

ATTACHMENT J.A

APPENDIX A
ADVANCE UNDERSTANDING ON HUMAN RESOURCES

Applicable to the Operation of Fermi National Accelerator Laboratory

Contract No. 89243024CSC000002

TABLE OF CONTENTS

Section I – Introduction	3
Section II – Compensation	4
Section III – Ancillary Pay Components	4
Section IV – Payment on Separation	5
Section V – Labor Relations.....	5
Section VI – Settlement Costs	6
Section VII – Programs Involving Employee Absence from the Workplace.....	6
Section VIII – Employee Training, Education and Development	7
Section IX – Employee Programs	8
Section X – Cost of Recruiting Personnel.....	11
Section XI – Reductions in Contractor Employment	11
Section XII – Employee Benefits	14
Section XIII – Special Professional Services	15

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, are 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 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 the contract operations or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer.
- (f) The Contractor, or designated representative, must 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 has the authority to 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 A can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement.
- (h) Changes to Appendix A must be bilaterally agreed upon between the Contracting Officer and the M&O Contractor. These changes must receive written approval by the Contracting Officer.

SECTION II – COMPENSATION

(a) Salary Increases

- (1) RESERVED
- (2) RESERVED
- (3) Stipends will be administered in accordance with the Policy on Stipends. Stipend payments to employees 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 the H Clause titled Employee Compensation: Pay and Benefits will consider:
 - A. Relative alignment of proposed salaries with subordinate levels;
 - B. Available market data;
 - C. Comparing total-cash compensation;
 - D. Total compensation relative to the maximum compensation reimbursement level, per the Bipartisan Budget Act of 2013 (BBA), Section 702, Limitation of Allowable Government Contractor Compensation Costs.
- (5) “Red Circling” and “Redlining” of employee salaries, for employees with base pay above the maximum of their salary grade, will be administered in accordance with the Policy on Redlined and Red Circled Pay Rates.

(b) RESERVED

(c) Payment of Joint Appointees

Home institutions for inbound Joint Appointees shall be reimbursed for the Joint Appointee's salary, fringe benefit, and overhead rates established by the home institution, for the percentage of time worked at the host institution, in accordance with the Contracting Officer-approved Policy on Joint Appointments. The contractor shall provide an annual report of Joint Appointees in a format approved by the Contracting Officer.

(d) Special Allowances

A non-exempt employee who reports for scheduled work at the direction of the Contractor and who is prevented from working all or part of such scheduled work by conditions beyond his/her control, may be paid a reporting allowance not to exceed 4 hours.

SECTION III – ANCILLARY PAY COMPONENTS

(a) Shift Premiums

- (1) The Contractor may pay non-exempt employees a shift premium of 7% of hourly rate when one-half or more of their shift falls between 6:00 p.m. and 12:00 midnight. Shift premiums may only be paid when the employees are working the actual hours.

- (2) The Contractor may pay non-exempt employees a shift premium of 10% of hourly rate when one-half or more of their shift falls between 12:00 midnight and 6:00 a.m. Shift premiums may only be paid when the employees are working the actual hours.

(b) Overtime

In accordance with the Contracting Officer-approved Laboratory Policy on Overtime for Non-Exempt Employees, Non-Exempt employees receive a rate of pay equal to one-and one-half times the regular rate of pay for each hour worked in excess of 40 hours per week, unless otherwise required by law.

(c) Special Allowance

(1) Uniform Allowance for Fire and Security Officers

The Contractor may pay a uniform allowance to the exempt fire and security officers. The allowance will be made in lieu of certain uniform items being furnished and maintained by the Contractor. Each individual will be responsible for fitting, obtaining, and maintenance of required uniform items on his/her own time in accordance with the Contracting Officer approved policy.

(2) 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 IV – PAYMENT ON SEPARATION

(a) Sick Leave

Accumulated sick leave is not payable upon termination.

(b) Vacation

Earned and accrued vacation is payable at termination at the rate in effect as of the date of termination.

SECTION V – LABOR RELATIONS

(a) Collective Bargaining

Costs of fringe benefits and wages paid to employees under collective bargaining agreements are allowable providing the Contractor followed processes and required prior Contracting Officer approvals in the H Clause titled Labor Relations. All other reasonable costs and expenses, such as 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 providing the Contractor followed processes and required prior Contracting Officer approvals in the H Clause titled Labor

Relations. In the event the Contractor exceeded required prior Contracting Officer approvals, costs may be determined to be unallowable.

(b) Collective Bargaining Agreement

The Contractor must 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 – SETTLEMENT COSTS

(a) Settlement Costs

The contractor is authorized to resolve settlements of claims up to \$25,000 without the advance approval of the Contracting Officer. Workers' Compensation settlement claims shall be handled in accordance with the H Clause titled Workers' Compensation Insurance.

