

ATTACHMENT J.1

APPENDIX A

ADVANCED UNDERSTANDINGS ON HUMAN RESOURCES

**Applicable to the Operation of
Princeton Plasma Physics Laboratory**

Contract No. DE-AC02-09CH11466

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Appendix A

PRINCETON PLASMA PHYSICS LABORATORY
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SECTION I - INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of the Contractor's Human Resources Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this contract. Any changes to the personnel policies or practices in place as of the effective date of this contract which would increase costs, is subject to approval in advance by the Contracting Officer.
- (b) PPPL CHRM programs will comply with the Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all Human Resource (HR) programs, including but not limited to Compensation, Health and Welfare Benefits, Pension Plans, Training and Development, Employee Morale, Employee and Labor Relations, and Recruitment and Retention. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR.
- (c) This Appendix A may be modified from time to time by agreement of the Parties. Either Party may, at any time request that this Appendix A be revised, and the Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Appendix A shall be accomplished by executing modification to the prime contract.
- (d) The Laboratory Director may make exceptions to the provisions of Appendix A when such exceptions are in the best interest of contract operations or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer.
- (e) The Contractor, or designated representative, shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer. The Contractor recognizes that the Contracting Officer or designated representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting requests.
- (f) It is understood that no provision of this Appendix can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement.

SECTION II - HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND PERFORMANCE MANAGEMENT

The PPPL Business Plan highlights areas important to DOE and aligns with critical contract vision components. The Human Resources section of the Laboratory's Business Plan will be reviewed with DOE representatives to include the Contracting Officer at least annually. In addition, the Laboratory should annually conduct workforce planning identifying critical skills necessary to meet mission and contract requirements, updating a gap analysis, and outlining that year's strategy for the recruitment and retention of those skills, as well as for any necessary

restructuring. Contract performance metrics and measures will be developed in partnership with DOE and are detailed in the Appendix B.

CHRM performance metrics will align with, and facilitate the achievement of the Laboratory mission; be limited in number; focus on strategic results, systems-based measures, and assessment against industry best practices; be developed annually and mutually agreed upon by the Contractor and DOE in accordance with Appendix B; be reviewed periodically to target key strategic objectives and results; and include outcomes that result in cost effective management of laboratory human resources to support accomplishment of DOE and PPPL mission, strategy and objectives.

SECTION III - COMPENSATION

(a) Salary increases.

- (1) Any combination of salary increases for an individual in a single fiscal year, including merit increases and those resulting from reclassification and promotion, which result in a salary that is 25% greater than the employee's salary prior to the increase shall require prior approval by the Laboratory Director. Salary increases that exceed 15% shall be reported annually to the Contracting Officer.
- (2) An administrative stipend may be paid to an employee who is temporarily assigned responsibilities of a higher level position or other significant duties not part of the employee's regular position. The sum of stipend and base salary shall not exceed the maximum salary of the higher level position. The Laboratory Director may authorize an administrative stipend up to 15% of the appointee's annual base salary for a period not to exceed one year. All stipends shall be reported annually to the Contracting Officer.
- (3) Notwithstanding any other term or condition set forth in this Contract, the Contracting Officer's approval of compensation actions pursuant to H.22(e)(3) will consider:
 - A. relative alignment of proposed salaries with subordinate levels;
 - B. available market data, comparing total-cash compensation;
 - C. total compensation relative to the Executive Compensation Benchmark Amount established periodically by the Office of Federal Procurement Policy (OFPP).

(b) Compensation Increase Plan (CIP).

- (1) The Contractor shall submit the CIP proposal by August 1 of each year.

- (2) In order to pay "on-market-on-average," in the calculation of market position, Laboratory salary data shall be matched to survey data as of April 1, the midpoint of the fiscal year.
 - (3) The CIP shall be expressed as a percentage of the projected September 30 reimbursed base payroll.
 - (4) The Contractor is authorized a Promotion/Adjustment fund of up to 1% of base reimbursed payroll. Additional funding for promotions/adjustments shall be included in the CIP request as a discrete line item.
- (c) Payment of Joint Appointees. Joint Appointees shall be paid at the salary and fringe benefit rates established by the home institution, for the percentage of time worked at the host institution.

