



# Report to Congress on the Plan for Organizing the National Nuclear Security Administration

Pursuant to Section 3153 of the  
National Defense Authorization Act  
for Fiscal Year 2001

**May 3, 2001**

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## I. Planned NNSA Organizational Structure

On March 14, 2001, John Gordon, Administrator of the National Nuclear Security Administration (NNSA), announced plans for realigning NNSA's organizational structure to improve performance of the core mission, which is to strengthen national security and reduce the global threat from weapons of mass destruction through applications of science and technology.

The components and staff offices that now constitute NNSA are being realigned into "program" and "support" components, as is the practice in many large public and private sector enterprises. The program components, **Defense Programs** and **Defense Nuclear Nonproliferation**, will focus on defining and advocating the most effective means of accomplishing our mission. Their role is to plan for and manage the programs and oversee production.

The two new support components, **Facilities and Operations** and **Management and Administration**, will be focused on the enabling functions that are critical to mission success. Certain functions like security and safety management, infrastructure and project management, the personnel system, and the planning and budgeting process—which have received less than adequate attention in the past—will now have the dedicated management attention they need.

In addition, the **NNSA Staff Component** will be established to ensure that the Administrator has the advisory support he needs to discharge his leadership, policymaking, communications, and oversight responsibilities.

The plan will not change the management of **Naval Reactors**. This component will remain separately managed, as specified in the National Nuclear Security Administration Act (NNSA Act).<sup>1</sup> NNSA has made use of this component's record of success and lessons learned in the shaping of the broader organization.

This organizational structure requires two changes to the NNSA enabling legislation. First, legislation would be needed to establish the position of Principal Deputy Administrator as a Presidential appointee, subject to Senate confirmation. Second, to provide the Administrator the necessary flexibility to determine where the field elements and, in particular, the heads of the national security laboratories and nuclear weapons production facilities should report, section 3214(c) of the NNSA Act should be repealed.

Chapter I of this report describes the new headquarters structure that NNSA intends to establish by October 1, 2001. It provides the rationale for the reorganization, it presents the charter for an expert review of issues concerning roles and responsibilities within

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<sup>1</sup> 50 U.S.C. §§ 2401–2484.

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the NNSA organization; and, finally, it discusses NNSA's relationship with Department of Energy (DOE) oversight organizations.

This new NNSA organizational structure is based on the findings from a series of studies involving many people in the NNSA. In November 2000, the Administrator tasked two teams of NNSA senior managers to examine organizational structure options. The two groups submitted their recommendations to the Administrator in early January. Then 10 function-specific teams were formed to develop more detailed recommendations. The reports of those teams provided the Administrator with sufficient information to announce the planned realignment. He then tasked a team of NNSA managers to harmonize those 10 sets of recommendations into this summary report.

Mindful of the legislative mandate to provide the Armed Service Committees with a plan "for assigning roles and responsibilities to and among the headquarters and field organizational units of the NNSA,"<sup>2</sup> the Administrator intends to charter a group of experts to advise the NNSA on options for addressing long-standing, very complex issues concerning roles and responsibilities. The group will be asked to report within 60 to 90 days on headquarters and field relationships, and organizational structures. (The charter is described in section C of this chapter.)

In Chapter II, for each headquarters component (and its offices), we provide a mission statement, a description of its core functions, and a description of the key relationships with other NNSA offices and with organizations external to NNSA. Finally, we highlight the changes anticipated in structure and staffing for each component office.

In Chapter III, the report describes the plan for implementing the new structure. While a plan has been prepared, much work remains to be done. Starting in May 2001, NNSA will begin the detailed implementation process necessary to stand up all the parts of this new headquarters organization by October 1, 2001. For example, many functions and their corresponding positions will move from their current component offices to others. Staffing changes like these should be thoughtfully considered and planned. In addition, business processes for cross-cutting functions must be redesigned in order to achieve the benefits anticipated by the reorganization, even if staff do not move. These changes can also be disruptive if they are not carefully orchestrated. The May to September period is a short but achievable time frame to plan and execute the transition from the current structure of NNSA components to the planned structure.

Throughout this reorganization process, NNSA has focused first on improving organizational **effectiveness**—making the kind of thoughtful changes that can be best evaluated using measures that focus on achievement of organizational objectives, customer satisfaction, and employee satisfaction. As the new organization takes hold,

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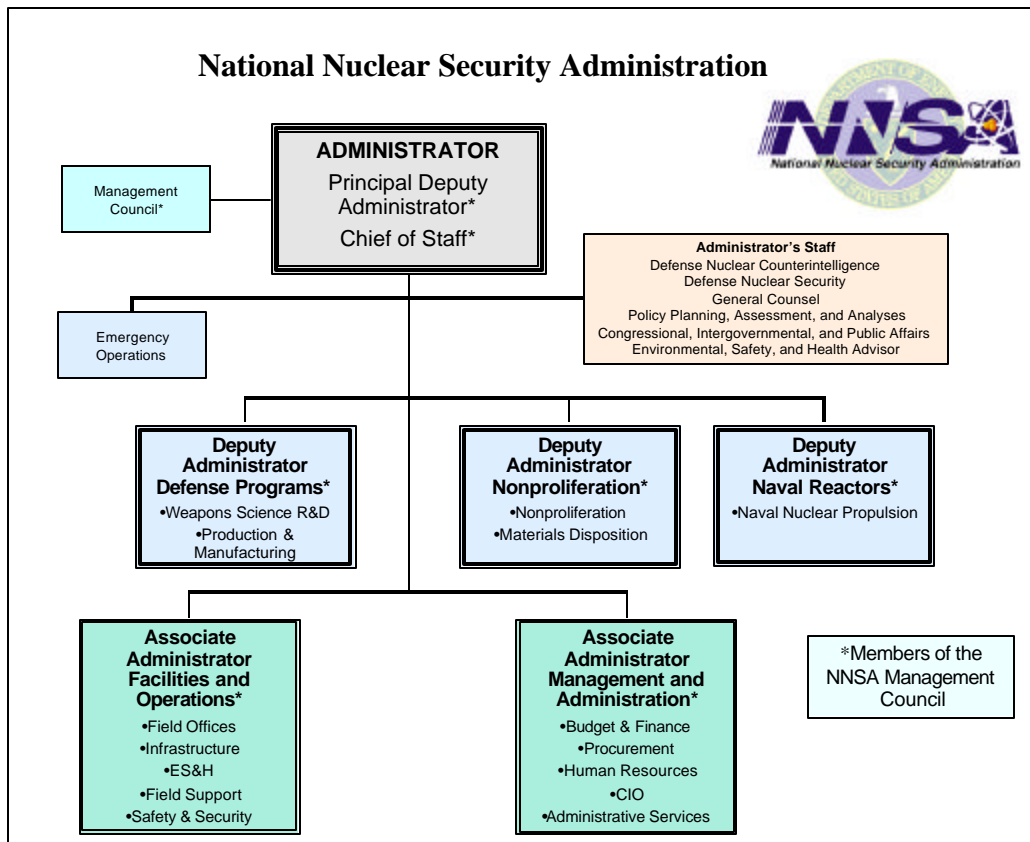
<sup>2</sup> Section 3153 of the National Defense Authorization Act for Fiscal Year 2001.

the focus will turn to improving **efficiency** through a structured process that minimizes disruptions of current mission performance. These changes can be evaluated using more traditional quantitative indicators, like costs and schedule compliance.

The following section provides a high-level overview of the NNSA headquarters components.

## A. New Headquarters Structure

Chart 1 displays the overall design for NNSA headquarters components and the planned reporting relationships of the component heads:



**Chart 1: NNSA Planned Organization**

The Associate Administrator for Management and Administration will ensure that the management of budget, finance, procurement, information, and people is efficient and serves the needs of the program components. The Associate Administrator for Facilities and Operations will ensure responsible stewardship of our facilities and will be successful only if these facilities are available to the program components for performing our missions.

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The Defense Programs component will maintain the safety, security, and reliability of the nuclear stockpile. NNSA has made significant strides in that area with the Department of Defense—it is implementing plans for detailed, requirements-driven stockpile life extension and refurbishment. Defense Programs will direct planning and set goals for production at the plants and laboratories and for the science-based stockpile stewardship activities at the national laboratories and test sites.

The Defense Nuclear Nonproliferation component will continue to reduce the threats posed by weapons of mass destruction; strengthen nonproliferation institutions and norms; improve the security of weapons-usable materials in Russia, the New Independent States, and other areas of concern; develop technologies to prevent nuclear smuggling, detect proliferation, and respond to possible domestic chemical or biological weapons use; and reduce the danger posed by unsafe operation of Soviet designed reactors worldwide.

The Administrator is also seeking the establishment by statute of a Principal Deputy Administrator to help resolve operational issues among NNSA elements and to assist in the day-to-day management of the enterprise.

The primary differences between this design and the current NNSA structure are the following:

1. **NNSA Staff Component** is a new corporate support group, coordinated by the Chief of Staff, which provides staff assistance—primarily in the policy-making arena—to the Administrator and his Principal Deputy.
2. **Management and Administration (M&A)** is a new business management group headed by an Associate Administrator. Its purpose is to provide centralized support services to ensure consistent, cost-effective, and integrated management of cross-cutting resource management functions. M&A manages financial information and cross-cutting planning activities, human resources (HR) practices, procurement practices, information technology (IT), and administrative services for NNSA headquarters organizations. The M&A Associate Administrator serves as the single point of contact on budget, HR, IT, and procurement matters when those activities require interactions with other components of NNSA or DOE.
3. **Facilities and Operations (F&O)** is a new business management group headed by an Associate Administrator. It provides centralized support services for all field-based activities of NNSA and provides oversight of the security programs and the environmental, health, and safety programs implemented in the field. F&O also manages the ongoing maintenance of NNSA facilities and infrastructure and the improvement of these resources, including the Recapitalization Initiative, but not including those assigned to program components. It provides technical and management support for construction projects.



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4. **NNSA Management Council** provides a formal mechanism to help NNSA top managers deal promptly with cross-cutting issues and to identify opportunities for synergy across NNSA components. It is the mechanism for high-level integration and dispute resolution. The Management Council comprises the Principal Deputy Administrator; the Chief of Staff; the Deputy Administrators of DP, NN, and NR; and the Associate Administrators of M&A and F&O. The organizational change introduces dynamic tensions that must be resolved through teamwork and partnership—the Management Council provides the forum for addressing these issues.
  5. **Defense Programs (DP)** will change in two major ways. First, its current responsibilities for managing the field offices and facilities, as well as the staff associated with those functions, will transfer to **F&O**. Second, some DP staff members who perform management and administration functions will transfer to **M&A**. This will allow DP to focus on managing its current programs and its long-science campaigns, planning for future years, and coordinating closely with its key customer, DoD. DP will maintain responsibility for program-oriented construction and facility initiatives.
  6. **Nonproliferation (NN)** will change as some of its staff members who perform management and administration functions will transfer to **M&A**. This will allow NN to focus on managing its current programs and its long-term nonproliferation research and development, planning for future years, and coordinating closely with its key customers.
  7. **Naval Reactors (NR)** remains unchanged in the new organizational structure.

## **B. Rationale for the NNSA Reorganization**

The NNSA enterprise comprises more than 37,000 federal and contractor employees located at 11 major installations (including Naval Reactors). The organizational challenges presented by this complex structure have been the subject of several studies that pointed out the need to realign roles and responsibilities to address the post-cold war downsizing and mission changes of DOE. However, achieving this realignment while continuing to maintain the stockpile and providing leading-edge technology and science is not easily achieved. While this first phase of our efforts is primarily focused on realignment of NNSA headquarters functions, it must be emphasized that the majority of the work is performed in the field at contractor-operated facilities.

Almost from the time that NNSA was created, its stakeholders and employees have anticipated that the internal structure of the new organization would need to be changed. How this should occur has been a persistent question. Because there were various options under discussion, the NNSA Administrator asked two groups to more fully develop and evaluate these options. The first group was guided by consultants from the PricewaterhouseCoopers Strategic Change Practice, using its organizational

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design methodology. This group developed a set of criteria, or design principles, for evaluating reporting structure options; created a set of charts showing the reporting structure options to be evaluated; and evaluated each reporting structure by judging how well it supported the design principles. (This report is available upon request.)

The second group, comprising NNSA officials and senior managers from NNSA's national laboratories, assessed the details of one option proposed by the Administrator. This second group explored ways of aligning headquarters that would improve the functioning of the laboratories and production facilities that perform NNSA's missions.

The structure chosen supports the following organizational design principles:

1. **Relationship to DOE** – NNSA's structure must be consistent with its semiautonomous status within DOE. This principle suggests that NNSA should develop its own operating units in selected areas to ensure that it has the resources to generate its own procedures and practices, where needed.
2. **Strategic Alignment** – NNSA's structure should be aligned with its strategy and objectives; in other words, form should follow function. This principle suggests that responsibility for achieving each of the six mission-related objectives set out in the enabling legislation should be obvious in the structure chosen.
3. **Size of Units** – NNSA's work units should be of similar size whenever possible (size refers to both budget and the number of staff). This principle suggests that the new organizational structure should create units of smaller size and with more similar budgets. Also, the units should be consistent with natural professional groupings within NNSA.
4. **Problem Solving and Decision Making** – NNSA should empower decisions at the lowest level possible, ensure that the process is transparent to staff and contractors, and enforce the chain of command. This principle suggests that the organizational structure should be flatter, which may lessen the perceived need to "jump the chain of command." It also suggests that a structure is needed to bring cross-office disputes to early resolution without bringing such issues to the Administrator. However, the discussions on this topic highlighted that management practices, not structure, are the chief contributors to perceived problems. Management practices are unlikely to be improved by restructuring and should be addressed with other changes.
5. **Roles and Responsibilities** – NNSA groups should have clearly defined roles and responsibilities. Discussion of this principle suggested the need to establish separate groups to handle external relationships (Administrator's Office) and integrate internal business functions (Management and Administration). It also suggested the need for a separate field operations group (Facilities and

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Operations) to manage the landlord function, allow for more equal treatment across programs, and reinforce a new customer-supplier relationship between the programs and the field.

## **C. Charter for Roles and Responsibilities Review**

While much has been accomplished in establishing the architecture for the new NNSA, long-standing, very complex issues remain concerning roles and responsibilities—particularly in the relationship between headquarters and field elements. The relationship between the program components and F&O also needs additional clarity as the NNSA business structure evolves and emerges. NNSA's intention to address these issues underscores our commitment to eliminating the so-called "two headquarters" problem that was raised by the 120-Day Study conducted by the Institute for Defense Analysis and submitted to Congress in 1997. Resolving these issues will be a significant part of the second phase of implementing the NNSA Act.

### **1. Mechanics**

NNSA intends to task a Federally Funded Research and Development Center (FFRDC) to assemble an expert group to review and make recommendations or provide options for resolving these issues. NNSA will task the expert panel to complete this review within 60 to 90 days so that we can prepare a plan for addressing this by October 1, 2001. Implementation may take at least six months after October 1, 2001, if not longer, but decisions will be phased in as soon as possible.

