

Your Tax Dollars at Work: Privileged Los Alamos Lifestyle Paid for by Weapons of Mass Destruction

The Department of Energy's (DOE's) 2005 Congressional Budget Request for its core research, development, testing, and production programs for nuclear weapons is \$6.57 billion. This equals the all-time high set in 1985 under President Reagan's spectacular military buildup during the height of the Cold War. Among other things, these programs are poised to develop earth-penetrating nuclear weapons and "mini-nukes," resume industrial-scale bomb production and return to possible full-scale testing. The often-stated argument that U.S. nuclear forces are strictly for deterrence purposes is becoming increasingly questionable. The Bush Administration has assumed the right of preemptive war and expanded the rationale and targeting for the possible use of nuclear weapons.

Los Alamos National Laboratory (LANL) will receive \$1.4 billion in 2005 for its nuclear weapons programs, 79% of its total DOE funding of \$1.77 billion. LANL will likely receive around another half billion dollars from other federal sources (for example, the Department of Defense and NASA), for a total institutional budget of approximately \$2.3 billion. Out of this, only 5.5% will be for so-called cleanup (the Lab plans to merely "cap and cover" its radioactive and hazardous waste dumps). Despite New Mexico being amply blessed with wind, solar and geothermal resources, it has been years since LANL has requested funding for renewable energy technologies (geothermal was terminated in 1999 and solar in 1996). Who will benefit from this \$2.3 billion in taxpayers' money?

According to a May 2004 study by American City Business Journals, out of 3,141 counties and independent cities in the country **the County of Los Alamos has "the best quality of life of anywhere in America."** That report used 20 different indicators such as income, unemployment and educational levels. The County ranked as the nation's 4th "most affluent" in a July 2002 NM Business Weekly article. According to a 1999 DOE environmental review Los Alamos County had the highest median income in the country in 1989. In 2000, 44% of County residents between 18 to 64 years of age were employees of the Lab or its direct contractors. LANL is indisputably the economic engine of the County.

What's Wrong with This Picture?

- Los Alamos County (LAC) has the "best quality of life of anywhere in America," yet plans to spend \$1.4 billion on WMDs in 2005. NM is rated as the 3rd worst state in which to raise children. Neighboring Rio Arriba County has the highest rate of fatal heroin overdoses in the U.S.
- NM has the highest percentage (26%) of children living in poverty, LAC has 2%.
- LAC had 37th highest per capita income in 2001 (out of 3,141 counties), up from 68th in 1997. Of 50 states NM ranked 48th in per capita income in 1999, down from 37th in 1959.
- DOE has spent an estimated 100 billion dollars on nuclear weapons and radioactive waste disposal in NM, yet the state still gets failing marks for "business vitality."
- Average Lab and contractor employee wages for those living in LAC was \$86,264 in 2003. The NM average wage in 2000 was \$29,421, 42nd in the country.
- Lab and contractor employees receive ample benefits, including medical insurance. 42% of New Mexicans under 65 had no medical insurance sometime in the last two years (2nd worse in U.S.) NM is the worst state for employer-provided medical insurance.
- LAC public schools receive an annual DOE subsidy (now \$8 million). LANL does not pay NM gross receipts taxes, 45% of which would be allocated to the state's public schools.
- LAC's population is 82.1% "white persons, not of Hispanic/Latino origin." NM is the only state with a "minority" majority (54.6% of the state's population).
- NM's political leadership, especially Senator Pete Domenici, continues to advocate DOE \$\$ as the path forward for state economic development.

The benefits of the weapons dollars don't exactly pour off the "Hill." Living conditions in neighboring Rio Arriba County are not so good. Nine percent of its residents between 18 to 64 work at the Lab, but tend to fill the lower paid positions. The same study that ranked Los Alamos County as #1 in living conditions ranked Rio Arriba as 2302nd (out of 3,141 counties). Two serious indicators of poor living conditions in Rio Arriba are its fatal heroin overdoses per capita, the highest in the country (six times the national average) and the fact that 58% of births in 2000 were to single mothers (which in turn often leads to child and trans-generational poverty). The year 2000 per capita income for Rio Arriba County was \$16,350 (2,949th in the country). Los Alamos County's per capita income was \$42,943 (37th in the country).

