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Mr. Chairman, members of the committee, thank you for the opportunity to appear before you today to discuss the Department of Energy's nuclear weapons complex. My name is Karen K. Clegg. I am president of AlliedSignal's Federal Manufacturing & Technologies (FM&T), which manages the Department of Energy's manufacturing plant in Kansas City, Missouri, and facilities supporting transportation safeguards activities in Albuquerque, New Mexico.

Mr. Chairman, I am here today to discuss two important issues for the future of the Kansas City Plant and the nuclear weapons complex as a whole: programmatic integration and workforce viability. The first issue is improving programmatic integration of the production sites and national laboratories. The second issue deals with the demographic imbalance of our workforce. If we do not take action to inject new talent into our workforce immediately, we will face a catastrophic loss of technical resources in the near future.

First in regard to integration of the complex, we have accomplished much in this area over the past year yet still face a number of important challenges. In my view, addressing these program integration challenges will improve the effectiveness of the complex, reduce costs, and help retain technical skills and capability.

Our relationships with the national laboratories continue to grow stronger. We currently have 31 of our associates in residence at Lawrence Livermore National Laboratory where they support the National Ignition Facility and other laboratory stockpile stewardship missions. We have recently teamed with Los Alamos to provide on-site production support for its detonator mission assignment. We have partnered with Sandia to transform our production missions from a conventional defect detection quality system to one of process-based quality, driven by six sigma process characterization and control.

A concurrent engineering team, composed of plant, laboratory and DOE engineers and scientists working in a truly integrated environment, successfully met the first production milestone of the new W76 reservoir in 1998.

We continue to work closely with the laboratories to identify and prioritize weapons critical elements of advanced development programs (ADAPT – Advanced Development and Production Technologies - - and ESP – Enhanced Surveillance Program). Enterprise integration is a key element of the ADAPT

program that will improve connectivity among all nuclear weapons complex partners. Within the confines of our budget, we work closely with the laboratories on needed enterprise integration projects such as the Product Definition Management system, a new automated production work instruction system, and classified data transfer networks.

Even with these areas of successful plant and laboratory integration, we can do more. In fact, Dr. Reis has chartered a special commission to study and recommend suggestions for improving plant and laboratory integration. This team is composed of senior leaders from each plant and national laboratory and will report on its findings in April of this year.

The second issue is the status of our workforce and technical talent. I have serious concerns about the sustained viability of our workforce. Many of our problems are budget driven. While I recognize that funding is required to develop our science-based stockpile stewardship program, continued budget pressures at the plants have resulted in razor-thin margins in many critical areas. To be successful in our effort to maintain confidence in and support for the stockpile without underground nuclear testing, we must reach a better balance between enhancing our scientific capabilities and supporting the production complex.

With regard to the status of our workforce, I testified last year that we are approaching a critical drop-off point in staffing, experience, and expertise at the plants. My concern in this area has increased. At the Kansas City Plant, we are now down to a single engineer in a number of key areas. For example, in materials engineering, we have single person coverage in five of nine technologies and in the electrical business unit we have single person coverage in three of eleven technologies. Further budget deficiencies could totally eliminate our capability in some of these critical areas.

Other engineering disciplines at risk include reservoirs, plastics, radio frequency, pulse power and optics. Today, these functions are only marginally staffed at our site and will not be capable of supporting new component designs being developed as a part of the stockpile life extension program.

Our mission at the Kansas City Plant has not diminished in importance or scope. Our components and technologies ensure the safety and reliability of the stockpile. These products include highly sophisticated, complex components such as radars, programmers, reservoirs, coded switches, timers, junction boxes, trajectory sensing signal generators, firesets, and mechanical cases.

Funding for the science-based stockpile stewardship program will be wasted if we are unable to produce these components in sufficient quantities.

The Kansas City Plant manufactures 90 percent of the nonnuclear components in the weapons stockpile – over 1,000 unique part types and over 40 product families. We ship more than 60,000 entities annually. We are currently manufacturing products to upgrade four of the seven systems in the stockpile. Specific plans are also being developed for comprehensive stockpile life extension production programs beginning after the year 2000. In addition, we continually fabricate telemetry systems to evaluate all systems in the stockpile, supply hardware for the Air Force's ongoing maintenance programs, and produce reservoirs for all weapons in the stockpile.

In view of this critical and demanding mission, reversing the loss of technical expertise should be our fundamental task for the coming year.

I also remain deeply concerned with our workforce demographics. The budget has precluded hiring new talent, and budget driven layoffs have significantly impacted retention of early and mid-career talent. Only one of our 1,156 hourly employees and 61 of 2,065 salaried employees are under the age of 30. Twenty-five percent of the workforce is eligible to retire today. Thirty-six percent of the workforce will be eligible to retire in three years.

Our accomplishments – including our recent production successes with reservoirs and secure transportation trailers – can continue only if these trends are reversed. AlliedSignal brings many years of production experience to the complex, intense management attention, relentless emphasis on continuous improvement initiatives, and implementation of commercial best practices. We have performed our mission in a cost effective and highly efficient manner and we will continue to do so. But we need your continued oversight and support to meet this great challenge in the future.

As we downsize the stockpile and move farther away from nuclear testing, certification of the stockpile involves managing increased risk. The key question for the science-based stockpile stewardship approach remains: do we have viable production plants with the right mix of skilled staff, equipment, and capabilities to ensure the safety and reliability of the stockpile in the future?

Mr. Chairman, thank you again for the opportunity to appear before you today. AlliedSignal is committed to keeping the Kansas City Plant a strong member of

the nuclear weapons complex. I look forward to continuing to work with you and the members of this committee to ensure the safety and reliability of the stockpile in the future. I would be pleased to answer any questions you may have at this time.