

ATTACHMENT J.1

APPENDIX A

ADVANCE UNDERSTANDINGS ON HUMAN RESOURCES

**Applicable to the Operation of
AMES Laboratory**

Contract No. DE-AC02-07CH11358

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Appendix A**

AMES LABORATORY

ADVANCE UNDERSTANDINGS ON HUMAN RESOURCES

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SECTION I - INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of the Contractor's Human Resource Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this contract. Any changes to the personnel policies or practices in place as of the effective date of this contract which would increase costs, is subject to approval in advance by the Contracting Officer.
- (b) AMES CHRM programs will comply with the Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all HR programs, including but not limited to Compensation, Health and Welfare Benefits, Pension Plans, Training and Development, Employee Morale, Professional Society Memberships, Employee and Labor Relations, Diversity/Equal Employment Opportunity/Affirmative Action, Recruitment and Relocation. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR.
- (c) This Appendix A may be modified from time to time by agreement of the Parties. Either Party may, at any time request that this Appendix A be revised, and the Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Appendix A shall be accomplished by executing modification to the prime contract.
- (d) The Laboratory Director may make exceptions to the provisions of Appendix A when such exceptions are in the best interest of contract operations or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer.
- (e) The Contractor, or designated representative, shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer. The Contractor recognizes that the Contracting Officer or designated representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting requests.
- (f) It is understood that no provision of this Appendix can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement.

SECTION II - HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND

PERFORMANCE MANAGEMENT

The Institutional Plan highlights areas important to DOE and aligns with critical contract vision components. The HR Strategic Plan, which is subordinate to the Institutional Plan, will be reviewed with DOE representatives at least annually. Contract performance metrics and measures will be developed in partnership with DOE and are detailed in the Appendix B.

CHRM performance objectives and targets will align with, and facilitate the achievement of the Laboratory mission; be limited in number; focus on strategic results, systems-based measures, and assessment against industry best practices; be developed annually and mutually agreed upon by the Contractor and DOE in accordance with Appendix B; be reviewed periodically to target key strategic objectives and results; and include outcomes that result in cost effective management of laboratory human resources to support accomplishment of DOE and AMES mission, strategy and objectives.

SECTION III - COMPENSATION

- (a) Compensation Standards. The Contractor and DOE agree that the elements below will be included in Laboratory compensation systems and will be the basis upon which DOE will evaluate the Contractor's self-assessment required under Clause H.19 of this contract. The elements are:
- (1) philosophy and strategy for all pay delivery programs;
 - (2) method for establishing the internal value of jobs;
 - (3) method for relating the internal value of jobs to the external market;
 - (4) system that links individual and/or group performance to compensation decisions;
 - (5) method for planning and monitoring the expenditure of funds;
 - (6) method for ensuring compliance with applicable laws and regulations;
 - (7) system for communicating the program to employees; and
 - (8) system for internal controls and self-assessment.
- (b) Salary increases.

- (1) Any combination of salary increases for an individual in a single fiscal year, including merit increases and those resulting from reclassification and promotion, which result in a salary that is 25% greater than the employee's salary prior to the increase shall require prior approval by the Laboratory Director. Salary increases that exceed 15% shall be reported annually to the Contracting Officer.
 - (2) Annual funding for promotions shall be included in the Salary Increase Authorization (SIA) request as a discrete line item. The request for funding for promotions will be based upon actual use for the prior year and anticipated future use, such as classification restructuring.
 - (3) An administrative stipend may be paid to an employee who is temporarily assigned responsibilities of a higher level position or other significant duties not part of the employee's regular position. The sum of stipend and base salary shall not exceed the maximum salary of the higher level position. The Laboratory Director may authorize an administrative stipend up to 15 % of the appointee's annual base salary for a period not to exceed one year.
 - (4) Notwithstanding any other term or condition set forth in this Contract, the Contracting Officer's approval of compensation actions pursuant to H.19(b)(8) will consider:
 - A. relative alignment of proposed salaries with subordinate levels;
 - B. available market data, comparing total-cash compensation;
 - C. total compensation relative to the Executive Compensation Benchmark Amount established periodically by the Office of Federal Procurement Policy (OFPP).
- (c) Salary Increase Authorization (SIA).
- (1) The Contractor shall submit the SIA proposal by August 1 of each year.
 - (2) In order to pay "on-market-on-average," in the calculation of market position, Laboratory salary data shall be matched to survey data as of April 1, the midpoint of the fiscal year.
 - (3) The SIA shall be expressed as a percentage of the projected September 30 base payroll.

