APPENDIX A

ADVANCE UNDERSTANDING ON HUMAN RESOURCES

Applicable to the Operations of
Brookhaven National Laboratory

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.

(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 - COMPENSATION

(a) Salary Increases.

(1) 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 Associate Laboratory Director for Human Resources' 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.

(2) Notwithstanding any other term or condition set forth in this Contract, the Contracting Officer's approval of compensation actions pursuant to Clause H.21, Employee Compensation Pay and Benefits, 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 maximum compensation reimbursement level, per the Bipartisan Budget Act of 2013 (BBA), Section 702, *Limitation on Allowable Government Contractor Compensation Costs*.

(b) Compensation Increase Plan (CIP).

(1) The Contractor shall submit the CIP 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., July 1 for a 1/1-12/31 salary cycle).

(3) The CIP shall be expressed as a percentage of the reimbursed base payroll for the end of the preceding salary cycle (i.e., the base payroll for 12/31 for a 1/1-12/31 salary cycle)

(c) Payment of Joint Appointees and Seconded Individuals.

(1) Joint Appointees and Seconded Individuals 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.

(2) The contractor shall provide a quarterly report of Joint Appointees and Seconded Individuals in a format approved by the Contracting Officer.

SECTION III - 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 documented in a Contracting Officer-approved policy.

(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 IV - PAYMENTS ON TERMINATION OF EMPLOYMENT

(a) Sick Leave. The payment of accumulated sick leave upon termination is unallowable unless provided in a Contractor's written policy where the Contracting Officer has granted prior approval.

(b) 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.

(c) Termination for Administrative Convenience.

An employee dismissed for the administrative convenience of the Laboratory may in appropriate circumstances be given a termination payment of two weeks' pay. An individual employee may be considered for other termination pay for other administrative reasons with the approval of the Director and the Contracting Officer.

SECTION V - 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) Collective Bargaining Agreements.

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

(c) 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 VI - STAFF SETTLEMENT COSTS

(a) Staff Settlement Costs - The Contractor is authorized to resolve claims settlements up to $25,000 without the advance approval of the Contracting Officer. Workers' compensation claims settlements shall be in accordance with Clause H.25, Workers' Compensation Insurance.

SECTION VII - PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

(a) Paid Leave.

The Laboratory will provide a reasonable and cost effective paid leave program in accordance with Contracting Officer-approved programs.

(b) Sabbaticals/Temporary Assignments of Laboratory Employees to Other Institutions for Teaching and Research.

The Contractor shall be reimbursed for expenditures consistent with Contracting Officer approved 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. However, DOE requires thirty (30) calendar days prior written notice.

(c) Military Leave.

Military leave and associated pay is authorized in accordance with Contracting Officer-approved 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.

(e) Temporary Domestic Assignment Allowances.

Temporary domestic assignment allowances shall be consistent with AL 2013-01 dated October 18, 2012 entitled “Contractor Domestic Extended Personnel Assignments,” which may be revised from time to time, and Contractor policy consistent with the aforementioned AL.

SECTION VIII - EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

(a) 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) Awards.

The contractor may only expend up to an amount previously approved by the Contracting Officer. The contractor may expend an amount not to exceed 1.5% (0.015) of the Laboratory's January 1 reimbursed base payroll for the awards identified under (1), (2), and (3) 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) Performance Incentives and Other Non-Base Compensation Programs.

The Contractor may expend non-base compensation amounts in payments to employees in accord with programs submitted to and approved by the DOE Contracting Officer, including, but not limited to, senior management incentives, project incentives, strategic skill stipends, and lump sum amounts in lieu of salary increases. If the contractor deviates from approved program parameters, the contractor shall seek prior approval from the Contracting Officer.

(b) 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.

(c) 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.

(3) Employee Assistance Program. The contractor shall:

(A) 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;

(B) Submit for approval by the Contracting Officer any changes to the Employee Assistance Program implementation plan;

(C) 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 newsletter, handbooks and other employee communication media designed to effectuate better employee relations and understanding of Appendix A and current employment regulations shall be reimbursed.

(5) Lectureship Program.

The Laboratory is authorized to maintain a Lectureship Program under which distinguished scientists, and other experts on such subjects as leadership, are invited to the Laboratory to deliver a program, and to be available to members of the staff for discussion of such subjects. Specific programs include, but are not limited to, the BSA Distinguished Lectureship Program, the Pegram Lectureship Program, and the Brookhaven Women in Science Lectureship Program.

The lecturer may be paid travel expenses in accordance with DOE travel reimbursement requirements and be given, without charge, the use of an on-site apartment. Lecture fees or honorariums provided to a lecturer that exceeds $5,000 for any single lecture event or total lectureship costs (including all fees, honorariums and travel expenses) that will exceed $100,000 in any calendar year require Contracting Officer approval.

(6) Goldhaber Fellowship Program.

The Contractor can incur costs associated with participation in the Goldhaber Fellowship program to qualified Ph.D. candidates for independent research at the frontiers of their fields. Costs associated with the program shall be managed as part of the Laboratory's institutional pool.