SECTION IV - ANCILLARY PAY COMPONENTS

- (a) Shift Premiums.
The Contractor is authorized to provide a premium of up to 10% for second shift and up to 15% for third shift.
- (b) Extended work week.
When deemed essential to the performance of work under this contract, an extended work week may be established at the Laboratory or any portion thereof.
- (c) Medical evacuation services/insurance.
Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.
- (d) Temporary Domestic Assignment Allowances.
Temporary domestic assignment allowances shall be consistent with AL 2013-01 dated October 18, 2012 entitled "Contractor Domestic Extended Personnel Assignments," which may be revised from time to time, and Contractor policy consistent with the aforementioned AL.
- (e) Foreign Travel.
Allowances payable for official travel in foreign areas will be at rates established by the U.S. Secretary of State.
- (f) Foreign ITER Assignment.

ITER assignment allowances are addressed in U.S. ITER Long-Term Foreign Assignment Relocation Policy dated May 4, 2007 and the PPPL Personnel Practices Manual.

SECTION V - PAYMENTS ON TERMINATION OF EMPLOYMENT

- (a) Sick leave.
Accumulated sick leave is not payable upon termination and may not be used beyond a predetermined date of termination.
- (b) Vacation.
Accumulated vacation, up to a maximum of 30 days, is payable at termination at the rate in effect as of the date of termination, including any shift differential.

SECTION VI - LABOR RELATIONS

- (a) Collective bargaining.
Costs of fringe benefits and wages paid to employees under collective bargaining agreements are allowable. All other reasonable costs and expenses, such as expenses relating to the grievance process, arbitration and arbitration awards, and other costs and expenses incurred pursuant to applicable collective bargaining agreements and revisions thereto, are also allowable.
- (b) Collective Bargaining Agreements.
The Contractor shall provide copies of collective bargaining agreements to the Contracting Officer as they are ratified or modified.
- (c) Bargaining Unit Activity.
Pay for absences from work by employees acting in the capacity of union officers, union stewards and committee members for time spent in handling grievances, negotiating with the Laboratory, and serving on labor management (Laboratory) committees, are allowable.

SECTION VII – STAFF SETTLEMENT COSTS

- (a) Staff Settlement Costs - The Contractor is authorized to resolve claims settlements up to \$25,000 without the advance approval of the CO. Workers' compensation claims settlements shall be in accordance with H.27.

SECTION VIII – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

- (a) Paid Leave.

The Laboratory will provide a reasonable and cost effective paid leave program. Paid leave includes vacation, holiday, sick, jury, bereavement, military, and personal leave according to approved Laboratory schedules. Only leave accruals included in the benefit value study shall be allowable.

(b) Military Leave.

Military leave and associated pay is authorized in accordance with Contractor policies, and/or State or Federal law.

SECTION IX – EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

(a) The Laboratory shall establish training, education and development programs that are consistent with DOE requirements and guidance, industry standards, and other Federal, State and local regulations. These programs shall ensure that employees are well-qualified and competent to manage facilities and meet mission requirements through administrative, professional and technical excellence.

1) Training.

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

2) Education.

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

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

3) Development.

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

SECTION X - EMPLOYEE PROGRAMS

(a) Service/Retirement/Non-Performance awards.

The Contractor is authorized to provide monetary or non-monetary recognition for achievements not based on performance. Awards may include, for example, Length of Service/Retirement Recognition; Safety Awards; Patent Awards; Suggestion Program.

(b) Performance award programs.

The Contractor may recognize employees or groups of employees who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Awards may be provided to employees or groups of employees in the form of cash. Additionally, noteworthy achievements and special efforts may be recognized by the presentation of plaques, certificates, and memorabilia.

Not later than November 1, the Contractor shall provide the Contracting Officer with a fiscal year report on the individual award program expenditures.

(c) Cost of Health Services.

The Contractor shall be reimbursed for the costs of operating a Health Unit for Laboratory employees, including but not limited to the following: Pre-employment physicals and other medical examinations required to meet Laboratory employment requirements, operation of a health unit which provides medical care for occupational injuries and to provide minor relief for minor physical complaints of employees while at the Laboratory and health examinations provided as a health service for employees.

(d) Other.

(1) The Contractor may develop, administer and support a variety of employee programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory. Entertainment costs, including costs of amusement, diversions, and social activities are unallowable, as well as directly related costs such as tickets, meals, lodging, rentals, transportation and gratuities.

