

**APPENDIX A**

**PERSONNEL APPENDIX**

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**INTRODUCTION**

This Personnel Appendix sets forth those Contractor human resource management policies, procedures, practices, and those employee related costs (i.e., salaries, fringe benefits, travel, relocation, etc.) deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work.

The Contractor shall establish and administer personnel and travel policies and procedures. Any changes to these policies and procedures shall be handled in accordance with Clause H.20. Copies of final policy changes shall be provided to the Contracting Officer.

The Contractor shall select, manage, and direct the work force, to maintain satisfactory standards of employee competency, conduct and integrity, and be responsible for taking such action as may be necessary to maintain such standards. The Contractor shall use effective management review

procedures and internal controls to assure that all costs are allowable and that actions which require prior approval of the Department of Energy (DOE) Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.

Either party may request that this Personnel Appendix be revised in accordance with the understandings outlined in Department of Energy Acquisition Regulation (DEAR) 970.3102-05-6 and Federal Acquisition Regulation (FAR) 31.205-6 and the parties hereto agree to give consideration in good faith to any such request. The personnel appendix may be modified from time to time in writing by mutual agreement of the contractor and DOE without execution of an amendment to the contract. Such modifications shall be evidenced by execution of written numbered approval letters from the Contracting Officer or his representative. Modified pages will be issued reflecting such changes and will bear the effective modification number and date of such changes in the upper right-hand corner of each page.

The Personnel Appendix is adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Appendix to the Contracting Officer. The contractor and the Department of Energy recognize that other data requests may be made from time to time and the parties agree to use good faith efforts in meeting such requests.

Should conflicts arise between the written provisions of Appendix A of this contract and DOE 350.1, Appendix A will take precedence.

## **I. LABOR RELATIONS**

### **A. Union and Laboratory Activities**

#### **1. Bargaining Objectives**

The Laboratory agrees to develop and implement labor relations policies that will promote orderly collective bargaining relationships, equitable resolution of disputes, efficiency and economy in operations, and the judicious expenditure of public funds.

The Laboratory will consult with the Contracting Officer during the course of negotiations with labor unions, and during the term of the resultant contract, on economic issues and other matters that have a potentially significant impact on work rules, make-or-buy decisions, or other matters that may cause a significant deviation from past customs or practices.

#### **2. Notification of Labor Activity**

The Laboratory shall keep the Contracting Officer advised of significant developments during any negotiation and shall promptly advise (within 24 hours) the Contracting Officer of labor relations developments which involve or appear likely to include such matters as:

- a. Possible strike situations or other job actions affecting the continuity of operations
- b. Formal action of the National Labor Relations Board or the National Mediation Board (copies of the Board correspondence shall be provided to the Contracting Officer)
- c. Recourse to procedures under the Labor-Management Relations Act of 1947, as amended, or any other Federal or State law
- d. Any grievance that is potentially precedent setting or of anticipated high cost scheduled for arbitration under a collective bargaining agreement that has the potential for significant economic or other impact
- e. Any significant issues that may involve review by other Federal or State agencies

3. Allowable Costs

Costs of wages and fringe benefits to employees represented by Unions, not in excess of those provided in the Collective Bargaining Agreement, are allowable. All other reasonable costs, such as expenses relating to the grievance process, arbitration and arbitration awards and other costs and expenses incurred pursuant to the provisions of the Collective Bargaining Agreement and revisions thereto, are also allowable.

4. Reports

The Laboratory will provide the Contracting Officer with a settlement summary within 30 to 60 calendar days after formal ratification of the collective bargaining agreement, using the "Report of Settlement" form.

B. Union and University Activities

The terms and conditions set forth in the collective bargaining agreement and modifications thereof, between the University and recognized bargaining agents for its employees which exceed the provisions in this Personnel Appendix and which involve expenditures of funds are allowable.

## II - LABOR STANDARDS

A. Requests for Davis-Bacon Determinations of Coverage

The Laboratory agrees to request Davis-Bacon coverage determinations from the Contracting Officer by submitting proposed work authorizations for contracts in excess of \$2,000 for construction, alteration, or repair, including painting and decorating, of public buildings and public works that involve the employment of laborers and mechanics.

The Laboratory agrees to accomplish the work tasks in accordance with the labor standards determination.

B. Job Site Audits and Payroll Validation

The Laboratory agrees to ensure that subcontractors comply with the Davis-Bacon Act and conduct payroll and job-site audits, as requested or authorized by the Contracting Officer.

C. Recordkeeping

The Laboratory agrees to maintain accurate and complete Davis-Bacon Act payrolls for 3 years from completion of contract for construction work that is performed on site.

D. Posters

The Laboratory agrees to post in a prominent job-site location the following Department of Labor Publications:

WH-1321, Notice to Employees Working on Federal or Federally Financed Construction Projects

WH-1313, Notice to Employees Working on Government Contracts

E. Request for Service Contract Act Determination of Coverage

The Laboratory agrees to prepare Standard Form 98, "Notice of Intention to Make a Service Contract and Response to Notice" for all subcontracts subject to the Service Contract Act and forward them to the Contracting Officer.

F. Reports

The Laboratory shall prepare and submit the Davis-Bacon Semi-Annual Enforcement Report to the Contracting Officer by April 15 and October 15 of each year.

### III. REDUCTION IN CONTRACTOR EMPLOYMENT

#### A. Workforce Planning

The Contractor will work with DOE to ensure that ongoing and effective workforce planning takes place consistent with guidance provided by the Office of Worker and Community Transition.

#### B. Termination Notice and Severance Pay

The Laboratory will advise the Contracting Officer of all Reductions-In-Force prior to their initiation.

Any schedule that deviates from the University's severance pay schedule (attached as Exhibit III) is subject to Contracting Officer approval unless stipulated in a bargaining unit agreement.

##### 1. Voluntary Separation

Staff members who voluntarily terminate their employment at PPPL are expected to give advance notice commensurate with their responsibilities. A minimum notice of ten working days is considered acceptable for non-exempt staff members. A minimum notice of one month is considered acceptable for exempt staff members. The University may prefer in some cases to have the staff member cease active employment prior to the date specified by the employee. In such cases the University may either make a lump sum payment covering the notice period remaining at the time the staff member leaves employment, or place the staff member on a leave of absence with pay through the remainder of the notice period after the staff member ceases active employment. In either case, the effective date of separation will be the date on which the notice period expires; and vacation and pension credits may accrue during the interim. Life insurance and medical insurance may also continue during this notice period, and any required contributions will be deducted from the staff member's pay.

##### 2. Other Voluntary Employment Separations

When it is deemed appropriate, the Laboratory may elect to offer the opportunity for employees to volunteer for separation from employment with the Laboratory to help reduce a segment of the workforce, the workforce as a whole, or by restructuring which results in significant cost savings to the Laboratory. In either the Voluntary Separation Program (VSP) or the Voluntary Reduction-in-Force Program (V-RIF), the Laboratory will define the conditions and terms and may extend the offer to any employee who meets the general qualifications; or only to certain employees in particular classifications, on various staffs, or who are assigned to specific functional work areas. On an individual basis, the management of the Laboratory may exclude certain employees from qualifying for these Programs based on an evaluation of their contribution to the work of the organization. Under these Programs, employees may, at the Laboratory's discretion, have their off-payroll date extended, by a period usually not to exceed twelve (12) months, in order that they might complete critical assignments or provide for training of an individual to assume their duties.

Employees who volunteer for employment separation either through the VSP or the V-RIF are entitled to severance in accordance with the Severance Benefit Schedule.

Timely notification of internal actions will be provided to DOE whenever a VSP or V-RIF program will be offered. Additional qualifications and conditions for the two Programs are distinct and different and are outlined in summary as follows:

##### a. Voluntary Separation Program (VSP)

Eligibility for the Voluntary Separation Program will require an employee to have attained both (1) 10 years of University credited service and (2) 55 years of age as of a particular date specified in the Program offering. Separation payments, whether lump sum or periodic, will ordinarily be equal to, but may not exceed, those specified in Exhibit III of this section. Employees who volunteer for the VSP will be eligible to

elect to remain on payroll for the duration of their severance period, which is determined by their length of service, their Rank, and the staff to which they are assigned. Volunteers will be eligible to receive outplacement counselling.

b. Voluntary Reduction-In-Force (V-RIF)

When a Voluntary Reduction-In-Force Program (V-RIF) is implemented, employees may elect to volunteer for consideration if they have been identified as eligible to participate and if they meet previously established qualification requirements and headcount reduction objectives. If the number of those who are eligible and who volunteer for V-RIF exceeds the established headcount reduction objective, those accepted in the Program from among those determined eligible will be chosen on the basis of total length of employment as a Princeton University employee, beginning with those who have the longest service. Employees will be informed as to their eligibility to volunteer for the Program. The decision will be based on known and/or anticipated funding levels and programmatic objectives, as well as on management's assessment of the critical value of the work performed and the employee's contribution to the work of the Laboratory.