### **2. Issues to Evaluate**

The review charter will include, but not be limited to, four particularly challenging issues that have failed resolution efforts for years within DOE.

First, the line of authority and accountability for managing programs needs to be succinctly clarified. When and if NNSA is granted legislative relief from the requirement that the head of each national security laboratory and nuclear weapons facility reports to the Deputy Administrator for Defense Programs, we intend to shift the reporting relationship of the federal field organizations from DP to F&O. However, this would result in a significant number of program-oriented staff located in the field being removed from DP's chain of command. This is one issue for which we are seeking expert advice and recommendations for resolution.

The second issue involves clarifying roles and responsibility for safety, security, and the budget in the 79 facilities that make up the Defense Programs' Readiness in Technology Base and Facilities (RTBF) account. The ultimate objective is to delineate the responsibility for facilities availability from the program activities

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performed within the facilities. This process will take time and be determined on a facility-by-facility basis through formal agreements. In the long run, F&O will be responsible for assuring that facilities are “available” for program activities, and DP will be responsible for “performing” program activities. The line between “availability” and “performance” will take time to define as we stand up this new organizational structure and define the relationships between Deputy and Associate Administrators. DP will retain line responsibility for facilities until formally transferred to F&O. Helping define this line between “availability” and “performance” is another issue within the charter of the expert group.

Third, the structure of NNSA’s field elements (including Operations and Area Offices) and the reporting relationships to headquarters program and support components need further definition. Should each field element report directly to headquarters, or should Area Offices report through an Operations Office? Are the authorities and responsibilities of federal field elements changed in the new NNSA structure? These issues will also be included in the charter.

Finally, we will ask the expert group to provide recommendations for clarifying the powers invested in line functions versus staff functions, defining directive authority in each through a strict “chain of command” structure.

### **3. Principles and Objectives to Guide Review**

Over the past year, headquarters and field officials have been engaged in a dialogue regarding these and related issues. Some agreement has been reached on principles for managing the organization. In addition, NNSA has established objectives that guide our implementation process. The expert group will be asked to perform the review based on the following principles and objectives:

- Headquarters components have authority and accountability for defining program work through policy, program, and budget formulation.
- Field elements have authority and accountability for overseeing the execution of agreed-upon performance objectives set by program offices.
- Authority and accountability for evaluation of contractor performance are shared by program and field organizations and will be coordinated by the Facilities and Operations component.
- Decision authority should be located closest to the impact of a decision:
  - Program trade-offs should be made in close consultation across the NNSA.
  - Operational oversight and trade-offs should be made by site managers in coordination with appropriate NNSA offices.

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- Maximize government's contracting authority by aligning organization with legal accountability.
  - Maximize federal staffing productivity.
  - Encourage resolution of cross-cutting issues through the Management Council and part of NNSA's commitment to teamwork and shared success.

## **D. Relationship to Departmental Oversight Organizations**

Responsibility for internal DOE independent oversight of NNSA activities in the areas of safeguards and security; cyber security; emergency management; and environment, safety, and health is split between two DOE offices. The DOE Office of Environment, Safety, and Health (DOE-EH) oversees ES&H activities. The DOE Office of Independent Oversight and Performance Assurance (DOE-OA) provides independent oversight of safeguards and security, cyber security, and emergency management. In order to assure consistency of review and to minimize the impact on NNSA operations, NNSA is working with the organizations to streamline their activities and make them available for specific taskings by the Administrator. Consideration is being given to consolidating these oversight functions.



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## II. NNSA Organizational Descriptions

This chapter presents detailed descriptions of the seven components that will make up the new NNSA. For each component, we provide the following information: the **mission** and **core functions** of each component and its major subcomponents, key **relationships** among the components within the NNSA and with organizations external to the NNSA, and anticipated **changes in structure and staffing**. These statements describe the functions and structure that we intend to implement by October 1, 2001.

### A. NNSA Staff Component

The NNSA staff offices provide analytical and advisory assistance to the Administrator, particularly in relation to his leadership, policy, communication, and oversight roles.

#### 1. Office of Defense Nuclear Counterintelligence (DNCI)

**Mission** – Gather information and conduct activities to protect against espionage, other intelligence activities, sabotage, or assassinations conducted for, or on behalf of, foreign powers, organizations, or persons or international terrorist activities, but not including personnel, physical, document, or communications security programs.

**Functions** – The Chief of the Office of Defense Nuclear Counterintelligence (DNCI) serves as the NNSA Senior Counterintelligence Officer, with comprehensive responsibility for the implementation of the counterintelligence policies of the Administrator, NNSA and the Secretary, DOE relating to all counterintelligence activities and operations under the purview of the NNSA. This office serves as the primary advisor to the Administrator on all CI matters affecting NNSA.

Core functions of this office include the following:

- Approve, conduct, and coordinate all counterintelligence policy and investigative matters with the Director, Office of Counterintelligence, DOE and with the Federal Bureau of Investigation (FBI) and other intelligence and law enforcement agencies
- Provide assistance and support to law enforcement authorities related to counterintelligence matters involving NNSA equities, including, but not limited to, its personnel, facilities, and information
- On counterintelligence matters, and in coordination with the DOE Director of the Office of Intelligence, provide assistance and support, including specialized equipment, technical knowledge, and expert personnel, to law enforcement authorities

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- Oversee the field implementation of CI by counterintelligence offices located at NNSA weapons laboratories, production facilities, and Operations Offices; maintain a direct line of authority to Senior Counterintelligence Officers at each NNSA site
  - Analyze, produce, and disseminate threat-related counterintelligence information responsive to the requirements of DOE program managers and other U.S. government agencies
  - Develop long-range strategic plans to ensure that CI capabilities remain responsive to NNSA needs and are appropriate to counter foreign intelligence threats

***Internal and External Relationships*** – DNCI will work closely with the DOE Office of Counterintelligence (DOE-CI) to ensure CI coverage for the entire DOE. This working relationship extends to the budget development process. DNCI will work closely with the NNSA Office of Defense Nuclear Security, because both disciplines are required to fully protect NNSA personnel, information, and resources. The office will also maintain extensive professional relationships with members of the Counterintelligence Community, including the FBI and the Central Intelligence Agency (CIA). The office oversees all CI field offices located at NNSA sites. The Office of Defense Nuclear Counterintelligence is unique among the NNSA staff offices in that it also has operational responsibilities. This accounts for the need for more robust staffing than would otherwise be the case.

***Changes in Structure and Staffing*** – DNCI was created by the NNSA Act. Prior to that, DOE-CI had made great progress in establishing a strong, centrally managed CI program in DOE. In order to minimize duplication of effort and resources, DNCI will leverage the existing capabilities of DOE-CI with respect to its IT infrastructure, automated databases, and program capabilities, while maintaining a distinct and independent line of authority over its field units. DNCI headquarters staff will make use of the DOE-CI program offices to support its operational responsibilities in the areas of Analysis, Investigations, Training, Cyber, and CI Evaluations (for personnel placement).

## **2. Office of Defense Nuclear Security (DNS)**

***Mission*** – Ensure that NNSA policies and procedures are in place to protect nuclear materials and information.

***Functions*** – The Chief, Defense Nuclear Security provides advice on all aspects of safeguards and security for the NNSA.

Core functions include the following:



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- Approve and issue implementation procedures and guidance for all aspects of safeguards and security programs for the NNSA
  - Present the NNSA safeguards and security position to non-NNSA activities
  - Serve as the Administrator's advisor on safeguards and security
  - Serve as the final NNSA approval authority for all major safeguards and security programs
  - Advise on the adequacy of the NNSA-wide safeguards and security budget

***Internal and External Relationships*** – The Office of Defense Nuclear Security is the primary interface with outside agencies for safeguards and security activities to identify the procedures implemented at NNSA facilities. The office provides oversight of the activities of the NNSA Office of Nuclear Safeguards and Security Programs (NSSP) in Facilities and Operations, which is responsible for implementation of security procedures in the field. These two offices collaborate on the Site Safeguards and Security Plan (SSSP). NSSP reviews and comments on the SSSP, while DNS serves as the final NNSA concurrence authority. The Chief has direct access to the DOE Secretary, the Administrator, and all other DOE officials and contractors concerning security matters.

***Changes in Structure and Staffing*** – DNS was created by the NNSA Act. Some of the positions in this office will be filled from consolidation of NNSA employees who now perform DNS functions in the program components, as well as from transfers from the DOE's Office of Security and Emergency Operations (DOE-SO).

### **3. General Counsel (GC)**

***Mission*** – Provide legal services, counsel, and support to the NNSA with respect to all of its activities.

***Functions*** – Core functions of the office include the following:

- Assure that NNSA programs are administered in accordance with legislation and other legal requirements and in accordance with NNSA policies
- Provide counsel to the Administrator and senior NNSA officials, and ensure the provision of legal support and services to NNSA programs
- Interpret laws, regulations, and other services of authority relevant to NNSA operations and administration
- Represent NNSA before federal, state, and other government agencies

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- Formulate, revise, and implement legal policies, procedures, and practices governing NNSA operations
  - Supervise and ensure proper discharge of functions assigned to other NNSA legal staff, including field element Chief Counsels

***Internal and External Relationships*** – The NNSA General Counsel is the principal legal advisor to the Administrator and senior NNSA management. The General Counsel will work closely with the DOE General Counsel (DOE-GC) and the NNSA field element Chief Counsels. In litigation affecting the Administration’s programs, GC will work with the Department of Justice to represent the NNSA. GC will have important external relationships in its role of representing and protecting the interests of the NNSA in legal matters; in court proceedings; and in relation to other government agencies, administrative bodies, committees of Congress, foreign governments, and members of the public.

***Changes in Structure and Staffing*** – The NNSA GC is a position statutorily required by the NNSA Act. The office will be staffed by the General Counsel and a Deputy General Counsel. Basic legal services will be provided under a service agreement with DOE-GC and by the field element Chief Counsels.

#### **4. Policy Planning, Assessment, and Analysis (Policy Planning)**

***Mission*** – Provide an objective source of analysis and information on policy matters of concern to NNSA.

***Functions*** – The primary customer for Policy Planning, Assessment, and Analysis is the Administrator. Policy Planning helps the Administrator assess current and future nuclear security demands, thus enabling NNSA to play a more visible role in the interagency community. It also provides planning and policy support on an ad hoc basis to the program components.

Policy Planning’s core functions include the following:

- Analyze program and policy options for decision by the Administrator
- Conduct studies and analysis in connection with National Security Council (NSC)-directed policy reviews, the work of the Nuclear Weapons Council (NWC), external advisory boards, interagency working groups, and similar senior-level policy bodies (This includes participation in the numerous interagency national security reviews being carried out by the new Administration.)
- Develop the long-term strategic planning guidance that serves as input to NNSA’s strategic planning activities and input for the Program, Planning, Budgeting, and Evaluation (PPBE) process

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- Develop policy guidance to help establish priorities across all NNSA programs
  - Provide peer review and critical assessment of analysis performed by other agencies or elsewhere within NNSA and DOE

***Internal and External Relationships*** – The Policy Planning staff will interact closely with NNSA organizations and may carry out joint studies or otherwise make use of the intellectual resources of these groups. It will work with the NNSA PPBE staff, in particular, to identify key issues for analysis that will help to drive program and budget development and establish priorities. The Director will work hand-in-hand with the Associate Administrator for M&A and the PPBE Director in developing planning guidance for the annual budget cycle. The Policy Planning staff will engage actively in the interagency community in advancing the NNSA agenda.

***Changes in Structure and Staffing*** – The Policy Planning office is a new staff office. It will consist of a small staff, including six to eight experts detailed from the national laboratories on a temporary basis (6–12 months); from NNSA programs; and on a rotating basis from State, Defense, and the Intelligence Community.

## **5. Environment, Safety, and Health Advisor (ES&H Advisor)**

***Mission*** – Ensure that proper policy and procedures are in place throughout the NNSA to protect the environment, the health and safety of workers at NNSA facilities, and the public.

***Functions*** – Advises the Administrator on all matters of ES&H policy affecting NNSA facilities or activities. The Advisor is responsible to the Administrator for coordination and oversight of matters concerning environment, safety, and health. These include matters relating to radiological controls, environmental protection, occupational health, industrial safety, and nuclear safety. The ES&H Advisor recommends to the Administrator an overall ES&H policy and implementing measures. The Advisor provides support to other senior officials on broad policy matters concerning ES&H. (Safety, in this case, includes all aspects of nuclear and nuclear explosive operations.)

Core functions include the following:

- Advise on the development of all environmental safety and health aspects for any new NNSA facilities or modifications of any NNSA facility
- Advise on the adequacy of NNSA-specific procedures for implementing the DOE's Integrated Safety Management System (ISMS) policy
- Act as primary contact with the DOE ES&H organization for all policy matters affecting NNSA

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- Advise on the adequacy of the NNSA-wide ES&H budget
  - Serve as the principal point of contact on ES&H with DOE-EH and all external agencies; ensure that DOE-EH and external agencies are aware of and take into account, in the establishment of requirements, the unique NNSA facilities and activities
  - Serve as the National Environmental Policy Act Compliance Officer for NNSA

***Internal and External Relationships*** – The Office of the ES&H Advisor provides advice to NNSA components on the ES&H aspects of their relationships with customers (e.g., DOE) and others (e.g., federal, state, and local agencies). The ES&H Advisor also serves as the NNSA’s technical liaison with the Defense Nuclear Facilities Safety Board (DNFSB) and serves as technical advisor to NNSA committees, study groups, and task forces.

***Changes in Structure and Staffing*** – The ES&H Advisor will have a small staff.

## **6. Congressional, Public, and Intergovernmental Affairs (CPIA)**

***Mission*** – Provide advice on all aspects of congressional, public, and intergovernmental affairs.

***Functions*** – Congressional, Public, and Intergovernmental Affairs develops and implements legislative strategies on behalf of the NNSA; promotes NNSA policies, programs, and initiatives through communications with federal agencies, Congress, and state, local, and tribal governments; and maintains open and public communication with stakeholders and the news media. The primary customers include the Administrator, NNSA program and support components, federal staff in the field, news media representatives, and NNSA stakeholders and communities. The office ensures that NNSA meets its statutory responsibility to keep the appropriate congressional committees fully informed with respect to the NNSA’s activities.

