



UPTE-CWA FACT SHEET

“Private for-profit, with no competition” is the wrong model for our National Security Labs.

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Background: Nuclear Weapon Labs go Private-for-Profit: With No Competition

We recently rushed through an unprecedented experiment of simultaneously changing both our nuclear weapon design agencies (LANL and LLNL) to private, for-profit, limited liability companies, with no product accountability, and no competition, since the entities selected to run Los Alamos (LANS, LLC) and Livermore (LLNS, LLC) are in fact one, with the same board of governors, the same corporate partners, and a nuclear weapons leadership roster with origins from virtually the same hallway of the same building. This is not the American model of efficient “marketplace competition” per the original Congressional language and intent. Instead, a convoluted and constraining bid process led to a model that could be viewed as anti-trust, with budgets billed almost entirely to the U.S. Taxpayer. This model is on a path to failure, and is doomed to inefficiency and failure for the reasons stated and others.

A well-intended experiment gone astray: But credible solutions are ready for study

Numerous events since the end of nuclear testing in 1992 led most to conclude that a change in operation of the US Nuclear Weapons labs was needed. A Private for-profit model with competition and accountability held the promise of efficiency, proficiency, and cost savings. However, the promise has not come true. Financial, technical, and ethical failures have continued, and the composite of problems has become worse since the change to LLNS_LANS, LLC^{1,2}. This may be because competition and accountability are still lacking, and it may be because the change should have been more in the public, open direction rather than in the private, closed direction. The nuclear weapons certification business is unlike any other in this country, since billions of taxpayer dollars are provided to solicit what in the end is an opinion, unvalidated by testing or use of the actual product (our nuclear stockpile). We do not wish to solve the problem by testing or using the product, so we must reach a credible solution some other way.

Since private-for-profit with no transparency (private, not even any shareholders), no competition (LLNS_LANS as one entity) and essentially no accountability (LLC) is not a proven successful business model, we suggest that alternatives be studied.

Action:

We request that language be added to the FY2010 Authorization and Appropriations Bills to require an independent study of the tradeoffs, financial and other, of possible alternatives for the future of Los Alamos and Livermore Labs:

1. Continue with the current LLNS_LANS, LLC model (private, no competition).
2. Convert LLNL and LANL to public, non-profit operation.
3. Solutions that are hybrids of the above³.

LLNS and LANS will have been in operation for 2 or 3 years, so a study can be based on actual costs rather than mere promises.

¹ For example, note the March 2009 GAO Report on Life Extension, GAO-09-385.

² In spite of a 2-year contract commitment, many of the LLNS&LANS Key Personnel have left, broaching aspects of breach of contract. Together with other mission failures, and the current public angst over “undeserved bonus & salary”, this compels that we revisit this for-profit structure immediately.

³ Our recent survey on Lab Futures generated many new ideas for an improved lab future. Overwhelmingly, the most support was for operation of the labs as non-profit entities.

LLNL Poll

1. Continue with the current model of the Labs being managed by a private company or a corporate partnership like LLNS. Trust the future, including workforce restructuring, pension contributions, 401k matching, health benefits, and lab mission to the expertise within the new private for profit corporate structure.

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|-------------------------------------|--------|
| a. Yes, we should continue this way | 9.6% |
| b. No, I don't like this future | 90.4 % |

2. Retain competitive bidding for M&O contracts, but have separate bid competitions for different Lab missions. In this model, there could be more than one M&O contractor on the site, and the separate contractors would have to compete with each other for the employees. Private or publicly traded companies as well as non-profit entities could bid.

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|---------------------------------------|-------|
| a. Yes, we should explore this future | 15.1% |
| b. No, I don't like this future | 84.9% |

3. Federalize the Labs, i.e., have NNSA manage them in the same way the U.S. Department of Commerce manages their big science labs, like National Institute of Standards and Technology and the National Oceanic and Atmospheric Administration. Employees would be federal employees; current employees could be "grandfathered" into their TCP-1 or TCP-2 plans, and all new employees would go into the federal pension plan and the federal government's 401k, which has an employer matching contribution.

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|---------------------------------------|-------|
| a. Yes, we should explore this future | 71.7% |
| b. No, I don't like this future | 28.3 |

4. Give the M&O contract back to a purely public-sector entity. This could be UC alone, as it once was, or be comprised of a consortium of public universities as the M&O contractor, similar to the management model of the big science facilities funded by the National Science Foundation, like the National Radio Astronomy Observatory or the Space Telescope Science Institute.

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|---------------------------------------|-------|
| a. Yes, we should explore this future | 89.7% |
| b. No, I don't like this future | 10.3% |

5. Finally, are you:

- | | |
|---|-------|
| a. Currently employed at Livermore Lab | 86.6% |
| b. Currently employed at Los Alamos Lab | 3.0% |
| c. Retired from LLNL or LANL | 9.1% |
| d. Other customer / stakeholder (e.g. a taxpayer) | 4.3% |