



Department of Energy

Washington, DC 20585

SEP 05 2003

MEMORANDUM FOR DISTRIBUTION

FROM:

James T. Campbell
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ACTING DIRECTOR, OFFICE OF MANAGEMENT,
BUDGET AND EVALUATION/ACTING CHIEF
FINANCIAL OFFICER

SUBJECT: Call for Fiscal Year 2003 Support Cost by Functional Activity

This request has been coordinated with the Associate Administrator, Management and Administration, National Nuclear Security Administration.

This memorandum and attachment provide guidance for reporting FY 2003 Support Cost by Functional Activity. This submission provides support costs for 30 of our largest contractors classified into 22 functional activities. This enables the Department to identify and analyze the cost of supporting mission programs at the 30 sites. It also promotes a better understanding of support costs and reveals the magnitude and trends underlying specific activities.

As we did last year, the Department will follow a General Accounting Office recommendation to collect successful cost saving initiatives. Those considered most beneficial will be shared and promoted among the Department's contractors to better manage or reduce support related costs.

Specific instructions regarding submission of support cost data and the site profile narrative is included in the attached instructions. Your electronic submission is to be completed by December 12, 2003. A certified hard copy is to be submitted to the Office of Program Liaison and Financial Analysis (ME-100, GTN) by December 19, 2003.

Questions regarding this reporting requirement should be directed to John Newell at (301) 903-2551. Technical questions and final submissions should be directed to Richard Heller at (301) 903-4422 or Ben Chatterson at (301) 903-4184.

Attachment



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SUPPORT COST BY FUNCTIONAL ACTIVITY

SUBMITTING LOCATIONS

Ames Laboratory
Argonne National Laboratory
Bettis Atomic Power Laboratory (PNR)
Brookhaven National Laboratory
Fermi National Accelerator Laboratory
Fernald Environmental Management Project
Hanford Site

Idaho National Engineering and Environmental Lab
Kansas City Plant
Knolls Atomic Power Laboratory (SNR)
Lawrence Berkeley National Laboratory
Lawrence Livermore National Laboratory
Los Alamos National Laboratory
Mound
National Renewable Energy Lab
Nevada Test Site
Oak Ridge Environmental Management
Enrichment Facility
Oak Ridge National Laboratory
Pacific Northwest National Laboratory
Pantex Plant
Princeton Plasma Physics Laboratory
Rocky Flats Plant
Sandia National Laboratories
Savannah River Site

Strategic Petroleum Reserve
Stanford Linear Accelerator
Waste Isolation Pilot Plant
West Valley Demonstration Project
Yucca Mountain
Y-12 Plant

TOTAL OF 30 SUBMISSIONS

MAJOR SITE CONTRACTORS

Iowa State University
University of Chicago
Bechtel
Brookhaven Science Associates
University Research Associates
Fluor Fernald
Fluor-Daniel
Bechtel Hanford Incorporated
CH2M Hill
Bechtel BWXT Idaho LLC
Honeywell, FM&T
Lockheed Martin - KAPL
University of California
University of California
University of California
Babcock and Wilcox
Midwest Research Institute
Bechtel Nevada

Bethel Jacobs
UT-Battelle, LLC
Battelle Memorial Institute
BWXT
Princeton University
Kaiser Hill
Lockheed Martin Sandia Corp
Westinghouse Electrical Corp.
Wachenhut Services, Inc.
Dyn McDermott Petroleum
Stanford University
Westinghouse Electric Corp.
West Valley Nuclear Services
Bechtel-SAIC
BWXT

Department of Energy

Support Cost by Functional Activity Report Guidance

This attachment provides overall guidance for preparation of the Support Cost by Functional Activity Report, including procedures for submitting and certifying the data. Field offices are responsible for the quality of the data, including support cost categories, site profiles and cost-saving initiatives.

Sites Required to Report

Support costs are to be reported by all contractors as specified in this attachment. Reported costs for Management and Integrating (M&I) contractors should reflect the total site and incorporate all prime subcontractors.

Report Certification

A certification (Attachment A) must be signed and submitted from each responsible Field CFO. The certification is to ensure that the support cost categories, site profiles and cost saving initiatives are accurate.

