

**ATTACHMENT J.1**

**APPENDIX A**

**ADVANCE UNDERSTANDINGS ON HUMAN RESOURCES**

**Applicable to the Operation of  
BROOKHAVEN NATIONAL LABORATORY**

**Contract No. DE-AC02-98CH10886**

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Appendix A**

**BROOKHAVEN NATIONAL LABORATORY  
ADVANCE UNDERSTANDING 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 Resources Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this contract. BNL CHRM policies, practices, and plans are located in the BNL Standards-Based Management System (SBMS).
- (b) The Contractor shall select, manage, and direct its work force and apply its human resource policies in general conformity with its private operations and/or industrial practices insofar as they are consistent with 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. Any programs or policies initiated for corporate application, permanently or for a finite period, that will impact staffing levels or compensation costs (i.e., furloughs or salary cuts) will not be applicable to Laboratory employees or employees otherwise funded through this contract, without prior approval of the Contracting Officer.
- (c) The Laboratory's 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 Human Resources programs. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR as well as to ensure that the cost limitation set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.
- (d) 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.
- (e) 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.
- (f) 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.

- (g) 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 Laboratory Business Plan highlights areas important to DOE and aligns with critical contract vision components. The HR Business Plan, which is subordinate to the Laboratory Business Plan, will be reviewed with DOE representatives at least annually. The human resource business practices will be maintained in the Laboratory's SBMS. Any significant changes to the HR business practices shall be submitted to the DOE Contracting Officer for approval. 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 Laboratory 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.22 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 and 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 Deputy Laboratory Director's approval, at least, is required for all stipends. The Laboratory Director must authorize administrative stipends that exceed 15% of the appointee's annual base salary. The entire amount of the stipend shall be removed when the employee reverts back to their original position. All stipends shall be reported annually to the Contracting Officer.
  - (4) Notwithstanding any other term or condition set forth in this Contract, the Contracting Officer's approval of compensation actions pursuant to H.22 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 not later than 60 days prior to the start of the new salary cycle.
- (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 the midpoint of the salary cycle (i.e., April 1 for a 10/1-9/30 salary cycle).
- (3) The SIA shall be expressed as a percentage of the base payroll for the end of the preceding salary cycle (i.e., the base payroll for 9/30 for a 10/1-9/30 salary cycle)

(4) The Contractor is authorized to make minor shifts of funds across employment categories after approval of the SIA in order to meet the compensation requirements of its organization, subject to the following guidelines:

- Minor shift is defined as up to 10% of approved SIA funds by employment category (e.g., Scientist/Engineer, Admin, Exempt, Non-Exempt).
- Total increase expenditures will be limited to the total SIA approved.
- Special Adjustment funds will not be interchangeable.
- Contractors will notify the Contracting Officer that funds have been shifted.

(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) Premium Pay.

The Contractor is authorized to provide shift differentials and other premium pay, reporting allowances, meal allowances, and hazardous duty pay, as approved by the Contracting Officer.

(b) 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.

- (c) 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.
- (d) Foreign Travel.  
Allowances payable for official travel in foreign areas will be at rates established by the Secretary of State.

## **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. The payment of accumulated sick leave upon termination is unallowable.
  - (2) Vacation. The Contractor is authorized to pay for accumulated vacation upon termination at the rate in effect as of the date of termination, including any shift differential
  - (3) Termination for Administrative Convenience.  
An employee dismissed for the administrative convenience of the Laboratory may in appropriate circumstances be given a termination payment of one month's pay at his/her regular base rate in the case of a monthly employee and of two weeks' pay in the case of a weekly employee.

An individual employee may be considered for other termination pay for other administrative reasons with the approval of the Director and the Contracting Officer.

(4) Termination at Retirement.

Each weekly wage employee with a minimum of five years' service retiring on or after his/her 55th birthday and whose combination of age and service equal 70, may be given up to two weeks' pay at his/her regular base rate.

## **SECTION VI - LABOR RELATIONS**

(a) 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.

(b) Grievance and complaint costs.

The Contractor is authorized to settle internal employee grievances up to \$60,000 without the advance approval of the Contracting Officer. Settlements of internal employee grievances in excess of \$60,000 require advance approval of the Contracting Officer.