Core functions include the following:

- Serve as the congressional, public affairs, and intergovernmental liaison for the NNSA
- Advise NNSA managers and staff on relations with Congress and the views of Congress and the public toward NNSA policies, plans, and activities
- Review and concur in all outgoing correspondence to members of Congress and the media

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- Develop NNSA's legislative program to implement policy objectives and monitor legislative proposals, bills, and hearings
  - Manage confirmation hearings before the Senate Armed Services Committee and Energy and Natural Resources Committee for all NNSA appointees
  - Represent NNSA in all its dealings with the news media—producing news releases and handling media queries and visits

***Internal and External Relationships*** – CPIA is the primary liaison between NNSA, the public, and the U.S. Congress. This makes it essential that CPIA staff work closely with NNSA senior managers and with members of congressional committees and intergovernmental groups to build effective relationships and to represent the interests of NNSA. This office also works with NNSA program and support components to ensure coordination with legislative initiatives within DOE, and it works with the field elements to address local stakeholder issues. This office also coordinates (as necessary) with the DOE headquarters Office of Public Affairs, the NNSA Operations Offices, and NNSA contractors' public affairs and congressional relations personnel. Public affairs personnel work with print, broadcast, and web-based media within the United States and throughout the world.

***Changes in Structure and Staffing*** – The NNSA Act requires that the Administrator assign staff responsibility for the three functions contained within this office.

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## B. NNSA Support Components

### 1. Facilities and Operations (F&O)

**Mission** – Provide program organizations with science and production facilities ready and available to perform NNSA's core missions.

**Functions** – The customers of Facilities and Operations include the program components that rely on NNSA laboratories, plants, and sites to implement their programs. F&O is responsible for establishing and directing, through the field elements, an overarching field operations framework that includes five major functions: (1) support for operations, resource management, human capital, enterprise management, and contractor performance evaluation; (2) advocacy, policy development, management oversight, and resource management for those infrastructure and facilities mutually agreed upon with the programs to be the responsibility of F&O; (3) advocacy, policy development, and management oversight of environmental, safety, and health programs; (4) project and construction management; and (5) safeguards and security.

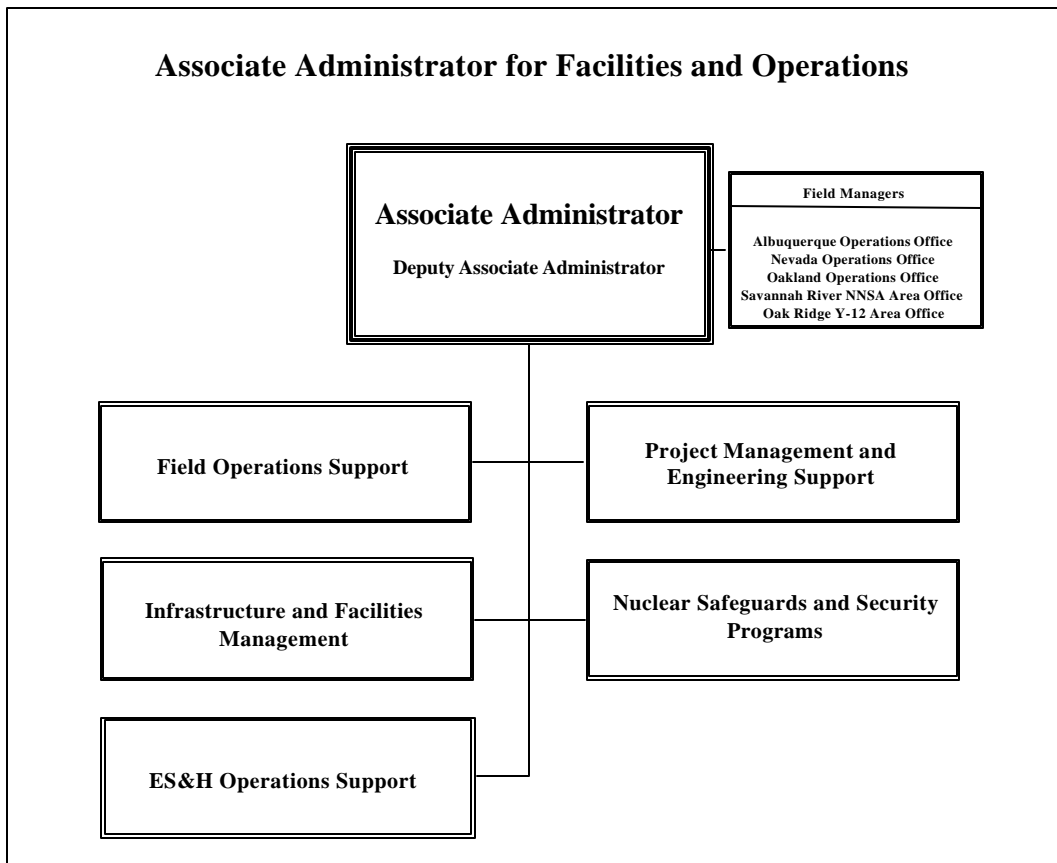
Core functions of F&O include the following:

- Establish policy and procedures relative to the management and operations of NNSA facilities, including primary responsibility for all facility planning, operations, and maintenance activities at NNSA sites
- Develop and manage the NNSA infrastructure and facilities management budget, including the maintenance and improvement program
- Oversee implementation of NNSA safeguards and security programs
- Oversee implementation of NNSA environment, safety, and health programs
- Provide project management support for projects; monitor cost, scope, and schedule; perform technical assessments; and disseminate best practices through project management policies and procedures
- Develop inspection guidance for the field offices and monitor the effectiveness of the field offices' implementation of those programs
- Develop and manage the program direction budget for the field
- Support NNSA field elements and the program components in the development, implementation, and evaluation of contractor performance, including award fee

Facilities and Operations comprises the following five offices: (1) Field Operations Support, (2) Infrastructure and Facilities Management, (3) ES&H Operations Support, (4) Project Management and Engineering Support, and (5) Nuclear Safeguards and Security Programs.

**Internal and External Relationships** – F&O partners are the field elements that directly oversee the contractors that operate at NNSA laboratories, plants, and sites. F&O works closely with its customers (program components) and partners (field elements) to ensure that they get the support they need for successful programs. F&O also works closely with NNSA field elements to ensure that consistent, cost-effective, technically sound direction and oversight are applied throughout the NNSA complex.

**Changes in Structure and Staffing** – F&O is a newly created organization within NNSA. We estimate that the staffing requirement for F&O will be approximately 170 full-time equivalents (FTEs). The majority of the F&O functions will transfer from Defense Programs (DP), Nonproliferation (NN), and DOE-SO. DOE and NNSA employees who perform these functions will be transferred to F&O. Chart 2 shows the Planned Organization of the Associate Administrator for Facilities and Operations:



**Chart 2: Associate Administrator for Facilities and Operations –**

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## Planned Organization

The following subsections describe the five offices that make up the Facilities and Operations component:

### a. Office of Field Operations Support (FOS)

**Mission** – Support headquarters and field offices through facilitating resource management, human capital and organizational support, enterprise management, and contractor performance evaluation.

**Functions** – Customers of this office include NNSA field elements and the Associate Administrator for F&O. The office comprises two divisions: (1) Program Direction, Human Capital, and Organizational Support and (2) Enterprise Management.

*Program Direction, Human Capital, and Organization Support* provides program-direction funding for the field and serves as a coordinator between the field sites and the Associate Administrator for Management and Administration for issues concerning program direction, manpower, and organizational support. The functions include budget liaison, organizational management, human capital management, and dispute resolution:

- **Budget Management.** FOS manages the program direction budget for field organizations and serves as the main interface between the field and the budget functions within the M&A component. Functions in this area include identification of requirements, budget formulation, and budget execution.
- **Organizational Management.** When governmentwide, congressional, DOE, or NNSA organizational directives are issued, this division provides technical, structural expertise, and administrative assistance; coordinates field reorganizations driven by these directives; and ensures that these requirements are set in place.
- **Human Capital Management.** FOS ensures that the appropriate amount of funding is provided to support the field personnel requirements, based on needed skills retention, training, and recruitment.
- **Dispute Resolution.** This division resolves disputes and solves problems between a field element and any program office active at the site regarding funding disruptions and discrepancies.

*Enterprise Management* plans and implements the activities that maintain the NNSA enterprise and affect field operations. Its core functions are the following:



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- Support the field through coordination and integration of policy and directives with the NNSA program offices and non-NNSA offices, including Field Management Council and directive systems reviews
  - Serve as the field's representative in policy deliberation
  - Create and own the process of NNSA policy and directives development and review, and non-NNSA coordination
  - Develop a single review process that can be utilized by all parts of the NNSA
  - As facilitator of **Contractor Evaluation and Award Fee**, serve as the primary point of contact with field offices and non-NNSA DOE offices on the contractor performance evaluation and fee determination process. Coordinate contractor performance evaluation with the program offices, arrange for NNSA approval of the fee determination and signature of the letter to the contractor as appropriate, and coordinate contractor human resources management transactions

***Internal and External Relationships*** – By nature of its facilitation role, FOS works closely with NNSA field elements, NNSA components, and non-NNSA entities. It coordinates closely with budget staff and the various other staff offices within NNSA to ensure that all requirements being levied on the field are covered for program direction funds. FOS also provides appropriate interface and coordination with NNSA program elements, the Office of Procurement and Assistance Management (PAM), and PPBE offices regarding contractor performance evaluation and fee awards.

***Changes in Structure and Staffing*** – Staff and related functions for FOS will be transferred from DP organizations. In addition, FOS will rely on support from the programs' components.

#### **b. Office of Infrastructure and Facilities Management (I&FM)**

***Mission*** – Serve as a high-level advocate for increased emphasis on, and support for, the infrastructure and facilities of NNSA by managing, administering, assigning, and prioritizing the fiscal resources provided by Congress.

***Functions*** – NNSA's Office of I&FM provides integration and/or input on policy and guidance on all aspects of facility life-cycle management. The office develops the programs, procedures, reports, and oversight functions necessary to effectively and efficiently manage a diverse research and development (R&D) and manufacturing complex. The office oversees site

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infrastructure and general and multipurpose facilities and supports programs in the management of designated program facilities, as mutually agreed upon. The office executes its mission through NNSA field elements.

Other core functions include the following:

- Establish policies and procedures and set priorities for the management of the design, acquisition, operation, maintenance, and disposition of NNSA facilities
- Coordinate and integrate federal field office activities related to the management and oversight of facilities management activities
- Function as the single point of contact for facilities management issues, those internal to NNSA as well as for Congress

The I&FM's customers are the NNSA program and field offices. I&FM is organized into three divisions that collectively cover the full range of life-cycle asset management functions: (1) Policy, Planning, and Programming, (2) Facility Acquisition, and (3) Facilities Management.

*Policy, Planning, and Programming* performs the following functions:

- **Facilities Management Policy and Guidance.** Establish policy and guidance related to I&FM, coordinate policy decisions with program and field elements, provide NNSA input to the development of DOE-I&FM policy, and provide policy recommendations for NNSA
- **Strategic and Technical Planning.** Provide tactical and strategic planning related to facilities management; develop plans, issue data calls, and collect and integrate individual plans into NNSA facility program plans that will form the basis of the annual budget requests for I&FM; and coordinate plans with those of the program offices to ensure support for, and integration of, programmatic requirements with facility operations
- **Budget Formulation Support.** Support budget policy formulation and implementation relating to facilities by providing annual guidance to the field; ensure that annual budget requests are consistent with the approved 6-year budget program plan and the 10-year site comprehensive plan; develop a 6-year facilities management budget request; revise and reissue annually, after validation by the Administrator; oversee the planning and formation of indirect budgets that support facility operations at NNSA sites; and define and integrate these budgets with the 6-year budget plan

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*Facility Acquisition* is responsible for construction project management functions:

- Oversee programmatic line and infrastructure line-item projects (except major systems) for NNSA after completion of the performance baseline (CD-2), as defined in DOE Order 413.3:
  - *For Programmatic Projects:* I&FM technical support is provided to the program component (as requested), from preconceptual design through CD-2, at which time the project will transition to I&FM through CD-4.
  - *For Infrastructure Line-Item Projects:* I&FM is responsible for oversight, from preconceptual design through CD-4.
- Develop and manage a program to determine requirements for general plant projects and expense-funded projects, and oversee the management of these projects by the field elements
- Support the efforts of federal project managers, and assess project performance through monthly reports and quarterly reviews
- Advocate project management staffing requirements and training, and provide input to field element managers on project manager performance

*Facilities Management* performs the following functions:

- Define and oversee an integrated NNSA program for facility operations and maintenance; specify NNSA program requirements for facility operations and maintenance that will become contractual requirements
- Develop input to annual and multiyear program and budget plans
- Actively engage (through I&FM program managers) NNSA field organizations to improve their oversight programs
- Manage and set priorities for recapitalization initiatives
- Perform disposition and maintenance duties
- Oversee site planning and stewardship activities

***Internal and External Relationships*** – I&FM is responsible for the acquisition of new and renovated facilities not designated as program facilities. It will support programs in the acquisition of facilities, particularly in the construction phase of projects. The Office of Project Management and Engineering Support will assist I&FM and the program offices in managing

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construction projects by providing expert reviews at critical stages in the projects. It will also assist in organizing and preparing project teams for critical decisions and quarterly project reviews.

Senior I&FM technical managers will work closely with other NNSA and DOE organizations to ensure that I&FM provides appropriate guidance and coordination and oversight of utilities and energy, emergency preparedness, real estate, site housekeeping functions, and site support systems. To fulfill these responsibilities, they work closely with the organizations responsible for the development of the policy and requirements for each of these subject areas. I&FM oversees field operations, which includes conducting field element reviews in their respective disciplines. It is anticipated that the majority of the resources to complete these functions will come from other parts of the organization.

***Changes in Structure and Staffing*** – Staffing for I&FM is based on the premise that I&FM line management will be responsible for the availability of NNSA facilities to accomplish programmatic missions of the Defense Programs (DP) and Nonproliferation (NN) components. The specific interface and division of responsibility between the I&FM group and the DP and NN components will be documented in NNSA policies and processes.

I&FM will rely upon existing NNSA field elements to manage contracts and execute HQ policy and procedures. The specific interface and division of responsibilities between I&FM and field elements will be resolved and documented during the second phase of NNSA's organizational realignment. Staffing for this office will be drawn from DP organizations that currently have facilities management and ES&H support and responsibility for operations and readiness activities.

### **c. Office of Environment, Safety, and Health (ES&H) Operations Support**

***Mission*** – Oversee implementation of environmental, safety, and health programs in the facilities and programs of the National Nuclear Security Administration.

***Functions*** – ES&H is responsible for the development and oversight of the NNSA environmental, safety, and health program within the framework of the Integrated Safety Management (ISM) policy and Quality Assurance (QA) requirements. This includes guidance for implementation of the oversight policy for the field offices' implementation of ES&H programs. Its customers are the Associate Administrator for F&O, the ES&H Advisor, and field elements of the NNSA.

The office's core functions include the following:

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- Ensure that field activities properly implement environmental, safety, and health procedures at all NNSA facilities and activities
  - Propose NNSA policy and guidance on ES&H matters, including supplements to DOE's policies
  - Coordinate ES&H policy development with DOE
  - Determine adequacy of NNSA ES&H budget
  - Support the FO to ensure the adequacy of safety design bases for new facilities and major modifications at NNSA hazardous facilities

The office comprises three divisions: (1) ES&H Self-Assessment and Technical Support, (2) Site ES&H Liaison and Support, and (3) NEPA Document Preparation and Review.