Employees who have ten (10) years of Princeton University service and who will have achieved fifty-five (55) years of age by the date the Program is to be implemented will be eligible to remain on payroll for the duration of their severance period which is determined by their length of service, their Rank, and the Staff to which they are assigned. Other employees (those who will not have attained ten (10) years of Princeton University service and/or will not be fifty-five (55) years of age by the date the Program is to be implemented), will have the option of remaining on payroll for a period of up to one month (if eligible, based on severance allowance) and then will receive the balance of their severance allowance in a lump sum.

3. Involuntary Separation

a. Termination for Cause

Employees terminated for cause may not be entitled to either a notice period or pay in lieu of notice, depending on the reason for termination.

b. Involuntary Separation for Reasons Other than Cause (RIF)

If a position at the Laboratory must be eliminated for budgetary or other reasons, an effort will be made to find the affected employee another suitable position within PPPL. In the event a position is terminated and equitable transfer possibilities with the Laboratory/University have not been identified, employees will normally receive notice of termination due to the reduction-in-force. The notice period in such cases would normally be two weeks for non-exempt employees and one month for exempt employees; however, the notice period does not extend the period of time for which the employee may be eligible for severance pay.

4. Temporary Layoff (Furlough) and Temporary Reduction in Time

In the event the Laboratory Director determines that a Temporary Layoff (Furlough), and/or Temporary Reduction in Time is necessary, the Director, in conjunction with the Human Resources Director, will develop a plan for implementation. The University and the Department of Energy will be advised of the planned action, and approvals will be obtained, as necessary. This plan will consist of a written explanation of why Temporary Layoff (Furlough) or Temporary Reduction in Time is necessary and why it is being implemented as an alternative to a Reduction in Force. The plan will describe the Laboratory's efforts to minimize the Temporary Layoff (Furlough) or Temporary Reduction in Time, the impact the action will have on regular employees, and the anticipated length of the action (the Temporary Layoff or Furlough will not exceed 30 workdays; a Temporary Reduction in Time will not exceed 240 working hours, the equivalent of 30 work days). Employees may

be allowed to submit requests for voluntary Temporary Layoff or Temporary Reduction in Time. The acceptance of such voluntary requests will be at the discretion of cognizant Laboratory management and approval of the Laboratory Director in accordance with the Laboratory policy on Voluntary Separation.

Affected employees shall be informed by the Human Resources Office. The notification shall include the effective date, anticipated return to work date, employment rights and explanation of benefit coverage. Reasonable efforts will be made to inform employees at least thirty (30) calendar days prior to the effective date. Employees may be required to draw down and use their accumulated vacation time to provide continuation of compensation during the temporary layoff period or to supplement reduced salary if affected by a Temporary Reduction in Time.

C. Displaced Worker Health Benefits Program

At the Laboratory's discretion and concurrence of the University, the allowable costs for the DOE Displaced Workers Health Benefits Program are:

- a. First Year: The Laboratory's contribution for an active employee;
- b. Second Year: One-half of the Laboratory's COBRA premium;
- c. Third and subsequent years: Reasonable administrative costs that exceed the 2 percent administrative fee paid by the displaced worker.

D. Unemployment Compensation

All eligible employees are covered under the New Jersey State Unemployment Compensation Law. The University has chosen to meet its obligations under the law through self-insurance. The entire cost of the program is paid by the University.

All employees who are terminated will be informed by the Laboratory of the benefits they may be entitled to and how they can apply for them.

The Laboratory will take necessary action to challenge any claim for benefits when it believes that the eligibility requirements have not been met or that a condition exists which would disqualify the person.

#### **IV. COMPENSATION PROGRAM**

Due to the close relationship between the University and the Laboratory in human resources, the Laboratory will continue to utilize the University Wage/Salary Increase Fund policies and procedures. PPPL will continue to administer the remaining compensation program components as outlined below:

A. Purpose and Principles

The wage and salary policies and procedures established by Princeton University for PPPL are designed to provide salaries for staff members that are competitive *vis-a-vis* the levels of responsibility of their positions and their educational backgrounds, skills, and experience and to correlate changes in staff members' salaries with their performance.

Within limits imposed by the financial resources available to support PPPL, the University makes every effort to develop compensation levels that attract and retain highly qualified and productive members of all staffs so that projects undertaken by the Laboratory may be brought to successful completion. Changes in salary are normally made on the basis of merit, i.e., each staff member's proficiency and effectiveness in his/her position. From time to time salaries may be changed for other reasons, such as special adjustments, reclassification, promotions, etc.

B. Job Evaluations/Job Classifications/Wage and Salary Structures

1. Job Evaluations

- a. The Contractor has developed and maintains a formal job evaluation system that evaluates duties of positions consistent with the external and internal value of jobs and places them in a grade in the appropriate schedule.
- b. To the extent practicable, positions administered under PPPL's Salary Administration Program will be evaluated and classified into job grades which reflect the relative level of difficulty of the individual position determined by the knowledge, skill, effort and responsibility of the position.
- c. Periodically the Laboratory will review the implementation of this system for describing, evaluating, and classifying positions used under this Contract to ensure uniformity of classifications and when needed, propose modifications.

2. Job Classifications

Annually, the Contracting Officer will be provided copies of all new job classifications used at PPPL and/or a list of deleted classifications from the previous year; the proposed effective date of new or deleted classifications; the salary grades to which job classifications are assigned; and the proposed effective date of such assignments.

3. Wage and Salary Structures

- a. Salaries and ranks of members of the Princeton Plasma Physics Laboratory Research Staff are established initially and adjusted as appropriate on the basis of the academic backgrounds, skills, experience, and on the basis of their performance as measured by their publications, participation in scientific conferences, and contributions to the research projects of PPPL and for the assumption of major managerial responsibilities.
- b. All other positions on the staffs at PPPL are evaluated and classified into ranks or job grades which reflect relative levels of difficulty of the position and/or the skills and knowledge needed to fulfill the responsibilities of the positions. A salary range has been established for each rank or job grade on these staffs.

The competitive market rate for a range is intended to represent the goal of the University for the average salary in the rank or job grade as well as the goal for the salary paid for satisfactory performance by a qualified and experienced staff member in the rank or job grade.

- c. The salary ranges for each staff, with competitive market rates as the primary reference points, are intended to guide supervisors in making salary recommendations. Although other factors will be considered, including position-in-range, employee performance will serve as the principal basis for recommending an increase in compensation for a staff member. PPPL will, therefore, establish and maintain an appropriate merit review system in coordination with the salary policy described above.
- d. The following wage and salary schedules, with grades and ranges are attached to this Personnel Appendix, made a part hereof and are applicable to PPPL's personnel employed for work under the Contract:

Schedule A - Research Staff Grade and Salary Structure

Schedule B - Engineering and Scientific Staff Grade and Salary Structure

Schedule C - Administrative Staff Grade and Salary Structure

Schedule D - Senior Laboratory and Shop Staff Grade and Salary Structure

Schedule E - Laboratory and Shop Staff Grade and Salary Structure

Schedule F - Office Support Staff Grade and Salary Structure

Schedule G - Apprentice Schedule

- e. All positions shall be described, evaluated, and classified by salary grade and pay range with a minimum, competitive market rate, and maximum.

C. Wage and Salary Administration Procedures and Guidelines

1. Salary ranges have three reference points: a minimum, a competitive market rate, and a maximum.

A salary range with a minimum, competitive market rate, and maximum for each job grade has been established. The competitive market rate for each range is intended to represent the compensation for satisfactory performance by a qualified and experienced staff member. Changes in salary ranges and establishment of new ranges require Contracting Officer's approval. Salary ranges may be adjusted periodically to reflect changed economic conditions in the labor market and to maintain proper compensation relationships within PPPL.

- a. Minimum Point - the minimum of each range is the lowest salary at which a member of the staff in a position classified in that range will be paid.
- b. Competitive Market Rate - the competitive market rate of each range defines the Laboratory's goal for the average salary in a range and the goal for the average salary paid for satisfactory performance by an experienced and qualified staff member classified in the range. The competitive market rate is normally the competitive compensation rate for comparable positions in other organizations with which PPPL competes for personnel.
- c. Maximum Point - the maximum point is the highest salary normally paid a staff member classified in the range.

2. Salary Increases

All staff members will normally be reviewed annually. The salary fund is a combination of the merit, special adjustment, and promotional increase funds.

The Contracting Officer's approval is required in each instance of total compensation to managerial personnel as defined in Clause I.115, DEAR 970.5245-1, Property, at an annual rate of \$100,000 or more, when it is proposed that a total of 50 percent or more of such compensation be reimbursed under DOE cost type contracts. PPPL shall support each such request with pertinent data upon which the justification is based for the proposed salary action.

3. Types of Increases

- a. Merit increases are salary increases granted to staff members based upon appraisals of their performance. Merit increases may not be based upon performance prior to the current merit review period. Salary review will normally occur after 12 months of performance; however, new employees hired before July 1st are eligible to receive a merit increase in October prorated for their months of service within the fiscal year.
- b. Promotional increases are granted to staff members who are promoted into a higher rank or job classification where there is a measurable increase in responsibilities and/or required skills and scientific contributions relative to the rank or position previously held. Promotional increases associated with advances of more than one grade may exceed the above guidelines and require University approval.
- c. Special Adjustment increases are salary increases granted either to correct inequity or to respond to some unforeseen situation. So long as funds remain in the increase fund, such increases may be granted at times and for amounts at the discretion of the University.