(c) Collective Bargaining Agreements.

The Contractor shall provide copies of collective bargaining agreements to the Contracting Officer as they are ratified or modified.

(d) Bargaining Unit Activity.

Pay for absences from work by employees acting in the capacity of union officers, union stewards and committee members for time spent in handling grievances, negotiating with the Laboratory, and serving on labor management (Laboratory) committees, are 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, voting and personal leave according to approved Laboratory schedules. Only leave categories included in the Benefit Value Study shall be allowable.

(b) Sabbaticals/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 approved 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, 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.

(1) Training.

The Laboratory may permit selected employees to attend training classes while receiving full pay in order to enable them to acquire the needed skills to qualify them for more responsible jobs and maintain competence in their field.

(2) Education.

(A) The Laboratory may approve and support educational courses taken by employees which serve to improve efficiency and productivity of Laboratory operations, increase needed skills, or prepare employees for increased responsibilities.

(B) An employee or third party on behalf of an employee may be paid for tuition, required textbooks and fees for courses approved in advance by the Laboratory.

(3) Development.

The Contractor shall be reimbursed for the cost of development programs, including but not limited to, apprenticeship training, supervisory training, management development, career updating and redirection, and work-study and other programs supporting the development of staff in fields of interest to the Laboratory.

## **SECTION IX - EMPLOYEE PROGRAMS**

(a) The contractor may expend an amount not to exceed 1.5% (0.015) of the Laboratory's base payroll for the awards identified under 1) and 2) below:

(1) 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; Patent Awards; Suggestion Program.

(2) 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.

(3) Senior Management Incentive Program.

The Contractor may recognize a senior manager for his/her performance. The Program provides for a 20-30% non-base incentive for senior managers based on their performance, Performance Evaluation Management Plan score and achievement of incentive plan goals. DOE agrees to reimburse up to \$400,000 annually (provided the combination of (1) and (2) above and this paragraph remain within the 1.5% base payroll fund, as indicated in (a) above). The contractor will match an equal amount and payouts will be split equally between the contractor and DOE.

Contracting Officer approval is required prior to annual disbursement of the aforementioned incentive payouts. Additionally, if the contractor deviates from approved program parameters, the contractor shall seek prior approval from the Contracting Officer.

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

(b) Non-Base Cash Compensation

The contractor may expend non-base cash compensation amounts in payments to employees in accord with programs submitted to and approved by DOE Contracting Officer, including, but not limited to, project incentives, strategic skill stipends, and lump sum amounts in lieu of salary increases. Amount expended under such approved programs will not be counted towards the limits for awards in section b. DOE will be provided a listing, on an annual basis, of the programs utilized and the respective amounts expended.

(c) 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, medical care for occupational injuries and to provide relief for minor physical complaints of employees while at the Laboratory, and health examinations provided as a health service for employees.

(d) 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. Profits from group buying services operated for the benefit of all employees may be used to assist in the support of the recreation program. 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, alcohol, 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.
- (5) Distinguished Lectureship Program

The Laboratory maintains a Distinguished Lectureship Program under which distinguished scientists are invited to the Laboratory to deliver at least one lecture a week on scientific subjects related to the research program, and to be available to members of the scientific staff for discussion of such subjects.

The Distinguished Lectureship Program restricts the number of appointments to a maximum of 10 in each fiscal year. Appointments are to be made by the Director of the Laboratory only.

The Laboratory may pay each lecturer a stipend of up to \$2,500 a week, not to exceed three weeks. In addition, the lecturer may be paid actual travel expenses and be given, without charge, the use of an on-site apartment.

The Laboratory shall notify the Department of Energy of each appointment to be made under the Distinguished Lectureship Program and the amount of the proposed honorarium.

## **SECTION X - COSTS OF RECRUITING PERSONNEL**

- (a) On an annual basis, the Laboratory will conduct workforce planning, documented in the form of a plan, and submit it to the Contracting Officer for review and approval. The Plan will identify critical skills necessary to meet mission and contract requirements, provide an updated gap analysis, and outline that year's

strategy for the recruitment and retention of those skills, as well as for any necessary restructuring.