*ES&H Self-Assessment and Technical Support* – Responsible for the implementation of line-management oversight of all NNSA ES&H and QA management activities. The division provides leadership and technical direction in the development of—and reviews implementation of—NNSA ES&H policies, requirements, standards, guides, and research affecting safety management. The division also coordinates and provides ES&H technical support to NNSA elements.

*Site ES&H Liaison and Support* – Assigned broad ES&H responsibilities for facilities that are essential to the execution of the NNSA mission. The division coordinates ES&H activities at the NNSA production facilities, the national laboratories, and the Nevada Test Site and serves as the liaison with NNSA field elements responsible for the direction of contractor activities at these sites. It also serves as the liaison with program components on ES&H matters. In addition, the division tracks ES&H performance—in particular, the effectiveness of ISM- and QA-related activities.

*NEPA Document Preparation and Review* – Provides long-range, integrated planning for NNSA National Environmental Policy Act (NEPA) compliance activities, along with coordination, integration, oversight, and support for ongoing NEPA activities, both within NNSA and DOE and with other cooperating federal agencies. The division develops policies for pollution prevention and waste minimization for the operation of NNSA facilities.

***Internal and External Relationships*** – The Office of ES&H Operations Support will be the NNSA point of contact for Price Anderson Amendments Act (PAAA) issues and DOE independent oversight corrective actions. The

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director will coordinate all relevant policy, including rule-making decisions, with DOE. The director will also coordinate with DOE's Assistant Secretary for Environment, Safety, and Health (DOE-EH) in the development of policy, standards, and implementation guidance. The Self-Assessment and Technical Support Division will support the director in these responsibilities.

The office will have frequent interactions with the field. The Site ES&H Liaison Support Division will assure effective communication with NNSA field offices to facilitate evaluation and tracking of ES&H performance and to provide the field a point of contact with the NNSA headquarters on ES&H-related topics.

***Changes in Structure and Staffing***—The majority of staff for this office will come from the transfer of personnel within DP with current responsibilities for facilities management, ES&H, technical support, site liaison, and NEPA document preparation and review to this new organization.

**d. Office of Project Management and Engineering Support (PMES)**

***Mission*** – Establish policy, procedures, and practices for project and construction management for both programmatic and infrastructure line-item projects for NNSA.

***Functions*** – The Project Management and Engineering Support Office serves as an advisor on project management best practices. The office advances project management policies and procedures, performs project assessments, coordinates or sponsors quarterly performance reviews, and manages construction project critical decisions through the Energy System Acquisition Advisory Board (ESAAB) process. The office is divided into three divisions: (1) Technical Development and Policy, (2) Project Controls, and (3) Project Assessments and Reviews.

***Technical Development and Policy*** – This division is focused on enhancing the quality of project management through activities such as template development, project manager training, consistent implementation of best practices, incentive creation, and policy interpretation and decision making. It is divided into five areas: (1) Corporate Improvements; (2) Project Performance, Expectations, and Standards; (3) NNSA Center for Best Design Practices; (4) Construction and Program Support; and (5) Project Management Oversight, Policy, and Process.

***Project Controls*** – Implements quarterly project performance reviews; reports to NNSA executives and other staff on overall status and trends of NNSA projects; evaluates policy, procedures, and process for currency, applicability, and external requirements to maintain usefulness; coordinates,

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schedules, and produces policy and procedure documents for Energy Systems Acquisition Advisory Board (ESAAB) meetings and reviews for NNSA program and project acquisition executives with appropriate sites, project managers, and HQ program contacts.

*Project Assessments and Reviews* – Responsible for conducting internal assessments and interfacing with DOE-OECM for coordination of external reviews and programmatic and subject area assessments. Both capital- and operating-funded projects are assessed or reviewed, internally or externally, at critical points in the project life cycle.

***Internal and External Relationships*** – This office will serve as the NNSA Administrator’s primary interface with the DOE Office of Engineering and Construction Management, the National Research Council’s (NRC’s) Committee on Oversight and Assessment of U.S. Department of Energy Project Management, and all other related project management external assessment or best-practice groups [e.g., the Office of Management and Budget (OMB), the Federal Facility Council, the General Accounting Office (GAO), and Congress].

PMES will rely on the Deputy and Associate Administrators and NNSA field element project and construction line-management organizations to implement and comply with PMES policies, procedures, and processes instituted by the office. The NNSA field organizations will be responsible for appropriately aligning their organizations to support implementation of sound project management practices through the federal project managers (FPMs) and contractor organizations.

***Changes in Structure and Staffing*** – Staff will be transferred from program organizations that currently have or provide project management and control, management and engineering support, technical development and policy, project controls, and independent reviews.

**e. Office of Nuclear Safeguards and Security Programs (NSSP)**

***Mission*** – Oversee implementation of safeguards and security in the facilities of the National Nuclear Security Administration.

***Functions*** – The customers of the Office of Nuclear Safeguards and Security Programs are the NNSA field organizations and facilities and the Associate Administrator for Facilities and Operations.

NSSP’s core functions include the following:

- Manage HQ security

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- Ensure that field elements provide proper oversight of contractor security activities
  - Conduct program reviews of safeguards and security implementation across the NNSA
  - Ensure that the field security activities have proper staffing, including approving the size, composition, and grade level of the federal field safeguards and security staffing, as well as specific approval of the Security Director for the federal field elements
  - Develop the safeguards and security budget, and work directly with field offices and contractors to ensure that the budget is adequate to provide cost-effective security
  - Review and assess any new NNSA safeguards and security facilities or any modifications to any NNSA facilities that have an impact on safeguards and security

NSSP comprises four divisions: (1) Facility Security, (2) Cyber Security and Enterprise Integration, (3) Nonproliferation and International, and (4) Special Projects.

*Facility Security* – Provides interpretations of NNSA implementation procedures, and conducts program reviews of the actual implementation of safeguards and security across the NNSA.

*Cyber Security* – Develops and oversees implementation of all classified and unclassified cyber security functions and programs in the NNSA, and develops the NNSA cyber security architectures.

*Nonproliferation and International* – Responsible for the nuclear materials accountability and safeguards for the NNSA and the domestic safeguards and security issues associated with planning for and implementing nonproliferation treaties and arms control agreements at NNSA facilities.

*Special Projects* – Leads and supports special projects, as needed.

***Internal and External Relationships*** – The Office of Nuclear Safeguards and Security Programs will interact frequently and closely with field organizations. The office will also maintain a close working relationship with DNS. NSSP will coordinate reviews of the budget with DNS prior to approval by the Administrator. DNS will review and concur on the staffing of NSSP and serve as final concurrence authority on the comments on the SSSP generated by NSSP.



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***Changes in Structure and Staffing*** – Staff will transfer to NSSP from program components within NNSA and potentially from DOE-SO. Cyber security for NNSA will be managed by this organization. NNSA is currently in negotiations with DOE-SO regarding this personnel transfer, and we intend to reach agreement during the implementation process.

## **2. Management and Administration (M&A)**

***Mission*** – Provide timely, cost-effective, and efficient administrative and financial support for NNSA headquarters staff.

***Functions*** – M&A customers include executives, managers, and employees across all units of the NNSA complex. Its core functions are the following:

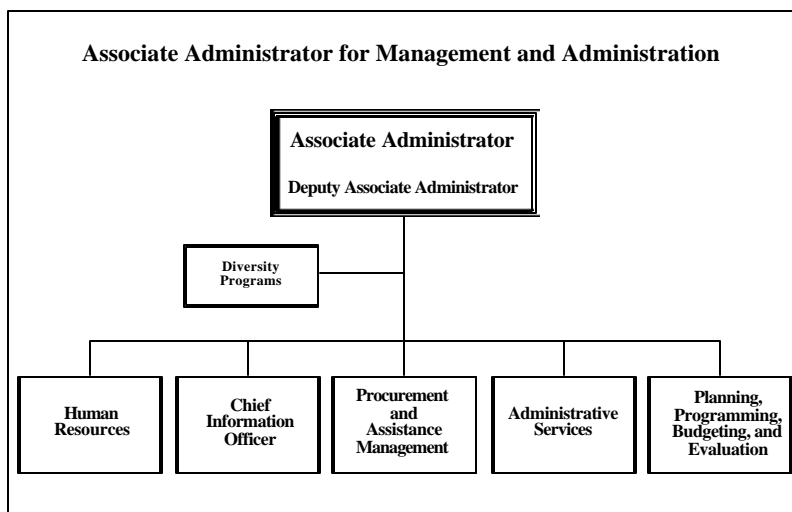
- Design and administer the corporate planning, programming, budgeting, and evaluation (PPBE) system
- Provide NNSA corporate systems and policies to manage NNSA’s human resources
- Develop and implement NNSA corporate information policy and requirements to ensure that NNSA staff have the necessary tools and practices to manage information in a cost-effective, efficient, and secure manner
- Provide general administrative services and logistical support for NNSA headquarters operations
- Develop and implement NNSA-wide procurement policies and procedures, provide advisory assistance to components on contracting matters, and monitor NNSA compliance with those policies and procedures

***Internal and External Relationships*** – M&A will work closely with all NNSA components to ensure that they get the support they need to adopt consistent business practices. M&A will be the primary link to the DOE-CFO organization and OMB. M&A will encourage participation by the components in the development of new business practices to ensure that the new practices meet components’ needs.

***Changes in Structure and Staffing*** – Management and Administration will comprise the following six offices: (1) Office of Human Resources; (2) Office of the Chief Information Officer; (3) Office of Procurement and Assistance Management; (4) Office of Administrative Services; (5) Office of Planning, Programming, Budgeting, and Evaluation; and (6) Diversity Programs. M&A will consolidate administrative functions performed by both DP and NN, as well as manage several additional functions (such as personnel and procurement) required to maintain a semiautonomous agency. There are five offices and one smaller unit in

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Management and Administration. M&A will have a staff of approximately 110 federal and rotational assignment employees. NNSA employees who now perform M&A functions in the program components will move into M&A. Chart 3 shows the Planned Organization of the Associate Administrator for Management and Administration:



**Chart 3: Associate Administrator for Management and Administration – Planned Organization**

**a. Office of Human Resources (HR)**

**Mission** – Work as strategic partners with the program and support component managers to ensure that NNSA’s human resources management policies and practices facilitate the effective management of the entire NNSA workforce.

**Functions** – HR policy and executive resources decision making become centralized within this office. HR is a source of consistent NNSA-wide policy and advice on HR-related matters. HR will be the single point of contact with DOE-HR. Its customers include managers and employees across all units of the NNSA complex.

HR’s core functions include the following:

- Develop and implement consistent HR-related policies for all of NNSA
- Analyze workforce data on an ongoing basis and in response to specific requests
- Offer guidance to NNSA managers on employee relations matters

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- Provide key HR services to all NNSA HQ managers and employees, including employment services, training and development support, and benefits administration services
  - Provide advisory assistance to field offices and facilitate the processing of personnel actions requiring HQ approval
  - Support the operation of the NNSA Executive Resources Board

The NNSA Office of HR will be organized into the following three divisions:

- *Policy and Analysis* – develops HR-related policy for NNSA in coordination with the NNSA line organizations.
- *Employee Services* – provides systems and services to support recruiting, staffing, and benefits administration.
- *Training and Development* – supports the education and skills development of the NNSA workforce, including intern programs and professional and managerial development.

***Internal and External Relationships*** – HR will work closely with the NNSA program, support, and field organizations to ensure that the office meets the needs of its customers and to ensure consistent application of HR policies and procedures. HR will develop NNSA-specific training programs, but will not duplicate existing programs within DOE headquarters and NNSA field elements. In the area of Field Operations Support (FOS), there must be an interface between HR and FOS regarding the utilization of federal staff at headquarters and in the field. The HR analysts will provide field operations with staffing analysis and skills development programs to support the continued development of effective workforce management in the field offices and sites.

NNSA intends to continue partnering with DOE-HR and external contractors through Memorandums of Agreement (MOAs) and other agreements to ensure that NNSA's HR needs are being effectively met at the individual, department/unit, and organization level. Ultimately, however, NNSA intends to assume responsibility for these activities.

***Changes in Structure and Staffing*** – The NNSA Office of HR is a new office in the M&A component. Most HR professionals who now reside in the NN and DP offices will move to the HR Office. A small group of HR professionals will remain in NN and DP to serve as liaison staff and to assist program office managers with HR transactions. HR coordinates with NNSA field HR managers and provides support for field HR requests that require headquarters review and/or approval.

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In the near term, NNSA will rely on DOE-HR for a variety of HR service functions. We are considering alternatives that will provide for increased self-sufficiency. One of these options is using HR professionals located in the field offices to provide HR services to headquarters. We plan to conduct an assessment of HR capabilities in the field to determine the feasibility of this approach. Depending on the outcome of this assessment, we may consider providing HR services to managers and employees across the NNSA complex through local Centers of Excellence (COEs.) However, for fiscal years 2002 and 2003, NNSA will rely on the DOE-HR organization, through an MOA, to provide specified HR functions. This will ensure that NNSA employees do not experience any deterioration of essential HR services.

The HR organization structure and staffing levels provide for full implementation of sections 3212 and 3241 of the NNSA Act and reflect NNSA's unique excepted service authority in support of its human capital management approach. This responsibility demands that the NNSA HR function move to a complexwide management approach and that new skills and expertise be developed to support the Administrator's executive appointment and workforce management authorities.

The HR organization will require new positions beyond those HR professionals who now reside in the HQ NN and DP offices. Some of the new positions may be filled by current federal staff in the NNSA's field elements. A small group of HR professionals will remain in NN and DP to serve as liaison staff and to assist program office managers with HR transactions.

**b. Office of the Chief Information Officer (CIO)**

***Mission*** – Develop policies and procedures for effective management of information within the NNSA, and oversee implementation throughout the enterprise.

***Functions*** – The CIO will define the information and information technology architecture and related needs of all offices within NNSA headquarters, field elements, and Management and Operating (M&O) contractors. Customers include the Administrator, senior managers, field offices, and program and support components.

Core functions include the following:

- *Chief Information Officer* – Provides central oversight and, where appropriate, management of information resources activities within the NNSA headquarters, field offices, and M&O contractors

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- *Business Applications* – Ensures that the Administration’s recorded information is managed in an economical, effective, and efficient manner throughout its life cycle in support of mission accomplishment and accountability
  - *Operations, Engineering, and Customer Service* – Provides advice and technical support to the Office of Administrative Services to ensure delivery of vital information management and information technology services in support of NNSA enterprise requirements
  - *Federal Site Enterprise Integration* – Provides policy, guidance, and technical advice and other assistance to headquarters and field office personnel to ensure that information technology and resources are planned for, acquired, and managed in a manner that implements the policies and procedures of legislation, including the Paperwork Reduction Act, the Information Technology Management Reform Act (ITMRA), and NNSA priorities

***Internal and External Relationships*** – The CIO will act as principal information management and information technology advisor to the NNSA Administrator and other senior managers. The CIO will work with DOE-CIO to ensure that NNSA has developed procedures for implementing DOE policy. The CIO will coordinate with the NNSA cyber security experts in NSSP in the development of a shared vision and corporate policies for NNSA’s federal and M&O contractor information activities and champion NNSA’s policies to allow the effective management of information and to provide for corporate systems that add value to the businesses of the NNSA.

