

## **Summary of Comments on the March 27, 2007, Notice and Request for Public Comments on the Department of Energy's Contractor Employee Pension and Medical Benefits Challenge (72 Fed. Reg. 14266)**

The Department of Energy received over 475 comments in response to the *Federal Register* notice. The overwhelming majority of comments were from current and retired DOE contractor employees who did not support the policy contained in DOE Notice 351.1, Contractor Employee Pension and Medical Benefits Policy, issued by the Department on April 27, 2006. The remainder of the comments were submitted by private citizens, labor unions, and actuarial firms. Below is a summary of the comments prepared by the Department's Office of Management. The comments have been grouped under the following categories:

**Concerned Participants:** The Department received 265 comments (approximately 64% of the total comments) ) from active or retired employees of DOE contractors who participate in benefit plans sponsored by DOE contractors and who were concerned that DOE N 351.1 would have reduced or eliminated their benefits. Citing their dedication and loyalty to the Department's mission during the Cold War, these employees and retirees urged the Department to continue to reimburse contractors for their pension and medical benefits.

**Request for Specific Grandfathering Language:** The Department received 63 comments (approximately 15% of the contractor employee and retiree comments) urging the Department to include language in DOE N 351.1 expressly stating that retirees will be treated like "grandfathered" employees.

**Request for Cost of Living Increase:** The Department received 21 comments, (approximately 5% of the contractor employee and retiree comments) primarily from retirees who worked on DOE projects in Oak Ridge, Tennessee, requesting a cost of living increase to their retirement pension benefits. Many stated that inflation increases since retirement warrant a cost of living increase.

**Other Contractor Employee Comments:** The remaining 65 contractor employee comments (16% of the contractor employee and retiree comments) included 31 comments from contractor employees who expressed opposition to DOE N 351.1. in whole or in part. The other 34 comments came from contractor employees who either did not express an opinion or recommended alternative solutions for addressing DOE's challenge of increasing costs and financial liabilities associated with the reimbursement of contractor employee benefits.

**Comments from Private Citizens.** Comments from private citizens (those not categorized as contractor employees or retirees) included divergent recommendations on solving DOE's stated challenge, including some who supported issuance of DOE N 351.1, some who opposed it, and some who

recommended solutions such as proposals for contractors to utilize preventive measures to reduce future medical costs.

**Comments from Unions:** Union representatives strongly expressed a preference for defined benefit pension plans over defined contribution pension plans and expressed concerns about the possible erosion of medical benefits. Unions urged the Department to maintain the current approach to reimbursement of the costs of contractor employee benefits, and asserted that maintaining the current approach would help the Department and its contractors continue to attract and retain employees willing to perform the sometimes hazardous work at DOE sites.

**Comments from Actuarial Firms:** Comments received from actuarial firms expressed concerns regarding DOE N 351.1. Some indicated that the policy infringed upon an employer's benefit decisions and plan designs and that it would not address DOE's concerns regarding the volatility of contractor employee benefit costs. One firm stated that the policy conflicts with what it viewed as the Government's long standing public policy of supporting employer sponsored pension plans, and predicted DOE N 351.1 would hinder retention of employees.

**Concerned Incumbents.** The Department received 265 comments (approximately 64% of employee and retiree comments) which were submitted by active or retired employees of DOE contractors who were concerned that DOE N 351.1 would have reduced or eliminated their benefits. Citing their dedication and loyalty to the Department's mission during the Cold War, these employees and retirees urged the Department to continue to reimburse contractors for their pension and medical benefits.

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