4. Wage and Salary Reports

The Contractor will provide the Contracting Officer with all wage and salary reports required by DOE.

D. Compensation Increase Plan

DOE agrees to accept the University's Wage/Salary Increase Fund policies and procedures. Laboratory pay increases shall be consistent with such increases of the University. The increases shall be considered allowable costs provided the University considered any guidance issued by DOE-Headquarters and/or if the guidance parameters will be exceeded the Contracting Officer has been informed. "Consistent with" means that the Laboratory wage/salary increase fund percentages for each staff shall be equal to the percentage increases set by the University for like staffs, excluding increases given for promotions and special adjustments.

If the Laboratory deems it necessary to propose a wage/salary increase fund, which is inconsistent with that of the University, a proposal shall be submitted to the Contracting Officer at least 90 days prior to implementation and will set forth the circumstances and the reasons which warrant exception to the policy. If approved by the Contracting Officer, the resulting personnel expenses shall be allowable under the contract.

To assure reasonableness of PPPL wage and salary costs the following provisions apply:

1. Increases given for promotions and special adjustments are not included in the calculation of the University Wage/Salary Increase Fund. While the cost of promotions are budgeted annually by the University, these are guidelines.
2. The Compensation Increase Plan is to be calculated as a percent of the exempt and non-exempt payrolls at the end of the prior salary year (expressed as an annualized amount). All increases are charged to the fund on an annualized basis. Once an individual's salary increase is charged to the fund, reuse of that amount, i.e., recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase, the portion of the fund allocated for that increase may remain in the fund.
3. The contractor shall provide a copy to the Contracting Officer of the annually developed salary guidelines prepared for supervisory use, indicating the parameters for granting various increases based on employee performance and current salary.
4. The contractor prepares, every two years, a market analysis including data comparing average pay to market pay in order to assure that the Laboratory is maintaining an adequate market position. This market analysis will be provided to DOE for their information.

E. Salary Adjustments for Changes in Responsibilities

All individuals who are relieved of their management responsibility or assigned to positions with fewer supervisory/managerial responsibilities, for whatever reason, will have their position reviewed to determine whether their current rank or salary will be continued or reduced.

This assessment will take into consideration the rank/grade of the new position, the salary range, and peer relationships.

Decisions regarding rank or salary adjustments will be determined by the applicable Department Head, Human Resources, and the Deputy Director.

F. Shift Premiums

The University may grant a premium of up to ten percent for second shift personnel and up to fifteen percent for third shift personnel at PPPL.

## V. BENEFITS

### A. Group Insurance Plans

#### 1. Basic Medical Insurance

All benefits eligible employees are eligible to be enrolled in one of the health plans offered by the University as of the first day of the month coincident with or following hire. Benefits eligibility is based on employment of at least 50% time for 5 months. The University offers employees several options. A Preferred Provider Option (PPO) Medical Plan and an Indemnity Catastrophic Plan are administered by United Health Care. A Point of Service (POS) Plan is administered by Oxford Health Plans. Health Maintenance Organization (HMO) Plans are provided by Aetna US Healthcare (New Jersey and Pennsylvania Plans) and Horizon Blue Cross and Blue Shield of New Jersey. The University will provide the Contracting Officer the monthly amount to be charged employees at the Laboratory for health plan participation.

The University pays the entire premium for employees who are enrolled in the Indemnity Catastrophic Plan. This plan is not open for dependent coverage. The premium paid by employees for coverage in the self-funded PPO and POS plans is determined by the costs associated with the plans. The University pays approximately 90% of the employee cost and 75% of the dependent cost. The remainder is paid by the employee with pre-tax dollars.

The amount paid by employees for coverage in the fully insured HMO plans is dependent on the premiums charged to the University of those plans. The University's contribution is based on the premium of the lower cost plan (currently Horizon Blue Cross Blue Shield) with the additional cost of the higher cost plan being paid for by the employees.

Employees are eligible for health care benefits upon retiring if they are at least 55 years old and have worked 50% time for at least 10 years. The health care plans open to active employees are not open to retirees. All retiree coverage is through an indemnity plan administered by Aetna US Healthcare. Two options, a Standard Option and a Premium Option are offered. The University pays the total cost for coverage of retirees who are under the age of 65 (a premium is charged for any dependents covered) for the Standard Option. For retirees under the age of 65 who choose the Premium Option, a premium is required for both retirees and dependents. For retirees 65 or over, the University pays the entire cost of the Standard Plan for both the retiree and the retiree's dependents. A premium is charged for retirees age 65 or over who choose the Premium

Option. For retirees under the age of 65, the University Plan is the primary plan. Once a retiree turns 65 and becomes eligible for Medicare coverage, the University plan becomes the secondary plan. At that time, the cost to the retiree for the contributory options is reduced.

Prior to the date of retirement, arrangements should be made with the Office of Human Resources to continue coverage. At that time, the retiree can also enroll eligible dependents who have not previously been enrolled. After retirement, retirees are no longer eligible to enroll dependents. They may change from the Premium Option to the Standard Option during any open enrollment period, but are not eligible to change from the Standard Option to the Premium Option.

#### 2. Group Life Insurance

All regular employees, visiting research fellows, pre-doctoral research assistants, or members of the visiting research or technical staff who work at least 5 months of the year at 50% duty time or greater are covered under the University's non-contributory basic term life insurance plan. Visiting Faculty and Visiting Fellows are not eligible for coverage.

The death benefit equals one and one-half times the employee's base annual earnings rounded to the next higher thousand dollars up to a maximum amount of \$500,000. From

age 60 to age 69, coverage is reduced each year based on a rate reduction schedule. After age 69, coverage remains constant.

Each employee's benefit is determined on the basis of his/her annual salary. As the salary changes the amount of insurance automatically changes accordingly.

Coverage under the University's group life insurance plan ceases on the date of retirement or termination of employment.

3. Accidental Death and Dismemberment Insurance

All regular employees receive coverage under the University's non-contributory accidental death and dismemberment insurance plan in an amount equal to the death benefit of their basic term life insurance. Like the basic term life insurance coverage, the maximum coverage for accidental death and dismemberment is \$500,000 and, beginning at age 60, the maximum benefit is reduced in the same amount as the death benefit.

For benefits to be payable under the accidental death and dismemberment insurance plan the employee's loss must take place within ninety days after the accident occurs. No benefits are payable if the loss results from an act of war (declared or undeclared), suicide, attempted suicide, commission of or attempt to commit a felony, use of alcohol or drugs, bodily or mental infirmity, disease, ptomaine or bacterial infection, or medical or surgical treatment.

4. Business Travel Accident Insurance

All regular employees are covered under the University's non-contributory business travel accident insurance plan, except those employees who are in a "visiting" rank. The death benefit for an employee who dies from an accident while on an authorized business or professional trip is an amount equal to five times the employee's annual base earnings subject to a maximum of \$500,000.

Employees are covered while traveling on University business as long as such travel is to a site off University premises and the employee is eligible for reimbursement of trip travel expenses. Regular commuting travel and travel in an aircraft owned, or leased by the University is not covered. Travel in non-commercial airplanes is not covered nor when aircraft is piloted by an employee.

B. Workers' Compensation:

All regular employees are covered by the Laboratory's Workers' Compensation plan in the event that they are required to be out of work because of an accident, illness, or injury that occurs as a result of and in the course of their work. The benefits from the plan exceed the New Jersey Worker's Compensation benefit rate. Exempt employees are eligible to receive benefits equal to the benefits for which they are eligible under the policy for "leave for temporary disability or illness."

Non-exempt employees, during the first 26 weeks of a compensable claim, will be paid at half-pay or the established legal minimum rate, whichever is greater, supplemented to full salary for periods based on length of service in accordance with the "Disability Schedule Chart" contained in PPPL's Personnel Practices Manual.

The Laboratory must accept a valid state workers' compensation claim for work-related illness or injury as compensable when such a valid claim is initially presented. Furthermore, to the extent permitted by state law, a contractor must consider a claim for state workers' compensation as valid if the claim is based on an occupational illness or injury that is so diagnosed in accordance with any applicable criteria under state law by physicians associated with the site occupational medicine clinics or the current and former worker medical monitoring programs sponsored by DOE. In addition, if the Secretary directs a contractor not to contest a state workers' compensation claim or award in accordance with section 3661 of the

Energy Employees Occupational Illness Compensation Program Act of 2000, the contractor must comply with this direction to the extent permitted by law.

The Laboratory must provide the Contracting Officer with copies of all letters sent to state workers' compensation officials accepting or denying a compensation claim for work-related illness or injury.

C. Federal Insurance Contribution Act (Social Security)

Employees of the University are normally covered by F.I.C.A. through equal payments by the employee and the University. Certain employees holding certain visas do not pay F.I.C.A. taxes, and the University does not pay taxes on their behalf.