The CIO will assist, as needed, the Office of Administrative Services in its coordination with the DOE-CIO Offices of Operations, Engineering, and Customer Service to provide network and telecommunications engineering and management services for NNSA programs, initiatives, and activities. The CIO will maintain liaison with, and coordinate and prepare NNSA positions and status reports for, the federal Chief Information Officer Council, OMB, GAO, Congress, and other organizations.

The CIO will serve on the DOE-wide CIO Executive Council and will work in concert with DOE-CIO, consistent with the goals of the Clinger-Cohen Act, toward providing a common departmental infrastructure and the implementation of modernized corporate systems, based on DOE’s Corporate Systems Information Architecture. CIO will also work closely with the NSSP Cyber Security division and DNS on cyber security issues.

***Changes in Structure and Staffing*** – The majority of CIO functions will require new positions to be created to meet the semiautonomous

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requirements for NNSA. Several positions will be filled from the consolidation of NNSA employees who now perform CIO functions in the program components.

**c. Office of Procurement and Assistance Management (PAM)**

**Mission** – Develop and oversee implementation of DOE and NNSA-specific policies, procedures, programs, and management systems pertaining to procurement and financial assistance, real and personal property management, and related activities.

**Functions** – PAM will focus on setting NNSA procurement policy, identifying opportunities for improvement and innovation, and monitoring transactions to identify and resolve system and process problems. The office oversees NNSA headquarters and field procurement staff (heads of contracting activity) and the major facility contractors' purchasing systems. PAM will rely on DOE-PAM for execution of NNSA headquarters transactions and for NNSA-unique policy deployment. Its customers include managers, directors, and staff across all units of the NNSA complex.

PAM's core functions include the following:

- Serve as the principal procurement advisor to the NNSA Administrator and assist the heads of all NNSA elements regarding procurement and acquisition management
- Serve as NNSA's Competition Advocate and ensure full and open competition in the procurement of goods and services in accordance with Public Law 98-369, the Competition in Contracting Act
- Serve as the Head of Contracting Activity for NNSA headquarters elements
- Participate in development, review for NNSA application, and approve NNSA implementation of DOE-wide initiatives related to acquisition planning, procurement workload distribution, and procurement and property training for technical staff
- Review, approve for NNSA application, and ensure participation in DOE programs of on-site assistance, assessment, evaluation, and analysis of NNSA field element and contractor management systems in the procurement, property, cost control and accountability, and general business areas; where appropriate, develop independent NNSA-focused review and assessment programs; ensure development and implementation of related NNSA-unique program considerations and elements

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PAM will be divided into two divisions: (1) Contracts Assessment and Systems and (2) Procurement and Financial Assistance Policy. The Contracts Assessment and Systems division provides complete acquisition program planning and federal and contractor contracting system assessment and oversight analysis for NNSA programs and commercial contract activities nationwide. The Procurement and Financial Assistance Policy division provides NNSA complexwide formulation, analysis, interpretation, and best-practices implementation of federal procurement policy and procedures related to application and support of NNSA procurement and financial assistance policy, management, information technology systems, etc.

***Internal and External Relationships*** – PAM will oversee field operations procurement staff (heads of contracting activity) and the contractors' purchasing system. PAM will also work with DOE-PAM in setting policy on contractor human resources.

PAM will have a close relationship with DOE's Office of Procurement and Assistance Management, based on the current MOA. NNSA will continue to retain authority, direction, and control over NNSA actions, while continuing to leverage existing DOE corporate management and operational support systems and activities for a full range of acquisition, financial assistance, property, and contractor human resources management services under the existing MOA, as amended.

PAM will work closely with DOE-M&A with respect to DOE-wide management policies and procedures and will rely on DOE-M&A for basic services not unique to the effective functioning of NNSA.

PAM will support and coordinate with F&O offices to ensure that performance fees, award fees, and all other aspects of contractor performance are consistent across NNSA.

PAM will also have a close relationship with NNSA's Office of Field Operations Support and Office of Project Management and Engineering Support to ensure that procurement policy is reasonably consistent with the operational needs of the field sites. Oversight and monitoring will be accomplished by using DOE-PAM performance-based and on-site techniques used agencywide (which may be necessarily tailored for NNSA's unique needs).

***Changes in Structure and Staffing*** – New positions will be created to meet the semiautonomous requirements for NNSA, some of which may be filled through consolidation of current NNSA and DOE resources. New staff recruitment will be focused on expanding expertise in large-scale acquisition

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as it relates to the PPBE-style budget environment and advancing innovative practices in federal procurement management, particularly performance-based incentive contracting.

**d. Office of Administrative Services (ADMIN)**

**Mission** – Oversee and coordinate general administrative services and logistical support for NNSA headquarters, and ensure that such services are provided to the Administrator and to the NNSA program and staff offices.

**Functions** – The reorganization plan assumes that NNSA will utilize many of the existing services already provided by the DOE’s Office of Administrative Management and Support. These functions comprise primarily central mail receipt and distribution, transportation and domestic travel, engineering and facilities services, and other services as required by NNSA. In addition, it is assumed that the administrative support capabilities currently in DP and NN are needed there and will therefore remain in those organizations. However, for those offices that do not have in-house support capabilities, the Administrative Support Staff will ensure that such services are provided. This will ensure that NNSA employees do not experience any deterioration of services.

The primary role of Administrative Services is coordination and facilitation. Its customers are NNSA headquarters organizations. Its core functions are the following:

- Serve as the primary interface and liaison between NNSA and the DOE headquarters offices that provide administrative services to NNSA and its program and staff offices
- Perform day-to-day support for headquarters IT and procurement activities
- Ensure that NNSA headquarters mail operations and delivery services are provided
- Serve as the domestic and foreign travel coordinator for NNSA, providing guidance and direction to ensure that travel is conducted in accordance with DOE and federal travel regulations; coordinate the Foreign Travel Management System (FTMS); serve as the NNSA system manager for the automated travel management system
- Coordinate NNSA space management activities, including space planning, acquisition, assignment, alterations, and utilization



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- Coordinate and oversee NNSA property management activities and serve as the Accountable Property Officer for NNSA headquarters; conduct inventories of capital equipment and furniture for NNSA
  - Administer the Working Capital Fund for NNSA

***Internal and External Relationships*** – To ensure that services are provided effectively and efficiently to NNSA organizations, frequent interaction will be required between members of the Administrative Services staff and the DOE offices that provide the services to NNSA.

Administrative Services will comprise the Administrative Services staff and the Executive Secretariat, a management arm of the NNSA that will directly support the immediate Office of the Administrator as its primary customer. The Director of the Executive Secretariat will have a dotted line reporting authority to the Administrator's Office. To keep the size of the immediate Office of the Administrator small, organizationally the Executive Secretariat will reside in Administrative Services. The Executive Secretariat assures the orderly, timely, and coordinated functioning of the processes that form the basis for effective formulation and implementation of policy and program decisions.

The Executive Secretariat will work directly with all NNSA program, support, and field elements. It will receive daily work assignments from the Chief of Staff.

***Changes in Structure and Staffing*** – The staffing needs of this organization will, in large measure, be filled by the consolidation of NNSA employees who now perform administrative, office automation, and records management functions in the program components. Several administrative functions will require new positions to be created to meet the semiautonomous requirements for NNSA. Special emphasis will be given to the staffing of an Executive Secretariat, which will require new positions.

**e. Office of Planning, Programming, Budgeting, and Evaluation (PPBE)**

***Mission*** – To provide direction, advice, and maintenance regarding processes and systems that facilitate NNSA's planning and budget activities.

***Functions*** – The PPBE Office comprises the Program Analysis and Evaluation (PA&E) Division and the Budget Division. Customers of this office include the Administrator, Deputy and Associate Administrators, NNSA program managers, and the Management Council.

Core functions of PPBE include the following:

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- Develop and implement the Planning, Programming, Budgeting, and Evaluation System (PPBES) for the NNSA
  - Serve as principal advisor to the Administrator and other NNSA officials on NNSA financial issues
  - Provide direction and oversight for budget formulation, presentation, and funds administration processes
  - Provide direction and oversight for the PPBES implementation
  - Maintain all systems and databases necessary to support the Future Years Nuclear Security Plan (FYNSP)
  - Provide independent financial analysis in support of NNSA resource allocation decisions

The *Budget Division* ensures (1) maximum consistency, quality, and effectiveness of funds management within the Administration and (2) that budget policies and decisions support the overall goals of NNSA. It coordinates NNSA's budget formulation and management process and addresses those needs unique from DOE. For example, NNSA program offices must be able to support the budget execution process, review project/program status, and contribute to the formulation of budget requirements. In addition, when the PPBES is fully implemented, there will be additional financial analysis expectations placed on the program offices. There are also functions that cross all NNSA programs that require consistent application of financial tools and policies. Thus there will be a need for integration among all of the individual program offices.

To address the above factors, NNSA will adopt a central budget division concept. The key feature in this concept will be the assignment of colocated budget staff to directly support the individual program offices. This structure will enable the Budget Division to carry out its responsibilities, serve its customers, and support the goals of NNSA and the Administrator most effectively and efficiently. Another key feature of the new structure is that while all direction on budget preparation will occur from the central Budget Division, NNSA will continue to buy financial services, including accounting, from DOE (through MOAs) and will also work with field and contractor organizations to successfully perform key budget-related functions.

The Budget Division's customers include the NNSA Administrator, his immediate staff, and program and support office managers across the NNSA organization. The overall role of the Budget Division is to provide central administration of NNSA's budget formulation process, including

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issuing formulation guidance; performing independent budget analysis; consolidating budget materials to support the DOE, OMB, and congressional budget processes; and preparing Future Years budget submissions.

Specifically, core functions of the Budget Division include the following:

- Provide advice and data analysis to NNSA leaders and organizational units
- Ensure coordination and integration with other critical processes and organizations both within and outside NNSA (e.g., the DOE, OMB, and congressional budget processes, etc.)

The *Program Analysis and Evaluation (PA&E) Division* provides independent, analytic advice in support of the planning, programming, budgeting, and execution process to support NNSA objectives. PA&E supports the NNSA as an independent organization under the Director of PPBE. PA&E's primary responsibility is to provide its customers—NNSA program managers, Deputy and Associate Administrators, and the Administrator and his Management Council—with expert independent, analytic advice regarding the following:

- Development and evaluation of program alternatives and the cost-effectiveness of nuclear defense systems, nonproliferation projects, and the infrastructure necessary to support national defense objectives
- Optimization of resources through complexwide integration and risk mitigation strategies
- Major systems-acquisition analysis and support recommendations
- Development and evaluation of NNSA program, system, and infrastructure alternatives

Consistent with its advisory role, PA&E has no decision authority or line responsibility and has no vested interest in any sector of NNSA's budget.

PA&E includes the areas of systems alternatives and program analysis. Key activities include providing cost and operational effectiveness analyses, and conducting long-range and mid-range planning exercises. PA&E will provide the focal point for integration of cost and schedule data with technical performance assessments in support of the program managers and the project management functions. In this way, the program managers are assured consistent interpretation of the information, and NNSA leadership has access to timely performance reporting without burden to the program managers.

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***Internal and External Relationships*** – Given the unique nature of the two divisions that form this office, each division’s relationships are described separately.

***Budget Division*** – The Budget Division’s mission, customers, and organizational structure require that this division work in close partnership with the field, program offices, and the Administrator and his staff on an ongoing basis. Also, as indicated above, NNSA’s Budget Division will continue to work closely with DOE-CFO to support the OMB and congressional budget processes. NNSA will also use MOAs to obtain financial services (such as accounting) from DOE and enlist the services of external contractors when necessary.

The relationship between the NNSA Budget Division and DOE-CFO is a critical one. These organizations will work closely together on an ongoing basis as follows:

***Accounting Operations:*** NNSA will continue to use the departmental processes for accounting operations. These include payroll, travel, and accounts payable. Accordingly, NNSA will use DOE’s accounting system and any replacement system (i.e., the Phoenix Initiative). DOE will manage and operate these systems, and NNSA will be responsible for the quality of data and ensure the compliance of the NNSA operating units with the accounting policies of DOE. The primary DOE interfaces with NNSA for these activities will be the Capital Accounting Center and the Office of Financial Control and Reporting. NNSA operations will be included in the annual financial statements of DOE.

***Budget Operations:*** It is assumed that OMB and the Congress expect a consolidated budget from DOE, including NNSA. Accordingly, NNSA will participate in the OMB and congressional budget processes by interfacing with the Office of Budget in the CFO organization. NNSA will use the DOE’s funds distribution system to allot the funds to NNSA operating units.

***Inspector General (IG) and GAO Audits, Review, and Investigations:*** NNSA will continue to rely on DOE to be the interface with IG and GAO on any review activity. NNSA will be the lead on NNSA-specific reviews in preparing the draft management response, with coordination responsibilities outside of NNSA residing with the CFO.

***PA&E Division*** – PA&E will provide impartial analysis and advice to the Management Council, as requested. Analyses should be structured to

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strengthen relationships, reevaluate and clarify goals and missions, and reduce organization conflict.

In addition, PA&E will assist the Office of Policy Planning, Assessment, and Analysis by developing specialized forecasting and analysis tools to support Policy Planning staff's long-term strategic planning, modeling and simulation studies, program and project planning, etc. PA&E will provide Policy Planning with rough order-of-magnitude analysis and forecasting in preparation and option assessment of long-range planning and midrange option evaluations.

PA&E will provide the Budget Division with modeling and simulation capabilities to facilitate the development of both the 15- and 5-year window and respective budget guidance supporting NNSA's PPBS. PA&E will provide specific support to PPBE in the areas of planning, programming, budgeting, and execution and evaluation.

PA&E will also provide active support to the Office of Procurement and Assistance Management (PAM). The assistance provided is focused in two areas: Acquisition Management and Performance-Based Contracting. PA&E will provide PAM with the same independent analysis prepared for the Deputy Administrator and his staff. PAM and PA&E will use this analysis to reveal and/or forecast potential problem areas that are neither obvious nor well defined by traditional planning methods.

***Changes in Structure and Staffing*** – NNSA will adopt a central budget division concept in which budget staff will be assigned to directly support the individual program offices. Most of the staffing for the PPBE will come from the consolidation of NNSA employees who now perform PPBE functions in the program components. However, new staff will be required, particularly in the PA&E function.

