforts will not likely make DOE an effective, integrated department because of the problems inherent in managing so many disparate missions. None of the former DOE executives or energy experts we surveyed favored keeping the Energy Department as it is today.

According to our survey of experts' opinions and other reports we have recently issued in this series, many of DOE's missions could be performed either by private institutions or by other government agencies. To the extent some of DOE's missions might best be transferred to other federal entities, a careful evaluation of the costs and effects of such changes would have to be made, including the effects on the gaining agency. For this reason, a major restructuring of DOE should ideally be part of a governmentwide restructuring effort.

Agency Comments and Our Evaluation

DOE commented that it would have welcomed a thoughtful and timely analysis of options for changing DOE, that our survey of former DOE executives and other experts reflected outdated opinions, and that DOE is still the best institution to fulfill its current missions. Our intent has been to show how changing missions and priorities over time now require a fundamental reassessment of DOE's missions and alternatives to achieve them. Resolving internal issues without first evaluating and achieving consensus on missions is not, in our opinion, the best approach to restructuring DOE. While not providing specific options for DOE, the report

does offer a framework to assess alternatives (drawn substantially from a former DOE advisory panel) and points to the need for a governmentwide approach to restructuring. Reevaluating DOE is an effort that involves the Congress and the administration working together to achieve consensus on what the Department should be in the future and where its missions should best be accomplished.

Our purpose in surveying former DOE executives and experts was to focus on fundamental issues related to the Department's missions and structures. Most or all of the survey respondents had substantial knowledge of DOE operations, either as contractors, advisers, or long-time observers of DOE's performance. Resurveying the experts would serve little useful purpose because DOE is essentially the same now as it was when we conducted our survey—its missions and structures have not changed, nor have its major reforms been substantially implemented.

We are unaware of any evidence to support DOE's contention that it can perform inherent government responsibilities "better than through any alternative organizational arrangement."

Experts Consulted by GAO

Current and Former Government Officials	Research and Academic Institutions	Other Private Sector
Jimmy Carter Former President of the United States	John Ahearne Former Nuclear Regulatory Commission Chairman Exec. Dir., Sigma Xi	Harold Finger, consultant, former nuclear industry executive
John S. Herrington Former Secretary of Energy	Lewis Branscomb Professor Harvard University-J.F. Kennedy School	Glenn Schleede New England Energy Inc.
James D. Watkins Former Secretary of Energy	Jacob Scherr National Resources Defense Council	David Packard Hewlett-Packard Co.
Donald Hodel Former Secretary of Energy	Roger Noll Professor Stanford University	Alex Radin Radin Assoc. Former President, American Public Power Association
James Edwards Former Secretary of Energy	Elihu Bergman Americans for Energy Independence	J. Robinson West Petroleum Finance Co.
Henry Lee Professor Harvard University-J.F. Kennedy School	Alan Dean National Academy of Public Administration	Alvin Alm Science Applications International Corp.
Richard Farmer Congressional Research Service	Edward Teller Hoover Institution	William Carey Carnegie Corp.
Jan Mares Former DOE executive	Phillip Verleger Institute for International Economics	Charles Ebinger International Resources Group
Leo Duffy Former DOE Assistant Secretary	Howard Ris Union of Concerned Scientists	Wil Lepkowski Chemical & Engineering News
Alan Crane Office of Technology Assessment U.S. Congress	John Deutch Professor, Massachusetts Institute of Technology	Mason Willrich Pacific Gas & Electric Co.
Lew Allen, Jr. Jet Propulsion Laboratory	Malcolm Weiss Massachusetts Institute of Technology	Terry Lash consultant
	Robert Fri Resources for the Future	Theodore Taylor consultant
	R.E. Balzhiser Electric Power Research Institute	William Perkins Potomac Communications Group

Note: The experts' affiliations represent those at the time they completed our survey in July, 1994.

Criteria for Evaluating Cabinet-Level Status

The following criteria were developed by a panel of the National Academy of Public Administration as an aid to deciding whether a government organization should function as a Cabinet department.

