

APPENDIX A

ADVANCE UNDERSTANDING ON HUMAN RESOURCES

**Applicable to the Operation of
Fermi National Accelerator Laboratory**

FERMI NATIONAL ACCELERATOR 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 workforce 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 a 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 the 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.
- (2) Notwithstanding any other term or condition set forth in this contract, the Contracting Officer's approval of compensation actions pursuant to the H Clause entitled "Employee Compensation: Pay and Benefits will consider:
 - (A) relative alignment of proposed salaries with subordinate levels;
 - (B) available market data, comparing total-cash compensation; and
 - (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., April 1 for a 10/1-9/30 salary cycle).
- (3) The CIP shall be expressed as a percentage of the projected base payroll for the end of the salary cycle (i.e., September 30 for a 10/1-9/30 salary cycle).

(c) 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 III – ANCILLARY PAY COMPONENTS

(a) Premium Pay.

The Contractor is authorized to provide shift differentials and other premium pay, such as Call-In Pay, On-Call Pay, 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.

SECTION IV – 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 documented in a Contracting Officer-approved policy.

(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.

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 – SETTLEMENT COSTS

The Contractor is authorized to resolve internal staff settlements and employee grievances up to \$25,000 without the advance approval of the Contracting Officer.

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 Contracting Officer-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 the 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 Acquisition Letter (AL) 2018-08 dated May 3, 2018 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 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.

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) 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.

(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.

(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. 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.
- (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; and (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.

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, excluding defined benefit pension plans. 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 the H Clause entitled “Employee Compensation: Pay and Benefits), in accordance with the Contractor’s policies.

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	# OF 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:

- 1) The separating employee is leaving voluntarily;

- 2) 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.;
 - 3) The replacement results in a net reduction in headcount and costs of regular employees; and
 - 4) 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 the 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 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 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

the 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 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) 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 Departmental policy 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.

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. The facility must be for the exclusive or nonexclusive 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.