- (b) 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.
- (c) Recruitment/Retention Tools.
- (1) The Contractor may pay a sign-on bonus of up to \$10,000, 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. Credited service may be used to establish eligibility for, or determine accrual of, service-based benefits (i.e., vacation accruals, vesting, or severance – unless severance has been paid for prior service as indicated in Clause H.22), in accordance with the contractor's policies.
  - (4) Costs associated with an Employee Referral Award Program (ERAP). The ERAP program was instituted in order to reward employees who refer successful candidates for employment. For certain specified jobs, BNL employees may recommend applicants to the HR Division and subsequently receive a monetary award if the referral is hired. An award of \$1,000 will be made for referral and hire for an exempt level position; \$500 for referral for a non-exempt hire. Payment will be made after the

referred candidate has completed 90 days of employment. Referring employee must still be at the Laboratory to be eligible.

(5) Exceptional Recruitment Allowance.

Relocating new employees not eligible for closing costs or costs incidental to the purchase of a new home under FAR 31.205-35., may be paid an Exceptional Recruitment Allowance to reimburse them for actual costs related to relocation, up to a maximum of ten thousand dollars (\$10,000).

(6) Housing for Temporary Appointees.

(A) Temporary Appointees

When suitable on-site housing is not available for them, the Laboratory may reimburse persons who receive temporary appointments to the Scientific Staff during the months of June, July, August and September, as well as Research Collaborators spending extended periods of time at the Laboratory during the summer months, for excess rentals in accordance with the following conditions:

- (i) The excess rental to be reimbursed is the difference between the rental for a Laboratory apartment of the size which would normally be assigned to a summer appointee and the actual cost of reasonably similar accommodations off the site, if available.
- (ii) The excess rental for which reimbursement is provided will not exceed \$400 per month.
- (iii) Authorization for reimbursement of excess rental is, in every case, approved by the Director of the Laboratory or his designee.

Because Research Collaborators receive no salary for their work at the Laboratory, the deduction equivalent to on-site rental is not made.

(7) Group Travel Accident Insurance.

The Laboratory has in force a Group Travel Accident Insurance Policy covering all employees, trustees, nonsalaried officers, guests, and all other persons with official appointments at the Laboratory who, during their stay, are authorized to travel on Laboratory business. It provides coverage equal to five (5) times annual salary, subject to a \$100,000 minimum and a \$500,000 maximum, and gives a full 24-hour accident

coverage during business travel. No employee contributions are required for this coverage.

**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 workforce restructuring, as revised from time to time.

(a) Work Force Transition.

In implementing the annual workforce plan required in Section X(a), the Laboratory will develop appropriate work force transition strategies consistent with restructuring objectives contained in the Department's "Planning Guidance for Contractor Work Force Restructuring."

(b) Workforce Restructuring Actions

- (1) The Contractor will notify or request approval of workforce restructuring actions in accordance with the following:

RESTRUCTURING ACTION	#EMPLOYEES POTENTIALLY IMPACTED	ACTION REQUIRED
Voluntary	50-99	CO Notification
Voluntary	100+	CO Approval
Involuntary	50+	CO Approval

- (A) Notifications will include a business case outlining the drivers necessitating restructuring activity, an implementation strategy and communication plan.
  - (B) Actions requiring approval will additionally require a workforce restructuring plan prepared in accordance with DOE policy.
  - (C) Notifications and Approval actions shall be submitted a minimum of 10 business days prior to announcement to employees.
  - (D) Waivers or self-select forms that vary from those provided in DOE policy documents are subject to approval by DOE.
- (2) Any employee who volunteers for layoff or retirement during a time period in which the Contractor has a DOE approved 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 in the forms of skills assessment and resume preparation 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 may be 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.

Eligibility is determined in accordance with Departmental guidance on workforce restructuring.

**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 services, medical services, or supplies already used in support of site operations and readily available. The cost of meals shall not be allowable.

(c) Adoption Assistance

The Laboratory may reimburse employees up to \$5,000 for costs associated with the adoption of an unrelated minor child. If both of the adoptive parents are

employees, up to \$10,000 may be reimbursed. Reimbursable costs may include attorney fees, agency fees, court costs, transportation costs and medical costs.