1. Does the agency or set of programs serve a broad national goal or purpose not exclusively identified with a single class, occupation, discipline, region, or sector of society?
2. Are there significant issues in the subject area that are not now adequately recognized or addressed by the existing organization, the President, or the Congress that would be better assessed or met by elevating the agency to a Cabinet department?
3. Is there evidence of impending changes in the type and number of pressures on the institution that would be better addressed if it were made a Cabinet department? Are these changes expected to continue into the future?
4. Would a Cabinet department increase the visibility and thereby substantially strengthen the active political and public support for actions and programs to enhance the existing organization's goals?
5. Is there evidence that becoming a Cabinet department would provide better analysis, expression, and advocacy of the needs and programs that constitute the agency's responsibilities?
6. Is there evidence that becoming a Cabinet department would improve the accomplishment of the existing agency's goals?
7. Is a Cabinet department required to better coordinate or consolidate programs and functions that are now scattered throughout other agencies in the executive branch?
8. Is there evidence that a Cabinet department (with the increased political authority of a centralized Secretary's office) would result in a more effective balance within the agency, between integrated central strategic planning and resource allocation, and the direct participation in management decisions by the line officers who are responsible for directing and managing agency programs?

9. Is there evidence of significant structural, managerial, or operational weaknesses in the existing organization that could be corrected by elevation to a Cabinet department?
10. Is there evidence that there are external barriers and impediments to timely decision-making and executive action that could be detrimental to improving the efficiency of the existing agency's programs? Would elevation to a Cabinet department remove or mitigate these impediments?
11. Would elevation to a Cabinet department help recruit and retain better qualified leadership within the existing organization?
12. Would elevation to a Cabinet department promote more uniform achievement of broad, cross-cutting national policy goals?
13. Would elevation to a Cabinet department strengthen the Cabinet and the Executive Office of the President as policy and management aids for the President?
14. Would elevation to a Cabinet department have a beneficial or detrimental effect upon the oversight and accountability of the agency to the President and the Congress?

Comments From the Department of Energy

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

See comment 1.



Department of Energy
Washington, DC 20585

June 22, 1995

Victor S. Rezendes
Director, Energy Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Rezendes:

The Department has reviewed the draft report by the General Accounting Office (GAO) which examines the missions and management of the Department of Energy (DOE). During this fertile period for assessing how to make the government work better and cost less, the Department would have welcomed a thoughtful and timely analysis of options for change at DOE. Unfortunately, your draft report, Department of Energy: A Framework for Restructuring DOE and its Missions, provides an outdated understanding of the Department, with little appreciation for the reforms that have been put in place over the past two years. Given how long this report has been in development, we anticipated a much more significant product--especially in light of the many pathbreaking studies that GAO has produced in the past concerning DOE programs.

A fundamental flaw in your report is its methodology. The report is built upon the results of a survey of 38 "experts," who are cited as such on 30 occasions in the report. These individuals are referenced as the source for a range of options for restructuring and reforming the Department. However, the overwhelming majority of these individuals are conversant only with energy policy issues and would not, we are sure, profess to have expertise with the national security, environmental cleanup, or fundamental science functions of the Department --which together comprise more than 80 percent of our budget. The methodology of your report accords these survey respondents with expertise across all DOE mission areas, which we believe is a disservice to these individuals. It is not surprising that energy experts would suggest that the Pentagon would be a better manager for nuclear weapons development or environmental cleanup, but this is not a very convincing approach to a complex set of issues. Yet the methodology used in your report attempts to validate just such an approach.

Of greater concern is that the GAO has constructed a report around the opinions of survey respondents who could not possibly have known very much about the reforms that have been underway at DOE over the past two years. With all due respect for the historical knowledge of the individuals selected for your survey, we must point out that their knowledge about the Department is just that: historical. Less than one third of your respondents ever worked at the Department of Energy, and only three (including the previous Secretary) worked here at any point in the past five years. At the time your survey was conducted, we are certain that few, if any, of the respondents were familiar with the Department's strategic planning process or contract reform initiative--two major efforts that are reshaping the Department's management practices, mission focus, and contracting activities, while reducing costs.

Moreover, because the survey was completed one year ago, none of the respondents was familiar with the results of the Task Force on Alternative Futures for the Department of Energy Laboratories (completed February 1995), the Strategic Alignment and Downsizing Initiative (completed May 1995), or the Task Force on Strategic Energy Research and Development (completed June 1995). Your report states that "none of the experts wanted DOE to remain the same," and neither do we--as demonstrated by our comprehensive set of initiatives aimed at transforming the Department.