Budget analysts in the Budget Division will be assigned to DP, NN, Facility Operations, ES&H, Nuclear Security Programs, DNCI, Emergency Management, Headquarters Program Direction, and Field Program Direction. These matrix assignments will be supplemented by staff responsible for corporate and cross-cutting budget functions.

For the Defense Programs and Nonproliferation Offices, the centralized concept of budget support will be slightly modified. The budget staff for these offices will report to the Deputy Administrators for these offices, but will be matrixed to the Director of the Budget Division, and will take direction from the Budget Director in the areas of budget policies, procedures, and systems.

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In addition, there will be one full exception to the central budget concept: Naval Reactors will maintain a separate budget office. The rationale for this is that Naval Reactors supports not only the NNSA process but also the Department of the Navy and therefore is required to support multiple systems for two departments. There will be an interface between the Budget Division and Naval Reactors budget organization.

PA&E will comprise a small, interdisciplinary, permanent staff. This staff shall be supplemented, on a continuous basis, with specialty engineering and science support from the field in order to prevent a headquarters-centric organization. Rotating staff will be selected based on their skills and expertise in the subject areas under review. PA&E will seek to populate the division with staff who offer a mix of technical skills. Fundamentally, PA&E staff should have an analytic background with intuitive skills, be quantitatively oriented but also able to work with and appreciate qualitative data, and hail from a range of backgrounds to foster diversity of thought and problem-solving approaches.

#### **f. Diversity Programs**

***Mission*** – Advise NNSA officials about the effects of NNSA policies, regulations, and other actions on NNSA’s minority employees, and develop ways to increase participation of small and disadvantaged businesses in the Administration’s programs and procurement opportunities.

***Functions*** – This unit provides diversity policy development, implementation and oversight, and program administration and advocacy for small, disadvantaged, and/or minority contractors. Its customers include the Administrator, NNSA program managers, and all other NNSA employees at headquarters and within the complex.

***Internal and External Relationships*** – Diversity Programs will work with NNSA’s Office of Procurement and Assistance Management and the DOE’s Office of Economic Impact and Diversity to ensure that an equitable portion of the total contracts and subcontracts for NNSA’s services and supplies are procured with small business/disadvantaged/ minority enterprises.

Diversity Programs will also interface with the NNSA and DOE HR offices and staff from field site diversity offices regarding NNSA contractor and employee diversity policies and procedures.

***Changes in Structure and Staffing*** – Diversity Programs will comprise a small headquarters staff. The unit will rely on expertise and specialty services resident in NNSA field offices and the DOE headquarters community for

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functional support. Specialty services could include legal services, dispute resolution support, security clearance counseling, and financial counseling.

### **3. Emergency Operations (EO)**

***Mission*** – Administer and direct the programs of DOE's and NNSA's emergency response capability to ensure availability and viability to respond to emergencies at DOE and NNSA facilities and field sites, and to nuclear and radiological emergencies within the United States and abroad.

***Functions*** – EO serves as DOE's primary point of contact for all emergency management activities, developing and issuing all policy, procedures, and guidance and overseeing implementation of DOE's Emergency Management System. EO's key customers include the Secretary of Energy, the NNSA Administrator, DOE and NNSA facilities and field sites, and DOE and NNSA headquarters.

Its core functions include the following:

- Operate and develop policy for DOE's Emergency Management System for sites, facilities, and operations
- Manage the development of implementing policies, plans, and procedures for emergency response activities worldwide associated with nuclear weapons programs and facilities, and all radiological and nuclear emergencies on behalf of the United States Government
- Coordinate and concur on all emergency management activities, including intra- and interdepartmental and international activities, departmental commitments, and exercise and response activities
- Oversee the evaluation and appraisal of all line and program integrity through integration of all programs, systems, assets, capabilities, training, and response
- Ensure emergency management program integrity through integration of all programs, systems, assets, capabilities, training, and response

EO comprises the Office of Emergency Management and the Office of Emergency Response:

#### **a. Office of Emergency Management (OEM)**

The Office of Emergency Management serves as the primary point of contact for DOE emergency management activities. OEM develops, issues, and oversees the implementation of DOE's Emergency Management System for

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NNSA and DOE sites, facilities, and transportation activities. The office also manages headquarters emergency response facilities and operations.

The office has four core functions:

- *Operations and Training* – operates and maintains headquarters emergency operations facilities and supports emergency management/emergency response preparedness through training at both headquarters and field elements
- *Exercises* – manages a centrally controlled and decentrally executed program for all NNSA and DOE emergency response exercises
- *Policy* – develops and maintains all emergency management policies
- *Site Response* – supports NNSA and DOE site/facility emergency planning and response

**b. Office of Emergency Response (OER)**

The Office of Emergency Response (OER) manages seven departmental Radiological Emergency Response assets/capabilities that support both Crisis Response and Consequence Management. The office provides the overall program management and the organizational structure during both emergency and nonemergency conditions for the personnel, equipment, and activities that collectively make up the program.

Other functions include the following:

- Support federal programs as they relate to nuclear/radiological counterterrorism and consequence management
- Assist program offices with the implementation of emergency management and response programs at their sites and facilities
- Conduct staff assistance visits to assist program and DOE Operations Offices with the resolution of previously identified emergency management and response deficiencies

***Internal and External Relationships*** – Emergency Operations represents DOE, as appropriate, in activities in the United States with the Department of Defense to fulfill legally mandated multiagency responsibility for protecting public health and safety in response to radiological or nuclear emergencies. EO also serves as interagency liaison for all emergency management and counterterrorism activities. It establishes, charters, administers, and chairs



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the standing Emergency Management Coordinating Committee and the Emergency Management Advisory Committee.

***Changes in Structure and Staffing*** – Subject to approval by the Secretary of Energy, EO will be staffed primarily through the transfer of personnel from DOE-SO and from NNSA program office personnel currently performing EO functions.

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## C. NNSA Program Components

### 1. Defense Programs (DP)

**Mission** – Achieve national security objectives for nuclear weapons established by the President and assist in reducing the global nuclear danger by planning for and maintaining a safe, secure, and reliable stockpile of nuclear weapons and associated materials, capabilities, and technologies in a safe, environmentally sound, and cost-effective manner.

**Functions** – DP's customers include the NNSA Administrator and the Department of Defense (DoD).

The core functions of DP are as follows:

- Manage the Stockpile Stewardship Program, which encompasses operations associated with manufacturing, maintaining, refurbishing, surveilling, and dismantling the nuclear weapons stockpile; activities associated with the research, design, development, simulation, modeling, and nonnuclear testing of nuclear weapons; and the planning, assessment, and certification of safety and reliability
- Manage the development, direction, and maintenance of, and provide oversight of, the research, development, and computer simulation activities in support of maintaining the safety and reliability of the nuclear weapons stockpile in the absence of underground testing; assure capability for maintaining the readiness to test and develop new warheads, if required
- Manage the establishment and maintenance of appropriate partnerships with other NNSA Administration and DOE elements; external scientific, research, and development agencies; industry; and academia
- Assure the integration of all aspects of operations at program-dedicated facilities from the standpoint of production, safety, and efficiency
- Assure, through close coordination with the DoD, the materials, capabilities, and technologies in an environmentally sound and cost-effective manner to support the production of certified components necessary to extend the lifetime of the nuclear weapons stockpile
- Oversee the dual track strategy for tritium production to enable a complete and comprehensive review of the production options in the planning and development of a tritium production facility to assure the availability of tritium for the nuclear weapons stockpile, as required

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**Internal and External Relationships** – Defense Programs develops and maintains partnerships with other NNSA, DOE, and DoD entities, as well as with external scientific, research, and development agencies; industry; and academia.

**Changes in Structure and Staffing** – The most significant changes affecting Defense Programs will be the dissolution of the Offices of Program Support (DP-40) and Project Management Support (DP-6). These functions and many personnel will be transferred to the new F&O and M&A organizations. Approximately 100 onboard federal personnel will be transferred as part of the realignment process. At the completion of realignment, the DP HQ staffing will comprise approximately 140 federal personnel and 50 personnel on rotational assignments from the military, NNSA field offices, and technical experts from the NNSA laboratories and plants.

DP will comprise the Office of Research, Development, and Simulation (DP-10) and the Office of Military Application and Stockpile Operations (DP-20):

**a. Office of Research, Development, and Simulation (DP-10)**

**Mission** – Provides fundamental scientific understanding, advanced simulation and computational capabilities, and applied research and development necessary to certify, maintain, and sustain the safety, reliability, and performance of the nation's nuclear weapons.

**Functions** – DP-10's customers include the NNSA Administrator and DP Deputy Administrator and other NNSA, DOE, and DoD senior officials and program leaders.

The core functions of DP-10 are as follows:

- Ensure integration of weapons science activities with the nuclear weapons stockpile, identifying the programmatic goals that need to be accomplished to maintain the stockpile without nuclear testing
- Develop and maintain scientifically accepted methodologies for integrating experiments, simulation, theory, and archived nuclear test data to support certifications
- Oversee the weapon development, assessment, and certification activities required to maintain the stockpile in a safe and reliable state, as defined in the Nuclear Weapons Stockpile Plan
- Manage and direct development of the complexwide scientific computing environment necessary to predict the viability of the stockpile through simulation

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- Develop program plans and budgets for the weapons science programs and experimental facilities at the weapons laboratories and the Nevada Test Site; oversee the experimental programs at universities and other non-DOE sites
  - Coordinate activities related to weapons science and engineering with other NNSA and DOE offices and provide liaison with external organizations, including DoD, other federal agencies, and the Congress
  - Manage Mutual Defense Agreements with the United Kingdom and France and collaborative international activities in defense science areas; for example, in high-energy density science and radiography, including tasks under the agreements on inertial fusion and radiography with France and the involvement in the National Ignition Facility by the United Kingdom
  - Execute the responsibilities of the NNSA line manager with primary responsibility for the direction of the planning, acquisition, operations, maintenance, construction, and disposition of designated DP-10 facilities; establish and support formal agreements for functions that are most appropriately conducted by NNSA headquarters support offices and field elements; monitor all activities of designated DP-10 facilities and take appropriate actions to assure that these facilities continue to support safe, secure, efficient, and reliable DP-10 programmatic work
  - Provide leadership in establishing and maintaining partnerships with other governmental elements and with external scientific, research, and development agencies; industry; and academia
  - Review, approve, and oversee the technical selection criteria, plans, status reports, deliverables, and assessments of all DP Technology Partnership, Laboratory-Directed Research and Development, Work for Others, and similar programs that are designed to increase the impact of DP R&D funding by leveraging the R&D output of the partnership programs
  - Ensure the evaluation and assessment of nuclear weapons in the active and inactive stockpile in supporting certification, working closely with other organizations within DP; be responsible for conducting the research and modeling to support resolution of safety issues associated with the stockpile; ensure the availability of technologies for the timely, safe, and secure dismantlement of weapons
  - Oversee the design and qualification of replacement weapon components, as well as advanced and exploratory development of components required to support future stockpile requirements, including

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oversight of manufacturing and certification activities for the W88 pit at Los Alamos National Laboratory

- Maintain the capability, as required, to conduct nuclear tests and design new nuclear weapon systems

***Internal and External Relationships*** – The Office of Research, Development, and Simulation interfaces and coordinates with other departmental offices and external organizations, such as the other DP offices, field organizations, DoD, DOE, and international organizations.

***Changes in Structure and Staffing*** – DP-10 will not be substantially affected by the realignment of HQ personnel resources. A small contingent of personnel with experience in facilities and ES&H functions may be reassigned within DP-10 or realigned to F&O. Onboard staffing levels are expected to remain at approximately the same levels for both federal and rotational assignment personnel.

#### **b. Office of Military Application and Stockpile Operations (DP-20)**

***Mission*** – Support production of certified components necessary to extend the lifetime of the nuclear weapons stockpile by providing the materials, capabilities, and technologies in an environmentally sound and cost-effective manner, in close coordination with the DoD.

***Functions*** – DP-20's customers include the NNSA Administrator and DP Deputy Administrator and other NNSA, DOE and DoD senior officials.

The core functions of DP-20 are as follows:

- Maintain the capability to build new weapons as may be required
- Assure that stockpile management and programmatic site facilities are capable of supporting current and future weapons refurbishment objectives
- Develop and direct the nuclear weapon enhanced surveillance program in order to anticipate changes needed in the stockpile
- Participate in the preparation of the annual Nuclear Weapons Stockpile Memorandum and stockpile options, cost-effective production schedules, and associated costs
- Conduct studies of alternative and developing national security strategies and the impacts that they would have on the nuclear weapons stockpile and the nuclear weapons complex

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- Direct the NNSA nuclear weapons surety program, including safety, security, and use control
  - Execute the responsibilities of the NNSA line manager with primary responsibility for the direction of the planning, acquisition, operations, maintenance, construction, and disposition of designated DP-20 facilities; establish and support formal agreements for functions that are most appropriately conducted by NNSA headquarters support offices and field elements; monitor all activities of designated DP-20 facilities and take appropriate actions to assure that these facilities continue to support safe, secure, efficient, and reliable DP-20 programmatic work
  - Direct the planning and execution of the nuclear weapons and materials programs to assure that national defense requirements are met
  - Participate in the management of the Advanced Design and Production Technologies Campaign to provide innovative technologies and methods necessary to create an integrated, cost-effective, and agile design and manufacturing complex for nuclear weapons

***Internal and External Relationships*** – DP-20 develops and maintains partnerships with other NNSA DP entities, including the Office of Research, Development, and Simulation. In addition, the office works closely with field organizations and elements of DOE and DoD.

DP-20 coordinates with DoD on the annual certification process, with scientific support of DP-10.

The office maintains membership on the Navy Strategic Systems Program Steering Task Group and provides interface and support from the DOE. DP-20 also maintains liaison between DOE and DoD on joint nuclear weapons matters and provides coordination and direction for DOE members of the Nuclear Weapons Council staff.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of HQ personnel resources. A small contingent of personnel with experience in facilities and ES&H functions may be reassigned within DP-20 or realigned to F&O. Onboard staffing levels are expected to remain approximately the same for both federal and rotational assignment personnel. Many of the support functions for this office are provided by field organizations. Under the realignment of HQ and field responsibilities, there may be some redistribution of functions; however, this would not substantially change the HQ staffing needs for this office.

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## 2. Defense Nuclear Nonproliferation (NN)

**Mission** – Enhance U.S. national security by promoting nuclear nonproliferation, reducing global danger from weapons of mass destruction, advancing international nuclear safety and safeguards, and eliminating inventories of surplus fissile materials usable for nuclear weapons.

**Functions** – NN’s customers include the Administrator and the Department of State, the Department of Defense (DoD), the Nuclear Regulatory Commission (NRC), other national security organizations, Congress, nongovernmental organizations, foreign governments, and international organizations, including the United Nations Security Council and the International Atomic Energy Agency.