Reporting of Support Cost and Mission Specific Cost

For purposes of determining functional cost, contractors will classify their cost as either mission specific or as support cost. Mission Specific costs are classified in two categories: Capital/Construction and Mission Specific Operating. Support costs are classified as 22 Functional Support cost elements grouped under three categories: General, Mission, and Site Specific. Classification of cost shall be determined strictly in accordance with the definitions (Attachment B) for functional cost elements and without regard to funding source, or classification as direct or indirect cost. In addition, costs are reported on a prime basis, rather than fully distributed cost. Do not report fully loaded costs for either mission direct or support areas. Since most accounting systems lose the identity of distributed cost, it is essential to classify the cost in the defined categories prior to distributions.

Report FY 2003 actual costs by functional support cost element for each of the major categories using the exact structure and formats provided in the Functional Cost Web Page (<https://scfa.doe.gov>).

Functional support costs should be identified as much as possible using the contractors' existing accounting systems and overlaying financial structure. This structure may be organization, work breakdown structure, cost type, or a combination. In any case, reported costs need to be traceable (through mapping) to the accounting records, either directly or by using standard reconciliation methods, and reconcilable to the total site costs shown in the Management Analysis Reporting System (MARS).

Costs are reported by functional classification regardless of fund source. For example, costs for Environmental Support and for Maintenance are reported in the respective functional support element, and are not included in the mission direct category. Therefore, Mission Direct costs for the environmental program do not include costs for environmental support, maintenance, etc. Many direct funded activities may be classified in a "support" cost category rather than as "mission direct" cost.

Reported data should also be based on gross costs; miscellaneous cash reimbursements or other collections should be ignored.

When reporting costs, please note that payroll taxes and benefits will follow labor dollars. Materials, travel, etc., should be reported in the functional support element that consumes the resource, and prime capital and construction costs will be reported as a separate category.

The contractors actually performing the work will report costs incurred for work performed between other field offices and DOE contractors. This includes work between contractors at a site and reimbursable inter-contractor work orders.

Functional support costs that are normally paid by a contractor, but that are actually being paid by a field office, are to be included in the report in the appropriate category(s).

Service Centers

Service Centers pose unique problems in reporting functional support costs because of their characteristics. There is no single best way to report them. Given that a consistent approach needs to be taken, please report all Service Center costs within the functional support element to which they most directly relate (even though many of these costs are subsequently charged directly to a program). Service center costs that do not fit one of the other 22 elements should be included in Laboratory/Technical Support.

Taxes

In the past, the amount reported for Taxes was significantly less than the true amount of our tax expenditure, and it was necessary to revise your submissions. We understand that Sales and Use taxes are spread through all cost categories and separating them for reclassification to the Taxes category might be a draconian task. Given increased outside interest in this category, please continue to review the amounts you have identified as taxes. If these amounts are not up to at least a 90-percent accuracy level, then it is assumed some taxes are being reflected in functional cost categories other than taxes and you are asked to do the following:

1. Non-Sales/Use Taxes: For all taxes *except* for sales and use taxes, provide as a part of your site profile an amount for all other taxes for each year that is at least at the 90-percent level of accuracy for these non-sales/use taxes. Furthermore, because the effect on total functional support costs should be zero, if you do have any of this type of tax included outside the tax category, it will be necessary to reduce some other categories by the same amount as that reclassified to taxes. Therefore, as a part of your site profile, provide the amounts by category, which must be reduced so that the net adjustment will equal zero. The HQ CFO will enter any prior-year adjustments.
2. Sales and Use taxes: Please make a rough estimate of the total site amount of Sales and Use tax that was not previously reflected in the tax category. Provide this information as a part of your site profile. We will not adjust the various categories for these Sales and Use tax amounts.

For FY 2003, please ensure that the tax line includes all non-sales/use taxes and that your site profile includes a rough estimate of total site sales/use tax. As with all the functional

support cost categories, please be sure to fully explain, as a part of your site profile, any significant changes in the tax category.

Data Collection

The FY 2003 functional cost data will again be collected through a web-based input form. The current link is <https://scfa.doe.gov>

Richard Heller (301-903-4422) will control access to log on to the system at each site. A login ID and password will be provided to each field site contact from the FY 2002 report. Additional IDs can be made available upon request.

Also, please submit your site profile in accordance with our instructions through e-mail to Richard.Heller@hq.doe.gov or Ben.Chatterson@hq.doe.gov.