Wages and Income Averages



Within Rio Arriba County are two Native American communities that deserve particular attention, the San Ildefonso and Santa Clara Pueblos, both immediately bordering LANL. According to 2000 Census Bureau data San Ildefonso Pueblo had per capita income of \$11,038, with 19.1% of families living below the poverty rate. Santa Clara Pueblo had per capita income of \$9,311, with 30.5% of families living below the poverty rate. According to a 1999 DOE site-wide environmental impact statement for LANL only 2% of lab employees were Native American (and it does not specify those from San Ildefonso and Santa

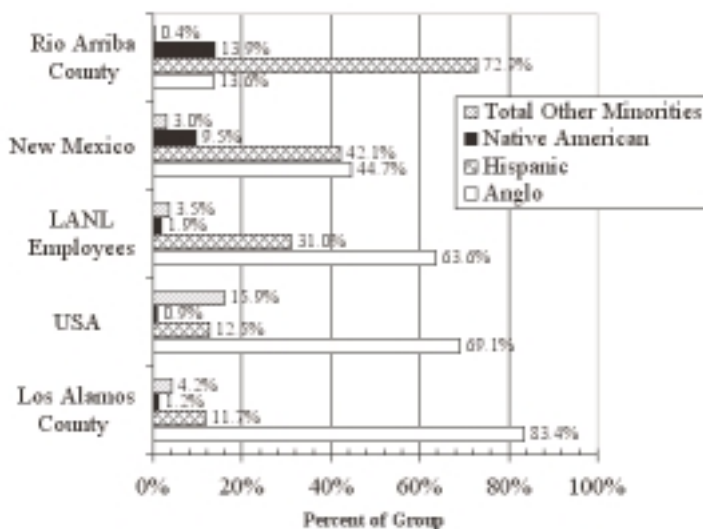
Clara Pueblos). Additionally, since the San Ildefonso Pueblo land west of the Rio Grande is downhill from the lab, it is inevitable that overtime its canyon bottoms will be the avenues for Lab contaminant migration to the river. The New Mexico Environment Department has found that the amount of plutonium in stormwater runoff is 100 times greater than what it was before the Cerro Grande Fire. Finally, the Lab's main waste dumps are located on San Ildefonso Pueblo's ancestral lands.

In 2000 82.1% of Los Alamos County residents were "white persons, not of Hispanic/Latino origin" (Census Bureau language), making it the "whitest" county in New Mexico. In contrast, New Mexico is the only state in the union with a "minority" majority (54.6%, comprised of 9.5% Native American, 42.1% Hispanic and 3% "Other").

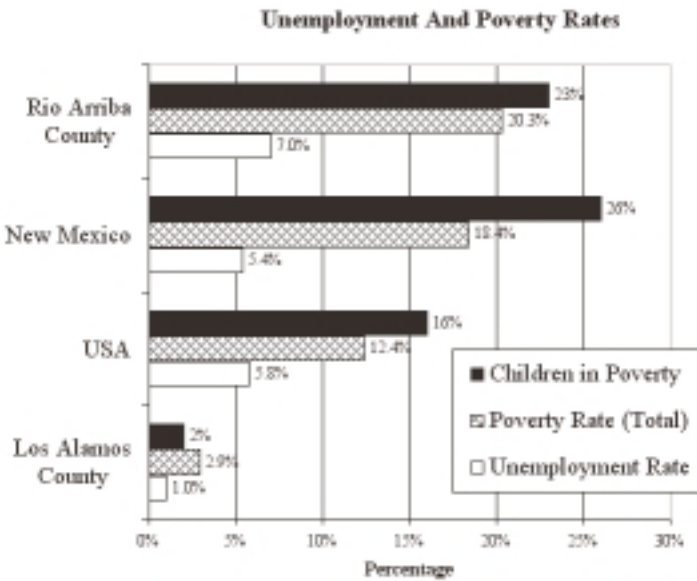
The Lab underpaid female and Hispanic employees. In 2003, 670 LANL employees received salary increases after an independent review (the "Welch Report") concluded "these employees had salaries that were significantly different" from that of their peers. The 5,255 LANL workers that lived in Los Alamos County made an average of \$86,264 in 2003. Lab workers living in Rio Arriba County made an average of \$48,771, nearly half as much.