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Appendix III
Comments From the Department of Energy

Your report's begrudging acknowledgment of the reforms underway at the Department is surprising. We note the following:

- In both this and previous reports, GAO concludes that DOE needs to develop a better consensus on its missions. Yet the draft report barely acknowledges the Department's unprecedented strategic planning effort during 1993 and 1994, which involved hundreds of employees from all levels of the organization and resulted in a tightly focussed Departmental view of our missions.
- In previous reports, GAO has called for reform of our contracting practices. We are in the process of instituting the most significant contract reform initiatives in the history of the Department, including many specific changes that GAO has previously supported (e.g. shifting to performance-based contracting).
- In prior reports, GAO has called for more focused mission assignments for the DOE laboratories. As part of our response to the Galvin Task Force, we now are developing a strategic mission framework for the laboratories that responds to this concern.
- In both this and previous reports, GAO expresses concern about potentially duplicative and inefficient organizational structures in the Department. Your draft report provides essentially no discussion, however, of our Strategic Alignment and Downsizing Initiative, which will reduce DOE employment by 27 percent through elimination of redundancies, consolidation of organizations, and re-engineering of processes so as to reduce layers of management and improve performance.

Rather than commending these efforts, the report states that even with these initiatives "DOE has little assurance that its proposed reforms are the best approach for implementing its missions." While this is a truism--we have no assurance--we know that no alternative approach can provide that assurance either. Certainly a random sampling of 38 individuals on selective issues, such as presented in your report, cannot possibly yield stronger assurances about the best method for performing the Department's missions. The Department's reforms have emerged from a rigorous, two-year effort that has involved the following:

- Our Strategic Alignment and Downsizing Initiative rests upon a foundation of more than 2,000 survey responses and hundreds of interviews of employees who were asked how to make the Department work better and cost less.
- Our Contract Reform Initiative was the result of thousands of hours of intense focus on contracting practices of the Department and options for reform.
- Our review of the DOE laboratories was the result of a year-long study during which members of the Task Force, headed by Bob Galvin of Motorola, Inc., received over 100 detailed briefings and conducted more than three dozen visits to the DOE labs.
- The report of the Task Force on Strategic Energy R&D--including its two volumes of detailed assessments of each major DOE energy program and technology area--is perhaps the most comprehensive assessment of DOE's energy R&D programs ever, completed by more than 30 of the most senior energy experts in the nation, under the Chairmanship of Daniel Yergin, president of Cambridge Energy Research Associates.

Commenting on these major undertakings to fundamentally improve the efficiency and effectiveness of the Department, your study states that "Although DOE has begun several reinvention efforts...to improve longstanding management weaknesses, the Department assumes that existing missions are still valid and are

See comment 2.

See comment 1.

Appendix III
Comments From the Department of Energy

See comment 3.

best managed by DOE.” This is simply not correct; we have made no such assumptions. Indeed, the Department has led the debate about privatizing DOE functions and consolidating the focus of our work.

Although your report states that “many lawmakers” are seriously considering alternative management for functions such as the Power Marketing Administrations (PMAs), we would point out that:

- It was the Department that proposed privatizing three of the PMAs and creating a government corporation to run the Bonneville Power Administration, and it was this Administration that submitted the legislation to Congress to implement these actions;
- It was the Department that proposed privatizing the Naval Petroleum and Oil Shale Reserves; and
- It was the Department that proposed severing the Federal Energy Regulatory Commission from DOE.

See comment 4.

These and other reform actions initiated during the past two years will result in \$14.1 billion in savings by the year 2000, while enhancing the strategic focus of the Department and improving the performance of our missions. Assuming the Congress acts on the legislation which we have submitted to privatize and restructure several functions that presently are within the Department, by the year 2000 our employment levels will have dropped from the current level of approximately 20,600 to 10,100.

Collectively, the Department’s reform initiatives have put DOE on a completely different budgetary and management trajectory than existed at the beginning of this Administration. The final budget of the Bush Administration projected that DOE spending would reach \$22.3 billion in FY 1998. Today, the Clinton Administration is projecting an FY 1998 budget for DOE of \$15.2 billion—a reduction of \$7.1 billion from the Bush Administration estimates. Between 1995 and 1998 alone, our Administration plans to spend \$18.3 billion less on the DOE budget than was projected by the Bush Administration.