SECTION VII – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

(a) Paid Leave

The Laboratory will provide reasonable and cost-effective paid leave programs. Paid leave includes vacation, holiday, sick, jury, bereavement, military, voting, short-term disability, and personal leave according to the Contracting Officer-approved Laboratory schedules. Only leave categories included in the Benefit Value Study shall be allowable.

(b) Vacation Accrual

Vacation accrual must be administered in accordance with the Contracting Officer approved Policy on Vacation. Upon Contracting Officer approval and roll out of the Policy on Vacation, Vacation balances must not exceed 240 hours. All Vacation balances greater than 240 must be reduced by December 31, 2025, in accordance with the Policy on Vacation.

Fire Department Battalion Chiefs are allowed an annual vacation carryover balance of 720 hours due to their 24-hour shift.

For employees covered under a Collective Bargaining Agreement, annual vacation carryover balances are administered in accordance with their Collective Bargaining Agreement.

(c) Sabbaticals/Temporary Assignment of Laboratory Employees to Other Institutions for Teaching and Research

The Contractor shall be reimbursed for expenditures, consistent with Contracting Officer-approved Laboratory Policy on Professional Research and Teaching Leave, arising from an approved employee assignment to another institution, for teaching and/or research if the assignment is approved by the other institution and does not exceed one year. Contracting Officer approval is required for deviations from these limitations.

(d) Military Leave

Military leave and associated pay is authorized in accordance with Contracting Officer-approved policies, and/or State or Federal Law.

(e) Security Leave

Wages or salaries paid to employees when site access and/or authorization is suspended by DOE will be allowable cost only under the following condition:

If a pre-existing position for which the employee is qualified that does not require site access and/or authorization is not available, the Laboratory Director, or the Chief Human Resources Officer, 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.

(f) Temporary Domestic Assignment Allowances

Temporary domestic assignment shall be consistent with the H Clause titled Advance Understandings Regarding Additional Items of Allowable and Unallowable Costs and Other Matters and Acquisition Letter (AL) 2018-08 dated May 3, 2018 titled Contractor Domestic Extended Personnel Assignments, which may be revised from time to time. These allowances will be administered in accordance with the Policy on Extended Assignments.

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 fields.

(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.
- (C) Education benefits will be administered in accordance with the Contracting Officer approved Contactor Policy on Tuition Assistance Program.

(3) Development

- (A) 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.
- (B) The Contractor may conduct and sponsor undergraduate and graduate fellowship programs for students in technical employment fields normally sought through the Contractor's recruiting program. Students in the program may be employed by the Contractor during the summer and may be on leave of absence during the school year. A fellowship may be paid for the leave of absence, which will supplement university financial support, if any, up to a predetermined maximum amount agreed to with the Contracting Officer.

SECTION IX – EMPLOYEE PROGRAMS

(a) Service and Retirement Awards

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. The types of awards may include, for i.e. Length of Service/Retirement Recognition, Safety Awards, Suggestion Program, Special Employee Recognition, and other non-performance-based awards. Awards may be provided to employees or groups of employees in the form of cash and taxed if applicable per IRS regulations. Noteworthy achievements and special efforts may be recognized by the award and presentation of plaques, certificates, and memorabilia, in accordance with the Contracting Officer approved Policy on Employee Recognition and Awards. Four recognition options include but are not restricted to:

- (1) The Employee Performance Recognition Award (EPRA) Program, which is intended to acknowledge individuals or groups for significant contributions, e.g., advancements in science which are reviewed by Subject Matter Experts selected by the Laboratory

Director. EPRA increases which exceed the larger of either \$10,000 or 15% of the awardee's base salary require the prior written approval of DOE.

- (2) The Rewards and Recognition Program, which is intended to provide immediate recognition for accomplishments above and beyond the individual's job expectations, e.g., assuming additional duties during staffing shortages, assisting with special projects etc. Typically, these awards range between \$100 and \$1,000 per employee, depending on the nature of the contribution.
- (3) The Spot Award Program is intended to encourage and recognize exceptional contributions by individuals and teams with "on-the-spot" rewards at the time of achievement. No individual spot award value is greater than \$250.
- (4) Service awards not to exceed an average cost of two hundred dollars (\$200) are authorized for employees who complete five, ten, fifteen, twenty, twenty-five, thirty, thirty-five, forty, forty-five and fifty years of service.

(b) RESERVED

(c) Patent Awards

- (1) An award of \$100 may be made to any Contractor employee, assigned employee, loaned employee, or other affiliate of the Contractor for an invention or copyright disclosure up to a maximum of \$500 in awards for a team of co-inventors/co-creators on any single disclosure.
- (2) An award of \$250 may be made to any Contractor employee, assigned employee, loaned employee, or other affiliate of the Contractor whose development of an invention resulting from the employee's work for the Contractor under the Prime Contract is processed for a non-provisional United States patent application, up to a maximum of \$1,500 in awards for a team of co-creators on any single application. This award can also be made to creators of noteworthy, copyrighted material or mask works upon registration with the United States Copyright Office.
- (3) An award of \$500 may be paid to each such inventor upon the issuance of a United States patent, up to a maximum of \$3,000 in awards for multiple inventors of any one patent.
- (4) The Contractor may provide each such inventor or creator with a plaque signifying the issuance of a United States patent or registration of copyright.

