

SPSE-UPTE Response to LLNS Benefits Proposal

6/26/2007

The Society of Professionals, Scientists, and Engineers, Local 11 University Professional and Technical Employees, Communications Workers of America Local 9119, AFL-CIO (SPSE-UPTE) is a union of LLNL employees. We are committed to advocating for a quality work life for all of them, and we are concerned about the content of LLNS' proposal for total compensation at LLNL. It was through our initiative with legislators in Washington DC, that the RFPs for managing both LANL and LLNL were amended to require that retirement benefits for transitioning employees be "substantially equivalent" to UCRP rather than simply "market driven". However, in our view, the benefits that LLNS proposes are *not* substantially equivalent to what employees have now under UC employment.

Many employees who contacted us were concerned about LLNS diminishing the service-based contribution to the defined contribution plan in TCP2. Given that this provision is subject to change every two years anyway, we wonder whether the proposal was crafted deliberately to use this issue to draw attention away from more permanent and central concerns, such as the stability and security of the defined benefit plan under TCP1. Moreover we view the handling of the comment period as a violation of state law.

California's Higher Education Employer-Employee Relations Act (HEERA), requires that UC employees be afforded adequate time to comment on proposed changes such as this. Correctly handled, the comment period would give employees and organizations an opportunity to ask questions about the more complex aspects of the proposal, and get answers *before they comment*. NNSA and LLNS say they will accept questions, but that they will not answer them until after the comment period is over. The final offer will also impact the city of Livermore and other local communities, through its effects on the workforce. To gauge the impact adequately, the public comment period should allow for forums such as town meetings, where stakeholders can hear from representatives and representatives can hear from the public. Like us, Representative Ellen Tauscher requested a public comment period. But we go further and urge that it provide enough time for a cycle of questions and answers as well as the thoughtful crafting of responses. Given the tight coupling of LLNL to the local economy, we see this as a reasonable request.

We call on DOE and LLNS to heed the messages of Congress and the public. The most recent annual federal funding authorization bill states that DOE may not spend US funds in implementing DOE Order 351.1 mandating an end to defined benefit plans and traditional health plans for new contract employees.[‡] But though DOE agreed to stop

[‡] DOE's Contractor Employee Pension and Medical Benefits Policy (<http://www.doeal.gov/laso/GeneralDocs/DOENotice351dot1.pdf>) limits DOE's obligation to contract employee retirement plans. Congress responded to the pressure of

executing the order, the LLNS proposal nonetheless creates a second tier of employees, eligible only for a defined contribution retirement plan (TCP2).

The LLNS proposal divides benefits into three categories: (1) current employee compensation, including health and welfare, (2) retiree pensions, and (3) retiree health benefits. It also places restrictions on employee choices. We see this as problematic. Our benefits were not bestowed by LLNS or NNSA, but were offered to us by UC as terms of our employment. In accepting those terms and working for years to become vested, we were pursuing a reasonable expectation of a secure future. The LLNS proposal falls short in this regard. We believe that a retirement plan “substantially equivalent” to UCRP would be set up to remain substantially the same under future contractor transitions. Moreover, a vested employee who leaves their current pension with UCRP should not lose accumulated years of service for the purpose of service-based defined contribution rates, time loss benefits, and employer contribution to retiree health and welfare. Accrued years of service to the Lab should be recognized into the future, not frozen as of the date of the new contract.

LLNS claims that TCP1 is a 99.6% match to the current package and thus substantially equivalent to it “in the aggregate.” We find this phrasing obscure. It underscores for us the missing aspects from and incalculable components in the LLNS proposal. The lack of a lump sum cashout option is one example. The transition should not deprive employees of the right to remove their cash and forego further benefits. Another major factor employees face in deciding what to do is the long-term stability of the TCP1 pension plan. Currently, UCRP is guaranteed by the state of California, whereas the federal Pension Benefit Guaranty Corporation generally reimburses only a fraction of the full value of private-sector losses (as in the case of United Airlines).

The issue of employer non-matching (service-based) contributions goes beyond parity with LANS. Since there are regional differences to consider as well. Also, if the BenVal figure can change by 7.5% in one year, we question the stability of this benefit for both LANL *and* LLNL employees. Then there is the question of proper comparison. It seems that LANL and LLNL are not in the same group, but they are being compared to the same group. We question whether the restriction to 105% of the average of this comparator group is appropriate.

In summary, it seems to us the proposal strives for the worst of both worlds. Current employees will be forced to make decisions, some facing a choice to retire or leave the Lab altogether. On the other hand, new employees will be offered benefits that are only slightly above average. Accordingly LLNS should expect to be getting slightly above average employees. We see both of these changes affecting the mission of the Laboratory, including its national security mission.

It is hard to make detailed comments on the LLNS benefits proposal, as it raised more questions than it answered. Certainly not all the issues our members and others have brought to our attention have been addressed here. We are encouraging individual comment as well. Our overarching concern is that employees be given the flexibility to

make choices with a minimum of restrictions. This change in LLNL management contract will not change the work we are doing, or its importance, but it will change each and every employee's future!

Society of Professionals, Scientists, and Engineers, UPTE Local 11
4049 First Street
Livermore, CA 94550
(925) 449-4846
spse@spse.org