



# **Alternative Governance For DOD Labs**

## **Defense Horizons Seminar**

**19 May 2004  
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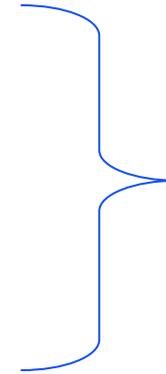
# RELATED ISSUES

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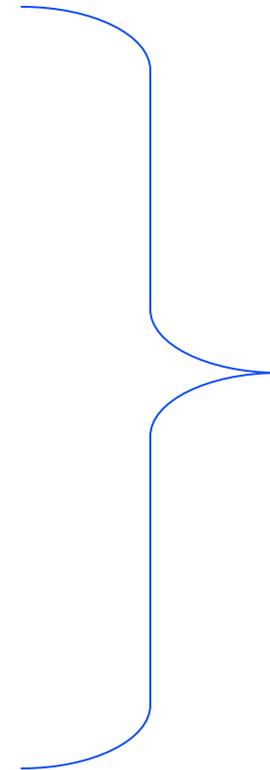
- **Technical competence of the Federal workforce**
- **Long-term research**
- **Competent advocacy within the government**

# What Keeps Good People at a Research Laboratory?

**Income = Salary**  
+  
**Fringe**  
+  
**Stock options**  
+  
.  
.  
+  
**Lab reputation**  
+  
**important work**  
+  
**good colleagues**  
+  
**good facilities**  
+  
**stable funding**  
+  
**system responsiveness**  
+  
**reasonable autonomy**  
+  
**institutional pride**