NN’s core functions include the following:

- Direct development and coordination of DOE positions, policies, and procedures relating to international arms control and nonproliferation treaties, nuclear transfer and supplier control, and international nuclear safeguards policies and programs
- Direct a research and development program that provides treaty verification systems and technologies for reducing the threats to national security and world peace posed by nuclear, chemical, and biological weapons proliferation and illicit materials trafficking
- Direct the provision of technical leadership, expertise, and program management for cooperative international programs to promote worldwide nuclear safety
- Direct the planning, management, and implementation of an international nuclear materials protection program
- Reduce inventories of surplus fissile materials from weapons by downblending highly enriched uranium to low-enriched uranium for commercial reactor fuel, and implement the U.S./Russian bilateral agreement to dispose of 68 tons of weapons grade plutonium

**Internal and External Relationships** – The Office of Defense Nuclear Nonproliferation coordinates its programs with many other DOE and NNSA organizations, including Defense Programs, Environmental Management, Nuclear Energy Science and Technology, Science, and Civilian Radioactive Waste Management. These partnerships represent programmatic science and technology initiatives to address nonproliferation challenges in other countries and in support of international organizations. These programs are developed and implemented with experts from the national laboratories and support service contractors.

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Beyond DOE, the Office of Defense Nuclear Nonproliferation has extensive relationships with other U.S. government agencies, foreign governments, and international organizations. On foreign policies and programs, there is close coordination with the Departments of State, Defense, Commerce, and Treasury and with the National Security Council. Foreign relationships involve many foreign governments and international organizations, including extensive support to the International Atomic Energy Agency and the United Nations Security Council.

***Changes in Structure and Staffing*** – The realignment of NNSA functions will not substantially affect NN personnel resources. However, during the next year, there will be a substantial increase in federal staff as NN begins to address additional mission responsibilities. An augmentation of approximately 50 positions has been authorized to meet expanded program needs and to replace personnel on extended rotational assignments from national laboratories and support service contractors. The most significant NNSA realignment change will be in the dissolution of the Office of Resource Management (NN-10) and the transfer of its functions and many of its personnel to M&A. At the completion of realignment, the NN HQ staffing will comprise approximately 220 federal personnel and 45 personnel on rotational assignments from the national laboratories.

NN will comprise five offices: (1) Nonproliferation Research and Engineering (NN-20), (2) International Nuclear Safety (NN-30), (3) Arms Control and Nonproliferation (NN-40), (4) International Material Protection and Emergency Cooperation (NN-50), and (5) Fissile Materials Disposition (NN-60):

**a. Office of Research and Engineering (NN-20)**

***Mission*** – Promote, through the use of technology, the reduction of threats to national security and world peace posed by nuclear, chemical, and biological weapons proliferation and illicit materials trafficking, and assist in fulfilling U.S. commitments for treaty monitoring through development of technology.

***Functions*** – The Office of Research and Engineering develops applicable technologies, demonstrates and validates fieldable prototypes, and—in the treaty monitoring area—provides actual operational hardware and software. NN-20's key customers include the Deputy Administrator for Defense Nuclear Nonproliferation, NN Assistant Deputy Administrators, and national laboratories. Externally, NN-20 also serves other DOE national security organizations and other U.S. government (USG) agencies. Most of the technologies developed within NN-20's programs are intended to support the operational needs of other USG agencies. The office also provides the science-and-technology base that enables other DOE national security organizations to accomplish their missions.

The office manages and directs all aspects of the NN research and engineering program. To this end, core functions include the following:



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- Prepare and issue research and engineering policy and procedures for arms control and nonproliferation technology development
  - Provide program guidance for national laboratories to adjust to changing requirements and maintain scientific and technical expertise as national assets in support of national security
  - Develop and integrate long-term research and engineering program plans, based upon national laboratories' response to program guidance
  - Implement programmatic activities within Operations Offices, national laboratories, industry, and academia
  - Promote transfer and commercialization of technologies
  - Conduct program reviews, evaluations, and value comparisons
  - Determine personnel, space, and resource requirements for effective and efficient utilization of research and engineering resources

***Internal and External Relationships*** – NN-20 maintains close ties to national laboratories, as well as to other DOE national security organizations and other USG agencies that leverage the office's technologies. NN-20 also establishes extensive communication with interagency policy and user groups to coordinate requirements and avoid duplication and technological surprise.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of NNSA HQ personnel resources or staff augmentation initiatives. Onboard staffing levels are expected to remain at approximately the same levels for both federal and rotational assignment personnel.

**b. Office of International Nuclear Safety and Cooperation (NN-30)**

***Mission*** – Promote worldwide nuclear safety and nuclear technology development by providing technical leadership, expertise, and program management for cooperative international programs.

***Functions*** – The Office of International Nuclear Safety and Cooperation's (INSC's) core functions include the following:

- Conduct cooperative programs to reduce the threat posed by operation of aging nuclear facilities in Russia and Central and Eastern Europe

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- Provide technical leadership and expertise for international organizations addressing nuclear safety and nuclear technology development
  - Provide technical expertise for examining other options for halting the production of weapons-grade plutonium
  - Manage activities to implement the Highly Enriched Uranium (HEU) Transparency Program, which monitors the downblending of Russian HEU into low-enriched uranium (LEU); assure that Russian HEU from dismantled nuclear weapons is converted to LEU and delivered to the United States Enrichment Corporation
  - Provide technical guidance on environmental, safety, and health aspects related to the participation of U.S. personnel in transparency activities
  - Lead the DOE's program to fulfill the terms of the June 1994 agreement to shut down the three remaining plutonium production reactors in Tomsk-7 and Krasnoyarsk-26, Russia, by the year 2000

***Internal and External Relations*** – The office represents DOE in international forums, including the International Atomic Energy Agency, the Nuclear Energy Agency, the G-7, and the G-24, which are concerned with the safety of Soviet-designed reactors, nuclear safety, and development of advanced nuclear technologies.

In partnership with the Nuclear Regulatory Commission, INSC cochairs the Joint Coordinating Committee for Commercial Nuclear Reactor Safety, which is under the Peaceful Uses of Atomic Energy Agreement with Russia.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of NNSA HQ personnel resources. Staff augmentation will result in approximately six new positions being created, with a corresponding reduction of approximately three rotational assignment positions.

**c. Office of Arms Control and Nonproliferation (NN-40)**

***Mission*** – Reduce the threat of nuclear proliferation by providing major policy and technical support to the U.S. government's foreign policy and national security objectives in the areas of arms control and nonproliferation and to the international arms control and nonproliferation communities.

***Functions*** – The Office of Arms Control and Nonproliferation analyzes arms control and nonproliferation issues and problems; formulates policy, goals, and objectives; and determines program priorities for implementing approaches and activities directed at solving identified problems. The office

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focuses on the critical program priorities, including limiting weapons-usable fissile materials, establishing transparent and irreversible nuclear reductions, strengthening the nuclear nonproliferation regime, controlling nuclear exports (including information technology), and strengthening international nuclear safeguards.

NN-40 directs the work programs of the subordinate divisions, which are International Policy and Analysis, Nuclear Transfer and Supplier Policy, International Safeguards, Initiatives for Proliferation Prevention, and Nuclear Cities Initiative.

The office's core functions include the following:

- Serve as the DOE point of contact with other U.S. agencies on arms control and nonproliferation issues and as the point of contact with foreign governments, international organizations, and nongovernmental organizations on nonproliferation and arms control issues
- Provide technical policy leadership and support for implementation of U.S. obligations under the Nuclear Nonproliferation Treaty
- Implement programs to limit weapons-usable fissile materials: establish transparent and irreversible strategic nuclear reductions, strengthen the nuclear nonproliferation regime, control nuclear exports and information, and strengthen international nuclear safeguards
- Support U.S. and international regional nonproliferation efforts and confidence-building measures
- Serve as DOE point of contact for DOE's technology security program by monitoring foreign visits and assignments and information requests

***Internal and External Relationships*** – NN-40 represents DOE in interagency meetings that formulate U.S. arms control and nonproliferation policies and procedures. This includes discussions and coordination with the Departments of State, Defense, and Commerce; the National Security Council; and the Congress. Foreign coordination includes providing policy and technical support to U.S. arms control and nonproliferation negotiations, bilateral programs with foreign governments, and support to international organizations, including the International Atomic Energy Agency and the UN Security Council.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of NNSA HQ personnel resources. Onboard federal staffing levels are expected to grow by 12 positions to meet the

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augmentation initiative. Rotational assignment personnel are expected to remain at approximately the current onboard levels.

**d. Office of International Material Protection and Emergency Cooperation (NN-50)**

***Mission*** – Enhance U.S. national security and reduce the threat of nuclear proliferation and nuclear terrorism by rapidly improving the security of all weapons-usable material in forms other than nuclear weapons in Russia.

***Functions*** – The Office of International Material Protection and Emergency Cooperation integrates and orchestrates DOE’s assets and expertise, including those of its national laboratories and contractors, in planning, directing, and implementing U.S. cooperation with the Russian Federation in the program of Nuclear Materials, Protection, Control, and Accounting (MPC&A), for which DOE is the lead government agency.

The office’s customers include DOE national laboratories and contractors. The office identifies and analyzes issues and problems; formulates policy, goals, and objectives; and determines program strategies, guiding principles, and priorities for implementing approaches and activities directed at solving identified problems. To this end, its core functions include the following:

- Provide direction, guidance, and oversight to the DOE national laboratories and to support service contractors in implementing the MPC&A program of work in Russia
- Review and approve individual MPC&A project work plans, which set the detailed scope of work for each of the sites and projects
- Plan and manage the formulation and execution of budgets for funds appropriated by the Congress for implementing this program
- Measure performance against objectives to ensure that funds are expended in an effective and efficient manner
- Ensure compliance with legal requirements for export controls and program assurances
- Provide international emergency assistance and cooperation with foreign governments responding to a nuclear smuggling or trafficking incident

***Internal and External Relationships*** – The office represents DOE in the U.S. government’s interagency process in coordinating MPC&A, emergency preparedness, and other security activities. The office also directs the joint

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cooperative efforts with institutes, enterprises, organizations, and ministries in the Russian Federation to assist in planning and implementing MPC&A activities in Russia and with other international partners and organizations.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of NNSA HQ personnel resources. Onboard federal staffing levels are expected to grow by 26 positions to meet the augmentation initiative, with a reduction of approximately 7 onboard rotational assignment positions.

**e. Office of Fissile Materials Disposition (NN-60)**

***Mission*** – Reduce inventories of surplus weapons-usable fissile materials worldwide in a safe, secure, transparent, and irreversible manner.

***Functions*** – The Fissile Materials Disposition Program is responsible for disposing of surplus U.S. weapons-usable fissile materials, including highly enriched uranium and plutonium, providing key negotiation and technical support for efforts to attain reciprocal actions for disposing of surplus Russian plutonium, and storing surplus U.S. fissile materials pending disposition. These efforts contribute to the Administration's goal of reducing the nuclear danger and the threat of proliferation by disposing of U.S. surplus plutonium and highly enriched uranium and helping Russia dispose of their surplus plutonium.

NN-60 continues the activities necessary to implement the Administration's hybrid strategy for U.S. plutonium disposition (involving both immobilization and irradiation of MOX fuel in reactors).

Core functions include:

- Research and development
- Facility design
- Site support

In accord with the U.S.-Russia Plutonium Management and Disposition Agreement, the U.S. and Russia will implement parallel programs with comparable, although not necessarily identical, rates of plutonium disposition. The Fissile Materials Disposition Program continues to dispose of surplus highly enriched uranium by down-blending the material to low-enriched uranium for peaceful use in commercial reactors.

***Internal and External Relationships*** – NN-60 oversees technical programs at the national laboratories, universities, and contractors that are focused on plutonium disposition. These activities are coordinated with the Departments of State and Defense and the National Security Council and

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briefed to the U.S. Congress and Nuclear Regulatory Commission. There is close consultation and coordination with Russia on its parallel plutonium disposition programs, as well as extensive consultations with other governments, including the G-7, to secure their technical, financial, and political support.

***Changes in Structure and Staffing*** – This office will not be substantially affected by the realignment of NNSA HQ personnel resources. Onboard federal staffing levels are expected to grow as a result of the augmentation initiative. Rotational assignment personnel are expected to remain at approximately the current onboard levels.

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### III. Implementation

Chapters I and II describe the high-level structural changes that NNSA intends to implement. This chapter focuses on the work ahead. *Section A* describes the strategic planning efforts that have already begun and will be completed in late spring. *Section B* describes NNSA's plans for conducting the more detailed analysis of processes and staffing needs that must occur before the new organization structure can be put in place and employees assigned to the proper units. This should be completed by October 1, 2001. *Section C* discusses the implementation of NNSA's excepted service hiring authority. *Section D* outlines a plan for addressing NNSA's management development needs. *Section E* provides a description of plans to prepare employees for the changes ahead. *Section F* concludes the chapter with a description of the resources (time, staff, and contractor support) needed to complete the work laid out in sections A–E.

This implementation plan is the first phase of a comprehensive strategy designed to establish NNSA as an operational, semiautonomous agency and to improve our business practices. The tasks described in this interim report constitute the first phase of implementation, which focuses on improving the effectiveness of NNSA processes, procedures, and management practices. We expect this phase to take approximately seven months. The next phase of work will focus on improving the efficiency of operations. This second phase will also focus on implementing recommendations of the expert group chartered by the Administrator to seek solutions to challenging issues regarding roles and responsibilities within NNSA. Appendix A is a graphic depiction of the projects described in this chapter, their planned sequence, and a tentative schedule through the end of 2001.

Like most major transitions, NNSA's change effort will take more time, more energy, and much more patience than most people expected. Appendix B summarizes the key findings from a study of major change initiatives in 500 multinationals and public sector organizations, which identified both the barriers and enablers of change. The story that these organizations tell is that major changes demand a comprehensive, multifaceted strategy, focused resources, and adequate time.

#### A. The NNSA Strategic Plan

All DOE organizations are required to develop and maintain strategic plans under the Government Performance and Results Act (GPRA) of 1993. NNSA components have been part of this DOE-wide effort for several years. While the strategic plans developed by DP and NN have served the needs of the individual components, these plans need to be merged and revised to reflect the overarching goals set out in the enabling legislation, the current issues facing the organization, and the objectives of the new leadership team.

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Beyond the statutory requirement of fulfilling GPRA commitments, NNSA's strategic planning effort is a key tool for implementing organizational change. Strategic plans can be powerful drivers of organizational action. An organization's mission and strategy guide development of the overarching goals for the entire enterprise. These goals can then be used to develop meaningful performance measures and to hold the organization accountable to its internal and external stakeholders.

In addition, the full benefits of placing all the DOE components responsible for aspects of national nuclear security into a single semiautonomous entity might never be realized if NNSA components do not examine how they might work *together* to improve the Administration's performance. A corporate strategic planning effort provides the opportunity for senior and midlevel managers to explore this potential and to establish a new NNSA identity.