- (4) Upon conclusion of the annual distribution of SIA merit funds, the Contractor shall provide a report to the Contracting Officer of individual compensation rates for employees with salaries of \$100,000 and above.
- (d) Payment of Joint Appointees. Joint Appointees shall be paid at the salary and fringe benefit rates established by the home institution, for the percentage of time worked at the host institution.

SECTION IV - ANCILLARY PAY COMPONENTS

- (a) Extended work week.
When deemed essential to the performance of work under this contract, an extended work week may be established at the Laboratory or any portion thereof.

- (b) Medical evacuation services/insurance.

Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.

SECTION V - PAYMENTS ON SEPARATION

- (a) Reduction in Force (RIF). When employees are terminated due to a RIF, the following costs are allowable:
- (1) Pay in lieu of notice. Any employee who is laid off or terminated due to a RIF may be given pay in lieu of the required minimum written notice of termination. Accumulated vacation credit is also paid.
 - (2) Severance pay benefit. As approved by the Contracting Officer.
- (b) Payments upon termination other than RIF.
- (1) Sick leave. Accumulated sick leave is not payable upon termination and may not be used beyond a predetermined date of termination.
 - (2) Vacation. Accumulated vacation is payable at termination at the rate in effect as of the date of termination, including any shift differential.

SECTION VI - LABOR RELATIONS

Collective bargaining.

Costs of fringe benefits and wages paid to employees under collective bargaining agreements are allowable. All other reasonable costs and expenses, such as expenses relating to the grievance process, arbitration and arbitration awards, and other costs and expenses incurred pursuant to applicable collective bargaining agreements and revisions thereto, are also allowable.

SECTION VII – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

(a) Paid Leave.

The Laboratory will provide a reasonable and cost effective paid leave program. Paid leave includes vacation, holiday, sick, jury, bereavement, military, voting and personal leave according to approved Laboratory schedules. Only leave accruals included in the annual benefit value study shall be allowable.

(b) Temporary Assignments of Laboratory Employees to Other Institutions for Teaching And Research.

The Contractor shall be reimbursed for expenditures consistent with Laboratory policy arising out of an employee assignment to another institution for teaching and/or research if the assignment does not exceed one year.

(c) Military Leave.

Military leave and associated pay is authorized in accordance with Contractor policies, and/or State or Federal law.

(d) Security Leave.

Wages or salaries paid to employees when access authorization is suspended by DOE will be allowable costs under the following conditions:

If a position which does not require access authorization is not available, the Laboratory Director or designee may place the employee on leave with pay at his or her base compensation until final disposition of the case. Leave with pay requires the Contracting Officer's concurrence that no position is available to which the employee might reasonably be transferred.

SECTION VIII – EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

- (a) The Laboratory Director or designee shall send an annual report to the Contracting Officer providing the number of employees participating in training, and education and development programs and the dollars spent.
- (b) The Laboratory shall establish training, education and development programs that are consistent with DOE requirements and guidance, industry standards, and other Federal, State and local regulations. These programs shall ensure that employees are well-qualified and competent to manage facilities and meet mission requirements through administrative, professional and technical excellence.

SECTION IX - EMPLOYEE PROGRAMS

- (a) Service/Retirement/Non-Performance awards.

The Contractor is authorized to provide monetary or non-monetary recognition for achievements not based on performance. Awards may include, for example, Length of Service/Retirement Recognition; Safety Awards; Suggestion Program.

- (b) Performance award programs.

The Contractor may recognize employees or groups of employees who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Awards may be provided to employees or groups of employees in the form of cash. Additionally, noteworthy achievements and special efforts may be recognized by the presentation of plaques, certificates, and memorabilia.

Annually the Contractor shall provide the Contracting Officer with reports on the individual award program expenditures.

- (d) Cost of Health Services.

The Contractor shall be reimbursed for the costs of operating a Health Unit for Laboratory employees, including but not limited to the following: Pre-employment physicals and other medical examinations required to meet Laboratory employment requirements, operation of a health unit which provides medical care for occupational injuries and to provide minor relief for minor physical complaints of employees while at the Laboratory and health examinations provided as a health service for employees.

(e) Other.