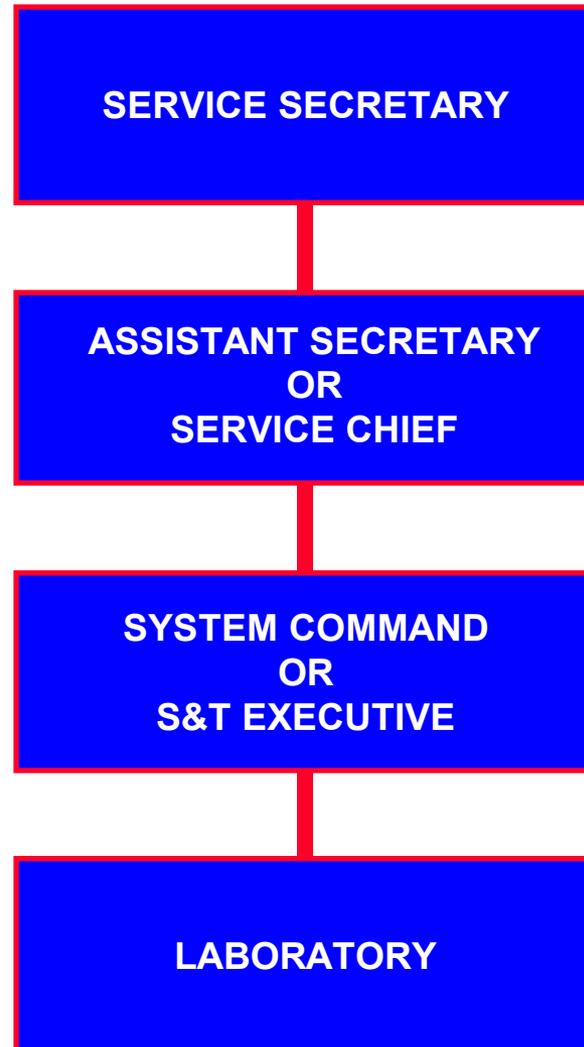
**Tangible**



**Intangible**

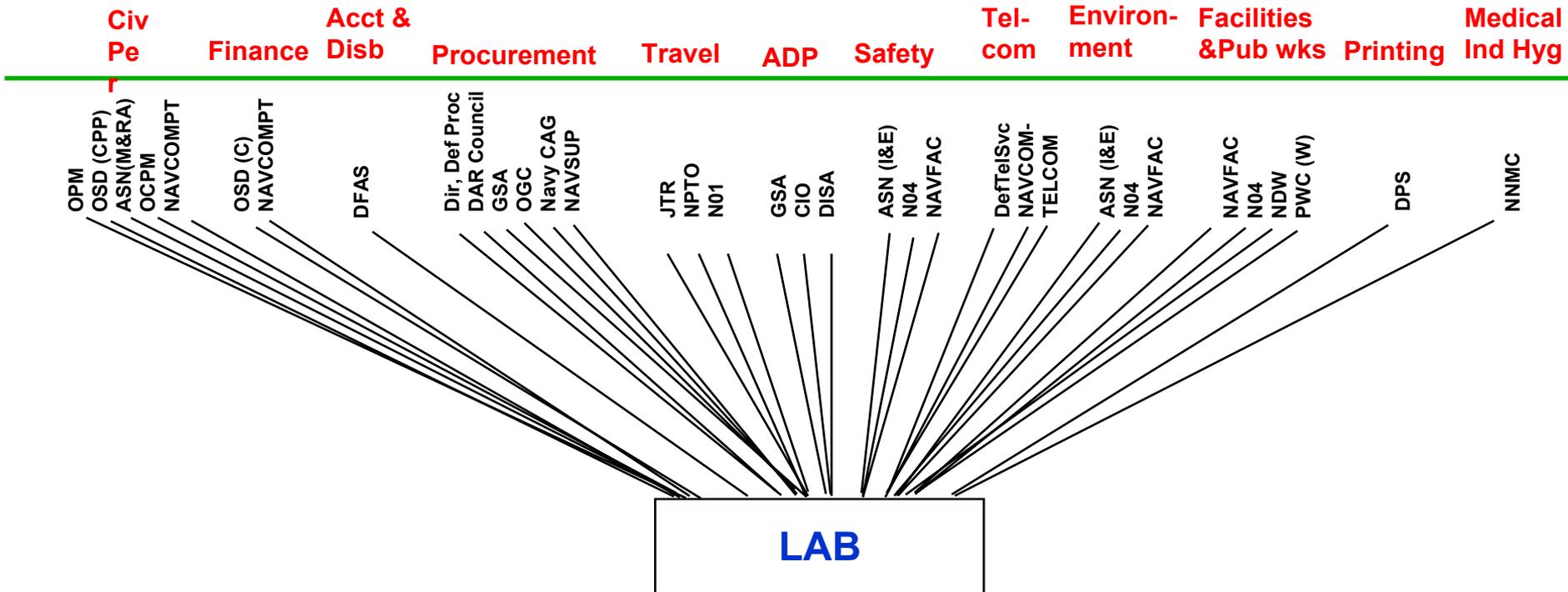
# TYPICAL OFFICIAL GOVERNANCE MODEL

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# SIMPLIFICATION OF REAL GOVERNANCE MODEL

## Regulatory Organizations



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# OPTIONS

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- **OPTION 1**

- Modifications to status quo

- **OPTION 2**

- GOCO

- **OPTION 3**

- “Government Corporations”