(d) Employee Morale

The Contractor may develop, administer and support a variety of employee programs. If involving material cost such programs must be evaluated as an employee benefit. These programs may include athletic, cultural, and family activities. If the event is made available

to non-employees and no attributable per-participant cost is incurred, no participant fees will be collected. Participant fees may be collected to offset the cost if made available to non-employees and incurs an attributable per-participant cost. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory.

(e) Health and Wellness

Cost of Health Services. The Contractor shall be reimbursed for the costs of operating the Occupational Medical Office and program for Laboratory employees and directly reimbursed for the cost of health and services for DOE site 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 and monitoring of 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.

(f) Wellness Program

Costs of a Wellness Program to promote employee health and fitness are allowable. Participation fees are collected for non-employees, if materials are required, or other per-participant costs are incurred.

(g) Employee Assistance

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 (EAP) 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.

(h) Other

- (1) 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) The Contractor is authorized costs to procure and distribute Laboratory branded communication items for the recruitment and retention of potential employees and employees respectively. The Laboratory branded communication items are subject

to cost reasonableness and are intended to generate awareness, promote pride and enhance morale as one aspect of recruiting and retaining the best talent for the Laboratory.

SECTION X – COST OF RECRUITING PERSONNEL

(a) The Contractor may incur costs for the recruitment of personnel, as follows:

- (1) Cost 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: transportation, lodging, and meals for prospective employees and when approved for spouses or representatives of academic institution, professional societies, and other scientific organizations and expenses for recruiting. In the case of Laboratory Director recruitment or for other Key Personnel, non-Fermilab individuals may be enlisted to serve on the search and evaluation committee. Costs for time and travel for these individuals is allowable in accordance with Federal Travel Requirements.
- (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. 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 H Clause titled Employee Compensation: Pay and Benefits), in accordance with the Contracting Officer approved Contractor's policies.

SECTION XI – REDUCTION 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:

1. In accordance with approved laboratory/contractor policies;
2. No enhanced benefits (severance or pension);
3. 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:

(A) The separating employee is leaving voluntarily

(B) 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.

(C) The replacement results in a net reduction in headcount and costs of regular employees; and

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

4. 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 the Contractor to conduct the mission work, copy of self-select waivers, and communication plan; and:
5. 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 or adverse impact analysis 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 or adverse impact analysis, 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 adverse impact analysis 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/office-associate-general-counsel-contractor-human-resources>.
 - (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 be 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.
 - (C) Severance pay benefit. Severance pay will be allowable as documented in the Contracting Officer-approved Policy on Workforce Restructuring.
 - (3) Pay in lieu of notice. Any employee who is involuntarily separated due to a workforce restructuring action may be given up to two weeks' pay in lieu of the required minimum written notice of termination. Accumulated vacation credit is also paid.

(4) 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

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 DOE policy on workforce restructuring.

SECTION XII – EMPLOYEE BENEFITS

(a) Travel Insurance

The contractor provides travel accident insurance to all Laboratory employees and certain others, when they are traveling on Contractor business, at no cost to the traveler.

(b) Dependent Care

(1) The Laboratory is authorized to provide a dependent care benefit program as a fringe benefit, in accordance with DOE O 350.1. The costs for labor, materials, and supplies expended for the operation of the dependent care facility are allowable. 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. The facility must be for the exclusive use of DOE and Laboratory employees.

(2) If the Contractor subcontracts the operation of the dependent care center, support costs for labor, materials, and supplies expended for the operation of the dependent care facility are unallowable. 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. The facility must be for the exclusive use of DOE and Laboratory employees, Users, Affiliates, and Authorized Guests – not members of the general public.

(c) Energy Employees Occupational Illness Compensation Program Act (EEOICPA) and Former Worker 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.

SECTION XIV – SPECIAL PROFESSIONAL SERVICES

The Contractor may pay fees or honoraria to non-Fermilab personnel, other than full-time employees of another DOE Contractor, who deliver lectures, conduct scientific or engineering courses or symposia, or perform similar professional services for the Contractor (i.e. non-employee advisory committee). The fee per day of services shall not exceed one thousand five hundred dollars (\$1,500) per instance or seven thousand five hundred dollars (\$7,500) per year and shall be based upon the individual's professional standing, the value of his/her services, the degree of inconvenience to the individual, amount of time devoted to the service, and other relevant factors. The fees or honoraria do not include travel expenses. Travel expenses for non-Fermilab personnel will be handled in accordance with applicable Travel Policies. Honoraria are administered in accordance with the Contracting Officer approved Policy on Honoraria.