Unemployment and poverty are almost nonexistent in Los Alamos County. New Mexico had the highest rate of children living in poverty in 2001. However, children in Los Alamos County benefit from one of the very lowest poverty rates in the nation. In 2002, the County ranked as the 3rd lowest in adult unemployment and 9th lowest in total poverty across the nation. This is in sharp

Ethnicities Compared



contrast to the rest of New Mexico, which the annual KIDS COUNT report ranked as the 3rd worst state in which to raise children in 2001.



DOE subsidizes the Los Alamos public school district, the only such program in the country. In 2003, only 46% of LANL workers lived in Los Alamos County, but no surrounding counties received direct DOE funding for their schools. During 2001-2002 the Los Alamos County school district received \$18.9 million in state funding and \$7.1 million directly from DOE. With the addition of other minor funding sources, the district had \$28.4 million in operational funds, or \$7,942 to spend per student. The Española school district had \$5,949 to spend per student.

Española is the small city that is the seat of Rio Arriba County. Students there clearly need augmented educational funding to help pull them from the County's chronic socioeconomic problems. Los Alamos students are 80.3% non-

Hispanic white, while Española public school students are 89.9% Hispanic. Eighty-eight percent of Los Alamos students plan to go on to college. Only 15.4% of Rio Arriba County residents age 25+ have bachelor degrees or higher. In the school year 1998-99 Los Alamos students had a dropout rate of 0.8% for grades 9 - 12. Española was 9.3%. In today's economy the disparity in income between those with and without 4-year college degrees is dramatically accelerating.

LANL pays no gross receipts tax. While Los Alamos schools receive funding from New Mexico the Lab does not equitably support state schools to begin with. New Mexico imposes gross receipts taxes (GRT) on goods, services and contractor's compensation. Forty-five percent of the state's budget goes into its public schools. The University of California, LANL's manager, is a "nonprofit" corporation, which shields most of the Lab's budget from paying GRT. If LANL's entire \$2.3 billion budget was taxed at the state's 5% GRT rate that would result in state revenues of \$115 million, or \$51.75 million to its public schools. In contrast, the Sandia Lab, managed by the Lockheed Martin Corporation, pays around \$60 million annually in GRT. In a 1982 U.S. Supreme Court decision New Mexico won the right to tax Sandia and received \$524 million in back taxes.

LANL costs the New Mexico state government and has unlimited taxpayers' money for its legal battles. In 2002 the New Mexico Environment Department (NMED) Hazardous Waste Bureau spent \$897,479 of state taxpayers' money while attempting to regulate the Lab. In return, LANL paid only \$37,150 in permitting fees. In the same year the Bureau issued a draft "Corrective Action Order" against the Lab in order to compel future comprehensive cleanup and protect the New Mexico environment. In immediate response, DOE filed two federal lawsuits and UC filed two state-court lawsuits against NMED. DOE and LANL have a virtually unlimited warchest of taxpayers dollars for its legal battles. If citizens groups, aggrieved employees or NMED sue LANL, DOE would almost always pick up UC's tab, whether the Lab won the case or not. In all, DOE reimbursed LANL contractors over \$6.6 million in legal fees from 1991 to 2001. Additionally, because UC is a "non-profit," it has largely avoided paying safety and environmental fines.

LANL will generate huge amounts of future chemical and radioactive wastes. As previously stated, the Lab explicitly plans to "cap and cover," that is **not** cleanup, the past wastes in its major on-site dumps. In addition, DOE projections for future Lab wastes under expanded nuclear weapons operations are huge. LANL will annually generate over 7 million pounds of chemical wastes and 15,900 cubic yards of "low-level" radioactive wastes (9 football fields 1 foot deep, to be buried onsite). It will also generate 711 cubic yards of more highly radioactive transuranic wastes, to be disposed at the Waste Isolation Pilot Plant in southern New Mexico. The future fiscal and environmental costs to New Mexico of these wastes are unknown.

Another striking disparity between Los Alamos County and the rest of New Mexico lies in the respective percentages of population that have medical insurance. The nonprofit organization Families USA recently reported that 42.4% of New Mexicans under 65 lacked medical insurance at some point during the last two years (2nd worst in the country). In November 2003 the Corporation for Enterprise Development reported that New Mexico ranked last in employer-provided health care. In contrast, the 44% of Los Alamos County residents working directly for the Lab or its contractors receives generous medical insurance benefits, with an option for family coverage as well. Given this and the County's great affluence this likely means that 80%-plus of residents had continuous medical insurance.

