

Minutes of the Twenty-first Meeting
of the
Laboratory Operations Board

December 7, 2000

Consulate Room
Hilton Washington Embassy Row Hotel
2015 Massachusetts Avenue, NW
Washington, D.C.

The twenty-first public meeting of the Department of Energy's Laboratory Operations Board (LOB), a subcommittee of the Secretary of Energy Advisory Board (SEAB), was held at the Washington Hilton Embassy Row Hotel, Washington, D.C., on December 7, 2000.

Under Secretary Moniz, the LOB Departmental Co-Chair, called the meeting to order at 8:37 a.m. EST.

Dr. Moniz reminded the Board that this would be the last meeting of the LOB under the Clinton administration. He announced two retirements from the Board: (1) Dr. Robert San Martin, who served as a rotating member representing the Department's Field Offices, planned to retire in December 2000, after 20 years of distinguished service to the Department; and (2) Dr. John McTague, the LOB External Co-Chair, also planned to retire from the Board at the end of the year, after many years of notable service both on the LOB and the SEAB. Dr. Moniz thanked Dr. McTague for his years of voluntary service and expressed the hope that the LOB could be equally energetic in the next administration under a new leader.

Dr. Moniz noted that the LOB was recognized throughout DOE for its contributions to the laboratories and that there was widespread agreement that it should be continued under the new administration. He stated that the major objective of the current meeting was to summarize the LOB's accomplishments and provide a foundation that would assist the new administration in its organization of the Department.

Dr. Moniz reviewed the actions of the Laboratory Directors, who had met several days earlier to review white papers they had developed to present to the new administration. The papers addressed three key issues for the labs: infrastructure, workforce questions, and communication, in terms of articulation of the Department's mission to the public. This last issue is closely aligned with finding ways to improve science education knowledge. After this brief summary of relevant DOE happenings, Dr. Moniz asked the External Co-Chair, Dr. McTague to review the agenda for the present meeting.

Dr. McTague reiterated his intention to retire from the LOB at the end of the year. Dr. McTague expressed his satisfaction with the evolution of the LOB since its inception under Charles Curtis, to whom he gave the credit for being the LOB's driving force in

effectively introducing important changes within the Department. He also credited Dr. Moniz for his efforts to continue to evolve and institutionalize the LOB. He stated that he believed that the Board facilitated communication between the assistant secretaries involved in the management of the laboratories by bringing them together with outside experts who were willing to share their experiences and business perspectives. He also suggested that the LOB had contributed to the Department by focusing attention on outcomes. However, he stated his belief that the Department still suffers from prescriptive management and emphasized his conviction that the LOB should continue to insist that the Department focus on outcomes and performance management.

Dr. McTague reviewed the meeting agenda and then asked Dr. Moniz to lead the discussion on the LOB's summary of accomplishments.

A draft summary letter, intended for submission to the new administration, was the first topic for discussion. The purpose of the letter was to summarize the Board's contributions to the Department of Energy and to explain the importance of continuing the initiatives instigated through the LOB. The Board restructured the letter to more clearly state the Board's charter, key principles, accomplishments and impacts, and perceived ongoing challenges. Dr. Moniz suggested that the letter should conclude by listing what the LOB brings to the table, which was perceived to be its independence and its ability to focus and facilitate discussion on substantive issues related to the management of the laboratories in a forum which included both key departmental managers and external advisors.

The members also thought it was important to focus attention on three key principles: (1) a focus on an outcomes-based approach to management, (2) alignment of responsibility with authority, and (3) the need to focus on the laboratories as an integral component in the Departmental system.

The accomplishments that they decided to highlight in the letter included (1) their review of the Department's management structure and suggested reorganization, which was implemented; (2) the adoption of the financial performance measures, which had been well received by Congress and which were being used and tracked; and (3) the evolution of performance-based management in the Department.

Key issues for the future to be cited in the letter were the need to continue the focus on performance-based management, the need to focus on infrastructure and facilities modernization in order to attract top talent, and the need to resolve the continued manpower problems at the laboratories and in the Department.

Before the letter could be sent to the Secretary, it was necessary for the letter to be reviewed and approved by the full Secretary of Energy Advisory Board, which was scheduled to meet the following week. It was agreed that Dr. McTague would revise the letter during his flight home and would send it to Dr. Keaton, the LOB Staff Director. Dr. Keaton would distribute it by e-mail to the LOB for approval as soon as she received and incorporated the revisions.