D. Long-Term Disability (LTD) Benefits - Exempt and Non-Exempt Employees

As of January 1, 2000, the University provides for all full or part-time regular faculty or staff members scheduled or appointed to work at least five months of the year at 50% duty time or greater, LTD coverage through Metropolitan Life Insurance Company. Employees of a "visiting" rank are not eligible to participate in the LTD Plan. The plan guarantees that an eligible employee who becomes disabled will receive 60% of his/her pre-disability earnings up to a maximum benefit of \$10,000 per month. Coverage begins on the first day of the month coincident with or next following the completion of one year of service. A new employee who was covered by a previous employer's LTD plan within six months immediately before beginning work at the University, is not subject to the one-year wait period provided they provide the University with written verification of such coverage from their previous employer.

The University will continue to make retirement plan contributions to the Princeton University Retirement Plan until the earlier of: age 65 or the date the employee voluntarily accepts retirement status.

LTD benefits for most disabled employees cease at age 65, at which time retirement benefits normally begin. Please see the chart below for the Maximum Benefit Period:

| <u>Age on Date Disability Starts</u> | <u>Maximum Benefit Duration</u>     |
|--------------------------------------|-------------------------------------|
| Less than age 60                     | To age 65 but not less than 5 years |
| 60                                   | 60 months                           |
| 61                                   | 48 months                           |
| 62                                   | 42 months                           |
| 63                                   | 36 months                           |
| 64                                   | 30 months                           |
| 65                                   | 24 months                           |
| 66                                   | 21 months                           |
| 67                                   | 18 months                           |
| 68                                   | 15 months                           |
| 69 and over                          | 12 months                           |

**VI. PPPL PENSION PLANS**

The PPPL pension plans are governed by FAR 31.205-6 and Cost Accounting Standards, Sections 412 and 413 and supplemented by DEAR 970.4102-05-6.

A. Princeton University Retirement Plan (Exempt and Non-Exempt Employees)

Effective January 1, 1994, Princeton University implemented the Princeton University Retirement Plan (PURP), a defined contribution plan for all active employees on the regular payroll with a work schedule of at least 50% duty time for no less than five months. The plan is a non-contributory plan. The University contributes 9.3% of base annual salary earned up to the Social Security taxable wage base and 15% of base annual salary earned above the Social Security taxable wage base.

Participation begins the first of the month coincident with or next following the date of hire. Full vesting occurs two and one-half years from the date of hire. Length of employment at a prior employer will be credited toward the vesting requirement if the prior employer was classified as an exempt organization under section 501(c)(3) of the Internal Revenue Code, or if employed by a public college or university which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on. The prior employer is defined as the most recent employer prior to the employee's joining the University. However, employment at the prior employer will not be credited if employment was terminated more than six months before employment with the University.

**The following section B., which was in the prior contract, is carried over in its entirety; but will be removed from this contract once the final account distribution is received for the terminated defined benefit plan.**

**B. The Pension Plan for Biweekly Payroll Employees of Princeton University (Princeton Pension Plan) (Non-exempt employees hired prior to January 1, 1993)**

**1. Princeton Pension Plan Participants**

*Effective December 31, 1993, all biweekly paid staff and monthly paid staff who were participants in the Princeton Pension Plan and were actively employed by the University on December 31, 1993, were fully vested in their benefits under the Princeton Pension Plan. No monthly paid staff who are plan participants will accrue additional benefits under the Princeton Pension Plan after December 31, 1993. No biweekly paid staff who are plan participants will accrue additional benefits under the Princeton Pension Plan after December 31, 1993, except participants described below:*

- a) Biweekly paid staff members who are receiving Long-Term Disability Insurance Plan benefits on December 31, 1993, will continue to accrue benefits under the Princeton Pension Plan's current benefit formula until the earliest of (i) death, (ii) recovery from the disability, or (iii) the later of age 65 or the date benefit payments from the University's Long Term Disability Insurance Plan end.*
- b) Biweekly paid staff members who are employed by the University and who are age 49 or older on December 31, 1993, will continue to accrue benefits under the Princeton Pension Plan for each full or partial year of credited service earned for employment with the University after December 31, 1993, and prior to January 1, 2000, (no additional benefits will accrue after December 31, 1999). The benefit will accrue according to the following transition schedule:*

| <i>Age Last Birthday<br/>As of<br/><u>December 31, 1993</u></i> | <i>Accrual Rate As a Percentage of Salary for the<br/>Plan Year (July 1 to June 30) in Which<br/><u>Credited Service is earned</u></i> |
|---|--|
| 49  | 0.1%   |
| 50  | 0.2%   |
| 51  | 0.3%   |
| 52  | 0.4%   |
| 53 and older  | 0.5%   |

*The changes effective December 31, 1993, only affect future benefit accruals for participants who are currently employed by the University. Benefits accrued as of December 31, 1993, will not be reduced. Former employees who are receiving a pension benefit will continue to receive the same benefit each month. The benefit amount that will be provided to former staff members who have a vested right to future benefits will not be reduced.*

**2. Plan Funding and Segregation**

- a) *The DOE agrees to fund for the contract term the pension cost, at the contribution rates established from time-to-time by the University, for Plan participants performing contract service.*
  - b) *The DOE and the University agree that the University is required to maintain separate accounting of assets and liabilities within the Plan on behalf of the PPPL segment. To effect this separate accounting, an initial allocation of assets and liabilities to the PPPL segment has been made as of July 1, 1989.*
  - c) *The University and the DOE determined the initial allocation of assets to the PPPL segment by taking the product of 1) and 2) where:*
    - 1) *market value of assets for the total plan as of 7/1/89, and*
    - 2) *a ratio which reflected the prior level of funding of the PPPL segment as of 7/1/89.*
3. *Separate accounting for the PPPL segment shall be for:*
- a) *active PPPL employees as of July 1, 1989, and*
  - b) *inactive employees who separated or retired prior to July 1, 1989.*
4. *After the initial allocation of assets, the University shall instruct the plan trustee to maintain a separate account for the PPPL segment. The trustee shall maintain a record of the portion of subsequent contributions, income, benefit payments and expenses attributable to the PPPL segment and paid from the pension fund; income and expenses shall include a portion of any unrealized or realized investment gains or losses attributable to the assets of the pension fund. Fund income and investment management and custodial expenses shall be allocated to the PPPL segment in the same proportion that the assets allocated to the PPPL segment bears to the total fund assets as of the beginning of the period for which fund income and expenses are being allocated.*
5. *The term "contractor service assets" shall mean the accrual basis market value of the assets held in the separate trust account for the PPPL segment.*
6. *With respect to transfers of employees between the PPPL segment and the University segment, assets and liabilities will be transferred to the appropriate segment as of the valuation date following the date of transfer. The amount of assets to be transferred will equal the actuarial accrued liability as of the valuation date for such transferred employees, where the actuarial accrued liability is based on the actuarial assumptions and cost method used to determine the minimum funding requirements for the plan year beginning on the valuation date. The assets, if applicable, and liabilities for such transfers shall appear as cash flow items in the actuarial valuation report for the PPPL segment and the number of such transfers going each way shall appear as separate line items. As a consequence of such transfers, all such employees who retire or terminate their employment from the segment to which transferred shall be considered for pension purposes as having performed their entire service with that segment.*
7. *Contract Expiration or Termination*
- a) *The parties agree that any disposition of assets or liabilities upon contract expiration or termination shall be consistent with the then applicable Federal laws relating to pension plans and shall be subject to obtaining such rulings and approvals from Federal agencies as may be required by law or deemed prudent by the University or the DOE. On the date of contract expiration or termination, the University shall transfer to a high-grade short-term investment fund U.S. currency equal to the contract service assets as of such date. DOE shall have the right to approve the nature of the fund. This fund shall exist until one of the following reconciliations are complete. All earnings on this fund shall inure to the credit of DOE or the successor contractor pension plan.*
  - b) *Reconciliation - No Successor Contractor*

- 1) *The University shall determine the present value of benefits as of the date of contract expiration for active employees and former employees allocable to the PPPL segment. Except as noted in the next sentence, such present value shall be calculated as of the date of contract expiration using the assumptions used to determine the Projected Benefit Obligation in the pension disclosure section of the University's financial report first preceding the date of contract expiration. The present value for active employees not retained by the University shall be based on contract service and benefits earned to the date of contract expiration, with no assumptions for future pay increases.*
  - 2) *If the contract service assets as defined in B.5. on the date of contract expiration are less than such liabilities for the PPPL segment, then the DOE shall pay the difference to the Plan's trust, if such a trust exists, or to the University.*
  - 3) *If the contract service assets as defined in B.5. on the date of contract expiration are greater than such liabilities for the PPPL segment, then the University shall reimburse DOE for the difference between such assets and such liabilities.*
- c) *Reconciliation - Successor Contractor*
- 1) *The University agrees that it will provide appropriate assistance to the DOE in preserving each employee's opportunities to attain vested rights through continuity of service with the successor contractor to PPPL.*
  - 2) *The University shall retain contract service liability for all inactive participants (retirees, survivors and terminated vestees) and for those active employees who continue in the service of the University. Such liability shall be calculated as of the date of contract expiration using the assumptions used to determine the Projected Benefit Obligation in the pension disclosure section of the University's financial report first preceding the date of contract expiration. Assets equal to such liability shall be transferred from the separate trust account for PPPL to the University's trust account. If contract service assets are less than such liability, then DOE will pay the difference to the University's trust account. If contract service assets are greater than such liability, then the University shall reimburse DOE for the difference between such assets and liability.*
  - 3) *The University shall compute liabilities attributable to those PPPL employees who are employed by the successor contractor in accordance with rules and regulations issued under ERISA.*
  - 4) *Remaining assets in the pension trust account for the PPPL segment shall be transferred to the qualified pension plan and trust of the successor contractor; but only to the extent that the transfer of such remaining assets does not contravene the requirements of sections 401 (a)(12) and 414 (1) of the Internal revenue Code. If the amount of such transferred assets are less than the liabilities, then the DOE shall pay such difference to the pension trust of the successor contractor.*
8. *Plan Termination*
- a) *If a partial plan termination affecting the PPPL segment occurs, then liabilities of such segment shall be calculated appropriately. If a full plan termination occurs, DOE's liability shall be the liability for the PPPL segment of a termination defined benefit plan according to the PBGC assumptions and procedures. The University shall reimburse DOE the excess of contract service assets over that liability, plus simple interest at the three month Treasury Bill rate in effect on the date of event on such excess. To the extent that such excess cannot be paid from the pension trust, the University shall guarantee such excess with its assets. Likewise, DOE shall reimburse the University the excess of liability over assets, plus simple interest at the three month Treasury Bill rate in effect on the date of event on such excess.*