# OPTION 1: INCREMENTAL MODS TO THE STATUS QUO

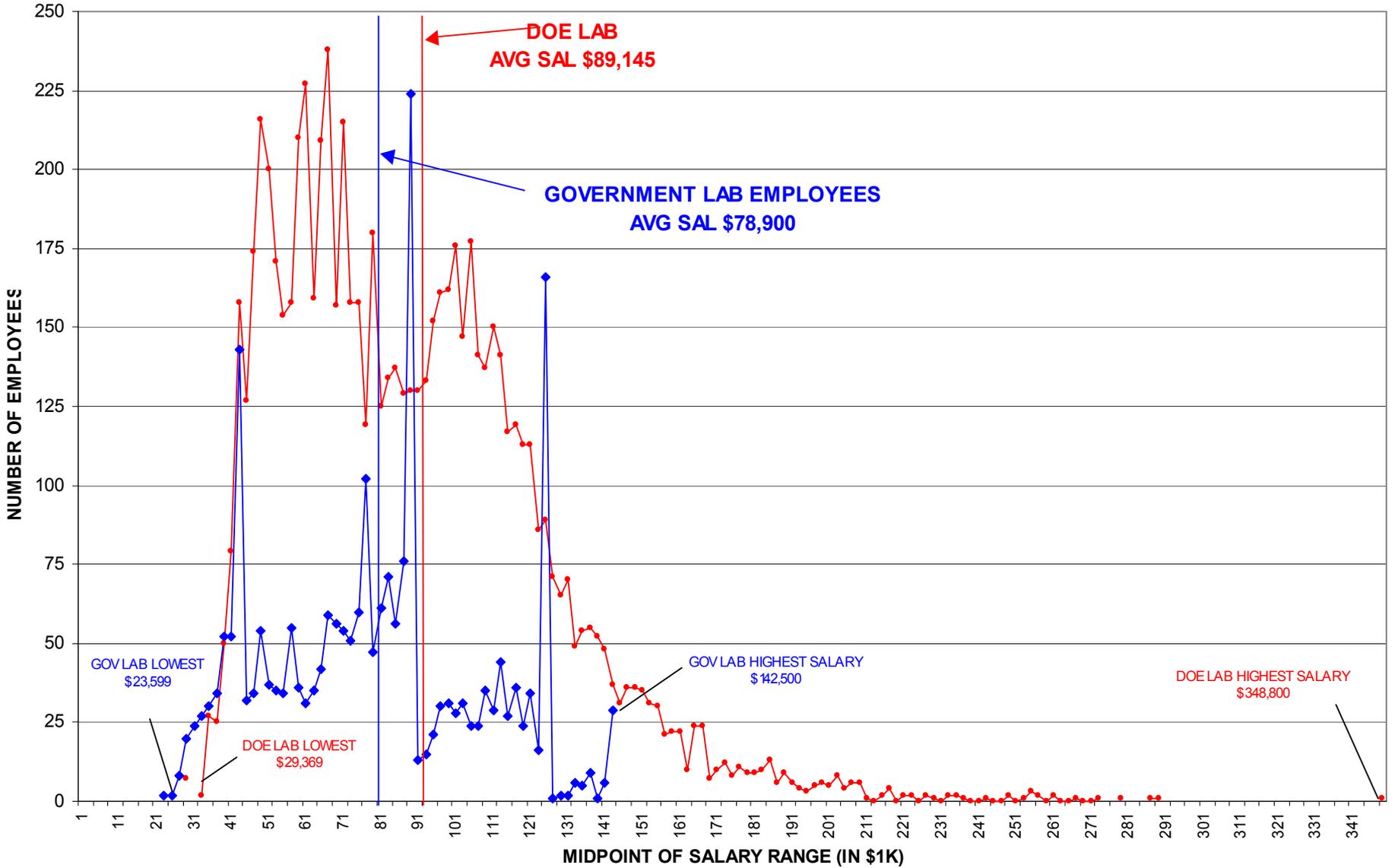
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- **Only viable if Lab can be shielded from bureaucratic encroachment now taking place**
- **History not on our side:**
  - LDP - 8 years no results
  - LQIP (LQEP) } No movement after 9 years → heavy
  - Reinvention } bureaucratic resistance
  - Personnel System - Demo watered down and in jeopardy
- **Attacking all problems independently is too hard**
- **Marginal changes don't solve DSB etc. concerns on quality**

# OPTION 2: GOCO

- Government Owns Contractor Operates
- Lab employees are now contractors
- Successful examples exist: SANDIA, Los Alamos, Livermore
- More flexible management arrangement
- Will require waiver of cost-benefit analysis provision of 10 USC 2461
- Will require legislation to waive payment of severance pay
- May cost more in long term
- Could result in loss of unique Lab position in its service
- May be more political influence on Laboratory