Your electronic submission is to be completed by December 12, 2003. A certified hard copy is to be submitted to the Office of Program Liaison and Financial Analysis (ME-100, GTN) by December 19, 2003.

Peer Reviews

Peer reviews were designed by the Financial Management Systems Improvement Council (FMSIC) to enlist contractors from several DOE locations to review the functional cost methodology at another DOE site and verify that the data has been collected consistent with our established guidelines and definitions.

The General Accounting Office (GAO) has questioned the Department regarding the fact that we have not gone out to all contractors and performed detailed reviews of their functional cost data. Our response has been that peer reviews are conducted within the Department and this provides us with an adequate comfort level that the data is being reviewed for accuracy, completeness, and consistency across the 30 sites that submit functional cost data.

The Department expects full cooperation regarding participation in peer reviews and strongly supports FMSIC in their efforts to schedule and monitor functional support cost peer reviews as outlined to the GAO.

FUNCTIONAL COST REPORT - INSTRUCTIONS FOR SITE PROFILE

The purpose of the site profile is to assist in HQ understanding of the submissions and to help with the defense of department-wide total functional support costs before Congress. The site profile should be as succinct as possible (preferably not more than two pages) and should be understandable by a reader relatively unfamiliar with your site. More specific guidance for the site profiles is provided below. Note that the following format is considered a minimum for the site profile, but that additional information may be provided.

Background - In this section, provide a very brief description of the mission of the site and the physical characteristics of the site (such as size in square miles, approximate number of buildings, size of the workforce, etc.). This section may either be textual or a list of bullets. An example follows:

Some of the factors affecting the X site's functional cost profile include:

- The X site is a multi-program laboratory with a diverse customer base (DP, EE, EH, ER, FE, FM, NN, RW, Work for Others).
- The X site occupies 450 square miles with the associated logistics/infrastructure.
- There are five major site-operating complexes. Approximately 2,000 people work at each location.

Examples of operational mission include:

- Environmental - clean up legacy environmental problems. Life cycle (estimated at 50 to 70 years) waste cleanup activities which include: transuranic - 50,000 cu/m, low level - 120,000 cu/m, high-level - 20,000 cu/m
- Research and Development - examples are bioprocessing, chemical separation, materials science, sensors, etc.
- Manufacturing

Trends - Provide an explanation of:

1. The trend in total Functional Support Costs from FY 1999 to FY 2003.
2. The trend in total Functional Support Costs as a percentage of total site costs from FY 1999 to FY 2003.
3. Major anomalies in the year-to-year data for any of the categories.
4. Major cost drivers that may cause a site's costs to appear out of line with similar sites.

For each of these explanations:

1. Always include in the text the dollar amount of the change or item being explained.
2. If a revision results in changing cost between categories, show the dollar amount of change for both the gaining and losing category.

Other Category

Provide a table, with brief explanatory footnotes, itemizing the amount in the "Other" category.

Cost Saving Initiatives (Required data)

Describe major cost savings initiatives that have been undertaken to reduce support cost. Be sure to include only those initiatives that reduced cost in FY 2003. This information should be sufficient for a reader to fully understand the scope and magnitude of the initiative and the activities impacted. In addition, your response should be adequate to assess the possibility of migrating the initiative to other DOE sites.

Information may also be presented in the form of a chart to demonstrate the impact on current and/or future savings. For example;

During FY 2003, XYZ Site entered into a 3-year agreement with Fly Away Travel Agency to obtain a 15 percent discount on travel arrangements made through its agency. During FY 2003, XYZ achieved net savings of \$500,000. Savings in FY 2003 were reduced by an investment of \$10,000 in software necessary to develop travel itineraries compatible with Fly Away Travel Agency's travel system.

	<u>2003</u>
Savings	\$510,000
Investment	10,000
Net Savings	\$500,000

FY 2003 Support Cost by Functional Activity Submission

Sites:

My staff and/or I have reviewed our final Support Cost by Functional Activity submission for the sites noted above and as entered and displayed on the DOE Web Page (<https://scfa.doe.gov/>).

We believe this accurately reflects our current support cost trends, within the attached "Limitations of Support Cost." In addition, we believe the cost saving initiatives and the claimed dollar savings to be accurate.