- b) *Whenever possible, if plan termination or merger accompanies contract termination, the University and DOE shall arrange for the transfer of contract service assets and corresponding liabilities to a deferred compensation plan of a successor contractor or to a separate contract administered by a financial institution.*
- c) *In no event shall the merger of the Plan with another pension plan diminish the assets allocable to the PPPL segment or change valuation and accounting procedures for those assets or the reconciliation procedures under sections B.7.b) or B.7.c) herein.*

C. Termination of Operations

Should operations at the Laboratory be terminated, DOE and the Contractor shall establish an effective date for spin off or plan termination and no further work will occur under the prime contract. The Contractor agrees that no further contributions shall be made after this established date.

D. Spin-Off Plan

The Contractor agrees that it will work with DOE and a new Contractor to establish an effective date of spin-off.

E. Terminating Plans

The Contractor agrees that it shall not terminate any pension plan (commingled or site-specific) without notifying the Department at least 60 days prior to the scheduled date of plan termination.

F. Reporting Requirements

The University shall submit to the Department of Energy copies of each IRS Form 5500 and accompanying schedules, an annual accounting report and other information concerning the defined contribution plan, which the Contracting Officer may require. The annual accounting report shall include a development of aggregate forfeitures and all plan data for individuals generating those forfeitures.

## VII. RISK MANAGEMENT AND LIABILITY PROGRAMS

A. Requirements

For the management and operation of the Laboratory, the Contractor shall:

1. Maintain commercial insurance or self-insurance programs required by law, regulation, and the requirements of the contract.
2. Not purchase insurance to cover liability for nuclear incidents without DOE authorization.
3. Demonstrate that insurance program costs comply with cost limitations and exclusions at FAR 31.205-19, Insurance and Indemnification, as supplemented by DEAR 970.5228-1, Insurance-Litigation and Claims, and will ensure that the liability insurance program is being conducted in the Government's best interest and at reasonable cost.
4. Provide current copies of all insurance policies or insurance arrangements, throughout the contract term, to the Contracting Officer. Ensure that self-insurance programs and reports include the following elements:
  - a. Criteria required to justify self-insurance costs.
  - b. Demonstration of full compliance with applicable State and Federal regulations and related professional administration necessary for participating in alternative insurance programs.
  - c. Safeguards to assure that third Party claims and claim settlements are processed in accordance with approved procedures.

**B. Terminating Operations**

The Contractor agrees that if operations terminate, responsible officials shall ensure:

1. That the Government's interests are protected through proper recording of cancellation credits due to policy terminations and/or experience rating.
2. Continuing policy administration requirements are identified and provided by the terminated Contractor, another DOE Contractor, or a DOE Operations/Field Office.
3. DOE and any self-insured Contractor reach agreement on handling and settlement of claims incurred but not reported at time of contract termination; otherwise, the Contractor shall retain this liability.
4. Insurance policies are transferred to DOE through an "assignment" of policies after all claims are closed.

**C. Successor Contractor or Insurance Policy Cancellation**

The Contractor agrees that unless otherwise determined by DOE to be in the Government's best interests, the Laboratory shall ensure:

1. That insurance policies of a former DOE Contractor are assumed by the successor.
2. Cancellation credits, due to policy terminations and/or experience rating.
3. That the Laboratory will assist in ensuring that a successor Contractor assume any continued claims administration relating to the former DOE Contractor operation.
4. That all incurred but not reported claims, at the time of termination, will be reported to and handled by the appropriate insurer.
5. That the Laboratory will assist in ensuring that any successor Contractors obtain the written approval from the Contracting Officer before any change in program direction; and insurance coverage replacement is implemented.

**D. Reports**

1. The Laboratory shall each year of the contract provide the Contracting Officer with annual experience reports for each type of liability (i.e., automobile and commercial general liability) listed as follows for each category:
  - a. The amount paid for each claim
  - b. The amount reserved for each claim
  - c. The direct expenses related to each claim
  - d. A summary for the year showing total number of claims
  - e. A total amount for claims paid
  - f. A total amount reserved for claims
  - g. The total amount of direct expenses
2. When applicable, separately identify total policy expenses e.g., commissions, premiums, and costs for claims servicing) and major claims during the year including those expected to become major claims (e.g., those valued at \$100,000 or greater).
3. Additional claim and financial experience data may be requested from the policyholder on a case by case basis.

**VIII. CONTRACTOR WORKPLACE SUBSTANCE ABUSE PROGRAMS**

**A. Requirements**

The Laboratory shall maintain a program that complies with the requirements of 10 CFR Part 707, Workplace Substance Abuse Programs at DOE Sites. The Laboratory's program is documented in Section 40, Employee Relations: Drug Policy, of the PPPL Personnel Practices Manual. Positions that fall within the scope of other agency requirements shall, in addition, comply with the substance abuse program requirements of those agencies.

B. Reports

The Contractor shall submit reports and maintain records as required in 10 CFR Part 707, DOE Order 350.1, and Section 40, Employee Relations: Drug Policy, of the PPPL Personnel Practices Manual.

**IX. EMPLOYEE PROGRAMS**

A. Recreation and Morale Benefits

Recreation and morale benefits shall be in accordance with FAR 31.205-13.

B. Service Award Program

Awards will be made to all employees who have qualified on the basis of total full-time service with the University. Previous full-time service with the University will be included for purposes of determining length of service. In determining eligibility for awards, total service will include all time spent on authorized leaves of absence with the exception of long term disability.

Employees may be presented with a service award at the completion of each five-year period of service. At the 25th year of service employees may be given an appropriate award under the University Service Award Program.

C. Office of Occupational Medicine and Health Evaluations for Employees

A Medical Center is provided at PPPL for medical care of occupational illnesses and injuries.

The Laboratory offers the following voluntary program to enhance its surveillance of potential occupational exposure hazards:

For employees age 45 and above, evaluations may be performed annually.

For employees under the age of 45, evaluations may be performed bi-annually.

The evaluation will be conducted at the Occupational Medical Office.

D. Clothing and Equipment

Special laboratory clothing, emergency service officer uniforms, safety shoes, and special safety equipment may be purchased and maintained by the Laboratory for use by selected staff members when necessary.

E. Patent Awards Program

The Patent Awards Program will be limited to including award certificates, inventor-of-the-year award plaques or similar honors; such costs shall be allowable to the extent that such costs do not exceed the annual budget approved by the Contracting Officer for such purpose.

In addition to the above, payments approved by the Contracting Officer for costs incurred to facilitate the PPPL Patent Awareness Program will be allowable when limited to the following:

1. \$100 to the inventor, or each of the inventors of each invention or discovery made or conceived under this contract upon the filing of a patent disclosure.
2. \$200 to the inventor, or \$100 to each inventor where there is more than one inventor, of each invention or discovery made or conceived in the course of or under this Contract on which a patent application or Statutory Invention Registration (SIR) is filed and in which the United States Government obtains assignment of title.

F. 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; and (2) prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers.

G. Research Fellow Program

The criteria for the Research Fellow Program is contained in Section 30, Distinguished Research Fellow Program, of PPPL's Personnel Practices Manual.

H. Distinguished Engineering Fellow Program:

The criteria for the Distinguished Engineering Fellow Program is contained in Section 30, Distinguished Engineering Fellow Program, of PPPL's Personnel Practices Manual.

I. Spot Award Program

The Spot Award Program will be used to recognize and reward short-term (up to several months) of extraordinary contributions by individual staff members. The following are eligible for consideration of a Spot Award:

| <u>Staff</u>             | <u>Salary Grade</u> |
|--------------------------|---------------------|
| Research                 | 1 through 4         |
| Engineering/Scientific   | 3 through 8         |
| Administrative           | 1 through 9         |
| Senior Laboratory & Shop | All Grades          |
| Laboratory & Shop        | All Grades          |
| Office Support           | All Grades          |

In order to be considered for a Spot Award, an employee must have excelled in resolving complex problems leading to improvements or innovations resulting in cost savings, increased productivity, efficiency of operations, higher morale, safety, etc.