# TOTAL EMPLOYEES PER \$2000 SALARY RANGE FROM \$0 - \$350,000



# **OPTION 3: “GOVERNMENT CORPORATION”**

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- **Retains in-house status (Excepted Service)**
- **Allows same or most of benefits/freedoms as GOCO**
- **Likely to be cheaper and less disruptive than GOCO**
- **Requires legislation but transition may be quicker**

# **GOVERNMENT CORPORATIONS: PROFILES OF EXISTING GOVERNMENT CORPORATIONS**

## **GAO/GGD-96-1 04**

**GAO found that:**

- 1. Identifying GC is difficult, since no comprehensive definition of or criteria for creating a GC exist;**
- 2. There are 22 self reported GC in operation and five other entities that are generally considered to be GC that receive some operating funds from annual federal appropriations;**
- 3. Congress exempts GC from some key management laws to allow them flexibility in their personnel practices;**
- 4. GC vary in their reported compliance with certain federal statutes, mainly because of exemptions;**
- 5. The number of GC receiving full or partial exemptions from Congress is high.**

# WHOLLY OWNED “GOVERNMENT CORPORATION”

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- Commodity Credit Corporation
- Community Development Financial Institutions Fund
- Export-Import Bank of the United States
- Federal Crop Insurance Corporation
- Federal Prison Industries, Incorporated
- Corporation for National and Community Service
- Government National Mortgage Association
- Overseas Private Investment Corporation
- Pennsylvania Avenue Development Corporation
- Pension Benefit Guaranty Corporation
- Rural Telephone Bank
- Saint Lawrence Seaway Development Corporation
- Tennessee Valley Authority
- Uranium Enrichment Corporation
- Panama Canal Commission
- Alternative Agricultural Research and Commercialization Corporation

# THERE ARE MANY OTHER GOVERNMENT CORPORATE LIKE ACTIVITIES

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## Examples:

- **US Postal Service (39 USC sec. 101)**
- **Federal Reserve System (12 USC Chapter 6)**
- **DOD Working Capital Fund Activities (Title 10, sec. 2208)**

# **OBSERVATIONS FROM REVIEW OF GOVERNMENT CORPORATIONS**

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- **No single model exists**
- **None are equivalent to DOD Labs**
- **All have appointing or reporting requirements which would be inappropriate for DOD Labs**
- **A number have been granted authorities which would be helpful to DOD Labs**

# Objective of “Corporatized” LAB

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- **Define clear lines of authority**
- **Provide a better personnel system**
- **Provide more flexibility in facility renewal**
- **Gain efficiencies and economies by introducing private sector management practices**

# Current proposal is based on similarities to State Universities:

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- **Large physical plants**
- **Highly varied work force**  
(blue collar → Nobel laureates)
- **Conduct broadly based research programs**
- **Serve public functions**
- **Difficult to run under State civil service systems**
- **States pass statutes to empower Board of Regents to operate the State Universities**