See comment 1.

These savings are the result of intensive management attention aimed at reinventing how we do our business, as is being demonstrated through major productivity improvements and cost-cutting in our Environmental Management program. We have not assumed that DOE is the best location in government to perform our national security, energy research, environmental cleanup, and basic science missions. Rather, we believe that we have shown that we can perform these inherent government responsibilities better than through any alternative organizational arrangement. While we welcome constructive proposals on how these missions could be performed better, we have not yet seen a plan that would meet such a goal.

See comment 5.

Finally, we are concerned about the misleading and inaccurate descriptions of the DOE missions that are found throughout your report. The listings of past and current missions and priorities of the Department convey only a rudimentary understanding of the scope of activities underway within our mission areas. The report states that “science education” is a new mission at the Department. While science education may be an important derivative activity to our enormous R&D investments, it certainly is not a new activity, and at only 0.3 percent of the Department’s budget, we question how this could be considered a “mission.” The Department’s waste cleanup mission is referred to in the report as Environment, Safety and Health, yet these are very different functions: the former involves addressing the cleanup legacy of weapons production; the latter involves worker and public health and safety. Particularly enigmatic is the report’s statement that the Department is defining new roles for itself in “science policy,” as if this were a mission activity.

Again, we regret that the draft report does not offer a more sophisticated and substantive analysis. Although the document purports to provide a framework for restructuring DOE and its missions, the random sampling of opinion leaders (mostly from the energy field), the failure to take adequate account of reforms currently underway at the Department, and the simplistic and incomplete description of DOE missions weaken the

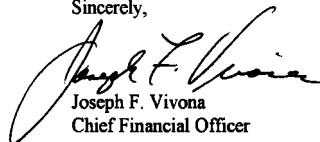
Appendix III
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See comment 5.

value of this report as a framework for additional changes at the Department.

We strongly recommend that you address these deficiencies before the report is issued in its final form. If the report retains a heavy reliance on the opinions of a select group of individuals, then we recommend that you re-survey these individuals--since your current data is more than one year old. In addition, we believe these individuals should be asked about their familiarity with the many reforms that have been instituted at the Department over the past two years, and that they be asked to address in their entirety the complex trade-offs and policy issues that necessarily accompany any reorganizational plan for the Department. Without such information, random opinions concerning the possible transfer of DOE functions to other agencies are not of much value.

Sincerely,



Joseph F. Vivona
Chief Financial Officer

The following are GAO's comments on the Department of Energy's letter dated June 22, 1995.

GAO Comments

1. Our intent in this report is to show how DOE's changing missions and priorities over time require a fundamental reassessment of its missions and structure. We did not set out to develop specific options for DOE. Resolving internal issues without first evaluating and achieving consensus on missions is not the best approach to restructuring DOE. This report provides a framework to assess alternatives—drawn substantially from a former DOE advisory panel—and points to the need for a governmentwide approach to restructuring DOE.

Our purpose in surveying former DOE executives and experts was to focus on fundamental issues related to missions and structure. Almost all of our respondents had substantial knowledge of DOE's operations, either as contractors, advisers, or long-time observers of DOE's performance. We did not ask respondents to comment on the Department's management reforms.

Officials directly responsible for the conduct of DOE's Strategic Alignment and Downsizing Initiative—the Department's major restructuring reform effort—advised us that they assumed existing DOE missions were still valid. They did not, as part of the analysis conducted for the Initiative, fundamentally reassess missions or evaluate alternatives to accomplish them. Furthermore, we are aware of no evidence to support DOE's contention that it can perform inherent government responsibilities “better than through any alternative organizational arrangement.”

2. We agree that reforms underway at DOE are important and impressive efforts. The draft report that DOE reviewed discussed these reforms. We described some of DOE's reforms as “important areas where marked improvements could greatly increase DOE's ability to better manage its diverse missions more effectively.”

We have updated our report to include the additional reforms DOE mentions, specifically the Galvin Task Force on the national laboratories and the Yergin Task Force on Strategic Energy R&D (which was completed after our draft was prepared).

We agree with DOE's characterization of these reforms for what they are: “major undertakings to fundamentally improve the efficiency and

effectiveness of the Department.” However, according to our examination of the reform efforts, although they were designed to improve operations, they did not entail a fundamental reevaluation of DOE’s missions.