Up to twenty-five Spot Awards may be granted during a fiscal year and may occur at any time during the fiscal year. The amount of each award will be \$100 net after appropriate taxes have been deducted.

The immediate supervisor will prepare a nomination form and submit it to their Department Head for approval. The form must explain the exceptional nature of the nominee's accomplishments and how they meet the criteria for the award. The Department Head will submit all approved nomination forms to PPPL Human Resources. Human Resources will review the forms for completeness, confirm the availability of funds, prepare an award certificate, obtain the cash award from petty cash and deliver the certificate and cash award to the Department Head for distribution to the recipient.

J. Day Care Facilities

The Laboratory agrees that its day care benefit programs will meet both DOE and PPPL employee needs and their respective management objectives based on valid day care needs and that the day care facility will not be located at a DOE nuclear weapons complex or other hazardous materials site.

In addition, the Laboratory agrees that support costs associated with the operation of a day care facility for exclusive use of DOE and contractor employees may include all or a portion of such expense items as utilities and maintenance, as well as food and medical services or supplies that are already being used in support of site operations and are readily available to additionally support the facility. Such use shall be approved by the Contracting Officer in advance.

Any agreement between the Laboratory and a day care (program) provider must ensure that the Contractor and DOE are held harmless from liability. Property damage liability and bodily injury liability insurance policies must be retained by the day care (program) provider organization in an amount appropriate for services provided. The Laboratory and DOE must also be insured under these policies. The Laboratory and day care (program) provider organizations must ensure that the provider organizations operate, maintain, and upgrade any proposed workplace day care facility in compliance with Federal, State, and local policies, regulations, and requirements for environment, safety, and health.

## **X. PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE**

### Holidays, Vacations, and Leaves of Absence

PPPL's policies on holidays, vacations, and leaves of absence are contained in Section 20 of PPPL's Personnel Practices Manual.

## **XI. EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT**

The training and education costs will be in accordance with FAR 31-205-44 and Clause H.5.(c) and (d). However, in accordance with PPPL Personnel Practices Manual, in effect at the time of contract signing, the following are specific educational costs that may be more restrictive than the FAR:

### A. Educational Programs

1. Staff Training Programs - Training programs may be conducted, as required, to increase the skills and efficiency of staff members; to develop techniques for solving problems in operating programs; and to prepare participants for added job responsibility. These programs may include but are not limited to orientation, job training, supervisory training, executive development, and seminars.

2. Tuition Assistance for Employees

- a. General Provisions

Tuition assistance is in the form of a reimbursement program, which will cover tuition expenses up to a Princeton University prescribed amount each year. After successful completion of a course, 85% of the tuition and mandatory fees will be reimbursed. The plan will cover courses which are job related or which may be job related in the future. There is a limit of two courses per semester. The cost of books is not covered.

- b. Eligible Courses and Degree Programs

Employees may be enrolled in individual courses or a program leading to a degree. To be eligible under the Educational Assistance Program, the courses or degree program must be taken at an accredited institution other than Princeton University and be either job-related (maintaining or improving skills or knowledge required in an employees' current job or occupation) or developmental (providing skills, knowledge and credentials to qualify for other professions, occupations or jobs within PPPL). Courses or programs adjudged to be neither job-related nor developmental will not be approved. The costs of professional meetings, seminars and symposia attendance are covered by departmental funds and do not qualify under this policy.

Employees eligible for other financial aid such as a scholarship or the G.I. Bill will be reimbursed for 85% of the amount of approved tuition costs that exceeds the sum of outside assistance. No payment will be made for courses started prior to employment with the Laboratory and/or Princeton University or for courses completed after termination of employment.

Courses should normally be taken at times that do not interfere with the regular work schedule of the employee. Staff members who are given time off to attend approved courses during any period of the scheduled work day must either make up the time (made-up time is not considered overtime) or may charge the time to leave without pay or, with supervisory approval, to vacation or optional holidays.

Reimbursement is allowed when a staff member must withdraw from a course because of conflicting requirements at PPPL.

3. Continuing Education Program

Employees are encouraged to participate in the Continuing Education Program at either the undergraduate or graduate level. Princeton University's Center for Continuing Education accepts a limited number of qualified employees in its program. Admission is competitive, and acceptance is based on academic preparation for the course(s) selected, as well as on professional background and other experiences related to the plan of study. Continuing Education students participate fully in courses, receive grades and transcripts for all courses taken, but are not candidates for a Princeton degree.

All employees with at least six months service are eligible to participate in the program, for a special tuition fee. One course per semester may be taken during working hours, with supervisory approval. The course should not interfere with job responsibilities, and employees must make up time lost from work.

B. Personnel Training Programs

The University has established personnel training programs including apprenticeship training programs, supervisory training, management development, and programs to develop scientific, administrative, and technical personnel in specialized fields required in the work of PPPL.

C. Professional Membership

In accordance with FAR 31.205-43(a), the Laboratory may reimburse the payment of a staff member's dues and fees for membership in a professional organization or society that is solely for the purpose of enhancing trade, business, or technical knowledge necessary for, and related to, performance of work at PPPL; enhances the development of the staff member; and has charges that are clearly justified and not in support of partisan and political activity. Approval of the employee's department head is required for an employee's first membership. Additional memberships require approval of the Laboratory Deputy Director and the cost must be reasonable in amount. An annual budget will be determined and approved by the Contracting Officer.

**XII. EMPLOYMENT AND RECRUITMENT EXPENSE**

A. Employment Agency Fees

In accordance with FAR 31.205-34(6), PPPL may pay standard commercial rates (not to exceed 30% of first year salary) charged by an employment agency to obtain employees with unique knowledge or skills.

B. Recruiting Expenses

Recruiting expenses in accordance with FAR 31.205-34 will be allowable.

C. Help Wanted Advertising

The University shall be reimbursed for the reasonable and necessary costs of help-wanted and other recruitment advertising in accordance with FAR 31.205.34.

### **XIII. TRAVEL AND RELOCATION**

PPPL travel policies are contained in PPPL's Travel Guidelines. Relocation, assignment for extended period for both domestic and foreign assignments, and living expenses for employees on temporary assignments policies are contained in the PPPL Personnel Practices Manual. Travel costs will be reimbursed subject to the provisions of FAR 31.205-46, Travel Costs, supplemented by DEAR 970.3102-05-46, Travel Cost and Clause H.5 (c) and (d). Relocation costs will be reimbursed subject to the provisions of FAR 31.205-35, Relocation Costs.

### **EXHIBIT I -DEFINITIONS**

#### **A. Staffs of the Laboratory**

1. Princeton Plasma Physics Laboratory Research Staff - a staff having four ranks--Associate Research (Discipline); Staff Research (Discipline); Research (Discipline); Principal Research (Discipline)--for employees who are exempt from the provisions of the Fair Labor Standards Act, who hold a doctoral degree (or its equivalent in experience) in the discipline of their work, and who are primarily responsible for adding to knowledge by participation.
2. Engineering and Scientific Staff - a staff having eight ranks--Associate, Staff, Project, Lead, Senior, Principal, Managing, Senior Managing for employees who are exempt from the provisions of the Fair Labor Standards Act, who hold a professional degree (or its equivalent in experience) in the discipline of their work, and who are primarily responsible for designing, maintaining, operating and improving instruments and equipment; for designing, writing, maintaining, and improving computer programs and systems; or for providing professional knowledge and skills in other fields necessary to accomplish the research and development goals of PPPL.
3. Administrative Staff - a staff having twelve grades, identified in ascending order by numbers 1 through 12, for employees who are exempt from the provisions of the Fair Labor Standards Act, who are appropriately qualified by education and experience, and who are primarily responsible for managing the operation of facilities and support, health and safety, personnel, and financial and material services at PPPL.
4. Senior Laboratory and Shop Staff - a staff having five classifications - Technical Assistant I & II and Technical Associate I, II, III for employees who are exempt from the provisions of the Fair Labor Standards Act, who normally have acquired the advanced skills necessary for performance of their jobs through several years of practical experience, and who supervise members of the Laboratory and Shop Staff (see item 5, below) and/or design equipment and machines using advanced technical skills.
4. Laboratory and Shop Staff - a staff having nine pay grades, identified in ascending order by numbers 1 through 9 for technicians, crafts people, material control/transportation services employees, who are covered under the provisions of the Fair Labor Standards Act; who have acquired their skills through apprenticeship, practical experience, or technical training; and who are responsible for the maintenance of the facility, the operation and construction of experimental devices, and the receipt, storage and disbursement of all materials and supplies used by the Laboratory.
6. Office Support Staff - a staff having eight pay grades, for employees who are covered under the provisions of the Fair Labor Standards Act, who have acquired their skills through training or experience, and who are responsible for performing the clerical functions at PPPL -- including office management, typing, stenography, data entry, word processing, technical typing, filing, etc.