CFO Signature

Date

Please return this signed response to:
Richard Heller, ME-100, Germantown (301-903-4422).
Signed copies may be faxed to 301-903-2550. Thank you.

SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT LIMITATIONS

Functional support activities are functions required to be performed at DOE sites that benefit more than one program. These functions do not include the costs of capital equipment and construction. The purpose of this report is to quantify the cost of supporting program activities at DOE's major sites. This report is a cost management tool and is not intended for use in determining individual program funding requirements or for budget formulation purposes.

Functional support cost is not determined based on fully allocated cost and cannot automatically be interpreted as indirect/overhead costs as this term is defined by the Cost Accounting Standards (CAS) included in the Federal Acquisition Regulations. The contractors are subject to CAS and do not budget, accumulate, or distribute costs in their formal accounting system in the manner reflected in this report. In the formal accounts, the amounts reported as functional cost are distributed, directly or indirectly, to program activities and lose their identity. Therefore, the functional support costs are reported on a prime cost basis (i.e., prior to any cost distribution) and, by definition, may include both direct and indirect costs. This can cause some anomalies in reporting, as noted in the following paragraphs.

The data reflected in the reports was obtained by analyzing information contained in the contractors' financial management systems and apportioning costs to the functional categories. While the total cost for each contractor is accurate and a standard set of definitions was used, apportioning the costs to functional categories required the exercise of management judgment. Numerous factors affect the mix and volume of expenditures at a given site. These factors vary from site-to-site in both applicability and relative magnitude. For example, cost differences across sites will result from differences in the type, size, nature, environment, etc., of actual work activities.

Field offices are responsible for the quality of the functional cost and cost savings initiative data. The accuracy of this data has not been verified by Headquarters. The goal for data accuracy is 100 percent, although it is recognized that it may not be possible to achieve an overall accuracy greater than 90 to 95 percent. However, the current level of accuracy is sufficient for comparison on a given site over time, but not necessarily across sites. Also note that the total of all costs reported in the functional cost report reconciles to the Department's cost charged against its appropriations.

Functional support cost is not determined on the basis of fully allocated cost. Instead of classifying costs as direct or indirect, they are classified as either mission direct or support costs. This recognizes that the classification of direct cost and indirect cost are not relevant to measuring the activity required to support direct mission programs in the Department. For instance, the functional cost report includes senior level program manager salaries as direct mission costs whereas a portion of these costs was allocated to LDRD in the "Report on our Laboratory Directed Research and Development (LDRD) Program and Plant Directed Research,

Development, and Demonstration Program.” As a result, the total reported LDRD functional cost in FY 2002 is \$281 million, which is approximately \$70 million less than the “Report on our Laboratory Directed Research and Development (LDRD) Program and Plant Directed Research, Development, and Demonstration Program.” The amounts shown in both reports are accurate for the purposes that they are being used.

SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT DEFINITIONS

A. General Support:

1. **Executive Direction** - Includes costs normally associated with the executive level of management. Examples of activities in this account may be the Laboratory Director, President, and other top level management and immediate staff (Secretary, Special Assistants, etc.), Science Advisors and Deputy Directors, Vice Presidents, etc. This category also includes total quality (TQM) type activities such as the development and administration of Total Quality Improvement Plans, Cost Savings and Reengineering Programs administration, etc.; institutional/strategic planning, including development and control; and any site-specific development. All other management/supervisor activities, including related incidental costs, should be reported in the appropriate support/mission category.
2. **Human Resources** - Includes costs associated with recruiting, wage and salary administration, equal employment opportunity and diversity activities, benefits administration, employee concerns programs, central training development services (job specific training development curriculum should be included in the specific category to which it applies), industrial relations, personnel records, employee claims, adjudications, grievances, arbitration, educational programs providing for undergraduate and graduate course work, and other personnel services
3. **Chief Financial Officer** - Includes costs associated with activities of a financial nature, such as general accounting, payroll, travel accounting, funds control, cost accounting, financial systems management, non-project/program specific budget coordination and control, such as indirects and internal audit.
4. **Procurement** - Includes costs associated with activities related to make/buy decisions, contracting, purchasing, contract administration (including prime), and acquisition of resources to conduct activities, as well as conduct audit and cost/price analysis activities.
5. **Legal** - Includes costs associated with legal counsel support and litigation support. Includes outside legal support and ethics functions.
6. **Central Administrative Services** - Includes costs associated with clerical support pools, travel reservation support, food service, printing and graphic support services, records management, and all library-related activities. Also includes cost-per-copy contracts (convenience copiers). Does not include secretarial and clerical costs; these are in the respective category they support.

