



Press Release

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UPTE Applauds New LANL Contract That Supports Research, Development and Employees – Not Profits; and Urges New Contractor to Adopt Two Structural Reforms, Offers to Help Change Safety Culture

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PROFESSIONAL
AND TECHNICAL
EMPLOYEES

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UPTE's years-long lobbying of DOE for a return to non-profit operators for the national laboratories has paid off at LANL (Los Alamos National Laboratory). Beginning in November of this year the new contract will pay Triad National Security, LLC \$2.5 billion per year for up to ten years to manage and operate LANL. Major payoffs for UPTE's lobbying include both more money for science and new contractual provisions mandating the creation of a safer work culture.

Three non-profits, the University of California, Texas A&M and Battelle Memorial Institute, formed the non-profit Triad National Security, LLC. Like DOE, the main mission of the three partners is research and development, rather than construction profits. Construction and engineering profits are the main mission of the largest of the University of California's current operating partners for LANL, Bechtel. DOE awarded Triad a 1 percent fee, only one-third of the fee it awarded LANS (Los Alamos National Security, LLC) to operate LANL, leaving more of the contract award to go to LANL's programmatic missions.

The management contract was re-bid because there grew to be a widespread recognition that the reward incentive for-profit nature of the old contract, in which management bonuses were directly tied to meeting superficial project milestones, resulted in a loss of science-driven mission focus. This profit-driven management structure made it harder and harder to maintain the core scientific competencies on which the science and national security missions of LANL depend.

UPTE has sent the attached letter to the three entities making up Triad urging them to adopt two structural reforms which UPTE believes are keys to the success of their endeavor to return LANL to a focus on mission success.

The new contract also mandates that Triad change the safety culture at LANL. Another reason that DOE did not extend the current LANS contract is the unusually large number of devastating injuries and disruptive shutdowns that have plagued LANS and seriously delayed national security programs.

At our urging, the DOE incorporated a new section into the Request for Proposals that governed the contract bidding process entitled "Organizational Culture Change." This section demands that the contractor "promote an improved safety culture." Regrettably, many serious incidents over the term of the expiring LANS contract have graphically illustrated the need for this new provision.

Incidents resulting in serious injury, years long operational or construction delays and more than \$110,000,000 in fines have included 1) hospitalization for over a month of an electrician servicing industrial electrical boxes for which he was not qualified, 2) a transcription error that led to the substitution of organic and flammable kitty litter for inorganic non-flammable kitty litter that exploded and burst a drum in 2014 at the Waste Isolation Pilot Plant, then exposed workers to radiation and closed down the nation's sole repository for certain types of nuclear waste for nearly 3 years, and 3) safety and accountability lapses in the handling of plutonium that have prevented the production of any plutonium pits at LANL since 2011 – and transfer of their production to the DOE's Savannah River Site.

To prevent such devastating safety incidents in the future, UPTE will seek to work even more closely with Triad than it does with the joint management-union safety committee at LLNL (Lawrence Livermore National Laboratory) to promote employee safety. LANS has no such joint management worker safety committee at LANL.

If Triad agrees to work with UPTE, the safety culture at LANL will improve. In 10 years former high-level officials of the DOE will not have to lament, as has Robert Alvarez, a senior policy adviser to Bill Richardson when he served as secretary of energy in the Clinton administration, that, at LANL, "one thing that really hasn't changed much is the lack of safety culture at the lab. It's a culture that lacks what you'd call an industrial safety ethos."

Labor unions such as UPTE have been successfully changing work cultures for over a century. UPTE stands ready to help Triad make the necessary changes in the safety culture at LANL.



June 13, 2018

University of California, Vice President for National Laboratories
Battelle Memorial Institute, Executive VP Global Laboratory Operations
Texas A&M University, Office of the Chancellor

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On behalf of University Professional and Technical Employees (UPTE), a union that represents some of the employees at Los Alamos National Laboratory (LANL), we congratulate you on being selected as the new M&O contractor for LANL.

As you know, the management contract was re-bid because there grew to be a widespread recognition that the reward incentive for-profit nature of the old contract, in which management bonuses were directly tied to meeting superficial project milestones, resulted in a loss of science-driven mission focus. This profit-driven management structure made it harder and harder to maintain the core scientific competencies on which the science and national security missions of LANL depend.

You now have an opportunity to build a new management structure that will return LANL to a focus on its science and national security missions. In UPTE's view, the key to success in this endeavor is a recognition that the scientific and engineering staff of the laboratories, along with the technical and support staff, are stakeholders in the success of the laboratory's missions. Hence, we propose for your consideration adopting the following two structural reforms.

1. The establishment of a formal mechanism to develop a clear Long-Range (10-year) Plan for LANL in order to identify, nurture, and maintain the core technical, scientific, and engineering competencies necessary to fulfill the Laboratory's missions. The Plan should be updated at least annually.
2. The establishment of a Scientific and Engineering Employees Council, consistent with Section 8(a)(2) of the National Labor Relations Act, composed of technical staff and other employees selected by their union to participate in the ongoing planning and decision-making process. We have attached a Fact Sheet on Employee Councils, which includes their history, their basic structure, and how such a Council might be set up at LANL to work with the new management to meet its contractual goals.

