

Does Recent Adverse Publicity Concerning Incidents at Los Alamos and Livermore Call into Question Both UC's Ability to Manage the National Laboratories and the Public Perception of UC as a Manager?

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Because of several widely publicized incidents at the labs over the past several years, Los Alamos and Livermore have received much media attention. As a result, the laboratories—and, by inference, the University of California's management of the labs—have often been cast in a negative light, prompting some to question whether the laboratories, or the University, benefit from continuing their long-standing relationship. In evaluating whether to compete for the laboratory contracts, the University needs to consider whether the public perception of UC's management of the labs harms or helps the University in carrying out its fundamental mission.

The incidents, which have received the most publicity, include the following:

- In 1999, Wen Ho Lee, a Los Alamos physicist, was accused by the U.S. government of stealing nuclear secrets with the intent of passing them to China. The Department of Energy expressed frustration at security arrangements that failed to prevent Lee from copying and removing highly classified files from the laboratory.
- In 2000, two computer hard-drives containing classified data for DOE's Nuclear Emergency Search Team were discovered missing from a secure area at Los Alamos.
- In 2002, a pair of Los Alamos employees assigned to investigate the theft of government property at the lab were fired after reporting significant flaws in property management procedures and recommending a vigorous response by management.
- As recently as June 2003, financial improprieties at Los Alamos reportedly continued: lab employees allegedly used government-issued credit cards to purchase an automobile, consumer electronics, and camping gear for personal use.
- In January 2003, DOE's Office of Inspector General issued a report which concluded that LANL's firing of its two investigators was "incomprehensible." The IG report was also sharply critical of UC's oversight of security and procurement practices at the lab.
- Shortly after Livermore's director reported to Congress that a multi-billion dollar project at the lab—the National Ignition Facility (NIF)—was proceeding according to schedule and budget, LLNL was forced to admit that the project had numerous cost overruns, and completion would be delayed by five years or more.

Defenders of the University's management of the labs, however, in response to these incidents, point out the following:

The charges against Wen Ho Lee were dropped after Lee pled guilty to a single felony charge of mishandling classified information. No evidence of espionage was presented or proven by the government, and the judge personally apologized to Lee for the weakness of the government's case.

The missing hard drives were eventually discovered behind a photocopying machine in the same secure area. No criminal charges were brought against the lab or its employees.

The fired whistleblowers were later offered reinstatement by the Los Alamos lab at their former salary, retroactive to the date of their dismissal. Their subsequent lawsuit against the University was settled out of court.

An investigation by UC and LANL concluded, in the case of the automobile, that the employee in question had been the victim of fraud by an outside vendor. The FBI declined to pursue criminal action in the case. An investigation of the other alleged abuses is continuing. Despite media allegations that "millions of dollars" were unaccounted for in LANL purchases, the DOE Inspector General's report discovered a total of only \$14,530 in questionable or inappropriate transactions, in an annual budget of nearly \$2.3 billion.

The University has admitted to serious shortcomings in its previous oversight of security and business practices at the labs and has taken steps to correct them. At Los Alamos, a total of 18 senior lab managers and employees were either terminated, removed from management positions and/or reassigned following the Department of Energy's IG report. At Livermore, the University ordered major changes in the NIF project organization and created an external review committee to recommend corrective action. A recent Department of Energy IG report notes that NIF is within the new budget and schedule guidelines.

In addition, the University has instituted a broad set of fundamental reforms to improve its management of the labs, including: strengthening the charter of the UC Vice President for Laboratory Management; creating a Laboratory Management Council to better exercise UC leadership, and bringing in "outside" expertise regarding best management practices and the possibility of attracting industrial partners.

In summary, whatever steps the University may take in the future to remedy actual or perceived management failures, it seems virtually certain that UC will continue to be a lightning rod for a variety of critics so long as the University holds the contracts to manage the national labs. As the overseeing authority for the labs, therefore, UC is an inevitable target for those who are critical of the nation's nuclear politics, are antagonistic to the direction of scientific research at the labs, or who simply question the legitimacy of a public university being involved in the design of nuclear weapons. Apart from politics,

there is also the arguably widespread—if mistaken—public perception that UC derives considerable “profit” by administrating the labs.

Understandably, this debate over the real if intangible costs of managing the labs extends into the University community itself. Historically, UC has defended its management of the labs as a public service to the nation. Beyond that, it might also be argued that the University gains in prestige, and in the reputation of its scientific research, by managing the labs. Opponents, on the other hand, will likely object that UC’s oversight of the labs, and the negative publicity that attends it, ultimately undermines public confidence in the University and its ability to carry out its primary mission of research and teaching.