7. **Program/Project Planning & Control** - Includes cost associated with support and execution of program/project budgeting, funding requests, baseline control and preparation (including planning, scheduling, coordination, change control, reporting and analysis which is program specific). Also includes master scheduling, project management system administration, and baseline pricing and validation efforts. Does not include actual program/project management functions. These costs should be reported in the specific mission or support categories they relate to.
8. **Information/Outreach Activities** - Costs associated with media communication, public relations, technology transfer, technical information management, educational programs, employee outreach program, stakeholder-related outreach, activities contributing to the development of the local/regional economy, and other information or outreach activities such as HBCU (Historically Black Colleges and Universities) and other university-related activities, including stakeholder agencies and Washington, DC, liaison activities. This category includes:

Information Outreach Activities

Public Relations/Information - Includes all costs associated with activities which provide non-technical information about the M&O Contractor, and its activities to the general public, news media, etc.

Technology Transfer - Includes all costs associated with activities that encourage the further development of promising technologies; disseminate information to appropriate researchers, organizations, industry, governmental bodies, and other institutions; and other activities that assist in effecting the introduction of technologies into the marketplace.

Technical Information Management - Includes all costs associated with activities to develop and make available technical information.

Employee Outreach Programs - Includes all costs associated with activities by employees utilizing their technical expertise for the benefit of external stakeholders.

Other Information Outreach Activities - Includes all costs associated with other outreach activities that are not defined above.

Stakeholder-Related Outreach - Community relations and education programs to promote enhanced understanding of the site by local and state stakeholders.

9. **Information Services** - Costs associated with Automated Data Processing (ADP) Services (central computer facilities, and service organizations, including business and scientific), Communications (mail, both electronic and hard copy including postage, subcontracted delivery services, etc.), Networking (groups of computers that communicate with each other, share peripherals, and access remote hosts or other networks), and Telecommunications Services (communication by electronic submission of impulses over telephone/optic lines including cell phones). Include pagers and related systems, but not the maintenance of these systems. Also include computer leases. Do

not include computer bill-out rates in any other functional category. This category includes systems analysts/programmers; however, specific systems management and administrative costs for various business and scientific systems should be included in their respective functional categories. (Note: Dedicated scientific activities, experiments, analysis, etc., should be included in the appropriate category. Also, computer hardware maintenance activities are to be reported within the maintenance category.)

10. Other - Costs which are not identified in another functional cost category. This includes legal settlements, workforce restructuring activities (severance, benefits, and outplacement services), and general company liability insurance expenditures. Specifically identify significant cost activities and provide footnotes.

B. Mission Support:

11. Environmental - Includes costs associated with the development, implementation, and maintenance of effluent controls, environmental monitoring, and surveillance, permitting, auditing and evaluation to assure environmental compliance, and pollution prevention. These activities, performed on a routine basis, are necessary to maintain compliance with federal, state and local regulations, as well as applicable DOE Orders and directives. This category does not include actual waste storage or cleanup activities. The category includes:

- **Auditing and Evaluation** - These audits are done as a routine mechanism to assure environmental compliance with internal and external directives, including the National Environmental Policy Act (NEPA). Encompasses costs associated with implementation of the Environmental, Safety and Health Compliance Assessment activities (such as related "Tiger Team" activities). Also includes the development of performance objectives and environmental auditing procedures.
- **Effluent and Environmental Monitoring and Surveillance** - Monitoring activities include data base monitoring as required by DOE directive or compliance monitoring as required by the environmental regulatory authorities, such as air and water monitoring. (Note: Actual sample analysis should be included in Laboratory Support or Other Technical Support Activities.)
- **Permitting** - Includes those activities involved in reporting the results of environmental monitoring, analysis, and evaluation. These activities are necessary to obtain permits from regulatory agencies regarding plant releases and/or discharges. (Note: Environmental Impact Statement costs and related activities are to be included in the appropriate category they support.)
- **Non-Environmental Management Waste Management** - The non-EM Waste Management functional area includes those activities addressing the treatment, storage, and disposal of wastes. Activities include characterization and

certification of waste to ensure its proper treatment or disposal; waste handling and temporary storage activities, such as operation of 90-day satellite accumulation areas for the storage of hazardous waste; operation and management of all waste treatment and disposal systems; and final disposal of all wastes.