We are happy to answer any questions you may have and stand ready to help you make LANL the best workplace it can be.

Sincerely,

Jamie McDole
UPTE-CWA President

Dr. Jeff Colvin
Chairman, UPTE Tri-Labs Committee



UPTE-CWA FACT SHEET

Employee Councils

Goal

Fundamental to the success of any organization is effective communication and information sharing between leadership and those tasked with implementing organizational goals. The organization should want the broad goals developed and articulated by leadership to be effectively and consistently implemented throughout. Meanwhile, leadership should search for honest feedback from all those tasked with implementation on the wisdom of the goals and any necessary refinements to achieve the organization's mission. Feedback is thus critical to identifying and overcoming obstacles to the attainment of organizational goals.

Communications structures work on a continuum from "top-down" to "bottom up." Even the most authoritarian workplace will have a mix of features. Otherwise, there would never be feedback on the relative success of the goals articulated by leadership. Here we will explore the concept of an employee council as an attempt to reduce communication breakdowns and information asymmetries.

Historical Background

Employers have experimented with various types of bottom-up communication structures in the United States. Shop councils in the 1920s and quality circles in the 1970s were both attempts to capture the workplace knowledge of employees to improve the production process. Even the Chamber of Commerce enthused about the benefits of employee councils. Ultimately, however, both shop councils and quality circles were less than successful because they failed to provide an even exchange for employees who were not incentivized to participate. Workers discovered that top-down decision-making structures overrode the consensus developed within councils. Quality circles at times led to efficiencies that stimulated job cuts.

High performance workplaces have been more successful. The lean production system, developed in Japan and imported to the U.S. in the 1980s has been based on a system of trust whereby management shared with employees the true state of the business while employees shared with management best work practices. The gradual adoption of high performance workplaces has led to the convergences of work processes in the industrial world. The key is the rapid communication of problems and their resolution, enabling a reduction of waste, production based on best practices, and a smooth work process.¹ The lean production system, however, is not necessarily the best choice for an organization like LANL that is focused on R&D rather than production.

¹ James P. Womack, Daniel T. Jones, and Daniel Roos, [The Machine that Changed the World: The Story of Lean Production](#) (New York: Free Press, 2007, originally published 1991).

Employee or works councils exist in different forms around the world. Although they have different formats and functions in each country, they are designed to bring together management and employees to support the organization in the interest of all stakeholders. In general, they perform functions that would be undertaken by human resource departments – scheduling and vacation scheduling – or performed by lower level management – work pace, force reductions, etc. They are not involved in investment issues. Because the council controls much of the workflow, management rarely imposes decisions in a unilateral manner. This is both cultural and legal.

The Europeans discovered that information sharing was critical to economic development in the aftermath of the destruction of the Second World War. Like their American counterparts, German reformers in the 1920s had raised the idea of workers councils as a way to mitigate social antagonisms. After 1945, reformers (including their U.S. advisers) were interested in maintaining a permanent role for labor in decision-making and adopted works councils to attenuate authoritarian decision-making at the corporate level.

The German experiment was codified in the Works Constitution Act of 1952: works councils must be informed and consulted on key issues affecting the workplace and certain decisions cannot be made without the approval of the works council. Not surprisingly, decision-making is much more cooperative than in the U.S. as a result. German workers elect their own works councilors, ensuring a level of trust between elected and represented. They do not bargain wages and benefits.

Councils are not without controversy. They have been criticized as cooptation into the decision-making of the company. Likewise, they have been criticized as introducing rigidities into the labor market, especially around the issues of hiring and firing.

However, there is an important efficiency argument that has surfaced, especially since the Great Recession of 2008.² Works councils and co-determination in general – this would include employee participation on company boards – have been credited by the German mainstream (including Chancellor Angela Merkel) with maintaining growth with low unemployment all the while facilitating the continued integration of the East German states that began when the Wall fell in 1989. The German mainstream would say that “social partnership” is the preferred method of organizational decision-making over the hierarchical decision-making (and consequent “adversarialism” between management and labor) of the United States.

² Richard B. Freeman and Edward Lazear, “An Economic Analysis of Works Councils,” in Works Councils: Consultation Representation, and Cooperation in Industrial Relations, ed. Joel Rogers and Wolfgang Streeck (Chicago: University of Chicago Press, 1995).

Implementation at LANL

The “social partnership” method of organizational decision making would work best in an R&D environment like the one at LANL.

Some form of labor-management partnership --- such as an employee council --- would be ideal for the LANL. It would inform and facilitate integrated project management, bringing problems to the fore and thereby increasing organizational efficiencies. It would increase transparency. It would facilitate the streamlining of management by increasing accountability. It would improve morale because employees would be choosing representatives to address the petty bureaucratic irritants of the M&O system. An employee council would help marshal the collective wisdom of the 7,200 employees of the LANL.

The general legal consensus in the United States is that an employee council, strictly speaking, can only exist in the presence of a union. Otherwise, it is assumed to be a company creation infringing on the right to freedom of association. UPTe is willing to provide the legal backbone to ensure the functioning of an employee council.