For these reasons, NNSA began a systematic strategic planning initiative in February 2001 to develop a draft plan for the NNSA Management Council and Administrator. The draft strategic plan developed by this group provides much of the raw material needed by the top management team to complete work on the first NNSA strategic plan. This NNSA strategic planning process should produce a published plan by July 2001.

## **B. Process and Staffing Analysis**

As noted in Chapter I, there is still much work to be done to put in place the planned structural changes outlined in this report. Starting in mid-May 2001, NNSA will begin the detailed implementation analysis necessary to stand up all the parts of this organization by October 1, 2001. While the high-level decisions on how to organize NNSA have been made, the specific details on how the functions that cross several organizations should work must still be finalized.

To plan for the transition to the planned organizational design, NNSA must do two things:

- *Process Redesign and Organizational Alignment.* Analyze and redesign the business processes that involve multiple groups in NNSA, develop procedures for cross-cutting processes, and refine the structure at the work unit level
- *Workforce Analysis.* Analyze and decide specific staffing changes needed to support those processes

### **1. Process Redesign and Organizational Alignment**

This project will establish the desired procedures for activities that involve multiple groups in NNSA. The scope of this initial effort is limited to the processes in the Facilities and Operations, and Management and Administration components because most cross-cutting processes reside in these organizations.



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**Key steps** include the following:

- Identify cross-functional processes that are candidates for analysis and redesign
- Illustrate high-level activities through "as-is" process maps
- Redesign weak processes, and design new processes where needed; create "to-be" process maps
- Verify that the roles and responsibilities assigned to the new or changed offices and divisions support the new cross-functional processes

The process redesign phase will begin in late May 2001 and conclude by the end of August 2001.

## **2. Staffing Analysis**

The staffing analysis will establish how the new structure and procedures will affect existing NNSA headquarters staff and identify any gaps between the skills needed by the organization and the experience of the current workforce. This analysis will allow NNSA to cross-walk current employees into the available positions, but it is *not* a rigorous evaluation of each incumbent's capabilities.

**Key steps** include the following:

- Validate lists of onboard staff and vacant positions
- Prepare staffing plan based on resource requirements and flows; develop staffing crosswalk document
- Prepare new/revised position statements, supported by HR, and develop performance standards for each revised position
- Consult local bargaining units
- Review existing space assignments; redistribute office space
- Complete performance appraisals for reassigned employees before moving

Ultimately, NNSA must have employees with the right skills in the right jobs. Skill gaps will be closed over time, as employees who lack requisite experience take courses and gain experience on the job. However, there will be some cases where training and on-the-job experience cannot close the gap in time to meet the

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organization's needs. In those cases, NNSA will have to recruit for the needed skills.

HR will play a central role in this work to ensure fairness, consistency, and legal compliance. The staffing analysis and the initial crosswalk of employees will take place in September 2001.

### **C. Implementing Excepted Service Hiring Authority**

The NNSA Act contains limited, but important authority for the NNSA Administrator to begin revitalizing the Federal staffing of our nation's nuclear security enterprise. The Administrator has promulgated for review an interim policy for implementing the excepted service appointing and compensation authority for no more than 300 scientific, engineering, and technical positions within the NNSA. We expect to begin exercising this authority by the beginning of July, 2001.

The policy was developed by NNSA staff in consultation with other agencies that currently use similar authorities. Indeed, our team leader was detailed to the NNSA by Defense Nuclear Facilities Safety Board and was the architect of the excepted service authority granted to the Safety Board by the Congress.

Our interim policy is designed to provide NNSA managers with sufficient flexibility to attract and retain the key personnel we need to meet our demanding mission, while ensuring that NNSA uses this special authority with due regard for the Merit Systems principles of Federal personnel management. An integral element of the policy is the Pay-For-Performance feature allowing for performance increases and performance bonus pools. Implementation of this Pay-For-Performance feature will be deferred until a uniform performance appraisal system can be established for our excepted service employees and our managers can be trained to develop fair and accurate measures of staff performance.

We see this interim policy as just the first step in revitalizing our Federal staffing process. NNSA must begin hiring staff at the entry and mid-career tiers to avoid future gaps in federal staffing and leadership as almost 50 percent of our staff is eligible for retirement within a decade.

### **D. Management Development**

NNSA must focus on developing management talent for at least three reasons. First, implementing excepted service authority, including a pay-for-performance plan, places new demands on NNSA managers. Second, difficulties in recruiting and retaining employees in key job categories are likely to continue, and managers' behavior has been shown to have a major impact on employee retention. Finally, there is anecdotal evidence within NNSA that employees see management behaviors as both drivers and barriers to change. Comments from long-time employees (e.g., "Moving the

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organizational boxes around won't solve many of the problems") highlight the central role that managers will play in this transition.

In nearly every working session where the organizational design proposals were discussed, NNSA staff members noted that management behaviors were more important to the success of the new organization than structural changes. Their view is echoed in numerous research studies on organizational performance, which have found that management practices have a powerful direct impact on business results, employee morale and retention, and customer satisfaction.

The link between management behavior and business results, customer satisfaction, and employee morale is so well established that the Office of Personnel Management (OPM) published new rules in October 2000 for assessing the performance of Senior Executive Service (SES) managers, which make these the key criteria for determining SES bonuses.

## **1. Assessment of Key Performance Indicators**

During the first phase of implementation, NNSA will measure key indicators of organizational performance through a formal organizational assessment, which will generate reliable information on which managers can base decisions. The assessment will collect data from employees and managers on their current perceptions of the key variables affecting organizational performance, including management practices.

By collecting data on employee perceptions of key performance indicators, NNSA can identify the critical levers for organizational improvement and establish baseline measures needed for future evaluations of organizational performance. Such measures will be essential to demonstrate improvement over time.

## **2. Management Training**

Helping NNSA managers learn to perform their new duties in a pay-for-performance reward system is a key factor in the implementation of the NNSA's new personnel practices, including the excepted service authority. NNSA's management training program will also be designed to reinforce the organizational change by helping managers gain an understanding of their critical role in, and contribution to, overall NNSA performance.

This training program will be built on data generated in the assessment (key management behaviors needed and skill gaps) and during process-mapping sessions, where chronic organizational issues often emerge. Design of this program can begin after the assessment and process-mapping projects have been completed in August 2001.

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## E. Preparing the Staff for Change

Put simply, successful change cannot occur if managers and staff are unwilling to try a new way of doing business. When they do—when there is widespread commitment to trying the new operating mode or new technology—*some* change occurs (even if it's not exactly what was expected). Organizations are not machines and cannot be engineered precisely. However, people can see the benefits of innovation and do embrace new ways of operating when they have opportunities to *participate* in the change. This knowledge guides our approach to preparing the staff for implementation.

There are two reasons to help employees prepare for change. First, it makes their transition from their current duties and work relationships to their new duties and relationships as smooth as possible and ***minimizes the disruption of necessary work in the organization*** during the transition.

The creation of the F&O and M&A components will have a significant and direct impact on about 25 percent of NNSA's headquarters employees because it will change their jobs and their reporting relationships. But the new structure will have an indirect effect on *everyone* in NNSA. We do not underestimate the potential disruption that this could cause, and we plan to take steps to make the transition as smooth as we can.

Second, preparing employees for change helps them see more clearly the general demands on the organization and the specific demands on them in their new roles. Employees rarely resist a change with the purpose of causing work disruptions. Usually, employees are confused. They wonder, "What am I supposed to do now, and why has it changed? Who do I work with on this? Will I be able to do what I am now expected to do?" When people are confused, they become anxious, and when they are anxious, they have difficulty following new rules and tend to revert to old practices. This may look like resistance to the change, but it is really a natural response when people are in a state of anxiety.

Our tactics for preparing employees for change are simple: communicate effectively and get high levels of direct participation.

### 1. Communication

The proposed communication strategy is based on evidence that the most believable sources of information for most employees are their line supervisors. For this reason, we propose to take the following steps:

- Familiarize line and middle managers with the new structures and processes and coach them in their new role as key communicators first.
- Communicate frequently to keep employees informed of progress, encourage participation, and solicit feedback.

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- Provide individual staff counseling in HR for people whose jobs are changing significantly. This will involve helping employees develop individual training plans.

## 2. Participation

Communication alone will not be sufficient. Employees must also have direct involvement in change projects to build understanding and commitment. In other words, talking about a change is relatively ineffective in gaining support for a new process, but direct involvement can make a real difference. For these reasons, we propose to do the following:

- Obtain the widest possible participation in the process-mapping sessions from those who are directly and indirectly affected
- Provide adequate training in new processes
- Deploy to facilitators to support, coach, and develop

Preparing NNSA employees for change does represent an expense, but the costs to the organization will be far greater if we fail to invest in employees at this phase of the change.

## F. Resources and Time

### 1. Change Leadership

Our implementation approach recognizes that there are three groups of employees who must provide leadership if the restructuring effort is to be successful. **NNSA's senior leaders**, through the NNSA Management Council, will serve as the implementation steering committee. Through a **core team**, the Council will manage the overall change initiative, staff the individual projects, manage the schedule, develop and execute the communication strategy, and provide day-to-day guidance to staff. **NNSA managers** up and down the hierarchy must also see themselves as change leaders and must be enrolled as full participants in planning and implementation.

All three groups must be visibly engaged in the change to bring about the transition ahead. In uncertain times, staff members look to their leaders for cues about what is on the horizon.

### 2. Resources

NNSA must dedicate considerable internal resources to these change implementation projects. The NNSA Management Council will provide overall

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guidance to a core team of two or three senior managers, who will work full-time on implementation. Every major project will need a sponsor, preferably the manager directly responsible for implementation.

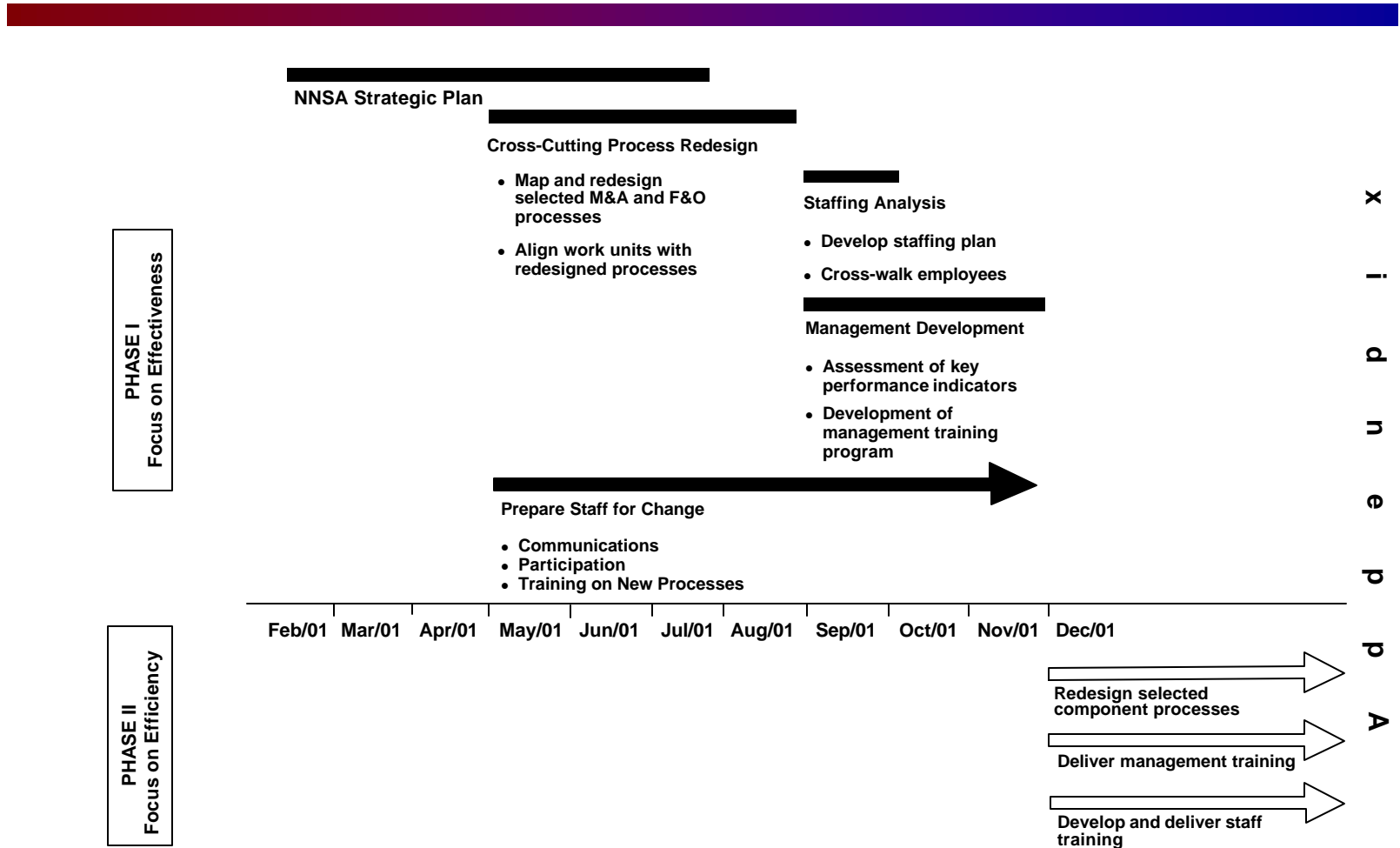
### **3. Time**

The second key element in successful change efforts is time. Research studies show that major organizational changes take, on average, two full years from inception to full implementation. Many take longer, depending on the scope of the change. This suggests that NNSA should not expect to have its new structure and processes fully up and running for at least another year. In addition, most reorganizations require adjustments in the first two to three years, as new procedures are tested and staff members adjust to new roles and responsibilities. These are typical time frames.

The past year has shown that standing up the new NNSA as a semiautonomous entity is a significant challenge. The task at hand goes far beyond the realignment of reporting relationships and the rewriting of a few procedures; it is a major change effort that affects nearly everyone in the complex. Although many key decisions have been made, the most demanding phase of work lies ahead.

# Appendix A: NNSA Implementation Road Map

## Key Phases, Critical Tasks, and Timeline







## Appendix B: Barriers and Success Factors in Change Initiatives

### *Organizations Report That Failure to Undertake a Comprehensive Change Strategy Usually Results in a Failed Change Effort*

Top 10 Barriers		Top 10 Success Factors	
	% of 500 companies		% of 500 companies
Competing resources	48%	Ensuring top sponsorship	82%
Functional boundaries	44%	Treating people fairly	82%
Change skills	43%	Involving employees	75%
Middle management	38%	Giving quality communications	70%
Communication	35%	Providing sufficient training	68%
Long IT lead times	35%	Using clear performance measures	65%
Employee opposition	33%	Building teams after change	62%
HR (people/training) issues	33%	Focusing on culture/skill changes	62%
Initiative fatigue	32%	Rewarding success	60%
Unrealistic timetables	31%	Using internal champions	60%

Source: PricewaterhouseCoopers Mori Survey of 500 multinationals and public sector organizations (1997)