12. **Safety & Health** - Costs associated with safety and health programs, such as emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety (does not include traffic management functions - include this item in logistics), and management oversight. Further definitions are as follows:

Emergency Preparedness - Emergency Preparedness includes all those activities that are intended to provide personnel with a special capability to respond to incidents and accidents. Activities in this area include maintenance inspection of emergency facilities and equipment; emergency response team personnel training, drills, and exercises; maintaining and updating of current emergency plans based on site specific safety analyses; coordination with state and local authorities and Federal Agencies. Plant and equipment that are part of safety systems relied upon to prevent or mitigate accidents (heating ventilation air conditioning process monitors, etc.) are not included in this area, but are addressed in Industrial Safety or Nuclear Safety. The physical plant and equipment provided for normal and emergency egress are addressed in Industrial Safety.

Fire Protection - Fire Protection includes all those activities that are intended to prevent, detect, alert, and suppress fires. Activities in this area include fire prevention; fire detection; fire suppression systems; related inspections and testing; fire fighting and emergency response, loss prevention; operation of ambulances and fire fighting equipment; testing and inspection of fire protection equipment and alarm systems; flammable and explosive material control; training certification to National Fire Protection Association, state and local requirements; review of construction and design plans for fire hazards; and mutual aid agreements with local authorities. This area excludes those fire protection activities and/or systems that are solely for the benefit or protection of nuclear systems, storage areas, and/or processes (e.g., glove box inerting systems). These excluded activities are to be included in Nuclear Safety.

Industrial Hygiene - Industrial Hygiene includes all those activities that are intended to provide protection to workers from physical and physiological hazards. Activities in this area include engineered/redesign of tasks, ventilation, substitution of less hazardous materials (such as asbestos abatement program administration, but not removal), written and verbal communication of real and perceived hazards, personnel protection, radiological and non-radiological laundry services, laser protection, and physiological stress. This area does not include medical surveillance, employee medical records, and exposure of workers to radioactivity (note that non-ionizing radiation is included).

Industrial Safety - Industrial Safety includes all those activities that are intended for the protection of workers from physical trauma. Activities in this area include electrical safety; machinery and machine guarding; personnel protection; accident investigation; compressed gas and pressure system safety; hoisting, rigging, and material handling; lockout/tag-out; confined space controls; platform, man-lift and scaffolding usage; safe surfaces for walling and working; cutting, welding and boring safety; hand and portable power tool safety; explosives and hazardous material handling, storage and use; construction safety; firearms safety; and facility egress.

Occupational Medical Services - Occupational Medical Services includes all those activities that are intended to provide a comprehensive occupational medical program, including employee health examinations such as pre-placement and qualification, periodic, return to work, fitness for duty, and termination examinations; diagnosis and treatment of occupational illnesses and injuries; employee health counseling (employee assistance program and wellness); maintenance of medical records; emergency medical treatment and triage; specialized medical equipment; and immunization programs.

Nuclear Safety - Nuclear Safety includes activities that are intended to maintain criticality safety and nuclear operations safety. Activities in this area include control of systems and parameters within subcritical limits, and use of systems, procedures, equipment, analyses, programs, and personnel to ensure safe nuclear reactor and nuclear non-reactor operations.

Radiation Protection - The Radiation Protection includes all those activities that are intended to control exposures of workers and the public to radioactivity. Activities in this area include control equipment and procedures for radiation sources; interlocks, instrumentation, and shielding for radiation-generating devices; equipment and procedures used to minimize or mitigate external exposure; personnel dosimetry, bioassay program, and ALARA (As Low As Reasonably Achievable) programs; control of paths for inhalation or ingestion of radiation; radiation exposure records; fixed and portable instrumentation for radiation detection and measurement; and contamination control; effluent monitoring and release; and environmental monitoring and remediation.

Transportation Safety - Transportation Safety includes all those activities that are intended to ensure safe packaging and transportation. Activities in this area include packaging certification; coordination of intra-building and on-site movements and transfers; off-site and international shipments; transportation (including marking and labeling) of material; maintenance inspection of transportation equipment; testing and technology of transportation operators; aviation safety; motor vehicle safety; water craft safety; and rail safety.