SECTION X - COSTS OF RECRUITING PERSONNEL

(a) The Contractor may incur costs for the recruitment of personnel (except as expressly prohibited in FAR Part 31), 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) Costs associated with pre-employment screening, including pre- placement physical examination, 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. 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.21), 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.

SECTION XI - REDUCTIONS IN CONTRACTOR EMPLOYMENT

Reductions in employment will be conducted in accordance with the contractor's Contracting Officer approved policies and practices and in accordance with applicable Departmental guidance on workforce restructuring, as revised from time to time.

(a) 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	100 or more	CO Notification
Involuntary	100 or more	CO Approval

(A) The Contractor is only required to provide notification of Self-Select Voluntary Separation Programs (SSVSP) if consistent with the following parameters:

a. In accordance with approved laboratory/contractor policies;

b. No enhanced benefits (severance or pension);

c. No backfilling (internally or externally) or re-employment of employees for a one-year period after severance is paid. If an employee is hired or rehired prior to the one-year period, the employee may be required to pay back, to the contractor who provided the severance payment, all or a pro-rata amount of the severance received under the SSVSP. There is no backfilling where a separating employee is replaced by an internal candidate so long as:

i. The separating employee is leaving voluntarily;

ii. The internal replacement is a regular, permanent employee on the contractor's payroll, not a temporary hire, staff augmentee, or someone serving under a post-doctoral program, etc.;

iii. The replacement results in a net reduction in headcount and costs of regular employees; and

iv. The replacement is accomplished in an otherwise legally compliant manner, including no unlawful intent to discriminate based upon age.

d. A business case is submitted 5 business days in advance of notification date that includes maximum number of voluntary reductions, maximum dollars, positions/skills impacted; reasons reductions are needed, including how conducting a SSVSP will better position contractor to conduct the mission work, copy of self-select waivers, and communication plan; and

e. Voluntary reductions are offered to all eligible employees in an operational unit (i.e. organization, direct/indirect category, etc.).

(B) Actions requiring approval will additionally require a workforce restructuring plan (Specific Plan) prepared in accordance with DOE policy.

(C) Approval actions shall be submitted a minimum of 10 business days prior to announcement to employees.

(D) The Contracting Officer will review and approve any Specific Plan submitted for review affecting the reduction of 100 or more employees through an involuntary separation action within 10 business days after submission of a complete package by the Contractor unless the Contractor is notified of issues necessitating an extension of time. Should DOE request additional information from the Contractor regarding any Specific Plan, the Contractor will respond to such request within 3 business days.

(E) The Contractor must perform an adverse impact analysis as part of its determination to undertake involuntary separation action(s). A copy of the for involuntary separation action(s) affecting 100 or more contractor employees within a rolling 12-month period shall be submitted to the DOE site counsel, as applicable, prior to notification of employees selected for involuntary separation.

(F) Waivers or self-select forms that vary from those provided in DOE policy documents are subject to approval by DOE. The templates for contractor Involuntary Separation Plan, as well as the General Release and Waiver Forms, are available online at: http://www.energy.gov/gc/services/technology-transfer-and-procurement/office-assistant-general-counsel-labor-and-pension.

(G) The Contractor is responsible and accountable for conducting and defending all voluntary and involuntary separation actions in compliance with applicable laws, regulations, and the contract terms and conditions.

(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 or action 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.

(A) If DOE approval is not required, severance may be paid to an employee who volunteers for layoff or retirement if contractor management has approved the restructuring action and the termination results in the retention of an employee who otherwise would be laid off.

(B) Severance is not payable to an employee who volunteers for layoff or retirement if the termination is not associated with a restructuring action approved and initiated by contractor management.

(3) Severance Pay Benefit. As documented in a Contracting Officer-approved policy.

(4) Pay in Lieu of Notice. Any employee who is involuntarily separated due to a work force restructuring may be given, up to two weeks, pay in lieu of the required minimum written notice of termination. Pay in lieu of notice exceeding this amount requires prior Contracting Officer approval. Accumulated vacation credit is also paid.

(5) 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.

(b) Displaced Worker Medical Benefit.

Contractor employees who separate from employment voluntarily or involuntarily (other than for cause) and who were eligible for medical insurance coverage under the contractor's plan at the time of separation from employment are eligible for medical coverage under the DOE Displaced Workers' Medical Benefits Program, provided they are not eligible for coverage under another plan, e.g. another employer's group health plan, the contractor's retiree medical plan, a spouse's medical plan, or Medicare, 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.

SECTION XII - EMPLOYEE BENEFITS

(a) Energy Employees' Occupational Illness Compensation Program Act (EEOICPA) and Former Worker Medical Screening Program Information Dissemination.

(1) 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.

(2) Laboratory policies and procedures shall include a practice to provide information on the Former Worker Medical Screening Program to all separating prime contractor employees and on-site subcontractors.

(b) Dependent Care.

The Laboratory is authorized to provide a dependent care benefit program as a fringe benefit documented in a Contracting Officer-approved policy.

If applicable, the Contractor shall sub-contract the operation of a dependent care center. Support costs for labor, materials, and supplies expended for the operation of a dependent care facility are unallowable. The facility must be for the exclusive use of Laboratory employees. Expense items such as utilities, maintenance, food services, medical services, or supplies already used in support of site operations and readily available are allowable. 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.