DOE has spent an estimated **100 billion dollars on nuclear weapons and radioactive waste disposal in New Mexico.** Nevertheless, while giving its annual "Development Report Card for the States," the Corporation for Enterprise Development gave New Mexico a "F" in "business vitality" for 2003. This was a demotion after six years of having received Ds caused by a lack of new companies and the jobs they might have created. Given the federal funding that has poured into New Mexico's two nuclear weapons labs this begs the question of **where are the beneficial business spin-offs?** For perspective's sake, the combined budgets of Los Alamos and Sandia Labs are virtually equal to New Mexico's total operating state budget.

LANL and its employees keep patent and license profits. The Lab and its employees have shared \$6.3 million since 1999 in monies from licensing intellectual properties. Taxpayers paid for the development of these intellectual properties, but the Lab and its employees keep the profits. In 2003, 128 LANL employees shared \$460,000 and the Lab "retained" \$640,000. When the University of Texas announced its intent to bid for the LANL management contract a spokesman said "The payoff in Texas will be enormous if we are successful." **What is the pay off for New Mexicans after more than 60 years of out-of-state management of LANL?**

DOE greatly exaggerates its beneficial economic impact. DOE made the unsubstantiated claim that for every dollar it spent in New Mexico another \$2.39 was generated in the state's economy in 1998 (the last year studied) and has repeated that claim in subsequent years. DOE further claimed that in 1998 it had an in-state total economic impact of \$10.42 billion. Using LANL as an example this is almost impossible. DOE funding for the Lab was \$1.2 billion, while the Lab had \$680 million in costs for purchasing good and services. Out of that, 37% was for out-of-state costs, and therefore simply did not stay in New Mexico. Further, 40% of all purchasing costs were spent in Los Alamos County alone, and likely had only limited circulation throughout the rest of the state (Rio Arriba County received only 2%, the rest of the state 21%). Moreover, in a study commissioned by NukeWatch, an economics professor compared eight different independent studies that strongly indicated that private business generates up to \$1 for every dollar spent, while military-related government spending creates less than 50 cents for every dollar spent. This led him to conclude that DOE's 1998 total economic impact was actually in the \$4 to \$6 billion range (for more see the "Dumas Report" at www.nukewatch.org).

Conclusion: Ironically, Los Alamos County's #1 ranking in quality of life for all of America is directly supported by mankind's biggest potential killers of life, that is nuclear weapons. The affluence of Los Alamos County is steadily rising, while that of New Mexico's is steadily deteriorating relative to all other states. More than any other path forward, the New Mexican political leadership, especially Senator Pete Domenici, advocate increasing reliance on DOE funding for economic development. The historic track record, the great disparities between Los Alamos County and the rest of New Mexico and the still undetermined environmental and fiscal costs of DOE's presence seem to argue against that. It is beyond the scope of this paper to suggest socioeconomic alternative futures for New Mexico, but clearly our state politicians should have the courage to explore and implement them. That will only happen when a broad plurality of New Mexicans begins to demand just that.

Note: For ease in reading all years above are expressed as calendar years. However, all DOE budget figures are for the federal fiscal year, which for 2005 would be October 1, 2004 to September 31, 2005. NM State fiscal years run from the beginning of July to the end of June. Census Bureau figures, such as for per capita income rates, are for calendar years.

Sources: DOE Congressional Budget Requests; U.S. Census Bureau data (many years); *American City Business Journals*, 5/04; *NM Business Weekly*, 7/12/02; *Transactional Records Clearinghouse*, Syracuse University, 2004; "Community Impact Data Profiles," LANL; Center for Economic Development "Report Card," 11/03; Families USA report, 6/04; Welch Report, 8/03; KIDS COUNT 2004 Databook, 5/04; USA Counties In Profile (<http://www.stats.indiana.edu/uspr/a/us>); LANL Partnerships Report, (<http://www.lanl.gov/partnerships>); LANL Site-Wide EIS, DOE, 1999.

Comments, suggestions, additions and challenges (especially from DOE and LANL) are welcomed.

Scott Kovac and Jay Coghlan, June 2004