# ANALOGY WITH STATE UNIVERSITIES

## State Universities

State Legislature

State Governor

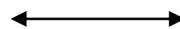
Board of Regents

University Chancellor

University President

University Schools

University Departments



## “Government Corporation”

U.S. Congress

Service Secretary

Board of Directors

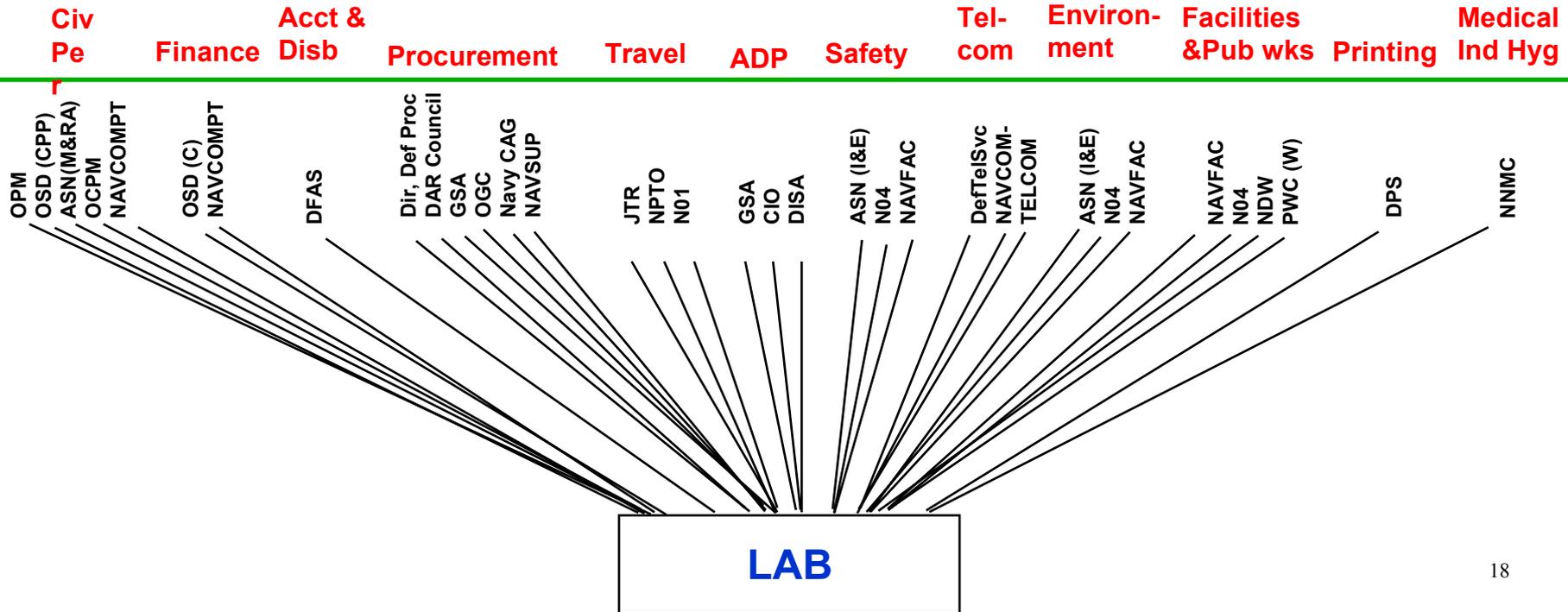
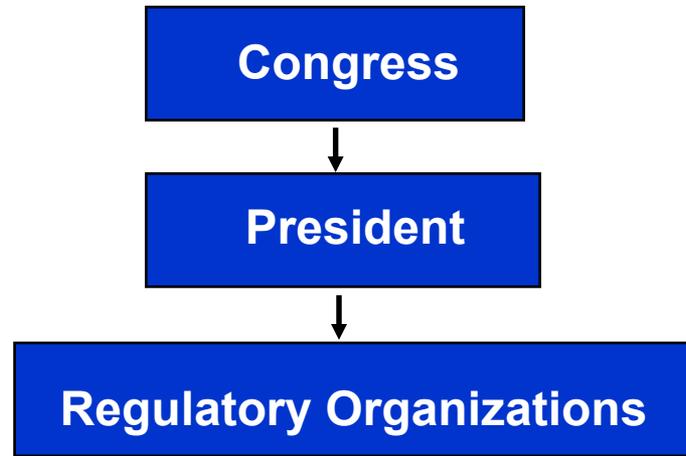
S&T Executive

Director of Laboratory

Laboratory Directorates

Laboratory Divisions

# PRESENT REGULATORY ENVIRONMENT



# ENVISIONED REGULATORY ENVIRONMENT