Management and Oversight - Management and Oversight includes all those activities that are intended to coordinate, direct, integrate, and control Safety and Health (S&H) activities across multiple areas. Activities in this area include S&H documentation and document control activities; configuration management; S&H performance trending, analyses, and lessons learned feedback; corrective action tracking; S&H self-assessment activities; dedicated internal S&H personnel; coordination and communication with DOE, State, and local authorities; internal audits and surveillance; external S&H program reviews; operational readiness reviews; and performance and documentation of comprehensive safety analyses. Nuclear safety analyses are included in Nuclear Safety. Program elements such as quality assurance, management systems, oversight, and physical infrastructure are inherent to all areas and are intended to be accounted for in the specific areas.

13. Facilities Management - Costs associated with facilities and their ability to function effectively, such as plant and maintenance engineering, facilities remodeling (if it does not meet the capitalization criteria), facilities utilization analysis, modification and upgrade analysis, facilities planning and condition determinations, rental of buildings/land.

Facilities Management includes:

Engineering - Activities including facility engineering such as HVAC systems, facility electrical/mechanical activities, and repair and maintenance analysis.

Rental of Buildings/Land - Activities including leases, rental, and any real property third party financing agreements. Lease costs should be foot noted since they materially affect year to year trends. (Note: Include trailer leases in this category; include set-up and tear down in maintenance.)

Other - Includes all other activities involving facilities management/plant engineering not defined above.

(Note: Leases for facilities and land are to be included, all other leases should be reported in the appropriate category.)

14. Maintenance - Costs associated with day-to-day work that is required to sustain property, plant, and equipment in a condition suitable for it to be used for its designated purpose and includes preventive, predictive, and corrective maintenance. This category includes all maintenance activities regardless of source of funds. (Note: All maintenance is included even though it is recognized these costs are incurred in support of other support and mission categories.) Maintenance Activities include:

Preventive Maintenance - Includes all those systematically planned and scheduled actions performed for the purpose of preventing equipment, system or facility failure.

Predictive Maintenance - Includes actions necessary to monitor, find trends, and analyze parameters associated with equipment, systems, or facilities that are indicative of decreasing performance or impending failure.

Corrective Maintenance - The repair of failed or malfunctioning equipment, system, or facility to restore the intended function or design condition. This maintenance does not result in a significant extension of the expected useful life. Includes asbestos removal and material replacement.

Maintenance - Functions include supervision; planning and scheduling storage and staging of materials and supplies; calibration, care, repair, and storage of equipment used in monitoring or for the performance of maintenance work; and similar activities.

General Maintenance - Includes roads and grounds activities; regularly scheduled custodial services, such as cleaning and preserving facilities and equipment, and pest control.

(Note: Also includes computer hardware maintenance, vehicle maintenance, and utility maintenance. Cost for relocation of personnel is included in the respective category they support.)

15. **Utilities** - Costs include utility-related engineering associated with labor, operating plants and equipment, contract services for fuel, water treatment chemicals, or support needed to provide electric power, heat, steam, chilled water, potable water, process gases, and sanitary waste disposal to support business and research. This element includes all costs associated with contract services in support of utilities, such as fuel, water treatment chemicals, and control systems, (also include energy management related activities). Utilities include:

Central Steam Facility - Includes the fuel handling and storage facilities, all assigned personnel, and the main steam distribution system.

Central Chilled Water Facility - Includes all assigned personnel and the main chilled water distribution system.

Water Supply System - Includes wells, treatment facilities, storage tanks, the main distribution system, and all assigned personnel.

Sanitary Waste Disposal System - Includes the main collection system, refuse collection (internal as well as contracted services), treatment facilities, and all assigned personnel.

Electrical Power - Distribution system including main substations and high-voltage distribution systems, and all assigned personnel, as well as all electricity purchases.

16. **Safeguards and Security** - Includes all costs associated with the development and implementation of a Safeguards and Security Program to protect nuclear materials, nuclear weapons, classified information, and government property from theft, sabotage, espionage, or other acts that may cause adverse impacts on national security or to the health and safety of the public and the employees. Specifically includes the following:

Program Direction - Includes all personnel and operating costs for program management, vulnerability assessment, safeguards and security alarming process, professional development and training, inspections, surveys, assessments, facility approval (including Foreign Ownership, Control, or Influence), tests and evaluations, policy oversight and administration, and technology development oversight and program management, associated with the Safeguards and Security Program.

