

**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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## **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 - COMPENSATION**

- (a) Salary increases.
  - (1) An administrative stipend may be paid to an employee who is temporarily assigned responsibilities of a higher level position or other significant duties not part of the employee's regular position. The sum of stipend and base salary shall not exceed the maximum salary of the higher level position. The 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.

(2) 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 maximum compensation reimbursement level, per the Bipartisan Budget Act of 2013 (BBA), Section 702, "Limitation on Allowable Government Contractor Compensation Costs."

(b) Compensation Increase Plan (CIP).

- (1) The Contractor shall submit the CIP proposal 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 III - 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 IV - 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 V - LABOR RELATIONS**

- (a) Collective bargaining.  
Costs of fringe benefits and wages paid to employees under collective bargaining agreements are allowable. All other reasonable costs and expenses, such as expenses relating to the grievance process, arbitration and arbitration awards, and other costs and expenses incurred pursuant to applicable collective bargaining agreements and revisions thereto, are also allowable.
- (b) Collective Bargaining Agreements.  
The Contractor shall provide copies of collective bargaining agreements to the Contracting Officer as they are ratified or modified.

(c) Bargaining Unit Activity.

Pay for absences from work by employees acting in the capacity of union officers, union stewards and committee members for time spent in handling grievances, negotiating with the Laboratory, and serving on labor management (Laboratory) committees, are allowable.

**SECTION VI – STAFF SETTLEMENT COSTS**

- (a) Staff Settlement Costs - The Contractor, in accordance with A.L. 2014-3, is authorized to resolve claims settlements up to \$25,000 without the advance approval of the Contracting Officer. Workers' compensation claims settlements shall be in accordance with H.27.

**SECTION VII – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE**

(a) Paid Leave.

The Laboratory will provide a reasonable and cost effective paid leave program. Paid leave includes vacation, holiday, sick, jury, bereavement, military, and personal leave according to Contracting Officer 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 Contracting Officer approved policies, and/or State or Federal law.

(c) Administrative Leave.

Administrative leave serves as an immediate, temporary solution and is intended to be used for brief periods of time, without charge to leave or loss of pay, to permit the laboratory to deal with special employment situations regarding an employee who should be kept away from the worksite. This determination is based on a bona fide assessment or belief that the employee poses imminent danger or threat to themselves, to others, or to property, and no other alternative is more appropriate.

Approval of placing an employee on Administrative Leave shall reside with the Laboratory Director and/ or the Chief Operating Officer of PPPL. Such approval shall be in writing and fully documented. Written notification along with the approval documentation shall be provided to the Contracting Officer within forty-eight (48) business hours of approval of placing an employee on Administrative Leave.

For a given instance, Administrative Leave for an individual employee shall not exceed fifteen (15) business days.

PPPL is not permitted to extend the Administrative Leave reimbursement beyond the fifteen (15) business days unless prior approval to extend charging the contract is provided by the Contracting Officer due to extenuating circumstances.

In such cases, the Contracting Officer shall be provided a minimum of five (5) business days to consider such a request.

## **SECTION VIII – EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT**

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

1) Training.

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

2) Education.

- (A) The Laboratory may approve and support educational courses taken by employees which serve to improve efficiency and productivity of Laboratory operations, increase needed skills, or prepare employees for increased responsibilities.
- (B) An employee or third party on behalf of an employee may be paid for tuition, required textbooks and fees for courses approved in advance by the Laboratory.

3) Development.

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

## **SECTION IX - EMPLOYEE PROGRAMS**

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

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

(b) Performance award programs.

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

(c) Cost of Health Services.

The Contractor shall be reimbursed for the costs of operating a Health Unit for Laboratory employees, including but not limited to the following: Pre-employment physicals and other medical examinations required to meet Laboratory employment requirements, 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.
- (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

## **SECTION X – COSTS OF RECRUITING PERSONNEL**

- (a) The Contractor may incur costs for the recruitment of personnel, as follows:
- (1) Costs of advertising and agency and consultant fees.
  - (2) Recruiting Expenses - The Laboratory may reimburse consistent with other provisions of this contract, employees traveling for recruiting purposes the actual cost incurred for the following expenses: transportation, lodging, and meals for prospective employees and, when approved, for spouses or representatives of academic institutions, professional societies and other scientific organizations and incidental expenses incurred in recruiting.
  - (3) New or prospective employees who have been offered and have accepted a position, and who are required to take a pre-placement physical examination, shall be reimbursed for costs of the physical examination.
  - (4) Costs associated with pre-employment screening shall be allowable.
- (b) Recruitment/Retention Tools
- (1) The Contractor may pay a 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.
  - (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.
  - (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 XI – REDUCTIONS IN CONTRACTOR EMPLOYMENT**

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

(a) Workforce Restructuring Actions

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

RESTRUCTURING ACTION	# EMPLOYEES POTENTIALLY IMPACTED	ACTION REQUIRED
Voluntary	100+	Contracting Officer Notification
Involuntary	100+	Contracting Officer Approval

- (A) Notifications will be consistent with the following parameters:
1. In accordance with approved laboratory/contractor policies;
  2. No enhanced benefits (severance or pension);
  3. No backfilling (externally) or re-employment of employees after severance is paid;
  4. A business case is submitted 5 business days in advance of notification date that include maximum number of voluntary reductions, maximum dollars, positions/skills impacted; reasons reductions are needed, copy of self-select waivers, and communication plan; and
  5. Voluntary reductions are offered to all eligible employees in an operational unit (i.e., organization, direct/indirect category, etc.)
- (B) Actions requiring approval will additionally require a workforce restructuring plan prepared in accordance with DOE policy.
- (C) Approval actions shall be submitted a minimum of 10 business days prior to announcement to employees.
- (D) A diversity analysis shall be submitted a minimum of 10 business days prior to notification to individual impacted employees if at the end of the action, or any significant phase of it, 100 or more employees will be involuntarily separated in a rolling 12-month period.

- (E) 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 active reduction in force plan will be eligible for severance pay provided the termination is accepted by Laboratory management and results in the retention of an employee who otherwise would have been laid off.
    - a. If DOE approval is not required, severance may be paid to an employee who volunteers for layoff or retirement if contractor management has approved the restructuring action and the termination results in the retention of an employee who otherwise would be laid off.
    - b. Severance is not payable to an employee who volunteers for layoff or retirement if the termination is not associated with a restructuring action approved and initiated by contractor management.
  - (3) Severance pay benefit consistent with Contracting Officer approved 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 XII – EMPLOYEE BENEFITS**

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

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

- (b) Dependent Care

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

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