- (1) The Contractor may develop, administer and support a variety of employee programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory. Entertainment costs, including costs of amusement, diversions, and social activities are unallowable, as well as directly related costs such as tickets, meals, lodging, rentals, transportation and gratuities.
- (2) Wellness program. Costs of a Wellness Program to promote employee health and fitness are allowable. This program shall be limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss.
- (3) Employee Assistance Program. The Contractor shall (1) maintain a program of preventive services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up upon return to work that conforms to the requirements of 10 CFR 707.6, Employee Assistance, Education, and Training; (2) Submit for approval by the Contracting Officer any changes to the employee assistance program implementation plan; (3) Prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers.
- (4) Employee Communications. The costs incurred in the publication, printing and distribution of a house organ, handbooks and other employee communication media designed to effectuate better employee relations and understanding of Appendix A and current employment regulations shall be reimbursed and performed in a cost effective manner.

SECTION X - COSTS OF RECRUITING PERSONNEL

- (a) The Contractor may incur costs for the recruitment of personnel, as follows:
- (1) Costs of advertising and agency and consultant fees.
 - (2) Recruiting Expenses - The Laboratory may reimburse consistent with other provisions of this contract, employees traveling for recruiting purposes the actual cost incurred for the following expenses: transportation, lodging, and meals for prospective employees and, when

approved, for spouses or representatives of academic institutions, professional societies and other scientific organizations and incidental expenses incurred in recruiting.

- (3) New or prospective employees who have been offered and have accepted a position, and who are required to take a pre-placement physical examination, shall be reimbursed for costs of the physical examination.
- (4) Costs associated with pre-employment screening shall be allowable.

(b) Recruitment/Retention Tools.

- (1) The Contractor may pay a sign-on bonus to recruit employees with critical skills.
- (2) An annual retention bonus is authorized to retain employees with critical skills or whose expertise is critical to the completion of a specific project.
- (3) The Contractor is authorized to provide service credit to critical skill new-hires for previous relevant experience at another DOE facility or external organization.

SECTION XI – REDUCTIONS IN CONTRACTOR EMPLOYMENT

Reductions in employment will be conducted in accordance with the contractor's personnel management policies and practices and in accordance with applicable Departmental guidance on work force restructuring, as revised from time to time.

(a) Work Force Analysis.

The Laboratory will annually analyze its work force requirements to retain employees with the skills, knowledge and abilities necessary to effectively and safely meet assigned and futures missions within budget constraints. The Laboratory will develop appropriate work force transition strategies consistent with restructuring objectives contained in the Departmental guidance on work force restructuring, as amended from time to time.

(b) Involuntary Separations

- (1) The Contractor will advise the Contracting Officer of all Reductions-In-Force prior to their initiation. A reduction-in-force action is a separation of an employee (other than for cause) due to a planned action.

- (2) Any employee who volunteers for layoff or retirement during a time period in which the Contractor has an active reduction in force plan will be eligible for severance pay provided the termination is accepted by Laboratory management and results in the retention of an employee who otherwise would have been laid off.
- (3) The Contractor, to the extent practicable, shall provide outplacement services to those employees who are involuntarily separated due to a layoff.

(c) Displaced Worker Medical Benefit

Employees placed on layoff status who have completed the entry probation period are eligible for continued participation in the health benefits program with premiums supplemented by the Contractor based on the following schedule:

- (1) First Year: The Contractor's contribution for an active employee
- (2) Second Year: One half of the Contractor's Cobra premium
- (3) Third and subsequent years: Reasonable administrative costs that exceed the two percent administrative fee paid by the displaced worker.

(d) Transition costs.

The Contractor is authorized to provide involuntarily separated employees with outplacement assistance in the form of skills assessment and resume' preparation.

SECTION XII – EMPLOYEE BENEFITS

(a) Energy Employees' Occupational Illness Compensation Program Act (EEOICPA).

The Laboratory agrees to comply with requests for information, records, and other program requirements to ensure the orderly administration and adjudication of claims under the EEOICPA.

(b) Dependent Care Facilities.

The Laboratory is authorized to provide a dependent care benefit program consistent with the written directions of the Contracting Officer.

The Contractor shall sub-contract the operation of the dependent care center, unless otherwise approved by the Contracting Officer. Support costs for labor, materials, and supplies expended for the operation of a dependent care facility shall not be allowable under any circumstances unless the facility is for the exclusive use of Laboratory employees and except for any expense items such as utilities, maintenance, food, medical services, or supplies already used in support of site operations and readily available.