## B. Payroll Categories

Positions at the Laboratory are divided into two payroll categories: Monthly Support (Exempt) and Bi-Weekly Support (Non-exempt).

1. Exempt Staff - (Monthly Support), consists of the Research, Engineering & Scientific, Administrative, Senior Laboratory and Shop.

The average work week for employees who are designated monthly support is forty hours. However, the emphasis for the exempt staff is on the accomplishment of defined responsibilities rather than working a defined work week. Monthly support employees are not entitled to overtime pay for hours worked in excess of forty per week.

2. Non-Exempt Staffs (Bi-Weekly Support) consists of:

- a. "A" Payroll (40-hour work week)

Employees on the "A" payroll are members of the Laboratory and Shop, Apprentice, Janitorial, or Miscellaneous Services Staffs. They work a standard forty hour week and are eligible to receive overtime pay for hours worked in excess of 40 hours in a work week or more than 8 hours in a day.

- b. "B" Payroll (40-hour work week)

Office Support Staff employees are on the "B" payroll and work a standard work week of 40 hours. They are eligible to receive overtime for hours worked in excess of 40 hours in a work week or more than 8 hours in a day.

## C. Employee Categories

1. Regular Employees are bi-weekly or monthly paid staffs who fill approved, budgeted positions on the regular payroll.

- a. Full-time Regular Employees are bi-weekly or monthly paid staff filling approved, budgeted positions on the regular payroll who work 100% of the normal work week schedule for 12 months of the year.

- b. Part-time Regular Employees are bi-weekly or monthly paid staff filling approved, budgeted positions on the regular payroll who work less than 100% of the normal work week schedule or less than 12 months of the year. Part-time regular employees with a 50% or greater work schedule receive all applicable University benefits, adjusted on an individual basis.

- c. Probationary Regular Employees are bi-weekly paid staff filling approved, budgeted positions on the regular payroll for the first ninety calendar days of their employment with the Laboratory. Any time spent working for the Laboratory as an "hourly" (see below) employee does not count toward satisfying the probationary period. Most benefits are available to employees during the probationary period. The exception is: Probationary employees accumulate, but are not entitled to take, vacation during the 90-day probationary period. However, upon successful completion of the probationary period, employees are eligible to take their accumulated vacation time.

2. Casual/Hourly Employees are staff who work on an "as needed" basis, generally for less than 6 months. They are eligible for state-mandated temporary disability benefits, worker's compensation and unemployment compensation.

## D. Visiting Staff Member

Is an employee of another organization who is appointed to a PPPL staff position for a specified period, normally not to exceed three years. Such individuals are appointed at the "visiting" rank or grade for which they would be qualified if on a regular appointment.

**E. Payroll Week**

1. Non-exempt employees - the Payroll Week consists of 40 hours.
2. Exempt employees - the responsibilities of exempt employees are professional in character and, therefore, are not defined by the University in terms of time spent fulfilling them. Exempt employees are expected to devote as much time to their assignments as is necessary; however, on average they devote 40 hours per week.

Note: A day is defined as the period of twenty-four (24) hours, commencing with 12:01 AM to midnight.

**EXHIBIT II - PAY SCHEDULES****SCHEDULE A - RESEARCH STAFF SALARY STRUCTURE**

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u>            | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 6                | Principal Research<br>Physicist - Sr. Managing | \$123,650      | \$154,600                 | \$208,700      |
| 5                | Principal Research<br>Physicist - Managing     | \$110,650      | \$138,350                 | \$186,800      |
| 4                | Principal Research<br>Physicist                | \$ 90,850      | \$113,600                 | \$153,300      |
| 3                | Research Physicist                             | \$ 80,400      | \$ 100,500                | \$135,725      |
| 2                | Staff Research Physicist                       | \$ 66,000      | \$ 82,425                 | \$111,250      |
| 1                | Associate Research<br>Physicist                | \$ 57,350      | \$ 71,700                 | \$ 96,750      |

**SCHEDULE B - ENGINEERING & SCIENTIFIC STAFF SALARY STRUCTURE**

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u>    | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 10               | Sr. Managing Engr/ Sci                 | \$125,050      | \$156,325                 | \$211,025      |
| 9                | Managing Engr/Sci                      | \$111,650      | \$139,600                 | \$188,400      |
| 8                | Principal Engr/ Sci                    | \$ 97,250      | \$121,500                 | \$164,025      |
| 7                | Senior Engr/ Sci                       | \$ 81,425      | \$101,825                 | \$137,450      |
| 6                | Lead Engr/ Sci                         | \$ 70,450      | \$ 88,000                 | \$118,800      |
| 5                | Project Engr/ Sci                      | \$ 61,125      | \$ 76,350                 | \$103,025      |
| 4                | Staff Engr/ Sci                        | \$ 54,000      | \$ 67,500                 | \$ 91,150      |
| 3                | Associate Eng/ Sci<br>Assist. Engr/Sci | \$ 43,550      | \$ 54,425                 | \$ 73,500      |

## SCHEDULE C - ADMINISTRATIVE STAFF SALARY STRUCTURE

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u> | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|-------------------------------------|----------------|---------------------------|----------------|
| 12               | Administrator                       | \$130,025      | \$153,000                 | \$199,000      |
| 11               | Administrator                       | \$118,250      | \$139,175                 | \$181,000      |
| 10               | Administrator                       | \$107,500      | \$126,475                 | \$164,450      |
| 9                | Administrator                       | \$ 93,100      | \$109,525                 | \$142,450      |
| 8                | Administrator                       | \$ 85,475      | \$100,600                 | \$130,750      |
| 7                | Administrator                       | \$ 80,400      | \$ 94,600                 | \$123,025      |
| 6                | Administrator                       | \$ 69,025      | \$ 81,200                 | \$105,600      |
| 5                | Administrator                       | \$ 59,800      | \$ 70,350                 | \$ 91,500      |
| 4                | Administrator                       | \$ 54,325      | \$ 64,000                 | \$ 83,050      |
| 3                | Administrator                       | \$ 47,525      | \$ 56,000                 | \$ 72,600      |
| 2                | Administrator                       | \$ 42,850      | 50,450                    | \$ 65,600      |
| 1                | Administrator                       | \$ 39,400      | \$ 46,300                 | \$ 60,200      |

## SCHEDULE D - SENIOR LABORATORY AND SHOP STAFF SALARY STRUCTURE

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u> | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|-------------------------------------|----------------|---------------------------|----------------|
| 5                | Technical Associate III             | \$66,400       | \$78,100                  | \$101,500      |
| 4                | Technical Associate II              | \$61,025       | \$72,000                  | \$ 93,300      |
| 3                | Technical Associate I               | \$55,550       | \$65,375                  | \$ 85,000      |
| 2                | Technical Assistant II              | \$52,000       | \$61,125                  | \$ 79,500      |
| 1                | Technical Assistant I               | \$45,400       | \$53,400                  | \$ 69,500      |

## SCHEDULE E - LABORATORY AND SHOP STAFF SALARY STRUCTURE

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u>   | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|---|----------------|---------------------------|----------------|
| 9                | Lead Technician<br>Technician VI<br>Lead Layout Drafter<br>Lead Rigger<br>Lead Checker<br>Master Instrument Maker | \$44,675       | \$52,625                  | \$65,750       |
| 8                | Fire Captain<br>Checker<br>Layout Drafter<br>Master Machinist<br>Emerg. Service Training<br>Coord.                | \$41,425       | \$48,750                  | \$60,950       |

| <u>Pay Grade</u> | <u>Generic Classification Title</u>  | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 7                | Technician V<br>Lead Packaging & Trans.<br>Coordinator<br>Senior Rigger<br>Experimental Machinist<br>Programmer<br>Sr. Computer Operator<br>Emerg. Service Sergeant  | \$38,475       | \$45,300                  | \$56,575       |
| 6                | Emerg. Serv. Driver/<br>Operator<br>Lead Storage & Dist.<br>Coord.<br>Lead Ship. & Rec. Coord<br>Drafter IV  | \$35,625       | \$41,925                  | \$52,425       |
| 5                | Technician IV<br>Senior Photographer<br>Rigger<br>Sr. Storage & Dist.<br>Coord.<br>Lead Storekeeper<br>Shipper<br>Computer Operator<br>Lead Rec. & Ship. Clerk<br>Machinist<br>Programmer II<br>Motor Pool Coordinator<br>Emerg. Security Sergeant<br>Sr. Storage & Dist.<br>Coord. II | \$33,075       | \$38,875                  | \$48,650       |
| 4                | Technician III<br>Sr Storekeeper<br>Sr. Rec. & Ship Clerk<br>Drafter III<br>Sr. Storage & Dist.<br>Coord. I<br>Emergency Services<br>Officer   | \$31,150       | \$36,650                  | \$45,800       |

| <u>Pay Grade</u> | <u>Generic Classification Title</u>  | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 3                | Technician II<br>Photographer<br>Drafter II<br>Receiving & Shipping Clerk<br>Storage & Dist. Clerk II<br>Programmer I<br>Sr. Motor Pool Operator<br>Motor Pool Dispatcher<br>Graphics Technician I | \$28,700       | \$33,800                  | \$42,250       |
| 2                | Storekeeper<br><br>Stor & Dist.Clerk I   | \$26,875       | \$31,650                  | \$39,600       |
| 1                | Technician I<br>Drafter I<br>Motor Pool Operator   | \$24,950       | \$29,325                  | \$36,650       |