3. DOE correctly points to proposals it initiated for privatizing power marketing administrations, the Naval Petroleum and Oil Shale Reserves, and separating the Federal Energy Regulatory Commission from DOE. However, these proposals were products of the Strategic Alignment and Downsizing Initiative, whose activities appeared to center on streamlining existing operations. Senior advisers to the Secretary and officials directly responsible for the leadership of this Initiative told us that as part of the Initiative, they did not fundamentally reassess missions or evaluate alternatives to accomplish them. More importantly, as we pointed out, while the reforms are useful and needed, they do not address fundamental decisions about DOE’s missions. Only the Congress working with the administration can decide which missions are still needed and how best to implement them.

4. DOE’s plan to reduce its staff by 27 percent while simultaneously achieving billions in productivity savings is a very ambitious undertaking. We certainly applaud these and other efforts at budgetary savings and reform. However, the impact of dramatic changes in the budgets of its missions, especially reduced staff, is highly uncertain. According to the information contained in DOE’s Strategic Alignment and Downsizing Initiative and other sources, it is unclear whether DOE will be truly managing its missions with fewer resources or performing fewer missions to achieve its budgetary goals.

5. We use “missions” to describe the many diverse activities conducted by DOE. While “science education” is an activity that receives a small budget, DOE lists it as one of five “goals” in its Science and Technology business line. DOE engages in many important activities not necessarily associated with large budgetary amounts—energy policy being but one.

In our budgetary chart (see fig. 1.1), we included the cleanup of nuclear waste within environment, safety, and health activities to limit the list to broad categories. We have corrected the reference to “science policy” as “science education.”

6. Resurveying the experts would serve little useful purpose because DOE is essentially the same now as it was when we conducted our survey. Its

Appendix III
Comments From the Department of Energy

missions and structures have not changed nor have its major reforms been substantially implemented.

Major Contributors to This Report

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Diane Raynes, Senior Evaluator
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Related GAO Products

Department of Energy: Alternatives for Clearer Missions and Better Management at the National Laboratories (GAO/T-RCED-95-128, Mar. 9, 1995).

Nuclear Weapons Complex: Establishing a National Risk-Based Strategy for Cleanup (GAO/T-RCED-95-120, Mar. 6, 1995).

Department of Energy: National Priorities Needed for Meeting Environmental Agreements (GAO/RCED-95-1, Mar. 3, 1995).

Department of Energy: Research and Agency Missions Need Reevaluating (GAO/T-RCED-95-105, Feb. 13, 1995).

Department of Energy: National Laboratories Need Clearer Missions and Better Management (GAO/RCED-95-10, Jan. 27, 1995).

Department of Energy: Need to Reevaluate Its Role and Missions (GAO/T-RCED-95-85, Jan. 18, 1995).

Department of Energy: Management Changes Needed to Expand Use of Innovative Cleanup Technologies (GAO/RCED-94-205, Aug. 10, 1994).

Department of Energy: Challenges to Implementing Contract Reform (GAO/RCED-94-150, Mar. 24, 1994).

DOE's National Laboratories: Adopting New Missions and Managing Effectively Pose Significant Challenges (GAO/T-RCED-94-113, Feb. 3, 1994).

Financial Management: Energy's Material Financial Management Weaknesses Require Corrective Action (GAO/AIMD-93-29, Sept. 30, 1993).

Department of Energy: Management Problems Require a Long-Term Commitment to Change (GAO/RCED-93-72, Aug. 31, 1993).

Energy Policy: Changes Needed to Make National Energy Planning More Useful (GAO/RCED-93-29, Apr. 27, 1993).

Energy Management: High-Risk Area Requires Fundamental Change (GAO/T-RCED-93-7, Feb. 17, 1993).

Nuclear Weapons Complex: Issues Surrounding Consolidating Los Alamos and Livermore National Laboratories (GAO/T-RCED-92-98, Sept. 24, 1992).

Related GAO Products

Department of Energy: Better Information Resources Management Needed to Accomplish Missions (GAO/IMTEC-92-53, Sept. 29, 1992).

High-Risk Series: Department of Energy Contract Management (GAO/HR-93-9, Dec. 1992).

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