The Board discussed a summary table listing the reports developed by the LOB external members and the LOB's recommendations. The LOB agreed that the summary table should be included as an attachment to the letter, but suggested that the notes by Richard Hopf and Bruce Tarter should be moved into the body of the table to provide a better perspective on the actual status of implementation of the LOB's recommendations. The LOB also asked that the words "being implemented" be reviewed and in most cases changed to "partially implemented." The LOB decided that the table could then be stamped "Draft" and attached to the letter when it was sent to the SEAB. In presenting the letter and table to the SEAB, the Board members instructed that the SEAB should be asked to approve minor revisions to the table as appropriate, as long as the spirit of the document was not changed.

Under Secretary Moniz suggested that the Board consider the November 2000 Inspector General's (IG) Report, "Management Challenges at the Department of Energy" to determine if there were issues identified in the report that the LOB might wish to address in the future. The Board discussed several issues and questioned the relevance of the IG's observations on contract and management reform, which had been addressed during the current administration. The Board members repeated their concerns about the issue of how to maintain the science and NNSA activities as an integral whole, particularly with regard to the super computing resources and parallel development and lack of connectivity between certain enterprises. It was suggested that there was no need for connectivity between certain NNSA activities and other science enterprises undertaken in the Department. Dr. Tarter suggested that an interesting topic was how the supercomputing resources among the Department are shared between the defense and non-defense program laboratories. Paul Gilman noted that outside independent research is integrated. Reference was made to the effort to develop a corporate-wide strategic information management system, which is underway in the Department. Following this discussion, the group took a coffee break at 10:36 a.m. EST.

The group reconvened at 10:55 a.m. EST.

The next agenda item was the *R&D Portfolios* and the systematic way in which the LOB's *Laboratory Profile Report*, the working title, fit with the *Portfolios* to describe the research and development activities of the Department of Energy. David Heyman gave a brief description of the *Portfolios*, which describe the Department's effort to manage its research. The key reason for attempting the portfolio approach was to escape the stove piped approach to research and start looking at the crosscutting relationships between various research activities. Mr. Heyman said that the boxology from the *Portfolios* is the organizing principle for the Mission Analysis section of the *Laboratory Profile Report* (working title). He described how the *Profile Report* cross-referenced from the *Portfolio* boxology for each DOE mission area to the Mission Analysis section and to the Lab-by-Lab summary sheets in the *Profile Report* (working title). In addition, the Lab-by-Lab summary sheets reference back to the Lab's institutional plans. The *Profile Report* (working title) provides in one place the business lines, the mission responsibilities, strategic objectives, program distribution, R&D performer and a list of the different research activities supported by the Department of Energy.

Dr. Keaton reported on the status of the effort. She said that the Lab-by-Lab section of the *Laboratory Profile Report* (working title) was complete. It had been hoped that the Mission Analysis section would be complete by the end of the year, but that the realistic date for publication was late January. Financial metrics are included in the Lab-by-Lab section. In response to a question by Dr. Paul Fleury, Dr. Keaton said that explanations of the financial metrics would be included in the report.

Next, Dr. McTague opened the discussion on the performance-based management “white paper.” He prefaced the discussion by reminding the Board that the Department’s implementation of performance-based management had long been a topic of interest to the LOB and was the direction the LOB had encouraged the Department to take in managing the laboratories for the last five years. The Board decided to go through the document line-by-line, suggesting wording changes to clarify the draft document.

Dr. Paul Fleury noted a discrepancy in the numbers related to the cumulative cost savings. After some discussion, the Board decided to delete the cost figure, which was incorrect and to retain the graphic showing the decrease in cost and concurrent increase in productivity. Dr. Bruce Tarter, Lawrence Livermore National Laboratory (LLNL), mentioned that the cost savings achieved in earlier years are now disappearing because of new expenditures for security measures. The Board asked John Gilpin, from LLNL and the National Laboratory Improvement Council member, to provide a change in one graph provided by the Council to address the security cost funding issue.

Dr. McTague stated, in summarizing what had been said, that the LOB unambiguously endorses performance-based management. He believes that the leadership needed in the Department to implement performance-based management is there, but equivalence in implementation across the Department is needed. He stated his belief that the Government Performance and Results Act (GPRA) should be part of the performance-based management thrust. However, he voiced his suspicion that the Congress pays little attention to GPRA. He acknowledged that the Program Secretarial Offices conduct performance assessments at the Laboratories, and noted that those assessments are one of many good reviews of the labs. But it appears that no real independent review of the Department as a whole is conducted. Dr. McTague suggested that there is no credible review of how the Department as a system is doing.