## SCHEDULE F -OFFICE SUPPORT STAFF SALARY STRUCTURE

October 1, 2004 - September 30, 2005

| <u>Pay Grade</u> | <u>Generic Classification Title</u>  | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 8                | Admin. Secretary<br>Admin. Staff Assistant   | \$39,500       | \$46,400                  | \$58,000       |
| 7                | Secretary (Executive)<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist. | \$38,800       | \$39,700                  | \$49,675       |
| 6                | Secretary (technical)<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assist.<br>Word Processing Assist.   | \$31,450       | \$37,050                  | \$46,300       |
| 5                | Secretary (Senior)<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist.    | \$29,325       | \$34,500                  | \$43,150       |

| <u>Pay Grade</u> | <u>Generic Classification Title</u>  | <u>Minimum</u> | <u>Competitive Market</u> | <u>Maximum</u> |
|------------------|--|----------------|---------------------------|----------------|
| 4                | Secretary<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist. | \$26,875       | \$31,650                  | \$39,600       |
| 3                | Secretary<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist. | \$24,950       | \$29,325                  | \$36,650       |
| 2                | Secretary<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist. | \$23,100       | \$27,175                  | \$34,000       |
| 1                | Secretary<br>Staff Assistant<br>Accounting Assistant<br>Data Processing Assistant<br>Word Processing Assist. | \$21,475       | \$25,250                  | \$31,550       |

## SCHEDULE G – APPRENTICE RATE STRUCTURE

October 1, 2004 - September 30, 2005

| <u>LENGTH OF SERVICE</u> | <u>ANNUAL RATE</u> | <u>HOURLY RATE</u> |
|--------------------------|--------------------|--------------------|
| Start                    | 30,800             | 14.81              |
| 6 Months                 | 31,700             | 15.24              |
| 12 Months                | 32,600             | 15.67              |
| 18 Months                | 33,500             | 16.11              |
| 24 Months                | 34,400             | 16.54              |
| 30 Months                | 35,300             | 16.97              |
| 36 Months                | 36,200             | 17.40              |
| 42 Months                | 37,100             | 17.84              |
| *48 Months               | 38,000             | 18.27              |

\* Completion and reclassification to salary Grade 5 of the Laboratory and Shop Staff Structure.

CLASSIFICATION TITLE

Apprentice Technician

Apprentice Machinist

Associate Computer Operator

**EXHIBIT III - SEVERANCE PAY SCHEDULES**NON-EXEMPT EMPLOYEES

In the event that a position has been eliminated and a non-exempt employee is terminated, he/she is entitled to notice of termination or pay in lieu of notice in accordance with the following schedule:

| <u>Years of Employment</u>                  | <u>Notice Period</u>     |
|---|--------------------------|
| Less than 1 full year of service            | 2 weeks                  |
| 1 yr but less than 3 full yrs of service    | 4 weeks                  |
| 3 yrs but less than 5 full yrs of service   | 6 weeks                  |
| 5 yrs but less than 7 full yrs of service   | 8 weeks                  |
| 7 yrs but less than 10 full yrs of service  | 10 weeks                 |
| 10 yrs but less than 15 full yrs of service | 12 weeks                 |
| 15 yrs but less than 20 full yrs of service | 16 weeks                 |
| 20 yrs but less than 25 full yrs of service | 24 weeks                 |
| 25 yrs of service or more                   | Individual Consideration |

EXEMPT EMPLOYEES

Exempt employees who are terminated because their positions have been eliminated or they have not been reappointed are entitled to notice of termination or pay in lieu of notice in accordance with the following schedules:

| <u>Research Staff</u>                     | <u>Notice Period</u> |
|---|----------------------|
| Principal Research Physicist              | 1 year               |
| Research Physicist                        | 6 months             |
| Staff Research Physicist:                 |                      |
| Less than 1 full yr of service            | 1 month              |
| 1 yr but less than 3 full yrs of service  | 2 months             |
| 3 yrs but less than 5 full yrs of service | 3 months             |
| 5 yrs but less than 7 full yrs of service | 4 months             |
| 7 yrs but less than 9 full yrs of service | 5 months             |
| 9 yrs service or more                     | 6 months             |
| Associate Research Physicist Termination* |                      |

\*Date specified at time of most recent appointment

| <u>Administrative and Senior Lab &amp; Shop Staffs</u> | <u>Notice Period</u>     |
|--|--------------------------|
| Less than 1 full yr of service                         | 1 month                  |
| 1 yr but less than 3 full yrs of service               | 2 months                 |
| 3 yrs but less than 5 full yrs of service              | 3 months                 |
| 5 yrs but less than 7 full yrs of service              | 4 months                 |
| 7 yrs but less than 10 full yrs of service             | 5 months                 |
| 10 yrs but less than 15 full yrs of service            | 6 months                 |
| 15 yrs but less than 20 full yrs of service            | 8 months                 |
| 20 yrs but less than 25 full yrs of service            | 12 months                |
| 25 years service or more                               | Individual Consideration |

| <u>Engineering and Scientific Staff</u>            | <u>Notice Period</u> |
|--|----------------------|
| Senior Managing (by Discipline)                    | 6 months             |
| Managing (by Discipline)                           | 6 months             |
| Principal (by Discipline)                          | 6 months             |
| Senior (by Discipline)                             | 6 months             |
| Lead, Project, Staff, or Associate (by Discipline) |                      |
| Less than 1 full yr of service                     | 1 month              |
| 1 Yr but less than 3 full yrs of service           | 2 months             |
| 3 yrs but less than 5 full yrs of service          | 3 months             |
| 5 yrs but less than 7 full yrs of service          | 4 months             |
| 7 yrs but less than 9 full yrs of service          | 5 months             |
| 9 yrs service or more                              | 6 months             |

**EXHIBIT IV - ANNUAL ALLOCATION OF EMPLOYEE FRINGE BENEFITS**

1. Employee benefit costs will be charged to Contract No. DE-AC02-76CH03073 based upon the following agreed upon methods:

| <u>Employee Benefit</u>                                   | <u>Annual Allocation Method</u>   |
|---|---|
| Pension Premiums: TIAA-CREF(Current Plan - All Employees) | Actual costs for PPPL employees   |
| FICA  | Actual costs for PPPL employees   |
| Life Insurance  | Actual costs for current PPPL employees; retirees' \$1,000 death benefit and miscellaneous fees by percentage of PPPL's salaries to total salaries  |
| Health Maintenance Organizations                          | Actual costs for PPPL employees   |
| Health Insurance  | Actual costs for current PPPL employees; retirees' medical costs are allocated by percentage identified as PPPL; administrative fees and miscellaneous costs allocated on the basis of claims |
| Staff Educational Assistance                              | Actual costs for PPPL employees   |
| Disability Insurance                                      | Actual costs for PPPL employees   |
| Unemployment Benefits                                     | Actual costs for PPPL employees   |
| Administrative Leaves                                     | Actual costs for PPPL employees   |
| Benefits Statements                                       | Percentage based on headcount of PPPL employees to total University employees   |
| Health Care and Dependent Expense Accounts                | Percentage based on headcount of PPPL employees to total University employees   |
| Workers' Compensation                                     | Actual costs for PPPL employees   |

2. Vacation will be accrued in a Separate Cost Accounting System for PPPL employees
3. Post retirement non-pension benefit costs shall be treated in accordance with generally accepted accounting principles. Upon contract termination or expiration, the University shall submit to the Contracting Officer for approval a proposed plan for settling post-contract employee benefit liabilities.

**The following section 4., which was in the prior contract, is carried over in its entirety; but will be removed from this contract once the final account distribution is received for the terminated defined benefit plan.**

4. *Pension Plan Reporting and Final Fund Disposition:*

*In addition to annual negotiated agreement on Employee Fringe Benefit cost distribution, the University agrees that upon either:*

- a. *the termination or expiration (without renewal) of the Contract, or*
  - b. *the termination (cancellation) of the existing pension plan (see the Personnel Appendix), an actuarial analysis will be performed by the University to determine the status of the plan funding. Such actuarial analysis will be reviewed with the Department of Energy to determine whether there is a resultant credit due the Contract for funds not allocable to vested contract service participants. This credit may be offset by charges for vested employee contributions due. To determine that such credit or charge is required, the parties shall negotiate in good faith to agree on the amount of such credit or charge. The University shall submit to DOE the Annual Valuation Report and shall provide DOE an annual accounting of the number of plan participants and aggregate salaries.*
5. Each year prior to July 1, the University will submit an estimate of annual benefits costs and salary bases and a resulting employee benefits rate for the upcoming year to cover costs at the Laboratory. In subsequent fiscal quarters, the University will review the costs incurred and will make estimated adjustments to the rate as necessary. At the end of the University's fiscal year (June 30<sup>th</sup>), the University will adjust to the extent appropriate the estimated charges to reflect the costs and allocation methods agreed to in 1. above.