(2) Wellness program. Costs of a Wellness Program to promote employee health and fitness are allowable. This program shall be limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss.

(3) Employee Assistance Program. The Contractor shall (1) maintain a program of preventive services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up upon return to work that conforms to

the requirements of 10 CFR 707.6, Employee Assistance, Education, and Training; (2) Submit for approval by the Contracting Officer any changes to the employee assistance program implementation plan; (3) Prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers

- (4) Employee Communications. The costs incurred in the publication, printing and distribution of a newsletter, handbooks and other employee communication media designed to effectuate better employee relations and understanding of Appendix A and current employment regulations shall be reimbursed and managed in a cost effective manner.

SECTION XI – COSTS OF RECRUITING PERSONNEL

- (a) The Contractor may incur costs for the recruitment of personnel, as follows:
 - (1) Costs of advertising and agency and consultant fees.
 - (2) Recruiting Expenses - The Laboratory may reimburse consistent with other provisions of this contract, employees traveling for recruiting purposes the actual cost incurred for the following expenses: transportation, lodging, and meals for prospective employees and, when approved, for spouses or representatives of academic institutions, professional societies and other scientific organizations and incidental expenses incurred in recruiting.
 - (3) New or prospective employees who have been offered and have accepted a position, and who are required to take a pre-placement physical examination, shall be reimbursed for costs of the physical examination.
 - (4) Costs associated with pre-employment screening shall be allowable.
- (b) Recruitment/Retention Tools
 - (1) The Contractor may pay a non-base sign-on bonus of up to \$20,000 to recruit employees with critical skills, as defined in the Laboratory's approved policy. Approval must be obtained by either the Deputy Director for Operations or the Deputy Director for Research. An annual usage report must be submitted to the Contracting Officer.
 - (2) An annual non-base retention bonus of up to \$20,000 is authorized to retain employees with critical skills or whose expertise is critical to the completion of a specific project, as defined in the Laboratory's approved policy. Approval must be obtained by either the Deputy Director for Operations or the Deputy Director

for Research. An annual usage report must be submitted to the Contracting Officer.

- (3) The Contractor is authorized to provide service credit to critical skill new-hires for previous relevant experience at another DOE facility or external organization. Credited service may be used to establish eligibility for, or determine accrual of, service-based benefits (i.e., vacation accruals, vesting, or severance-unless severance has been paid for prior service as indicated in Clause H 22), in accordance with the Contractor's policies.

SECTION XII – REDUCTIONS IN CONTRACTOR EMPLOYMENT

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

(a) Workforce Restructuring Actions

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

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

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

of an employee who otherwise would have been laid off. Severance not associated with workforce restructuring is unallowable.

- (3) Severance pay benefit consistent with Contractor policy and that which represents a prudent and reasonable expenditure of government funds.
 - (4) Pay in lieu of notice. Any employee who is involuntarily separated due to a workforce restructuring action may be given pay in lieu of the required minimum written notice of termination. Accumulated vacation credit is also paid.
 - (5) The Contractor, to the extent practicable, shall provide outplacement services in the forms of skills assessment and resume preparation to those employees who are involuntarily separated due to a layoff.
- (b) Displaced Worker Medical Benefit

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

- (1) First Year: The Contractor's contribution for an active employee
- (2) Second Year: One half of the Contractor's Cobra premium
- (3) Third and subsequent years: Reasonable administrative costs that exceed the two percent administrative fee paid by the displaced worker.

SECTION XIII – EMPLOYEE BENEFITS

- (a) Energy Employees' Occupational Illness Compensation Program Act (EEOICPA)

The Laboratory agrees to comply with requests for information, records, and other program requirements to ensure the orderly administration and adjudication of claims under the EEOICPA.

- (b) Dependent Care Facilities

The Laboratory is authorized to provide a dependent care benefit program consistent with the written directions of the Contracting Officer.

The Contractor shall sub-contract the operation of the dependent care center, unless otherwise approved by the Contracting Officer. Support costs for labor, materials, and supplies expended for the operation of a dependent care facility shall not be allowable under any circumstances unless the facility is for the exclusive use of Laboratory employees and except for any expense items such as utilities, maintenance, food services, medical services, or supplies already used in support of site operations and readily available. The cost of meals shall not be allowable.