Discussion then focused on what kind of review should be done and who would perform such a review, as it exceeded the LOB’s area of responsibility. Further discussion of how such a global evaluation could be conducted and what should be the scope of the evaluation followed.

Under Secretary Moniz suggested that some restrictions on the scope of such an evaluation would be needed, such as focusing on the DOE’s R&D activities. He mentioned the *R&D Portfolios*, which presented the opportunity to analyze business lines to determine if the Department was getting aligned to address what were considered the most important problems.

Dr. McTague said his intent was to recommend an evaluation that went beyond the strict borders of the LOB's responsibilities. Dr. Moniz suggested that an evaluation using the portfolio approach could ask the following: Does the portfolio have the right balance; how well was the work performed; was the work performed on cost and on schedule; did the work have an impact?

There was general agreement among the LOB members that these were the right questions. Dr. Moniz cautioned that the questions had to be framed differently depending on the business line and that he had some concern about an open-ended recommendation.

Dr. Tarter noted that the paper was fully endorsing performance-based management, but that performance-based management does not address crisis situations. The Board decided that there should be an acknowledgement that performance-based management was not a tool for crisis management. In addition, Dr. Tarter suggested that the paper should acknowledge that there will always be some level of compliance-based management in a government agency.

It was decided that Dr. McTague would rework the conclusion and provide it to Dr. Keaton the next day for transmittal to the other members of the Board for review before presenting it to the SEAB. The desire was to have the paper available for dissemination to the Transition Team as soon as it was approved by the SEAB.

Deputy Secretary T.J. Glauthier entered the meeting as the discussion of performance-based management was winding down. He was asked to give the LOB an update concerning preparation for transition to a new Administration.

The Deputy Secretary first remarked on the continuing uncertainty regarding who would be coming in to the Department, but he also said that his office had compiled materials to help the next administration understand the Department quickly.

The materials his office has put together provide information on each of the Department's 20-25 offices, their issues and budget. In addition, his office has tracked Departmental initiatives to get them completed prior to the end of the Clinton/Richardson administration. Dr. Bringer asked specifically about the status of cleanup sites. The Deputy Secretary indicated that the work at 71 of 113 sites was completed. Big sites, such as Hanford and the Savannah River site, would take much longer. Management actions with regard to such long-term projects have made use of performance-based management techniques and road mapping, and these approaches should help to keep the projects on track through changes in administration.

Dr. McTague asked if the transition book was available to the public or published on the web. Deputy Secretary Glauthier said it was not being made public at this time but probably would be in the future through the Internet.

Dr. Fleury asked about issues related to how the science and DP labs would work together. The Under Secretary said that the NNSA administrator, John Gordon, had been

confirmed for a 3-year term. The Deputy Secretary believes the Administrator is dedicated to continuing the collaborations between the labs. There are memoranda of agreement in place for continued collaborations on projects, but a lot will depend on the emphasis of the new administrator.

The LOB recessed for lunch at 12:04 p.m. and returned at 1:28 p.m.

DOE's Chief Financial Officer, Mike Telson, provided the LOB with an update on the status of the fiscal year 2002 budget preparations. He indicated that the budget prepared for the transition team provided an across the board percentage increase. It was expected that after the change in administration in January a new budget would be prepared that would be out in late March or early April. Mr. Telson also provided some historical insights regarding DOE's budget over the last eight years.

In response to a question from Dr. Lilian Wu, discussion shifted to the relationship between GPRA and the budget process.

Dr. Moniz, after observing that no one had signed up to make a public comment, asked for any comments from the floor. No comments were offered.

The meeting adjourned at 2:30 p.m. EST.

Members Attending:

Ernest J. Moniz, Co-Chairman
John P. McTague, Co-Chairman

External Members:

Dr. Robert P. Bringer
Dr. Paul Fleury
Dr. Paul Gilman
Dr. Alexander MacLachlan
Dr. Maxine Savitz
Dr. Lilian Wu

Departmental Members:

Dr. Mildred Dresselhaus, Director, Office of Science
Mr. Richard Hopf, Director, Office of Procurement and Assistance Management
Dr. Robert San Martin, Manager, Chicago Operations Office
Ms. Mary Anne Sullivan, General Counsel
Dr. Bruce Tarter, Director, Lawrence Livermore National Laboratory
Mr. Michael Telson, Chief Financial Officer

Designated Federal Official:

Mary Louise Wagner, Executive Director, Secretary of Energy Advisory Board