Protective Forces - Includes all personnel and operating costs associated with Protective Forces. This includes such things as salaries, overtime, benefits, travel, materials and supplies, uniforms, equipment, facilities, vehicles, helicopters, training, communications, federal and contractor management, and oversight of protective forces.

Physical Security Protection Systems - Includes all personnel and operating costs associated with designing, installing, performance testing, contraband detection, alarm communications and control, intrusion detection and assessment, barriers and access denial, entry and egress control, vital components tampering, and monitoring.

Transportation - All security-related transportation costs for transport of special nuclear materials, weapons, and other classified material. Includes such costs as personnel, equipment, facilities security upgrades to vehicles, and communications. Transportation costs associated with off-site shipment of wastes should be included in the Mission Category.

Information Security - Includes all personnel and operating costs associated with classified documents and material, classification, unclassified controlled nuclear information, security infractions, computer security, technical surveillance countermeasures, and operations security.

Material Control and Accountability (MC&A) - Includes all personnel and operating costs associated with control and accountability of special nuclear materials (SNM), nuclear weapons, test devices, and weapons components. Includes MC&A access areas, surveillance, containment, detection, assessment, testing, transfers, verifications and measurements, inventories, reconciliation, and statistical analyses.

Research & Development - Includes all personnel and operating costs associated with research and development of physical security, information security, personnel security, material control and accountability, integrated systems, vulnerability assessment methods, technology application and tests, and technology transfer to users or potential vendors.

Personnel Security - Includes initial investigations, reinvestigations, adjudication, security education, personnel security assurance program, visitor control, national agency checks, and administrative review activities.

Cyber Security - Includes management of unclassified and classified data, information technology security assets, cyber information systems, including information technical utilities which include grid research, threat assessments, wireless networks, performance measures, risk management, configuration management, certification/accreditation, training, network monitoring and intrusion detection systems.

17. **Logistics Support** - Costs associated with shipping, receiving, transportation (excluding maintenance which is included in the Maintenance category), warehousing, motor pools, office equipment pools, property management and excessing activities; routine inventory write-offs; and other logistic support activities. (Note: Final disposal costs for radiological/hazardous waste shipments are a Mission Direct cost.)

18. **Quality Assurance** - Costs associated with all quality assurance, reliability, and regulatory activities. Included in this category are costs for quality engineering and inspection services, quality assurance audits, occurrence reporting (such as Occurrence Reporting and Processing System), development of quality program plans, operational readiness review coordination and other activities related to ensuring the quality assurance of site operations and facilities. This does not include costs incurred for weapons stockpile certification.

19. **Laboratory/Tech Support** - Measurement and testing conducted within the context of sampling, field investigations, analytical chemistry, and other similar studies. Includes the cost of other technical support services/activities, such as non-destructive assay, electronics services, machine shops, etc

C. Site Specific

20. **Management/Award Fee/Incentive Fee** - The management allowance is an amount paid to not-for-profit educational institutions for the equivalent of home or corporate office G&A expenses. The award and incentive fee is a fee that is paid to a contractor based on performance and includes shared savings incentive payments (such as cost savings incentives).

21. **Taxes** - Includes state and municipal taxes, as well as "payments in lieu of taxes." Does not include taxes that are payroll related.

22. **Laboratory Directed Research and Development (LDRD), Plant Directed Research and Development (PDRD), and Site Directed Research and Development (SDRD)** – LDRD portion reflects costs incurred in accordance with DOE Order 413.2A for the purpose of pursuing new and innovative scientific concepts of benefit to the DOE. Excludes allocations of overhead. PDRD and SDRD portion reflect costs incurred in accordance with the legislative authority for these activities.

D. Mission Direct:

23. **Mission Direct** - All costs not included in General Support, Mission Support or Site Specific categories. This section captures program activities which include scientific, engineering, production operations, decommissioning, decontamination, remediation, etc.

24. **Capital/construction** - Prime capital and construction costs related to line items. Capital equipment (CE) and General Plant Projects (GPP). Does not include costs that more appropriately belong in a general support, mission support, or site specific categories.